

**MINUTES OF THE SCHOOL BOARD AUDIT AND BUDGET ADVISORY COMMITTEE  
OF MIAMI-DADE COUNTY PUBLIC SCHOOLS  
REGULAR MEETING  
April 3, 2023**

The School Board Audit and Budget Advisory Committee (the ABAC or the Committee) met on Monday, April 3, 2023, in the School Board Administration Building, SBAB Auditorium, at 1450 N.E. Second Avenue, Miami, Florida.

**Call to Order**

ABAC Chair, Mr. Christopher Norwood, J.D., called the meeting to order at 12:34 p.m.

**1. Welcome and Introductions**

| <b>ABAC Members Present</b>                                                                |  |
|--------------------------------------------------------------------------------------------|--|
| Mr. Christopher Norwood, J.D., ABAC Chair                                                  |  |
| Mr. Stephen Hunter Johnson, Esq., ABAC Vice Chair                                          |  |
| Dr. Steve Gallon III, School Board Member/ABAC Member                                      |  |
| Mr. Anthony Atala, Esq., ABAC Member                                                       |  |
| Ms. Chloe Bordon-Gillenwater, Esq., ABAC Member                                            |  |
| Mr. Juan D'Arce, M.S.Ed., ABAC Member                                                      |  |
| Mr. Juan Carlos Gonzalez, CPA, ABAC Member                                                 |  |
| Ms. Anna Hochkammer, ABAC Member                                                           |  |
| Mr. Julio C. Miranda, CPA, CFE, ABAC Member                                                |  |
| Ms. Sharon Watson, ABAC Member                                                             |  |
|                                                                                            |  |
| Mr. Jon Goodman, Chief Auditor                                                             |  |
| <b>ABAC Members Absent</b>                                                                 |  |
| Ms. Ana Perez-Abreu, ABAC Member                                                           |  |
| Mr. Juan del Busto, ABAC Member                                                            |  |
| Mr. Ron Y. Steiger, Chief Financial Officer, Ex Officio (Non-Voting)<br>Member of the ABAC |  |

| <b>Others in Attendance</b>                            |                                                     |
|--------------------------------------------------------|-----------------------------------------------------|
| Ms. Mari Tere Rojas, School Board Chair                | Ms. Charisma Montfort, Chief Procurement Officer    |
| Dr. Jose L. Dotres, Superintendent of Schools          | Ms. Daisy Naya, Controller                          |
| Mr. Walter J. Harvey, General Counsel                  | Ms. Martha Diaz, Chief Budget Officer               |
| Mr. Jose Bueno, Chief of Staff                         | Ms. Tamara Wain, CPA, Assistant Chief Auditor, OMCA |
| Dr. Dawn M. Baglos, Chief Human Capital Officer        | Mr. Michael A. Lewis, Region Superintendent         |
| Dr. John D. Pace III, Deputy Superintendent            | Ms. Gloria Arazoza, Region Administrative Director  |
| Mr. Raul Perez, Chief Facilities Design/Const. Officer | Ms. Melba Brito, Administrative Director            |
| Ms. Tiffanie Pauline, Chief Strategy Officer           | Ms. Meyme Falcone, Administrative Director          |
| Mr. Eugene P. Baker, Chief Information Officer, ITS    | Mr. Alejandro Perez, Region Administrative Director |
| Dr. Dwight A. Bernard, Assistant Superintendent        | Mr. Luis O. Baluja, CISA, District Director, OMCA   |
| Mr. Rene Mantilla, Assistant Superintendent            | Mr. Reinaldo Montano, District Director, CIU        |
| Ms. Maria G. Zabala, Assistant Superintendent          | Mr. Richard Yanez, CPA, District Director, OMCA     |

| <b>Others in Attendance</b>                         |                                                        |
|-----------------------------------------------------|--------------------------------------------------------|
| Ms. Debra A. Simmons, Executive Director, MECA      | <b>Aventura City of Excellence School:</b>             |
| Ms. Ann Pierce Stith, Executive Director, FNEI      | Mr. Ron Wasson, City Manager-City of Aventura          |
| Mr. Ivan M. Rodriguez, Director                     | Ms. Melissa Cruz, Finance Director-City of Aventura    |
| Mr. Leroy Anderson, Supervisor                      | <b>Downtown Doral Charter Upper School, Inc.:</b>      |
| Mr. Michael Hernandez, CPA, Audit Supervisor, OMCA  | Mr. Emil Sotolongo, Sotolongo & Associates, P.A.       |
| Mr. Alejandro Santana Alvarez, IT Auditor, OMCA     | Ms. Kim Campbell, Executive Director                   |
| Mr. Erick O. Blanco, Cybersecurity Analyst, OMCA    | <b>Keys Gate Charter High School:</b>                  |
| Ms. Marlene Hernandez, School Bd. Chief of Staff    | Mr. Bill Benson, Managing Partner-Keefe McCullough CPA |
| Mr. Albert Mancebo, School Bd. Chief of Staff       | Mr. Daniel Verdier, Principal                          |
| Mr. George Nunez, School Bd. Chief of Staff         | Ms. Vanessa Santos, Assistant Controller, CSUSA        |
| Ms. Pavielle Phillips, School Bd. Chief of Staff    | Ms. Myrna Lainé-Hyppolite, SVP Finance & School Acct.  |
| Ms. Tessy Villarreal, School Bd. Chief of Staff     | <b>Lincoln-Marti Charter Schools, Inc.:</b>            |
| Ms. Lourdes Amaya, School Board Admin. Assistant    | Ms. Lisette Rodríguez, Audit Partner, BDO              |
| Ms. Nicole Reinoso, School Board Admin. Assistant   | Mr. Demetrio J. Pérez, Administrator Educ. Mgt. Assoc. |
| Ms. Elsa Berrios-Montijo, District Analyst, OMCA    | <b>Miami Arts, Inc.:</b>                               |
| Ms. Latisha Green, Asst. to the Chief Auditor, OMCA | Mr. Regino Rodriguez, CPA, Partner-HLB Gravier LLP     |
| Mr. Hector Ortiz, Assistant Inspector General, OIG  | Mr. Alfredo de la Rosa, Founder & Principal            |
| Mr. Thomas Knigge, Supervisory Agent, OIG           | Mr. Noel Puig, Finance Controller                      |
| Mr. Nicholas Moreton, ITS                           | <b>Phoenix Academies of Excellence, Inc.:</b>          |
| Mr. Al Chicoy, Creative Director, WLRN              | Mr. Steve Gardner, CPA- S.L. Gardner & Company, PA     |
| Mr. Adson Pressage, Director, WLRN                  | Ms. Latoya Robinson, Principal                         |
| Mr. Ben Launerts, MECA Board Chair                  | <b>Verdeja•DeArmas•Trujillo•Alvarez, CPA Firm:</b>     |
| Ms. Annahy Salas, MECA, HLB Gravier LLP             | Mr. Manny Alvarez, Partner                             |
| Ms. Sandra Bridgeman, CPA, TriMerge Consulting      | Mr. Jorge Albeirus, Audit Manager                      |
| Ms. Gerri Lazzarre, CPA, TriMerge Consulting Group  |                                                        |

**2. Approval of the Minutes of the School Board Audit and Budget Advisory Committee Meeting of January 30, 2023 (ACTION)**

---

ABAC Chair Mr. Christopher Norwood presented the minutes of the January 30, 2023 ABAC meeting and inquired if there were any questions regarding them.

There being no questions or comments, a motion duly made by ABAC member Ms. Anna Hochkammer, seconded by ABAC member Ms. Sharon Watson was carried unanimously to approve and file the **Minutes of the School Board Audit and Budget Advisory Committee Meeting of January 30, 2023.**

**3. State of Florida Auditor General Financial and Federal Single Audit Report for the Miami-Dade County District School Board Fiscal Year Ended June 30, 2022 (ACTION)**

---

Mr. Jon Goodman, Chief Auditor, began the presentation of this item by stating that the audit presents unmodified opinions, reflecting fair presentation of the financial statements and compliance in all material respects with laws and rules governing major federal programs. There was one finding relating to whether charter schools should be presented as component units in the annual comprehensive financial report. The District’s external audit firm, currently RSM, sides with the District’s position on the

accounting treatment of charter schools as component units. The audit also follows up on last year's findings related to student aid and secondary education and affirms that three out of the four related findings have been corrected as of June 30<sup>th</sup>, 2022. Mr. Goodman then deferred to Ms. Daisy Naya, M-DCPS Controller, to further elaborate on this audit as well as the district's financial position.

Ms. Naya followed up by reiterating that the Auditor General's (AG's) audit issued an unmodified opinion and explained that the aforementioned finding was a "technical matter finding," which is the lightest finding they can issue. RSM has applied the concept for charter schools in accordance with governmental accounting standard 61 and has consistently applied it since 2013 when that standard first became implemented. Therefore, the presentation has been consistent for the last several years.

Ms. Naya continued by elaborating on the federal single audit, stating that M-DCPS is very proud to say that the District has received an unmodified opinion and has no new findings in a year where the amount of funding has been notably higher than any other year because of COVID-19 funding received. She feels that we are in a very good financial position for the fiscal year ended June 30<sup>th</sup>, 2022. Ms. Naya then opened the floor to any questions the board members might have.

R  
E  
V  
I  
S  
E  
D

Mr. Norwood took a moment to acknowledge and give welcome to the Superintendent, Dr. Jose Dotres, who had recently arrived. Dr. Dotres apologized for his delay, stating that he had been at a school doing a presentation with the lieutenant governor. Mr. Norwood then asked if there were any more questions regarding the single audit.

There being no questions or comments, a motion duly made by ABAC and School Board member Dr. Steve Gallon III, seconded by ABAC member Ms. Hochkammer was carried unanimously to recommend that the **State of Florida Auditor General Financial and Federal Single Audit Report for the Miami-Dade County District School Board Fiscal Year Ended June 30, 2022** be received by the School Board.

**4. Presentation of the Financial Statements of the Magnet Educational Choice Association, Inc. (MECA) and Independent Auditor's Report for FYE June 30, 2022 (ACTION)**

---

Mr. Richard Yanez began by stating that every year an audit is performed on MECA and a 5-year plan is developed by MECA's chair. The results of the current audit show that they appear to be on track with their plan this year. A new director was placed in charge of MECA's day-to-day operations in October, 2022 and some of the previous audits' findings have been corrected. Last year's audit reflected 4 findings from previous audits and although this year's audit report reflects a current year finding, there is only one repeat finding from last year's audit report. The current audit report reflects an unmodified, or clean, opinion. Mr. Yanez concluded the report on MECA and asked that any questions be directed towards Mr. Regino Rodriguez, audit partner with HLB Gravier LLP.

Mr. Norwood asked if there were any questions from the board members at this time. Hearing none, Mr. Norwood then asked Mr. Goodman if the "long-standing issues with the organization" had been resolved.

Mr. Goodman replied that they have not been 100% resolved but he believes they are moving in the right direction. This audit reflects two findings which are actually material weaknesses. One of which is related to the accrual basis of accounting, which was a repeat finding from previous years. The other is regarding the lack of documentation on deposits and expenditures. The District's administration has had extensive dialogue with MECA and they (MECA) have a new executive director who has been excellent, Ms. Debbie Simmons. This audit reflects the fiscal year ended June 30<sup>th</sup>, 2022, and we have seen progress with the new administration since that time. Mr. Goodman then deferred to the individuals from MECA and their accounting firm if they would like to add anything else.

Dr. Gallon wished to follow up and get affirmation on the remedies being implemented to resolve the previous issues MECA had last fiscal year and continuing into this year. He wished to know if we are noting that these issues have been addressed by new management through the following four bullet points enumerated in the report:

- MECA's new management cancelled their credit card in December, 2022 and the new credit card can only be used for preapproved transactions.
- All deposits must be recorded in QuickBooks. The day checks are deposited into the credit union.
- All bank statements will be reconciled monthly.
- New management will use accrual accounting for all future transactions.

Mr. Goodman replied that we haven't done any follow-up work on this yet and he'd like to defer to the auditing firm to address where they think they are currently.

Dr. Gallon reiterated his question on if the four bullet points listed reflect the response by management on the concerns that were noted at the onset and if management can affirm these particular four bullets for the record since the listening public does not have this document before them.

Mr. Ben Launerts, Chair of the Advisory Board for MECA, responded that Dr. Gallon's concerns are legitimate, and that it was a little embarrassing to read when this report first came out. He states that they have already changed directors, which was the most important change that needed to be made. MECA did not have the oversight that it does now over the director position. Oversight by the MECA board has ramped up to include monthly reviews and there is far more accountability than has ever existed in the MECA organization.

Mr. Norwood stated that he believes the accounting firm (HLB Gravier) might be better suited to address some of Dr. Gallon's concerns.

Mr. Rodriguez took the floor to ask what the initial question had been.

Dr. Gallon summarized that when deficiencies are identified in any sector of the M-DCPS organization, including MECA, some of the things he tends to look for are any opportunities to improve and what specific corrective actions have been taken. The bullet points listed in the current report appear to be actions taken, so he is looking for

some form of affirmation on these or other specific actions taken to address the ongoing concerns cited by the auditor.

Mr. Rodriguez thanked Dr. Gallon for reiterating his request and began his response by explaining that normally they deal with the management that was in place at the time of the audit period but for this case they could only follow up with new management. He states that they have not gotten into the audit for 2022-23, however his experience with new management so far has been very positive and it appears that they are correcting these matters. He cannot provide any assurance as of yet though since they have not done any testing to verify.

Mr. Goodman added that Dr. Gallon has a very fair point, and he suggests that the M-DCPS audit department go back in now and follow up on these issues to verify that corrective actions have been taken. Mr. Goodman would like to bring the results of this follow up to the next ABAC meeting to provide affirmation that MECA has made substantial corrections.

Dr. Gallon agreed that this would be appropriate and thanked Mr. Goodman.

There being no additional questions or comments, a motion duly made by ABAC and School Board member Dr. Gallon, seconded by ABAC member Ms. Sharon Watson was carried unanimously to recommend that the **Presentation of the Financial Statements of the Magnet Educational Choice Association, Inc. (MECA) and Independent Auditor's Report for FYE June 30, 2022** be received by the School Board.

**5. Presentation of the Financial Statements of The Foundation for New Education Initiatives, Inc. and Independent Auditor's Report for the Year Ended June 30, 2022 (ACTION)**

---

Mr. Goodman introduced Mr. Manny Alvarez, partner with the accounting firm Verdeja, De Armas, Trujillo & Alvarez, LLP, who will present the annual financial statement audit of The Foundation for New Education Initiatives.

Mr. Alvarez continued by explaining that their audit has issued an unmodified clean opinion including the Governmental Account Standards (GAS) opinion as well. There we no deficiencies, material weaknesses, or findings. Some financial statement highlights include that, on the balance sheet, there are \$4.7 million dollars in assets, \$2.5 million dollars in liabilities, with remaining equity of \$2.2 million dollars. On the income statement there are approximately \$3.4 million dollars in revenues, \$5.4 million dollars in expenses, with a remaining net loss of \$2 million dollars for the year. Mr. Alvarez then opened the floor to questions.

There being no additional questions or comments, a motion duly made by ABAC and School Board member Dr. Gallon, and seconded by ABAC member Mr. Rudy Rodriguez was carried unanimously to recommend that the **Presentation of the Financial Statements of The Foundation for New Education Initiatives, Inc. and Independent Auditor's Report for the Year Ended June 30, 2022** be received by the School Board.

## **6. Internal Audit Report – Selected Schools and Centers (ACTION)**

---

Before proceeding to this item, Mr. Norwood took a moment to welcome Vice Chair Mr. Stephen Hunter Johnson who had just arrived.

Mr. Goodman proceeded to introduce Ms. Tamara Wain, CPA, Assistant Chief Auditor, who will present the school audits.

Ms. Wain began presenting the audit report stating that it includes 50 schools and centers, the audit scope was one fiscal year ended June 30<sup>th</sup>, 2022, and at eight of these schools there was a change of principal and administrator since the prior audit. The financial statements were fairly stated for all 50 schools, however at two schools the audits disclosed that controls and monitoring over athletic and general program expenditures and full time equivalent (FTE) ESOL records needed improvement. The findings have been discussed with the school, the region, and administrators and their responses are included in this report. Property inventory audits were also conducted at all 50 schools and were mostly satisfactory. Ms. Wain concluded by asking if there were any questions.

There being no questions or comments, a motion duly made by ABAC and School Board member Dr. Gallon and seconded by ABAC member Mr. Juan Gonzalez was carried unanimously to recommend that the **Internal Audit Report – Selected Schools and Centers** be received by the School Board.

## **7. Internal Audit Report – Audit of Educational Impact Fees (ACTION)**

---

Mr. Goodman began by explaining that his department had performed an audit of educational impact fees. He added that these impact fees are largely governed by the MDC board of county commissioners who oversee the ordinance, collection, and administration of these fees. There are annual financial statement audits conducted by external accounting firms contracted by the School Board and the County which are presented to the ABAC committee every year. The internal audit conducted by Mr. Goodman's department endeavored to determine whether impact fees currently delineated in the County ordinance were being properly remitted and collected for new residential development over the past four years. Mr. Goodman then introduced Mr. Luis Baluja, Certified Information Systems Auditor and District Director, who led this audit and will follow up with its presentation.

Mr. Baluja continued to elaborate by stating that his team had tested 434 folios to determine if those properties had properly paid owed impact fees if any. There were no exceptions noted in their testing. Page 2 of the report contains the last 20 years of impact fee revenue received by the District as well as the formula used to calculate the impact fees which has not changed since 1995. The District made an unsuccessful attempt to update the ordinance in 2006 by citing a study conducted that same year regarding impact fees. Additionally, the footnote on page 2 of the report references a study that was conducted by Palm Beach County which indicated that the other 4 largest school districts have recently updated their impact fee formulas. Mr. Baluja then asked if there were any questions from the committee at this time.

Mr. Rodriguez commented that the educational impact fees can be a significant source of revenue for the District and no change has been made to the formula since 1995 according to this report. The study in 2006 recommended that a reevaluation of the formula be made. Mr. Rodriguez believes there is an opportunity here to update the formula since it has remained stagnant for so many years and that the annual inflation adjustment also should be reevaluated. Additionally, construction has increased in cost and he believes we are not taking advantage of the revenue that could be received by the District related to these costs.

Mr. Norwood asked Mr. Goodman what the approximate estimated revenue would be, based on other school districts, that the District had not received as a result of this formula not being updated since 1995. Mr. Goodman responded that he would like to be very careful throwing out an exact number since his team did not do an extensive economic analysis on this. However, using a current average rate for educational impact fees derived from data on the next 4 largest school districts in Florida, instead of receiving \$28 million dollars last year in educational impact fees, it would have received \$82 million dollars. Based on just that one year, the District has missed out on revenues in excess of \$50 million dollars. If we extrapolate that over the last 20 or 30 years, considering that inflation wouldn't have kicked in quite as hard in the first several years, the District has missed out on estimated revenues in excess of \$250 million dollars.

Dr. Gallon, in response, stated that he would like to thank Mr. Goodman and Mr. Baluja for this extensive body of work. He believes this to be a critically important area for the District and students, especially considering that it has not been properly addressed for 28 years. Dr. Gallon believes that the School Board has a significant fiduciary responsibility to ensure financial integrity and that all revenue sources are in place. Alluding to the previous week's initial budget meeting, as the budget team anticipates nonrecurring funding to come to an end, it will become critically important to leverage and utilize every opportunity available to bring in the appropriate funding to the District's schools and students. Dr. Gallon appreciates the reasoning utilized by Mr. Goodman in not wanting to throw out an exact number on uncollected potential revenue, but Dr. Gallon thinks everybody understands the gravity of this "deficit". He explains that he considers it a "deficit" because it is potential revenue that could come in. Dr. Gallon understands that this is a complex issue, involving other elected bodies, but he thinks the School Board has a duty to advocate for all revenue sources that the District is entitled to. Dr. Gallon will be bringing this issue to the entire board at the next board meeting to conduct an extensive deeper dive into this discourse and will be proposing some board action with the potential support of the ABAC.

Ms. Hochkammer added that she has been involved as a local elected official in imposing and updating impact fees many times for many different infrastructure impacts. Her first question for staff is if they are aware of any School Board policy on the frequency that impact fees are evaluated and updated. From her experience, a good rule of thumb is that they be updated every 5 years or, at a maximum, every 10 years. She assumes this hasn't been updated in almost 30 years because there is no explicit School Board policy. She then asks if any of the staff have any insights on this. Mr. Goodman began the response to Ms. Hochkammer by stating that the Florida statute alludes to the frequency that these educational impact fees should be reevaluated by

stating that the fees should be reflective of current local conditions, meaning 2023 costs as opposed to 1995 costs. The County ordinance, which was amended in 2022 but did not include updates to the educational impact fee rate or formula, states that these fees should be reevaluated “periodically”. He believes that there should be a process in place where the District looks at this.

Mr. Norwood followed up by stating that he thinks Mr. Perez can give us some more background on how this is done.

Mr. Raul Perez, Chief Facilities Design and Construction Officer, continued that he believes “the language does mention a periodic review” but not a specific time mechanism. The ILA (Interlocal Agreement) goes back to 1995, was amended in 2000, and expires in 2030. There was an attempt at a revision in 2006 which went through the first hearing at the board of County commissioners and needed to be discussed at a public meeting before coming back around to the County board. After that initial hearing, the board of County commissioners tabled the item and never came back around to it. Mr. Perez agrees totally with all the comments that have been made and would like to reengage with the County to get this fee looked at and adjusted. He reiterates that 30 years have passed and the value of construction since that time has increased significantly.

Ms. Hochkammer asked, from a technical perspective, which elected body is responsible for budgeting and contracting the consultant who will do the study to determine what the impact fees should be. She asks if it is levied and budgeted for by the board of County commissioners or if this is something borne by the M-DCPS School Board since it potentially benefits the District. Ms. Hochkammer makes the observation that this can make a significant difference as the methodology used to calculate the impact fees can vary widely based on how comprehensive the consultant will be when looking at the expenses and how they are defined. She states that there are some new and rather innovative methodologies to calculate impact fees and encourages that the School Board support a methodology that is as broad and all-encompassing as possible.

Mr. Perez responded that, from what he understands, the last study that was done in 2006 was initiated by the School Board and not the County, and he sees no reason why it would be any different this time. His team can have a conversation with the County and look at the ILA to see if there should be any differences to what was done in 2006. In 2021 or 2022 the County wanted to make some change to the ordinance that was not favorable to the District which involved deferring impact fee payments for up to 5 years from developments that had workforce housing components. He is not sure if that amendment had passed or not but he believes it might have been modified to include School Board approval for each specific project. Once the discussion is re-opened, Mr. Perez is certain that the County will have different opinions and different needs versus the District’s needs but he affirms that he believes it needs to be discussed.

Mr. Gonzalez, acknowledging the significance of this topic, wanted to confirm that the current impact fees are based on square footage and not the property value or location. Mr. Perez confirmed and added that there is also an “absolute number cost” associated with that. He continues to explain that the fee is a cumulative value of \$0.90 cents per square foot, a base fee of \$600 dollars, and a 2% administrative fee. Mr. Gonzalez then



asks if the property is worth ten times, would it pay the same impact fee. Mr. Perez confirmed that it would.

Mr. Goodman reminded Mr. Gonzalez that this information is based on the 1995 formula and can be changed to include other variables as Ms. Hochkammer described. He explains that the impact fee formula could be amended to include things like the type of development and an annual inflation adjustment.

Mr. Rodriguez wished to add that, through his research on this subject, the 2006 study made a recommendation for recalculation but it did not occur. Additionally, in 2022, there was another study that recommended an adjustment to the annual inflation adjustment factor. He states that this should be a significant increase in revenue to the District.

Ms. Hochkammer also wished to make an additional observation for the benefit of the School Board members when they start to broach this issue. She explains that one important factor to consider is how the current, older formula helps to subsidize or penalize certain types of development or activities. And once we begin to apply a new, more cost inclusive formula, we will need to pay close attention to how the new formula subsidizes, aids, or suppresses certain types of development or re-development. She suggests that once a new methodology is developed and implemented, to understand the consequences of any adjustments made and trust the math of the new formula.

Mr. Norwood commented that this is very alarming and also a great opportunity for improvement. The ABAC provides advise on the appropriateness of resources coming in and he believes this is definitely within the ABAC's wheelhouse to make a recommendation. Mr. Norwood states that he would love to entertain a motion to support Dr. Gallon making some suggestions on what needs to be done with the School Board. He would also like to receive some more accurate estimations on the impact on received revenue this has had, perhaps from some of the more appropriate personnel within M-DCPS.

Dr. Gallon responding to Mr. Norwood's request, stated that the first part of the item would be to notify the School Board and allow them to take a deeper dive into this discussion. Secondly, they would need to work with the superintendent's staff to provide more detailed background on what has transpired over the last 28 years and how to move forward from here. Thirdly, they would need to get some insight and perspective from a facilities and construction standpoint to get a better idea of the professional services and other associated costs that might be included in suggesting a new formula. Fourth, the Board would need to look at updating the policy since the current language, which calls for review "periodically", seems to have allowed for 10 or more years to have passed without review. Lastly, it will be important to remember that any changes rely on the intergovernmental relationship with Miami-Dade County and will have to pass through the appropriate legislative bodies. The end result and goal should be to have the impact fee rate reflect the current value of construction.

Mr. Hunter Johnson then proceeded to make a motion to examine the educational impact fees, why they are where they are, and what steps need to be taken to adjust them. The motion was seconded by Mr. Gonzalez and carried unanimously.

There being no additional questions or comments, a motion duly made by ABAC member Ms. Hochkammer and seconded by ABAC and School Board member Dr. Gallon was carried unanimously to recommend that the **Internal Audit Report – Audit of Educational Impact Fees** be received by the School Board.

## **8. Review of Charter Schools' Financial Statements Presentation for 28 of 145 Charter Schools Audited Financial Statements FYE June 30, 2022 (ACTION)**

---

Mr. Goodman introduced Mr. Michael Hernandez, CPA and Audit Supervisor, who will present the 28 of 145 charter schools' certified financial statements for the year ended June 30<sup>th</sup>, 2022.

Mr. Hernandez continued by stating that 11 of the 28 charter schools had either an internal control weakness, a deficit fund balance, and/or a deficit net position as of June 30<sup>th</sup>, 2022. It is important to state that none of these 28 schools have a financial emergency nor a deteriorating financial condition. The conditions presented in this report at these 11 charter schools are being presented to apprise the ABAC and for future monitoring and follow-up by our office. They have representatives from the Office of Charter School Compliance and Support as well as representatives from these charter schools. They are all available to answer any questions at this time.

Ms. Hochkammer asked for elaboration on the comments section for Keys Gate Charter School which states that the school partially met 1 goal and did not meet the other 3 goals in the 5-year Voluntary Financial Action Plan. She did not receive details on which goal they partially met and which ones they didn't.

Mr. Goodman recommended that the Charter School administration answer Ms. Hochkammer's question.

Ms. Tiffanie Pauline, Chief Strategy Officer for M-DCPS, responded that, if requested, she can submit a copy of the report to the committee. She goes on to list the goals in question. She states that the first goal was to reach projected enrollment of 870 students by the end of fiscal year 2021 which was not met. The second goal was an effort to reduce expenditures via a reduction of food service costs which was also not met. The third goal was to reduce expenditures by reducing debt payments which was broken down into 3 subgoals, one of which was met. The subgoal to reduce the facilities cost was met by using bond refinancing. Another of the subgoals was to pay off a school-to-school loan acquired by Keys Gate by fiscal year 2023 which was partially met but not fully complete yet. The third subgoal was to pay off a lease related to iPads by fiscal year 2023 which they are moving towards but have not yet finished. The fourth goal not met was to reduce the necessity of contributions and waiver of management fees from the management company.

Mr. Atala asked for some illumination on GASB 87 with respect to the Lincoln-Marti Charter Schools and what was done to implement compliance.

Mr. Hernandez explained that GASB 87 was a recent pronouncement that allowed charter schools to place on the balance sheet their lease obligation and lease payments

as a long-term asset and long-term liability. There is an evaluation process where they record that asset and liability. Management is present from the charter school and they may be able to elaborate on what the complication was on implementing that pronouncement.

Mr. Atala asked, with respect to Downtown Doral Charter School, if the comments have been addressed which state that management is exploring other sources of revenue since they have a deficit of \$82,000 dollars from the prior year.

Mr. Emil Sotolongo from Sotolongo & Associates, P.A., responded that the school is currently undertaking fundraising activities to raise additional revenue. This is a school that is high-performing, A-rated, accredited by Cognia, has Goldstone accreditation, ranked among the top 1% of public charter schools in the state of Florida, and has 107,000 sq. ft. facility so there is a lot of demand for this school. The school was organized in 2017 with a bond issuance to purchase the facilities. It initially had a structured enrollment by the charter. For the first year the enrollment was only for the 6<sup>th</sup> grade and for 100 students. That first year, the school incurred all the interest cost on the bonds which created this deficit. The following year, 2020-21, they opened grades 6 through 9 which 1088 students. For the 2021-22 school year they provided 1268 spots for students. Currently, the school has 1500 students. The school expects to improve its net position going forward as the principal payments will start being made on these initial bonds in July of 2024. Mr. Sotolongo asks if there are any additional questions.

Mr. Atala followed up to ask about what specific sources of revenue are being explored. Mr. Sotolongo responded that they are applying for federal grants as well as doing community fundraising. The school has a foundation that is helping with fundraising as well. Mr. Sotolongo stressed that it would take some time for the school to get into a "surplus net position" because of the "\$2 million dollars in interest costs incurred in the first year".

Mr. Norwood stated that Ms. Hochkammer had made a request to receive a copy of the goals for Keys Gate Charter School discussed moments ago and asked that Mr. Goodman would make sure that she receives them. Mr. Goodman confirmed.

There being no additional questions or comments, a motion duly made by ABAC member Mr. Atala and seconded by ABAC member Mr. Hunter Johnson was carried unanimously to recommend that the **Review of Charter Schools' Financial Statements Presentation for 28 of 145 Charter Schools Audited Financial Statements FYE June 30, 2022** be received by the School Board.

## **9. Office of Management and Compliance Audits' Activity Report (INFORMATIONAL)**

Mr. Goodman introduced this item, explaining that the report details OMCA audits and projects recently completed or in progress. He then asked if there were any questions regarding this report.

No questions or comments were posed. This item was presented for information purposes only; therefore, no transmittal to the School Board by the ABAC is required.

## **OLD BUSINESS: FOLLOW-UPS ABAC OF January 30, 2023**

---

### **Status Report on Driver's Ed \$6.2 Million Investigation**

Mr. Goodman began explaining that progress on corrective actions from the OIG's investigation of the Driver's Ed trust fund was discussed at the last meeting conducted on January 30<sup>th</sup>, 2023. As a result of that discussion, the current report contains a recap of expenditures and planned Driver's Ed expenditures. Mr. Goodman wished to defer the detailed presentation of this document to Mr. Steiger and his team who put the information together.

After a short pause, Mr. Atala commented that Mr. Steiger was not present at this time to which Mr. Goodman responded that he would then like to defer to the Superintendent and administrative team for a detailed explanation.

Mr. Jose Bueno, Chief of Staff, began explaining that the report outlines the expenses that the District has incurred as well as the expenses the District will be incurring. They have listed, as suggested, what the cost of the expense will be and the date that it will be incurred. He then asks if anyone has any questions.

Ms. Mari Tere Rojas, School Board Chair, took the podium to address the committee on this issue. She states that concern was raised at the January 30<sup>th</sup>, 2023 ABAC meeting on why this issue has lingered so long. The School Board had taken action through Dr. Gallon's proffer of agenda item H15, which was a good cause item brought on September 9<sup>th</sup>, 2021. Ms. Rojas questions where we are in getting a formal, written agreement with officials at Miami-Dade County completed. She expected to see this agreement as part of the document presented today but does not see one. She asks if there is a written agreement as of yet, and if not, what has caused the delay in getting one completed at this time.

Mr. Goodman stated that we do not have a written agreement presented to us at this time and deferred to the administration to explain why.

Mr. Bueno continued that there has been communication with the County and they are looking at working out the details completely. He believes they are in a good place with the County but they have not been able to complete that assignment. Hopefully by the next meeting they will have these conversations completed with the County. Ms. Rojas stated that she appreciates Mr. Bueno's response and that collaboration is happening. She hopes to see an agreement by the next meeting to provide some closure since this has been going on for quite some time.

Ms. Rojas also wished to comment on the Driver's Education Range and Other Anticipated Expenditures section of the report, stating that she only sees 13 high schools listed with no additional schools that are being targeted for driving ranges. The distribution of driving ranges spans from 0-3 per district, with 0 being allocated to district 6, her district, as well as 0 to district 9. She would like to stress that every school board member's district should be represented and asks why district 6 and 9 have 0 driving ranges allocated.

Mr. Bueno responded that at this point in time they are looking at high schools that already have something in place where they can go in and fix existing infrastructure and

equipment. If there is a possibility that they can create a new driving range they will do that. However, currently they are trying to use the funds to fix the ranges that are currently in place before looking at building new ones.

Ms. Rojas thanked Mr. Bueno for his response but reiterated that she would like to see all 9 districts represented. She states that the District has 43 senior high schools, not including magnet schools, and asks how many high schools currently have driving ranges on their campuses.

Mr. Bueno asked to clarify if Ms. Rojas is asking about driving ranges currently in use or whether they just have something on campus or not. Ms. Rojas answered that she would like a number for both if she may. Mr. Bueno responded that there are 5 campuses with driving ranges being used, and approximately 11 campuses total that they are looking to get functional. He asks for everyone to keep in mind that some of our campuses do not have the land to build a Driver's Ed program on and they will be looking for different alternatives in those situations as well as looking at which schools do have enough land to continue building the program. They will be giving priority to schools within the 2 districts Ms. Rojas mentioned when making plans to expand the program.

Ms. Rojas thanked Mr. Bueno for following up and stressed that her interest is in providing equal access to all students to have access to this program that could potentially save their lives. She states that this is an amazing program that we used to take advantage of in the past and is looking forward to the next report with an update on the status of an agreement with the County and inclusion of district 6 and 9 in the plans for expansion of the program.

Mr. Norwood stated that this item will stay on the agenda until it is resolved and then allowed Dr. Gallon to comment on this issue.

Dr. Gallon wished to reinforce the comments made by Ms. Rojas since September of this year will make 3 years that this issue has been ongoing. While stressing that he is typically very supportive and understanding of the administration and that he understands that they cannot "twist arms" to get things done at the County, he states that, if it were him in this scenario, he would have had some kind of transmittal in writing to the ABAC and School Board. Dr. Gallon believes that, in anticipation of this particular issue coming up, it would be appropriate for the administration to have something in writing describing the progress and due diligence that is taking place. He believes that doing this would strengthen their patience with the resolution. Dr. Gallon also comments that he realizes that Mr. Bueno is at the front line of this conversation and does not wish to put any blame on him, acknowledging that there are many departments and entities involved that the administrative team needs to bring together. Lastly, he reiterates his recommendation to have a transmittal of the progress and future planning for this project sent to the ABAC and School Board by the next meeting.

Dr. Dotres responded that his team has been working hard and that this is a complex issue. He agrees that they need to demonstrate the actions that they are taking, and that Mr. Bueno has done a lot to bring the pieces together. Dr. Dotres states that his team will have a transmittal ready before the next meeting, regardless of how small or significant the actions are. He met with Mr. Goodman and Mr. Bueno before this meeting

to ask if they were in a good place and moving forward with this. This is also something that has been ongoing since before Dr. Dotres was superintendent, so he has had to be updated on a lot of things.

Dr. Gallon followed up to comment that he would like to repeat for the record that, like the educational impact fee, he understands that the administration can exhaust all that they can do and cannot force progress on the County side. However, as far as the District's actions go, codifying their due diligence would be beneficial to their narrative.

Mr. Goodman also followed up to state that he does meet regularly with the superintendent and staff, and they have a very productive relationship. Regarding the Driver's Ed issue, Mr. Goodman expressed to administrative staff, primarily Mr. Steiger, that he was expecting to see a written agreement with the County since it was discussed at the last ABAC meeting in great depth. He explains that perhaps during the meeting with the superintendent and Mr. Bueno last Friday he did not stress this enough, but over the last 2-3 weeks he has been stressing the point that he and the committee are expecting an answer as to what progress has been made in reducing this arrangement to writing.

Mr. Atala directed a question towards Mr. Bueno, asking that if we are not going to have some sort of written resolution, could they potentially have a member of the County come to the next ABAC meeting to find a solution or internally tell us when they will have a solution.

Mr. Bueno responded by guaranteeing that he will provide a memo or transmittal of "actionable steps" as well as details on the conversations that have been had with County officials.

Mr. Atala repeated his request that if the administration cannot provide a written agreement with the County by the next ABAC meeting, perhaps it would be prudent to bring in a representative from the County to speak on this issue. He also asked for clarification on if the total expenditure limit was \$6.2 million or if there were additional funds. Mr. Atala expands the scope of his question, indicating his interest in if there will be funds to add additional sites in the board member districts that have none so far.

Mr. Norwood asked Mr. Goodman to explain what this discussion item is in response to. Mr. Goodman stated that this agenda item is a follow-up to an OIG investigative report from approximately two years ago that found that the District did not properly use \$6.2 million dollars in driver's ed trust funds and left the program in need. This had gone on over a period of five or six years.

Ms. Rojas commented on the number of driving ranges in each board member district by listing the totals as follows: District 1 has 1, District 2 will have 3, District 3 will have 1, District 4 will have 3, District 5 will have 1, District 6 will have 0, District 7 will have 2, District 8 will have 2, and District 9 will have 0. She states that this has been a topic of conversation for years now and while she appreciates the updates and memos, she would like to see action as it's been discussed repeatedly.

Mr. Atala suggested having this as an action item for the next meeting and/or having a representative from the County come to speak in the case that the administration cannot get a formal agreement in place by the next meeting.

Mr. Goodman responded that, under the committee's direction, he could try to work with the administration to reach out to the County in an effort to get a representative to speak at the next ABAC meeting. Mr. Atala responded that since the current documentation doesn't appear to be near completion, it might help to provide some closure on this topic.

Mr. Hunter Johnson wished to add some context to the discussion, stating that this item has continued to be on the agenda at his request so that they continue to pay attention to it and push it forward. He expresses some frustration that this has been on-going for so long and not very much progress has been made. Mr. Hunter Johnson believes it is disappointing to see that the administration is basically in the same position that they started in "three years ago after a scathing report from the Inspector General". He would like to see a functional driver's ed program implemented across all districts. He suggests to Mr. Goodman that providing a copy of the original OIG's report to the committee might help the newer members get up to speed on the background for this discussion.

Ms. Hochkammer commented that she doesn't believe that the ABAC has the power to demand that a representative from the County come forth to "testify" on this matter, but a request could certainly be made. She does think, however, that the ABAC should demand the closure of the paperwork and accounting related to the \$6.2 million dollar liability. Ms. Hochkammer is pleased that the administration has been able to come up with the "blueprint" that they have been discussing today but suggests that perhaps it would be prudent to provide a similar "blueprint" detailing the timeline for reconciling the accounting and legal accountability for the \$6.2 million dollar liability. She suggests that perhaps committee and board member Dr. Gallon could ask the administration, through the board, for a summary of the current and projected status of the districtwide Driver's Ed program including the curriculum, human capital, training programs, and projected capital improvements needed so that, from a curriculum and policy perspective, those questions can be answered.

Ms. Diaz responded that the "blueprint" for how the funds will be spent is provided for in the anticipated completion date column for each driving range. She suggests that the Chief Facilities Officer, Mr. Raul Perez, might be able to better explain the status of these projects and any hold ups that have occurred.

Ms. Hochkammer followed up to clarify that her interest is not in understanding when the money will actually be dispensed or when the contracts will be signed, but in knowing what the timeline is to close out, legally and from an accounting perspective, the \$6.2 million dollar liability. She states that it is not the same as the anticipated expenditure column on the current "blueprint".

Mr. Goodman circled back around to the initial point of discussion which was the request for a written agreement with the County that states that they agree with the current expenditures and plan going forward to close out the \$6.2 million dollar liability and get into good standing with the program. The other part of this dialogue that has come up deals with operational issues and provision of services to the students, relating to if we

are up to speed with the Driver's Ed program in general and if it is being equitably distributed throughout the District. Mr. Goodman states that these are both very valid concerns, but the main issue at hand currently is to make sure that the County commits to the approval of the list of expenditures that the administration has proposed.

Mr. Atala made a point of clarification on his previous comments, stating that he did not believe the ABAC could force a member of the County to come speak. However, he does suggest that, in the case that no written agreement can be reached, it might serve as an alternative to have County representation present at the next meeting to assuage existing concerns. He also expresses his appreciation to Mr. Hunter Johnson for clarifying the background on this item and keeping it on the agenda so that it can eventually be resolved. Lastly, directed towards Mr. Goodman, he states that he would like to see a copy of the original OIG's report on this issue.

Mr. Norwood asked Ms. Diaz to confirm that the "blueprint" detailing to the budget for the \$6.2 million dollars has not been approved by the County. Ms. Diaz states that, through several discussions with County officials, she believes with 99.99% certainty that the \$2.2 million dollars will meet the County's requirements. Mr. Norwood then reiterates his question. Ms. Diaz responds that the County has not approved anything in writing, but verbally they have. Mr. Norwood states that it appears to be the case that we are just waiting on the County to approve these expenditures so that we can get back on track. But until then, the ongoing expenditures from previous years are not being reimbursed because this \$6.2 million dollar liability first needs to be resolved. Ms. Diaz confirmed and explained that once the money is spent, it will go before the County board for approval. Once the \$6.2 million dollars are approved for reimbursement, then they can start to ask for reimbursement of regular yearly expenses towards this program and commence with business as usual. Mr. Norwood wished to restate that it seems to be the County holding up the resolution and not the District administration.

Ms. Hochkammer comments that, in her experience, there is often a pre-approval process for submitting expenditures and getting them approved by another government entity in a relatively quick timeframe for these types of scenarios. She asks Ms. Diaz what the pre-approval process entails, beyond having conversations with someone from the County, to get to the 99.99% certainty of approval. Ms. Diaz states that there is no current process beyond their discussions. The previous process in place was for the County to put out an ad in the newspaper asking for anyone who has provided a Driver's Ed program and meets the requirements of the trust fund to submit a request for reimbursement of related expenditures. The District would then ask for reimbursement and would wait up to two years to receive it.

Ms. Hochkammer states that her understanding was that previously there was an organization, probably a non-profit, that ran the Driver's Ed program and was going to run it regardless of reimbursement because if they had to wait up to two years it would cause them to go bankrupt relatively quickly. Ms. Hochkammer asks if we are to understand that we have an open-ended, multi-year timeline, that there is a commitment from the administration to make these investments whether or not they are ultimately reimbursed by the County, that the Driver's Ed program will revive itself, and that there is an ongoing commitment to run the program whether or not funds are reimbursed. She states that the "interesting hiccup" in all of this is that the District was already reimbursed



for \$6.2 million dollars' worth of Driver's Ed that was not provided. Ms. Diaz clarified that it was just the behind the wheel component of the program that was not provided.

Ms. Hochkammer asks if there is an existing policy or procedure that the County has for reconciling this kind of error or are both organizations "flying blind" in trying to create a mechanism to reconcile this error. Ms. Diaz responded that the County is waiting for us to provide them a list of and reach qualified expenditures of \$6.2 million dollars before moving forward.

Ms. Hochkammer followed up to ask if Ms. Diaz is submitting the expenditure list on a rolling basis as it grows or if they are waiting to reach the \$6.2 million dollars before submitting the list for approval. Ms. Diaz responded that they are updating the County every so often. Ms. Hochkammer then suggests to the ABAC that they might request the District administration to provide another "blueprint" with a good faith estimate on when the situation, in terms of the accounting and liability, will be resolved and that, as part of the reports they will be receiving, they get a detailed list of the expenditures that have already been submitted to the County as well as the estimates for the "preconstruction obligated but not yet expended" balance of the \$6.2 million dollars. She believes this would alleviate some of the anxiety the ABAC feels because they would be able to watch the submission of expenses eating into the \$6.2 million dollars on a rolling basis.

Mr. Norwood comments that he believes these types of updates should be provided to the ABAC as matter of continuing old business. He then asks Mr. Goodman to please provide a copy of the original OIG's report to the entire ABAC so that the committee can understand that it is not their role to provide oversight to the Driver's Ed program, but to look at this investigation and ensure that the follow up is taking place.

No other questions or comments were posed on this issue.

## **NEW BUSINESS**

---

Mr. Norwood asked if there was any new business to discuss.

Ms. Rojas wished to quickly introduce Ms. Luisa Santos, School Board Member, who had recently arrived.

## **ADJOURNMENT**

---

Mr. Norwood asked to adjourn the meeting. Mr. Atala moved to adjourn, seconded by Mr. Gonzalez. This meeting was adjourned at 2:46 P.M.