



# MIAMI BEACH

BUDGET AND PERFORMANCE IMPROVEMENT  
Internal Audit Division

## INTERNAL AUDIT REPORT

TO: Jimmy L. Morales, City Manager  
VIA Kathie G. Brooks, Assistant City Manager  
FROM: James J. Sutter, Internal Auditor

DATE: April 19, 2013  
AUDIT: State Beachfront Management Agreement (#3595) Financial Review  
PERIOD: October 1, 2011 through September 30, 2012

This audit report is being submitted in compliance with the annual audit reporting requirement of subparagraph (2) of the original State Beachfront Management Agreement No. 750-0006 dated February 3, 1982, which was subsequently reassigned No. 3595 by the State Department of Natural Resources. Furthermore, amendment number 1 was signed on August 9, 2007 extending the original terms for an additional twenty-five years until February 7, 2032.

### INTRODUCTION

State Beachfront Management Agreement No. 3595 requires that the City of Miami Beach remit to the Florida Department of Environmental Protection 25% ("sand tax") of any and all monies the City collects from private concerns for the use of State beachfront property. There are four categories of beachfront property users:

- Operators of beachfront concessions seaward of Lummus Park, Ocean Terrace, North Shore Open Space Park and Pier Park (Boucher Brothers and Penrods Brothers) who pay for use of the beachfront as per their respective contractual agreements with the City.
- Miami Beach hoteliers and condominium associations, which pay beach upland fees to the City on an annual basis, at the same time that they pay their business tax receipt fees.
- Members of the public who run organized, usually one time only, events on the beach, such as weddings, volleyball tournaments and corporate affairs. These are called special events, and payments are remitted to the City's Tourism and Cultural Development Department.
- Productions requiring to park essential vehicles on the beach or sand areas of Miami Beach may purchase vehicle beach access passes from the City's Tourism and Cultural Development Department. The cost of the pass is typically \$150 per vehicle per day (other discounts may apply depending on the date purchased) unless the vehicles do not move from a specified location for that permitted use, but the first one per day is free.

The following table lists the audited rounded amounts of sand tax collected, due and paid to the State by the three categories of users during the audit period:

Category	Total Revenues Collected	25% Sand Tax Due	Amount Remitted	Difference
Beachfront Concessions	\$929,376	\$232,344	\$232,344	\$0
Hoteliers/Condo Associations	\$314,543	\$78,636	\$78,604	\$32
Special Events	\$147,342	\$36,835	\$36,586	\$249
Vehicle Beach Access Passes	\$144,150	\$36,038	\$36,488	(\$450)
Total	\$1,535,411	\$383,853	\$384,022	(\$169)

Internal Audit Report  
State Beachfront Management Agreement Financial Review (#3595)  
For the Fiscal Year Ending September 30, 2012  
April 19, 2013

\* The City made the following four sand tax payments totaling \$384,021.78 to the State of Florida based on the applicable revenues collected during the 2011/12 fiscal year:

<u>Check Number</u>	<u>Check Date</u>	<u>Check Amount</u>
325343	01/19/12	\$195,627.69
329699	04/19/12	\$16,224.89
333648	07/17/12	\$100,179.41
338310	10/18/12	\$71,989.79

## OVERALL OPINION

Based upon our examination of City records, it has been determined that during the audit period of October 1, 2011 through September 30, 2012, the City received a total of \$1,535,411 in revenues subject to the State Beachfront Management Agreement. This figure represents an increase of \$384,622.66 or 33.42% over the fiscal year 2010/11's total of \$1,150,788.48.

## PURPOSE

The purpose of this audit is to determine whether the City complied with State Beachfront Management Agreement No. 3595 by accurately calculating, timely remitting and properly recording sand tax monies to the Florida Department of Environmental Protection equal to 25% of any and all revenues collected from private concerns for the use of State beachfront property.

## FINDING AND RECOMMENDATION

Finding: *The State of Florida was Inadvertently Overpaid \$169.01 in Sand Tax*  
Internal Audit's testing found that the City remitted \$384,021.79 in sand taxes to the State of Florida which was \$169.01 more than the actual amount due of \$383,852.78 (\$1,535,411.14 x 25%) due to inaccurate general ledger distributions performed on four received payments. See the attached supporting schedule for revenue details by beachfront property user during the audit period.

Recommendation(s):

The City's Finance Department has been notified and will deduct \$169.01 from their next quarterly sand tax payment.

JJS:MC:mc

Audit performed by Senior Auditor Mark Coolidge

cc: Patricia Walker, Chief Financial Officer  
Georgina Echert, Assistant Finance Director

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Internal Audit Report  
 State Beachfront Management Agreement Financial Review (#3595)  
 For the Fiscal Year Ending September 30, 2012  
 April 19, 2013

BEACHFRONT MANAGEMENT AGREEMENT  
 FISCAL YEAR 11/12  
 EXHIBIT A

	<u>CONCESSIONAIRE</u>	<u>TOTAL FEES *</u>	<u>75% OF TOTAL</u>	<u>25% DUE STATE</u>	<u>REMITTED TO STATE</u>	<u>OWED TO STATE</u>
1	1500 Ocean Drive Condo Association	\$2,128.00	\$1,596.00	\$532.00	\$532.00	\$0.00
2	2201 Collins Fee LLC (VBAs)	\$300.00	\$225.00	\$75.00	\$75.00	\$0.00
3	2201 Collins Fee LLC (Special Events)	\$400.00	\$300.00	\$100.00	\$100.00	\$0.00
4	2201 Collins Fee LLC	\$19,824.00	\$14,868.00	\$4,956.00	\$4,956.00	\$0.00
5	Act Productions Inc.	\$7,450.00	\$5,587.50	\$1,862.50	\$1,862.50	\$0.00
6	Accord TV Properties	\$3,250.00	\$2,437.50	\$812.50	\$812.50	\$0.00
7	Alexander Hotel	\$4,370.00	\$3,277.50	\$1,092.50	\$1,092.50	\$0.00
8	Barton G	\$5,275.52	\$3,956.64	\$1,318.88	\$1,097.50	\$221.38
9	Beach Access Parking	\$57,525.00	\$43,143.75	\$14,381.25	\$14,381.25	\$0.00
10	Beach Access Special Events	\$28,200.00	\$21,150.00	\$7,050.00	\$7,050.00	\$0.00
11	Beta Epsilon/Cadillac LLC	\$4,997.00	\$3,747.75	\$1,249.25	\$1,249.25	\$0.00
12	Bobby Kapp	\$450.00	\$337.50	\$112.50	\$112.50	\$0.00
13	Broder Productions	\$1,050.00	\$787.50	\$262.50	\$262.50	\$0.00
14	Boucher Brothers	\$854,353.04	\$640,764.78	\$213,588.26	\$213,588.26	\$0.00
15	Caribbean Condominium	\$1,976.00	\$1,482.00	\$494.00	\$494.00	\$0.00
16	CBS/CSI Miami	\$150.00	\$112.50	\$37.50	\$37.50	\$0.00
17	CBS Eye	\$1,500.00	\$1,125.00	\$375.00	\$375.00	\$0.00
18	Cinemat	\$2,400.00	\$1,800.00	\$600.00	\$600.00	\$0.00
19	Competitor Group	\$23,325.00	\$17,493.75	\$5,831.25	\$5,831.25	\$0.00
20	CR Miami LLC	\$32,493.00	\$24,369.75	\$8,123.25	\$8,123.25	\$0.00
21	Crown	\$6,612.00	\$4,959.00	\$1,653.00	\$1,653.00	\$0.00
22	Crystal Beach Development	\$3,192.00	\$2,394.00	\$798.00	\$798.00	\$0.00
23	Curious Pictures	\$1,500.00	\$1,125.00	\$375.00	\$375.00	\$0.00
24	David Segui	\$450.00	\$337.50	\$112.50	\$112.50	\$0.00
25	Days Inn Oceanside	\$2,527.00	\$1,895.25	\$631.75	\$631.75	\$0.00
26	Delano Hotel	\$7,904.00	\$5,928.00	\$1,976.00	\$1,976.00	\$0.00
27	DK the Messenger	\$150.00	\$112.50	\$37.50	\$37.50	\$0.00
28	Doubletree Surfcomber Hotel	\$2,090.00	\$1,567.50	\$522.50	\$522.50	\$0.00
29	East Atlantic Gardens Condo	\$1,900.00	\$1,425.00	\$475.00	\$475.00	\$0.00
30	Eden Roc Hotel (VBAs)	\$600.00	\$450.00	\$150.00	\$150.00	\$0.00
31	Eden Roc Hotel (Special Event)	\$1,500.00	\$1,125.00	\$375.00	\$375.00	\$0.00
32	Eden Roc Hotel	\$20,000.00	\$15,000.00	\$5,000.00	\$5,000.00	\$0.00
33	Epica	\$75.00	\$56.25	\$18.75	\$18.75	\$0.00
34	Fernwood	\$525.00	\$393.75	\$131.25	\$131.25	\$0.00
35	First Shot Productions	\$1,050.00	\$787.50	\$262.50	\$562.50	(\$300.00)
36	Fontainbleau	\$20,000.00	\$15,000.00	\$5,000.00	\$5,000.00	\$0.00
37	Four Points/Sheraton	\$3,705.00	\$2,778.75	\$926.25	\$926.25	\$0.00
38	Gansevoort	\$6,346.00	\$4,759.50	\$1,586.50	\$1,586.50	\$0.00
39	Go Scout	\$950.00	\$687.50	\$262.50	\$262.50	\$0.00
40	Goryland	\$10,000.00	\$9,962.50	\$37.50	\$37.50	\$0.00
41	Grand Beach Hotel	\$8,170.00	\$6,127.50	\$2,042.50	\$2,042.50	\$0.00
42	GSVV Design LLC	\$4,370.00	\$4,295.00	\$75.00	\$75.00	\$0.00
43	Harbour Films	\$2,166.00	\$2,053.50	\$112.50	\$112.50	\$0.00
44	HG Producer	\$3,750.00	\$2,812.50	\$937.50	\$937.50	\$0.00
45	Holiday Inn Miami Beach	\$4,674.00	\$3,505.50	\$1,168.50	\$1,168.50	\$0.00
46	Holmes Defender	\$1,200.00	\$900.00	\$300.00	\$300.00	\$0.00
47	Il Villaggio Condo Assn.	\$2,413.00	\$1,809.75	\$603.25	\$571.50	\$31.75
48	IMG/Action Sports (VBAs)	\$600.00	\$450.00	\$150.00	\$150.00	\$0.00

Internal Audit Report  
State Beachfront Management Agreement Financial Review (#3595)  
For the Fiscal Year Ending September 30, 2012  
April 19, 2013

49	IMG/Action Sports	\$1,865.00	\$1,398.75	\$466.25	\$466.25	\$0.00
50	Karla Events (VBAs)	\$300.00	\$225.00	\$75.00	\$75.00	\$0.00
51	Karla Events	\$1,580.00	\$1,192.50	\$397.50	\$397.50	\$0.00
52	Katrina's/The Bath Club (Special Event)	\$1,125.00	\$843.75	\$281.25	\$281.25	\$0.00
53	Katrina's/The Bath Club	\$2,166.00	\$1,624.50	\$541.50	\$541.50	\$0.00
54	King Richard Condominium	\$1,040.02	\$780.01	\$260.00	\$260.00	\$0.00
55	Kurt Gardener Photos	\$150.00	\$112.50	\$37.50	\$37.50	\$0.00
56	Loew's Hotel	\$20,000.00	\$15,000.00	\$5,000.00	\$5,000.00	\$0.00
57	Logistics Management Group (VBAs)	\$12,450.00	\$9,337.50	\$3,112.50	\$3,112.50	\$0.00
58	Logistics Management Group	\$29,975.44	\$22,481.58	\$7,493.86	\$7,424.41	\$69.45
59	Marriott Fairfield Inn	\$3,876.00	\$2,907.00	\$969.00	\$969.00	\$0.00
60	Marseille Hotel	\$4,294.00	\$3,220.50	\$1,073.50	\$1,073.50	\$0.00
61	MDGLCC Foundation, Inc.	\$1,484.12	\$1,113.09	\$371.03	\$350.00	\$21.03
62	MESP, Inc. (VBAs)	\$900.00	\$675.00	\$225.00	\$225.00	\$0.00
63	MESP, Inc.	\$8,400.00	\$6,300.00	\$2,100.00	\$2,100.00	\$0.00
64	Miami Beach Marriott	\$4,484.00	\$3,363.00	\$1,121.00	\$1,121.00	\$0.00
65	Miami World Cinema	\$600.00	\$450.00	\$150.00	\$150.00	\$0.00
66	MM Productions	\$1,050.00	\$787.50	\$262.50	\$262.50	\$0.00
67	National Marine Manufacturers, Inc.	\$10,937.48	\$8,203.11	\$2,734.37	\$2,734.37	\$0.00
68	Nautilus Club	\$4,769.00	\$3,576.75	\$1,192.25	\$1,192.25	\$0.00
69	North Carillon Beach Condo	(\$1,734.00)	(\$1,300.50)	(\$433.50)	(\$433.50)	\$0.00
70	Palms South Beach	\$9,348.00	\$7,011.00	\$2,337.00	\$2,337.00	\$0.00
71	Penrod Brothers (VBAs)	\$1,200.00	\$900.00	\$300.00	\$300.00	\$0.00
72	Penrod Brothers (Beach Concessions)	\$35,428.32	\$26,571.24	\$8,857.08	\$8,857.08	\$0.00
73	Penrod Brothers (Special Events)	\$21,000.00	\$15,750.00	\$5,250.00	\$5,250.00	\$0.00
74	Picture Perfect	\$1,200.00	\$900.00	\$300.00	\$300.00	\$0.00
75	Polo Life LLC	\$24,675.00	\$18,506.25	\$6,168.75	\$6,168.75	\$0.00
76	Pop Miami	\$150.00	\$112.50	\$37.50	\$37.50	\$0.00
77	Pro One	\$300.00	\$225.00	\$75.00	\$75.00	\$0.00
78	Quality Inn	\$4,180.00	\$3,135.00	\$1,045.00	\$1,045.00	\$0.00
79	Radical Miami	\$900.00	\$675.00	\$225.00	\$225.00	\$0.00
80	Radisson Deauville	\$30,240.00	\$22,745.00	\$7,495.00	\$7,495.00	\$0.00
81	Richmond Hotel	\$2,033.00	\$1,524.75	\$508.25	\$508.25	\$0.00
82	Ritz Carlton	\$7,144.00	\$5,358.00	\$1,786.00	\$1,786.00	\$0.00
83	Ritz Plaza	\$4,884.00	\$3,663.00	\$1,221.00	\$1,221.00	\$0.00
84	Riutel Florida	\$5,396.00	\$4,047.00	\$1,349.00	\$1,349.00	\$0.00
85	Robot Films	\$150.00	\$112.50	\$37.50	\$37.50	\$0.00
86	Route 7	\$1,650.00	\$1,237.50	\$412.50	\$412.50	\$0.00
87	Rum Bum	\$300.00	\$225.00	\$75.00	\$75.00	\$0.00
88	Sagamore Hotel (VBAs)	\$300.00	\$225.00	\$75.00	\$75.00	\$0.00
89	Sagamore Hotel	\$3,496.00	\$2,622.00	\$874.00	\$874.00	\$0.00
90	Seagull Hotel	\$2,774.00	\$2,080.50	\$693.50	\$693.50	\$0.00
91	Select Services	\$3,825.00	\$2,868.75	\$956.25	\$1,106.25	(\$150.00)
92	Shelborne Beach Resort	\$4,826.00	\$3,619.50	\$1,206.50	\$1,206.50	\$0.00
93	Shoot Collective	\$600.00	\$450.00	\$150.00	\$150.00	\$0.00
94	Six Degrees Productions	\$300.00	\$225.00	\$75.00	\$75.00	\$0.00
95	Soho House Beach House LLC (VBAs)	\$450.00	\$337.50	\$112.50	\$112.50	\$0.00
96	Soho House Beach House LLC (Special Event)	\$650.00	\$487.50	\$162.50	\$162.50	\$0.00
97	Soho House Beach House LLC	\$950.00	\$712.50	\$237.50	\$237.50	\$0.00
98	South Beach Tow	\$825.00	\$618.75	\$206.25	\$206.25	\$0.00
99	South Carillon Beach Condo	(\$1,462.00)	(\$1,096.50)	(\$365.50)	(\$365.50)	\$0.00
100	South of Fifth Condo Association	\$1,064.00	\$798.00	\$266.00	\$266.00	\$0.00
101	Spike Productions	\$300.00	\$225.00	\$75.00	\$75.00	\$0.00
102	Starz	\$1,050.00	\$787.50	\$262.50	\$262.50	\$0.00
103	Stonehenge	\$1,500.00	\$1,125.00	\$375.00	\$375.00	\$0.00

Internal Audit Report  
 State Beachfront Management Agreement Financial Review (#3595)  
 For the Fiscal Year Ending September 30, 2012  
 April 19, 2013

104	The Bentley Beach	\$4,142.00	\$3,106.50	\$1,035.50	\$1,035.50	\$0.00
105	The Michael Alan Group	\$560.76	\$420.57	\$140.19	\$140.19	\$0.00
106	The National Hotel	\$6,080.00	\$4,560.00	\$1,520.00	\$1,520.00	\$0.00
107	The Raleigh Hotel	\$8,436.00	\$6,327.00	\$2,109.00	\$2,109.00	\$0.00
108	The Production Factory	\$150.00	\$112.50	\$37.50	\$37.50	\$0.00
109	The Savoy on South Beach	\$1,273.00	\$954.75	\$318.25	\$318.25	\$0.00
110	The Setai Resort and Condo	\$10,146.00	\$7,609.50	\$2,536.50	\$2,536.50	\$0.00
111	The Shore Club Hotel/Philips	\$12,350.00	\$9,262.50	\$3,087.50	\$3,087.50	\$0.00
112	Tim Wilcox, Inc.	\$39,594.92	\$29,696.19	\$9,898.73	\$9,898.73	\$0.00
113	TVM Productions	\$6,000.00	\$4,500.00	\$1,500.00	\$1,500.00	\$0.00
114	Univision	\$225.00	\$168.75	\$56.25	\$56.25	\$0.00
115	US Road Sports & Entertainment (VBAs)	\$1,500.00	\$1,125.00	\$375.00	\$375.00	\$0.00
116	US Road Sports & Entertainment	\$3,578.52	\$2,683.89	\$894.63	\$957.25	(\$62.62)
117	Vendome Place Condominium	\$1,539.00	\$1,154.25	\$384.75	\$384.75	\$0.00
118	Westgate Resort	\$1,748.00	\$1,311.00	\$437.00	\$437.00	\$0.00
119	Winter Music Conference (VBAs)	\$300.00	\$225.00	\$75.00	\$75.00	\$0.00
120	Winter Music Conference	\$2,400.00	\$1,800.00	\$600.00	\$600.00	\$0.00
<b>Total</b>		<b>\$1,551,207.14</b>	<b>\$1,167,354.35</b>	<b>\$383,852.78</b>	<b>\$384,021.79</b>	<b>(\$169.01)</b>

\*Excludes sales tax