

## FACILITIES PLANNING

### MEMORANDUM

April 15, 2009

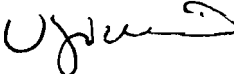
**TO:** Ms. Silvia Rojas, Treasurer  
Office of Treasury Management

Mr. Allen Van, Chief Auditor  
Office of Management and Compliance Audits

Ms. Isora Castro, District Director  
Capital Construction Budget

Ms. Marta Diaz, Executive Director  
Financial Operations and Budget

Ms. Dulce Palacios, Executive Director  
Financial Operations and Budget

**FROM:** Vivian G. Villaamil, Director I 

**SUBJECT: ANNUAL EDUCATIONAL FACILITIES IMPACT FEE AUDIT REPORT  
FOR FISCAL YEAR 2008-09 SUBMITTED BY MIAMI-DADE COUNTY**

Enclosed please find a copy of the Educational Facilities Impact Fee Audit Report submitted by the Miami-Dade County, for the fiscal year that ended September 30, 2008. This report is pursuant to section 11 of the First Amended Interlocal Agreement between Miami-Dade County and the School Board that relates to the Educational Facilities Impact Fee Ordinance.

Should you have any questions, please feel free to contact me at 305-995-7287.

VGv:mo  
M396

Enclosure

cc: Ms. Ana Rijo-Conde, AICP  
Mr. Fernando Albuerne  
Mr. Ivan M. Rodriguez



**EDUCATIONAL FACILITIES IMPACT FEES AGENCY  
FUNDS OF MIAMI-DADE COUNTY, FLORIDA**

Combining Financial Statements

September 30, 2008

(With Independent Auditors' Report Thereon)

**EDUCATIONAL FACILITIES IMPACT FEES AGENCY  
FUNDS OF MIAMI-DADE COUNTY, FLORIDA**

Combining Financial Statements

September 30, 2008

**Table of Contents**

	<b>Page</b>
Independent Auditors' Report	1
Combining Financial Statements:	
Combining Statement of Assets and Liabilities	3
Combining Statement of Changes in Assets and Liabilities	4 – 5
Notes to Combining Financial Statements	6 – 11
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	12 – 13



**KPMG LLP**  
Suite 2000  
200 South Biscayne Boulevard  
Miami, FL 33131

## **Independent Auditors' Report**

The Honorable Mayor, and Chairperson and  
Members of the Board of County Commissioners  
Miami-Dade County, Florida:

We have audited the combining statement of assets and liabilities of the Educational Facilities Impact Fees Agency Funds (the Agency Funds) of Miami-Dade County, Florida (the County) as of September 30, 2008, and the related combining statement of changes in assets and liabilities for the year then ended. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency Funds' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in note 1, the accompanying financial statements present only the Educational Facilities Impact Fees Agency Funds of Miami-Dade County, Florida and do not purport to, and do not present fairly the financial position of Miami-Dade County, Florida as of September 30, 2008 and the changes in its financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities of the Educational Facilities Impact Fees Agency Funds of Miami-Dade County, Florida as of September 30, 2008, and the changes in its assets and liabilities for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2009, on our consideration of the Agency Funds internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



This report is intended solely for the information and use of the Honorable Mayor, Chairperson, the Members of the Board of County Commissioners, County Management, and the School Board of Miami-Dade County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

March 19, 2009  
Certified Public Accountants

**EDUCATIONAL FACILITIES IMPACT FEES AGENCY FUNDS  
MIAMI-DADE COUNTY, FLORIDA**

Combining Statement of Assets and Liabilities

September 30, 2008

<b>Assets</b>	<b>East District</b>	<b>Southwest District</b>	<b>Northwest District</b>	<b>Administrative Fund</b>	<b>Total</b>
Cash and investments	\$ 2,223,816	222,402	586,095	33,417	3,065,730
Total assets	<u>\$ 2,223,816</u>	<u>222,402</u>	<u>586,095</u>	<u>33,417</u>	<u>3,065,730</u>
<b>Liabilities</b>					
Due to School Board of Miami-Dade County, Florida	\$ 2,223,816	222,402	586,095	16,709	3,049,022
Due to other County funds	<u>—</u>	<u>—</u>	<u>—</u>	<u>16,708</u>	<u>16,708</u>
Total liabilities	<u>\$ 2,223,816</u>	<u>222,402</u>	<u>586,095</u>	<u>33,417</u>	<u>3,065,730</u>

See accompanying notes to combining financial statements.

**EDUCATIONAL FACILITIES IMPACT FEES AGENCY FUNDS  
MIAMI-DADE COUNTY, FLORIDA**

Combining Statement of Changes in Assets and Liabilities

Year ended September 30, 2008

	<u>Balance September 30, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2008</u>
<b>East District:</b>				
Assets:				
Cash and investments	\$ 1,793,410	8,493,433	8,063,027	2,223,816
Total assets	\$ 1,793,410	8,493,433	8,063,027	2,223,816
Liabilities:				
Due to School Board of Miami-Dade County, Florida	\$ 1,793,410	8,493,433	8,063,027	2,223,816
Total liabilities	\$ 1,793,410	8,493,433	8,063,027	2,223,816
<b>Southwest District:</b>				
Assets:				
Cash and investments	\$ 392,228	1,032,471	1,202,297	222,402
Total assets	\$ 392,228	1,032,471	1,202,297	222,402
Liabilities:				
Due to School Board of Miami-Dade County, Florida	\$ 392,228	1,032,471	1,202,297	222,402
Total liabilities	\$ 392,228	1,032,471	1,202,297	222,402
<b>Northwest District:</b>				
Assets:				
Cash and investments	\$ 656,294	1,650,574	1,720,773	586,095
Total assets	\$ 656,294	1,650,574	1,720,773	586,095
Liabilities:				
Due to School Board of Miami-Dade County, Florida	\$ 656,294	1,650,574	1,720,773	586,095
Total liabilities	\$ 656,294	1,650,574	1,720,773	586,095

**EDUCATIONAL FACILITIES IMPACT FEES AGENCY FUNDS  
MIAMI-DADE COUNTY, FLORIDA**

Combining Statement of Changes in Assets and Liabilities  
Year ended September 30, 2008

	<u>Balance September 30, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2008</u>
<b>Administrative Fund:</b>				
Assets:				
Cash and investments	\$ 29,269	253,032	248,884	33,417
Total assets	<u>\$ 29,269</u>	<u>253,032</u>	<u>248,884</u>	<u>33,417</u>
Liabilities:				
Due to School Board of Miami-Dade County, Florida	\$ 14,635	126,516	124,442	16,709
Due to other County funds	<u>14,634</u>	<u>126,516</u>	<u>124,442</u>	<u>16,708</u>
Total liabilities	<u>\$ 29,269</u>	<u>253,032</u>	<u>248,884</u>	<u>33,417</u>
<b>Total All Districts and Administrative Fund:</b>				
Assets:				
Cash and investments	\$ 2,871,201	11,429,510	11,234,981	3,065,730
Total assets	<u>\$ 2,871,201</u>	<u>11,429,510</u>	<u>11,234,981</u>	<u>3,065,730</u>
Liabilities:				
Due to School Board of Miami-Dade County, Florida	\$ 2,856,567	11,302,994	11,110,539	3,049,022
Due to other County funds	<u>14,634</u>	<u>126,516</u>	<u>124,442</u>	<u>16,708</u>
Total liabilities	<u>\$ 2,871,201</u>	<u>11,429,510</u>	<u>11,234,981</u>	<u>3,065,730</u>

See accompanying notes to combining financial statements.



**EDUCATIONAL FACILITIES IMPACT FEES AGENCY  
FUNDS OF MIAMI-DADE COUNTY, FLORIDA**

Notes to Combining Financial Statements

September 30, 2008

**(1) General**

The Educational Facilities Impact Fee Agency Funds (the Agency Funds) of Miami-Dade County, Florida (the County) were established pursuant to Section 235.19 of the *Florida Statutes* and Ordinance 95-79 of the Miami-Dade County, Florida Board of County Commissioners (the Ordinance) in May 1995 for the purpose of levying impact fees on new residential development as well as on additions to residences to provide capital for the construction of educational facilities necessitated by residential development. The educational facilities impact fee is collected and accounted for in each of the districts created by the Ordinance. The Ordinance established an East, Southwest, and a Northwest District. Funds collected are required to be expended in the district in which they were collected.

The administration of the Agency Funds is governed by the Educational Facilities Impact Fee Administration Manual and Interlocal Agreement, both adopted in September 1995, between the School Board of Miami-Dade County, Florida (the School Board) and the Board of County Commissioners of the County. The County accounts for the Agency Funds' activities in separately identifiable funds within its agency funds and does not include the assets and liabilities of the County in the Agency Funds.

The County is responsible for imposing and collecting the educational impact fees in accordance with the Ordinance and agreement discussed above. The County remits all fees to the School Board, less a 1% administrative fee.

**(2) Summary of Significant Accounting Policies**

**(a) Basis of Presentation**

Agency Funds are used to account for assets held in a trustee capacity or as an agent for other governmental entities and other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

**(b) Basis of Accounting**

The County utilizes the modified accrual basis of accounting to account for the Agency Fund's activities.

**(c) Use of Estimates**

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

**(d) Cash and Investments**

Cash includes amounts in demand deposits, as well as short-term investments with maturity dates within three months of the dates they are acquired by the County. Investments are carried at fair value plus interest.

**EDUCATIONAL FACILITIES IMPACT FEES AGENCY  
FUNDS OF MIAMI-DADE COUNTY, FLORIDA**

Notes to Combining Financial Statements

September 30, 2008

**(3) Cash and Investments**

The County pools substantially all cash and investments, except for separate cash and investment accounts which are maintained under legal restrictions. The Agency Funds' equity share of the total pooled cash and investments is included on the accompanying combining statement of assets and liabilities under the caption "Cash and Investments."

All cash deposits are held in qualified public depositories pursuant to *Florida Statutes Chapter 280, Florida Security for Public Deposits Act* (the Act). Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public depositories' collateral pledging level. The pledging level may range from 50% to 125% depending upon a depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositories are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

Investments are made in accordance with the provisions of *Florida Statutes 218.415*, and County Ordinance 84-47, *Reinvestment of Surplus Funds*. The County is authorized to invest in obligations of the U.S. government, its agencies and instrumentalities, commercial paper, bankers' acceptances, repurchase agreements, certificates of deposit, and the Local Government Surplus Funds Trust Fund. The County's investments are insured or registered or the securities are held by the County or its agent in the County's name.

As a rule, the County intends to hold all purchased securities until their final maturity date. There may be occasional exceptions, including, but not limited to the need to sell securities to meet unexpected liquidity needs.

The following is a summary of the Agency Funds' cash and investments at September 30, 2008:

	<b>Fair value</b>
U.S. government and agency securities	\$ 2,523,492
Commercial paper	542,238
Total	\$ 3,065,730

**(a) Credit Risk**

The County's Investment Policy (the Policy) minimizes credit risk by restricting authorized investments to: Local Government Surplus Funds Trust Fund (SBA) or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act; Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits or savings accounts in qualified public depositories, pursuant to *Florida Statutes §280.02*, which are defined as banks, savings banks, or savings associations organized under the laws of the United States with an office in this state that is authorized to receive deposits, and has deposit insurance under the provision of the

**EDUCATIONAL FACILITIES IMPACT FEES AGENCY  
FUNDS OF MIAMI-DADE COUNTY, FLORIDA**

Notes to Combining Financial Statements

September 30, 2008

Federal Deposit Insurance Act; direct obligations of the United States Treasury; federal agencies and instrumentalities; securities of, or other interest in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, provided that the portfolio is limited to the obligations of the United States government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian; commercial paper of prime quality with a stated maturity of 270 days or less from the date of its issuance, which has the highest letter and numerical rating as provided for by at least one nationally recognized rating service; banker acceptances which have a stated maturity of 180 days or less from the date of its issuance, and have the highest letter and numerical rating as provided for by at least one nationally recognized rating service, and are drawn on and accepted by commercial banks and which are eligible for purchase by the Federal Reserve Bank; investments in repurchase agreements (repos) collateralized by securities authorized by the policy; and securities lending: securities or investments may be loaned to securities dealers or financial institutions provided the lending loan is collateralized by cash or securities having a market value of at least 102% of the market value of the securities loaned upon initiation of the transaction.

The table below summarizes the investments by type and credit ratings as of September 30, 2008.

<u>Investment type</u>	<u>Credit rating</u>
Federal Home Loan Mortgage Corporation	AAA
Federal Home Loan Bank	AAA
Federal Farm Credit Bank	AAA
Fannie Mae	AAA
Federal Agricultural Mortgage Corporation	N/A
Commercial Paper	A1/P1

**(b) Custodial Credit Risk**

The Policy requires that bank deposits be secured per Chapter 280, *Florida Statutes*. This requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. As of September 30, 2008 all of the County's bank deposits were in qualified public depositories.

The Policy requires the execution of a Custodial Safekeeping Agreement with a commercial bank for all purchased securities. All securities purchased by the County must be held for the credit of the County in an account separate and apart from the assets of the financial institution.

**(c) Concentration of Credit Risk**

The Policy establishes limitations on portfolio composition by investment type and by issuer to limit its exposure to concentration of credit risk. The Policy provides that a maximum of 50% of the

**EDUCATIONAL FACILITIES IMPACT FEES AGENCY  
FUNDS OF MIAMI-DADE COUNTY, FLORIDA**

Notes to Combining Financial Statements

September 30, 2008

portfolio may be invested in the Local Government Surplus Funds Trust Fund; a maximum of 30% of the portfolio may be invested in SEC registered money market funds with no more than 10% to any single money market fund; a maximum of 20% of the portfolio may be invested in non-negotiable interest bearing time certificates of deposit or savings accounts with no more than 5% deposited with any one issuer; no limitations on portfolio composition as to direct obligations of the United States Treasury; a maximum of 75% of the total portfolio may be invested in federal agencies and instrumentalities; a maximum of 5% of the portfolio may be invested in open-end or closed-end funds; a maximum of 50% of the portfolio may be invested in prime commercial paper with a maximum of 5% with any one issuer; a maximum of 25% of the portfolio may be invested in bankers acceptances with a maximum of 10% with any one issuer; a maximum of 60% of the portfolio may be invested in both commercial paper and bankers acceptances; a maximum of 10% of the portfolio may be invested with any one institution.

As of September 30, 2008, the following issuers held 5% or more of the Pool's investment portfolio:

<u>Issuer</u>	<u>% of Portfolio</u>
Federal Home Loan Bank	29.11 %
Federal Home Loan Mortgage Corporation	6.97 %
Fannie Mae	19.48 %
Federal Farm Credit Bank	9.41 %

**(d) Interest Rate Risk**

The Policy limits interest rate risk by requiring the matching of known cash needs and anticipated net cash outflow requirements; following historical spread relationships between different security types and issuers; and evaluating both interest rate forecasts and maturity dates to consider short-term market expectations. The Policy requires that investments made with current operating funds shall maintain a weighted average of no longer than one year. Investments for bond reserves, construction funds and other non-operating funds shall have a term appropriate to the need for funds and in accordance with debt covenants. The Policy limits the maturity of an investment to a maximum of five years.

**EDUCATIONAL FACILITIES IMPACT FEES AGENCY  
FUNDS OF MIAMI-DADE COUNTY, FLORIDA**

Notes to Combining Financial Statements

September 30, 2008

As of September 30, 2008, the County had the following investments with the respective weighted average maturity in years.

<u>Investment type</u>	<u>Weighted average maturity in years</u>
Federal Home Loan Mortgage Corporation	1.07
Federal Home Loan Bank	0.57
Federal Farm Credit Banks	1.40
Fannie Mae	0.62
Federal Agricultural Mortgage Corporation	0.06
Time Deposits	0.34
Treasury Notes	0.59
Commercial Paper	0.04
Municipal Bonds	2.22

**(e) Foreign Currency Risk**

The Policy limits the County's foreign currency risk by excluding foreign investments as an investment option.

**(4) Refunds**

The County is responsible for administering all refunds provided for in the Ordinance. All refunds shall be paid from the previously collected impact fees corresponding to the appropriate district. Refunds are netted against additions in the combining statement of changes in assets and liabilities.

The following is a summary of refunds, by district, for the period ending September 30, 2008:

East District	\$ 1,362,286
Southwest District	30,095
Northwest District	<u>28,899</u>
Total	<u>\$ 1,421,280</u>

**(5) Alternative Forms of Payment**

In the event an impact fee due to the County exceeds \$25,000, the feepayer may elect to defer the payment of the impact fee by submitting to the County a surety performance bond or an automatically renewable irrevocable letter of credit for the total amount of the impact fee.

**EDUCATIONAL FACILITIES IMPACT FEES AGENCY  
FUNDS OF MIAMI-DADE COUNTY, FLORIDA**

Notes to Combining Financial Statements

September 30, 2008

The following is a summary of the alternative payments held by the County on behalf of the School Board as of September 30, 2008.

	<b>Letters of credit/surety bond</b>
East District	\$ 657,381
Northwest District	200,153
Total	<u>\$ 857,534</u>



**KPMG LLP**  
Suite 2000  
200 South Biscayne Boulevard  
Miami, FL 33131

**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***

The Honorable Mayor, and Chairperson and  
Members of the Board of County Commissioners  
Miami-Dade County, Florida:

We have audited the combining statement of assets and liabilities of the Educational Facilities Impact Fees Agency Funds (the Agency Funds) and the related combining statement of changes in assets and liabilities, as of and for the year ended September 30, 2008 and have issued our report thereon dated March 19, 2009. 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.

**Internal Control over Financial Reporting**

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected in the entity's internal control.

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

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



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency Funds' financial statements are free of 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*.

This report is intended solely for the information and use of the Honorable Mayor and Chairperson and Members of the Board of County Commissioners of Miami-Dade County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

**KPMG LLP**

March 19, 2009  
Certified Public Accountants