

*In the opinion of Note Counsel, assuming continuing compliance with certain tax covenants, under existing statutes, regulations, rulings and court decisions, interest on the Notes is excludable from gross income for federal income tax purposes. Further, interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. See "TAX EXEMPTION" herein for a description of the federal alternative minimum tax on corporations and certain other federal tax consequences of ownership of the Notes. Note Counsel is further of the opinion that the Notes and the interest thereon are not subject to taxation under the laws of the State of Florida, except as to estate taxes, and taxes under Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined in said Chapter 220. See "TAX EXEMPTION" herein.*

**\$305,000,000**

**SCHOOL DISTRICT OF MIAMI-DADE COUNTY, FLORIDA  
TAX ANTICIPATION NOTES, SERIES 2015**

**Dated: Date of Delivery****Due: February 25, 2016**

The Tax Anticipation Notes, Series 2015 (the "Notes") are being issued by the School District of Miami-Dade County, Florida (the "District") to provide interim funds for the payment of operating expenses of the District for its fiscal year commenced July 1, 2015 and ending June 30, 2016 (the "2015-2016 Fiscal Year"), in anticipation of the receipt of the ad valorem taxes as herein described. The Notes are not subject to redemption prior to their maturity.

The Notes and the interest thereon will be limited obligations of the District, payable from and secured by a pledge of the ad valorem taxes levied and collected for the benefit of the District during its 2015-2016 Fiscal Year for operating purposes (excluding certain millage levies) and amounts on deposit in a sinking fund (the "Sinking Fund") (collectively, the "Pledged Revenues"); all as defined and described in the resolution authorizing their issuance (the "Resolution") adopted by The School Board of Miami-Dade County, Florida (the "Board" or "School Board") on May 13, 2015. If necessary, the Notes are additionally payable from, but are not secured by, all legally available funds of the District derived from sources other than ad valorem taxation (the "Non-Ad Valorem Funds").

The Notes and the interest thereon do not constitute a general obligation or indebtedness of, or pledge of the faith and credit of the Board, the District, Miami-Dade County, Florida (the "County"), the State of Florida (the "State") or any political subdivision thereof, within the meaning of any constitutional or statutory provisions or limitations, but shall be payable solely from the Pledged Revenues and, if necessary, the Non-Ad Valorem Funds deposited by the District in the Sinking Fund. No holder of the Notes shall ever have the right to compel the exercise of the ad valorem taxing power of the Board, the District, the County, the State or any political subdivision thereof for payment of the Notes or the interest thereon. The Notes and the obligation evidenced thereby shall not constitute a lien upon any property of or in the District, other than the Pledged Revenues in the manner and to the extent provided in the Resolution.

The Notes will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof and, when issued, will be registered in the name of Cede & Co. as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). The Notes will be deposited with DTC, which will be responsible for maintaining a book-entry-only system for recording the interests of its participants, which in turn will be responsible for maintaining records with respect to beneficial ownership interests of individual purchasers of the Notes. Purchasers of the Notes (the "Beneficial Owners") will not receive physical delivery of note certificates. As long as Cede & Co. is the registered owner of the Notes, principal and interest payments will be made by the Board, as Registrar and Paying Agent, directly to such owner. DTC will in turn remit such payments to its participants for subsequent disbursement to the Beneficial Owners.

**Interest Rate**

1.00%

**Yield**

0.17%

**Price**

100.476

**CUSIP**

59333RFA7

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including the appendices, to obtain information essential to making an informed investment decision.

*The Notes are offered, in full book-entry form, when, as and if issued subject to the approval of their legality by Greenberg Traurig, P.A., Miami, Florida, Note Counsel. Nabors, Giblin & Nickerson, P.A., Tampa, Florida, is serving as Disclosure Counsel to the District. Certain legal matters will be passed upon for the District by the School Board Attorney, Walter J. Harvey, Esquire. Public Financial Management, Inc., Coral Gables, Florida is serving as Financial Advisor to the District. It is expected that the Notes will be available for delivery through DTC in New York, New York, on or about July 28, 2015.*

Dated: July 14, 2015

## **SCHOOL DISTRICT OF MIAMI-DADE COUNTY, FLORIDA**

Miami-Dade County Public Schools  
1450 N.E. 2nd Avenue, Room 615  
Miami, Florida 33132

### **BOARD MEMBERS**

Perla Tabares Hantman, Chair  
Dr. Lawrence S. Feldman, Vice Chair  
Dr. Dorothy Bendross-Mindingall  
Susie V. Castillo  
Dr. Wilbert "Tee" Holloway  
Dr. Martin S. Karp  
Lubby Navarro  
Dr. Marta Pérez  
Raquel A. Regalado

### **DISTRICT OFFICIALS**

**Superintendent of Schools**  
Alberto M. Carvalho

**Chief Financial Officer**  
Judith M. Marte

**Treasurer**  
Leonardo Fernandez, CTP

### **SCHOOL BOARD ATTORNEY**

Walter J. Harvey, Esquire

### **NOTE COUNSEL**

Greenberg Traurig, P.A.  
Miami, Florida

### **DISCLOSURE COUNSEL**

Nabors, Giblin & Nickerson, P.A.  
Tampa, Florida

### **FINANCIAL ADVISOR**

Public Financial Management, Inc.  
Coral Gables, Florida

Certain of the information contained herein has been obtained from the District, the State and other sources, which are believed to be reliable. Such information is neither guaranteed as to accuracy or completeness nor to be construed as a representation by the underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall create, under any circumstances, any implication that there has been no change in the affairs of the District since the date hereof.

No dealer, broker, salesman or other person has been authorized by the District or any underwriter to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The delivery of this Official Statement at any time does not imply that any information herein is correct as of any time subsequent to its date.

The Notes have not been registered under the Securities Act of 1933 nor has the Resolution been qualified under the Trust Indenture Act of 1939. The Notes are offered pursuant to an exemption from registration under the Securities Act of 1933, as amended.

UPON ISSUANCE, THE NOTES WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER INDEPENDENT FEDERAL, STATE OR GOVERNMENTAL ENTITY OR AGENCY WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT OR APPROVED THE NOTES FOR SALE. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

CERTAIN STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT REFLECT NOT HISTORICAL FACTS BUT FORECASTS AND "FORWARD-LOOKING STATEMENTS." IN THIS RESPECT, THE WORDS "ESTIMATE," "PROJECT," "ANTICIPATE," "EXPECT," "INTEND," "BELIEVE" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. ALL PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THIS OFFICIAL STATEMENT SHALL NOT CONSTITUTE A CONTRACT BETWEEN THE DISTRICT, THE BOARD OR THE UNDERWRITER AND ANY ONE OR MORE HOLDERS OF THE NOTES.

All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Notes are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITES: WWW.MUNIOS.COM AND WWW.EMMA.MSRB.ORG. THIS OFFICIAL STATEMENT SHOULD BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR AS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITES.

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## **OFFICIAL STATEMENT**

**\$305,000,000**

### **SCHOOL DISTRICT OF MIAMI-DADE COUNTY, FLORIDA TAX ANTICIPATION NOTES, SERIES 2015**

## **INTRODUCTORY STATEMENT**

The purpose of this Official Statement, which includes the cover page and the appendices hereto, is to provide information concerning the School District of Miami-Dade County, Florida (the "District"), and its Tax Anticipation Notes, Series 2015 (the "Notes"), in the aggregate principal amount shown above.

Capitalized terms used, but not otherwise defined herein, shall have the meaning assigned thereto in the Resolution (as defined below) included as "APPENDIX C – RESOLUTION" hereto.

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is made to all such documents for full and complete statements of all matters of fact relating to the Notes, the security for the payment of the Notes, and the rights and obligations of holders thereof. This Official Statement is a disclosure document only and does not constitute a contract with the holders of the Notes.

The information contained in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

## **PURPOSE OF THE NOTES**

The Notes are being issued pursuant to Chapters 1011.13, Florida Statutes, and other applicable provisions of law, and a resolution of The School Board of Miami-Dade County, Florida (the "Board" or "School Board") as the governing body of the District, adopted on May 13, 2015 (herein, the "Resolution"). The Note proceeds will be used by the District to provide interim funds for the payment of current operating expenses of the District incurred during its fiscal year commenced July 1, 2015 and ending June 30, 2016 (the "2015-2016 Fiscal Year"), in anticipation of the receipt of ad valorem taxes levied and collected for operating purposes for such Fiscal Year.

## **SECURITY FOR THE NOTES**

### **General**

The Notes and interest thereon will be limited obligations of the District, payable solely from and secured by (a) receipts of ad valorem taxes collected by the Tax Collector of Miami-Dade County (the "County Tax Collector") for the benefit of the District during the 2015-2016 Fiscal Year for operating purposes (excluding ad valorem taxes collected to pay the principal of and interest on bonds of the District issued pursuant to Sections 1010.40-1010.55, Florida Statutes, or to pay the principal of and interest on any obligations issued by the Board pursuant to Section 1011.14, Florida Statutes; or otherwise levied pursuant to Section 1011.71(2), Florida Statutes), and (b) amounts on deposit in a sinking fund (the "Sinking Fund") established pursuant to the Resolution (collectively, the "Pledged Revenues"). If necessary, the Notes are additionally payable from, but are not secured by all legally available funds of the District derived from sources other than ad valorem taxation (the "Non-Ad Valorem Funds").

The Notes and the interest thereon shall not constitute a general obligation or indebtedness of, or pledge of the faith and credit of, the Board, the District, Miami-Dade County, Florida ("Miami-Dade County" or the "County"), the State of Florida (the "State") or any political subdivision thereof any within the meaning of any constitutional or statutory provision or limitation, but shall be payable from and secured solely by a lien upon and pledge of the Pledged Revenues, and if necessary, the Non-Ad Valorem Funds deposited in the Sinking Fund. No holder of the Notes shall ever have the right to compel the exercise of the ad valorem taxing power of the Board, the District, the County, the State or any political subdivision thereof for the payment of the Notes or the interest thereon.

The Notes and the obligation evidenced thereby shall not constitute a lien upon any property of or in the District, other than the levy with respect to the Pledged Revenues in the manner and to the extent provided in the Resolution.

### **The Sinking Fund**

The Sinking Fund shall be held by the District as a separate special account for the benefit of the Noteholders; provided that the cash required to be accounted for therein may be pooled with other moneys of the District so long as adequate accounting records are maintained to reflect and control the restricted purposes of such Sinking Fund money. The moneys and investments in the Sinking Fund shall be held in trust by the District for the sole benefit of the Noteholders, and the Noteholders are granted an express lien on the money and/or investments held in the Sinking Fund. Notwithstanding the foregoing, the Noteholders shall have no lien upon any Non-Ad Valorem Funds unless and until deposited into the Sinking Fund.

The District covenants in the Resolution that it will deposit sufficient moneys or Permitted Investments (as defined in the Resolution) into the Sinking Fund no later than twenty-one (21) days prior to the maturity date of the Notes, or the first business day thereafter, so that the balance on deposit therein, together with the earnings to be received thereon, if any, will equal the amount of principal and interest becoming due on the Notes at maturity. Interest to be paid by the District at maturity will be \$1,753,750.00.

Funds in the Sinking Fund may be invested only in Permitted Investments that mature on or prior to the maturity date of the Notes. Earnings on investments held in the Sinking Fund shall be retained and reinvested in the Sinking Fund until the amount on deposit in the Sinking Fund, together with the earnings to be received thereon, is equal to the entire principal of and interest on the Notes due at their maturity. Thereafter, such earnings may be withdrawn by the District and used in the District's discretion as provided by law. Realized losses, if any, on investments held in the Sinking Fund shall be restored by the District by deposit of additional moneys into the Sinking Fund on or prior to the maturity date of the Notes.

The proceeds of the Notes are not pledged as security for payment of principal and interest on the Notes and will be expended by the District to pay the obligations created by the District in accordance with its operating budget for the 2015-2016 Fiscal Year. The Noteholders will have no responsibility for use of the proceeds of the Notes, and the use of such proceeds by the District will in no way affect the rights of such Noteholders.

### **Permitted Investments**

The Board is authorized to invest the amount on deposit in the Sinking Fund in investments specified by Sections 1010.53(2) and 218.415, Florida Statutes, as amended, from time to time pursuant to Board policy.



## **Defeasance**

If, at any time the District shall have paid, or shall have made provision for payment of, the principal of and interest on the Notes then, and in that event, the pledge of and lien on the Pledged Revenues in favor of the holders of the Notes shall be no longer in effect and the Notes shall no longer be deemed to be outstanding and unpaid for the purposes of the Resolution. For purposes of the preceding sentence, deposit in irrevocable trust with a bank or trust company, for the sole benefit of the Noteholders, of sufficient Permitted Investments or any other securities or investments which may be authorized by law from time to time and sufficient under such law to effect such a defeasance the principal of which, together with the earnings to be received thereon, will be sufficient to make timely payment of the principal of and interest on the Notes, shall constitute provision for payment. For purposes of defeasance, "Permitted Investments" shall mean direct obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America.

## **DESCRIPTION OF THE NOTES**

### **General**

The Notes will be issued in fully registered, book-entry-only form in the denominations of \$5,000 each or integral multiples thereof; and will be dated and will bear interest at the annual rate specified on the cover page of this Official Statement, commencing as of the date of delivery. Principal and interest on the Notes will be payable at maturity. Interest will be calculated on a 360-day year basis. Both the principal of and interest on the Notes shall be payable upon presentation and surrender to the Board in its capacity as Registrar and Paying Agent.

### **No Early Redemption**

The Notes are not subject to redemption prior to maturity.

### **Book-Entry Provisions**

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE DISTRICT BELIEVES TO BE RELIABLE, BUT THE DISTRICT TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

The Depository Trust Company ("DTC") New York, New York, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for the Notes, in the aggregate principal amount of the Notes and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and

pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers, dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of "AA+." The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as defaults and proposed amendments to the documents securing the Notes. For example, Beneficial Owners of the Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and request that copies of notices are provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District, as Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments with respect to the Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent or the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursements of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

NEITHER THE BOARD NOR THE DISTRICT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT, (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF OR INTEREST ON THE NOTES, (3) THE DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO NOTEHOLDERS UNDER THE TERMS OF THE RESOLUTION, OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY CEDE & CO., AS THE NOMINEE OF DTC, AS REGISTERED OWNER. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE NOTES, AS NOMINEE OF DTC, REFERENCES IN THIS OFFICIAL STATEMENT TO THE NOTEHOLDERS OR REGISTERED OWNERS OF THE NOTES SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE NOTES.

Neither the Board nor the District can give any assurances that Direct Participants, Indirect Participants or others will distribute payments of debt service on the Notes made to DTC or its nominee as the registered owner, or any notices to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will service or act in a manner described in this Official Statement.

For every transfer and exchange of beneficial interests in the Notes, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other government charge that may be imposed in relation thereto.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Note certificates are required to be printed and delivered. In addition, the District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Notes certificates will be printed and delivered.

### **Revisions of Book-Entry System; Replacement Notes**

In the event that DTC determines not to continue to act as securities depository for the Notes, the District may in its discretion attempt to establish a securities depository, book-entry relationship with another securities depository. If the District does not do so, or is unable to do so, and after the Registrar and Paying Agent has made provisions for notification of the Beneficial Owners by appropriate notice to DTC, the District and the Registrar and Paying Agent will authenticate and deliver replacement Notes in

the denomination of \$5,000 or any integral multiple of \$5,000 to, or at the direction of, any persons requesting such issuance.

### **Transfer of Book-Entry Interests in the Notes**

The rights of Beneficial Owners and the manner of transferring or pledging their interests are subject to applicable state law. Beneficial Owners may want to discuss the manner of transferring or pledging their book-entry interest in such Notes with their legal advisors.

### **APPLICATION OF NOTE PROCEEDS**

The Noteholders will have no responsibility for the use of the proceeds of the Notes, and the use of the Note proceeds by the District will in no way affect the rights of the Noteholders. The costs of preparation and issuance of the Notes will be paid from proceeds of the Notes to the extent not paid from other legally available funds of the District. The remaining proceeds from the sale of the Notes will be used by the District to pay the lawful operating expenses of the District as the Board shall direct.

### **MIAMI-DADE COUNTY, FLORIDA**

Each county in Florida constitutes a school district for the control, organization and administration of the public schools therein. The boundaries of the District are coterminous with the boundaries of Miami-Dade County. Miami-Dade County is the largest county in the southeastern United States in both land area and population with a current population of approximately 2.6 million and a land area of 2,209 square miles. The District services the unincorporated areas of Miami-Dade County and all 36 municipalities within the boundaries of Miami-Dade County, including the cities of Miami, Miami Beach, Coral Gables, Doral, Hialeah and Pinecrest.

For general information concerning Miami-Dade County, see "Appendix A - Economy and Descriptive Statistics of the District and Miami-Dade County, Florida," herein.

### **AD VALOREM TAX RELATED MATTERS**

#### **Property Assessment**

Florida law requires that all real and personal property be assessed at its just or fair market value. No ad valorem taxes may be levied by the State upon real estate or tangible personal property. Such taxes may be levied only by counties, school districts, municipalities and certain special districts. Railroad properties are centrally assessed at the State level.

Real property used for the following purposes is generally exempt from ad valorem taxation: religious, educational, charitable, scientific, literary, and governmental. In addition, there are special exemptions for widows, hospitals, homesteads, and homes for the aged and disabled veterans. Agricultural land, non-commercial recreational land, inventory, and livestock are assessed at less than 100% of fair market value.

#### **Procedure for Property Assessment**

The Property Appraiser of Miami-Dade County (the "Property Appraiser") determines property valuation on real and tangible personal property as of January 1 of each year. The Property Appraiser determines the valuation of all real and personal property by July 1 of each year and notifies the County, the District, each municipality, and each other legally constituted special taxing district as to its just

valuation, notes the legal adjustments and exemptions and the taxable valuation. The taxable valuation is then used by each taxing body to calculate its ad valorem millage for the budget year. Each taxing body must advertise its budget, stating the proposed millage and hold public hearings on such budgets. Final budgets are determined by each taxing body, and the millage is certified to the Property Appraiser by October 1.

Concurrently, the Property Appraiser notifies each property owner of the proposed valuation and the proposed millage on such property. If the individual property owner believes that his or her property has not been appraised at fair market value, the owner may file a petition with the Clerk of the Property Appraisal Adjustment Board (the "Adjustment Board"). The Adjustment Board currently consists of two members of the County Commission, one member of the Board, one citizen member appointed by the County Commission and one citizen member appointed by the District. The Adjustment Board appoints independent special magistrates (real estate appraisers or attorneys) who hold public hearings on such petitions and determine whether adjustments to the valuations made by the Property Appraiser should be made, if such valuations were found not to be fair and at market value. The decision of the Adjustment Board may be appealed to the Circuit Court. The Adjustment Board must certify its decision with regard to all petitions and certify to the Property Appraiser the valuation to be used. These changes are then made to the final tax roll.

Section 194.014, Florida Statutes, requires that taxpayers appealing the assessed value or assigned classification of their property must make a required partial payment of taxes (generally equal to 75% of the ad valorem taxes due, less the applicable statutory discount, if any) with respect to properties that will have a petition pending on or after the delinquency date (normally April 1). The statute further provides that a taxpayer's failure to make the required partial payment before the delinquency date (normally April 1) will result in the denial of the taxpayer's petition.

The Property Appraiser applies the final certified millage of each taxing body to the assessed valuation on each item of real and tangible personal property, and prepares the final tax roll which he certifies to the County Tax Collector by October 1. This permits the printing of tax bills for delivery on November 1 of each year. The tax bills contain all of the overlapping and underlying millages set by the various taxing bodies, so that all ad valorem taxes are collected by the County Tax Collector and distributed to the various taxing bodies. See "- Assessed Value of Taxable Property" below for a table of assessed valuations.

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## **Setting the Millage**

The Property Appraiser assesses and the County Tax Collector collects all ad valorem taxes within the County. While one tax bill emanates from the County, the bill represents ad valorem taxes levied by the County, the District, municipalities and other taxing authorities.

The Florida Constitution limits the non-voted millage rate that school boards may levy on an annual basis for operational funds to 10 mills (\$10 per \$1,000 of taxable real and personal property value). Section 1011.71, Florida Statutes, further limits the millage levy for operational purposes to an amount established each year by the State appropriations act and finally certified by the Commissioner of the State of Florida Department of Education. Within this operational limit, each school district desiring to participate in the State's appropriation of Florida Education Finance Program ("FEFP") funds for current operations must levy the millage certified by the Commissioner of the State of Florida Department of Education as the "required local effort," which is set each year by the State Legislature. For fiscal year 2014-2015, the District's required local effort millage is 5.527 mills. In addition to the "required local effort," school districts are entitled to levy up to 0.748 mills as non-voted current operating discretionary millage and up to 1.50 mills for capital outlay and maintenance of school facilities. However, a school district may levy up to 0.25 mills for capital outlay and maintenance of school facilities in lieu of a like amount of operating discretionary millage. The District levied 0.687 mills for operating discretionary millage and 0.061 mills for capital outlay discretionary millage in fiscal year 2014-2015.

The millage limitations are applicable to taxes levied for operational purposes. The millage limitation does not apply to taxes approved at referendum by qualified electors in the County for general obligation bonds, such as the Series 2015 Bonds.

Each respective millage rate, except as limited by law, is set on the basis of estimates of revenue needs and the total taxable property values within the taxing authority's respective jurisdiction. Revenues derived from ad valorem property taxes are budgeted, as required by Florida law, on the application of millage levies to 96 percent of the non-exempt assessed valuation of property in the County. Ad valorem taxes are not levied in excess of actual budget requirements.

The District levied a millage of 6.214 mills against the cap of 10 mills for the 2014-2015 Fiscal Year for general operations (inclusive of 0.687 mills of operating discretionary millage). In addition, the District, for the same period, and under the same cap, levied a tax of 1.561 mills for capital outlay (inclusive of 0.061 mills of additional discretionary capital outlay millage authorized pursuant to law, as described below). The main local source of such capital outlay funds is the tax receipts collected pursuant to the capital improvement tax authorized and levied pursuant to Section 1011.71(2), Florida Statutes (the "Capital Improvement Tax") for capital outlay and maintenance purposes. The Capital Improvement Tax is an ad valorem tax levied by the District upon the taxable real and personal property located in the County up to a maximum amount of 1.50 mills. See "Recent Legislative Initiative and Constitutional Amendments Affecting Ad Valorem Taxes – Reduction in Capital Improvement Tax Levy." These taxes are not pledged as security for the Series 2015 Bonds. The total millage levied for the 2014-2015 Fiscal Year was 7.775 mills. See " - Ad Valorem Millage Rates."

## **Truth in Millage Bill**

The 1980 Florida Legislature enacted the Truth in Millage Bill (the "Trim Bill") requiring that only legislative bodies, including school districts, fix the millage rate, and requiring that all property be assessed at 100% of just value. See "AD VALOREM TAX RELATED MATTERS – Ad Valorem Millage Rates," herein for a table of County-wide millage rates.

## **Procedures for Tax Collection and Distribution**

All real and tangible personal property taxes are due and payable beginning on November 1 of each year, or as soon thereafter as the tax roll is certified and delivered to the County Tax Collector. The County Tax Collector mails a notice to each property owner on the tax roll for the taxes levied by the County, the School Board, municipalities within the County and other taxing authorities. Taxes may be paid upon receipt of such notice, with discounts at the rate of 4% if paid in the month of November; 3% if paid in the month of December; 2% if paid in the month of January and 1% if paid in the month of February. Taxes paid in the month of March are without discount. All unpaid taxes on real and personal property become delinquent on April 1 of the year following the year in which taxes were levied. Delinquent real property taxes bear interest at the rate of eighteen percent (18%) per year from April 1 until a tax certificate is sold at auction, from which time the interest rate shall be as bid by the buyer of the tax certificate. Delinquent tangible personal property taxes also bear interest at the rate of eighteen percent (18%) per year from April 1 until paid. Delinquent personal property taxes must be advertised within forty-five (45) days after delinquency, and after May 1, the property is subject to warrant, levy, seizure and sale.

On or before June 1 or the sixtieth day after the date of delinquency, whichever is later, the County Tax Collector must advertise once each week for three weeks and must sell tax certificates on all real property with delinquent taxes. The tax certificates are sold to those bidding the lowest interest rate. Such certificates include the amount of delinquent taxes, the penalty interest accrued thereon and the cost of advertising. Delinquent tax certificates not sold at auction become the property of the County. Florida law provides that real property tax liens are superior to all other liens, except prior Internal Revenue Service liens.

To redeem a tax certificate, the owner of the property must pay all delinquent taxes, the interest that accrued prior to the date of the sale of the tax certificate, charges incurred in connection with the sale of the tax certificate, omitted taxes, if any, and interest at the rate shown on the tax certificate (or interest at the rate of 5%, whichever is higher) from the date of the sale of the tax certificate to the date of redemption. If such tax certificates or liens are not redeemed by the property owner within 2 years, the holder of the tax certificates can cause the property to be sold to pay off the outstanding certificates and the interest thereon. Provisions are also made for the collection of delinquent tangible personal property taxes, but in a different manner which includes the possible seizure of the tangible personal property.

Section 197.016(2), Florida Statutes, requires the County Tax Collector to distribute the taxes collected to each governmental unit levying the tax. Such distribution is to be made four times during the first two months after the tax roll comes into its possession, and once per month thereafter.

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### Assessed Value of Taxable Property

The following table sets forth the assessed and estimated actual value of taxable property in the District for the current and last ten fiscal years:

**SCHOOL DISTRICT OF MIAMI-DADE COUNTY, FLORIDA  
ASSESSED VALUE OF TAXABLE PROPERTY (IN THOUSANDS)  
LAST TEN FISCAL YEARS**

Fiscal Year Ended <u>June 30</u>	Real Property Assessed Value	Personal Property Assessed Value	Real & Personal Property <u>Exemptions</u>	Net Assessed Property Value <sup>(1)</sup>
2015 <sup>(2)</sup>	\$286,643,938	\$18,181,684	\$70,022,603	\$234,803,019
2014	232,920,392	16,923,589	41,239,222	208,604,759
2013	240,212,601	15,500,638	57,568,813	198,144,426
2012	236,402,936	15,286,128	58,751,322	192,937,742
2011	242,122,690	15,429,924	61,411,551	196,141,063
2010	250,026,628	15,512,732	41,438,793	224,100,566
2009	282,383,465	15,983,145	48,207,243	250,159,367
2008	272,221,690	15,318,056	42,266,769	241,272,977
2007	236,581,855	14,957,660	42,709,925	208,829,590
2006	196,820,806	15,295,926	38,328,690	173,788,042

- (1) The basis of assessed value is approximately one hundred percent (100%) of actual value. For each fiscal year, property is valued as of January 1 of the preceding calendar year.
- (2) Preliminary assessed valuation. Subject to changes pending final Value Adjustment Board hearings.

SOURCE: The School Board of Miami-Dade County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014. Fiscal Year 2015 figures provided by the Miami-Dade County, Florida Property Appraiser.

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## Ad Valorem Tax Levies and Collections

The following table sets forth the amounts billed and the percent collected for ad valorem property taxes levied by the District:

### SCHOOL DISTRICT OF MIAMI-DADE COUNTY, FLORIDA DISTRICT PROPERTY TAX LEVIES AND COLLECTIONS (IN THOUSANDS) LAST TEN FISCAL YEARS\*

Fiscal Year	Collected within the Fiscal Year of the Levy			Prior Year Collections <sup>(1)</sup>	Total Collections to Date	
	Taxes Levied for the Fiscal Year	Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$1,797,427	\$1,751,666 <sup>(2)</sup>	97.4%	\$13,501	\$1,765,167 <sup>(2)</sup>	98.2%
2014	1,647,236	1,601,597	97.3	3,523	1,605,120	97.4
2013	1,584,376	1,495,134	94.4	24,972	1,520,106	95.9
2012	1,525,140	1,509,525	98.9	32,056	1,541,081	101.0
2011	1,614,699	1,586,242	98.2	47,047	1,633,289	101.2
2010	1,805,599	1,770,657	98.1	39,855	1,810,512	100.3
2009	1,959,007	1,888,838	96.4	21,819	1,910,657	97.5
2008	1,919,331	1,850,835	96.4	13,638	1,864,473	97.1
2007	1,695,415	1,639,072	96.7	8,669	1,647,741	97.2
2006	1,466,589	1,414,057	96.4	9,535	1,423,592	97.1

<sup>(1)</sup> Prior Year Collections reflect collections in the Fiscal Year in which such taxes were levied.

<sup>(2)</sup> Collections through June 30, 2015.

\*Unaudited.

SOURCE: The School Board of Miami-Dade County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014. Fiscal Year 2015 figures provided by the School District of Miami-Dade County, Florida.

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## Ad Valorem Millage Rates

The following table sets forth the amounts of ad valorem millage levied by the District and other entities from 2006 through 2015:

### SCHOOL DISTRICT OF MIAMI-DADE COUNTY, FLORIDA DISTRICT AND MIAMI-DADE COUNTY PROPERTY TAX RATES (IN MILLS) DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN FISCAL YEARS

Fiscal Year	District General Fund Millage	District Debt Service Funds	District Local Option Millage	District Total Millage	Miami- Dade County <sup>(1)</sup>	Other <sup>(2)</sup>	Total <sup>(2)</sup>
2015	6.214	0.199	1.561	7.974	4.67	0.42	13.06
2014	6.083	0.333	1.561	7.977	4.70	0.45	13.13
2013	6.204	0.233	1.561	7.998	4.70	0.46	13.16
2012	6.165	0.240	1.600	8.005	4.81	0.47	13.57
2011	6.314	0.385	1.550	8.249	5.87	0.66	14.78
2010	5.998	0.297	1.700	7.995	5.12	0.66	13.78
2009	5.783	0.264	1.750	7.797	4.84	0.66	13.30
2008	5.570	0.378	2.000	7.948	4.58	0.66	13.18
2007	5.691	0.414	2.000	8.105	4.58	0.66	13.34
2006	5.947	0.491	2.000	8.438	5.84	0.74	15.01

(1) District fiscal year ends June 30; County fiscal year ends September 30.

(2) Excluding special district millages.

SOURCE: The School Board of Miami-Dade County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014. Adopted budget for the fiscal year ending June 30, 2015.

## SCHOOL DISTRICT AND SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

### The District

The District is organized under Section 4, Article IX of the Constitution of Florida and Chapter 1001, Florida Statutes. The District is the fourth largest school system in the nation as measured by student enrollment. Located at the hub of the southeast coast of Florida and in the most populous area of the State, the geographic boundaries of the District are coterminous with those of Miami-Dade County, Florida. Miami-Dade County is the largest county in the southeastern United States in both land area and population with a current population of approximately 2.6 million and a land area of 2,209 square miles. The District services the unincorporated areas of Miami-Dade County and all 36 municipalities within the boundaries of Miami-Dade County, including the cities of Miami, Miami Beach, Coral Gables, Hialeah and Pinecrest.

In Fiscal Year 2013-2014, the District consisted of 466 schools and vocational/technical centers (including 126 charter schools), approximately 355,268 students and approximately 41,383 full- and part-time employees, including 20,015 full-time teachers and 2,700 full-time paraprofessional staff. Management of the District is independent of the various municipal governments of Miami-Dade County, including Miami-Dade County itself. The Tax Collector of Miami-Dade County (the "County Tax

Collector") collects the ad valorem school tax for the District, but Miami-Dade County exercises no control over its expenditure.

The District continues to see improvement in overall student achievement and a reduction in achievement gaps among ethnic groups and between high- and low- income students. District students have outperformed students in many other major US cities in the National Assessment of Educational Progress (NAEP) Trial Urban District Assessment (TUDA) in science, mathematics and reading. In recognition of its efforts for improving student achievement, the District was awarded the Broad Prize for Urban Education in 2012, which honors urban school districts across the country that are making the greatest progress in raising student achievement. For the 2014-15 school year, the District is continuing its efforts to improve education by creating 52 new magnet programs that offer students a variety of educational choices. In addition, the District has embarked on a digital convergence program, which has brought Wi-Fi capability to all schools, along with interactive boards, tablets and laptops

## **Administration**

The Board. The Board is a public corporation existing under the laws of the State of Florida, particularly Section 1001.40, Florida Statutes, and is the governing body of the District. The School Board consists of nine members elected from single member districts for staggered four-year terms. The District switched to this form of governance in November 1996.

Under existing statutes, the Board's duties and powers include, but are not limited to, the acquisition, maintenance and disposition of school property within the District; the development and adoption of a school program for the District; the establishment, organization and operation of schools, including vocational and evening schools, and programs for gifted students and handicapped students, including students in residential care facilities; the appointment, compensation, promotion, suspension and dismissal of employees; the establishment of courses of study and the provision of adequate instructional aids; and the establishment of a system to transport students to school or school-related activities.

The Board also has broad financial responsibilities, including the approval of the annual budget, adoption of the school tax levy and the establishment of a system of accounting and budgetary controls. The annual budget and accounting reports must be filed with the State Department of Education.

The Chair of the Board and the Vice Chair of the Board are elected by the members of the Board annually. The Superintendent of Schools (the "Superintendent") is the ex-officio Secretary of the Board.

Board Members. The following are brief resumes of the members of the Board with the expirations of their respective terms as indicated:

MS. PERLA TABARES HANTMAN, CHAIR, was elected to the Board in 1996 and re-elected in 1998, 2002, 2006, 2010 and 2014 to represent District 4. In 1999, she was nominated and unanimously elected as Chair of the Board, becoming the first Hispanic woman to serve in the position. She was re-elected as Chair again in 2000 and 2001 and has continuously served as Chair for five consecutive years since November 2010 through her current term as Chair, which ends November 2015. Ms. Hantman attended the University of Havana, Cuba, and Barry University in Miami, where she earned a Bachelor's Degree. In 1991, Ms. Hantman was awarded a Doctor of Humanities, Honoris Causa degree from Gregorian University of Rome, Italy. Ms. Hantman began her public service career working for the Cuban Refugee Program in the Department of Health, Education, and Welfare (HEW). She later worked for the U.S. Department of State in the United States Foreign Service at the American Embassy in Mexico City. Ms. Hantman has been appointed by several Florida governors to various State executive positions,

including the Florida Board of Regents, where she was a member for six years, and the Metropolitan Planning Organization, where she currently serves her fifth term. In 1997, she received the Stephen P. Clark Children's Award for Outstanding Miami-Dade County Educator. Ms. Hantman received Florida International University's Distinguished Service Medallion in Community Service in April 2000 and in 2004 she received the University's College of Law "Enma Tarafa Legal Excellence Award." In 2005, Ms. Hantman was appointed to serve on the Board of Directors of the New World School of the Arts. Ms. Hantman has previously served as Chair of the Board's Facilities Planning and Construction Committee, the Legislative Relations, Public Relations and Personnel Services Committee and the Innovation, Efficiency and Governmental Relations Committee. Her term expires in November 2018.

DR. LAWRENCE S. FELDMAN, VICE CHAIR, was elected to the Board in August 2008 and re-elected in 2012 to represent District 9. He serves as the Board appointee to the Miami-Dade County Public Schools Audit and Budget Advisory committee and serves as an ex-officio member of each School Board committee. During his 40 years of service to the District, he has served the education community as a teacher, assistant principal, principal and regional director working with the multi-culturally and economically diverse communities of Miami. Dr. Feldman's expertise and experiences in the areas of public education, innovative educational models, budget and facilities management, and organizational and systemic reform guided his work as a senior member of several foundations and university teams, including the Panasonic Foundation and Harvard University's Graduate School of Education's International Network of Principal Centers. He currently serves as an Executive Board member of the Council of Great City Schools and volunteers his time and efforts on the following boards and committees: Past President of the Greater Florida Consortium of School Boards; Baccalaureate in Education Advisory Committee, Miami Dade College, Member; Drug Free Youth In Town, Board of Directors; The Education Fund, Board of Directors; Florida School Board Association, Board of Directors; FBI Miami Citizens Academy Alumni Association, Board of Directors; Community Advisory Board for the Education in Neuro-developmental Disabilities (LEND) Training Program, University of Miami's Mailman Center, Member; Miami-Dade Defense Alliance Joint Military Affairs Committee, Homestead Air Reserve Base, Board Liaison; Building Empowerment by Stopping Trafficking, Inc., Advisory Board Member; National Association for School Safety and Law Enforcement Officers, Honorary Member; and Children's Survival Network, Board of Directors. Dr. Feldman has been the recipient of numerous awards and honors including the South Dade Community Leadership Award, 2012; Jose Marti Community Service Award, 2012; Mexican American Council Community Award, 2011; South Florida After-School All-Stars Award, 2012; Administrator of the Year, 2008; and the Superintendent's Award for Merit and Leadership, Region VI, 1990-1996. Dr. Feldman received both his B.A. in Elementary Education and M.Ed. in Special Education from the University of Florida and his Ph.D. in Educational Leadership/Systemic Reform from The Union Institute and University, Cincinnati, Ohio. His term expires in November 2016.

DR. DOROTHY BENDROSS-MINDINGALL, MEMBER, was elected to the Board in November 2010 and re-elected in November 2014 to represent District 2. She currently Chairs the Board's Innovation, Governmental Relations and Community Engagement Committee and serves on the Facilities and Construction Committee of the Board. After graduating from Miami Northwestern High School, Dr. Bendross-Mindingall attended Tuskegee (Alabama) Institute, Nova University, Barry University and Florida International University, completing Bachelors and Masters degrees, and several Masters-level certifications. She also received an Honorary Doctorate Degree from Florida Memorial University. As a classroom teacher, principal and adult education administrator, she has taught children from the rural mountains of North Carolina to the vibrant city of Miami, Fl. During her distinguished career with the District, she was lauded for pioneering programs for mentorship, attendance improvement, community education and parent involvement and has continued that in the private sector as Founder/Administrator of Labor of Love Literacy Program. Among other achievements, Dr. Bendross-Mindingall was first chairperson of the Governor's Commission on African American Affairs and

chartered the first state male role-model program in Florida. From 2000 – 2008, Dr. Bendross-Mindingall served as the State Representative for District 109. Her term expires in November 2018.

MS. SUSIE V. CASTILLO, MEMBER, was elected to the Board in November 2012 to represent District 5. Ms. Castillo currently serves as Vice Chair of the Board's Personnel Services and Student and School Support Committee and is a member of the Innovation, Governmental Relations and Community Engagement Committee. Ms. Castillo is a product of Miami-Dade County Public Schools, and holds a degree in Public Administration from Barry University. An experienced public administrator, Ms. Castillo's career and family history are deeply rooted in the Miami-Dade County public education system. As a young woman, she followed in her mother's footsteps, beginning her 20-year career in public service at the same elementary school where her mother continued her teaching career after arriving from Cuba. Through years of working at various levels of the administration, from the Superintendent's Office to the office of a Board Member, Ms. Castillo gained an in-depth understanding of the inner workings of the school district and the needs of students, teachers and parents. Taking her experience from the school district to municipal government, Ms. Castillo went on to serve as a Special Assistant to the first Mayor of the City of Doral for over eight years. Putting her many years of experience in education to work, she was instrumental in developing a broad range of city-wide education partnerships in Doral. Ms. Castillo remains active in her community and serves on the boards of the Nat Moore Foundation and as Founder and President of the Andrea Castillo Foundation. Her term expires in November 2016.

DR. WILBERT "TEE" HOLLOWAY, MEMBER, was elected to the Board in 2007 and re-elected in 2012 to represent District 1. Dr. Holloway presently Chairs the Board's Personnel Services and Student and School Support Committee, is Vice Chair of the Board's Facilities and Construction Committee and is a member of the Board's Academics, Evaluation and Technology Committee. From 2000 to 2007, Dr. Holloway served as a State Representative for District 103 in the Florida House of Representatives, where he was Chairman of the Florida Conference of Black State Legislators. Dr. Holloway also serves on the United States Department of Education Southeast Regional Center for Drug-Free Schools and Communities Advisory Council, Dade County Public Schools Magnet Programs Advisory Committee, Co-Chairman of the Site Selection Committee of the Community Partnership for the Homeless and Director of the State of Florida Sports Foundation. Dr. Holloway received a Bachelor of Science in Business Administration from Bethune - Cookman College in 1970, where he was class president of his freshman, sophomore and junior classes. In 2003, Dr. Holloway attended Harvard University's State and Local Government Executive Program. Dr. Holloway has been the recipient of numerous awards and honors, including Doctor of Human Letters from Florida Memorial College, United Way of Dade County Volunteer of the Year and Bethune - Cookman College Distinguished Alumni. His term expires in November 2016.

DR. MARTIN S. KARP, MEMBER, was elected to the Board in November 2004 and re-elected in 2008 and 2012 to represent District 3. At the University of Miami, he earned a Doctor of Education in Educational Leadership, a Master of Science in Education and a Bachelor of Business Administration in Marketing. At Syracuse University's Newhouse School of Public Communications, he earned a Masters degree in a joint M.S. and M.B.A. program. As an educator in the District, Dr. Karp helped create a gifted program, which began as a unique joint effort between a private and public school. He founded, coordinated and produced a children's television show, WKDZ Kids' World. On the PBS affiliate in Miami, WPBT-TV channel 2, Dr. Karp provided assistance for educational programs. He created two educational radio talk shows, which he produced and hosted on local A.M. stations. Dr. Karp began volunteering in South Florida in 1982 when he started S.H.O.P. (Senior Handicapped Outreach Program). He founded a countywide District-approved contest sponsored by the Miami-Dade Police Department and Humane Society of Greater Miami. He started the H.O.P.E. (Help Overcome Pet Euthanasia) Contest twenty years ago, and more than 5,000 students have participated. On the Board, he serves as Chair of

the Board's Fiscal Accountability Committee. He has been honored with the Cervantes Outstanding Educator Award, the Helping Hands Award, the People Pets and Vets Award, the SHAPE Guardian of Youth Philanthropy Award and the Children's Trust Recognition. His term expires in November 2016.

MS. LUBBY NAVARRO, MEMBER, was appointed by Governor Rick Scott in February 2015 to fill the seat representing District 7 recently vacated by Mr. Carlos Curbelo, who was elected to the U.S. Congress in November 2014. Ms. Navarro has nearly 20 years of public service experience, most recently serving as the Executive Director of Intergovernmental Affairs for the District. She serves as a member of many community organizations, including the Miami Dade Redland Community Council 14 and the United States Coast Guard Auxiliary, United States Homeland Security, Seventh Coast Guard District, Division 6, Flotilla 65 in South Dade. Ms. Navarro received her Bachelor's degree from Florida International University. Ms. Navarro will serve the remainder of Mr. Curbelo's term, which expires in November 2016.

DR. MARTA PÉREZ, MEMBER, was elected to the Board in 1998 and re-elected in 2002, 2006, 2010 and 2014 to represent District 8. She was employed by the Miami-Dade County School System as an elementary school teacher from 1972 to 1979. In 1996, Dr. Perez was elected as Community Councilwoman for Area 10 and became the first chairperson for that council. In 1996 she received her Doctorate in Philosophy from the University of Miami. Dr. Perez is currently the Chairperson for the Board's Academics, Evaluation and Technology Committee and is a member of the Facilities and Construction and Fiscal Accountability Committees. In 2013 Dr. Perez received her Juris Doctorate degree from St. Thomas University School of Law and was admitted to the Florida Bar in August 2013. Dr. Perez is currently the Vice-President of the Miami-Dade School Readiness Coalition and has been elected President of the South Florida Consortium of School Boards. She is also the Board delegate to the Florida School Boards Association where she is the Chair of the Multicultural Committee. Dr. Perez became the first Hispanic in history to earn the distinction of being a Certified School Board Member. She is a member of the National School Boards Association, Council of Urban Boards of Education and of the Council of Great City Schools. Dr. Perez is also a member of the League of Woman Voters, National Parkinson's Foundation, University of Miami Amigos Association and the Coalition of Hispanic American Women. In 2015 Dr. Perez joined Barry University's School of Education Advisory Board. She has also been honored with the following awards: Academic Excellence from the Graduate School of the University of Miami, Women and Power Award, American Bahamian Federation Award for Civic Leadership and Community Service and One Nation Public Service Award. Other distinctions honoring Dr. Perez include her nomination to Phi Delta Kappa's (Education Honor Society) "Legislature of the Year," 1998, certified Parliamentarian in Florida, membership in Phi Kappa Phi Honor Society and Phi Lambda Pi Honor Society. Her term expires in November 2018.

MS. RAQUEL A. REGALADO, MEMBER, was elected to the Board in November 2010 and re-elected in November 2014 to represent District 6. Ms. Regalado is currently the Chair of the Board's Facilities and Construction Committee, Vice Chair of the Fiscal Accountability Committee and is a member of the Innovation, Governmental Relations and Community Engagement Committee, Personnel Services and Student and School Support Committee and the Treasury Advisory Committee. After graduating from Coral Gables Senior High, Ms. Regalado attended Miami-Dade Community College and then Florida International University, where she earned a degree in Liberal Studies with honors. Ms. Regalado then went on to earn a Juris Doctorate degree from St. Thomas University School of Law. Currently Ms. Regalado is an attorney and has specialized in patent and trademark litigation. Ms. Regalado was named a Rising Star in Intellectual Property Litigation by Florida Trend and was a recipient of the 2009 Cystic Fibrosis Foundation, 40 outstanding attorneys in Miami-Dade County under 40. Since 2009, Ms. Regalado has conducted a daily Spanish language radio program on La Poderosa, 670 AM, dedicated to informing listeners about local politics, education and social services and she is currently appearing in Esta Semana con Raquel, a weekly television show with political and news analysis airing

on Telemundo. Ms. Regalado has also been very active in the local community and serves on the boards of Autism Speaks, The Chapman Partnership, The Miami Children's Initiative, and the Executive Committee of the Adrienne Arsht Center for the Performing Arts of Miami-Dade County, among others. Her current term expires in November 2018.

### **Biographical Information for Certain Administrators**

The Superintendent of Schools is appointed by, and serves as ex-officio Secretary to, the Board. The Superintendent oversees operations of the school system, makes policy recommendations to the Board, and performs the duties assigned to him by law and the regulations of the State Department of Education. The Superintendent also prepares the annual budget for approval by the Board, recommends the tax levy necessary to operate schools, is responsible for all financial transactions of the District, keeps such records as approved by the Board, provides for the investment of available District funds and is responsible for debt issuance plans of the District.

The following is biographical information for certain administrators of the District:

ALBERTO M. CARVALHO, SUPERINTENDENT OF SCHOOLS, has served as Superintendent of the nation's fourth largest school system since September 2008. He is a nationally recognized expert on school reform and finance who successfully transformed the District's business operations and financial systems with the implementation of a streamlined Strategic Framework, aligning resources to classroom priorities through a strict adherence to values based budgeting. This paradigm shift resulted in a dramatic increase in reserves, a stable bond rating and a remarkable improvement in student achievement. This year the District was identified by the AP | College Board as first in the nation for Hispanic students scoring highly on Advanced Placement exams, and seventh in the country for African American students. The District is now widely considered the nation's highest performing urban school system and is the 2012 winner of the Broad Prize for Urban Education. As a result of his skillful use of data to drive decision-making and resource allocation, the Florida Department of Education selected him as the 2012 District Data Leader of the Year. On November 6, 2012, following four years of extraordinary improvement in District performance and public accountability, the community confirmed its faith in its public school system and its Superintendent by passing a \$1.2 billion Bond Referendum for school construction.

A versatile leader, Mr. Carvalho is the self-appointed principal of two award-winning schools - the Primary Learning Center and the iPrep Academy. In addition, he is the President of ALAS, the Association of Latino Administrators and Superintendents. He has received numerous honors and awards both for humanitarianism, as well as groundbreaking work in the field of education and business management. He has been honored by the National Child Labor Committee with the 2013 Ron H. Brown Award and has been recognized as Visionary Leader of the Year by the Greater Miami Chamber of Commerce, the March of Dimes' Humanitarian of the Year, South Florida's Ultimate CEO and for Leadership in Government by the Miami Chapter of the American Institute of Architects. He is a member of Florida's Council of 100, the Honorable Order of Kentucky Colonels and has been honored by the President of Portugal with the "Ordem de Mérito Civil." He has been featured as part of *Education Nation*, on *CNN*, *NBC*, and *ABC*, and in publications such as *The New York Times*, *District Administration Magazine*, *The Christian Science Monitor* and *Nightly Business Report*. Recently, Mr. Carvalho was named as Florida's 2014 Superintendent of the Year, as well as the National Superintendent of the Year. In addition, he has been named by Scholastic Administrator as one "The Fantastic Five" educators making a difference in America.

JUDITH M. MARTE, CHIEF FINANCIAL OFFICER, joined the District in 2002 as a Budget Analyst. She has served as Executive Director, Financial Reporting Grants Administration, Chief Budget

Officer and Deputy Chief Financial Officer. In these roles, she was part of the team led by Superintendent Carvalho that significantly improved the District's financial position. Her current assignment as Chief Financial Officer includes responsibility for traditional finance functions, in addition to procurement and risk management. Ms. Marte received a Master Degree in Business Administration from University of New Hampshire in 1990 and a Bachelor of Science Degree from Merrimack College. In December 2012, Ms. Marte was one of eight members of the first Council of Great City Schools cohort to complete the Executive Education Program designed to prepare individuals to assume the Chief Financial Officer role in any major urban district in the nation.

LEONARDO FERNANDEZ, TREASURER, joined the District in 1994 as the Accounts Payable Director, and later served as the Director of Cost and Business Services, Director of Treasury/Finance Systems, District Director of Financial Reporting and serving as the Assistant Treasurer since 2005 until assuming the Treasurer position in November, 2013. Mr. Fernandez received a Master in Business Administration from Chapman University, and a Business Administration Bachelors in Science degree from California State University. He is a Certified Treasury Professional, Certified Internal Auditor, and a member of the Association of Financial Professionals. Mr. Fernandez also served in the United States Marine Corps and was honorably discharged with the rank of Sergeant.

### **Employee Relations, Retirement Programs and Other Post-Employment Benefits**

Employee Relations. During fiscal year 2013-14, the District had approximately 41,383 full- and part-time employees. The Board negotiates contracts with five exclusive bargaining agents representing five unions: (i) United Teachers of Dade ("UTD"); (ii) American Federation of State, County and Municipal Employees ("AFSCME"), Local 1184; (iii) Dade County School Maintenance Employee Committee ("DCSMEC"); (iv) Florida State Lodge, Fraternal Order of Police (representing the District's law enforcement officers) ("FOP"); and (v) the Dade County Schools Administrators Association ("DCSAA") representing the District's professional and technical employees.

The District on November 19, 2014, ratified a 2014-15 Addendum to the three-year contract with the UTD, effective July 1, 2012 through June 30, 2015. The 2012-2015 contract requires the parties to reopen negotiations on wages and health insurance during the third year (2014-2015) of the agreement. The UTD agreement provides eligible UTD teachers with one step on the modified salary schedule, with a starting 10-month teacher salary of \$40,500 and a one-time prorated supplement to teachers at steps 1-12, 15-17, 20-21 and the top step payable on December 12, 2014. The Addendum provides a salary improvement of 2%, plus a one-time pro-rated stipend of 1% of current base salary for all other members of UTD. All UTD improvements were effective November 21, 2014. The Board ratified the 2014-15 Addendums to the three year contracts with AFSCME, DCSMEC and DCSAA on December 10, 2014 which provides a salary improvement of 2% effective retroactively to July 1, 2014 to full- and part-time employees.

Additionally, UTD, DCSMEC and DCSAA ratified agreements providing for 2015 health insurance with slightly enhanced plan designs to the three options provided in 2014: OAP 20 and Local Plus - both plans have the same share cost for employee only and dependent coverage, or OAP 10 - increases for employee only and dependent coverage. The health insurance plans and rates are effective January 1, 2015. The Board ratified the 2015 health insurance plan for UTD on November 19, 2014 and for DCSMEC and DCSAA on December 10, 2014 to include OAP 20, OAP10 and Local Plus (as described above) on January 15, 2015. Additionally, on December 10, 2014, the Board ratified the health insurance plan with AFSCME to include OAP 20 and Local Plus, only.

On September 3, 2014, in response to a Request for Proposals and ensuing negotiations, the Board awarded its Medical ASO contract, for a term not to exceed five years, effective January 1, 2015,



to Cigna at a per-employee, per month fee, inclusive of associated credits in connection with Cigna also providing Stop Loss and Pharmacy benefits for an initial three-year term. The new contract will reduce the District's current health insurance plan costs. The Board also awarded group term life insurance and flexible benefits to various companies for benefit eligible employees and dependents for terms not to exceed five years, effective January 1, 2015. Companies awarded the flexible benefits have guaranteed the 2015 rates for their plans for a minimum of three years, although in some plans the 2015 rate is guaranteed for up to four or five years.

The District completed and ratified the third year of a three-year contract with the FOP unit. This reopener was for 2014-2015 wages, 2015 health insurance plan design, and two contract articles/appendices.

Retirement Programs. Retirement benefits are provided to employees of the Board through the State of Florida's retirement plans (the "Florida Retirement System") and through the Board's supplemental early retirement plan (the "Supplemental Plan"). Pursuant to law, all officers and salaried employees are, with minor exceptions, members of defined retirement plans of the State of Florida administered by the Florida Department of Administration, Division of Retirement. The retirement plans of the State of Florida consist of contributory and non-contributory benefit plans. The plans provide for retirement, death and disability benefits and require contributions by employees and/or participating agencies as stated percentages of compensation set by law as determined from time to time by the State Legislature. The District's payroll for officers and salaried employees covered by the Florida Retirement System for the 2013-2014 fiscal year totaled approximately \$1.7 billion. Required contributions made to the Florida Retirement System in the 2012-2013 and 2013-2014 fiscal years totaled \$89,764,000 and \$132,527,000, respectively. The plans' accounting and funding policies, actuarial present value of accumulated plan benefits, net assets available for benefits, and other plan related matters are the responsibility of the Florida Department of Administration, Division of Retirement, and are not computed on an individual agency basis.

The Board established the Supplemental Plan in 1984 in order to supplement the benefits available to early retirees under the Florida Retirement System. The plan is a single employer, non-contributory defined benefit plan administered by an independent trustee and investments in the plan are managed by the District. The Board closed the Supplemental Plan to new employees on July 1, 2000, with no additional employees vesting after July 1, 2003. The Supplemental Plan's benefits and all other requirements are established by Section 1012.685, Florida Statutes. The Board's funding policy provides for actuarially determined periodic contributions sufficient to pay benefits provided by this plan as they come due. Total contributions to the Supplemental Plan for the 2012-2013 and 2013-2014 fiscal years totaled approximately \$1,942,000 and \$2,276,000, respectively. Additional information regarding the retirement programs is included in Note 20 to the audited financial statements for the fiscal year ended June 30, 2014 attached hereto as APPENDIX B.

During its 2011 regular session, the State Legislature adopted legislation that made significant changes to the Florida Retirement System with respect to employee contributions and employer contributions, among other items. Effective July 1, 2011, all members of the Florida Retirement System were required to contribute 3% of their gross compensation toward their retirement. In addition, the legislation reduced the required employer contribution rates for each membership class and subclass of the Florida Retirement System. Additionally, the legislation eliminated the cost of living adjustment for all Florida Retirement System employees for service earned on or after July 1, 2011, although the legislation does contemplate reinstatement of the adjustment in 2016 under certain conditions. For fiscal year 2010-2011, contribution rates ranged from 9.85% to 20.92% of annual covered payroll. Under the adopted legislation, employer contribution rates initially ranged from 4.91% to 14.10% of annual covered payroll and for fiscal year 2014-2015 range from 7.37% to 21.14% of annual covered payroll.

The other changes to the Florida Retirement System contained in the legislation only apply to employees who initially enrolled in Florida Retirement System on or after July 1, 2011. For personnel entering Florida Retirement System on and after July 1, 2011, the following changes apply: the average final compensation upon which retirement benefits are calculated is based on the eight highest (formerly five highest) fiscal years of compensation prior to retirement, the Deferred Retirement Option Plan ("DROP") is maintained but the interest accrual rate was reduced from 6.5% to 1.3%, the normal retirement age is increased from 62 to 65 and the years of creditable service is increased from 30 to 33 and the vesting period is increased from six to eight years.

Other Post-Employment Benefits. In addition to its contributions under the Florida Retirement System and the Supplemental Plan, the District provides other post-employment benefits ("OPEB") for certain of its retired employees. Employees who took advantage of the retirement incentive programs offered by the Board from 1991 through 2005 are eligible for enhanced insurance benefits consisting of health and term life insurance subsidies for up to ten years. Benefits accrued under these programs during the 2012-2013 and 2013-2014 fiscal years totaled approximately \$1,600,000 and \$1,500,000, respectively. In addition, employees who retire in the first year of eligibility under the Florida Retirement System or who retire under the Supplemental Plan can receive reimbursement for a certain portion of their health insurance premiums. Additionally, the District provides OPEB for certain of its retired employees in the form of an implicit rate subsidy by providing access to health insurance plans requiring the use of a single "blended" or "common" rate for both active and retired employees. The offering of this health insurance coverage is required by Section 112.0801, Florida Statutes.

As with all governmental entities providing similar plans, the District implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* ("GASB 45") during the 2007-08 fiscal year. The District had historically accounted for its OPEB contributions on a pay as you go basis. GASB 45 applies accounting methodology similar to that used for pension liabilities to OPEB and attempts to more fully disclose the costs of employment by requiring governmental units to include future OPEB costs in their financial statements. While GASB 45 requires recognition and disclosure of the unfunded OPEB liability, there is no requirement that the liability of such plan be funded.

To comply with GASB 45, the District retained an actuary (the "Actuary") to actuarially review the District's OPEB liability and provide the District with a written valuation. The Actuary determined the District's actuarial accrued liability related to OPEB, which approximates the present value of all future expected post-retirement benefits, to be \$188.81 million as of June 30, 2014.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation at fiscal year end, was as follows (in thousands):

Fiscal Year	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$10,258	\$11,576	112.85%	\$17,853
2013	10,391	14,145	136.13	14,099
2014	15,385	9,508	61.80	19,976

The District's annual OPEB cost (expense) is calculated based on the annual required contribution ("ARC"), which is the portion of the total accrued actuarial liability allocated to the applicable fiscal year needed to pay both normal costs (current and future benefits earned) and to amortize the unfunded accrued liability (past benefits earned, but not previously funded) and is determined using the entry age

accrual cost method. The calculation of the accrued actuarial liability and the ARC is, by definition and necessity, based upon a number of assumptions, including interest rates on investments, average retirement age, life expectancy, healthcare costs per employee and insurance premiums, many of which factors are subject to future economic and demographic variations. Additional information regarding other post-employment benefits is included in Note 20 and the Required Supplementary Information to the audited financial statements for the fiscal year ended June 30, 2014, attached hereto as APPENDIX B.

## **Budget Process**

Florida law requires the Board to adopt in each fiscal year a tentative budget and a final budget, each of which is required to be balanced with available funds. Revenues derived from ad valorem property taxes are budgeted, as required by Florida law, on the application of millage levies to 96 percent of the non-exempt assessed valuation of property in Miami-Dade County.

The Superintendent is responsible for recommending the tentative budget to the Board. Florida law further requires the Board to advertise its intent to adopt the tentative budget, including a proposed tax millage, within twenty-nine (29) days after certification of taxable property by the Property Appraiser of Miami-Dade County (the "County Property Appraiser") which is required by law to occur by July 1, unless extended.

The Board is required to hold a public hearing on the tentative budget and the proposed tax millage within five (5) days, but not earlier than two (2) days, after advertisement. At the hearing, the Board adopts a tentative budget and a resolution stating the millage rate to be levied, and sets the date for the public hearing on the final budget. Following the hearing on the tentative budget, all property owners are notified by the County Property Appraiser, usually in mid-August, of the date, time and place of the hearing on the final budget; the proposed millage rate; and the millage rate which would have had to be levied to raise the same ad valorem property tax revenue as was raised in the preceding year.

A public hearing and adoption of the final budget and tax millage are required within eighty (80) days, but not earlier than sixty-five (65) days, after the taxable property certification by the County Property Appraiser. This public hearing usually occurs early in September.

In no event may the millage rate adopted at the final budget hearing exceed the millage rate adopted at the tentative budget hearing unless each taxpayer within the District is sent notice by mail of the taxes under the tentative adopted millage rate and the taxes under the higher rate to be adopted at the final budget hearing. The final budget is submitted to the State Department of Education. After the final budget hearing, the Board must certify the final millage rate to the County Tax Collector, the County Property Appraiser and the State Department of Revenue. The District prepared its tentative 2014-2015 fiscal year budget which was adopted at a public hearing held on July 29, 2014 and adopted its final budget for fiscal year 2014-2015 on September 3, 2014. The District may make revisions to its adopted budgets in accordance with Florida Law. Mid-year adjustments to the adopted 2014-2015 Fiscal Year budget were approved by the Board pursuant to Resolution Number 1, adopted February 11, 2015. The District anticipates adopting its final budget for fiscal year 2015-2016 during the first half of September, 2015.

## **General Fund Revenue Sources**

The District's general fund revenues are derived from federal and State appropriations and local sources of funds. The District's two major sources of funds from the State are funding under the FEFP and the State's Categorical Education Program.

## State Sources

Florida Educational Finance Program. The major portion of State support is distributed under the provisions of the FEFP, which was enacted by the State legislature in 1973. Basic FEFP funds are provided on a weighted full-time equivalent student ("FTE") basis and through a formula that takes into account (i) varying program costs, (ii) cost differentials between districts, (iii) differences in per-student costs due to the density of student population, and (iv) the required level of local support. Program cost factors are determined by the State Legislature. The amount of FEFP funds disbursed by the State is adjusted four times during each year to reflect changes in FTE and in variables comprising the formula.

To participate in FEFP funding, the District must levy a minimum millage for operating purposes which is set by the State Department of Education. The FEFP revenues received by the District for fiscal years 2012-2013 and 2013-2014 were approximately \$610,376,885 and \$712,493,500, respectively. The budgeted FEFP revenues for fiscal year 2014-2015 are \$661,799,473.

State Categorical Programs. These are special educational program lump-sum appropriations which supplement local school district revenues in order to enhance educational and support services. Among the categorical programs for which the largest appropriations are made are Class Size Reduction, Instructional Materials, Instructional Technology and Transportation. Allocations for these categorical appropriations are based on funding formulae and discretionary State Department of Education grants. The Class Size Reduction program was created in order to implement two amendments to the Florida Constitution approved by the voters of the State of Florida. See "RECENT LEGISLATIVE CHANGES AFFECTING DISTRICT REVENUES – Legislation Related to Class Size Reduction and Pre-K Programs." The majority of funds available from these programs require actual appropriation by the Board for the purposes for which they were provided. The bulk of these funds were comprised of Class Size Reduction, School Recognition and Workforce Development, which totaled \$494,658,688 in fiscal year 2012-13, \$488,723,962 in fiscal year 2013-14 and are budgeted to be \$491,163,752 in fiscal year 2014-2015.

Recent State Budgets. Due to State revenue shortfalls, from fiscal year 2007-08 through fiscal year 2012-13, the State Legislature reduced the State budget for FEFP by \$208 million (\$9.7 billion in fiscal year 2007-08 compared to \$9.5 billion in fiscal year 2012-13), resulting in a 2% reduction. During the same period the District's FEFP funding from the State decreased by \$165 million (\$1.287 billion in fiscal year 2007-08 compared to \$1.122 billion in fiscal year 2012-13). For 2013-14, the State budget included an increase of \$1.05 billion in State funding for education, which resulted in a net increase of \$103 million or 9.2% in State revenues for Fiscal Year 2013-14 as compared to Fiscal Year 2012-13. For 2014-15, the State budget included an increase of \$172 million in State funding for education. Despite this increase, the District expects a decrease of \$54 million or 4.6% in State revenue for operating purposes in Fiscal Year 2014-15 as compared to Fiscal Year 2013-14. This decrease is due to a substantially higher certified tax roll, which in turn has increased the total local funding portion of FEFP by \$113 million over that same period. The net result of those two changes is that total State and local FEFP funding is up \$59 million from Fiscal Year 2013-14 to 2014-15. See also, "NOTEHOLDERS' RISKS" herein.

On June 19, 2015, the Florida Legislature adopted a State budget for fiscal year 2015-16 providing for an approximately \$780 million or 4% increase in State and local FEFP funding for K-12 public schools over fiscal year 2014-15. The budget was signed into law by the Governor of Florida on June 23, 2015. Pursuant to the final budget, education funding in the State is estimated to increase by approximately \$207 per student or 3% over fiscal year 2014-15. The estimated increase for the District is approximately \$84 million over fiscal year 2014-15.

Total funding received by the District from the State, including FEFP, categorical programs and Discretionary District Lottery Funds, for fiscal years 2011-2012 and 2012-2013 was approximately \$1,063,385,150 and \$1,122,937,256, respectively. The District received approximately \$1,225,134,968 from the State for fiscal year 2013-2014. The District anticipates receiving approximately \$1,174,263,611 from the State for the 2014-15 Fiscal Year.

### **Local Sources**

Local revenue for District operating support is derived almost entirely from ad valorem real and tangible personal property taxes (\$1,194,156,280 for Fiscal Year 2011-2012, \$1,184,736,952 for Fiscal Year 2012-2013) (\$1,224,999,906 for Fiscal Year 2013-14 and approximately \$1,457,284,868 budgeted for Fiscal Year 2014-2015). In addition, the District earns interest on cash invested and collects other miscellaneous revenues.

The Florida Constitution limits the non-voted millage rate that school boards may levy on an annual basis for operational funds to 10 mills (\$10 per \$1,000 of taxable real and personal property value). Chapter 1011, Florida Statutes, as amended, further limits the millage levy for operational purposes to an amount set each year by the State appropriations act. Within this operational limit, each school district desiring to participate in the State's allocation of FEFP funds for current operations must levy the millage for "required local effort," which is set each year by the State Legislature. In addition to the "required local effort," school districts are entitled to levy up to 0.748 mills as non-voted current operating discretionary millage. In addition to the operating levy limit, current law allows school districts to adopt a millage levy for capital outlay and maintenance of school facilities. See "DISTRICT REVENUES FOR CAPITAL PROJECTS - Local Capital Outlay Sources" and "RECENT LEGISLATIVE CHANGES AFFECTING DISTRICT REVENUES – Recent Legislative Initiatives and Constitutional Amendments Affecting Ad Valorem Taxes" herein.

Budgeted revenues from ad valorem taxes are based on applying millage levies to 96% of the non-exempt assessed valuation of real and personal property within the County. See "AD VALOREM TAX RELATED MATTERS" herein.

### **Federal Sources**

Federal revenue sources received by the District and deposited in the General Fund were \$19,815,497 in fiscal year 2012-2013 and \$20,166,251 in Fiscal Year 2013-14. The amount budgeted to be received during the 2014-2015 fiscal year is approximately \$18,743,686. In addition to these revenues, the District receives federal food services and federal grants for specific contracted programs. In fiscal year 2011-12, the District received \$28,740,625 under the Recovery Act, \$1,076,776 under the Education Jobs Bill and \$22,949,326 pursuant to the Race to the Top Grant. The District was awarded \$73.9 million in fiscal year 2012-13 as one of the largest single recipients of Race to the Top grants in the nation, which can be spent over four years. Such Race to the Top grant moneys are paid to the District on a reimbursement basis. In Fiscal Year 2012-13 and Fiscal Year 2013-14, the District received \$30.1 million and approximately \$34.6 million, respectively, of such Race to the Top grant moneys.

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The following tables summarize General Fund operations for the three audited fiscal years ending June 30, 2012 through 2014 and the estimated amounts for the fiscal year ending June 30, 2015, and the tentative General Fund operating budget for the fiscal year ending June 30, 2016.

**SCHOOL DISTRICT OF MIAMI-DADE COUNTY, FLORIDA**  
**GENERAL FUND RESULTS OF OPERATION FOR FISCAL YEARS ENDING JUNE 30**  
**(IN THOUSANDS)**

	Audited 2011-2012	Audited 2012-2013	Audited 2013-2014	Estimated 2014-2015	Tentative Budget 2015-2016*
Beginning Fund Balance:					
Designated	\$ 50,804	\$ 50,804	\$ 26,393	\$ 27,258	\$22,760
Undesignated	170,908	93,339	57,957	29,274	81,209
Total Beginning Fund Balance	<u>\$ 221,712</u>	<u>\$ 144,143</u>	<u>\$ 84,350</u>	<u>\$ 56,532</u>	<u>\$103,969</u>
Revenues:					
Federal	\$ 2,178	\$ 1,725	\$ 1,780	\$2,015	\$2,015
Federal through State	16,943	18,090	18,386	16,729	16,729
State	1,063,385	1,122,937	1,225,135	1,174,264	1,162,164
Local	1,260,803	1,254,240	1,299,128	1,457,285	1,556,007
Non-Revenue and Transfers	152,518	150,024	158,491	161,022	154,800
TOTAL REVENUES	<u>\$2,495,827</u>	<u>\$2,547,016</u>	<u>\$2,702,920</u>	<u>\$2,811,315</u>	<u>\$2,891,715</u>
Expenditures:					
Instructional Services	\$1,705,272	\$1,726,599	\$1,842,103	\$1,845,294	\$1,966,668
Instructional Support Services	148,361	148,778	156,774	162,742	182,330
Instr & Curric Dev Services	22,759	23,315	24,731	26,541	22,416
Instructional Staff Training	3,185	2,884	2,768	3,091	1,680
Pupil Transportation Services	75,264	75,233	76,014	78,217	68,835
Operations/Maintenance of Plant	342,813	340,439	356,746	367,238	362,800
School Administration	153,398	152,392	155,191	160,744	178,611
General Administration	81,389	77,188	78,539	78,217	82,511
Community Services	28,067	28,603	27,931	31,662	28,950
Capital Outlay	11,885	30,427	9,017	9,731	15,180
Debt Services	1,003	951	924	502	515
TOTAL EXPENDITURES*	<u>\$2,573,396</u>	<u>\$2,606,809</u>	<u>\$2,730,738</u>	<u>\$2,763,877</u>	<u>\$2,886,401</u>
Ending Fund Balance:					
Other Reserves*	\$ 50,804	\$ 26,393	\$ 27,258	\$22,760	\$27,225
Unassigned	93,339	57,957	29,274	81,219	82,058
Total Ending Fund Balance	<u>\$ 144,143</u>	<u>\$ 84,350</u>	<u>\$ 56,532</u>	<u>\$103,969</u>	<u>\$109,283</u>

\*Subject to change in final adopted budget.

(All amounts in chart are in thousands.)

SOURCE: The School Board of Miami-Dade County, Florida.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**General Fund Cash Flow – ACTUAL**  
Fiscal Year July 1, 2014 Through June 30, 2015  
(In Thousands)

	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Totals
Beginning Balance	\$134,714	\$392,965	\$353,633	\$247,967	\$127,782	\$310,258	\$971,774	\$971,523	\$575,689	\$464,362	\$406,196	\$253,110	-
Receipts													
FEFP	\$105,582	\$98,526	\$98,526	\$98,526	\$98,526	\$99,976	\$89,153	\$89,153	\$89,153	\$89,266	\$90,042	\$90,041	\$1,136,470
AD Valorem Tax	2,511	4,869	153		293,283	773,446	129,126	40,741	35,194	45,686	18,742	14,042	1,357,793
Other Fed/State/Local	4,080	7,029	12,496	13,958	9,791	4,089	8,318	14,503	8,822	16,301	4,078	6,288	109,753
Transfer In	2,649	5,651	9,193	3,916	50,931	14,312	12,683	12,326	11,805	14,379	8,487	14,690	161,022
Note Proceeds	310,000												310,000
Note Proceeds Interest	1,627					94							1,721
Total Receipts	\$426,449	\$116,075	\$120,368	\$116,400	\$452,531	\$891,823	\$239,280	\$156,723	\$144,974	\$165,632	\$121,349	\$125,061	\$3,076,665
Disbursements													
Salaries	\$79,478	\$81,534	\$125,835	\$137,162	\$162,427	\$130,088	\$133,608	\$139,150	\$142,603	\$131,758	\$157,927	\$137,927	\$1,559,497
Benefits	35,092	27,302	39,387	39,995	48,000	42,354	47,773	44,263	49,540	40,198	48,104	45,405	507,413
Vendors	53,628	46,571	60,812	59,428	59,628	57,865	58,150	57,387	64,158	51,842	68,404	47,831	685,704
Note Repayment Principal								310,000					310,000
Note Repayment Interest								1,757					1,757
Total Disbursement	\$168,198	\$155,407	\$226,034	\$236,585	\$270,055	\$230,307	\$239,531	\$552,557	\$256,301	\$223,798	\$274,435	\$231,163	\$3,064,371
Ending Balance	\$392,965	\$353,633	\$247,967	\$127,782	\$310,258	\$971,774	\$971,523	\$575,689	\$464,362	\$406,196	\$253,110	\$147,008	

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**General Fund Cash Flow – PROJECTED**  
Fiscal Year July 1, 2015 Through June 30, 2016  
(In Thousands)

	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Totals
Beginning Balance	\$147,008	\$398,631	\$358,119	\$249,283	\$125,492	\$313,443	\$994,804	\$995,475	\$602,146	\$488,479	\$429,568	\$271,890	-
Receipts													
FEFP	\$108,749	\$101,482	\$101,482	\$101,482	\$101,482	\$102,975	\$94,828	\$94,828	\$94,828	\$94,944	\$94,743	\$94,742	\$1,186,564
AD Valorem Tax	2,586	5,015	158	-	302,081	796,649	130,930	42,963	34,250	45,057	17,304	15,463	1,392,457
Other Fed/State/Local	4,202	7,240	12,871	14,377	10,085	4,212	8,568	10,938	9,087	16,790	4,200	6,477	109,046
Transfer In	2,728	5,821	9,469	4,033	52,459	14,741	13,063	12,696	12,159	14,810	8,742	10,300	161,022
Note Proceeds	305,000												305,000
Note Proceeds Interest	1,600							100					1,700
Taxes Contingency													2,849,088
Total Receipts	\$424,867	\$119,557	\$123,979	\$119,892	\$466,107	\$918,578	\$247,388	\$161,425	\$150,323	\$171,601	\$124,989	\$126,982	\$3,155,688
Disbursements													
Salaries	\$81,862	\$83,980	\$129,610	\$141,277	\$167,300	\$133,991	\$137,616	\$143,325	\$146,881	\$135,711	\$162,665	\$142,065	\$1,606,282
Benefits	36,145	28,121	40,569	41,195	49,440	43,625	49,206	45,591	51,026	41,404	49,547	46,767	522,635
Vendors	55,237	47,968	62,636	61,211	61,417	59,601	59,895	59,109	66,083	53,397	70,456	59,266	716,275
Note Repayment Principal *								305,000					305,000
Note Repayment Interest *								1,730					1,730
Total Disbursement	\$173,244	\$160,069	\$232,815	\$243,683	\$278,157	\$237,216	\$246,717	\$554,754	\$263,990	\$230,512	\$282,668	\$248,098	\$3,151,922
Ending Balance	\$398,631	\$358,119	\$249,283	\$125,492	\$313,443	\$994,804	\$995,475	\$602,146	\$488,479	\$429,568	\$271,890	\$150,774	

\* To be deposited in the Sinking Fund for the Notes in February 2016.



## General Fund Balance Guidelines

Section 1011.051, Florida Statutes, entitled "Guidelines for general funds" requires that if a school district's General Fund balance not classified as restricted, committed or nonspendable in the approved operating budget is projected to fall below 3 percent of projected General Fund revenues, the Superintendent shall provide written notification to the district school board and the Commissioner. The section further requires that if the General Fund balance not classified as restricted, committed or nonspendable is projected to fall below 2 percent of projected General Fund revenues, the Superintendent shall provide written notification to the district school board and the Commissioner. Within 14 days after receiving such notification of a balance below 2 percent, if the Commissioner determines that the district does not have a plan that is reasonably anticipated to avoid a financial emergency as determined pursuant to Florida Statutes pertaining thereto, the Commissioner shall appoint a financial emergency board that may take certain delineated steps to assist a district school board in complying with the General Fund requirements.

At June 30, 2014 the combined assigned and unassigned General Fund balance totaled \$47.37 million or 2.12% of General Fund revenues net of FEFP Charter School revenue of \$309.33 million, as calculated by the State. As required by the statute, the Superintendent notified the Commissioner of Education that the general fund balance fell below the required 3% in fiscal year 2013-14 and provided a plan for restoring the general fund balance above 3% for fiscal year 2014-15. The Adopted Mid-Year Resolution 2 General Fund Budget for Fiscal Year 2014-2015 includes a combined assigned and unassigned General Fund balance of \$103.9 million which represents 4.52% of projected General Fund revenues, net of projected FEFP Charter School revenues of \$349.3 million, as calculated by the State.

### Changes in General Fund Activity For Fiscal Years 2013/14 and 2012/13 (\$ in thousands)

<u>Categories</u>	<u>2013/14</u>	<u>2012/13</u>	<u>Difference Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Revenue	\$2,544,429	\$2,396,992	\$147,437	6.2%
Other Financing Sources	161,178	150,828	10,350	6.9
Beginning Fund Balance	84,350	144,143	(59,973)	(41.5)
Total	<u>\$2,789,957</u>	<u>\$2,691,963</u>	<u>\$97,994</u>	<u>3.6%</u>
Expenditures	\$2,730,738	\$2,606,809	\$123,929	4.8%
Other Financing Uses	2,687	804	1,883	234.2
Ending Fund Balance	56,532	84,350	(27,818)	(33.0)
Total	<u>\$2,789,957</u>	<u>\$2,691,963</u>	<u>\$97,994</u>	<u>3.6%</u>

SOURCE: The School Board of Miami-Dade County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014.

The fiscal year 2013-2014 General Fund ending balance of \$56.5 million represents a decrease of \$27.8 million from the 2012-2013 General Fund ending balance of \$84.4 million due primarily to shortfall in property tax revenue as a result of property value adjustments processed in arrears by the Value Adjustment Board. Revenues increased by \$147 million or 6.2% due primarily to a slight increase in state education funding, the establishment of a Teacher Salary Income Program and other State categorical funds. Expenditures increased by \$124 million or 4.8% as a result of increases in salaries and fringe benefits, including health insurance costs as well as increased payments to a growing number of charter schools. During the 2013-2014 fiscal year, the administration continued its efforts to meet the

financial challenges by creating efficiencies and continuing the moratorium on the purchases of items deemed non-essential. Additionally, the District received \$35.5 million in federal stimulus funds, which includes \$34.6 million in Race to the Top grants.

See "APPENDIX B – EXCERPTED PAGES FROM THE GENERAL PURPOSE FINANCIAL STATEMENTS OF THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA FOR THE FISCAL YEAR ENDED JUNE 30, 2014 AND INDEPENDENT AUDITORS' REPORT" including "Management's Discussion and Analysis (MD&A)" and the table entitled "Fund Balances – Governmental Funds Last Ten Fiscal Years" therein for a further description of the Board's General Fund and historic changes to the fund balance including recent reductions thereto.

## **RECENT LEGISLATIVE CHANGES AFFECTING DISTRICT REVENUES**

### **Legislation Related to Class Size Reduction and Pre-K Programs**

Amendment 9 to the State Constitution requires that the State Legislature provide funding for sufficient classrooms so that class sizes can be reduced to certain constitutional class size maximums by the beginning of the 2010 school year. Amendment 9 and Section 1003.03, Florida Statutes, which implements Amendment 9, collectively, are referred to herein as the "Class Size Legislation."

The Class Size Legislation established constitutional class size maximums limiting students per class to no more than 18 for pre-kindergarten through 3rd grade, 22 for grades 4 through 8 and 25 for grades 9 through 12. Such legislation generally provided for a phased-in compliance which would be determined on a school-by-school basis through and including Fiscal Year 2009-10, with final compliance on an individual classroom basis beginning in Fiscal Year 2010-11. In the event a school district was not in compliance with such requirements, the legislation provided that the State would reduce categorical funds due to such school district for operational purposes.

The Class Size Legislation further created an "Operating Categorical Fund for Class Size Reduction," the "Classroom for Kids Program," the "District Effort Recognition Grant Program" and the "Class Size Reduction Lottery Revenue Bond Program" to provide funding programs for capital outlays and operating expenditures necessary in relation to these mandated class size reductions.

The Class Size Legislation requires each school board to consider implementing various policies and methods to meet these constitutional class sizes, including encouraging dual enrollment courses, encouraging the Florida Virtual School, maximizing instructional staff, reducing construction costs, using joint-use facilities, implementing alternative class scheduling, redrawing attendance zones, implementing evening and multiple sessions and implementing year-round and non-traditional calendars.

Through Fiscal Year 2009-10, the District complied with the requirements of the Class Size Legislation which was based on the average class size at each school. Beginning in Fiscal year 2010-11, the requirements were based on the number of students in each individual classroom. As of the October 2014 Survey, the week during which DOE determines compliance with class size maximums, the District had 99.93% of the classrooms in compliance. The expected financial penalty related to the 0.07% non-compliance is projected to be approximately \$30,000, which is less than the cost required to reach 100% compliance.

Amendment 8 to the State Constitution provides that every 4-year old child in the State shall be offered a free, high quality pre-kindergarten learning opportunity by the State. Part V of Chapter 1002, Florida Statutes, creates a statewide Voluntary Pre-kindergarten Education Program (the "Pre-K Program"). Among other things, the Pre-K Program provides eligibility and enrollment requirements, authorizes parents to enroll their children in a school-year pre-kindergarten ("Pre-K") program delivered

by a private Pre-K provider, a summer program delivered by a public school or private Pre-K provider or, if offered in a school district that meets class-size reduction requirements, a school year Pre-K program delivered by a public school. The Pre-K Program also requires school districts to deliver summer Pre-K programs and permits school districts to deliver school-year Pre-K programs. Additionally, the Pre-K Program appropriates State funds to finance the Pre-K programs and provides the method for calculating the funds allocated to each Pre-K program provider. The Pre-K Legislation provides State funding for the Pre-K programs.

### **Constitutional Amendments Affecting Ad Valorem Taxes**

Save Our Homes Amendment. By voter referendum held on November 2, 1992, Article VII, Section 4 of the Florida Constitution was amended by adding thereto a subsection which, in effect, limits the increases in assessed just value of homestead property to the lesser of (1) three percent of the assessment for the prior year or (2) the percentage change in the Consumer Price Index for all urban consumers, U.S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics. Further, the amendment provides that (1) no assessment shall exceed just value, (2) after any change of ownership of homestead property or upon termination of homestead status such property shall be reassessed at just value as of January 1 of the year following the year of sale or change of status, (3) new homestead property shall be assessed at just value as of January 1 of the year following the establishment of the homestead, and (4) changes, additions, reductions or improvements to homestead shall initially be assessed as provided for by general law, and thereafter as provided in the amendment. The amendment is known as the "Save Our Homes" amendment. The effective date of the amendment was January 5, 1993 and, pursuant to a ruling by the Supreme Court of the State of Florida it began to affect homestead property valuations commencing January 1, 1995 with 1994 assessed values being the base year for determining compliance.

In the November 7, 2006 general election, the voters of Florida approved amendments to the State Constitution, which provide for an increase in the homestead (ad valorem tax) exemption to \$50,000 from \$25,000 for certain low-income seniors effective January 1, 2007 and provide a discount from the amount of ad valorem taxes for certain permanently disabled veterans effective December 7, 2006, respectively.

### **Recent Legislative Initiatives and Constitutional Amendments Affecting Ad Valorem Taxes**

Several amendments to the Florida Constitution affecting Ad Valorem Taxes have been approved by voters in the recent past including the following.

Constitutional amendments related to ad valorem exemptions. On January 29, 2008, in a special election held in conjunction with Florida's presidential primary, the requisite number of voters approved amendments to the State Constitution exempting certain portions of a property's assessed value from taxation. The amendments were effective for the 2008 tax year (2008-2009 fiscal year for local governments). The following is a brief summary of certain important provisions contained in such amendments:

1. Provides for an additional exemption for the assessed value of homestead property between \$50,000 and \$75,000, thus doubling the existing homestead exemption for property with an assessed value equal to or greater than \$75,000. See "AD VALOREM TAX RELATED MATTERS - Procedure for Property Assessment" for a description of the homestead exemption. **This exemption does not apply to school district taxes.**

2. Permits owners of homestead property to transfer their "Save Our Homes" benefit (up to \$500,000) to a new homestead property purchased within two years of the sale of their previous homestead property to which such benefit applied if the just value of the new homestead is greater than or is equal to the just value of the prior homestead. If the just value of the new homestead is less than the just value of the prior homestead, then owners of homestead property may transfer a proportional amount of their "Save Our Homes" benefit, such proportional amount equaling the just value of the new homestead divided by the just value of the prior homestead multiplied by the assessed value of the prior homestead. As discussed above, the Save Our Homes amendment generally limits annual increases in ad valorem tax assessments for those properties with homestead exemptions to the lesser of three percent (3%) or the annual rate of inflation. **This exemption applies to all taxes, including school district taxes.**

3. Exempts from ad valorem taxation \$25,000 of the assessed value of property subject to tangible personal property tax. **This limitation applies to all taxes, including school district taxes.**

4. Limits increases in the assessed value of non-homestead property to 10% per year, subject to certain adjustments. The cap on increases would be in effect for a 10 year period, subject to extension by an affirmative vote of electors. **This limitation does not apply to school district taxes.**

From time to time over the last few years, the Save Our Homes assessment cap and portability provision described above have been subject to legal challenge. The plaintiffs in such cases have generally argued that the Save Our Homes assessment cap constitutes an unlawful residency requirement for tax benefits on substantially similar property, in violation of the State Constitution's Equal Protection provisions and the Privileges and Immunities Clause of the Fourteenth Amendment to the United States Constitution and that the portability provision simply extends the unconstitutionality of the tax shelters granted to long-term homeowners by Save Our Homes. The courts in each case have rejected such constitutional arguments and upheld the constitutionality of such provisions. However, there is no assurance that any future challenges to such provisions will not be successful. Any potential impact on the District or its finances as a result of such challenges cannot be ascertained at this time.

*Exemption for Deployed Military Personnel.* In the November 2010 General Election voters approved a constitutional amendment which provides an additional homestead exemption for deployed military personnel. The exemption equals the percentage of days during the prior calendar year that the military homeowner was deployed outside of the United States in support of military operations designated by the legislature. This constitutional amendment took effect on January 1, 2011.

*Reduction in Capital Improvement Tax Levy.* In 2008, Section 1011.71, Florida Statutes, was amended to reduce the maximum millage rate that school districts could levy for capital outlay and maintenance purposes (referred to in this Official Statement as the Capital Improvement Tax) from 2.0 mills to 1.75 mills commencing in Fiscal Year 2008-2009. In conjunction with such reduction, the Commissioner increased the amount of the required local effort for each school district in the State, which resulted in a shift of the millage (and associated tax revenues) from capital outlay and maintenance purposes to operational purposes. However, if the revenues generated from the reduced Capital Improvement Tax levy are insufficient to make payments under a lease-purchase agreement entered into prior to June 30, 2008, an amount equal to the revenue generated from 0.50 mills of the operating millage levy may be used to make such lease payments.

Section 1011.71, Florida Statutes, was amended in 2009, 2010 and 2011 to provide for the following: (i) a reduction of the maximum Capital Improvement Tax levy from 1.75 mills to 1.50 mills; (ii) a waiver of the three-fourths limit on use of proceeds from the Capital Improvement Tax levy for lease-purchase agreements entered into before June 30, 2009, for the 2009-10 Fiscal Year (however, see

"Legislation Waiving 75% Limitation on Use of Capital Improvement Tax Levy" below for information regarding an amendment to this provision); (iii) if the revenue from 1.50 mills is insufficient to make the payments due under a lease-purchase agreement entered into prior to June 30, 2009, or to meet other critical fixed capital outlay needs, authorization for school districts to levy up to 0.25 mills for capital improvement needs in lieu of an equivalent amount of the discretionary mills for operations as provided in the State General Appropriation Act; and (iv) authorization for school boards, by a super majority vote, to levy an optional 0.25 mills for critical capital outlay needs or for critical operating needs. The authorization to levy the millage described in clause (iv) hereof expired on June 30, 2011.

Legislation Waiving 75% Limitation on use of Capital Improvement Tax Levy. During the 2012 regular legislative session, Section 1011.71, Florida Statutes, was further amended to indefinitely allow a waiver of the three-fourths limit on the use of proceeds from the Capital Improvement Tax levy for lease-purchase agreements entered into before June 30, 2009. Previously, such waiver was only authorized for the 2009-10 Fiscal Year (as described in clause (ii) of the preceding paragraph). Such provision became effective on July 1, 2012.

Other Constitutional Amendments and Legislation Affecting Ad Valorem Taxation and District Finances. During the 2011 regular legislative session, the legislature passed Senate Joint Resolution 592 ("SJR 592"). SJR 592 allows totally or partially disabled veterans who were not Florida residents at the time of entering military service to qualify for the combat-related disabled veteran's ad valorem tax discount on homestead property. The amendment became effective on January 1, 2013.

During the 2012 regular legislative session, the legislature passed House Joint Resolution 93 ("HJR 93"). HJR 93 allows the State Legislature to provide ad valorem tax relief to the surviving spouse of a veteran who died from service-connected causes while on active duty as a member of the United States Armed Forces and to the surviving spouse of a first responder who died in the line of duty. The amount of tax relief, to be defined by general law, can equal the total amount or a portion of the ad valorem tax otherwise owed on the homestead property. The amendment became effective on January 1, 2013.

Also during the 2012 regular legislative session, the legislature passed House Joint Resolution 169 ("HJR 169") allowing the State Legislature by general law to permit counties and municipalities, by ordinance, to grant an additional homestead tax exemption equal to the assessed value of homestead property to certain low income seniors. To be eligible for the additional homestead exemption the county or municipality must have granted the exemption by ordinance; the property must have a just value of less than \$250,000; the owner must have title to the property and maintained his or her permanent residence thereon for at least 25 years; the owner must be age 65 years or older; and the owner's annual household income must be less than \$27,300. The additional homestead tax exemption authorized by HJR 169 would not apply to school property taxes.

Each of the above described amendments was approved by the voters on November 6, 2012. At present, the impact of the amendments on the District's finances has been minimal. However, there can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the District's finances.

During its 2013 Regular Session, the Florida Legislature passed Senate Bill 1830 ("SB 1830"), which was signed into law by the Governor and creates a number of changes affecting ad valorem taxation which became effective as of July 1, 2013. First, SB 1830 provides long-term lessees the ability to retain their homestead exemption and related assessment limitations and exemptions in certain instances and extends the time for property owners to appeal value adjustment board decisions on transfers of assessment limitations to conform with general court filing time frames. Second, SB 1830

inserts the term "algaculture" in the definition of "agricultural purpose" and inserts the term "aquacultural crops" in the provision specifying the valuation of certain annual agricultural crops, nonbearing fruit trees and nursery stock. Third, SB 1830 allows for an automatic renewal for assessment reductions related to certain additions to homestead properties used as living quarters for a parent or grandparent and aligns related appeal and penalty provisions to those for other homestead exemptions. Fourth, SB 1830 deletes a statutory requirement that the owner of Florida real property permanently reside upon on such property in order to qualify for a homestead exemption. This change conforms the statute at issue with the Florida Constitution by allowing non-resident owners of property to claim a homestead exemption if a person legally or naturally dependent upon the owner permanently resides on such property. Fifth, SB 1830 clarifies a drafting error regarding the property tax exemptions counties and cities may provide for certain low income persons age 65 and older. Sixth, SB 1830 removes a residency requirement that a senior disabled veteran must have been a Florida resident at the time they entered the service to qualify for certain property tax exemptions. Seventh, SB 1830 repeals the ability for limited liability partnerships with a general partner that is a charitable 501(c)(3) organization to qualify for the affordable housing property tax exemption. Finally, SB 1830 exempts from property taxes property used exclusively for educational purposes when the entities that own the property and the educational facility are owned by the same natural persons.

Also during the Florida Legislature's 2013 Regular Session, the Florida Legislature passed House Bill 277 ("HB 277"), which was signed into law by the Governor. HB 277 provides that certain renewable energy devices are exempt from being considered when calculating the assessed value of residential property. HB 277 only applies to devices installed on or after January 1, 2013. HB 277 took effect on July 1, 2013.

Also during the Florida Legislature's 2013 Regular Session, the Florida Legislature passed House Bill 1193 ("HB 1193"), which was signed into law by the Governor. HB 1193 eliminated three ways in which the property appraiser had authority to reclassify agricultural land as non-agricultural land. Additionally, HB 1193 relieves the value adjustment board of the authority to review the property appraisers. HB 1193 applies retroactively to January 1, 2013.

During the Florida Legislature's 2014 Regular Session, the Florida Legislature passed HB 5003 which allows school districts a onetime 75% Prior Period Funding Adjustment Millage ("PPFAM") for the prior tax roll year that has not been finalized due to a delay in the value adjustment board process. The purpose of the PPFAM is to permit school districts to levy a millage for the shortfall in property taxes that occurs when the initial property value used by the State to fund the school districts is more than the finalized tax roll which has been reduced by the value adjustment board process and decreased the collection of property taxes. Since the Miami-Dade County Value Adjustment Board had not completed processing adjustments for the 2013 tax roll, the District was able to levy in fiscal year 2014-2015 the 2013 PPFAM at 75% of the 2012 PPFAM without having to wait another year for the tax roll to be finalized. This change will allow the District to collect a significant portion of the 2013 tax shortfall in fiscal year 2014-2015.

### **Other Proposals Affecting Ad Valorem Taxation and District Finances**

During recent years, various other legislative proposals and constitutional amendments relating to ad valorem taxation have been introduced in the State Legislature. Many of these proposals provide for new or increased exemptions to ad valorem taxation, limit increases in assessed valuation of certain types of property, require school districts to share a portion of their Capital Improvement Tax revenues with charter schools in such school district or otherwise restrict the ability of local governments in the State to levy ad valorem taxes at recent, historical levels. There can be no assurance that similar or additional

legislative or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the District or its finances.

### **LITIGATION**

There is no litigation now pending or threatened (i) to restrain or enjoin the issuance or sale of the Notes; (ii) questioning or affecting the validity of the Notes, the Resolution or the pledge by the District under the Resolution; or (iii) questioning or affecting the validity of any of the proceedings for the authorization, sale, execution or delivery of the Notes.

Various suits and claims arising in the ordinary course of Board operations are pending against the District. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of the Board Attorney, the liabilities that may arise from such actions would not result in losses that would materially adversely affect the financial position of the District or the Board or results of operations of the District.

### **TAX EXEMPTION**

The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the District must continue to meet after the issuance of the Notes in order that the interest on the Notes be and remain excludable from gross income for federal income tax purposes. The District's failure to meet these requirements may cause the interest on the Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes. The District has covenanted in the Resolution to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Notes.

In the opinion of Note Counsel, assuming the accuracy of certain representations and certifications of the District and continuing compliance by the District with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, the interest on the Notes is excludable from gross income for federal income tax purposes. Interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. Note Counsel is further of the opinion that the Notes and the interest thereon are not subject to taxation under the laws of the State, except as to estate taxes and taxes under Chapter 220, Florida Statutes, on interest, income, or profits on debt obligations owned by corporations as defined in said Chapter 220. Note Counsel will express no opinion as to any other tax consequences regarding the Notes. Prospective purchasers of the Notes should consult their own tax advisors as to the status of interest on the Notes under the tax laws of any state other than Florida.

Except as described above, Note Counsel will express no opinion regarding the federal income tax consequences resulting from the receipt or accrual of the interest on the Notes, or the ownership or disposition of the Notes. Prospective purchasers of Notes should be aware that the ownership of Notes may result in other collateral federal tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry the Notes, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by 15 percent of certain items, including the interest on the Notes, (iii) the inclusion of the interest on the Notes in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (iv) the inclusion of the interest on the Notes in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year and (v) the inclusion of interest on the Notes in the determination of the taxability of certain Social Security and Railroad

Retirement benefits to certain recipients of such benefits. The nature and extent of the other tax consequences described above will depend on the particular tax status and situation of each owner of the Notes. Prospective purchasers of the Notes should consult their own tax advisors as to the impact of these other tax consequences.

Note Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Note Counsel as of the date hereof. Note Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Note Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Note Counsel's opinions are not a guarantee of a particular result, and are not binding on the IRS or the courts; rather, such opinions represent Note Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

### **Possibility of Future Changes in Tax Law**

From time to time, there are legislative proposals suggested, debated, introduced or pending in Congress that, if enacted into law, could alter or amend one or more of the federal tax matters described above including, without limitation, the excludability from gross income of interest on the Notes, adversely affect the market price or marketability of the Notes, or otherwise prevent the holders from realizing the full current benefit of the status of the interest thereon. It cannot be predicted whether or in what form any such proposal may be enacted, or whether, if enacted, any such proposal would apply to the Notes. If enacted into law, such legislative proposals could affect the market price or marketability of the Notes. Prospective purchasers of the Notes should consult their tax advisors as to the impact of any proposed or pending legislation.

### **Tax Treatment of Bond Premium**

The Notes are expected to be offered at a price in excess of the principal amount thereof. Under the Code, the excess of the cost basis of a note over the amount payable at maturity or earlier call date is generally characterized as "bond premium". For federal income tax purposes, a portion of the bond premium on the Notes in each taxable year will reduce the cost basis of the owner thereof (i.e., be amortized), but may not be deducted. The amount of amortizable bond premium attributable to each taxable year is determined on an actuarial basis at a constant interest rate compounded on each interest payment date (or over a shorter permitted compounding interval selected by the owner). Special rules apply in the case of an owner who holds a Note as inventory, stock in trade or for sale to customers in the ordinary course of business.

Owners of Notes should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the annual amount of amortizable bond premium, the treatment of such bond premium upon the sale or other disposition of Notes and with respect to the state and local tax consequences of owning and disposing of Notes.

### **Information Reporting and Backup Withholding**

Interest paid on tax-exempt bonds such as the Notes is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Notes from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Notes, under certain circumstances, to "backup withholding" at the rates set forth in the Code, with respect to payments on the Notes and proceeds from the sale of Notes.



Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Notes. This withholding generally applies if the owner of Notes (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Notes may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

### **APPROVAL OF LEGALITY**

Legal matters incident to the authorization and issuance of the Notes are subject to the legal opinion of Greenberg Traurig, P.A., Note Counsel. Copies of such opinion will be available at the time of delivery of the Notes. Certain legal matters will be passed upon for the District by Walter J. Harvey, Esq., School Board Attorney.

The proposed text of the legal opinion of Note Counsel is set forth as Appendix D hereto. The actual legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of the Official Statement or otherwise shall create no implication that Note Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date.

### **DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS**

Section 517.051, Florida Statutes, and the regulations promulgated thereunder require that the District make a full and fair disclosure of any bonds or other debt obligations of such entity that have been in default as to principal or interest at any time after December 31, 1975 (including bonds or other debt obligations for which the District served only as a conduit issuer). The District is not and has not since December 31, 1975, been in default as to payment of principal and interest on its bonds, notes, or other debt obligations.

### **CONTINUING DISCLOSURE**

Rule 15c2-12 (the "Rule") under the Securities and Exchange Act of 1934, as amended, promulgated by the Securities and Exchange Commission (the "Commission"), prohibits underwriters from purchasing or selling municipal securities unless such underwriters have reasonably determined that the issuer and any "obligated person" with respect thereto, have undertaken to provide continuing disclosure with respect to its securities subject to certain exemptions. Because the Notes have a stated maturity of 18 months or less, the District, as an "obligated person" with respect to the Notes, is exempt from the continuing disclosure requirements of the Rule. However, the District is required to provide notice of the occurrence of certain events, as provided in a Material Events Notice Certificate to be dated as of the date of the Notes and incorporated by reference in the Notes. See "APPENDIX E - FORM OF MATERIAL EVENTS NOTICE CERTIFICATE" attached hereto. In the past five years, the Board has not failed to comply in any material respect with any prior undertaking made with respect to the Rule.

Pursuant to the Material Events Notice Certificate, the District will undertake to provide the following continuing disclosure with respect to the Notes:

The District will provide in a timely manner not in excess of ten (10) business days after the occurrence of the event to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic

Municipal Market Access ("EMMA"), notice of the occurrence of any of the following events with respect to the Notes : (a) principal and interest payment delinquencies; (b) non-payment related defaults, if material; (c) unscheduled draws on debt service reserves reflecting financial difficulties; (d) unscheduled draws on credit enhancements reflecting financial difficulties; (e) substitution of credit or liquidity providers, or their failure to perform; (f) adverse tax opinions, IRS notices or events affecting the tax-exempt status of the Notes; (g) modification of rights of registered owners of the Notes, if material; (h) Note calls, if material; (i) defeasances; (j) release, substitution or sale of property securing the repayment of the Notes; (k) rating changes; (l) bankruptcy, insolvency, receivership or a similar event of the District; (m) events relating to mergers, consolidations or acquisitions of an obligated person with respect to the Notes, if material; (n) appointment of successor or additional trustee, if material; and (o) tender offers.

The District from time to time may choose to provide notice of the occurrence of certain other events, in addition to those listed above, if in its judgment such other event is material with respect to the Notes, but the District does not undertake to commit to provide any such notice of the occurrence of any material event except those listed above.

The obligations of the District described above will remain in effect, subject to the following paragraph, so long as the Notes are outstanding in accordance with their terms.

The intent of the District's undertaking in the Material Events Notice Certificate is to provide notice of material events described in the Rule. Accordingly, the District reserves the right to modify the notice thereunder so long as any such modification is made in a manner consistent with the Rule. Furthermore to the extent that the Rule no longer requires the issuers of municipal securities or obligated persons to provide all or any portion of the notice the District has agreed to provide pursuant to the Material Events Notice Certificate, the obligation of the District to provide such information also shall cease immediately.

The purpose of the District's undertaking is to conform to the requirements of the Rule and not to create new contractual or other rights for the original purchasers of the Notes, any registered owner or beneficial owner of the Notes, the Commission or any other person. The sole remedy in the event of any actual or alleged failure by the District to comply with any covenant of the Material Events Notice Certificate shall be an action for the specific performance of the District's obligations thereunder and not for money damages in any amount. Any failure by the District to comply with any provision of such undertaking shall not constitute an event of default with respect to the Notes.

The Treasurer of the District shall be the contact person on behalf of the District from whom the foregoing notices may be obtained. The name, address and telephone number of the contact person is: Mr. Leonardo Fernandez, Treasurer, Office of Treasury Management, Room 615, School Board Administration Building, 1450 NE Second Avenue, Miami, Florida 33132 (Phone: 305-995-1684; Fax: 305-995-2387).

## **NOTEHOLDERS' RISKS**

The Notes are limited obligations of the District payable from the Pledged Revenues as described herein, and are not secured by the full faith, credit and taxing power of the District. Because the Notes are limited obligations, the sources of money pledged to secure payment of the Notes may be insufficient therefor, and the Noteholders would not be able to compel the levy of taxes (other than the taxes levied for operating purposes for the 2015-2016 Fiscal Year) or the institution of foreclosure proceedings against any property of the District to provide for payment of the Notes and the interest thereon. Certain factors may affect the adequacy of the Pledged Revenues to provide for payment of the Notes, and there can be

no assurance that the Pledged Revenues will be adequate to provide for payment of the Notes and the interest thereon.

In particular, the adequacy of the Pledged Revenues to provide for repayment of the Notes depends upon (1) the ability of taxpayers in Miami-Dade County to pay the ad valorem taxes levied in 2015, (2) the percentage of collection of ad valorem taxes for the 2015-2016 Fiscal Year, (3) the receipt by the District of the federal and State funds upon which it depends, in part, for the funding of its operations for the current year, and (4) the absence of the need for extraordinary, unforeseen expenditures during the 2015-2016 Fiscal Year. These matters are largely dependent upon factors beyond the control of the District, and any adverse developments with respect to these or other factors could affect the ability of the District to pay the principal of and interest on the Notes.

### **NOTE RATING**

Moody's Investors Service ("Moody's") has assigned its municipal bond rating of "MIG 1" to the Notes. An explanation of the significance of the rating may be obtained only from Moody's. There is no assurance that the rating will be in effect for any given period of time or that it will not be revised downward, suspended or withdrawn entirely by Moody's if in its judgment, circumstances so warrant. Any such downward revision, suspension or withdrawal of the rating given the Notes may have an adverse effect on the liquidity or market price of the Notes.

### **UNDERWRITING**

The Notes are being purchased by Morgan Stanley & Co. LLC (the "Underwriter") at an aggregate purchase price of \$306,451,800.00 (which represents the \$305,000,000.00 principal amount of the Notes plus a note premium of \$1,451,800.00). The offer of the Underwriter to purchase the Notes provides for the purchase of all of the Notes if any are purchased. The Underwriter intends to reoffer the Notes to the public at the price indicated on the cover page of this Official Statement, resulting in no compensation to the Underwriter. The Notes may be reoffered and sold by the Underwriter to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers at prices that are lower than the stated public offering price. After the initial public offering, the offering price may be changed from time to time by the Underwriter.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, the Underwriter of the Notes, has entered into a retail distribution arrangement with Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Notes.

### **FINANCIAL ADVISOR**

Public Financial Management, Inc., Coral Gables, Florida, Financial Advisor, is serving as financial advisor (the "Financial Advisor") to the District. The Financial Advisor is not obligated to undertake and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement.

### **MISCELLANEOUS**

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents

for full and complete statements of all matters of fact relating to the Notes, the security for the payment of the Notes and the rights and obligations of the holders of the Notes.

The information contained in this Official Statement has been compiled from sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct as of this date.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

Further information regarding the District is available upon request from Mr. Leonardo Fernandez, Treasurer, Office of Treasury Management, Room 615, School Board Administration Building, 1450 NE Second Avenue, Miami, Florida 33132 (Phone: (305) 995-1684; Fax: (305) 995-1614) or during the offering period for the Notes, from the Financial Advisor: Public Financial Management, Inc., Coral Gables, Florida (Phone: (305) 448-6992; Fax: (305) 448-7131).

#### **AUTHORIZATION OF AND CERTIFICATION CONCERNING OFFICIAL STATEMENT**

This Official Statement has been authorized by the Board. Concurrently with the delivery of the Notes, the Board will furnish its certificate to the effect that, to the best of its knowledge, this Official Statement did not as of its date, and does not as of the date of delivery of the Notes, contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purpose for which this Official Statement is to be used, or which is necessary in order to make the statements therein, in the light of the circumstances in which they were made, not misleading (excluding the information relating to DTC and its book-entry system of registration, as to which no opinion will be expressed).

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

By: /s/ Perla Tabares Hantman  
Chair

## **APPENDIX A**

### **ECONOMY AND DESCRIPTIVE STATISTICS OF THE DISTRICT AND MIAMI-DADE COUNTY, FLORIDA**

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**ECONOMY AND DESCRIPTIVE STATISTICS  
OF THE DISTRICT AND MIAMI-DADE COUNTY, FLORIDA**

The following highlights the economy of Miami-Dade County and the District.

**Population**

The following table reflects historical trends and forecasts future population growth in Miami-Dade County:

**Historical and Projected Population  
in Miami-Dade County, Florida**

Year	Total Population	Percent Growth in Total Population
Trends <sup>(1)</sup>		
2013	2,617,176	2.6%
2012	2,551,290	1.4
2011	2,554,766	2.3
2010	2,496,435	1.3
2009	2,463,943	1.1
2008	2,436,062	0.8
2007	2,415,576	0.4
2006	2,405,911	0.8
2005	2,385,872	1.2
2004	2,358,684	1.0
2003	2,336,070	0.9
2002	2,315,747	1.2
2001	2,287,458	1.5
2000	2,253,362	16.3
1990	1,937,194	19.1
1980	1,625,509	28.2
1970	1,267,792	N/A
Forecast <sup>(2)</sup>		
2040	3,260,274	3.2
2035	3,159,356	3.4
2030	3,056,689	4.2
2025	2,932,378	5.2
2020	2,788,075	5.8
2015	2,635,261	N/A

N/A = Not Available

SOURCE: (1) Florida Research and Economic Information Database Application.

(2) University of Florida, Bureau of Economic and Business Research, *Population Projections by Age, Sex, Race and Hispanic Origin*, June 2014.

The following table presents a breakdown of Miami-Dade County's population by age since 2000 and forecasts population within each age category through 2040.

**Estimated Population By Age  
Miami-Dade County, Florida  
(2000 to 2040)**

Age	Census		Projections					
	2000	2010	2015	2020	2025	2030	2035	2040
Total	2,253,362	2,496,435	2,635,261	2,788,075	2,932,378	3,056,689	3,159,356	3,260,274
0-4	145,752	149,937	153,536	156,882	162,730	164,888	166,148	166,990
5-17	413,461	395,791	408,777	420,921	440,199	445,359	461,898	466,454
18-34	542,307	--	--	--	--	--	--	--
18-24*	--	247,340	248,960	244,019	254,704	267,350	269,635	278,401
35-54	644,732	--	--	--	--	--	--	--
25-54*	--	1,079,481	1,123,120	1,157,591	1,188,666	1,221,373	1,267,372	1,308,258
55-64	206,558	271,873	306,544	358,031	376,933	370,404	360,930	365,879
65-79	222,113	254,116	281,394	328,509	368,333	436,823	454,279	481,817
80+	78,439	97,897	112,930	122,122	140,813	150,492	179,094	192,475

\*Age banding revised for years 2010 through 2040

SOURCE: University of Florida, Bureau of Economic and Business Research, *Population Projections by Age, Sex, Race and Hispanic Origin*, June 2014.

### Largest Employers

The District is southeast Florida's largest single employer and Florida's second largest employer, public and private. The following is a listing of Miami-Dade County's principal employers:

**Miami-Dade County, Florida  
Principal Employers (Unaudited)  
(2014 and 2005)**

Employer	2014			2005		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Miami-Dade County Public Schools	33,477 <sup>(1)</sup>	1	2.57%	48,417 <sup>(1)</sup>	1	4.35%
Miami-Dade County	25,502	2	1.96	32,265	2	2.90
U.S. Federal Government	19,200	3	1.48	20,100	3	1.81
Florida State Government	17,100	4	1.31	18,900	4	1.70
University of Miami	12,818	5	0.99	9,079	7	0.82
Baptist Health South Florida	11,353	6	0.87	10,300	6	0.92
American Airlines	11,031	7	0.85	9,000	8	0.81
Jackson Memorial Hospital	9,797	8	0.75	11,700	5	1.05
Publix Super Markets	4,604	9	0.35	-	-	-
City of Miami	3,997	10	0.31	-	-	-
Florida International University	-	-	-	5,000	10	0.45
Miami Dade Community College	-	-	-	7,500	9	0.67
United Postal Service	-	-	-	5,000	10	0.45

<sup>(1)</sup> Only includes full-time employees for 2014, but includes full and part-time employees for 2005. The District had 41,988 full and part-time employees in 2014.

SOURCE: The School Board of Miami-Dade County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014.



**Miami-Dade County, Florida**  
**Comparison of Unemployment Rates**  
**Miami-Dade County, the State of Florida, the United States**  
**(2005 to 2014)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014*</u>
Miami-Dade County	4.6%	4.1%	4.1%	6.2%	11.3%	12.5%	11.2%	9.5%	8.4%	6.9%
Florida	3.8	3.3	4.0	6.3	10.4	11.3	10.3	8.6	7.2	5.4
United States	5.1	4.6	4.6	5.8	9.3	9.6	8.9	8.1	7.4	5.6

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SOURCE: Florida Research and Economic Information Database Application.

**Miami-Dade County, Florida**  
**Property Value and Construction (Unaudited)**  
**(Last Ten Fiscal Years)**

Year	Commercial Construction <sup>(1)</sup>		Residential Construction <sup>(1)</sup>		Real Property		
	Number of Buildings	Value (in thousands)	Number of Units	Value (in thousands)	Commercial (in thousands)	Residential (in thousands)	Nontaxable (in thousands)
2005	914	\$273,735	\$8,893	\$1,031,757	\$23,855,015	\$139,613,985	\$28,092,145
2006	394	327,729	8,001	899,980	23,738,025	169,866,793	31,261,236
2007	288	295,413	2,404	315,586	16,598,833	215,572,532	34,845,321
2008	274	477,442	1,262	159,407	9,129,832	258,170,144	38,811,047
2009	202	263,754	556	55,417	21,389,310	256,121,227	49,938,388
2010	231	184,566	1,453	129,129	45,391,928	204,558,802	48,598,065
2011	120	54,001	1,963	182,480	61,227,950	160,866,687	48,224,847
2012	95	130,148	1,535	187,533	61,287,864	170,807,575	46,131,516
2013 <sup>(2)</sup>	105	81,734	2,387	309,243	56,439,801	160,175,268	46,712,744
2014 <sup>(3)</sup>	137	242,138	1,932	265,791	61,287,864	170,807,575	46,131,516

(1) Unincorporated Miami-Dade County only.

(2) Real Property Value, total and actual and assessed values for Fiscal Year 2013 were adjusted to reflect the Final 2012 Tax Roll certified in May 28, 2013.

(3) Total actual and assessed values for Fiscal Year 2014 are based on estimates on the First Certified Tax Roll made on October 7, 2013, prior to any adjustments processed by the Value Adjustment Board.

SOURCE: Miami-Dade County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2014.

**Miami-Dade County, Florida**  
**Demographic and Economic Information (Unaudited)**  
**(Last Ten Calendar Years)**

Year	Population	Total Personal Income (In 000's)	Per Capita Personal Income	Civilian Labor Force	Median Age
2005	2,356,378	75,090,488	31,867	1,113,560	37
2006	2,376,343	82,481,222	34,709	1,158,801	37
2007	2,402,208	85,978,571	35,791	1,192,231	38
2008	2,387,170	88,954,732	37,264	1,205,913	39
2009	2,398,245	90,915,774	37,909	1,218,871	39
2010	2,563,885	92,227,399	35,972	1,257,324	38
2011	2,516,515	97,815,794	38,870	1,300,030	38
2012	2,551,255	100,688,604	39,466	1,290,751	39
2013	2,565,685	104,373,301	40,680	1,289,617	39
2014	2,586,290	N/A	N/A	1,282,854	N/A

N/A = Not Available

SOURCE: Miami-Dade County, Florida Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2014.

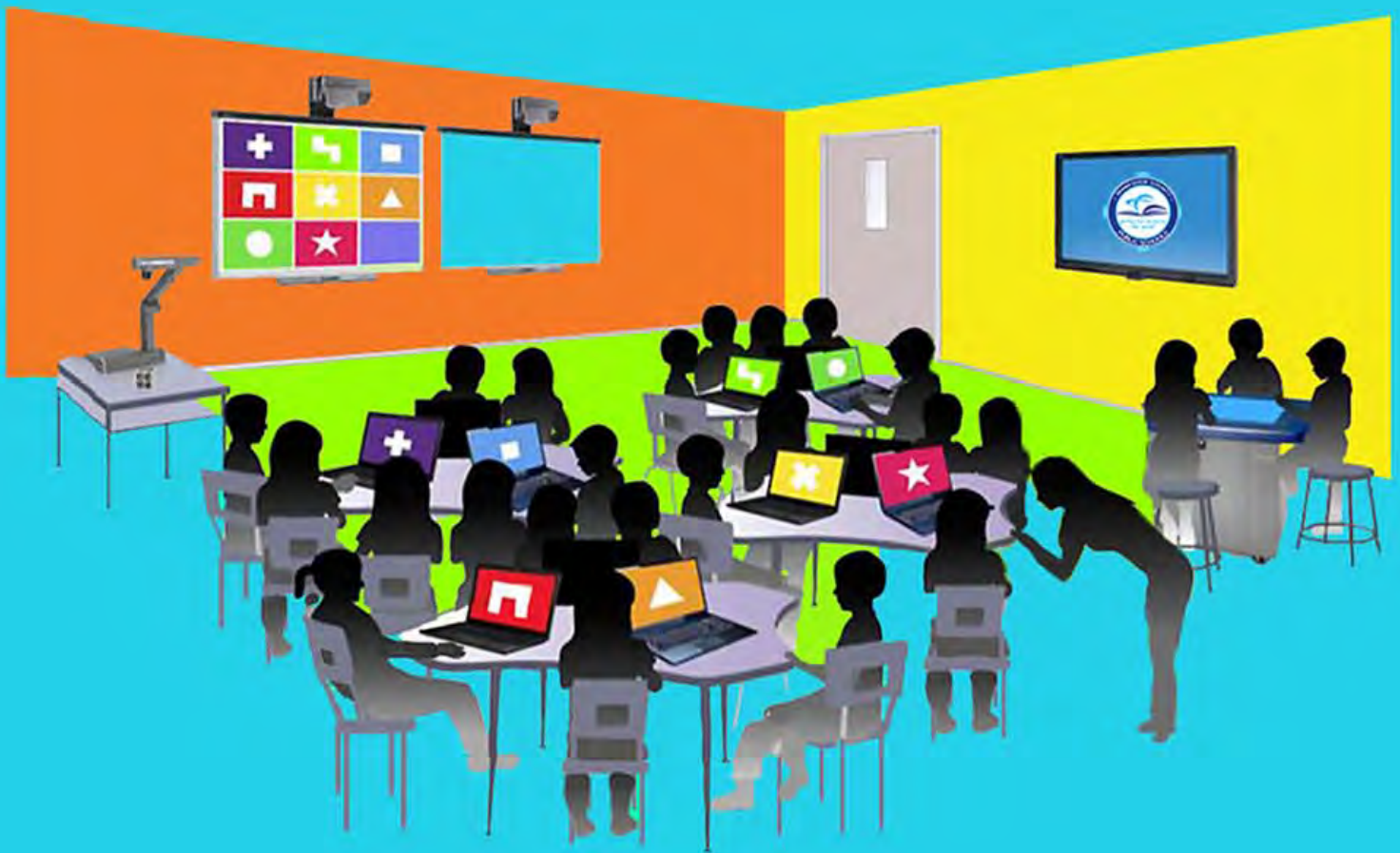
**APPENDIX B**

**EXCERPTED PAGES FROM THE GENERAL PURPOSE FINANCIAL STATEMENTS OF THE  
SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA FOR FISCAL YEAR ENDED  
JUNE 30, 2014 AND INDEPENDENT AUDITORS' REPORT.**

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

## **Comprehensive Annual Financial Report For The Fiscal Year Ended June 30, 2014**







## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, 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, 2014, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of The School Board of Miami-Dade County, Florida, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Emphasis of Matter

As discussed in Note 1 to the accompanying financial statements, the School Board adopted the recognition and disclosure requirements of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective July 1, 2013. The net position balance of the governmental activities as of July 1, 2013 has been restated.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, budgetary comparison schedules, schedule of changes in the net pension liability and related ratios, schedule of investment returns, schedule of contributions, schedules of funding progress, and schedules of employer contributions*, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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 fund financial statements and other supplementary information, 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 fund financial statements and other supplementary information* is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *combining and individual fund financial statements and other supplementary information* is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The *introductory and statistical sections* have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated November 21, 2014 on our consideration of the School Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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* in considering the School Board's internal control over financial reporting and compliance.



Miami, Florida  
November 21, 2014



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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, 2014  
(Unaudited)**



The Management's Discussion and Analysis (MD&A) of The School Board of Miami-Dade County, Florida, is intended to provide an overview of the District's financial position and changes in financial position for the fiscal year ended June 30, 2014.

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, 2014, the General Fund had a total fund balance of \$56.5 million. This fund balance was comprised of \$7.8 million of non-spendable funds, \$1.3 million of restricted funds, \$18.1 million of assigned funds and \$29.3 million of unassigned funds.

General Fund, fund balance decreased by \$(27.8) million or (33.0)% from the previous year primarily due to a shortfall in property tax revenues and increases in costs.

Special Revenue funds ended the year with a fund balance of \$20.9 million, an increase of \$2.8 million or 15.3% from the previous year primarily due to increases in revenue for the afterschool Child Care Food Program in the Food Service fund.

Debt Service funds ended the year with a fund balance of \$71.8 million, a decrease of \$(5.8) million or (7.5)% from the previous year primarily due to funds used to refund previously issued debt.

Capital Projects funds ended the year with a fund balance of \$326.9 million, an increase of \$258.1 million from the previous year primarily due to the issuance of \$286 million of General Obligation Bonds and \$37 million of a Master Equipment Lease.

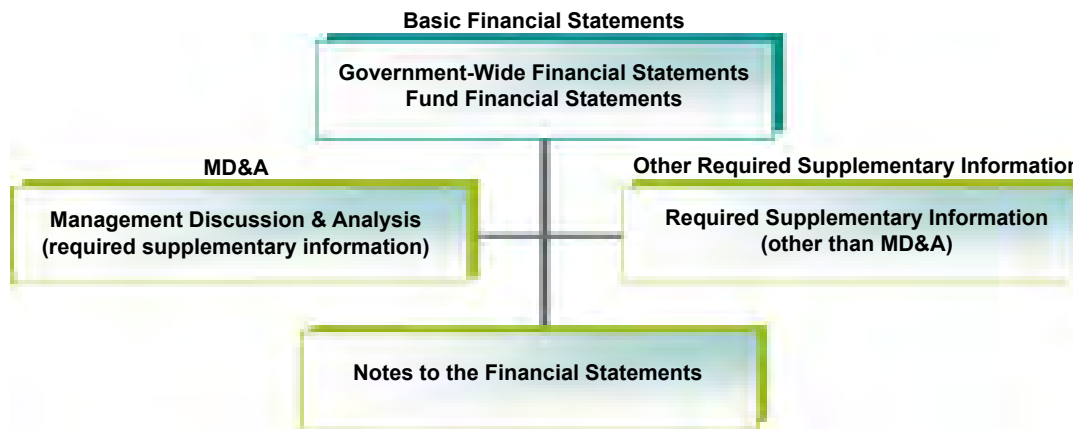
As part of the General Obligation Bonds (GOB) referendum approved by the County voters in November 2012, Financial Services competitively sold \$190 million of GOB Series 2013 on July 10, 2013 with a premium that will provide \$200 million of project funding. Based on the pricing of the GOB Series 2013, the District also issued the GOB Series 2014A for \$96.5 million with a premium that will provide approximately \$100 million of project funding. The bonds were issued on a forward delivery basis, which closed on February 11, 2014, to lock the interest rate in order to mitigate future rate increases. Additional bonds are expected to be issued in fiscal year 2015 as required by the project and cash flow schedules.

Moody's Investors Service and Standard & Poor's (S&P) rating agencies maintained an assignment of "A1" and an "A" rating, respectively, to the Certificate of Participation program and affirmed the General Obligation ratings of "Aa3" and "A1", respectively. S&P reaffirmed a "stable" outlook for the District. Moody's revised its outlook to "negative", citing the District's modest contingency reserves. Moody's also commended the District's willingness to make budget adjustments to meet funding levels, which they noted is due to strong management.

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## 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 Position 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 position. 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 proprietary fund statements offer short-term and long-term financial information about the activities of the District as it relates to the group health insurance program. 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 are an integral part of the basic financial statements.

### Government-Wide Financial Statements

**The Statement of Net Position 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 in these statements.

The Statement of Net Position 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 Position includes assets plus deferred outflows of resources, and liabilities, less deferred inflows of resources, 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 Position and the changes that resulted from the 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 Position 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.

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## **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 three kinds of funds - governmental funds, a proprietary fund 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, Other Federal Programs, Federal Economic Stimulus Funds, American Recovery and Reinvestment Act (ARRA) Economic Stimulus Debt Service Fund, General Obligation Bonds Funds, 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 financial statements are explained in the reconciliations provided on Pages 25 and 28.

**Proprietary Fund** - The District maintains an Internal Service Fund as its only proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses the internal service fund to report the activities of the group health self-insurance program. Since these services predominantly benefit governmental rather than business-type functions, the internal service fund has been included within governmental activities in the government-wide financial statements. The District's proprietary fund activity is reported in the Statement of Net Position, the Statement of Revenues Expenses and Changes in Net Position, and the Statement of Cash Flows - Proprietary Funds on Pages 29 through 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 trust fund. The District's fiduciary activities are reported in the Statement of Fiduciary Net Position on Page 32 and the Statement of Changes in Fiduciary Net Position 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 purposes.

## **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 96.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Statement of Net Position

The following table provides a comparative analysis of the District's Net Position for the fiscal years ended June 30, 2014 and 2013.

<b>CONDENSED STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES</b> <b>June 30, 2014 and 2013</b> <b>(\$ in millions)</b>				
<b>Categories</b>	<b>2013/14</b>	<b>2012/13</b>	<b>Difference Increase (Decrease)</b>	<b>% Increase (Decrease)</b>
Current and Other Assets	\$ 719.5	\$ 509.7	\$ 209.8	41.2 %
Capital Assets, Net	4,546.1	4,663.8	(117.7)	(2.5) %
<b>Total Assets</b>	<b>\$ 5,265.6</b>	<b>\$ 5,173.5</b>	<b>\$ 92.1</b>	<b>1.8 %</b>
<b>Deferred Outflows of Resources</b>				
Accumulated decrease in fair value hedging derivatives	\$ 27.5	\$ 28.9	\$ (1.4)	(5.2) %
Deferred Loss on Refundings	21.6	-	21.6	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 5,314.7</b>	<b>\$ 5,202.4</b>	<b>\$ 112.3</b>	<b>2.2 %</b>
Current Liabilities	\$ 423.3	\$ 399.7	\$ 23.6	5.9 %
Long-term Liabilities	3,662.7	3,407.3	255.4	7.5 %
<b>Total Liabilities</b>	<b>4,086.0</b>	<b>3,807.0</b>	<b>279.0</b>	<b>7.3 %</b>
<b>Deferred Inflows of Resources</b>				
Deferred Gain on Refundings	.1	-	.1	-
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>4,086.1</b>	<b>3,807.0</b>	<b>279.1</b>	<b>7.3 %</b>
<b>Net Position</b>				
Net Investment in Capital Assets	1,480.1	1,550.2	(70.1)	(4.5) %
Restricted	69.5	104.2	(34.7)	(33.3) %
Unrestricted (deficit)	(321.0)	(259.0)	(62.0)	(23.9) %
<b>Total Net Position</b>	<b>\$ 1,228.6</b>	<b>\$ 1,395.4</b>	<b>\$ (166.8)</b>	<b>(12.0) %</b>

The District's total assets plus deferred outflows of resources were \$5.3 billion and total liabilities and deferred inflows of resources were \$4.1 billion at the end of the current fiscal year.

The District's net position totaled approximately \$1.2 billion. Most of this 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 position in the amount of \$69.5 million are reported separately to show legal constraints, from debt covenants and enabling legislation. The \$(321.0) million unrestricted deficit in net position reflects the shortfall the District would face in the event it would have to liquidate all of its non-capital liabilities, including insurance claims payable, compensated absences, and other post employment benefits, at June 30, 2014. A deficit in unrestricted net position should not be considered, solely, as evidence of economic financial difficulties.

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 Position.

## Statement of Activities

The following table summarizes the changes in the District's Net Position from its activities for the fiscal years ended June 30, 2014 and 2013.

### CHANGES IN NET POSITION - GOVERNMENTAL ACTIVITIES For Fiscal Years Ended June 30, 2014 and 2013 (\$ in millions)

	2013/14	2012/13	Difference Increase (Decrease)	% Increase (Decrease)
<b>Revenues</b>				
Program Revenues:				
Charges for Services	\$ 53.2	\$ 54.5	\$ (1.3)	(2.4) %
Operating Grants & Contributions	147.5	132.5	15.0	11.3 %
Capital Grants & Contributions	60.1	50.7	9.4	18.5 %
Total Program Revenues	\$ 260.8	\$ 237.7	\$ 23.1	9.7 %
General Revenues:				
Ad Valorem Taxes	1,585.9	1,525.0	60.9	4.0 %
Grants & Contributions Not Restricted to Specific Programs	1,605.6	1,495.7	109.9	7.3 %
Investment Earnings	2.9	3.2	(0.3)	(9.4) %
Miscellaneous Revenues	43.8	47.0	(3.2)	(6.8) %
Total General Revenues	3,238.2	3,070.9	167.3	5.4 %
<b>Total Revenues</b>	<b>3,499.0</b>	<b>3,308.6</b>	<b>190.4</b>	<b>5.8 %</b>
<b>Expenses</b>				
Instructional Services	2,098.5	1,960.1	138.4	7.1 %
Instructional Support Services	294.3	284.4	9.9	3.5 %
Pupil Transportation	81.5	82.5	(1.0)	(1.2) %
Operations & Maintenance of Plant	359.1	342.7	16.4	4.8 %
Food Service	159.7	150.3	9.4	6.3 %
School Administration	158.3	153.6	4.7	3.1 %
General Administration	11.7	13.8	(2.1)	(15.2) %
Business/Central Services	67.1	67.0	0.1	0.1 %
Facilities Acquisition and Construction	69.5	26.6	42.9	161.3 %
Administrative Technology Services	2.8	3.2	(0.4)	(12.5) %
Interest on Long-Term Debt	149.9	129.3	20.6	15.9 %
Community Services	29.9	31.0	(1.1)	(3.5) %
Unallocated Depreciation	158.9	157.2	1.7	1.1 %
<b>Total Expenses</b>	<b>3,641.2</b>	<b>3,401.7</b>	<b>239.5</b>	<b>7.0 %</b>
<b>Increase (Decrease) in Net Position</b>	<b>(142.2)</b>	<b>(93.1)</b>	<b>(49.1)</b>	<b>(52.7) %</b>
<b>Net Position, Beginning</b>	<b>\$ 1,395.4</b>	<b>\$ 1,488.5</b>	<b>\$ (93.1)</b>	<b>(6.3) %</b>
<b>Prior year restatement - (Note 1S)</b>	<b>(24.6)</b>	<b>-</b>	<b>(24.6)</b>	<b>-</b>
<b>Net Position Ending (as restated)</b>	<b>\$ 1,228.6</b>	<b>\$ 1,395.4</b>	<b>\$ (166.8)</b>	<b>(12.0) %</b>

Beginning Net Position has been restated due to the implementation of GASB Statement No. 65, that required the District to fully expense unamortized debt issuance costs, not related to prepaid bond insurance costs.

## 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 excluding unallocated depreciation expense totaled \$3,482.4 million, of which \$260.8 million were financed by charges for services and other program revenues. The resulting net costs of \$3,221.6 million, excluding unallocated depreciation expense, were financed primarily by Florida Education Finance Program (FEFP) 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/Central 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, 2014 and 2013 (\$ in millions)

	2013/14	2012/13	Difference Increase (Decrease)	% Increase (Decrease)	
<b>Total Cost of Services</b>					
School Level Services	\$ 2,887.0	\$ 2,720.2	\$ 166.8	6.1 %	
Instructional Support Services	294.3	284.4	9.9	3.5 %	
Business/Central Services	219.9	199.5	20.4	10.2 %	
General Administration	11.7	13.8	(2.1)	(15.2) %	
Facilities Acquisition & Construction	69.5	26.6	42.9	161.3 %	
<b>Total Cost of Services *</b>	<b>\$ 3,482.4</b>	<b>\$ 3,244.5</b>	<b>\$ 237.9</b>	<b>7.3 %</b>	
<b>Net Cost of Services</b>					
School Level Services	\$ 2,662.6	\$ 2,518.8	\$ 143.8	5.7 %	
Instructional Support Services	294.3	284.4	9.9	3.5 %	
Business/Central Services	206.2	185.9	20.3	10.9 %	
General Administration	11.7	13.8	(2.1)	(15.2) %	
Facilities Acquisition & Construction	46.8	3.9	42.9	1100.0 %	
<b>Net Cost of Services *</b>	<b>\$ 3,221.6</b>	<b>\$ 3,006.8</b>	<b>\$ 214.8</b>	<b>7.1 %</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, Other Federal Programs, Federal Economic Stimulus Funds, ARRA Economic Stimulus Debt Service Fund, General Obligation Bonds Funds, 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 District Page 96.

## 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 2013/14 and 2012/13 (\$ in thousands)

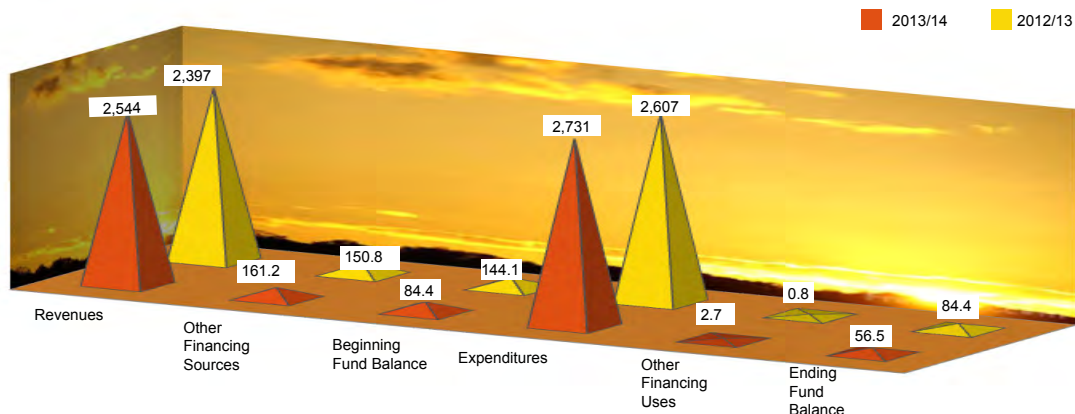
Categories	2013/14	2012/13	Difference Increase (Decrease)	% Increase (Decrease)	
Revenues	\$ 2,544,429	\$ 2,396,992	\$ 147,437	6.2	%
Other Financing Sources	161,178	150,828	10,350	6.9	%
Beginning Fund Balance	84,350	144,143	(59,793)	(41.5)	%
<b>Total</b>	<b>\$ 2,789,957</b>	<b>\$ 2,691,963</b>	<b>\$ 97,994</b>	<b>3.6</b>	<b>%</b>
Expenditures	\$ 2,730,738	\$ 2,606,809	\$ 123,929	4.8	%
Other Financing Uses	2,687	804	1,883	234.2	%
Ending Fund Balance	56,532	84,350	(27,818)	(33.0)	%
<b>Total</b>	<b>\$ 2,789,957</b>	<b>\$ 2,691,963</b>	<b>\$ 97,994</b>	<b>3.6</b>	<b>%</b>

The General Fund is the chief operating fund of the District. Revenues increased by \$147.4 million or 6.2% from the previous year. The increase is primarily due to a slight increase in the Base Student Allocation (BSA), the establishment of a Teacher Salary Increase Program and other State Categoricals.

Expenditures increased by \$124.0 million or 4.8% from the previous year. The increase in expenditures can be attributed to the increases in salaries and fringe benefits, including health insurance costs, as well as increased payments to the growing number of charter schools.

Ending Fund Balance decreased by \$(27.8) million or (33)% primarily due to a shortfall in the collection of property tax revenues and increased costs.

### CHANGES IN GENERAL FUND ACTIVITY For Fiscal Years 2013/14 and 2012/13 (\$ in millions)

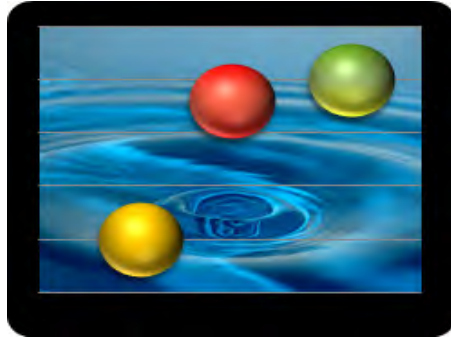




## GENERAL FUND (continued)

### Revenues By Source

**Revenues** - Overall revenues increased by \$147.4 million or 6.2% as follows:



■ Federal
 ■ State
 ■ Local

**REVENUES BY SOURCE**  
For Fiscal Years 2013/14 and 2012/13  
(\$ in thousands)

Sources	2013/14	2012/13	Difference Increase (Decrease)	% Increase (Decrease)
Federal	\$ 20,166	\$ 19,815	\$ 351	1.8 %
State	1,225,135	1,122,937	102,198	9.1 %
Local	1,299,128	1,254,240	44,888	3.6 %
<b>Total</b>	<b>\$ 2,544,429</b>	<b>\$ 2,396,992</b>	<b>\$ 147,437</b>	<b>6.2 %</b>

Federal sources increased slightly by \$.4 million or 1.8% from the prior year. This increase was primarily due to an increase in Medicaid reimbursement.

State sources increased by \$102.2 million or 9.1% from the prior year. This increase was primarily due to increases in FEFP funding, the establishment of a Teacher Salary Increase Program and other State Categoricals.

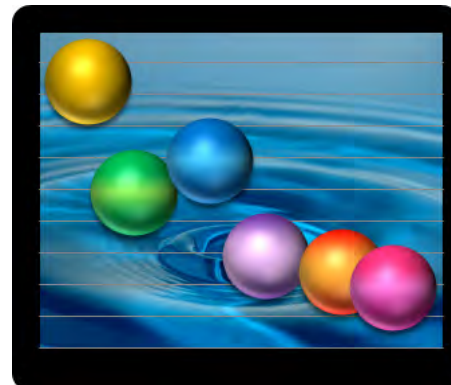
Local sources increased by \$44.9 million or 3.6% from the prior year. These increases were primarily due to a slight increase in the collection of property taxes, offset by reductions in investment interest revenue and other local revenues.

### Expenditures By Function

**Expenditures** - Overall expenditures increased by \$123.9 million or 4.8% as follows:

**EXPENDITURES BY FUNCTION**  
For Fiscal Years 2013/14 and 2012/13  
(\$ in thousands)

Functions	2013/14	2012/13	Difference Increase (Decrease)	% Increase (Decrease)
School Level Services	\$ 2,462,787	\$ 2,331,263	\$ 131,524	5.6 %
Instructional Support Services	184,880	175,748	9,132	5.2 %
Business Services/ Central Adm.	68,042	67,534	508	0.8 %
School Board	6,686	6,362	324	5.1 %
General Administration	4,852	4,570	282	6.2 %
Facilities & Other Capital Outlay	3,491	21,332	(17,841)	(83.6) %
<b>Total</b>	<b>\$ 2,730,738</b>	<b>\$ 2,606,809</b>	<b>\$ 123,929</b>	<b>4.8 %</b>



■ School Level Services
 ■ School Board
 ■ Instructional Support Services
 ■ General Administration
 ■ Business Svcs./ Central Adm.
 ■ Facilities & Other Capital Outlay

Salaries and fringe benefits represent the most significant expenditures of the District specifically as it relates to school level expenditures. During the 2013-14 fiscal year, the administration continued its efforts to meet the financial challenges of revenue losses and increased costs by creating efficiencies that reduced administration costs, and continued the moratorium on the purchases of items deemed non-essential.

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## **OTHER FEDERAL PROGRAMS**

While the primary sources of revenue for this fund are federal grants, some state and local grants are included. Grants included in this fund, both entitlement and competitive, have restrictions on how the grant proceeds may be used. These restrictions are established by the grantor agencies or organizations. As a result, in compliance with generally accepted accounting principles, revenues in this fund are recognized only to the extent that eligible expenditures have been incurred. Therefore, no fund balance is recognized.

## **FEDERAL ECONOMIC STIMULUS FUNDS**

For the fiscal year ended June 30, 2014 the District received \$35.5 million in Federal Economic Stimulus Funds. Of this amount \$34.6 million was in Race to the Top (RTTT) grants. RTTT is a program designed to spur reforms in state and local district K-12 education.

## **AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) ECONOMIC STIMULUS DEBT SERVICE FUND**

The American Recovery and Reinvestment Act (ARRA) Economic Stimulus Debt Service Fund was established for Debt Services for American Recovery and Reinvestment Act school construction bonds.

## **GENERAL OBLIGATION BONDS**

On November 6, 2012, Miami-Dade County voters authorized the issuance of \$1.2 billion of General Obligation Bonds (GOBs) for the modernization and construction of public school facilities, including educational technology upgrades. In the 2013-14 fiscal year, \$190 million of Series 2013 GOBs and \$96.5 million of 2014A GOBs were sold with premiums that provided \$200 million for capital projects and approximately \$100 million for technology project funding. Total fund balance of \$252.9 million represents an increase of \$248.4 million from the prior year related to this increase in capital revenue.

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

Capital Improvement - Local Optional Millage Levy (LOML) funds constitute the primary source of revenue in the Capital Budget. The Florida Legislature decreased the maximum allowable millage to be used for capital purposes from 1.75 mills to 1.50 mills in the 2009-10 fiscal year with the flexibility of shifting 0.25 mills back to the operating budget. For the 2013-14 fiscal year, the District availed itself of .061 of the 0.25 mills flexibility provided by law. Total fund balance of \$21.5 million represents a reduction of \$(13.0) million or (37.6)% from the previous year related to the reduction in property tax revenues. The total \$21.5 million fund balance is restricted for capital projects.

## **CERTIFICATES OF PARTICIPATION (COPs) FUNDS**

Certificates of Participation (COPs) Funds are a funding mechanism that provides funds for the construction of new facilities or for the purchase of vehicles, furniture and fixtures. Ending fund balances in the fiscal year 2013-14 totaled \$7.6 million compared to \$15.8 million in the previous year representing a reduction of \$(8.2) million or (52)% due to the District's focus on rolling out the GOB projects.



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## BUDGETARY HIGHLIGHTS

Most District operations are funded in the General Fund. The majority of the General Fund revenues are 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 are reported as local revenues. However, the required local effort portion 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 and other financing sources during 2013-14 were \$60.1 million less than the originally adopted budget as follows:

Federal funds were \$2.6 million higher than anticipated due primarily to an increase in the Medicaid reimbursements of \$2.6 million, with small increases/decreases in Impact Aid, R.O.T.C. and Community Schools.

State funds were \$39.6 million less than the originally adopted budget primarily due to the elimination of McKay Scholarships \$37.1 million, an increase in the FEFP funds received due to changes in enrollment of \$4.8 million, a statewide proration reducing FEFP by \$6.3 million, and miscellaneous small adjustments totalling a decrease of \$(1.0) million.

Local revenues were \$29.1 million lower than the originally adopted budget. The decrease in local revenues from the originally adopted budget is primarily due to reductions in net property taxes \$(46.1) million, increase in indirect costs of \$4.0 million, increases in Community School Programs \$1.0 million, and increases in other accounts \$12.0 million.

Other Financing Sources increased \$6.0 million due to the increase in transfers from other funds.

Ending fund balance as of June 30, 2014 was \$56.5 million comprised of nonspendable fund balances totaling \$7.8 million, representing inventories and prepaid items, restricted fund balance totaling \$1.3 million in state categorical programs, assigned fund balance \$18.1 million, which included rebudgets and outstanding purchase orders and unassigned fund balance totaling \$29.3 million.

In the fiscal year 2013-14 tentative budget, the District made budgetary reductions to manage increases in costs that exceed \$28.0 million. In the future the District will continue to review the budget, focusing on maintaining essential educational services as we anticipate continuing revenue shortfalls and cost increases.



## CAPITAL ASSETS AND DEBT ADMINISTRATION

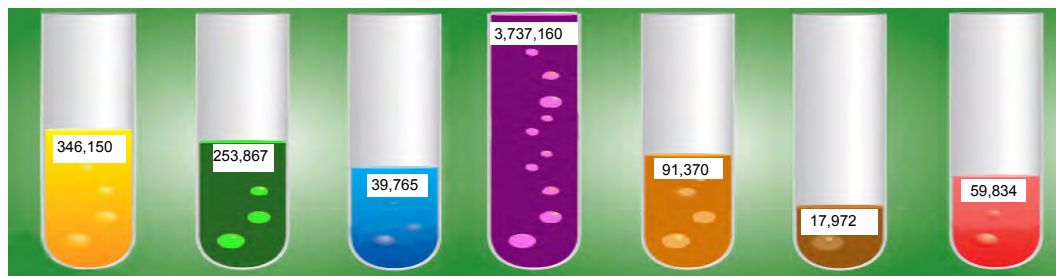
**Capital Assets** - At June 30, 2014, the District had \$4.5 billion invested in different categories of capital assets, net of accumulated depreciation, as shown in the table below.

### CAPITAL ASSET ACTIVITY At June 30, 2014 and 2013 (\$ in thousands)

Categories	2013/14	2012/13	Difference Increase (Decrease)	% Increase (Decrease)
Land	\$ 346,150	\$ 337,181	\$ 8,969	2.7 %
Land Improvements	253,867	253,486	381	0.2 %
Construction in Progress	39,765	82,544	(42,779)	(51.8) %
Building and Improvements	3,737,160	3,800,200	(63,040)	(1.7) %
Furniture, Fixtures & Equipment	91,370	88,235	3,135	3.6 %
Computer Software	17,972	34,645	(16,673)	(48.1) %
Motor Vehicles	59,834	67,529	(7,695)	(11.4) %
<b>Total</b>	<b>\$ 4,546,118</b>	<b>\$ 4,663,820</b>	<b>\$ (117,702)</b>	<b>(2.5) %</b>

Detailed information reflecting the District's capital asset balances and activity for the fiscal year ended June 30, 2014 is provided in Note 4 to the Financial Statements.

### CAPITAL ASSET ACTIVITY At June 30, 2014 (\$ in thousands)



## 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, 2014 and 2013 (\$ in thousands)

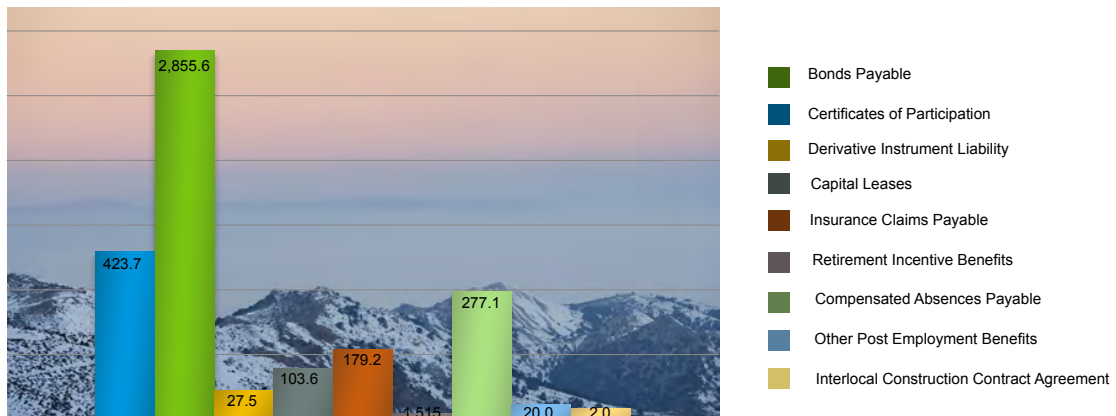
Categories	2013/14	2012/13*	Difference Increase (Decrease)	% Increase (Decrease)
Bonds Payable	\$ 423,738	\$ 175,483	\$ 248,255	141.5 %
Certificates of Participation Payable by the Foundation	2,855,557	2,921,772	(66,215)	(2.3) %
Derivative Instrument Liability	27,472	28,863	(1,391)	(4.8) %
Capital Leases	103,555	89,332	14,223	15.9 %
Insurance Claims Payable	179,160	138,635	40,525	29.2 %
Retirement Incentive Benefits	1,515	1,552	(37)	(2.4) %
Compensated Absences Payable	277,091	268,688	8,403	3.1 %
Other Post Employment Benefits	19,976	14,099	5,877	41.7 %
Interlocal Construction Contract Agreement	2,000	2,000	-	-
<b>Total</b>	<b>\$ 3,890,064</b>	<b>\$ 3,640,424</b>	<b>\$ 249,640</b>	<b>6.9 %</b>

\* 2012/13 has been restated to comply with GASB Statement No. 65.

Overall liabilities increased by \$249.6 million or 6.9% from the prior year. The most significant increases are reflected in Bonds Payable of \$248.3 million. These increases are primarily due to the issuance of General Obligation Bonds (GOBs).

Detailed information relating to changes in long-term liabilities for the fiscal year ended June 30, 2014 is provided in Note 14 to the Financial Statements.

### LONG TERM LIABILITIES At June 30, 2014 (\$ in millions)





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## ECONOMIC FACTORS

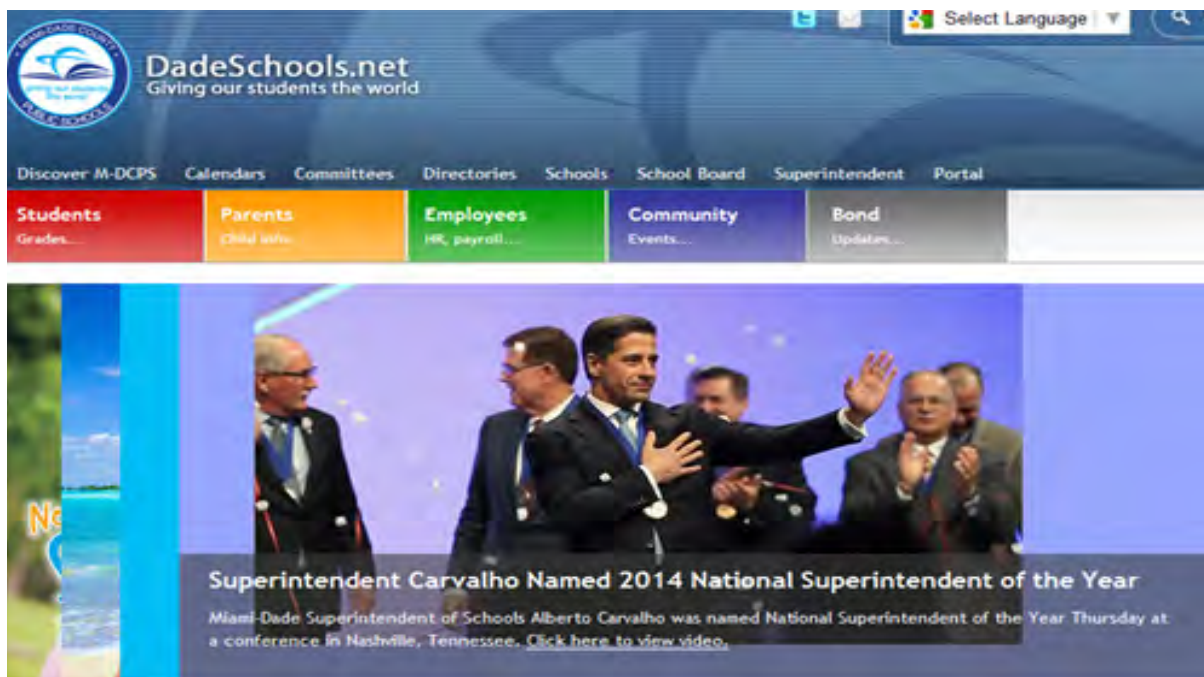
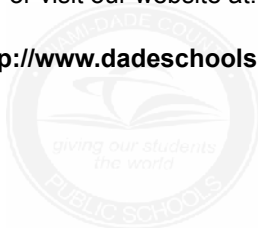
The State of Florida, by constitution, does not have a state personal income tax and therefore, the state operates primarily using sales, gasoline and corporate income taxes. Despite a slow economic recovery and continued funding challenges, the District, through prudent fiscal management, maintains a healthy financial position to provide the quality education deserved by every child.

## 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:

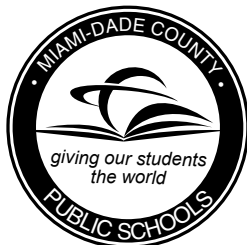
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## BASIC FINANCIAL STATEMENTS







**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**  
**(amounts expressed in thousands)**

	<u>Primary Government Total Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 206,103
Investments	59,706
Cash and investments with fiscal agents	1,008
Restricted cash and investments	879
Total cash, cash equivalents, and investments (Note 3)	<u>267,696</u>
Taxes receivable, net (Note 16)	12,241
Accounts and interest receivable	2,924
Due from other agencies (Note 6)	76,249
Inventories	9,561
Prepaid and other current assets	23,289
Total current assets	<u>391,960</u>
Non-current assets:	
Restricted cash and investments (Note 3)	327,544
Capital assets (Note 4):	
Non-depreciable capital assets	639,782
Depreciable capital assets	6,142,281
Less accumulated depreciation	<u>(2,235,945)</u>
Total capital assets, net	<u>4,546,118</u>
Total non-current assets	4,873,662
Total assets	<u>5,265,622</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Accumulated decrease in fair value of hedging derivatives	27,472
Deferred loss on refunding of debt	21,561
Total deferred outflows of resources	<u>\$ 49,033</u>

See accompanying notes to the basic financial statements

	<b>Primary Government</b> <b>Total</b> <b>Governmental Activities</b>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts and contracts payable and accrued expenses	\$ 31,439
Accrued payroll payable	118,786
Due to other agencies (Note 6)	5,344
Unearned revenues	582
Accrued interest payable	34,954
Retainage payable on contracts	4,783
Current portion of long-term liabilities (Note 14)	227,416
Total current liabilities	<u>423,304</u>
Non-current liabilities:	
Non-current portion of long-term liabilities (Note 14)	3,662,648
Total non-current liabilities	<u>3,662,648</u>
Total liabilities	<u>4,085,952</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred gain on refunding of debt	102
Total deferred inflows of resources	<u>102</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,480,103
Restricted for:	
State required carryover programs	1,321
Food service	20,556
Debt service	36,138
Capital projects	9,449
Other purposes	2,034
Unrestricted (deficit)	(321,000)
Total net position	<u>\$ 1,228,601</u>

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(amounts expressed in thousands)

		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Primary government:</b>			
<b>Governmental Activities:</b>			
Instructional services	\$ 2,098,540	\$ 32,791	\$ -
Instructional support services	294,258	-	-
Pupil transportation services	81,539	313	-
Operation and maintenance of plant	359,065	-	-
School administration	158,316	-	-
General administration	11,706	-	-
Business/central services	67,058	-	-
Administrative technology services	2,837	-	-
Food services	159,742	20,121	147,457
Community services	29,949	-	-
Facilities acquisition and construction	69,492	-	-
Interest on long-term debt	149,861	-	-
Unallocated depreciation/amortization (*)			
(Note 4)	158,932	-	-
Total governmental activities	<u>\$ 3,641,295</u>	<u>\$ 53,225</u>	<u>\$ 147,457</u>

(\*) This amount excludes depreciation/amortization that is included in the direct expenses of the various functions.

See accompanying notes to the basic financial statements

<u>Program Revenues</u>	<u>Net (Expenses) Revenues and Changes in Net Position</u>
<u>Capital Grants and Contributions</u>	<u>Primary Government Total Governmental Activities</u>
\$ -	\$ (2,065,749)
-	(294,258)
-	(81,226)
23,866	(335,199)
-	(158,316)
-	(11,706)
-	(67,058)
-	(2,837)
-	7,836
-	(29,949)
22,733	(46,759)
13,543	(136,318)
-	(158,932)
<u>\$ 60,142</u>	<u>(3,380,471)</u>

## General Revenues:

## Taxes (Note 16):

Property Taxes, Levied for Operational Purposes	1,214,002
Property Taxes, Levied for Debt Service	65,832
Property Taxes, Levied for Capital Projects	306,099
Grants and Contributions Not Restricted to Specific Programs	1,605,649
Investment Earnings	2,876
Other	43,793
Total General Revenues	<u>3,238,251</u>

Change in Net Position	(142,220)
Net Position - Beginning of Year, as restated (see note 1S)	<u>1,370,821</u>
Net Position - End of Year	<u>\$ 1,228,601</u>

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**JUNE 30, 2014**  
(amounts expressed in thousands)

	General	Other Federal Programs	Federal Economic Stimulus Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 111,812	\$ 282	\$ 110
Equity in pooled cash and investments	22,902	-	-
Cash and investments with fiscal agents (Note 12)	-	-	-
Total cash, cash equivalents, and investments (Note 3)	<u>134,714</u>	<u>282</u>	<u>110</u>
Taxes receivable, net (Note 16)	9,304	-	-
Accounts and interest receivable	1,342	-	-
Due from other agencies (Note 6)	22,299	22,199	2,807
Due from other funds (Note 5)	25,765	-	-
Inventories	6,265	-	-
Prepaid and other assets	1,828	-	-
Total assets	<u>\$ 201,517</u>	<u>\$ 22,481</u>	<u>\$ 2,917</u>
<b>LIABILITIES</b>			
Accounts and contracts payable and accrued expenditures	\$ 16,664	\$ 3,166	\$ 790
Accrued payroll and compensated absences (Notes 8 and 14)	121,761	1,356	59
Due to other funds (Note 5)	-	16,073	1,885
Due to other agencies (Note 6)	3,098	1,750	-
Unearned revenues	375	132	-
Accrued interest payable	-	-	-
Estimated liability for insurance risks and pending claims (Notes 13 and 18)	2,189	-	-
Retainage payable on contracts	46	4	183
Total liabilities	<u>144,133</u>	<u>22,481</u>	<u>2,917</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	852	-	-
Total deferred inflows of resources	<u>852</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable	7,843	-	-
Restricted	1,321	-	-
Assigned	18,094	-	-
Unassigned	29,274	-	-
Total fund balances	<u>56,532</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u><u>\$ 201,517</u></u>	<u><u>\$ 22,481</u></u>	<u><u>\$ 2,917</u></u>

See accompanying notes to the basic financial statements

ARRA Economic Stimulus Debt Service	General Obligation School Bonds Funds	Capital Improvement LOML Funds	Certificates of Participation	Non-major Governmental Funds	Total Governmental Funds
\$ 21	\$ 58,609	\$ -	\$ -	\$ 43,206	\$ 214,040
-	198,997	1,441	9,173	75,351	307,864
-	-	-	-	1,008	1,008
21	257,606	1,441	9,173	119,565	522,912
-	-	2,390	-	547	12,241
-	37	2	-	29	1,410
-	-	-	-	28,944	76,249
-	-	-	-	-	25,765
-	-	-	-	3,296	9,561
-	-	21,461	-	-	23,289
\$ 21	\$ 257,643	\$ 25,294	\$ 9,173	\$ 152,381	\$ 671,427
\$ 21	\$ 4,196	\$ 857	\$ 251	\$ 5,396	\$ 31,341
-	-	-	-	641	123,817
-	-	-	-	7,807	25,765
-	-	-	-	496	5,344
-	-	-	-	-	507
-	-	-	-	22	22
-	-	-	-	-	2,189
-	550	2,405	1,275	320	4,783
21	4,746	3,262	1,526	14,682	193,768
-	-	514	-	147	1,513
-	-	514	-	147	1,513
-	-	21,461	-	3,296	32,600
-	252,897	57	7,647	132,863	394,785
-	-	-	-	1,393	19,487
-	-	-	-	-	29,274
-	252,897	21,518	7,647	137,552	476,146
\$ 21	\$ 257,643	\$ 25,294	\$ 9,173	\$ 152,381	\$ 671,427





THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2014  
(amounts expressed in thousands)

**Total Fund Balances – Governmental Funds** **\$ 476,146**

Amounts reported for governmental activities in the statement of net position are different as a result of:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

Capital assets	\$ 6,782,063	
Accumulated depreciation	<u>(2,235,945)</u>	4,546,118

Property taxes receivable not collected within 60 days of fiscal year-end are not available soon enough to pay for the current period's expenditures, and therefore are not recorded as revenue in the governmental funds.

1,513

An internal service fund is used by the District to charge the costs of health premiums to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position

Assets	73,842	
Liabilities	<u>(32,980)</u>	
Net Position		40,862

Accumulated decreases in fair value of hedging derivative instruments and losses on debt refunding are reported as deferred outflows in the statement of net position.

49,033

Current liabilities which are accrued as a liability in the government-wide statements but are not recognized in the governmental funds until due:

Benefits payable	(1,630)	
Interest payable	<u>(34,932)</u>	(36,562)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.

Long-term liabilities at year-end consist of the following:

Bonds payable	(423,738)	
Capital leases	(103,555)	
Compensated absences	(270,615)	
Retirement incentive benefits	(1,330)	
Other post-employment benefits obligation	(19,976)	
Certificates of participation	(2,855,557)	
Derivative instruments liability	(27,472)	
Other long-term liabilities	(2,000)	
Claims payable	<u>(144,164)</u>	(3,848,407)

Gains on debt refunding are reported as deferred inflows in the statement of net position.

(102)

**Total Net Position – Governmental Activities** **\$ 1,228,601**

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, 2014  
(amounts expressed in thousands)

	General	Other Federal Programs	Federal Economic Stimulus Funds
Revenues:			
Local sources:			
Ad valorem taxes (Note 16)	\$ 1,225,000	\$ -	\$ -
Food service sales	-	-	-
Interest income	629	-	-
Net increase (decrease) in fair value of investments	50	-	-
Local grants and other	73,449	5,440	-
Total local sources	1,299,128	5,440	-
State sources (Note 15):			
Florida education finance program	712,494	-	-
Food services	-	-	-
State grants and other	512,641	-	-
Total state sources	1,225,135	-	-
Federal sources:			
Federal grants and other	20,166	325,091	35,484
Food services	-	-	-
Total federal sources	20,166	325,091	35,484
Total revenues	2,544,429	330,531	35,484
Expenditures:			
Current:			
Instructional services			
Basic programs	1,445,405	127,021	25,136
Exceptional child programs	316,193	51,434	-
Adult and vocational-technical programs	80,505	14,179	90
Total instructional services	1,842,103	192,634	25,226
Instructional support services	184,273	97,335	5,205
Pupil transportation services	76,014	3,731	10
Operation and maintenance of plant	356,746	190	-
School administration	155,191	92	2,520
General administration	78,539	9,895	2,367
Food services	-	-	-
Community services	27,931	1,622	111
Capital outlay	9,017	25,032	45
Debt service (Notes 9, 10, 11 and 12):			
Principal retirement	474	-	-
Interest and fiscal charges	450	-	-
Total expenditures	2,730,738	330,531	35,484
Excess (deficiency) of revenues over (under) expenditures	(186,309)	-	-
Other financing sources (uses):			
Transfers in (Note 5)	160,486	-	-
Transfers out (Note 5)	(2,687)	-	-
Issuance of debt (Notes 10 and 11)	-	-	-
Premium on issuance of debt	-	-	-
Issuance of debt for refunding (Notes 10 and 11)	-	-	-
Premium on refunding of debt	-	-	-
Payments to refunded bond escrow agent	-	-	-
Proceeds from sale of capital assets	625	-	-
Proceeds from loans and leases	67	-	-
Total other financing sources (uses)	158,491	-	-
Net change in fund balances	(27,818)	-	-
Fund balances - beginning of year	84,350	-	-
Fund balances - end of year	\$ 56,532	\$ -	\$ -

See accompanying notes to the basic financial statements

ARRA Economic Stimulus Debt Service	General Obligation School Bonds Funds	Capital Improvement LOML Funds	Certificates of Participation	Non-major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 313,877	\$ -	\$ 66,922	\$ 1,605,799
-	-	-	-	20,121	20,121
-	335	103	12	1,685	2,764
-	15	25	5	18	113
-	-	-	-	24,544	103,433
-	350	314,005	17	113,290	1,732,230
-	-	-	-	-	712,494
-	-	-	-	2,231	2,231
-	-	-	-	38,873	551,514
-	-	-	-	41,104	1,266,239
-	-	-	-	10,068	390,809
-	-	-	-	135,158	135,158
-	-	-	-	145,226	525,967
-	350	314,005	17	299,620	3,524,436
-	-	-	-	-	1,597,562
-	-	-	-	-	367,627
-	-	-	-	-	94,774
-	-	-	-	-	2,059,963
-	-	-	-	-	286,813
-	-	-	-	-	79,755
-	-	-	-	332	357,268
-	-	-	-	-	157,803
-	-	-	-	-	90,801
-	-	-	-	161,405	161,405
-	-	-	-	60	29,724
-	52,039	26,445	6,347	14,962	133,887
-	-	-	-	142,072	142,546
2,471	1,226	185	85	137,011	141,428
2,471	53,265	26,630	6,432	455,842	3,641,393
(2,471)	(52,915)	287,375	(6,415)	(156,222)	(116,957)
2,471	-	2,697	-	190,182	355,836
-	-	(303,050)	(5,824)	(44,275)	(355,836)
-	286,480	-	4,085	-	290,565
-	14,806	-	-	-	14,806
-	-	-	-	73,943	73,943
-	-	-	-	9,046	9,046
-	-	-	-	(82,043)	(82,043)
-	-	-	-	-	625
-	-	-	-	37,189	37,256
2,471	301,286	(300,353)	(1,739)	184,042	344,198
-	248,371	(12,978)	(8,154)	27,820	227,241
-	4,526	34,496	15,801	109,732	248,905
\$ -	\$ 252,897	\$ 21,518	\$ 7,647	\$ 137,552	\$ 476,146

**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, 2014**  
(amounts expressed in thousands)

**Total Net Change in Fund Balances - Governmental Funds** **\$ 227,241**

Amounts reported for governmental activities in the Statement of Activities are different as a result of:

Property taxes not collected within 60 days of fiscal year-end are not considered available and therefore are not recorded as revenues in the fund level statements. However, for the government-wide statements property tax revenues 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 at the fund level	\$ (21,379)	
Revenues not recorded this year in the fund level statements are recorded as revenue in the government-wide statements	1,513	(19,866)

An internal service fund is used by the District to charge the costs of health premiums to individual funds. The increase in net position of the internal service fund is reported with governmental activities.		37,455
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, recoveries, and donations) is to increase net position.		6,217
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Capital outlay disbursements to purchase or build capital assets are reported as expenditures in the governmental funds. In the Statement of Net Position, 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	74,004	
Depreciation expense for the fiscal year	(197,923)	(123,919)

Proceeds from issuance of debt 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 refunding of State Board of Education Capital Outlay Bonds	(2,963)	
Premium on refunding of State Board of Education Capital Outlay Bonds	(479)	
Proceeds from issuance of General Obligation School Bonds	(286,480)	
Premium on issuance of General Obligation School Bonds	(14,806)	
Proceeds from issuance of Certificates of Participation	(4,085)	
Proceeds from refunding of Certificates of Participation	(70,980)	
Premium on refunding of Certificates of Participation	(8,567)	
Proceeds from Loans and Leases	(37,256)	(425,616)

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.

Increase in other post-employment benefits liability	(5,877)	
Amount of compensated absences earned in excess of the amount paid	(8,447)	
Decrease in accrued salaries and benefits	53	
Increase in claims payable	(45,616)	(59,887)

Repayment of debt principal is reflected as an expenditure in the governmental funds, however, in the Statement of Net Position it is reflected as a reduction of liabilities and does not affect the Statement of Activities.

Repayment of debt principal for Certificates of Participation	43,006	
Repayment of debt principal for Qualified Zone Academy Bonds	24,508	
Repayment of debt principal for General Obligation Bonds	40,640	
Repayment of debt principal for Capital Leases	23,032	
Repayment of debt principal for State Board of Education Bonds	11,360	142,546

Repayment to refund debt is reflected as an other financing use in the governmental funds, however, in the Statement of Net Position it is reflected as a reduction of liabilities and does not affect the Statement of Activities.		82,043
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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 are amortized over the life of the debt, and are recorded as a decrease to interest expense on the Statement of Activities. Losses incurred as a result of advance 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	(34,932)	
Amortization of premium on State Board of Education Capital Outlay Bonds (SBEs)	68	
Amortization of premium on Certificates of Participation (COPs)	(3,387)	
Amortization of premium on General Obligation School Bonds (GOBs)	1,050	
Amortization of gain related to advance refunding of COPS	1	
Amortization of loss related to advance refunding of SBEs	(18)	
Amortization of loss related to advance refunding of COPs	(2,836)	
Amortization of loss related to advance refunding of GOBs	(113)	
Prior year accrued interest paid during current fiscal year	31,733	(8,434)

**Total Change in Net Position of Governmental Activities** **\$ (142,220)**

See accompanying notes to the basic financial statements

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2014**  
**(amounts expressed in thousands)**

	<u>Health Insurance Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 55,312
Investments	17,016
Accounts and interest receivable	<u>1,514</u>
<b>Total assets</b>	<u>\$ 73,842</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 98
Unearned revenues	75
Estimated unpaid health claims	<u>32,807</u>
<b>Total liabilities</b>	<u>32,980</u>
<b>NET POSITION</b>	
Unrestricted	<u>\$ 40,862</u>
<b>Total net position</b>	<u><u>\$ 40,862</u></u>

See accompanying notes to the basic financial statements

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

	<u>Health Insurance Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 365,894
Other operating revenues	3,540
<b>Total operating revenues</b>	<u>369,434</u>
<b>OPERATING EXPENSES</b>	
Salaries	162
Employee benefits	48
Purchased services	356
Claims	322,806
Other	8,659
<b>Total operating expenses</b>	<u>332,031</u>
<b>OPERATING INCOME</b>	37,403
<b>NONOPERATING REVENUES</b>	
Interest revenue	52
<b>Total nonoperating revenues</b>	<u>52</u>
<b>CHANGE IN NET POSITION</b>	37,455
<b>NET POSITION - Beginning of year</b>	<u>3,407</u>
<b>NET POSITION - End of year</b>	<u><u>\$ 40,862</u></u>

See accompanying notes to the basic financial statements

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(amounts expressed in thousands)

	<u>Health Insurance Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and interfund services provided	\$ 366,132
Payments for claims	(327,621)
Payments to suppliers for goods and services	(9,035)
Payments to employees	(210)
Other receipts	2,040
Net cash provided by operating activities	<u>31,306</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Receipts from interest	53
Receipts from investments	23,953
Net cash provided by investing activities	<u>24,006</u>
Change in cash and cash equivalents	55,312
Cash and cash equivalents, beginning of year	<u>-</u>
Cash and cash equivalents, end of year	<u><u>\$ 55,312</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating income	\$ 37,403
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) decrease in accounts receivable	(1,262)
Increase (decrease) in accounts payable	(20)
Increase (decrease) in unearned revenues	1
Increase (decrease) in estimated unpaid claims	(4,816)
<b>Total adjustments</b>	<u>(6,097)</u>
<b>Net cash provided by operating activities</b>	<u><u>\$ 31,306</u></u>

See accompanying notes to the basic financial statements

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2014**  
**(amounts expressed in thousands)**

	<b>Pension Trust Fund</b>	<b>Agency Fund Schools' Internal Fund</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 5,128
Investments		
Bonds	-	13,591
Certificates of deposit	-	4,000
Fixed income mutual funds	8,338	-
Equity mutual funds	18,017	-
Money market mutual funds	829	124
Total cash, cash equivalents, and investments	<u>27,184</u>	<u>22,843</u>
Interest receivable	-	41
Total assets	<u><u>\$ 27,184</u></u>	<u><u>\$ 22,884</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 13
Due to other agencies	-	3,750
Due to student organizations	-	19,121
Total liabilities	<u>-</u>	<u><u>\$ 22,884</u></u>
<b>NET POSITION</b>		
Held in trust for pension benefits	<u>27,184</u>	
Total net position	<u><u>\$ 27,184</u></u>	

See accompanying notes to the basic financial statements



**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**FIDUCIARY FUND**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

	<b>Pension Trust Fund</b>
<b>ADDITIONS:</b>	
Employer contributions (Note 17)	\$ 2,276
Interest on investments	584
Net increase in the fair value of investments	3,953
Less investment expenses	(7)
Total additions	<u>6,806</u>
<b>DEDUCTIONS:</b>	
Retirement benefit payments	4,155
Trustee services	22
Total deductions	<u>4,177</u>
Change in net position	2,629
<b>Net position held in trust for pension benefits at beginning of year</b>	<u>24,555</u>
<b>Net position held in trust for pension benefits at end of year</b>	<u><u>\$ 27,184</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, 2014**

**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 County, 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 and it is not considered to be an agency or component unit of the State of Florida.

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 Governmental Accounting Standards Board (GASB) issued Statement No. 61, *The Financial Reporting Entity: Omnibus*, an amendment of GASB Statement No. 14 and No. 34. The Statement modifies the existing criteria for reporting component units. The Statement provides guidance on the inclusion of a legally separate entity to be included as a component unit under the misleading to exclude criterion and the financial accountability concept, which requires that in addition to meeting the fiscal dependency criterion, a financial benefit or burden relationship be present in order for a potential component unit to be included in the financial reporting entity.

The District adopted GASB Statement No. 61 in the 2012-13 fiscal year financial statements. Based on the application of the Statement, the District determined that charter schools do not meet the criteria to qualify as component units of the District; therefore they are not included in the District's Comprehensive Annual Financial Report (CAFR). Audits of the Charter Schools are conducted by independent certified public accountants and are filed in the Charter Schools Support office located at 1450 N.E. 2<sup>nd</sup> Avenue, Room 806, Miami, Florida 33132.

Based on the application of the above GASB Statement criteria, the following component unit is included within the District's reporting entity:

**Blended Component Units**

The Miami-Dade County School Board Foundation, Inc., 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.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

**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 Financial Statements** – The Statement of Net Position 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, which include Florida Education Finance Program (FEFP) revenues and other state allocations.

**Fund Financial Statements** – The fund financial statements provide information about the District's funds, including proprietary and fiduciary funds. Separate statements for governmental, proprietary 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.

Other Federal Programs accounts for and reports grant funds received from federal, state, and local sources.

Federal Economic Stimulus Funds account for and report on funds received from The American Recovery and Reinvestment Act of 2009 to stimulate the economy, save jobs and improve education. This fund did not meet the minimum criteria for major fund determination during fiscal year 2014. However, it will continue to be presented as a major fund for the purpose of consistency and at the discretion of the District.

ARRA Economic Stimulus Debt Service Fund accounts for and reports on Debt Service for American Recovery and Reinvestment Act school construction bonds. This fund did not meet the minimum criteria for major fund determination during fiscal year 2014. However, it will continue to be presented as a major fund for the purpose of consistency and at the discretion of the District.

General Obligation Bonds Funds account for and report on resources from the issuance of GO Bonds approved by the Miami-Dade County voters on November 6, 2012, for the modernization, construction, expansion or otherwise improvement of school buildings, including technology upgrades.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

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

**B. Basis of Presentation - continued**

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 mainly for capital outlay purposes. This fund did not meet the minimum criteria for major fund determination during fiscal year 2014. However, it will continue to be presented as a major fund for the purpose of consistency and at the discretion of the District.

Certificates 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. This fund did not meet the minimum criteria for major fund determination during fiscal year 2014. However, it will continue to be presented as a major fund for the purpose of consistency and at the discretion of the District.

Additionally, the District reports separately the following proprietary and fiduciary fund types:

Internal Service Fund accounts for and reports on the activities of the District's group health self-insurance program.

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.

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

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The basis of accounting refers to when revenues and expenditures, or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

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 in accordance with 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*, which 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 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.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

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

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

Property taxes, when levied for, and intergovernmental revenues when eligibility requirements have been met, are the significant revenue sources considered susceptible to accrual. The School Board considers property taxes, when levied for, as available if they are collected within 60 days after fiscal year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Charges for services and fees are recognized when cash is collected as amounts are not measurable. 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/paid; and (2) expenditures related to liabilities reported as general long-term debt are recognized when due.

Proprietary Fund – Proprietary funds are accounted for in accordance with the Governmental Accounting Standards Board, GASB issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. During the fiscal year 2009-10, the District established an Internal Service Fund to account for the group health self-insurance program. The Internal Service Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from non-operating items.

The principal operating revenues of the District's Internal Service Fund for self-insurance are charges to the District's other funds for health insurance. The principal operating expenses include claims, administrative expenses and fees. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

The Pension Trust Fund is reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and deferred outflows, and all liabilities and deferred inflows, associated with the operation of this fund are included on the Statement of Fiduciary Net Position. The Statement of Changes in Fiduciary Net Position presents additions and deductions in fund equity (total net position).

**D. New Pronouncements – Adopted and Unadopted**

The GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities in March 2012. This Statement amends or supersedes the accounting and financial reporting guidance for certain items previously required to be reported as assets or liabilities. In addition, this Statement amends or supersedes requirements for the determination of major funds and addresses other statement of net position and governmental funds balance sheet presentation issues. The District adopted GASB 65 in the 2013-14 fiscal year financial statements and the cumulative effect of applying this Statement, is reported as a restatement of beginning net position. (see note 1S)

The GASB issued Statement No. 66, Technical Corrections-2012 (an amendment of GASB Statements No. 10 and No. 62) in March 2012. The objective of this Statement is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements-Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

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

**D. New Pronouncements – Adopted and Unadopted - continued**

The District adopted GASB 66 in the 2013-14 fiscal year financial statements. The adoption of GASB 66 did not impact the District's financial position or results of operations.

The GASB issued Statement No. 67, *Financial Reporting for Pension Plans (an amendment of GASB Statement No. 25)* in June 2012. The District adopted GASB 67 in the 2013-14 fiscal year financial statements. The adoption of GASB 67 is reflected in Note 17, in the Notes to the Financial Statements, as well as in the Required Supplementary Information Section.

The GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)* in June 2012. This Statement is effective for fiscal years beginning after June 15, 2014. The adoption of this Statement will require the District to record a liability for the unfunded portion of its cost sharing plan. The unfunded portion has not yet been determined. However, it is anticipated that the implementation of this GASB will result in a material liability that will be recorded in the Government-Wide Financial Statements.

The GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations* in January 2013. The provisions of Statement 69 are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis.

The GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* in April 2013. The District adopted GASB 70 in the 2013-14 fiscal year financial statements. The adoption of GASB 70 did not impact the District's financial position or results of operations.

The GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68* in November 2013. The provisions of this Statement are required to be applied simultaneously with the provision of Statement 68.

The impact on the District's financial position or results of operations has not yet been determined for the unadopted standards.

**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 with maturities of three months or less when purchased, and money market/saving accounts.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

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

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

Investments are carried at fair value and include U.S. Agency obligations, Commercial Paper, Money Market Mutual Funds, Time Deposits and Guaranteed Investment Contract. Pension Trust Fund investments are recorded at fair market value and include: money market funds, and fixed income/equity mutual funds.

**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 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 nonspendable fund balance, net of amounts in Accounts Payable. 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 in the government-wide statement of net position.

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

Amounts due to the District by other governments or agencies relate to grants or programs for which the services have been provided to students of 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 nonspendable fund balance classification.

**I. Restricted Net Position**

Amounts that are restricted to specific purposes either by: a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments, or b) imposed by law through constitutional provisions or enabling legislation are classified as Restricted Net Position.

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

**J. Capital Assets**

Capital assets which include, land, land improvements, construction in progress, buildings, building improvements, furniture, fixtures and equipment, computer software, and motor vehicles are reported in the Statement of Net Position in the government-wide statements. The District's capitalization thresholds are \$1,000 or greater for furniture, fixtures and equipment and \$50,000 for building improvements, additions, and other capital outlays that significantly extend the useful life of an asset. 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 value at the time of receipt.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

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

**J. Capital Assets - Continued**

Certain costs incurred in connection with the development of internal use software are capitalized and amortized in accordance with GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets and are reflected in the government-wide financial 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
Computer Software	5

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. Proceeds received from the sale or disposal of capital assets are recorded as Other Financing Sources in the governmental funds.

**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), derivative instrument liabilities, capital leases, insurance claims payable, vested vacation and sick pay benefits, estimate for anticipated non-vested sick pay benefits, interlocal construction contract liabilities and postretirement benefits payable in future years. Bond premiums are amortized over the life of the bonds using the effective-interest method.

In the fund financial statements, debt premiums and discounts are recognized in the period the related debt is issued. Proceeds, premiums, and discounts are reported as other financing sources and uses. Principal payments and Issuance costs are reported as debt service expenditures.

**L. Risk Management**

The District is self-insured for portions of its general and automobile liability insurance and workers' compensation. Claim activity (expenditures for general and automobile liability and workers' compensation) is recorded in the general fund as payments become due each period. The estimated liability for self-insured risks represents an estimate of the amount to be paid on claims reported and on claims incurred but not reported (See note 13). For the governmental funds, in the fund financial statements, the liability for self-insured risks is considered long-term and therefore, is not a fund liability (except for any amounts due and payable at year end) and represents a reconciling item between the fund level and government-wide presentations.

The District provides health insurance for its employees and eligible dependents. Effective January 1, 2010, the District changed from a fully insured plan to a self-insured plan, with individual, as well as aggregate stop loss coverage to protect the District against catastrophic claims in a calendar year. The District accounts for health insurance activity in an internal service fund established for this purpose. In the proprietary fund financial statements, the liability for self-insured health risks is recorded under the accrual basis of accounting.



**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

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

**M. State and Federal 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. Such revenues are recognized when first available. 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 and federal agencies to administer certain educational programs. Revenues earmarked for these programs are 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 educational programs. Revenue is recognized when all eligibility requirements have been met.

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. The District received PECO appropriations during the 2013-14 fiscal year, solely for the distribution to the District's eligible Charter Schools.

**N. Property Taxes – Revenue Recognition**

In the government-wide financial statements, property tax revenue is recognized in the fiscal year when levied for. The receivable is recorded net of an estimated uncollectible amount, which is based on past collection experience. In the fund financial statements, property tax revenue is recognized in the fiscal year when levied for. Taxes are susceptible to accrual that is when they are measurable and available. Taxes collected by the County Tax Collector and received by the District within 60 days subsequent to fiscal year-end are considered to be available and recognized as revenue.

**O. Unearned Revenues**

The advanced revenues in the Statement of Net Position primarily relates to the lease of Educational Broadband Service (EBS) licenses that are amortized on a straight line basis over the life of the lease agreement.

**P. 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, 2014**

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

**Q. Deferred Outflows/Inflows of Resources**

In fiscal year 2012-13, The District implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. Deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow or resources (expense/expenditure) until then. Deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Additionally, the Statements of Net Assets is now reported as Statement of Net Position.

In fiscal year 2013-14, The District implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities which requires governments to adopt provisions of Concepts Statement No. 4 for all other items reported as assets and liabilities, which were not addressed as part of GASB 63.

GASB Concepts Statement No. 4, Elements of Financial Statements, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in Concepts Statement 4. Based on those definitions, Statement 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources.

Following GASB Statements No. 63 and No. 65, the fiscal year 2013-14 basic financial statements have been adjusted with a prior year restatement of the beginning net position to fully expense unamortized debt issuance costs, not related to prepaid bond insurance costs. These were previously classified as noncurrent assets in the Government-Wide Financial Statements. Gain/loss resulting from refunding of debt is now reported as a deferred inflow/outflow of resources on the Government-Wide Financial Statements. In addition, property taxes that are "unavailable" are now reported in the governmental funds as deferred inflow of resources. See note 1S for disclosure on restatement.

**R. Fund Balances**

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, establishes accounting and financial reporting standards for governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the uses of those resources.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

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

**R. Fund Balances – continued**

GASB Statement No. 54 requires the fund balance to be properly reported within one of the fund balance categories listed below:

**Nonspendable** – Fund balance amounts that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to be maintained intact. Examples of this classification are prepaid items, inventories, and the principal of an endowment fund.

**Spendable Fund Balance**

**Restricted** – Fund balance amounts on which constraints have been placed by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions or enabling legislation.

**Committed** – Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action (Board Resolution) of the highest level of decision-making authority (The School Board). The amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same formal action (Board Resolution) it employed to commit the amounts.

**Assigned** – Fund balance amounts intended to be used for specific purposes but are neither restricted nor committed. Assigned amounts include those that have been set aside for a specific purpose by actions of the School Board or Superintendent as stated in School Board Policy 6220.01 Fund Balance Reserve.

**Unassigned** – Includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

**S. Restatement/Reclassification – Implementation of GASB Statement No. 65**

**Government-wide Financial Statements**

During the fiscal year ended June 30, 2014, the District implemented GASB Statement No. 65 Items Previously Reported as Assets and Liabilities. This accounting change required the District to expense unamortized debt issuance costs previously recorded as an asset. Accordingly, Beginning Net Position in the Government-wide financial statements has been restated due to the implementation of GASB 65.

The impact of this restatement is as follows (in thousands):

Total Net Position, July 1, 2013, as reported	\$ 1,395.411
Expensing of unamortized debt issuance costs	(24,590)
Total Net Position, July 1, 2013, as restated	<u>\$ 1,370,821</u>

The implementation of GASB 65 also required the reclassification of gain/loss on refunding of debt from long-term liability to deferred inflow/outflow of resources. The deferred inflow/outflow of resources balances as of June 30, 2014 was \$102 thousand and \$21.6 million, respectively.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

**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 of plant, 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 at the School Board meeting of September 3, 2014 for the fiscal year ended June 30, 2014.

Appropriations lapse at fiscal year-end, except for unexpended appropriations of state educational grants, outstanding purchase orders, contracts, and certain available balances. These balances are reflected at year-end either as restricted or assigned 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 restricted or assigned fund balance and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

**B. 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, 2014**

**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 are held and administered by the SBE are made by the State Board of Administration.

As authorized under State Statutes the School Board has adopted Board Policy 6144, Investments as its formal Investment Policy for all surplus funds, including the Supplemental Early Retirement Funds, that are part of Board Policy 6535, Supplemental Early Retirement Plan. Board Policy 6144, Investments 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
- U.S. 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 of the Federal National Mortgage Association
- Obligations guaranteed by the Government National Mortgage Association
- Securities of any investment company of investment trust registered under the Investment Company Act of 1940, 15 U.S.C.
- Corporate or Taxable Government Bonds rated investment grade
- Equity/Fixed Income Securities including index and actively managed mutual funds

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
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**3. CASH, CASH EQUIVALENTS, AND INVESTMENTS, Continued:**

Cash, cash equivalents, and investments for governmental, fiduciary and proprietary funds of the District as of June 30, 2014 are as follows:

Investment Type	Amount (\$ in thousands)	Weighted Average Maturity (Years)
Commercial Paper	\$ 118,693	0.26
Guaranteed Investment Contract (GIC)	20,338	5.46
Money Market Mutual Funds	22,337	0.14
State Board of Education – COBI*	1,008	-
Time Deposits	4,000	0.77
U.S. Government Agency	175,403	0.18
U.S. Treasury Strip	2,653	15.14
Total Debt Investments	344,432	0.64
Fixed Income/Equity Mutual Funds – Pension Trust Fund	26,355	
Total Investments	370,787	
Cash and Cash Equivalents	274,480	
<b>Total Cash, Cash Equivalents, and Investments</b>	<b>\$ 645,267</b>	

\*Not available from State Board of Education as of fiscal year end.

At June 30, 2014, \$308.1 million in cash and investments relate to unspent debt proceeds pertaining to various financings including General Obligation Bonds, Certificates of Participation (COPs), and Master Equipment Lease 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 Total Cash, Cash Equivalents and Investments of \$645.3 million at June 30, 2014, was comprised of \$522.9 million in Governmental Funds, \$72.3 million in Proprietary Fund - Health Insurance Fund, \$27.2 million in Fiduciary Funds - Pension Trust Fund and \$22.8 million in Fiduciary Fund - Agency Fund (Schools' internal Fund).

The School Board of Miami-Dade County currently has 3 GIC's associated with its Qualified Zone Academy Bonds (QZAB's). These contracts total approximately \$20.3 million with internal rates of return ranging from 3.53% to 6.30% and maturity dates from July 2015 through December 2022.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
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**3. CASH, CASH EQUIVALENTS, AND INVESTMENTS, Continued:**

**Interest Rate Risk:** In accordance with its investment policy under Board Policy 6144, Investments, 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 \$45.5 million in callable bonds 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. The calculated weighted average maturity for all callable U.S. Government Agency Securities is 73 days.

**Credit Risk:** In accordance with Board Policy 6144, the School Board manages its exposure to credit risk by limiting investments to the highest rated government backed securities such as Government Agencies and Treasury Notes. The policy also requires Commercial Paper to be rated A-1 or better, and Money Market Mutual Funds rated AAAM.

Investment Type	Rating *	Percentage of Investments
Commercial Paper	A-1+	32.01%
Federal Farm Credit Bank Agency	AA+	0.27%
Federal Home Loan Bank Agency	AA+	19.65%
Federal Home Loan Mortgage Corporation Agency	AA+	27.38%
Guaranteed Investment Contract	Not Rated	5.49%
Money Market Mutual Funds	AAAM	6.03%
State Board of Education – COBI	Not Rated	0.27%
Time Deposits	N/A	1.08%
U.S. Treasury Strip	AAA	0.72%

\* Standards & Poor's ratings as of June 30, 2014.

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss attributed to the magnitude of investments in a single issuer. In accordance with Board Policy 6144, the District permits investments of up to 7.5% of the total portfolio in Commercial Paper with a single issuer and 60% in total, 30% in Federal Farm Credit Bank, 30% in Federal Home Loan Bank, 30% in Federal Home Loan Mortgage Corporation, 10% in Time Deposits with a single issuer, and unlimited U.S. Treasury Notes as well as Government Obligations Money Market Mutual Funds. The above listed concentration percentages are based on the total investments excluding all cash equivalent investments such as time deposits and savings accounts, although the District's policy permits investments concentration maximum threshold percentages to be calculated including all cash equivalent investments. Although all investments met the maximum percentage thresholds by issuers established by the District's investment policy, the percentage for the General Electric and Toyota commercial paper reflects 10.97% and 10.78%, respectively, when computed without including cash equivalents in comparison to the actual 7.32% and 7.20%, respectively, when computed including all cash equivalent investments as permitted by policy.

**Custodial Credit Risk:** Custodial credit risk is the risk of losses due to the failure of a counterparty that is in possession of investment or collateral securities. All securities in accordance with the District's investment policy under Policy 6144, with the exception of time deposits and guaranteed investment contract, are held by a third party custodian in an account separate and apart from the assets of the custodian and designated as assets of the District.

**Cash/Deposits**

The District's cash deposits include money market/savings, demand deposits and petty cash. All bank balances of the District are fully insured or collateralized as required by Florida Statutes, Chapter 280. At June 30, 2014, the deposit's fair value and book balances were \$274,480 (in thousands).

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
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**4. CAPITAL ASSETS:**

Capital asset balances and activity for the fiscal year ended June 30, 2014 are as follows (in thousands):

	Balance July 1, 2013	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2014
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 337,181	\$ 8,969	\$ -	\$ 346,150
Land Improvements	253,486	381	-	253,867
Construction-in-Progress	82,544	50,132	92,911	39,765
<b>Total Non-Depreciable Capital Assets</b>	<b>673,211</b>	<b>59,482</b>	<b>92,911</b>	<b>639,782</b>
<b>Depreciable Capital Assets:</b>				
Buildings and Improvements	5,509,762	92,418	2,090	5,600,090
Furniture, Fixtures, and Equipment	317,541	22,882	16,273	324,150
Computer Software	83,362	-	-	83,362
Motor Vehicles	140,145	1,120	6,586	134,679
<b>Total Depreciable Capital Assets</b>	<b>6,050,810</b>	<b>116,420</b>	<b>24,949</b>	<b>6,142,281</b>
<b>Less Accumulated Depreciation/ Amortization for:</b>				
Building and Improvements	1,709,561	155,459	2,090	1,862,930
Furniture, Fixtures, and Equipment	229,306	17,759	14,285	232,780
Computer Software	48,718	16,672	-	65,390
Motor Vehicles	72,616	8,033	5,804	74,845
<b>Total Accumulated Depreciation/ Amortization</b>	<b>2,060,201</b>	<b>197,923</b>	<b>22,179</b>	<b>2,235,945</b>
<b>Net Capital Assets</b>	<b>\$ 4,663,820</b>	<b>\$ (22,021)</b>	<b>\$ 95,681</b>	<b>\$ 4,546,118</b>



**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
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**4. CAPITAL ASSETS, Continued:**

For fiscal year ended June 30, 2014, depreciation/amortization by function is as follows:

<b>Functions</b>	<b>Amount (\$ in thousands)</b>
Instructional Services	\$ 1,914
Instructional Support Services	1,413
Pupil Transportation Services	6,775
Operation and Maintenance of Plant	1,184
School Administration	174
General Administration	12
Business/Central Services	204
Administrative Technology Services	1
Food Services	1,160
Community Services	112
Facilities Acquisition and Construction	26,042
Unallocated to a specific function	158,932
<b>Total Depreciation/Amortization</b>	<b>\$ 197,923</b>

Construction-in-progress, as of June 30, 2014, is comprised of the following (in thousands):

	<b>Incurred To Date</b>
Elementary Schools	\$ 20,886
Middle Schools	3,417
Senior High Schools	14,115
Special Schools	764
Administration/Other	583
<b>TOTAL</b>	<b>\$ 39,765</b>

As part of its capital outlay program, the District has entered into various construction contracts. At June 30, 2014, the District had construction commitments of approximately \$97.0 million.

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

Interfund receivables and payables consisted of the following balances as of June 30, 2014 (in thousands):

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
<b>Major Funds:</b>		
General Fund	\$ 25,765	\$ -
Other Federal Programs	-	16,073
Federal Economic Stimulus Funds	-	1,885
<b>Total Major Funds</b>	<u>25,765</u>	<u>17,958</u>
<b>Non-major Funds</b>	<u>-</u>	<u>7,807</u>
<b>Total Governmental Funds</b>	<u><u>\$ 25,765</u></u>	<u><u>\$ 25,765</u></u>

Interfund receivables/payables are short-term balances that represent reimbursements between funds for payments made by one fund on behalf of another fund.

A summary of transfers for the year ended June 30, 2014 are as follows (in thousands):

	<b>Transfers to:</b>				
<b>Transfers from:</b>	<u>General Fund</u>	<u>ARRA Debt Service Fund</u>	<u>Capital Improvement LOML</u>	<u>Non-major Funds</u>	<u>Total</u>
<b>Major Funds:</b>					
General Fund	\$ -	\$ -	\$ -	\$ 2,687	\$ 2,687
Capital Improvement LOML	130,809	2,471	-	169,770	303,050
Certificates of Participation	5,811	-	-	13	5,824
<b>Non-major Funds</b>	<u>23,866</u>	<u>-</u>	<u>2,697</u>	<u>17,712</u>	<u>44,275</u>
<b>Total Governmental Activities</b>	<u><u>\$ 160,486</u></u>	<u><u>\$ 2,471</u></u>	<u><u>\$ 2,697</u></u>	<u><u>\$ 190,182</u></u>	<u><u>\$ 355,836</u></u>

Transfers to the General Fund relate primarily to funding for the maintenance, renovation and/or repair of school facilities, pursuant to Section 1011.71 of the Florida Statutes. Transfers to other non-major funds relate primarily to amount transferred to make debt service payments.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
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**6. DUE FROM/TO OTHER AGENCIES:**

Due from other agencies at June 30, 2014, are as follows (in thousands):

	<u>General Fund</u>	<u>Other Federal Programs</u>	<u>Federal Economic Stimulus Funds</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Federal Government:</b>					
Medicaid Federal	\$ 5,128	\$ -	\$ -	\$ -	\$ 5,128
Food Service Reimbursement	-	-	-	18,647	18,647
Early Head Start/ Head Start	-	4,690	-	-	4,690
Teacher Incentive	-	1,249	-	-	1,249
Race to the Top	-	1,409	-	-	1,409
Miscellaneous Federal	145	1,177	24	-	1,346
<b>State Government:</b>					
Race to the Top	-	-	2,783	-	2,783
Title I	-	7,474	-	-	7,474
Title II	-	2,332	-	-	2,332
SAVES	-	1,412	-	-	1,412
Voluntary Prekindergarten Programs	3,312	-	-	-	3,312
Miscellaneous State	471	1,371	-	-	1,842
<b>Local Government:</b>					
Miscellaneous Local	4,055	1,085	-	22	5,162
Miami-Dade County	-	-	-	10,275	10,275
Clearwire Educational Broadband Service	6,018	-	-	-	6,018
Driver's Education Program	3,170	-	-	-	3,170
<b>Total</b>	<b>\$ 22,299</b>	<b>\$ 22,199</b>	<b>\$ 2,807</b>	<b>\$ 28,944</b>	<b>\$ 76,249</b>

Due to other agencies at June 30, 2014, are as follows (in thousands):

	<u>General Fund</u>	<u>Other Federal Programs</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Federal Government:</b>				
Miscellaneous Federal	\$ -	\$ 22	\$ -	\$ 22
<b>Local Government:</b>				
Charter Schools	3,098	-	-	3,098
Miscellaneous Local	-	1,728	496	2,224
<b>Total</b>	<b>\$ 3,098</b>	<b>\$ 1,750</b>	<b>\$ 496</b>	<b>\$ 5,344</b>

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
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**7. SHORT-TERM DEBT**

Short-term debt activity for the fiscal year ended June 30, 2014, is as follows (in thousands):

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Tax Anticipation Note (TAN), Series 2013, issued on July 25, 2013, effective yield of 0.16%, with a maturity date of March 4, 2014.	\$ -	\$ 250,000	\$ 250,000	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ 250,000</b>	<b>\$ 250,000</b>	<b>\$ -</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 SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
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**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 Internal Revenue Service 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 due on the vested vacation and sick leave balances as applicable. At June 30, 2014, the accrued liability for compensated absences in the General Fund was \$6.7 million.

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 was considered in the determination of this liability.

The statement of net position reflects both the current and long-term portions of compensated absences including retirement incentive benefits. At June 30, 2014, the current and long-term portions were \$16,815 and \$261,791 respectively (in thousands).

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
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**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 reported as Capital Assets. At June 30, 2014 the cost of leased equipment recorded in Capital Assets was \$174.3 million, with accumulated depreciation of \$109.3 million, for a net book value of \$65 million. Additionally, \$33.6 million of unspent proceeds relating to Master Equipment Lease Agreements is disclosed as restricted cash and investments at June 30, 2014 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, 2014 (in thousands):

<b>Fiscal Year</b>	<b>Other Leases</b>	<b>Master Equipment</b>	<b>Lease Total</b>
2015	\$ 462	\$ 31,680	\$ 32,142
2016	381	31,031	31,412
2017	246	12,816	13,062
2018	53	9,731	9,784
2019	7	9,731	9,738
2020 - 2023	-	13,467	13,467
	1,149	108,456	109,605
Less Amount Representing Interest *	95	5,955	6,050
<b>Present Value of Minimum Lease Payments</b>	<b>\$ 1,054</b>	<b>\$ 102,501</b>	<b>\$ 103,555</b>

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

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
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**10. 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 portion of the District's 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, 2014, amounts withheld and in the custody of the state totaled \$986 (in thousands) and are included as cash and investments with fiscal agent in the District's Statement of Net Position.

**General Obligation Bonds**

On March 8, 1988, pursuant to Florida Statutes, Sections 1010.40 through 1010.54, 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 were used to pay for the construction of new educational facilities and improving existing educational facilities. As of June 30, 2014, no bonds remain to be issued. Principal and interest on the bonds is 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.

On November 6, 2012, pursuant to Florida Statutes, Sections 1010.40 through 1010.54, voter residents of the County approved a referendum authorizing the School Board to issue additional General Obligation School Bonds in an aggregate amount not to exceed \$1.2 billion. The proceeds of the bonds are to be used to pay for modernizing, constructing, enlarging or otherwise improving school buildings, including educational technology upgrades.

As of June 30, 2014, two separate bond series have been issued pursuant to this referendum. The General Obligation Bond Series 2013 and 2014A were sold on July 10, 2013. The General Obligation Bond Series 2013, for \$190.0 million was issued on July 24, 2013 and the General Obligation Bond Series 2014A, for \$96.5 million, negotiated on a forward settle basis, was issued on February 11, 2014.

Principal and interest on these and any future bond issues 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.

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

A summary of bonds payable as of June 30, 2014 is as follows (in thousands):

	<u>Authorized</u>	<u>Issued</u>	<u>Outstanding</u>
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 & 1997A to achieve debt service savings.	\$ 89,680	\$ 89,680	\$ 22,950
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.	\$ 2,735	\$ 2,735	\$ 1,270
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, 2018 at par plus 1% premium, and thereafter at par.	\$ 8,425	\$ 8,425	\$ 6,840
State Board of Education (SBE) Capital Outlay Bonds – Series 2009A, Refunding due in varying annual payments through January 1, 2019, with interest rates ranging from 2.00% to 5.00%. Interest is payable semi-annually on January and July 1. Bonds are callable on January 1, through December 31, 2019 at par plus 1% premium, and thereafter at par.	\$ 1,710	\$ 1,710	\$ 895



**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>
State Board of Education (SBE) Capital Outlay Bonds – Series 2009A, New Portion due in varying annual payments through January 1, 2029, with interest rates ranging from 2.00% to 5.00%. Interest is payable semi-annually on January and July 1. Bonds are callable on January 1, through December 31, 2019 at par plus 1% premium, and thereafter at par.	\$ 1,355	\$ 1,355	\$ 1,155
State Board of Education (SBE) Capital Outlay Bonds – Series 2010A, Refunding due in varying annual payments through January 1, 2022, with interest rates ranging from 4.00% to 5.00%. Interest is payable semi-annually on January and July 1. Bonds are callable on January 1, through December 31, 2020 at par. A portion of the proceeds was used to refund SBE Capital Outlay Bonds Series 2001A & 2002A to achieve debt service savings.	\$ 1,440	\$ 1,440	\$ 1,200
State Board of Education (SBE) Capital Outlay Bonds – Series 2010A, New Portion due in varying annual payments through January 1, 2030, 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, 2020 at par.	\$ 640	\$ 640	\$ 555
State Board of Education (SBE) Capital Outlay Bonds – Series 2011A, Refunding 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, 2021 at par. A portion of the proceeds was used to refund SBE Capital Outlay Bonds Series 2003A to achieve debt service savings.	\$ 725	\$ 725	\$ 680
State Board of Education (SBE) Capital Outlay Bonds – Series 2014A, Refunding due in varying annual payments through July 1, 2024, with interest rates ranging from 2.00% to 5.00%. Interest is payable semi-annually on January and July 1. Bonds are callable on January 1, through December 31, 2024 at par. A portion of the proceeds was used to refund SBE Capital Outlay Bonds Series 2004A to achieve debt service savings.	\$ 2,963	\$ 2,963	\$ 2,963

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

	<u>Authorized</u>	<u>Issued</u>	<u>Outstanding</u>
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 August 1, 2004 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.	Third in a series not to exceed \$ 980,000	\$ 99,030	\$ 11,475
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.	\$ 86,785	\$ 86,785	\$ 31,030
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.	\$ 154,580	\$ 154,580	\$ 40,200
General Obligation School Bonds, Series 2013, consisting of Serial and Term Bonds, due in varying payments through March 15, 2043. Interest rates ranging from 4.0% to 5.0%, is payable March 15 and September 15. True Interest Cost is 4.5389%. Bonds maturing on March 15, 2024 and thereafter are callable.	First in a series not to exceed \$ \$1,200,000	\$ 190,005	\$ 190,005
General Obligation School Bonds, Series 2014A, consisting of Serial and Term Bonds, due in varying payments through March 15, 2044. Interest, at a rate of 5.0%, is payable March 15 and September 15. True Interest Cost is 4.6756%. Bonds maturing on March 15, 2025 and thereafter are callable.	Second in a series not to exceed \$ \$1,200,000	\$ 96,475	\$ 96,475
<b>Total Long-Term Bonds Payable</b>			<b><u>\$ 407,693</u></b>

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

Several of the SBE long-term bonds are callable prior to maturity during the years 2015 through 2024. The GOB and SBE debt service requirements to maturity, assuming none of the SBE bonds are called prior to their scheduled maturity date, are as follows (in thousands):

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service Requirements</b>
2015	\$ 54,849	\$ 11,327	\$ 66,176
2016	44,498	17,605	62,103
2017	17,709	15,389	33,098
2018	6,364	14,506	20,870
2019	6,471	14,188	20,659
2020-2024	36,137	65,883	102,020
2025-2029	42,330	56,280	98,610
2030-2034	49,520	45,119	94,639
2035-2039	63,150	31,447	94,597
2040-2044	80,595	14,000	94,595
2045-2049	6,070	304	6,374
<b>Total</b>	<b>\$ 407,693</b>	<b>\$ 286,048</b>	<b>\$ 693,741</b>

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
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**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") and blended component unit of the District, 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 sites 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 appropriated 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 plans to make the Series 2004A, 2005A, 2006C, and 2006D lease payments from the impact fees collected on new residential construction by Miami-Dade County and remitted to the School Board, and from Local Optional Millage Levy.

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 AMBAC Assurance Corp., National Public Finance Guarantee Corp. (successor obligor under policies issued by MBIA Insurance Corp. and Financial Guaranty Insurance Co.), Assured Guaranty Corp., and Assured Guaranty Municipal Corp.

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.

Under the American Recovery and Reinvestment Act of 2009, Qualified School Construction Bonds (QSCBs) and Build America Bonds (BABs) were established to provide for taxable obligations to be issued by the school district with a federal subsidy for interest. Series 2009B and 2010A were issued under the Qualified School Construction Bond program and Series 2010B were issued under the Build America Bond program. The 2009B Series provides federal tax credits in lieu of interest payments to the Certificate holder, which is similar to the Series 2000, 2001, 2003, and 2006 Qualified Zone Academy Bonds (QZAB) program. The Series 2010A and 2010B, along with the Series 2010 QZAB, were issued as direct pay bonds whereby the interest subsidy is paid directly to the school district by the U.S. Treasury.

**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:**

The Internal Revenue Services (IRS) announced on March 4, 2013, that payments to issuers of these bonds were subject to a reduction of 8.7% of the amount budgeted for such payment. This sequester reduction rate was later modified and all refund payments processed on or after October 1, 2013 and on or before September 30, 2014, will be reduced by the fiscal year 2014 sequestration rate of 7.2%. Accordingly, unless Congress acts to again change the sequester percentage or otherwise changes the application of the cuts, the School Board anticipates its aggregate expected QSCB Issuer Subsidy, BAB Issuer Subsidy and QZAB Issuer Subsidy of \$7,258 (in thousands) to be reduced by 7.2% (which equates to a \$523 (in thousands) reduction), for fiscal year 2014, resulting in a corresponding increase in interest costs for the District that must be paid from other revenue sources.

A summary of Certificates of Participation payable as of June 30, 2014 is as follows (in thousands):

<u>Debt Series</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate(s)</u>	<u>Issued</u>	<u>Outstanding</u>
<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 Bonds</b> – Interest is paid by 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 Bonds</b> – Interest is paid by U.S. Government through issuance of federal income tax credits.	12/15/06	12/15/22	N/A	2,599	2,599
<b>2010 Qualified Zone Academy Bonds</b> – 5.10% Tax Credit paid by U.S. Government to the District.	11/10/10	11/01/29	True Interest Cost 0.15% 5.25% (without 5.10% U.S. Subsidy)	24,480	24,480
<b>2001B Series</b> – Auction Rate Certificates converted to variable rate mode based on LIBOR plus 0.75% under a Private Placement with predetermined reset terms.	06/19/01	05/01/31	Variable Interest 0.90% @ June 30, 2014	54,650	42,075
<b>2002A Series</b> – Auction Rate Certificates converted to variable rate mode based on SIFMA plus 0.75% under a Private Placement with predetermined reset terms.	12/13/02	08/01/27	Variable Interest 0.81% @ June 30, 2014	75,000	54,245
<b>2002B Series</b> – Auction Rate Certificates converted to variable rate mode based on SIFMA plus 0.75% under a Private Placement with predetermined reset terms.	12/13/02	08/01/27	Variable Interest 0.81% @ June 30, 2014	75,000	54,515
<b>2004A Series</b> – Serial Certificates. Partially refunded 2000A and 2001C Series.	08/12/04	10/01/20	True Interest Cost 4.29% 2.25% to 5.25%	87,210	44,470
<b>2005A Series</b> – Serial & Term Certificates.	06/28/05	04/01/20	True Interest Cost 3.892% 3.5% to 5%	56,380	2,040
<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	155,545
<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	164,255

**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, 2014 is as follows (in thousands):

<u>Debt Series</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate(s)</u>	<u>Issued</u>	<u>Outstanding</u>
<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	\$ 33,130
<b>2006D Series</b> – Serial Certificates. Partially refunded 2001C Series.	12/21/06	10/01/21	True Interest Cost 4.098% 3.625% to 5.00%	10,570	9,950
<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	280,955
<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	88,365
<b>2007C Series</b> – Auction Rate Certificates converted to variable rate mode based on LIBOR plus 0.75% under a Private Placement with predetermined reset terms.	05/24/07	05/01/37	Variable Interest 0.90% @ June 30, 2014	90,825	90,825
<b>2008A Series</b> – Serial Certificates. Forward cash refunded 1998A & 1998C Series.	06/19/08	08/01/26	True Interest Cost 4.327% 5%	233,400	160,925
<b>2008B Series</b> – Serial & Term Certificates.	05/28/08	05/01/33	True Interest Cost 4.869% 3.5% to 5.25%	538,305	507,985
<b>2008C Series</b> – Variable Rate Demand Notes converted to a five year Floating Rate Note effective May 16, 2012 based on 70% of LIBOR plus 0.80%. If cannot be remarketed, interest shall accrue at Base Rate plus 1%, and from the 31 <sup>st</sup> day, interest shall accrue at Base Rate plus 5%.	08/01/08	07/15/27	Variable Interest 0.91% @ June 30, 2014	57,770	57,440
<b>2009A Series</b> – Serial & Term Certificates.	02/26/09	02/01/34	True Interest Cost 5.28% 3.00% to 5.375%	310,055	266,120
<b>2009B Series – Qualified School Construction Bonds.</b> Interest is paid by U.S. Government through issuance of federal income tax credits (sold at a discount price of 73.673% resulting in a True Interest Cost of 1.859%).	12/15/09	12/15/26	N/A	104,000	104,000
<b>2010A Series – Qualified School Construction Bonds,</b> 5.54% Tax Credit paid by U.S. Government to the District.	06/24/10	06/15/27	True Interest Cost 0.852% 6.24% to 6.49% (without 5.54% U.S. Subsidy)	96,290	96,290
<b>2010B Series – Build America Bonds,</b> 35% Tax Credit paid by U.S. Government to the District.	06/24/10	06/15/32	True Interest Cost 4.523% 6.84% to 6.94% (without 35% U.S. Subsidy)	27,990	27,990
<b>2011A Series</b> – Include fixed rate certificates refunded of Series 2003B. Term bonds fully refunded by the 2014A Series.	03/29/11	05/01/31	True Interest Cost 4.449% 2.5% to 5%	139,055	48,620

**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, 2014 is as follows (in thousands):

<u>Debt Series</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate(s)</u>	<u>Issued</u>	<u>Outstanding</u>
<b>2011B Series</b> – Include fixed rate and term rate certificates partially refunded of Series 2007A, 2007B, and 2009A. Term bonds include a mandatory 5 year soft put on 05/01/16 of \$70,000 at 100%. If cannot be remarketed, interest shall accrue at 11% per year.	03/29/11	05/01/32	True Interest Cost 5.154% 5% to 5.75%	\$ 137,660	\$ 137,660
<b>2012A Series</b> – Include Fixed Rate and Term Rate Certificates partially refunded Series 2003D (\$148,850). Term Bonds include a mandatory 4 year soft put on 8/1/2016 of \$58,780 at 100% with a gross savings of (\$424) and a net present value economic savings of \$7, 434. If cannot be remarketed, interest shall accrue at 11% per year.	07/05/2012	08/01/2029	True Interest Cost 3.606% 2% to 5%	149,365	149,365
<b>2012B-1 Series</b> – Serial Certificates. Partially refunded 2004A (\$15,575) with a gross savings of \$2,814 and net present value economic savings of \$2,270	07/05/2012	10/01/2020	True Interest Cost 2.814% 5%	13,765	13,765
<b>2012B-2 Series</b> – Serial Certificates. Partially refunded 2005A (\$16,725) with a gross savings of \$1,994 and a net present value economic savings of \$1,677	07/05/2012	04/01/2020	True Interest Cost 2.379% 4%	15,655	15,655
<b>2013A Series</b> – Serial Certificate. Partially refunded 2006A (\$15,335), 2006B (\$12,470), 2007A (\$9,525), 2007B (\$2,075) and 2008B (\$30,320) with a gross savings of (\$55,967) and a net present value economic dissavings of (\$9,364)	05/01/2013	05/01/2032	True Interest Cost 4.199% 5%	68,230	68,230
<b>2013B Series</b> – Serial Certificates. Fully refunded 2003D (\$2,110) and partially refunded 2009A (\$6,395) with a gross saving of (\$5,912) and a net present value economic dissavings of (\$793)	05/01/2013	02/01/2030	True Interest Cost 4.097% 5%	8,160	8,160
<b>2014A Series</b> – Term Rate Certificates fully refunding the 2011A Term Rate Certificates. The bonds have a mandatory 10 year soft put on 5/1/2024 at 100% with a gross savings of (\$11,702) and a net present value economic savings of \$8,087. If cannot be remarketed, interest shall accrue at 11% per year.	03/11/2014	05/01/2031	True Interest Cost 4.056% 5%	70,980	70,980
<b>2014 C Series</b> – Serial Certificates	06/30/2014	05/1/2024	True Interest Cost 2.210% 2.21%	4,085	4,085
				<u>\$ 3,356,898</u>	<u>\$ 2,809,463</u>

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

At June 30, 2014 the following defeased certificates remain outstanding:

<u>Defeased Certificates</u>	<u>Amount Outstanding</u>
2006A	\$ 9,610,000
2006B	\$ 6,490,000
2008B	\$ 30,320,000

Debt service requirements for obligations under lease purchase agreements – Certificates of Participation to maturity, assuming the obligations will be remarketed based on the specified soft put dates disclosed below, are as follows (in thousands):

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest****</u>	<u>Total Debt Service Requirements*</u>
2015	\$ 56,609	\$ 116,072	\$ 172,681
2016**	86,862	113,533	200,395
2017***	106,815	110,659	217,474
2018	118,225	105,347	223,572
2019	129,655	100,627	230,282
2020 – 2024**	663,845	425,518	1,089,363
2025 – 2029	922,780	274,414	1,197,194
2030 – 2034	667,647	70,838	738,485
2035 – 2037	57,025	1,015	58,040
<b>Total</b>	<b>\$ 2,809,463</b>	<b>\$ 1,318,023</b>	<b>\$ 4,127,486</b>

\* The schedule above reflects required annual payments to the sinking fund for the retirement of the debt, and are not considered reduction of principal until the year of maturity.

\*\* Requirements for 2016 and 2024 include mandatory soft puts. Series 2011B has a 5-year soft-put on May 1, 2016 of \$70 million. Series 2012A has a 4 year soft put on August 1, 2016 of \$58.78 million. Series 2014A has a 10 year soft put on May 1, 2024 of \$71 million. The District intends to remarket these in full, however if cannot be remarketed, interest shall accrue at 11% per year.

\*\*\* Requirements for 2017 include a 5-year floating rate note for COP Series 2008C, effective May 16, 2012 based on 70% of LIBOR plus 0.80%. The District intends to remarket in full, however if it cannot be remarketed interest shall accrue at base rate plus 1%, and from the 31<sup>st</sup> day, interest shall accrue at base rate plus 5%.

\*\*\*\* Interest rates on several obligations are variable. The rates for such obligations range from 0.81% - 0.91%.



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

**Hedging Derivative Instrument:**

**Objectives:** The District entered into pay-fixed interest rate forward swaps (referred to herein collectively as “Swaps”) in order to lower its cost of capital and protect against rising interest rates. The Swaps are classified as cash flow hedges on the District’s floating rate debt and were executed to manage its mix of fixed and floating rate exposure in its on-going borrowing program.

The following Swaps had changes in fair value totaling \$1,391,141 classified as a decrease of the Deferred Outflow of Resources and all fair values (including accrued interest) have been calculated using the zero-coupon method independently calculated. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. The payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swap.

Counterparty	Notional Amount Outstanding	Effective Date	Termination Date	Associated Certificates	Fixed Payable Swap Rate	Variable Receivable Swap Rate	Counterparty credit rating at June 30, 2014*	Fair Value at June 30, 2014
Royal Bank of Canada	\$54,245,000	04-01-2007	08-01-2027	COP 2002A	3.821%	70% 1Mo LIBOR	Aa3/AA-/AA	(8,219,822)
Royal Bank of Canada	\$54,515,000	04-01-2007	08-01-2027	COP 2002B	3.821%	70% 1Mo LIBOR	Aa3/AA-/AA	(8,155,016)
Royal Bank of Canada	\$57,440,000	03-08-2012	07-15-2027	COP 2008C	3.909%	70% 1Mo LIBOR	Aa3/AA-/AA	(11,096,855)

\*Moody's/S&P/FITCH

Using rates as of June 30, 2014, debt service requirements for variable rate debt and net Swap payment, assuming current interest rates remain the same, are as follows (in thousands):

Fiscal Year	Principal	Interest	Hedging Derivative Instruments, Net	Total Interest	Total Debt Service Requirement
2015	\$ 7,560	\$ 1,413	\$ 6,047	\$ 7,460	\$ 15,020
2016	\$ 7,935	\$ 1,392	\$ 5,737	\$ 7,129	\$ 15,064
2017	\$ 8,330	\$ 1,322	\$ 5,441	\$ 6,763	\$ 15,093
2018	\$ 7,990	\$ 1,249	\$ 5,112	\$ 6,361	\$ 14,351
2019	\$ 8,610	\$ 1,177	\$ 4,654	\$ 5,831	\$ 14,441
2020 – 2024	\$ 49,025	\$ 4,686	\$ 18,698	\$ 23,384	\$ 72,409
2025 – 2028	\$ 76,750	\$ 1,736	\$ 6,279	\$ 8,015	\$ 84,765
<b>Total</b>	<b>\$ 166,200</b>	<b>\$ 12,975</b>	<b>\$ 51,968</b>	<b>\$ 64,943</b>	<b>\$ 231,143</b>

**Risk Disclosure:**

**Credit Risk.** The Swaps rely upon the performance of the third parties who serve as swap counterparties, and as a result the District is exposed to credit risk, or the risk that a swap counterparty fails to perform according to its contractual obligations. The appropriate measurement of this risk at the reporting date is the fair value of the Swaps, as shown in the columns labeled Fair Value in the table above. To mitigate credit risk, the District maintains strict credit standards for swap counterparties. The current swap counterparty has ratings in double-A category or better. To further mitigate counterparty credit risk, the District’s swap documents require counterparties to post collateral for the District’s benefit if they are downgraded below Aa3 by Moody’s and below AA- by Standard & Poor’s, if the swap values exceed specified thresholds. Collateral is to be in the form of US Treasuries or Agency securities held by a third party custodian. Currently, the Swaps have not been in an asset position requiring the posting of collateral. There is no master netting arrangement on the outstanding Swaps.

**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:**

*Interest Rate Risk.* The Swaps are intended to protect the District against changes in floating interest rates. If floating rates rise, the District's payment on the variable rate bonds should increase but should be offset by the variable rate payments it receives under the Swaps.

*Basis Risk.* The District's Swaps expose the District to basis risk should the relationship between the floating rates the District will receive on the swaps (70% of LIBOR) fall short of the variable rate on the associated bonds, the expected savings may not be realized. As of June 30, 2014, the variable rate was 0.06%, while the LIBOR rate was 0.15% on both the 2002A & 2002B certificates, and the District received 0.10% (70%) on both the 2002A & 2002B certificates. As of June 30, 2014, the 2008C variable rate was 0.10%, while the LIBOR rate was 0.15% and the District received 0.10% (70%).

*Termination Risk.* The District's Swap agreements do not contain any out-of-the-ordinary termination events that would expose it to significant termination risk. In keeping with market standards the District or the counterparty may terminate each swap if the other party fails to perform under the terms of the contract. In addition, the swap documents allow either party to terminate in the event of a significant loss of creditworthiness. If at the time an early termination of the swap was declared and the swap had a negative value, the District would be liable to the counterparty for a payment equal to the fair value of such swap. The District views such events to be remote in the case of the current counterparty which is rated Aa3/AA-. On March 8, 2012 the District replaced the Merrill Lynch Capital Markets (MLCS) swap associated with the 2008C COP due to an Additional Termination Event, which occurred when MLCS guarantor, Merrill Lynch & Co. was downgraded by Moody's to below A3. The District Swap agreements provide the optional right of the District to replace the swap with a new creditworthy counterparty when an Additional Termination Event occurs.

**12. DEBT SERVICE:**

The amount available for debt service consists of resources from the Debt Service Funds legally required to be used for debt service until the related debt is extinguished (in thousands):

<b><u>Categories:</u></b>	<b><u>Amounts</u></b>
Restricted for Payment of State Board of Education and Capital Outlay Bonds	\$ 986
Restricted for Payment of District Bond Funds	47,084
Restricted for Other Debt Service	23,732
<b>Total Available in Debt Service Funds</b>	<b>\$ 71,802</b>

All Certificates of Participation Lease Payments and all other amounts required to be paid by the School Board under the various Series under the Master Lease and all other Leases are made from legally available funds appropriated for such purpose by the School Board. The substantive portion for these payments is provided by the Local Optional Millage Levy on ad-valorem property. Separate Lease Payment Accounts are established for each series of Certificates issued under the Trust Agreement. Lease Payments are due under the Master Lease on an all-or-none basis and are payable on a parity basis solely from legally available funds appropriated by the School Board for such purpose. Such payments are normally transferred to the Trustee 15 days before Lease Payments are due.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

**13. ESTIMATED LIABILITY ON INSURANCE RISKS AND PENDING CLAIMS:**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; administrative errors and omissions; injuries to employees, students and guests; as well as natural disasters. The District is self-insured for portions of its general and automobile liability insurance, workers' compensation and health insurance. Losses involving auto and general liability claims are limited (generally) by provisions of the Florida State Statute 768.28. Claims brought against the District are handled by a contracted third-party administrator. The District purchases commercial insurance for other risks including property and other miscellaneous risks as follows:

<b>Type</b>	<b>Risk Retention/ Deductible</b>	<b>Coverage after Retention/Deductible</b>
Workers' Compensation	\$1,500,000	Statutory/\$3,000,000
General, Fleet Liability, and Errors and Omissions	\$200,000/\$300,000	\$500,000 per occurrence, \$3,250,000 annual aggregate
Property	\$100,000,000 per occurrence for hurricanes; \$1,000,000 per incident for all other perils.	\$250,000 per occurrence/annual aggregate for all perils including windstorms, earthquakes and floods.
	\$100,000 for each act of terrorism	\$50,000,000 annual aggregate

Accordingly, liabilities for certain retained risks are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The District's estimated liability for self-insured losses relating to the casualty program consisting of general liability, automobile liability, professional liability/errors and omissions, and workers' compensation claims was determined by an independent actuarial valuation performed as of June 30, 2014. Liabilities, as determined by the actuary, include an amount for claims that have been incurred but not reported (IBNR). Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The portion of the liability that is due and payable at June 30, 2014 is recorded in the General Fund and the remaining portion is recorded in the government-wide financial statements. Liability for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using expected future investment yield of 2.5%.

The School Board authorized the purchase of Individual Stop Loss (ISL) coverage for its self-insured health program effective January 1, 2014, from Cigna with an attachment point of \$880,000 per claimant.

The School Board approved a set of premium equivalent rates, based upon actuarial projections of claims including claims incurred but not reported (IBNR) for the calendar year provided by the School Board's Employee Benefits Consulting firms of AON Hewitt and Cigna. The calendar year 2014 monthly rates for the three offered Open Access Programs (OAP) are \$655 (OAP 10), \$632 (OAP 20) and \$636 (Local Plus). The Board's contribution for employee only coverage is limited to the \$636 (Local Plus); therefore, employees who choose the OAP 10 or OAP 20 are subject to a monthly cost share based upon their salary band. Effective January 1, 2010, the cost of dependent healthcare coverage became banded by salary tiers which was renewed for January 1, 2014.

The School Board continues to offer an opt out provision for employees who can provide proof of insurance coverage. Employees who opt out receive a monthly adjustment to gross compensation of \$100/month.

The District's estimated liability for health insurance claim payments was determined by an independent actuarial valuation performed as of June 30, 2014.

There were no losses which exceeded coverage in fiscal years ended June 30, 2012, 2013 and 2014.

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**13. ESTIMATED LIABILITY ON INSURANCE RISKS AND PENDING CLAIMS, Continued:**

A total estimated liability amount of \$179.1 million was actuarially determined to cover reported and unreported claims payable at June 30, 2014. It is estimated that of the current portion, \$62.4 million is due within a year. The remaining \$116.7 million will be due in future years.

	<b>Estimated Liability For Pending Claims (in thousands)</b>		
	<b>Current Portion</b>	<b>Long-Term Portion</b>	<b>Total</b>
Workers' compensation	\$ 24,796	\$ 102,403	\$ 127,199
General and occupational liability	3,742	10,999	14,741
Fleet liability	1,084	3,329	4,413
Group Health	32,807	-	32,807
<b>Total</b>	<b>\$ 62,429</b>	<b>\$ 116,731</b>	<b>\$ 179,160</b>

Changes in the balance of claims liabilities for the years ended June 30, 2013 and 2014 are as follows (in thousands):

	<b>Balance July 1, 2012</b>	<b>Current year claims and changes in estimates</b>	<b>Claim payments</b>	<b>Balance June 30, 2013</b>
Workers' compensation	\$ 76,059	\$ 43,842	\$ (34,422)	\$ 85,479
General and occupational liability	13,443	447	(2,219)	11,671
Fleet liability	4,185	1,030	(1,353)	3,862
Group Health	36,089	337,169	(335,635)	37,623
<b>Total</b>	<b>\$ 129,776</b>	<b>\$ 382,488</b>	<b>\$ (373,629)</b>	<b>\$ 138,635</b>

	<b>Balance July 1, 2013</b>	<b>Current year claims and changes in estimates</b>	<b>Claim payments</b>	<b>Balance June 30, 2014</b>
Workers' compensation	\$ 85,479	\$ 75,052	\$ (33,332)	\$ 127,199
General and occupational liability	11,671	5,042	(1,972)	14,741
Fleet liability	3,862	2,100	(1,549)	4,413
Group Health	37,623	322,805	(327,621)	32,807
<b>Total</b>	<b>\$ 138,635</b>	<b>\$ 404,999</b>	<b>\$ (364,474)</b>	<b>\$ 179,160</b>

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**14. CHANGES IN LONG-TERM LIABILITIES:**

Long-term liabilities balances and activity for the year ended June 30, 2014 are as follows (in thousands):

	<u>Balance 7/1/13*****</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/14</u>		<u>Amounts Due Within One Year</u>	
Bonds Payable	\$ 175,483	\$ 304,728	\$ (56,473)	\$ 423,738	*	\$ 58,932	**
Certificates of Participation Payable by the Foundation, net	2,921,772	83,632	(149,847)	2,855,557	***	59,554	****
Derivative Instrument Liabilities	28,863	-	(1,391)	27,472		-	
Capital Leases Payable	89,332	37,256	(23,033)	103,555		29,686	
Self-Insurance Estimated Claims Payable	138,635	404,999	(364,474)	179,160		62,429	
Retirement Incentive Benefits	1,552	-	(37)	1,515		185	
Compensated Absences	268,688	31,865	(23,462)	277,091		16,630	
Other Post Employment Benefits	14,099	5,877	-	19,976		-	
Interlocal Construction Contract Agreement	2,000	-	-	2,000		-	
<b>Total</b>	<b>\$ 3,640,424</b>	<b>\$ 868,357</b>	<b>\$ (618,717)</b>	<b>\$ 3,890,064</b>		<b>\$ 227,416</b>	

\* Includes unamortized premium in the amount of \$16,045.

\*\* Includes principal payments plus unamortized premium in the amount of \$1,008.

\*\*\* Amount is more than the principal balance of \$2,809,463 in Note 11 by \$46,094 which represents the net unamortized premium.

\*\*\*\* Includes principal payments plus unamortized premium in the amount of \$2,945.

\*\*\*\*\* Balance at 7/1/13 has been restated to comply with the requirement related to the implementation of GASB Statement No. 65. The restatement resulted in the expensing of \$24.6 million of unamortized debt issuance costs.

Payments for insurance claims (other than health insurance claims that are paid from the Internal Service Fund), retirement incentive benefits, compensated absences, and other post employment benefits are paid by the General Fund. Capital Leases are primarily paid from capital project funds.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
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**15. STATE REVENUE SOURCES:**

A major source of the District's revenue is received from the State of Florida, who provided approximately 36% of total revenues in fiscal year 2013-14. The following is a schedule of state revenue sources and amounts (in thousands):

<u>Sources</u>	<u>Amount</u>
Florida Education Finance Program	\$ 712,493
Categorical Educational Programs	427,485
Workforce Development	79,602
Charter School Capital Outlay Funding	23,866
Capital Outlay and Debt Service (CO&DS) Withheld for SBE/COBI Bonds	13,543
Food Service Supplement	2,231
Adults with Disabilities	1,123
CO&DS Distributed	1,391
Workforce Education Performance Incentive	736
CO&DS Withheld For Administrative Expense	227
State License Tax	200
Interest on Undistributed CO&DS	73
SBE/COBI Bond Interest	1
Miscellaneous	3,268
<b>Total</b>	<b>\$ 1,266,239</b>

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
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**16. PROPERTY TAXES:**

The Board is authorized by state law to levy property taxes for District school operations, capital improvements and debt service. Property taxes consist of ad valorem taxes on real and personal property within the District. Property taxes are assessed by the County Property Appraiser and are collected by the County Tax Collector.

Property values are assessed as of January 1 of each year. Taxes are levied after the millage rate is certified in September of each year. Tax bills are mailed in October and taxes are payable between November 1 of the year assessed and March 31 of the following year at discounts of up to 4% for early payment.

Taxes become delinquent on April 1 of the year following the year levied for. State law provides for enforcement of collection of real property taxes. First, interest-bearing tax certificates are sold at public auction to recover delinquent taxes. Finally, if the tax certificates are not paid with accrued interest by the property owner, the purchaser of the tax certificate is entitled to take possession of the property. Accordingly, substantially all of the taxes assessed for calendar year 2013 have been recognized for the fiscal year ended June 30, 2014.

The State Constitution limits the levying of non-voted taxes by the School Board to 10 mills (\$10.00 per thousand of assessed valuation). State law prescribes on an annual basis the upper limit of non-voted property tax millage that may be levied. For fiscal year 2013-14 the limit of 7.644 mills was levied. The total adjusted assessed value for calendar year 2013 on which the fiscal year 2014 levy was based on approximately \$207.1 billion.

Actual property taxes collected and reflected in the table below totaled 97.1% of taxes levied, including collections from prior years' tax levies but exclude tax redemptions. The Miami-Dade County Tax Collector is not required by law to make an accounting to the District of the difference between taxes levied and taxes collected. However, because discounts are allowed for early payment of taxes and because of other reasons for noncollection, the District's budget anticipates that 96% of taxes levied will be collected.

The following is a summary of millages and taxes levied on the 2013 tax roll at 96% for the fiscal year 2013-14 (in thousands):

		Taxes		
	Millages	Levied	Collected	Uncollected (Net)
GENERAL FUND				
Nonvoted School Tax:				
Required Local Effort	5.396	\$ 1,114,264	\$ 1,086,049	\$ 28,215
Discretionary Local Effort	.687	141,864	138,272	3,592
	6.083	\$ 1,256,128	\$ 1,224,321	\$ 31,807
CAPITAL PROJECT FUNDS				
Nonvoted Tax:				
Local Capital Improvements	1.561	\$ 322,344	\$ 313,877	\$ 8,467
DEBT SERVICE FUNDS				
Voted Tax:				
Debt Service - General				
Obligation Bonds	.333	\$ 68,764	\$ 66,922	\$ 1,842

Taxes reported in the Governmental Funds as reflected above includes an accrual only for taxes collected within 60 days after the fiscal year-end. In the government-wide financial statements the District bases the estimates of taxes receivable and uncollectible taxes on historical experience. For fiscal year 2013-14, the District considered \$48.4 million or 2.9% of levied taxes as uncollectible.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
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**17. RETIREMENT BENEFITS:**

The School Board provides retirement benefits to its employees through the Florida Retirement System, the Supplemental Early Retirement Plan, and a Deferred Retirement Option Program (DROP), as well as state approved Other Post Employment Benefits (OPEB) in the form of subsidized health insurance premiums.

**Florida State Retirement Programs**

The School Board participates in the Florida Retirement System (FRS) a cost sharing multiple employer public employee retirement system which is totally administered by the State of Florida, Department of Management Services, Division of Retirement. The District's payroll for employees covered by FRS for the year ended June 30, 2014 was approximately \$1.7 billion; the District's total payroll was approximately \$1.8 billion.

Prior to September 2002 all Florida Retirement System plans were defined benefit plans. Since September 2002 all covered employees may opt to participate in a defined contribution plan referred to as the Public Employee Optional Retirement Program (PEORP) established by the State of Florida. Participating employers pay to FRS a single rate, established annually by the Florida Legislature. Other than a one year vesting requirement, the state has established no restrictions which would affect when an employee participating in the defined contribution plan may retire. Only restrictions imposed by the Internal Revenue Service would apply.

The 2011 Florida Legislature passed Senate Bill 2100, making significant changes to the FRS. The bill signed into law by Governor Rick Scott was effective July 1, 2011. Some of the changes impact current members while other changes will only impact future members who are initially enrolled in FRS on or after July 1, 2011.

Effective July 1, 2011, FRS members must contribute 3% of their gross salary amount on a pre-tax basis. Members participating in the Deferred Retirement Option (DROP) Program, and reemployed retirees who are not allowed to renew membership are not required to pay employee contribution. Members with an effective retirement date or DROP begin date on or before July 1, 2011 did not have a change in their 3% Cost of Living Adjustment (COLA). Members with an effective retirement date or DROP begin date on or after August 1, 2011 had their COLA reduced from 3%. The COLA formula is the total years of service before July 2011 divided by the total service credit at retirement multiplied by 3%. The annual DROP interest rate will be 1.3% for members whose DROP participation begins on or after July 1, 2011.

There are three major changes to the FRS which only affect members that are initially enrolled in the FRS on or after July 1, 2011. FRS changes dealing with vesting requirements, normal retirement date and the calculation of average final compensation (AFC). First, as a member of the FRS Pension Plan, you must be vested to be eligible for a future monthly retirement. Members initially enrolled on or after July 1, 2011, are vested after eight years of creditable service. Members that terminate FRS employment prior to vesting may receive a refund on the total employee contribution. Second, members initially enrolled on or after July 1, 2011, the normal retirement date is when first eligible to receive an unreduced retirement benefit based on age or years of service. A Regular Class, Senior Management Service Class or Elected Officers' Class member is eligible for normal retirement when he or she is vested and reaches age 65 or completes 33 years of service, whichever occurs first. A Special Risk Class member is eligible for normal retirement when he or she is vested and reaches age 60 or complete 30 years of special service, whichever occurs first. Third, members enrolled on or after July 1, 2011, the average final compensation calculation used in calculating the retirement benefit will be the highest eight fiscal years of salary.



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**17. RETIREMENT BENEFITS, Continued:**

**Florida State Retirement Programs**

Under the FRS, the District was required to contribute to the plans as of July 1, 2013, 6.95% of the salary of regular members (both Pension Plan and Investment Plan) and the 19.06% of the salary of the special risk members. The District's contributions to FRS for both the Regular plan and Special Risk plan are equal to the annual required contributions for each year as follows (in thousands):

	<u>June 30, 2012</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>
Florida Retirement System	\$ 84,262	\$ 89,764	\$ 132,527
Teacher's Retirement System – Plan E: Employer	\$ 16	\$ 16	\$ 16

The State of Florida issues an annual report that includes financial statements and required supplementary information for FRS. The latest available report is as of June 30, 2013. That report may be obtained at the following website link [https://www.rol.frs.state.fl.us/forms/2012-13 Annual Report.pdf](https://www.rol.frs.state.fl.us/forms/2012-13%20Annual%20Report.pdf).

**Supplemental Early Retirement Plan**

The District implemented GASB Statement No. 67, *Financial Reporting for Pension Plans an amendment of GASB Statement No. 25*, as it relates to pension plans administered through trusts. The following disclosures related to the Supplemental Early Retirement Plan are in accordance with the requirements of GASB Statements No. 67, No. 25 and No. 27.

**Plan Description**

**Plan administration** – In addition to participating in the FRS, the School Board established an early retirement plan on July 1, 1984. The plan is a single employer, non-contributory defined benefit plan and is administered by an independent trustee and investments are managed by the District.

The Plan is included as a Pension Trust Fund in the accompanying financial statements. Separate stand alone statements are not issued for the Plan.

**Plan membership** – At June 30, 2014 the total number of retirees and beneficiaries of deceased retirees currently receiving benefits is 562, averaging \$622 per month. The School Board closed the Supplemental Early Retirement Plan (the "Plan") to new employees on July 1, 2000, with no additional employees vesting after July 1, 2003.

**Benefits Provided** – The Plan was established in order to supplement an early retiree's benefits by the amount of reduction imposed by the FRS. The Plan provides supplemental income for those employees who retired between the ages of 55 and 61 and who had completed at least 25 years, but not more than 28 years of creditable service. Payments under the Plan are equal to the difference in monthly retirement income for the participant under the FRS between the retirement benefit based on average final compensation, as defined above, and creditable service as of the member's early retirement date and the early retirement benefit under the FRS. Benefits are subject to an annual 3% cost of living adjustment. These benefit provisions and all other requirements are established by Florida Statutes, Section 1012.685.

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**17. RETIREMENT BENEFITS, Continued:**

**Supplemental Early Retirement Plan – continued**

**Contributions** – The School Board provides for actuarially determined periodic contributions sufficient to pay the benefits provided by this Plan when they become due. Plan members do not contribute to the Plan. Total contributions to the Plan for 2013-14 fiscal year of \$2,276 (in thousands) were made in accordance with actuarially determined requirements computed through an actuarial valuation performed for the fiscal year ended June 30, 2014.

The methodology for determining the contribution requirement has been updated to reflect assumptions for cost of living increases instead of assumed growth of the future payroll since there is no longer covered payroll under the Plan.

**Investments**

**Investment Policy**

As authorized under State Statutes, the School Board has adopted Board Policy 6144, Investments as its formal Investment Policy for the Plan's funds. It is the policy of the School Board to invest all funds in a manner that provides the highest investment return using authorized instruments while meeting the School Board's acceptable risk level. The main objective of the plan is to achieve long-term growth of Plan assets by maximizing long-term rate of return on investments and minimizing risk of loss to fulfill the current and long-term pension obligations.

The District has appointed a Treasury Advisory Committee to review and recommend policies and procedures related to the operation and administration of the Plan. The Treasurer will have authority to implement the investment policy and guidelines in a manner consistent with Board Policies after review and recommendation from the Committee, and in the best interest of the Plan to best satisfy the purposes of the Plan.

The method used to value investments is to report all investments at fair value, based on the traded market value at June 30, 2014. All the assets of the Plan are held by a custodian financial institution approved by the School Board and are carried at fair market value. The following was the Board's adopted asset allocation as of June 30, 2014.

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	29% - 49%
International Equity	11% - 31%
Domestic Fixed Income	20% - 60%
Cash/Money Market	0% - 20%

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**17. RETIREMENT BENEFITS, Continued**

**Supplemental Early Retirement Plan – continued**

**Rate of Return**

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 18.9%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net Pension Liability**

The components of the net pension liability of the School Board at June 30, 2014 were as follows (in thousands):

Total Pension Liability	\$ 38,593
Plan Fiduciary Net Position	<u>(27,195)</u>
Net Pension Liability	<u>\$ 11,398</u>

Plan Fiduciary Net Position as a percentage of the Total Pension Liability 70.47%

Mortality rates were based on the RP-2000 Combined Healthy Group Annuity Mortality Table with generational projections.

The long-term expected rate of return on pension plan investments are developed for each major asset class by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	5.40%
International Equity	5.50%
Domestic Fixed Income	3.25%
Cash/Money Market	1.25%

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75 percent. The discount rate reflects the long-term expected rate of return on pension plan investments that are expected to be used to finance the payment of benefits, to the extent that the pension plan's fiduciary net position is projected to be sufficient to make projected benefit payments and pension plan assets are expected to be invested using a strategy to achieve that return. The projection of cash flows used to determine the discount rate assumes the District will continue to make future contributions at the actuarially determined contribution rate.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
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**17. RETIREMENT BENEFITS, Continued:**

**Supplemental Early Retirement Plan – continued**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following table illustrates the impact of interest rate sensitivity on the Net Pension Liability for fiscal year end June 30, 2014 (in thousands):

	<b>1% Decrease (5.75%)</b>	<b>Current Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
Total Pension Liability	\$ 41,325	\$ 38,593	\$ 36,171
Plan Fiduciary Net Position	(27,195)	(27,195)	(27,195)
Net Pension Liability	<u>\$ 14,130</u>	<u>\$ 11,398</u>	<u>\$ 8,976</u>

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation for the fiscal year ended June 30, 2014. To determine the Plan's funding requirement the Entry Age Normal Method was used.

The Unfunded Accrued Liability was amortized over an open 10 year amortization period starting July 1, 2012 reducing by one year periods on each valuation year. The current Unfunded Liability is amortized over an eight year open period. Assets are valued at fair value, the inflation rate is 2.5% and the investment rate of return is assumed to be 6.75% per annum.

An analysis of funding progress is presented below:

<b>Fiscal Year Ended June 30,</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
2014	\$ 2,276	100%	-
2013	\$ 1,942	100 %	-
2012	\$ 2,188	100 %	-

**Funded Status and Funding Progress –**

Actuarial Accrued Liability (AAL) (a)	\$ 38,593
Actuarial Value of Plan Assets (b)	27,195
Unfunded Actuarial Accrued Liability (UAAL) (c)	11,398
Funded Ratio (b/a)	70 %
Covered Payroll (Active than Members) (d)	N/A*
UAAL as a percentage of covered payroll (c/d)	N/A*

- \* The School Board terminated eligibility for the Supplemental Early Retirement Plan for eligible employees who did not elect to retire under its provision by July 1, 2003.

The schedule of funding progress is presented as Required Supplementary Information (RSI) following the notes to the financial statements and presents multi-year trend information about whether the actual value of plan assets is increasing or decreasing over time relative to the accrued actuarial liability for benefits over time.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
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**17. RETIREMENT BENEFITS, Continued:**

**Other Post Employment Benefits**

As authorized by the Board, employees who retire in the first year of their eligibility under the FRS or who retired under the Plan can receive up to \$1,200 per year as reimbursement for health insurance cost paid until they reach 65 years of age or until they become eligible for Medicare or Social Security disability. In October 2013, approximately 215 retirees will receive an estimated \$185 thousand in premium reimbursements for the year ended June 30, 2014.

From 1991 through 2005, the District offered retirement incentive programs in an effort to reduce salary costs. The programs include enhanced insurance benefits up to the Board's annual monthly contribution and payments of accrued sick leave at an enhanced rate. Enhanced insurance benefits offered to eligible employees, as defined under the provisions of each program, consist of health and term life insurance subsidies for up to ten years. Expenditures for the retirement incentive program are recognized in the General Fund each year on a pay-as-you-go basis. The estimated liability for retirees receiving benefits of approximately \$1.5 million is fully accrued and included in the government-wide financial statements.

The District implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, for certain postemployment health care benefits provided by the District for the fiscal year ended June 30, 2008.

Plan Description – Effective January 1, 2010, the District changed from a fully-insured health program to a self-insured program for eligible employees and retirees. The Plan operates as a single employer defined benefit plan. Employees who participate in and satisfy the vesting, disability, early or normal retirement provision of FRS may be eligible for Other Post Employment Benefits (OPEB). Retirees and their dependents are permitted to remain covered under the District's respective medical plans as long as they pay the premium charged for the plan and coverage elected. This conforms to the minimum required of Florida governmental employers per Chapter 112.08, F.S.

The State of Florida prohibits the District from separately rating retirees and active employees. The District therefore charges both groups an equal, blended rate premium. Although both groups are charged the same blended rate premium, accounting standards require the actuarial amounts presented above to be calculated using age adjusted premiums approximating claims costs for retirees separate from active employees. The use of age adjusted premiums results in the addition of an implicit rate subsidy into the actuarial accrued liability.

Funding Policy – The District is not required by law or contractual agreement to provide funding for OPEB other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible dependents. Currently, the District's OPEB benefits are unfunded. That is, there is not a separate Trust Fund or equivalent arrangement into which the District would make contributions to advance-fund the obligation, as it does for its pension plan, FRS. Therefore, the ultimate subsidies which are provided over time are directly financed by general assets of the District, which are invested in short-term fixed income instruments.

Consequently, in accordance with GASB Statement No. 45, the interest discount rate used to calculate the present value and costs of the OPEB must be the long-range expected return on such short-term fixed income instruments. The District selected an interest discount rate of 4.5% for this purpose. In addition to the interest discount rate, the other significant actuarial assumption used is the health care cost trend rate and participation assumptions. The valuation used a health care trend rate of 8% grading down by 0.5% annually to an ultimate of 5% and the inflation rate used is 2.5%. The participation assumption of 25% is the assumed percentage of future retirees that participate and enroll in the health plan. The unfunded actuarial accrued liability is being amortized over the period of 30 years on an open basis. It is calculated assuming a level percentage of projected payroll.

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**17. RETIREMENT BENEFITS, Continued:**

**Other Post Employment Benefits – continued**

Annual OPEB and Net OPEB Obligation – The District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount that was actuarially determined by using the entry age actuarial cost method (one of the actual cost methods in accordance with GASB Statement No. 45), with an amortization of the Unfunded Actuarial Accrued Liability as a level percent of expected payroll.

The following table shows the District's OPEB cost for the fiscal year ended June 30, 2014 (in thousands):

Annual Required Contribution (ARC)	\$ 15,289
Interest on Net OPEB Obligation	634
Adjustment to ARC	(538)
Annual OPEB Cost (Expense)	15,385
Employer Contributions	(9,508)
Increase (decrease) in Net OPEB Obligated	5,877
Net OPEB Obligation at beginning of year	14,099
<b>Net OPEB Obligation at end of year</b>	<b>\$ 19,976</b>

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

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligations for June 30, 2014, was as follows (in thousands):

<b>Fiscal Year</b>	<b>Annual OPEB Cost</b>	<b>Amount Contributed</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2012	\$ 10,258	\$ 11,576	113 %	\$ 17,853
2013	\$ 10,391	\$ 14,145	136 %	\$ 14,099
2014	\$ 15,385*	\$ 9,508	62 %	\$ 19,976

\* Liability increased due to change in actuarial assumptions pertinent to the participation rates of future retirees.

Funded Status and Funding Progress as of June 30, 2014 (in thousands):

Actuarial Accrued Liability (AAL) (a)	193,240
Actuarial Value of Plan Assets (b)	-
Unfunded Actuarial Accrued Liability (UAAL) (c)	193,240
Funded Ratio (b/a)	0 %
Covered Payroll (Active Members)	1,521,809
UAAL as a percentage of covered payroll (c/d)	12.7 %

The schedule of funding progress is presented as Required Supplementary Information (RSI) following the notes to the financial statements and presents multi-year trend information about whether the actual value of plan assets is increasing or decreasing over time relative to the accrued actuarial liability for benefits over time.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

**18. COMMITMENTS AND CONTINGENCIES:**

**A. Commitments**

As part of its capital outlay program, the District has entered into various construction commitments totaling approximately \$97.0 million as of June 30, 2014, (See Note 4).

The District leases certain facilities and equipment under various cancelable, operating lease agreements with lease terms not extending beyond one year. The total lease rent expense for the fiscal year ended June 30, 2014, under these leases was approximately \$8.2 million.

**B. Contingencies**

**Florida Education Finance Program and Federal, State and Local Grants**

The School Board receives funding from the State of Florida under the Florida Education Finance Program (FEFP), which is based in part on a computation of the number of full-time equivalent (FTE) students attending different instructional programs. The accuracy of FTE student data submitted by individual schools and used in the FEFP computations is subject to audit by the state and, if found to be in error, could result in refunds to the state or in decreases to future funding allocations. Additionally, the School Board participates in a number of federal, state and local grants which are subject to financial and compliance audits. It is the opinion of management that the amount of revenue, if any, which may be remitted back to the state due to errors in the FTE student data or the amount of grant expenditures which may be disallowed by grantor agencies would not be material to the financial position of the District.

**C. Litigation**

The School Board is a defendant in numerous lawsuits as of June 30, 2014. In the opinion of management, the District's estimated aggregate liability, with respect to probable losses, has been provided for in the estimated claim liability accrual in the accompanying financial statements, after giving consideration to the District's related insurance coverage, as well as the Florida statutory limitations of governmental liability on uninsured risks. It is the opinion of management and District's legal counsel that the amount of losses resulting, if any, from the above-mentioned litigation in excess of the amount accrued as of June 30, 2014, would not be material to the financial position of the District.

**19. FUND BALANCES:**

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District reports its fund balance in the following categories:

**Nonspendable** – The District has \$23.3 million prepaid items and \$9.3 million inventories that are considered nonspendable.

**Restricted** – The District reported restricted fund balances totaling \$394.8 million comprised of \$1.3 million of State Required Carryover programs, \$17.3 million in Food Service, \$0.4 million in Miscellaneous Special Revenue, \$71.8 million in Debt Services and \$304 million in Capital Projects.

**Committed** – The District did not have any committed fund balances at June 30, 2014.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

**19. FUND BALANCES, Continued:**

**Assigned** – The District has assigned fund balances totaling \$19.5 million comprised of \$7.6 million for rebudgets and obligations, \$10.5 million for outstanding encumbrances for goods and services, and \$1.4 million for capital projects.

**Unassigned** – The portion of fund balance that is the residual classification for the general fund. This balance represents balance amounts that have not been restricted, committed, or assigned for specific purposes. The unassigned fund balance for the General Fund is \$29.3 million.

Committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Board Policy 6220.01 delineates Fund Balance Reserve Policies to target 5.5% of the combined assigned and unassigned fund balance, as a percentage of Total General Fund Revenues at fiscal year end. At June 30, 2014 the combined assigned and unassigned General Fund Balance totaled \$47.4 million or 2.12% of General Fund Revenues net of charter schools.

Below is a table of fund balance categories and classifications for the fiscal year ended June 30, 2014 for the Districts' governmental funds (in thousands):

	General Fund	General Obligation School Bonds Funds	Capital Improvement LOML	Certificates of Participation	Other Governmental Funds non-major*	Total
<b>FUND BALANCES</b>						
<b>Nonspendable:</b>						
Inventory	\$ 6,015	\$ -	\$ -	\$ -	\$ 3,296	\$ 9,311
Prepaid amounts	1,828	-	21,461	-	-	23,289
<b>Restricted:</b>						
State Required Carryover	1,321	-	-	-	-	1,321
Special Revenue:						
Food Service	-	-	-	-	17,260	17,260
Miscellaneous	-	-	-	-	364	364
Debt Service	-	-	-	-	71,802	71,802
Capital Projects	-	252,897	57	7,647	43,437	304,038
<b>Assigned:</b>						
Rebudgets and Obligations	7,630	-	-	-	-	7,630
Encumbrances	10,464	-	-	-	1,393	11,857
Capital Projects	-	-	-	-	-	-
<b>Unassigned:</b>	29,274	-	-	-	-	29,274
<b>Total Fund Balance</b>	<b>\$ 56,532</b>	<b>\$ 252,897</b>	<b>\$ 21,518</b>	<b>\$ 7,647</b>	<b>\$ 137,552</b>	<b>\$ 476,146</b>

\* Aggregates all of the District's non-major fund balances



**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2014**

**20. SUBSEQUENT EVENTS:**

**Tax Anticipation Notes**

On July 22, 2014 the District sold \$310 million in Tax Anticipation Notes ("the Notes") with an effective yield of 0.0735%. The Notes were issued to pay operating expenditures incurred prior to the receipt of the ad-valorem taxes levied and collected for operating purposes for the fiscal year commencing July 1, 2014. The Notes will mature on February 24, 2015.

**Certificates of Participation**

On July 3, 2014 the District issued \$38.1 million of Certificates of Participation (COPs) Series 2014B to provide funds for refunding the remaining portion of the District's outstanding Certificates of Participation, Series 2004A. The series 2014B Certificates will mature on October 1, 2018.

The issuance of the 2014B COPs resulted in \$3.2 million net present value economic savings and will pay a true interest cost of 1.4102%.

On November 20, 2014, the District will issue \$277 million of Certificates of Participation (COPs) Series 2014D to provide funds for refunding a portion of the District's outstanding Certificates of Participation, Series 2006A and 2006B. The Series 2014D Certificates will mature on November 1, 2031.

The issuance of the 2014D COPs will result in \$24.6 million net present value economic savings and will pay a true interest cost of 3.0535%



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## REQUIRED SUPPLEMENTARY INFORMATION





**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

	<b>Budget as Originally Adopted</b>	<b>Final Amended Budget</b>	<b>Actual GAAP Basis</b>	<b>Variance With Final Amended Budget</b>
<b>Revenues:</b>				
Local sources:				
Ad valorem taxes	\$ 1,271,128	\$ 1,225,000	\$ 1,225,000	\$ -
Interest income	807	629	629	-
Net increase (decrease) in fair value of investments	-	50	50	-
Local grants and other	56,337	73,449	73,449	-
Total local sources	<u>1,328,272</u>	<u>1,299,128</u>	<u>1,299,128</u>	<u>-</u>
State sources:				
Florida education finance program	750,727	712,494	712,494	-
State grants and other	514,036	512,641	512,641	-
Total state sources	<u>1,264,763</u>	<u>1,225,135</u>	<u>1,225,135</u>	<u>-</u>
Federal sources:				
Federal direct	2,015	1,780	1,780	-
Federal through state and local	15,529	18,386	18,386	-
Total federal sources	<u>17,544</u>	<u>20,166</u>	<u>20,166</u>	<u>-</u>
Total revenues	<u>2,610,579</u>	<u>2,544,429</u>	<u>2,544,429</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instructional services	1,885,681	1,845,743	1,842,103	3,640
Instructional support services:				
Pupil personnel services	91,313	109,691	107,500	2,191
Instructional media services	27,721	22,443	22,301	142
Instruction and curriculum development service	22,002	24,896	24,731	165
Instructional staff training services	2,010	2,769	2,768	1
Instruction related technology	28,091	27,843	26,973	870
Total instructional support services	<u>171,137</u>	<u>187,642</u>	<u>184,273</u>	<u>3,369</u>
Pupil transportation services	<u>69,476</u>	<u>76,481</u>	<u>76,014</u>	<u>467</u>
Operation and maintenance of plant:				
Operation of plant	267,335	264,071	263,672	399
Maintenance of plant	93,169	94,274	93,074	1,200
Total operation and maintenance of plant	<u>360,504</u>	<u>358,345</u>	<u>356,746</u>	<u>1,599</u>
School administration	<u>173,864</u>	<u>155,390</u>	<u>155,191</u>	<u>199</u>

	Budget as Originally Adopted	Final Amended Budget	Actual GAAP Basis	Variance With Final Amended Budget
Expenditures, continued				
General administration:				
Central services	\$ 47,100	\$ 53,139	\$ 52,908	\$ 231
Board of education	6,977	6,777	6,647	130
General administration	4,168	4,852	4,850	2
Administrative technology services	2,022	2,792	2,538	254
Fiscal services	12,665	11,635	11,596	39
Total general administration	<u>72,932</u>	<u>79,195</u>	<u>78,539</u>	<u>656</u>
Community services	<u>29,957</u>	<u>27,973</u>	<u>27,931</u>	<u>42</u>
Capital outlay	<u>1,153</u>	<u>9,509</u>	<u>9,017</u>	<u>492</u>
Debt services:				
Principal retirement	-	474	474	-
Interest and fiscal charges	<u>520</u>	<u>450</u>	<u>450</u>	<u>-</u>
Total debt service	<u>520</u>	<u>924</u>	<u>924</u>	<u>-</u>
Total expenditures	<u>2,765,224</u>	<u>2,741,202</u>	<u>2,730,738</u>	<u>10,464</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(154,645)</u>	<u>(196,773)</u>	<u>(186,309)</u>	<u>10,464</u>
Other financing sources (uses):				
Transfers in	155,195	160,486	160,486	-
Transfers out	(2,687)	(2,687)	(2,687)	-
Proceeds from sale of capital assets	-	625	625	-
Proceeds from loans and leases	<u>-</u>	<u>67</u>	<u>67</u>	<u>-</u>
Total other financing sources (uses)	<u>152,508</u>	<u>158,491</u>	<u>158,491</u>	<u>-</u>
Net change in fund balance	<u>\$ (2,137)</u>	<u>\$ (38,282)</u>	<u>(27,818)</u>	<u>\$ 10,464</u>
Fund balance - beginning of year			<u>84,350</u>	
Fund balance - end of year			<u>\$ 56,532</u>	

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**OTHER FEDERAL PROGRAMS**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**  
**(amounts expressed in thousands)**

	<b>Budget as Originally Adopted</b>	<b>Final Amended Budget</b>	<b>Actual GAAP Basis</b>	<b>Variance</b>
Revenues:				
Local sources:				
Local grants and other	\$ 4,513	\$ 7,587	\$ 5,440	\$ (2,147)
Total local sources	<u>4,513</u>	<u>7,587</u>	<u>5,440</u>	<u>(2,147)</u>
Federal sources:				
Federal direct	27,622	40,347	29,233	(11,114)
Federal through state and local	289,220	317,221	295,858	(21,363)
Total federal sources	<u>316,842</u>	<u>357,568</u>	<u>325,091</u>	<u>(32,477)</u>
Total revenues	<u>321,355</u>	<u>365,155</u>	<u>330,531</u>	<u>(34,624)</u>
Expenditures:				
Current:				
Instructional services	187,093	209,999	192,634	17,365
Instructional support services	94,607	109,547	97,335	12,212
Pupil transportation services	6,106	4,199	3,731	468
Operation and maintenance of plant	450	219	190	29
School administration	64	110	92	18
General administration	11,151	11,102	9,895	1,207
Community services	932	1,826	1,622	204
Capital outlay	<u>20,952</u>	<u>28,153</u>	<u>25,032</u>	<u>3,121</u>
Total expenditures	<u>321,355</u>	<u>365,155</u>	<u>330,531</u>	<u>34,624</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance - beginning of year			<u>-</u>	
Fund balance - end of year			<u>\$ -</u>	

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FEDERAL ECONOMIC STIMULUS FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE—BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**  
 (amounts expressed in thousands)

	Budget as Originally Adopted	Final Amended Budget	Actual GAAP Basis	Variance
Revenues:				
Federal sources:				
Federal direct	1,201	1,294	852	(442)
Federal through state and local	47,337	38,566	34,632	(3,934)
Total federal sources	<u>48,538</u>	<u>39,860</u>	<u>35,484</u>	<u>(4,376)</u>
Total revenues	<u>48,538</u>	<u>39,860</u>	<u>35,484</u>	<u>(4,376)</u>
Expenditures:				
Current:				
Instructional services	30,272	28,095	25,226	2,869
Instructional support services	12,911	6,046	5,205	841
Pupil transportation services	28	11	10	1
School administration	-	2,804	2,520	284
General administration	2,451	2,684	2,367	317
Community services	711	168	111	57
Capital outlay	<u>2,165</u>	<u>52</u>	<u>45</u>	<u>7</u>
Total expenditures	<u>48,538</u>	<u>39,860</u>	<u>35,484</u>	<u>4,376</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance - beginning of year			<u>-</u>	
Fund balance - end of year			<u>\$ -</u>	



**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
SUPPLEMENTAL EARLY RETIREMENT PENSION TRUST FUND  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS  
JUNE 30, 2014  
(amounts expressed in millions)**

	<b>2014</b>
<b>Total Pension Liability</b>	
Service Cost	Not Available
Interest Cost	"
Changes of Benefit Terms	"
Differences Between Expected and Actual Experiences	"
Changes of Assumptions	
Benefit Payments, Including Refunds of Member Contributions	"
<b>Net Change in Total Pension Liability</b>	"
<b>Total Pension Liability - Beginning</b>	"
<b>Total Pension Liability - Ending</b>	<b>\$ 38.6</b>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	"
Net Investment Income	"
Benefit Payments, Including Refunds of Member Contributions	"
Administrative expense	"
Other	"
<b>Net Change in Plan Fiduciary Net Position</b>	"
<b>Plan Fiduciary Net Position- Beginning</b>	"
<b>Plan Fiduciary Net Position- Ending</b>	<b>\$ 27.2</b>
<b>Net Pension Liability - Ending</b>	<b>\$ 11.4</b>
<b>Net Position as a % of the Total Pension Liability</b>	70.47%
<b>Covered-employee payroll</b>	"
<b>Net Pension Liability as a percentage of covered-employee payroll</b>	"

**Notes to Schedule:**

This Schedule is presented to illustrate the requirements of GASB 67. Currently only data for fiscal year ending June 30, 2014 is available.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
SUPPLEMENTAL EARLY RETIREMENT PENSION TRUST FUND  
SCHEDULE OF INVESTMENT RETURNS  
JUNE 30, 2014**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Annual Money-Weighted Rate of Return, Net of investment expense	9.1%	14.4%	2.0%	13.8%	18.9%

**Notes to Schedule:**

This Schedule is presented to illustrate the requirements of GASB 67. Information is only available for the last five years.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA  
REQUIRED SUPPLEMENTARY INFORMATION  
SUPPLEMENTAL EARLY RETIREMENT PENSION TRUST FUND  
SCHEDULE OF CONTRIBUTIONS  
JUNE 30, 2014  
(amounts expressed in thousands)**

	<u>2014</u>
Actuarially Determined Contribution	\$ 2,276
Contribution made in Relation to the Actuarially Determined Contribution	<u>2,276</u>
Contribution Deficiency (excess)	<u>\$ -</u>
 Covered-Employee Payroll	 N/A*
Contributions as a % of covered employee Payroll	N/A*

**Notes to Schedule:**

Valuation Date: June 30, 2014

Methods and assumptions used to determine contributions rates:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Salary Increases	0.00%
Cost of Living Increase	3.00%
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation.
Retirement Age	None

Mortality rates were based on the RP-2000 Healthy Annuitant/Non Annuitant Mortality Table for Males or Females, as appropriate, with adjustment for mortality improvements based on Scale AA.

- \* The School Board terminated eligibility for the Supplemental Early Retirement Plan for eligible employees who did not elect to retire under its provision by July 1, 2003.

This Schedule is presented to illustrate the requirements of GASB 67. Currently only data for fiscal year ending June 30, 2014 is available.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SUPPLEMENTAL EARLY RETIREMENT PENSION TRUST**  
**SCHEDULE OF FUNDING PROGRESS**  
**June 30, 2014**  
**(amounts expressed in thousands)**

<b>Fiscal Year</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Actuarial Value of Plan Assets</b>	<b>Unfunded AAL (UAAL)</b>	<b>Percentage Funded</b>	<b>Annual Covered Payroll</b>	<b>UAAL as Percentage of Payroll</b>
2008	\$ 46,502	\$ 30,788	\$ 15,715	66 %	N/A*	N/A*
2009	45,820	23,990	21,830	52 %	N/A*	N/A*
2010	43,687	23,823	19,863	54 %	N/A*	N/A*
2011	42,586	25,133	17,453	59 %	N/A*	N/A*
2012	40,998	23,734	17,264	58 %	N/A*	N/A*
2013	41,510	24,632	16,878	59%	N/A*	N/A*
2014	38,593	27,195	11,398	70%	N/A*	N/A*

\* The School Board terminated eligibility for the Supplemental Early Retirement Plan for eligible employees who did not elect to retire under its provision by July 1, 2003.

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates incurred.

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SUPPLEMENTAL EARLY RETIREMENT PENSION TRUST**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**June 30, 2014**  
**(amounts expressed in thousands)**

<b>Fiscal Year</b>	<b>Annual Required Contribution</b>	<b>Employer Contributions</b>	<b>Total Contributions</b>	<b>Employer Contributions as Percentage of Total Contributions</b>
2008	\$ 2,444	\$ 1,840	\$ 1,840	100 %
2009	1,825	1,825	1,825	100 %
2010	1,879	1,879	1,879	100 %
2011	2,125	2,125	2,125	100 %
2012	2,188	2,188	2,188	100 %
2013	1,942	1,942	1,942	100%
2014	2,276	2,276	2,276	100%

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**OTHER POST EMPLOYMENT BENEFITS**  
**SCHEDULE OF FUNDING PROGRESS**  
**June 30, 2014**  
**(amounts expressed in thousands)**

<b>Actuarial Valuation Date</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Actuarial Value of Plan Assets</b>	<b>Unfunded AAL (UAAL)</b>	<b>Percentage Funded</b>	<b>Annual Covered Payroll</b>	<b>UAAL as Percentage of Payroll</b>
10/1/2006	\$ 322,766	\$ 0	\$ 322,766	0.00 %	\$ 1,619,403	19.93 %
6/30/2009	322,766	0	322,766	0.00 %	1,734,316	18.61 %
6/30/2010	89,069	0	89,069	0.00 %	1,822,042	4.89 %
6/30/2011	86,600	0	86,600	0.00 %	1,823,966	4.75 %
6/30/2012	153,759	0	153,759	0.00 %	1,715,231	8.96 %
6/30/2013	152,835	0	152,835	0.00%	1,709,167	8.94%
6/30/2014	193,240	0	193,240	0.00%	1,521,809	12.7%

**THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**OTHER POST EMPLOYMENT BENEFITS**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**June 30, 2014**  
**(amounts expressed in thousands)**

<b>Fiscal Year</b>	<b>Annual Required Contribution (ARC)</b>	<b>Amount Contributed</b>	<b>Percentage of Contribution</b>	<b>Net OPEB Obligation</b>
2011	\$ 5,934	\$ 10,313	173.80%	\$ 19,171
2012	10,127	11,576	114.31%	17,853
2013	10,270	14,145	137.73%	14,099
2014	15,289	9,508	62.2%	19,976



**Independent Auditor's Report  
on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance With  
Government Auditing Standards**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2014, and the related notes to the financial statements, which collectively comprise the School Board's basic financial statements and have issued our report thereon dated November 21, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

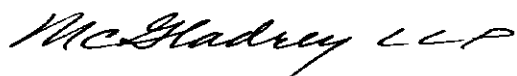
**Compliance and Other Matters**

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



**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "McGladrey LLP". The signature is written in a cursive, flowing style.

Miami, Florida  
November 21, 2014

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**APPENDIX C**  
**RESOLUTION**

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**RESOLUTION 15-048**

**A RESOLUTION OF THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA AUTHORIZING AND PROVIDING FOR THE ISSUANCE, SALE AND APPLICATION OF THE PROCEEDS OF NOT EXCEEDING \$310,000,000 AGGREGATE PRINCIPAL AMOUNT OF SCHOOL DISTRICT OF MIAMI-DADE COUNTY, FLORIDA TAX ANTICIPATION NOTES, SERIES 2015 (THE "NOTES") TO PROVIDE INTERIM FUNDS FOR THE PAYMENT OF OPERATING EXPENSES OF THE DISTRICT; PROVIDING FOR A BOOK-ENTRY SYSTEM WITH RESPECT TO THE NOTES; AUTHORIZING A PUBLIC SALE OF THE NOTES; APPROVING THE FORM OF AND AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FINAL OFFICIAL STATEMENT; AUTHORIZING THE EXECUTION AND DELIVERY OF A MATERIAL EVENTS NOTICE CERTIFICATE; APPOINTING A PAYING AGENT AND REGISTRAR FOR THE NOTES; MAKING CERTAIN FINDINGS, COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; PROVIDING FOR INCIDENTAL ACTION; AND PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.**

BE IT RESOLVED BY THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA:

**Section 1. Authority For This Resolution.** This Resolution is adopted pursuant to the provisions of Section 1011.13, Florida Statutes, as amended (the "Act").

**Section 2. Findings.** It is hereby found, determined and declared as follows that:

(a) Pursuant to the Act, the school board of any school district in the State of Florida is authorized to negotiate a current loan for any fiscal year in which school funds are estimated to be insufficient at any time during such fiscal year to pay obligations created by the school board in accordance with the official budget of the school district or a budget approved by the school board preliminary to the tentative budget required to be adopted pursuant to Section 1011.02, Florida Statutes.

(b) The School Board of Miami-Dade County, Florida (the "Board"), a body corporate under the laws of the State of Florida and the governing body of the School District of Miami-Dade County, Florida (the "District"), hereby determines that it is necessary for the benefit of the schools of the District for a current loan to be negotiated to pay obligations which are to be set forth in the preliminary budget of the District for the fiscal year of the District which

is to commence July 1, 2015 and end June 30, 2016 (the "2015-2016 Fiscal Year"), such loan to be retired from (a) the District's gross, real, and tangible personal property ad valorem tax receipts but only to the extent such tax receipts are legally available to be used for operating purposes, and (b) amounts on deposit in the hereinafter described Sinking Fund (collectively, the "Pledged Revenues"), which are anticipated to be received in accordance with the preliminary budget for said 2015-2016 Fiscal Year. "Pledged Revenues" shall not include ad valorem taxes collected to pay the principal of and interest on bonds of the District issued pursuant to Sections 1010.40 – 1010.55, Florida Statutes, or to pay the principal of and interest on any obligations issued by the Board pursuant to Section 1011.14, Florida Statutes, or otherwise levied pursuant to Section 1011.71(2), Florida Statutes.

(c) The Board, to the extent possible has endeavored to arrange the expenditures of the District for the 2015-2016 Fiscal Year so as to make it unnecessary for the District to incur loans.

(d) The Board hereby further determines that said loan shall be evidenced by the issuance of not exceeding \$310,000,000 tax anticipation notes of the District to be known as "School District of Miami-Dade County, Florida Tax Anticipation Notes, Series 2015" (the "Notes"), the principal of and the interest on which will be payable by their terms not more than twelve (12) months after the issuance of said Notes, and the principal amount of which is less than 80% of the amount estimated by the Board to be included in the preliminary operating budget of the District for the 2015-2016 Fiscal Year to be available from the District tax revenues.

(e) The Board has further determined that the loan to be computed as prescribed by the Act is for an amount not in excess of the amount necessary for the continued operation of the schools in the District, including reasonable reserves.

(f) The Notes shall be payable as to both principal and interest from the Pledged Revenues to be included in and estimated in the preliminary operating budget of the District for the 2015-2016 Fiscal Year to be available, and, if necessary, are additionally payable from, but are not secured by, all legally available funds of the District derived from sources other than ad valorem taxation ("Non-Ad Valorem Funds"). Neither the faith and credit nor the taxing power of the State of Florida, Miami-Dade County or the District are pledged to the payment of the principal of or the interest on the Notes, except for the Pledged Revenues for the 2015-2016 Fiscal Year.

(g) It is estimated that the Pledged Revenues herein pledged for payment of the Notes will exceed the amounts necessary to pay the principal of and interest on the Notes when due.

**Section 3. Authorization of Borrowing; Book-Entry System.** Pursuant to the Constitution and laws of the State of Florida, particularly the Act, the Board hereby authorizes the borrowing of money for the purpose of financing the cost of obligations to be

incurred in the ordinary operations of the District in the 2015-2016 Fiscal Year, and hereby authorizes the issuance and sale of not exceeding \$310,000,000 aggregate principal amount of School District of Miami-Dade County, Florida Tax Anticipation Notes, Series 2015. The Notes shall be numbered R-1 and upward in registered book-entry-only form as herein provided, shall be dated as of such date, shall mature no later than twelve (12) months after their date of issuance, and shall bear interest at a rate not exceeding the maximum rate permitted by law, all as set forth in the bid of the successful bidder for the Notes. Interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months. The Notes shall not be subject to redemption prior to maturity. The Notes shall be issued in substantially the form set forth in Exhibit A attached hereto and made a part hereof, with such deletions, changes, revisions or modifications as may be approved by the Superintendent, execution and delivery of the Notes by the Chair or Vice Chair and the Superintendent, as ex officio Secretary of the Board, being conclusive evidence of such approval and that the Notes are issued in accordance with this Resolution.

So long as the District shall maintain a book-entry-only system with respect to the Notes, the following provisions shall apply:

The Notes shall initially be issued in the name of Cede & Co. as nominee for The Depository Trust Company ("DTC"), which will act as securities depository for the Notes, and so long as the Notes are held in book-entry-only form, Cede & Co. shall be considered the registered owner for all purposes hereof. On original issue, the Notes shall be deposited with DTC, which shall be responsible for maintaining a book-entry-only system for recording the ownership interests of its participants ("Direct Participants") and other institutions that clear through or maintain a custodial relationship with a Direct Participant either directly or indirectly ("Indirect Participants"). The Direct Participants and Indirect Participants will be responsible for maintaining records with respect to the beneficial ownership interests of individual purchasers of the Notes ("Beneficial Owners").

Principal and interest at maturity shall be payable directly to Cede & Co. in care of DTC. Disbursal of such amounts to Direct Participants shall be the responsibility of DTC. Payments to Indirect Participants shall be the responsibility of Direct Participants, and payments by Direct Participants and Indirect Participants to Beneficial Owners shall be the responsibility of Direct Participants and Indirect Participants and not of DTC, the Paying Agent (as hereinafter defined) or the District.

The Notes shall initially be issued in the form of one fully registered Note and shall be held in such form until maturity. Individuals may purchase beneficial interests in the amount of \$5,000 or integral multiples thereof in book-entry-only form, without certificated Notes, through the Direct Participants.

DURING THE PERIOD FOR WHICH CEDE & CO. IS THE REGISTERED OWNER OF THE NOTES, ANY NOTICE TO BE PROVIDED TO ANY REGISTERED OWNER WILL BE PROVIDED TO CEDE & CO. DTC SHALL BE RESPONSIBLE FOR NOTICE TO

DIRECT PARTICIPANTS AND DIRECT PARTICIPANTS SHALL BE RESPONSIBLE FOR NOTICE TO INDIRECT PARTICIPANTS, AND DIRECT PARTICIPANTS AND INDIRECT PARTICIPANTS SHALL BE RESPONSIBLE FOR NOTICE TO INDIVIDUAL PURCHASERS OF BENEFICIAL INTERESTS.

The District has entered into a blanket issuer letter of representations with DTC providing for such a book-entry-only system. A copy of such blanket issuer letter of representations is attached hereto as Exhibit B. Such agreement may be terminated at any time by either DTC or the District. In the event of such termination, the District shall select another securities depository or discontinue such book-entry only system. If the District does not replace DTC, the Registrar (as hereinafter defined) will register and deliver to the Beneficial Owners replacement Notes in the form of fully registered Notes in denominations of \$5,000 or integral multiples thereof, in accordance with instructions from Cede & Co.

The principal of and the interest on the Notes shall be payable in any coin or currency of the United States of America which, at the time of payment thereof is legal tender for the payment of public and private debts.

The District shall deposit and separately account for (in accordance with the provisions of Section 13 hereof) sufficient moneys to pay the principal of and interest on the Notes at their maturity. Such moneys shall be held in the Sinking Fund (hereinafter created) for the benefit of Cede & Co. as registered owner of the Notes in the Sinking Fund (as hereinafter defined) and separately restricted on the books of account of the District, and shall be paid to Cede & Co. at maturity of the Notes.

**Section 4. Execution of Notes.** The Notes shall be executed with the manual or engraved, imprinted, stamped or otherwise reproduced facsimile of the signature of the Chair or Vice Chair of the Board and countersigned by the manual or engraved, imprinted, stamped or otherwise reproduced facsimile of the signature of the Superintendent, as ex officio Secretary of the Board; provided, however, that at least one of the signatures shall be manual, and the seal of the Board shall be imprinted or impressed thereon. In case any officer whose signature shall appear on any Notes shall cease to be such officer before delivery of such Notes, such signature shall, nevertheless, be valid and sufficient for all purposes as if such officer had remained in office until such delivery, and such Notes may, nevertheless, be issued and delivered as though the person who signed or sealed such Notes had not ceased to be such officer; and alternatively any of such Notes may be executed and sealed on behalf of the District by such officers of the Board who may at the time of the execution of such Notes hold the proper offices on the Board although on the date of issuance of such Notes or on the date of any lawful proceedings taken in connection therewith such persons may not have held such offices.

**Section 5. Notes Mutilated, Destroyed, Stolen or Lost.** In case any of the Notes shall be mutilated, or be destroyed, stolen or lost, the District may, in its discretion, issue and deliver a new Note of like tenor as the Note so mutilated, destroyed, stolen or lost in exchange and substitution for such mutilated Note, upon surrender and cancellation of such



mutilated Note, if any, or in lieu of or substitution for the Note, if any, destroyed, stolen or lost, and upon the registered owner furnishing the District proof of its ownership thereof and indemnity satisfactory to the District and complying with such other reasonable regulations and conditions as the District may prescribe and upon payment of such expenses as the District may incur. The Note so surrendered shall be canceled by the District. If the Notes shall have matured, or be about to mature, instead of issuing a substitute Note, the District may pay the same, upon being indemnified as aforesaid, and if such be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Note issued pursuant to this section shall constitute an original, additional contractual obligation of the District whether or not the lost, stolen or destroyed Note be at any time found by anyone, and such duplicate Note shall be entitled to equal and proportionate benefits and rights as to lien on and source and security for payment from the funds, as hereinafter pledged, to the same extent as any other Note issued hereunder.

**Section 6. Public Sale; Award of Notes.** It is hereby found, ascertained, determined and declared by the Board that a public sale of the Notes of the District in the aggregate principal amount of not exceeding \$310,000,000 is in the best interest of the District and is hereby authorized. The Superintendent of Schools, the Associate Superintendent, the Chief Financial Officer or the Treasurer of the District is hereby authorized to prepare and publish a summary notice of sale for the Notes, to prepare and distribute an official invitation to bid for the Notes and related documents, and to prepare a Preliminary Official Statement for distribution in connection with such official invitation to bid. The forms of the official notice of sale and summary notice of sale shall be substantially in the forms set forth in Exhibit C, attached hereto. The Notes shall be offered at public sale on a date to be determined in the discretion of the Superintendent of Schools, the Associate Superintendent, the Chief Financial Officer or the Treasurer of the District without further authorization from the Board. The Superintendent of Schools, the Associate Superintendent, the Chief Financial Officer or the Treasurer of the District is hereby authorized and directed to publish, or cause to be published, the official or summary form of notice of sale in The Bond Buyer, a financial newspaper published and/or of general circulation in the Borough of Manhattan, City and State of New York and, in the discretion of the Superintendent of Schools, the Associate Superintendent, the Chief Financial Officer or the Treasurer of the District, in a newspaper of general circulation in the area of the District one time not less than 10 days prior to such date of sale. The Board hereby separately authorizes and directs the Chair or Vice Chair, the Superintendent, the Associate Superintendent, the Chief Financial Officer, the Treasurer, and the School Board Attorney to take all actions necessary to consummate such sale, upon the terms and conditions set forth in the official invitation to bid.

The Board and its officers are hereby authorized and directed to take such action as the Board or its officers deem necessary or desirable to obtain a securities rating for the Notes from Moody's Investors Service, Inc.

The Superintendent, Associate Superintendent, the Chief Financial Officer and the Treasurer, acting separately or with another named officer and in consultation with and upon the advice of the District's Financial Advisor, Board Attorney, and Note Counsel, are authorized to receive bids for the purchase of the Notes and to award the Notes to the lowest responsive bidder as evidenced by the execution of the Certificate of Award, without further action by the Board.

Characteristics of the Notes or any installment thereof, determined on the basis of the bids and the provisions of this Resolution, shall be set forth in a certificate of the District awarding such Notes (the "Certificate of Award") to the successful purchaser thereof. The Certificate of Award shall be executed by the Superintendent, the Associate Superintendent, the Chief Financial Officer or the Treasurer, upon satisfaction of the conditions specified below, without further action by the Board.

This delegation of the District is expressly made subject to the following conditions, the failure of any of which shall render the successful bid voidable at the option of the District. The conditions for execution of the Certificate of Award are:

(a) The form of Certificate of Award shall be approved by Note Counsel to the District;

(b) The net interest cost rate for the Notes, based upon their award to the successful bidder, shall not exceed the interest rate limitation contained in Section 215.84, Florida Statutes;

(c) Prior to award of the Notes to the successful bidder, the District shall receive from the successful bidder a truth-in-bonding statement as required by Sections 218.385(2) and (3), Florida Statutes; and

(d) The successful bidder (the "Purchaser") shall comply with such other conditions as requested by Note Counsel to the District.

**Section 7. Approval of Preliminary Official Statement; Execution of Final Official Statement.** The form of the Preliminary Official Statement attached to this Resolution as Exhibit D is hereby approved, and the Board hereby authorizes the distribution and use of the Preliminary Official Statement in connection with the sale of the Notes. If between the date hereof and the mailing of the Preliminary Official Statement it is necessary to make insertions, modifications and changes to the Preliminary Official Statement, each of the Chair, the Vice Chair, the Superintendent, the Associate Superintendent, Chief Financial Officer and the Treasurer is hereby authorized to approve such insertions, changes and modifications, and each of the Chair, the Vice Chair, the Superintendent, the Associate Superintendent, Chief Financial Officer and the Treasurer is hereby authorized to deem the Preliminary Official Statement "final" within the meaning of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), in the form as

mailed, and in furtherance thereof to execute a certificate evidencing the same substantially in the form attached hereto as Exhibit E.

The Superintendent is hereby authorized to have prepared and each of the Chair or Vice Chair is hereby authorized to execute a final Official Statement and, upon such execution, to deliver the same to the Purchaser for use by it in connection with the sale of the Notes. The Official Statement shall be substantially in the form of the Preliminary Official Statement, with such changes as shall be approved by the Superintendent, the Associate Superintendent, Chief Financial Officer or the Treasurer as necessary to conform the details of the Notes and such other insertions, modifications and changes as may be approved by the Superintendent, the Associate Superintendent, Chief Financial Officer or the Treasurer. The execution and delivery of the Official Statement by the Chair or Vice Chair shall constitute conclusive evidence of the approval thereof. The Board hereby authorizes the Official Statement and the information contained therein to be used in connection with the sale of the Notes.

**Section 8. Material Events Notice.** The District hereby covenants and agrees that, in order to provide for compliance by the District with the secondary market disclosure requirements of the Rule, it will comply with and carry out all of the provisions of the Material Events Notice Certificate to be executed by the District and dated the date of delivery of the Notes, as it may be amended from time to time in accordance with the terms thereof. The Material Events Notice Certificate shall be substantially in the form attached hereto as Exhibit F with such changes, amendments, modifications, omissions and additions as shall be approved by the Chair or Vice Chair who is hereby authorized to execute and deliver such Certificate. Notwithstanding any other provision of this Resolution or the Notes, failure of the District to comply with such Material Events Notice Certificate shall not be considered an event of default under this Resolution or the Notes; provided, however, any Noteholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section 8 and the Material Events Notice Certificate.

**Section 9. Delivery of the Notes.** Upon payment of the purchase price for the Notes pursuant to the terms of the official invitation to bid and official bid form or Note Purchase Agreement, as appropriate, and the fulfillment of the other conditions contained therein there shall be delivered to DTC on account of the Purchaser the properly executed Notes in the form described herein.

**Section 10. Receipt for the Notes.** Upon receipt of such purchase price, a proper receipt therefor shall be executed by the District and by the Purchaser.

**Section 11. Appointment of Registrar and Paying Agent.** The Board shall serve as Registrar and Paying Agent for the Notes.

**Section 12. Covenants and Pledge of Pledged Revenues.** The District covenants with and for the benefit of the holders of the Notes:

(a) That it has adopted or will adopt a preliminary budget, and will adopt a tentative budget and an operating budget for the 2015-2016 Fiscal Year as soon as feasible and in accordance with Florida law and will levy District ad valorem taxes as required by law and in compliance with such budgets.

(b) To the extent necessary to pay when due the principal of and the interest on the Notes, the Pledged Revenues for the 2015-2016 Fiscal Year are irrevocably pledged to the payment of the Notes.

(c) The interest rate on the Notes will not exceed the interest rate limitation contained in Section 215.84, Florida Statutes.

(d) The Notes have the nature of current obligations in anticipation of budgeted revenues as provided in the Act.

(e) The Pledged Revenues are hereby irrevocably pledged to the payment when due of the principal of and interest on the Notes.

**Section 13. Sinking Fund.** There is hereby established a Sinking Fund to be held by the District as a separate special account for the benefit of the Noteholders (the "Sinking Fund"); provided, that the cash required to be accounted for therein may be pooled with other funds of the District so long as adequate accounting records are maintained to reflect and control the restricted purposes of such Sinking Fund moneys. The Sinking Fund shall be held in trust by the District for the sole benefit of the Noteholders, and the Noteholders are granted an express lien on the moneys and/or investments held in the Sinking Fund. The Noteholders shall have no lien upon any portion of the Pledged Revenues from sources constituting Non-Ad Valorem Funds unless and until such funds are deposited into the Sinking Fund. The District covenants that it shall deposit sufficient moneys or investments legal for District moneys pursuant to the provisions of Sections 1010.53(2) and 218.415, Florida Statutes, as amended from time to time pursuant to Board policy ("Permitted Investments") into the Sinking Fund no later than twenty-one (21) days prior to the maturity date of the Notes, or the first business day thereafter, so that the balance on deposit therein, together with the earnings to be received thereon, if any, will equal the amount of principal and interest becoming due on the Notes at maturity. Funds in the Sinking Fund may be invested only in Permitted Investments which mature on or prior to the maturity date of the Notes. Earnings on investments held in the Sinking Fund shall be retained and reinvested in the Sinking Fund until the amount on deposit in the Sinking Fund, together with the earnings to be received thereon, is equal to the entire principal of and interest on the Notes due at their maturity. Thereafter, such earnings may be withdrawn by the District and used in the District's discretion as provided by law. Realized losses, if any, on investments held in the Sinking Fund shall be restored by the District by deposit of additional moneys into the Sinking Fund on or prior to the maturity date of the Notes.

The District will transfer to Cede & Co. in care of DTC, the amounts so maintained in the Sinking Fund on or prior to the maturity date of the Notes. DTC will use such moneys to retire

the Notes as they mature in accordance with the provisions of Section 3 hereof. Any balance in the Sinking Fund shall be released from the restriction described herein upon payment in full of the Notes.

**Section 14. Taxing Power Not Pledged.** No holder of the Notes issued hereunder shall ever have the right to compel the exercise of the ad valorem taxing power of the District, the County or the State or taxation in any form of any real or personal property therein to pay such Notes or the interest thereon except for the Pledged Revenues for the 2015-2016 Fiscal Year commencing July 1, 2015.

**Section 15. District Budget.** The District, in preparing, approving and adopting its budget controlling or providing for the expenditures of its funds, so long as any principal of or interest on the Notes is outstanding and unpaid, will appropriate, allot and approve, in the manner required by law, from funds of the District derived from sources other than ad valorem taxes (except as provided in Sections 13 and 14 hereof) and legally available therefor, the amounts sufficient to pay the principal of and interest on the Notes.

**Section 16. Application of Note Proceeds.** The proceeds of the sale of the Notes shall initially be applied by the District to pay the costs of preparation and issuance of the Notes including, but not limited to, rating agency, financial advisory and attorneys' fees, and the cost of preparation and dissemination of the preliminary and final Official Statements for the Notes, to the extent not paid from other legally available funds of the District. The remaining proceeds from the sale of the Notes shall be used by the District to pay the lawful expenses of the District as the Board shall direct.

**Section 17. Noteholder Not Affected by Use of Note Proceeds.** The proceeds, including investment proceeds and accrued interest, if any, from the issuance of the Notes (the "Note Proceeds") are not pledged as security for payment of the principal of and interest on the Notes except as provided in Section 12 hereof and shall be expended by the District to pay the obligations of the District created by the District in accordance with the budget of the District for the 2015-2016 Fiscal Year. The holders of the Notes issued hereunder shall have no responsibility for the use of the proceeds of said Notes, and the use of such Note Proceeds by the District shall in no way affect the rights of such Noteholders.

**Section 18. Arbitrage Covenants; Tax Exemption.** The District covenants that no investment or use will be made of the proceeds of the Notes herein authorized or the interest thereon which will cause said Notes to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder as such provisions may be applicable to said Notes at the time of such investment or use. The Chair or Vice Chair of the Board, the Superintendent, the Associate Superintendent, Chief Financial Officer and the Treasurer are each hereby separately authorized to execute on behalf of the District an arbitrage certificate in appropriate form to assure the holders of the Notes that the Notes are not arbitrage bonds; such arbitrage certificate shall constitute a representation of the District, and no use of the proceeds of the Notes will be made contrary to

the representations therein contained. The District further covenants that so long as the Notes remain outstanding that it will perform all obligations required by law to assure that interest on the Notes remains excludable from gross income for federal income tax purposes.

**Section 19. Further Assurances.** The Board covenants that the provisions of this Resolution do not conflict with or violate any existing resolution of the Board and that no contract or other agreement will be entered into and no action will be taken by which the rights of the holders of the Notes herein authorized might be impaired or diminished. The Board further covenants that it will comply with all of the terms, provisions and conditions required under Florida law and particularly Chapter 1011, Florida Statutes, for the adoption of and compliance with the 2015-2016 budget and for the assessment of millages and the levying of ad valorem taxes against the appropriate taxable property in the District. The members of the Board and the officers and employees of the District are hereby authorized and directed to do all acts and things required of them by the provisions of this Resolution and the Notes herein authorized for the full, punctual and complete performance of all terms, covenants, provisions and agreements contained in such Notes and this Resolution.

**Section 20. Resolution to Constitute a Contract.** Upon the sale of the Notes hereby authorized, this Resolution will constitute a contract with the holders thereof and such holders may enforce the provisions hereof by appropriate proceedings.

**Section 21. Defeasance.** If at any time the District shall have paid, or shall have made provision for payment of, the principal of and interest on the Notes then, and in that event, the pledge of and lien on the Pledged Revenues in favor of the holders of the Notes shall no longer be in effect and the Notes shall no longer be deemed to be outstanding and unpaid for the purposes of this Resolution. For purposes of the preceding sentence, deposit in irrevocable trust with a bank or trust company for the sole benefit of the Noteholders, of sufficient Permitted Investments or any other securities or investments which may be authorized by law from time to time and sufficient under such law to effect such a defeasance, the principal of which, together with the earnings to be received thereon, will be sufficient to make timely payment of the principal of and interest on the Notes, shall constitute provision for payment. For purposes of defeasance, "Permitted Investments" shall mean direct obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America.

**Section 22. Modification or Amendment.** Modifications and amendments to this Resolution or any proceeding of the Board amendatory hereof may be made without the consent of registered holders of the Notes for purposes of clarification, curing any ambiguity or curing, correcting or supplementing any defective provisions (whether because of any inconsistency with any other provisions hereof or otherwise), in such manner as shall not impair the security for or adversely affect the rights of registered holders of the Notes; provided, however, that no material modification or amendment of this Resolution or of any proceeding of the Board amendatory hereof or supplemental hereto, may be made without the consent in

writing of registered holders of fifty-one percent (51%) or more in aggregate principal amount of the Notes outstanding; provided further, however, that no modification or amendment shall permit a change in the maturity of the Notes or a reduction of the rate of interest thereon or in the amount of the principal obligation, or affect the covenants of the District provided in this Resolution including without limitation the covenant to pay the principal of and interest on the Notes, or reduce such percentage of registered holders of such Notes required above for such modifications or amendments, without the consent of the registered holders of all such Notes. Copies of all amendments shall be provided to Moody's Investors Service, Inc.

**Section 23. Remedies.** Any Noteholder or any trustee acting for such Noteholders in the manner hereinafter provided, may by suit, action, mandamus or other proceeding in any court of competent jurisdiction, protect and enforce any and all rights under the laws of the State of Florida, or granted and contained in this Resolution, and may enforce and compel the performance of all duties required by this Resolution or by any applicable statutes to be performed by the District or by any officer thereof. The holder or holders of Notes in an aggregate principal amount of not less than twenty-five percent (25%) of Notes then outstanding may, by a duly executed certificate, appoint a trustee for holders of Notes, with authority to represent such holders in any legal proceedings for the enforcement and protection of the rights of such holders. Such certificate shall be executed by such holders or their duly authorized attorneys or representatives and shall be filed with the District.

**Section 24. Additional Acts.** The Chair, Vice Chair, the Superintendent, the Associate Superintendent, Chief Financial Officer and the Treasurer are each authorized and directed to execute and deliver all additional documents, contracts, instruments and certificates, and to take all actions and steps on behalf of the District which are necessary or desirable in connection with the issuance of the Notes and which are not inconsistent with the terms and provisions of this Resolution.

**Section 25. Statutory References.** All statutory references herein shall be to said statutes as they exist on the date of adoption of this Resolution and as they may be from time to time amended or renumbered, including pursuant to the Florida K-20 Education Code, as well as by future legislation, except to the extent contractual commitments would preclude application of a subsequent statutory revision or repeal.

**Section 26. Severability.** If any one or more of the provisions of this Resolution or of the Notes herein authorized shall for any reason be held illegal or invalid, such illegality or invalidity shall not affect any other provision of this Resolution or of the Notes, but this Resolution and the Notes shall be construed and enforced as if such illegal or invalid provision had not been contained therein.

**Section 27. Repealing Clause.** All resolutions or orders and parts thereof in conflict herewith, to the extent of such conflict, are hereby superseded and repealed.

**Section 28. Open Meeting Findings.** It is hereby found and determined that all official acts of the Board concerning and relating to the adoption of this Resolution and all prior resolutions affecting the District's ability to issue the Notes were taken in an open meeting of the Board and that all deliberations of the Board that resulted in such official acts were taken in meetings open to the public, in compliance with all legal requirements, including Section 286.011, Florida Statutes.

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**Section 29. Effective Date.** This Resolution shall take effect immediately upon its passage.

Adopted this 13th day of May, 2015.

[SEAL]

/s/ Perla Tabares Hantman  
Perla Tabares Hantman  
Chair, The School Board of  
Miami-Dade County, Florida

Attest:

/s/ Alberto M. Carvalho  
Alberto M. Carvalho  
Secretary, The School Board of  
Miami-Dade County, Florida

Approved as to form:

/s/ Walter J. Harvey  
Walter J. Harvey, Esq.  
School Board Attorney

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## **APPENDIX D**

### **FORM OF OPINION OF NOTE COUNSEL**

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## APPENDIX D

### FORM OF LEGAL OPINION OF NOTE COUNSEL

*On the date of issuance of the Tax Anticipation Notes, Series 2015, Greenberg Traurig, P.A., Note Counsel, proposes to issue its approving opinion in substantially the following form:*

\_\_\_\_\_, 2015

School District of  
Miami-Dade County, Florida  
School Board Administration Building  
1450 N.E. Second Avenue  
Miami, Florida 33132

Re: \$305,000,000 School District of Miami-Dade County, Florida  
Tax Anticipation Notes, Series 2015

Ladies and Gentlemen:

We have acted as Note Counsel in connection with the issuance by the School District of Miami-Dade County, Florida (the “District”) of its \$305,000,000 Tax Anticipation Notes, Series 2015 initially issued and delivered on this date (the “Notes”) pursuant to the Constitution and laws of the State of Florida, particularly Section 1011.13, Florida Statutes, as amended, and other applicable provisions of law (collectively, the “Act”), and a note resolution duly adopted by The School Board of Miami-Dade County, Florida (the “Board”), a body corporate under the laws of the State of Florida and the governing body of the District, on May 13, 2015 (the “Note Resolution”).

The proceeds of the Notes are to be used, together with other available funds of the District, to pay any and all lawful expenses incurred in operating the District schools for its fiscal year ending June 30, 2016, and to pay expenses incurred in issuing the Notes.

The principal of and interest on the Notes shall be payable from the District's legally available gross, real and tangible personal property ad valorem tax receipts and other legally available revenues of the District anticipated to be received during the fiscal year commencing July 1, 2015, and amounts on deposit in the Sinking Fund as defined in the Note Resolution (the “Pledged Revenues”).

We have examined the Act, the Note Resolution and such certified copies of the proceedings of the Board and of such other documents as we have deemed necessary to render

this opinion. As to questions of fact material to our opinion, we have relied upon representations of the District furnished to us without undertaking to verify such representations by independent investigation.

In rendering the opinion in paragraph number 4 below, we have assumed continuing compliance with the requirements of the Internal Revenue Code of 1986, as amended, that must be met after the issuance of the Notes so that interest on the Notes be and remain excludable from gross income for federal income tax purposes. The District's failure to meet such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes. The District has covenanted in the Note Resolution to comply with such requirements.

Based on the foregoing, we are of the opinion that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Notes by the District pursuant to the Constitution and laws of the State of Florida, including particularly Section 1011.13, Florida Statutes, as amended.

2. The Note Resolution has been duly adopted by the Board, creates a valid pledge of the Pledged Revenues and constitutes a legal, valid and binding obligation of the District.

3. The issuance and sale of the Notes have been duly authorized by the Board, and the Notes constitute valid and binding limited obligations of the District, payable in accordance with and as limited by the terms of the Note Resolution.

4. Under existing statutes, regulations, rulings and court decisions, interest on the Notes is excludable from gross income for federal income tax purposes. Furthermore, interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. We express no opinion regarding other federal tax consequences resulting from the ownership, receipt or accrual of interest on or disposition of the Notes.

5. The Notes and the interest thereon are not subject to taxation under the laws of the State of Florida, except as to estate taxes and taxes under Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, as defined therein.

This opinion is qualified to the extent that the enforcement of the Notes and the Note Resolution may be limited by bankruptcy, insolvency, reorganization, moratorium and other

similar laws affecting creditors' rights generally, now or hereafter in effect, and by equitable principles which may limit the enforcement thereof.

Respectfully submitted,  
GREENBERG TRAURIG, P.A.

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**APPENDIX E**

**FORM OF MATERIAL EVENTS NOTICE CERTIFICATE**

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## **MATERIAL EVENTS NOTICE CERTIFICATE**

This Material Events Notice Certificate is executed and delivered by the School District of Miami-Dade County, Florida (the “District”) in connection with the issuance by the District of its \$305,000,000 Tax Anticipation Notes, Series 2015 (the “Notes”). The Notes are being issued pursuant to the a Resolution adopted on May 13, 2015 (the “Note Resolution”) by The School Board of Miami-Dade County, Florida (the “Board”) acting as the governing body of the District. The District covenants and agrees as follows:

**SECTION 1. Purpose of the Material Events Notice Certificate.** This Material Events Notice Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Notes and in order to assist the Participating Underwriter in complying with the Rule defined below.

**SECTION 2. Definitions.** In addition to the definitions set forth in the Note Resolution and in the Notes, which apply to any capitalized term used in this Material Events Notice Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Beneficial Owner” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

“Dissemination Agent” shall mean the Board, or any successor Dissemination Agent designated in writing by the Board and which has filed with the Board a written acceptance of such designation.

“Listed Events” shall mean any of the events listed in Section 3(a) of this Material Events Notice Certificate.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Participating Underwriter” shall mean the original purchaser of the Notes required to comply with the Rule in connection with the offering of the Notes.

“Rule” shall mean Rule 15c2-12(b)(5) of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of Florida.

### **SECTION 3. Reporting of Significant Events.**

(a) Pursuant to the provisions of this Section 3, the District shall give, or cause to be given, in a timely manner not in excess of ten (10) business days after the occurrence of the event, to the MSRB at <http://emma.msrb.org>, notice of the occurrence of any of the following events with respect to the Notes:

- (1) Principal and interest payment delinquencies,
- (2) Non-payment related defaults under the Note Resolution,
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties,
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties,
- (5) Substitution of the credit or liquidity providers or their failure to perform,
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Notes, or other material events affecting the tax-exempt status of the Notes,
- (7) Modifications to rights of Noteholders,
- (8) Optional, contingent or unscheduled Note calls,
- (9) Defeasances,
- (10) Release, substitution or sale of property securing repayment of the Notes,
- (11) Rating changes,
- (12) Bankruptcy, insolvency receivership or similar event of the District or an obligated person,

**Note to subsection (a)(12) of this Section 3:** For the purposes of the event described in subsection (a)(12) of this Section 3, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such

jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

- (13) The consummation of a merger, consolidation or acquisition of an obligated person or the sale of all or substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material,
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material, and,
- (15) Tender offers.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event under subsections (a)(1), (3), (4), (5), (6), (9), (11), (12) and (15), the District shall file a notice of such event with the MSRB at <http://emma.msrb.org> in a timely manner not in excess of ten business days after the occurrence of the event.

(c) If the District determines that knowledge of the occurrence of a Listed Event under subsections (a)(2), (7), (8), (10), (13) and (14) would be material under applicable federal securities laws, the District shall file a notice of such event with the MSRB at <http://emma.msrb.org> in a timely manner not in excess of ten (10) business days after the occurrence of the event.

**SECTION 4. Termination of Reporting Obligation.** The District's obligations under this Material Events Notice Certificate shall terminate upon the legal defeasance or payment in full of all of the Notes. If such termination occurs prior to the final maturity of the Notes, the District shall give notice of such termination in the same manner as for a Listed Event under Section 3(a).

**SECTION 5. Dissemination Agent.** The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Material Events Notice Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Material Events Notice Certificate.

**SECTION 6. Amendment; Waiver.** Notwithstanding any other provision of this Material Events Notice Certificate, the District may amend this Material Events Notice

Certificate, and any provision of this Material Events Notice Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized securities law counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Notes in the same manner as provided in the Note Resolution for amendments to the Note Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized securities law counsel, materially impair the interests of the Holders or Beneficial Owners of the Notes.

In the event of any amendment or waiver of a provision of this Material Events Notice Certificate, the District shall describe such amendment in a notice of such change given in the same manner as for a Listed Event under Section 3(a), and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver.

**SECTION 7. Additional Information.** Nothing in this Material Events Notice Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Material Events Notice Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Material Events Notice Certificate. If the District chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Material Events Notice Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

**SECTION 8. Default.** In the event of a failure of the District to comply with any provision of this Material Events Notice Certificate any Holder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District to comply with its obligations under this Material Events Notice Certificate. A default under this Material Events Notice Certificate shall not be deemed an event of default with respect to the Note Resolution or the Notes, and the sole remedy under this Material Events Notice Certificate in the event of any failure of the District to comply with this Material Events Notice Certificate shall be an action to compel performance.

**SECTION 9. Beneficiaries.** This Material Events Notice Certificate shall inure solely to the benefit of the District, the Board, the Dissemination Agent, the Participating Underwriter

and Holders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

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Date: July 28, 2015

THE SCHOOL BOARD OF MIAMI-DADE  
COUNTY, FLORIDA

By: \_\_\_\_\_  
Perla Tabares Hantman, Chair

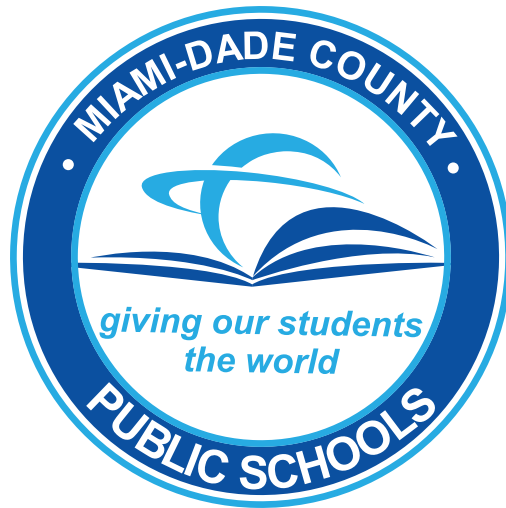
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