

Letter of Transmittal

May 5, 2011

TO: Dr. Richard H. Hinds, Associate Superintendent
and Chief Financial Officer

Mr. Jose Montes de Oca, Chief Auditor
Audit and Investigative Affairs

Ms. Connie Pou, Controller
Office of the Controller

Ms. Ana Rijo-Conde, Eco-sustainability Officer
Planning, Design and Sustainability

FROM: Silvia R. Rojas, Treasurer
Office of Treasury Management



**SUBJECT: TRANSMITTAL OF EDUCATION FACILITIES IMPACT FEES
AGENCY FUNDS OF MIAMI-DADE COUNTY, FLORIDA,
COMBINING FINANCIAL STATEMENTS, SEPTEMBER 30, 2010**

Attached for your information find the Educational Facilities Impact Fees Agency Funds of Miami-Dade County, Florida, Combining Financial Statements for the fiscal year ended September 30, 2010.

Should you have any questions, please do not hesitate to contact me a 305-995-1684. Thank you,

SRR:pb
33L

Attachments



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

Combining Financial Statements

September 30, 2010

(With Independent Auditors' Report Thereon)

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

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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, 2010, 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, 2010 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, 2010, 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 29, 2011, 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 29, 2011
Certified Public Accountants

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

Combining Statement of Assets and Liabilities
September 30, 2010

Assets	East District	Southwest District	Northwest District	Administrative Fund	Total
Cash and cash equivalents and investments	\$ 1,889,613	63,045	108,731	30,806	2,092,195
Total assets	<u>\$ 1,889,613</u>	<u>63,045</u>	<u>108,731</u>	<u>30,806</u>	<u>2,092,195</u>
Liabilities					
Due to School Board of Miami-Dade County, Florida	\$ 1,889,613	63,045	108,731	30,806	2,092,195
Total liabilities	<u>\$ 1,889,613</u>	<u>63,045</u>	<u>108,731</u>	<u>30,806</u>	<u>2,092,195</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, 2010

	<u>Balance September 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2010</u>
East District:				
Assets:				
Cash and cash equivalents and investments	\$ 1,046,962	5,322,399	4,479,748	1,889,613
Total assets	<u>\$ 1,046,962</u>	<u>5,322,399</u>	<u>4,479,748</u>	<u>1,889,613</u>
Liabilities:				
Due to School Board of Miami-Dade County, Florida	\$ 1,046,962	5,322,399	4,479,748	1,889,613
Total liabilities	<u>\$ 1,046,962</u>	<u>5,322,399</u>	<u>4,479,748</u>	<u>1,889,613</u>
Southwest District:				
Assets:				
Cash and cash equivalents and investments	\$ 51,709	592,018	580,682	63,045
Total assets	<u>\$ 51,709</u>	<u>592,018</u>	<u>580,682</u>	<u>63,045</u>
Liabilities:				
Due to School Board of Miami-Dade County, Florida	\$ 51,709	592,018	580,682	63,045
Total liabilities	<u>\$ 51,709</u>	<u>592,018</u>	<u>580,682</u>	<u>63,045</u>
Northwest District:				
Assets:				
Cash and cash equivalents and investments	\$ 79,308	521,603	492,180	108,731
Total assets	<u>\$ 79,308</u>	<u>521,603</u>	<u>492,180</u>	<u>108,731</u>
Liabilities:				
Due to School Board of Miami-Dade County, Florida	\$ 79,308	521,603	492,180	108,731
Total liabilities	<u>\$ 79,308</u>	<u>521,603</u>	<u>492,180</u>	<u>108,731</u>
Administrative Fund:				
Assets:				
Cash and cash equivalents and investments	\$ 17,625	174,962	161,781	30,806
Total assets	<u>\$ 17,625</u>	<u>174,962</u>	<u>161,781</u>	<u>30,806</u>
Liabilities:				
Due to School Board of Miami-Dade County, Florida	\$ 17,625	87,481	74,300	30,806
Due to other County funds	—	87,481	87,481	—
Total liabilities	<u>\$ 17,625</u>	<u>174,962</u>	<u>161,781</u>	<u>30,806</u>

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

Combining Statement of Changes in Assets and Liabilities

Year ended September 30, 2010

	Balance September 30, 2009	Additions	Deductions	Balance September 30, 2010
Total all Districts and Administrative Fund:				
Assets:				
Cash and cash equivalents and investments	\$ 1,195,604	6,610,982	5,714,391	2,092,195
Total assets	\$ 1,195,604	6,610,982	5,714,391	2,092,195
Liabilities:				
Due to School Board of Miami-Dade County, Florida	\$ 1,195,604	6,523,501	5,626,910	2,092,195
Due to other County funds	—	87,481	87,481	—
Total liabilities	\$ 1,195,604	6,610,982	5,714,391	2,092,195

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, 2010

(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.

(a) These financial statements present only the Educational Facilities Impact Fee Agency Funds, and do not purport to, and do not present fairly the financial position of the County as of September 30, 2010, and the changes in its financial position and, where applicable, cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

(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.

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

Notes to Combining Financial Statements

September 30, 2010

(d) Cash and Cash Equivalents 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.

(3) Cash and Cash Equivalents and Investments

Miami-Dade County (the County) is authorized through *Florida Statutes* §218.415, Ordinance No. 84-47, Resolution R-31-09 and its Investment Policy to make certain investments. The Investment Policy was updated and adopted on January 22, 2009 in response to current and possible uncertainties in the domestic and international financial markets. The County's overall investment objectives are, in order of priority, the safety of principal, liquidity of funds and maximizing investment income.

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 deposits times the depository's 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.

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, 2010:

	Fair Value
U.S. government and agency securities	\$ 1,779,312
Interest bearing accounts	312,883
Total	\$ 2,092,195

(a) Credit Risk

The County's Investment Policy (the Policy), minimizes credit risk by restricting authorized investments to: Local Government Surplus Funds Trust Fund 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

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

Notes to Combining Financial Statements

September 30, 2010

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 bank, or savings association organized under the laws of the United States with an office in the State of Florida that is authorized to receive deposits, and has deposit insurance under the provisions of the Federal Deposit Insurance Act; direct obligations of the United States Treasury; federal agencies and instrumentalities; securities of, or other interests 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 from at least two rating agencies which are Standard & Poor's (A1), Moody's (P1), or Fitch (F1); bankers 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 from at least two rating agencies (as noted for commercial paper above) and are drawn 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 within this policy. All Repos shall be governed by a standard SIFMA Master Repurchase Agreement; municipal securities issued by U.S. state or local governments, having at time of purchase, a stand-alone credit rating of AA or better assigned by two or more recognized credit rating agencies or a short-term credit rating of A1/P1 or equivalent from one or more recognized credit rating agencies.

The table below summarizes the investments by type and credit ratings as of September 30, 2010.

<u>Investment type</u>	<u>Credit rating</u>
Federal Home Loan Mortgage Corporation	AAA
Federal Home Loan Bank	AAA
Federal Farm Credit Bank	AAA
Federal National Mortgage Association	AAA
Treasury notes	N/A
Municipal bonds	AA
Interest bearing accounts	N/A

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

Notes to Combining Financial Statements

September 30, 2010

(b) Custodial Credit Risk

The Policy requires that time deposits made in banks and savings and loan associations must be made with qualified public depositories in accordance with Chapter 280, *Florida Statutes*. The County deposits funds only 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 the State of Florida that is authorized to receive deposits, and has deposit insurance under the provisions of the FDIC. At September 30, 2010, all of the County's bank deposits were in qualified public depositories and as such the deposits are not exposed to custodial credit risks.

Securities may be purchased only through financial institutions that are state-certified public depositories. For third-party custodial agreements, the County will execute a Custodial Safekeeping Agreement with a commercial bank. All securities purchased and/or collateral obtained by the County shall be the property of the County and be held 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 portfolio may be invested in the State of Florida Local Government Surplus Trust Fund (the Pool); however, bond proceeds may be temporarily deposited in the Pool until alternative investments have been purchased. Prior to purchasing any investment in the Pool, approval must be received from the Board of County Commissioners. 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 interest bearing time deposits or demand accounts with no more than 5% deposited with any one issuer. There is no limit on the percent of the total portfolio that may be invested in direct obligations of the U.S. Treasury or federal agencies and instrumentalities; with no limits on individual issuers (investment in agencies containing call options shall be limited to a maximum of 25% of the total portfolio). 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, but a maximum of 60% of the portfolio may be invested in both commercial paper and banker's acceptances. A maximum of 20% of the portfolio may be invested in repurchase agreements with the exception of one (1) business day agreements, with a maximum of 10% of the portfolio in any one institution or dealer with the exception of one (1) business day agreements. Investments in derivative products shall be prohibited by Miami-Dade County. A maximum of 25% of the portfolio may be directly invested in municipal obligations, up to 5% with any one municipal issuer.

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

Notes to Combining Financial Statements

September 30, 2010

As of September 30, 2010, the following issuers held 5% or more of the County's investment portfolio:

Issuer	Percentage of portfolio
Federal Farm Credit Bank	14.13%
Federal Home Loan Bank	21.06%
Federal Home Loan Mortgage Corporation	19.26%
Fannie Mae	22.69%

The above excludes investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds and external investment pools.

(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 nonoperating 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.

As of September 30, 2010, the County had the following investments with the respective weighted average maturity in years.

Investment type	Weighted average maturity in years
Federal Home Loan Mortgage Corporation	0.65
Federal Home Loan Bank	0.61
Federal Farm Credit Banks	1.81
Fannie Mae	0.53
Time Deposits	0.49
Treasury Notes	0.14
Municipal Bonds	0.45

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

Notes to Combining Financial Statements

September 30, 2010

(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, 2010:

East District	\$ 240,116
Southwest District	52,730
Northwest District	<u>4,020</u>
Total	<u>\$ 296,866</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, 2010 and have issued our report thereon dated March 29, 2011. 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 deficiency in internal control over financial reporting 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 combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Agency Funds' financial statements will not be prevented, or detected and corrected on a timely basis.

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 29, 2011
Certified Public Accountants

