

An aerial photograph of Miami Beach, Florida, showing a wide view of the city. In the foreground, there is a large green park area with a paved walkway and a colorful sculpture made of stacked blocks (pink, red, orange, yellow, green, blue) on a circular base. A road with cars and a yellow taxi is visible. In the background, there are tall buildings, palm trees, and the ocean under a blue sky with light clouds.

# City of Miami Beach, Florida

## Single Audit Report

For the Year Ended September 30, 2021

# **City of Miami Beach, Florida**

*Single Audit Reports in Accordance with  
Uniform Guidance and Chapter 10.550,  
Rules of the Florida Auditor General*

Fiscal Year Ended September 30, 2021

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RSM US LLP

**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***

**Independent Auditor's Report**

Honorable Mayor and Members  
of the City Commission  
City of Miami Beach, Florida

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Miami Beach, Florida (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 17, 2022. Our report included a reference to other auditors who audited the financial statements of the City of Miami Beach Employees' Retirement Plan, City of Miami Beach Pension fund for Firefighters and Police Officers, City of Miami Beach Police Officer's Relief and Pension Fund, and the City of Miami Beach Firefighters' Relief Pension Fund. This report does not include the results of the other auditors' testing on internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the City of Miami Beach Police Officer's Relief and Pension were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal controls over financial reporting or instances of reportable noncompliance associated with the City of Miami Beach Police Officer's Relief and Pension.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 financial statements. 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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**City's Response to Finding**

The City's response to the findings identified in our audit is described in the accompanying *schedule of findings and questioned costs*. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RSM US LLP*

Miami, Florida  
June 17, 2022

**Report on Compliance for Each Major Federal Program and State Project; Report on Internal Control Over Compliance; and Report on the Schedules of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General***

**Independent Auditor's Report**

Honorable Mayor and City Commissioners  
City of Miami Beach, Florida

**Report on Compliance for Each Major Federal Program and Major State Project**

We have audited the City of Miami Beach, Florida's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the Florida Department of *Financial Services' State Project Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2021. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal programs and state projects.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Florida Auditor General*. Those standards and the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or major state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the City's compliance.

**Opinion on Each Major Federal Program and Major State Project**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2021.

## **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and major state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and Schedule of State Financial Assistance Required by Chapter 10.550, *Rules of the Florida Auditor General***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 17, 2022, which contained an unmodified opinion on those financial statements, and included a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are presented for purposes of additional analysis as required by the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General* and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

*RSM US LLP*

Miami, Florida  
June 17, 2022

**City of Miami Beach, Florida**

**Schedule of Expenditures of Federal Awards  
Fiscal Year Ended September 30, 2021**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Grant/Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Agriculture</b>				
Hurricane Irma Emergency Watershed Protection	10.923	NR184209XXXXC012	\$ -	\$ (33,618)
<b>Total U.S. Department of Agriculture</b>			<u>-</u>	<u>(33,618)</u>
<b>U.S. Department of Housing and Urban Development</b>				
Covid-19 -Community Development Block Grant/ Entitlement Grants	14.218	B-19-MC-12-0014/B-20-MW-12-0014	200,948	200,948
Community Development Block Grant/ Entitlement Grants	14.218	B-17-MC-12-0014	116,520	120,371
Community Development Block Grant/ Entitlement Grants	14.218	B-14-MC-12-0014	108,082	108,082
Community Development Block Grant/ Entitlement Grants	14.218	B-18-MC-12-0014	278,033	303,927
Community Development Block Grant/ Entitlement Grants	14.218	B-11-MC-12-0014	-	8,987
Covid-19- Community Development Block Grant/ Entitlement Grants	14.218	B-20-MC-12-0014	1,017,144	1,017,144
Community Development Block Grant/ Entitlement Grants	14.218	B-15-MC-12-0014	17,238	17,238
Community Development Block Grant/ Entitlement Grants	14.218	B-16-MC-12-0014	217,926	273,258
<b>Total Community Development Block Grant - Entitlement Grants Cluster</b>			<u>1,955,891</u>	<u>2,049,955</u>
Home Investment Partnerships Program	14.239	M-09-MC120212	-	-
Home Investment Partnerships Program	14.239	M-10-MC120212	4,743	4,743
Home Investment Partnerships Program	14.239	M-16-MC120212	-	-
Home Investment Partnerships Program	14.239	M-19-MC120212/M-15-MC120212	123,598	123,598
Home Investment Partnerships Program	14.239	M-12-MC120212/M-20-MC120212	58,329	58,329
Home Investment Partnerships Program	14.239	M-14-MC120212	37,342	41,601
Home Investment Partnerships Program*	14.239	M-17-MC120212	8,904	14,971
Home Investment Partnerships Program	14.239	M-18-MC120212	10,135	10,135
<b>Total HOME Investment Partnerships Program</b>			<u>243,051</u>	<u>253,377</u>
Pass-Through Miami-Dade County, Florida:				
Supportive Housing Program - FY 2019/Continuum of Care - City of Miami Beach Outreach Program	14.267	FL0177L4D001912	-	42,061
<b>Total Supportive Housing Program - Continumm of Care</b>			<u>-</u>	<u>42,061</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>2,198,942</u>	<u>2,345,393</u>

**City of Miami Beach, Florida**

**Schedule of Expenditures of Federal Awards  
Fiscal Year Ended September 30, 2021**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Grant/Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Justice</b>				
Pass-Through Office of The Florida Attorney General: VICTIMS OF CRIME ACT 2020/21	16.575	VOCA-2020-MBPD-00525	-	434,470
National Crime Victims' Rights Week Community Awareness Project	16.582	2018-V3-GX-K016	-	4,410
Pass-Through Florida Department of Law Enforcement: Edward Byrne Memorial Justice Assistance Grant - Officer Safety and Wellness	16.738	2021-JAGC-DADE-6-5R-119	-	8,644
Edward Byrne Memorial Justice Assistance Grant - Reducing Violent Crimes	16.738	2020-JAGC-DADE-16-Y5-159	-	9,007
<b>Total Florida Department of Law Enforcement</b>				<b>17,651</b>
Miami Beach Coronavirus Emergency Program	16.034	2020-VD-BX-0503	-	4,900
Cops Office Law Enforcement Mental Health and Wellness Act Program-Miami Beach Peer Support Project	16.710	2020-MH-WX-K013	-	17,590
Federal Equitable Sharing Agreement	16.922	FL0130700	-	51,931
<b>Total U.S. Department of Justice</b>			<b>-</b>	<b>530,952</b>
<b>U.S. Department of Transportation</b>				
Pass-Through the Florida Department of Transportation:				
State and Community Highway Traffic Safety Program-Motorcycle Safety Campaign	20.600	G1R47	-	75,000
State and Community Highway Traffic Safety Program-Speed/Aggressive Driving Initiative	20.600	G1S20	-	37,799
National Priority Safety Program-Impaired Driving Initiative	20.616	G1S67	-	73,002
National Priority Safety Program-Miami Beach Occupant Protection and Child Passenger Initiative	20.616	G1U78	-	25,952
<b>Total Highway Safety Cluster</b>			<b>-</b>	<b>211,753</b>
Highway Planning and Construction-Northshore Open Space Beachwalk	20.205	G1P47	-	329,501
Highway Planning and Construction-Middle Beach Recreational Corridor Phase III	20.205	G1552	-	200,000
<b>Total Highway Planning and Construction Cluster</b>			<b>-</b>	<b>529,501</b>
<b>Total U.S. Department of Transportation</b>			<b>-</b>	<b>741,254</b>
COVID-19 Claims Reimbursement for the Uninsured Program and the COVID-19 Coverage Assistance Fund - Medicare and Medicaid Services	93.461	75-0140-0-1-550	-	33,537
<b>Total Health Resources and Services Administration</b>			<b>-</b>	<b>33,537</b>

**City of Miami Beach, Florida**

**Schedule of Expenditures of Federal Awards  
Fiscal Year Ended September 30, 2021**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Grant/Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Homeland Security</b>				
Pass-Through the State of Florida Division of Emergency Management: Hurricane Irma	97.036	08-45025-00	-	5,444,235
Emergency Food and Shelter Program - Phase 35	97.024	159400-076	-	15,186
Emergency Food and Shelter Program - Phase 36	97.024	159400-076	-	11,825
Pass-Through the State of Florida Division of Emergency Management: Hazard Mitigation Grant Program - Wind Retrofit	97.039	FEMA-DR-4337-FL	-	(4,286)
Hazard Mitigation Grant Program - Wind Retrofit	97.039	FEMA-DR-4337-FL	-	19,806
Hazard Mitigation Grant Program - Wind Retrofit	97.039	FEMA-DR-4337-FL	-	16,575
			-	<u>32,095</u>
Homeland Security Grant Program -Urban Areas Security Initiative 2019	97.067	EMW-2019-SS-00049	-	39,473
<b>Total U.S. Department of Homeland Security</b>			-	<u>5,542,814</u>
<b>U.S. Department of The Treasury</b>				
Pass-Through Miami-Dade County, Florida: Covid-19- Coronavirus Relief Fund - CARES Act (Covid-19)	21.019	20-1892-0-1-806	-	38,976,791
<b>Total Coronavirus Relief Fund - CARES Act (Covid-19)</b>			-	<u>38,976,791</u>
Covid-19- Coronavirus Relief Fund - CARES Act (Covid-19)	21.019	B-20-MW-12-0014	-	410,472
<b>Total Coronavirus Relief Fund - CARES Act (Covid-19)</b>			-	<u>410,472</u>
<b>Total U.S. Department of Treasury</b>			-	<u>39,387,263</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 2,198,942</b>	<b>\$ <u>48,547,595</u></b>

See notes to schedule of expenditures of federal awards and state financial assistance.

**City of Miami Beach, Florida**

**Schedule of Expenditures of State Financial Assistance  
For the Fiscal Year Ended September 30, 2021**

State Grantor/Program	Grant/Pass-Through Entity Identifying Number	State CSFA Number	Total State Expenditures
<b>State of Florida, Department of Environmental Protection</b>			
Statewide Surface Water Restoration and Wastewater Projects - Miami Beach Water Line Replacement on Alton Road from Michigan Ave to North Bay Rd. and 43rd Street to 63rd Street Project	LP13134/LP13135	37.039	94,322
<b>Total State of Florida, Department of Environmental Protection</b>			<b><u>94,322</u></b>
<b>State of Florida, Housing Finance Corporation</b>			
State Housing Initiatives Partnership (SHIP) Program	N/A	40.901	155,702
<b>Total State of Florida, Housing Finance Corporation</b>			<b><u>155,702</u></b>
<b>Florida Department of Transportation</b>			
A1A Indian Creek Corridor	AS-343/439228-2-58-01	55.000	4,173,819
Locally Funded Agreement - Transportation Management Initiative Agreement	422239-2-12-01	55.039	3,727
Miami Beach Atlantic Trail Greenway Corridor from South Pointe Park to 87th Terrace	G0Q53	55.038	1,341,667
Public Transit Service Development Program - South Beach Loop Trolley Route	G1C66	55.012	876,971
<b>Total Florida Department of Transportation</b>			<b><u>6,396,184</u></b>
<b>Florida Department of Health</b>			
Pass-Through Miami-Dade County, Florida: Emergency Medical Services	M9062	64.005	24,708
<b>Total Florida Department of Health</b>			<b><u>24,708</u></b>
<b>Florida Department of Law Enforcement</b>			
FY 19-20 Identity Theft and Fraud Grant Program	2020-SFA-ITF-43-2D-002	71.042	8,366
<b>Total Florida Department of Law Enforcement</b>			<b><u>8,366</u></b>
<b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>			<b><u>\$ 6,679,282</u></b>

See notes to schedules of expenditures of federal awards and state financial assistance.

## City of Miami Beach, Florida

### Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance Fiscal Year Ended September 30, 2021

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#### **Note 1. Basis of Presentation**

The accompanying schedules of expenditures of federal awards and state financial assistance (the Schedules) include the federal and state award activity of the City of Miami Beach, Florida (the City) under programs of the Federal government and the State of Florida for the year ended September 30, 2021. The information in the Schedules are presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Florida Auditor General*. Because the Schedules present only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in fund balance/net position, or cash flows of the City.

#### **Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedules are reported on the modified accrual basis of accounting for expenditures accounted for in the governmental funds and on the accrual basis of accounting for expenses of the proprietary fund types, which are described in Note 1 to the City's basic financial statements. Such expenditures/expenses are recognized following the cost principles contained in the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*, wherein certain types of expenditures/expenses are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

#### **Note 3. Indirect Cost Recovery**

The City has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

#### **Note 4. Loans Outstanding**

On November 12, 2014, the City of Miami Beach entered into the Clean Water State Revolving Fund Loan Agreement with the State of Florida Department of Environment Protection. On November 24, 2020, Amendment No.1 to the Loan Agreement was executed. The semiannual loan payment amount is based on the total amount of \$7,697,180, which consist of the Loan principal, accrued Capitalized Interest plus the Loan Service Fee. Loan payments commenced on February 15, 2018 and semiannually thereafter on August 15 and February 15 of each year until all amounts due have been fully paid. The interest rate on this loan is 1.62% per annum. Loan disbursements from the State to the City will be made for reimbursements of allowable costs. The loan is recorded as a loan payable in the governmental activities of the City's government wide statements. As of September 30, 2021, \$7.5 million of allowable costs have been incurred by the City and \$7.5 million has been reimbursed from the State. The loan is secured by the Stormwater fund's pledged revenues and will be repaid with such funds. The outstanding principal balance reported at September 30, 2021, is \$6,252,155, which consist of Loan Principal and Service Fee.

**City of Miami Beach, Florida**

**Schedule of Findings and Questioned Costs  
Fiscal Year Ended September 30, 2021**

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**Section I . Summary of Auditors' Results**

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

    X     Yes

         No

Significant deficiency(ies) identified?

         Yes

    X    

None reported

Noncompliance material to

financial statements noted?

         Yes

    X    

No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

         Yes

    X    

No

Significant deficiency(ies) identified?

         Yes

    X    

None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?

         Yes

    X    

No

Identification of major federal programs:

Federal Assistance Listing No.

Name of Federal Program or Cluster

21.019

Coronavirus Relief Fund - CARES Act (Covid-19)

Dollar threshold used to distinguish between type A and type B programs:

\$1,456,428

Auditee qualified as low-risk auditee?

         Yes

    X    

No

(Continued)

**City of Miami Beach, Florida**

**Schedule of Findings and Questioned Costs  
Fiscal Year Ended September 30, 2021 (Continued)**

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State Financial Assistance :

Internal control over major projects:

Material weakness(es) identified?	<u>          </u> Yes	<u>      X      </u> No
Significant deficiency(ies) identified?	<u>          </u> Yes	<u>      X      </u> None reported

Type of auditor's report issued on compliance for major projects:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, *Rules of the Auditor General*?

<u>          </u> Yes	<u>      X      </u> No
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Identification of major state projects:

State Assistance Listing No.

Name of State Project

55.000

A1A Indian Creek Corridor

Dollar threshold used to distinguish between type A and type B projects:

\$750,000

(Continued)

**City of Miami Beach, Florida**

**Schedule of Findings and Questioned Costs  
Fiscal Year Ended September 30, 2021 (Continued)**

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**Section II. Financial Statement Findings**

**IC 2021-001 – Financial Reporting – Material Weakness**

**Criteria:** Internal control policies and procedures should provide reasonable assurance regarding the reliability of the financial reporting process, including the accurate recording and disclosure of accounting transactions.

**Condition:** Material accounting adjustments were made by management to the financial statements to comply with generally accepted accounting principles. This included a material adjustment to the Capital Projects fund and the Aggregate Nonmajor Fund relating to a legal settlement obligation. In addition, a material adjustment to the Convention Center fund to eliminate intercompany transactions between the City and the Convention Center.

**Cause:** Established controls requiring the reconciliation and review of account balances failed to identify the errors noted and the recognition of outstanding obligations were not recorded in the correct period.

**Effect or potential effect:** An adjusting entry for \$14.2 million was recorded to the Capital Projects Fund and \$12.9 million to the Aggregate Nonmajor Fund to record a liability relating to the legal settlement. Transactions between the City and the Convention Center for \$1 million were recorded to eliminate intercompany balances on the City's annual comprehensive financial report.

**Recommendation:** We recommend that management review the design of established controls and implement the changes necessary to allow for the accurate recording and disclosure of accounting transactions. Necessary controls should include review of possible losses and/or obligations by appropriate levels of management across critical areas in the City.

**Views of Responsible Officials and Planned Corrective Action:** Management has an established procedure in place to review risk and liabilities cases quarterly to ensure appropriate inclusion in estimates. Additionally, Management will establish an annual end of year review of all open and recently closed legal/risk matters exceeding an established materiality threshold to determine if additional obligations should be recorded at year end. Finally, the City will continue to closely review post-closing entries, payments, and year end checklists to ensure proper inclusion/exclusion of obligations in financial reporting.

**Section III. Federal Awards and State Projects Findings and Questioned Costs**

No matters to report.

City of Miami Beach, Florida

**Summary Schedule of Prior Year Audit Findings  
Fiscal Year Ended September 30, 2021**

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City Of Miami Beach, 1700 Convetnion Center Drive, Miami Beach, Florida 33139 [www.miamibeachfl.gov](http://www.miamibeachfl.gov)

**Summary of Prior Year Findings**

**Audit Finding Number:** IC 2020-0001 Worker's Compensation Liability - Significant Deficiency

**Audit Finding:** A material accounting adjustment was made by management to the financial statements to comply with generally accepted accounting principles with regard to the recording of the worker's compensation (WC) liability to the self-insurance fund to adjust and eliminate an excess reserve provided by the actuary base method, which was not consistent with past practices.

**Status of Finding:** Corrected. Matter Not repeated.

# MIAMIBEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, [www.miamibeachfl.gov](http://www.miamibeachfl.gov)

## Corrective Action Plan Year Ended September 30, 2021

**Audit Finding Number:** IC 2021-001 – Financial Reporting – Material Weakness

**Audit Criteria:** Internal control policies and procedures should provide reasonable assurance regarding the reliability of the financial reporting process, including the accurate recording and disclosure of accounting transactions.

**Condition:** Material accounting adjustments were made by management to the financial statements to comply with generally accepted accounting principles. This included a material adjustment to the Capital Projects fund and the Aggregate Nonmajor Fund relating to a legal settlement obligation. In addition, a material adjustment to the Convention Center fund to eliminate intercompany transactions between the City and the Convention Center.

**Cause:** Established controls requiring the reconciliation and review of account balances failed to identify the errors noted and the recognition of outstanding obligations were not recorded in the correct period.

**Effect or potential effect:** An adjusting entry for \$14.2 million was recorded to the Capital Projects Fund and \$12.9 million to the Aggregate Nonmajor Fund to record a liability relating to the legal settlement. Transactions between the City and the Convention Center for \$1 million were recorded to eliminate intercompany balances on the City's annual comprehensive financial report.

**Recommendation:** We recommend that management review the design of established controls and implement the changes necessary to allow for the accurate recording and disclosure of accounting transactions. Necessary controls should include review of possible losses and/or obligations by appropriate levels of management across critical areas in the City.

**Views of Responsible Officials and Planned Corrective Action:** Management has an established procedure in place to review risk and liabilities cases quarterly to ensure appropriate inclusion in estimates. Additionally, Management will establish an annual end of year review of all open and recently closed legal/risk matters exceeding an established materiality threshold to determine if additional obligations should be recorded at year end. Finally, the City will continue to closely review post-closing entries, payments, and year end checklists to ensure proper inclusion/exclusion of obligations in financial reporting.

Submitted by:



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