



Superintendent of Schools

Dr. Jose L. Dotres

Chief Auditor

Jon Goodman, CPA CFE

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March 27, 2023

The Honorable Chair and Members of The School Board of Miami-Dade County, Florida
Members of The School Board Audit and Budget Advisory Committee
Dr. Jose L. Dotres, Superintendent of Schools

SUBJECT: AUDIT OF EDUCATIONAL IMPACT FEES – COLLECTION PROCESS AND COMPLIANCE

This communication includes the results of our subject audit, which was performed in accordance with the approved Fiscal Year 2022-2023 Annual Audit Plan. The objective of the audit was to test that educational impact fees for new residential development in the county are being properly remitted and collected in accordance with applicable statutes, ordinances, and agreements. We randomly and judgmentally selected 434 new residential folios¹ from Educational Impact Fees (EIF), Property Appraiser, and District data and inspected documentation evidencing the proper remittance and collection of related impact fees during the period July 2018 through January 2022. No exceptions were noted in our testing.

Background, Scope, and Methodology

Through an Interlocal Agreement (ILA), Miami-Dade County is primarily responsible for imposing, calculating, and collecting EIFs on new residential construction developments or expansion of existing residential properties on behalf of the School District.

The principle behind the EIF is the reasonable expectation that new residential developments will be occupied by school aged children needing to be accommodated by the District. In effect, new residential development increases the student population being served by nearby schools. The revenue generated from this process is intended to create additional student stations at schools found within three benefit districts, generally identified as East, Northwest, and Southwest.

The following table shows the EIF revenue received by the District during the last 20 years:

¹ Folios may consist of single or multi-family developments.

Year	Amount	Year	Amount
2022	\$28,613,170	2012	\$8,338,716
2021	\$19,856,162	2011	\$7,078,370
2020	\$21,144,818	2010	\$5,626,908
2019	\$20,366,639	2009	\$5,203,747
2018	\$22,927,598	2008	\$11,108,464
2017	\$19,924,475	2007	\$25,156,965
2016	\$29,570,875	2006	\$42,715,754
2015	\$34,930,191	2005	\$63,501,102
2014	\$21,041,443	2004	\$44,073,927
2013	\$20,920,976	2003	\$27,859,892

Source: Audited financial statements

Section 163.31801, Florida Statutes, authorizes impact fees.

Subsection (4)(a), in pertinent part, reads:

“At a minimum, each local government that adopts and collects an impact fee by ordinance and each special district that adopts, collects, and administers an impact fee by resolution must: (a) Ensure that the calculation of the impact fee is based on the most recent and localized data.”

The current Miami-Dade County Educational Impact fee rates and corresponding formula were developed in 1995 based on Miami-Dade County Ordinance 95-79, approved by the Miami-Dade County Board of County Commissioners on May 2, 1995, and amended in 2022 with the same rate as follows:

<p style="text-align: center;">New Residential Unit Size (square feet) x Square Footage Fee (\$0.90) + Base Fee (\$600.00) + 2% Administrative Fee = Educational Impact Fee</p>
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In 2006, Miami-Dade County Public Schools attempted to revise the impact fee ordinance and commissioned a study which, in part, recommended periodic adjustments to the EIF rates and formula to consider inflation in building costs.² As cited by the accounting firm of C. Borders-Byrd, CPA LLC, which conducted the financial statement audit of the District's impact fees from 2006 through 2022:

² A statewide impact fee study was commissioned by Palm Beach County, conducted by the firm of Benesch, and published in March 2022. The study, in part, reports on Educational Impact Fees (EIF) for the state's five largest school Districts: M-DCPS, Broward, Hillsborough, Orange and Palm Beach. The report reflects that the EIF rate/formula was established in Miami-Dade in 1995 and yields \$2,448 in EIF for a 2000 square foot home. However, the other four large district/county rates were updated ranging from 2017 to 2021 and yielding EIFs of \$6,608 to \$9,148.

“The current Educational Facilities Impact Fee Ordinance (Impact Fees) was adopted in 1995 and recommended revisions to the Impact Fees methodology and increase in fees completed in January 2006 were not adopted by Miami-Dade County (County). While the proposed amendments to the impact fees were approved on first reading by the Board of County Commissioners (BCC) on February 20, 2007 and subsequently scheduled for a public hearing before the BCC Government, Operations & Environment (GOE) Committee on July 11, 2007, the item was tabled at the time and has not been rescheduled.”

The legislative process of adopting and amending state statutes and county ordinances rests with the applicable legislative bodies, and a multitude of factors contribute to policy decisions such as tax rates and determining impact fees. Consequently, the adoption and determination of impact fees in the current county ordinance were not within the scope of our audit.

We reviewed/performed the following procedures to satisfy our objective:

Obtained an understanding of the overall EIF process, as it relates to the scope of our audit:

- Reviewed and identified criteria, standards, directives, policies, rules, and best practices applicable to the audited area, including:
 - Dade County Ordinance # 95-79
 - Impact Fee Manual, Dade County Ordinance # 95-192
 - Interlocal Agreement (ILA) between Dade County and the School Board of Dade County Florida
 - First Amended ILA between Miami-Dade County and the School Board of Miami-Dade County Florida
 - EIF Methodology and Technical Report (1995)
 - Applicable Florida Statutes
 - School Board Policy 7100 – Facilities Planning
- Conducted numerous interviews with various District, Miami-Dade County, and Municipal staff/administrators involved with the administration and/or processing of EIFs.
- Performed Various tests:
 - Conducted process/transaction walk-throughs at the District, County, and selected municipalities
 - Analyzed and compared EIF, Property Appraiser, and District Concurrency data
 - Determined compliance with applicable ordinances and agreements
 - Compared Miami-Dade County’s EIF to other Florida counties
 - Tested 434 residential properties for compliance with EIF
 - Physically visited 20 development sites to verify construction status
- Reviewed related audits performed by other entities

We conducted this audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States of America Government Accountability Office (GAO). Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Goodman". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jon Goodman, CPA, CFE
Chief Auditor

JG:lb
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cc: Mr. Walter J. Harvey
Mr. Jose Bueno
Mr. Raul F. Perez
Ms. Nathaly Simon
Mr. Luis Baluja