

City of Miami Beach, Florida Single Audit Report

For the Fiscal Year Ended September 30, 2023



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, 2023

Contents

Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	1-2
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, <i>Rules of the Florida Auditor General</i>	3-5
Schedule of expenditures of federal awards	6-8
Schedule of expenditures of state financial assistance	9
Notes to schedules of expenditures of federal awards and state financial assistance	10
Schedule of findings and questioned costs	11-13
Summary schedule of prior year audit findings	14
Corrective action plan	15



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 (*Government Auditing Standards*), 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 23, 2024. The City's October 1, 2022 financial statements have been restated due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Our report included a reference to other auditors who audited the financial statements of the Miami Beach Employees' Retirement Plan, City Pension Fund for Firefighters and Police Officers in the City of Miami Beach, City of Miami Beach Firefighters' Relief and Pension Fund and the City of Miami Beach Police Officer's Relief and 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.

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 were not identified. We identified certain deficiencies in internal control, described in the schedule of findings and questioned costs as item 2023-001 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City’s Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City’s response to the finding identified in our audit and described above. The City’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the repose.

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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Miami, Florida
April 23, 2024

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

Opinion on 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, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program and Major State Project

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*. Our responsibilities under those standards, the Uniform Guidance and Chapter 10.550 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and major state project. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs and state projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program and major state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, *Rules of the Florida Auditor General* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Expenditures 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated April 23, 2024, which contained an unmodified opinion on those financial statements, included an emphasis of matter for the adoption of GASB Statement No. 96 *Subscription-Based Information Technology Arrangements*, and included a reference to other auditors. Our audit was performed 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 expenditures 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

May 31, 2024, except for our report on the Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State Financial Assistance, for which the date is April 23, 2024

City of Miami Beach, Florida

**Schedule of Expenditures of Federal Awards
Fiscal Year Ended September 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grant/Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Housing and Urban Development				
Community Development Block Grant/ Entitlement Grants	14.218	B-19-MC-12-0014	\$ 234,459	\$ 234,459
Community Development Block Grant/ Entitlement Grants	14.218	B-19-MC-12-0014	73,019	73,019
Community Development Block Grant/ Entitlement Grants	14.218	B-17-MC-12-0014/B-18-MC-12-0014/B-19-MC-12-0014	36,660	36,660
Community Development Block Grant/ Entitlement Grants	14.218	B-18-MC-12-0014	66,421	66,421
Community Development Block Grant/ Entitlement Grants	14.218	B-21-MC-12-0014	111,169	111,169
Community Development Block Grant/ Entitlement Grants	14.218	B-17-MC-12-0014	73,383	73,383
Community Development Block Grant/ Entitlement Grants	14.218	B-18-MC-12-0014/B-20-MC-12-0014	605,233	759,573
COVID-19- Community Development Block Grant/ Entitlement Grants	14.218	B-20-MW-12-0014	263,768	263,768
Community Development Block Grant/ Entitlement Grants	14.218	B-17-MC-12-0014/B-19-MC-12-0014	<u>32,662</u>	<u>32,662</u>
Total Community Development Block Grant – Entitlement Grants Cluster			<u>1,496,774</u>	<u>1,651,114</u>
Home Investment Partnerships Program	14.239	M-21-MC-12-0212	33,598	34,406
Home Investment Partnerships Program	14.239	M-15-MC-12-0212/M-16-MC-12-0212	97,332	97,332
Home Investment Partnerships Program	14.239	M-15-MC-12-0212/M-16-MC-12-0212	137,994	137,994
Home Investment Partnerships Program	14.239	M-15-MC-12-0212/M-16-MC-12-0212	67,442	70,898
Home Investment Partnerships Program	14.239	M-20-MC-12-0212	87,729	125,729
Home Investment Partnerships Program*	14.239	M-15-MC-12-0212/M-16-MC-12-0212/M-17-MC-12-0212	-	35
Home Investment Partnerships Program	14.239	M-17-MC-12-0212	<u>2,900</u>	<u>8,065</u>
Total HOME Investment Partnerships Program			<u>426,995</u>	<u>474,459</u>
Pass-Through Miami-Dade County, Florida:				
Continuum of Care Program – FY 2018/Continuum of Care – City of Miami Beach Outreach Program	14.267	FL0177L4D002013	<u>-</u>	<u>63,079</u>
Total Supportive Housing Program – Continuum of Care			<u>-</u>	<u>63,079</u>
Total U.S. Department of Housing and Urban Development			<u>1,923,769</u>	<u>2,188,652</u>

City of Miami Beach, Florida

**Schedule of Expenditures of Federal Awards (Continued)
Fiscal Year Ended September 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grant/Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Department of the Interior, US Fish and Wildlife Service				
Sportfishing and Boating Safety Act – Miami Beach Mooring Field – Big Tier I FY22	15.622	F22AP01797	-	20,686
Total Miami Beach Mooring Field			-	20,686
Total U.S. Department of Interior			-	20,686
U.S. Department of Justice				
Pass-Through Office of The Florida Attorney General: Crime Victim Assistance – VICTIMS OF CRIME ACT 2021/22	16.575	VOCA-2022-MBPD-00848	-	456,471
Total Crime Victim Assistance			-	456,471
COVID-19 Miami Beach Coronavirus Emergency Supplementl Fundng Program	16.034	2020-VD-BX-0503	-	13,998
Public Safety Partnership and Community Policing Grants – Cops Office Law Enforcement Mental Health and Wellness Act Program-Miami Beach Peer Support Project	16.710	2020-MH-WX-K013	-	3,744
Edward Byrne Memorial Justice Assistance Grant – 3D Imaging Device Project	16.738	15PBJA-21-GG-01324-JAGX	-	68,797
Edward Byrne Memorial Justice Assistance Grant – Video Analytics Solution for Private Video Footage Evidence	16.738	2019-DJ-BX-0345	-	45,816
Equitable Sharing Program	16.922	FL0130700	-	46,194
Total U.S. Department of Justice			-	635,020
U.S. Department of Transportation				
Pass-Through the Florida Department of Transportation:				
State and Community Highway Traffic Safety Program-Motorcycle Safety Campaign	20.600	G2D69	-	67,887
State and Community Highway Traffic Safety Program-Speed/Aggressive Driving Initiative	20.600	G2D62	-	75,000
National Priority Safety Programs-Impaired Driving Initiative	20.616	G2D73	-	108,027
National Priority Safety Programs-Miami Beach Occupant Protection and Child Passenger Initiative	20.616	G2F08	-	72,856
			-	-
Total Highway Safety Cluster			-	323,770
Total U.S. Department of Transportation			-	323,770

City of Miami Beach, Florida

**Schedule of Expenditures of Federal Awards (Continued)
Fiscal Year Ended September 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grant/Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Treasury				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds – North Beach Town Center	21.027	22FRP35	-	163,549
Total U.S. Department of Treasury			-	163,549
U.S. Department of Homeland Security				
Emergency Food and Shelter National Board Program – Phase 39	97.024	159400-076	-	1,778
Emergency Food and Shelter National Board Program – Phase 40	97.024	159400-076	-	5,640
Pass-Through the State of Florida Division of Emergency Management:				
Hazard Mitigation Grant Program – Wind Retrofit	97.039	FEMA-DR-4337-FL	-	233,677
Hazard Mitigation Grant Program – Wind Retrofit	97.039	FEMA-DR-4337-FL	-	1,225
Hazard Mitigation Grant Program – Wind Retrofit	97.039	FEMA-DR-4337-FL	-	129,600
Hazard Mitigation Grant Program – North Shore Youth Center Wind Retrofit	97.039	FEMA-DR-4337-FL	-	99,443
Homeland Security Grant Program – Urban Areas Security Initiative 2020	97.067	EMW-2020-SS-00035	-	208,928
Total U.S. Department of Homeland Security			-	680,291
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,923,769	\$ 4,011,968

See notes to schedules 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, 2023**

State Grantor/Program	State CSFA Number	Grant/Pass-Through Entity Identifying Number	Total State Expenditures
State of Florida, Department of Environmental Protection			
Sea Level Rise Vulnerability Assessment And Adaptation Plan	37.098	22PLN50	<u>65,302</u>
Total State of Florida, Department of Environmental Protection			<u>65,302</u>
State of Florida, Housing Finance Corporation			
State Housing Initiatives Partnership (SHIP) Program	40.901	N/A	<u>301,703</u>
Total State of Florida, Housing Finance Corporation			<u>301,703</u>
Florida Department of Transportation			
A1A Indian Creek Corridor	55.000	AS-343/439228-2-58-01	1,052,288
Public Transit Service Development Program - South Beach Loop Trolley Route	55.012	G1C66	<u>280,687</u>
Total Florida Department of Transportation			<u>1,332,975</u>
Florida Department of Health			
Pass-Through Miami-Dade County, Florida:			
Emergency Medical Services	64.005	C1013	6,776
Emergency Medical Services	64.005	M0033	48,244
Emergency Medical Services	64.005	M231301	<u>24,936</u>
Total Florida Department of Health			<u>79,956</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>\$ 1,779,936</u>

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

City of Miami Beach, Florida

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance Fiscal Year Ended September 30, 2023

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, 2023. The information in the Schedules is 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, 2023, \$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, 2023, is \$5,556,005, which consist of Loan Principal and Service Fee.

City of Miami Beach, Florida

**Schedule of Findings and Questioned Costs
Fiscal Year Ended September 30, 2023**

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?	<u> X </u> Yes	<u> </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> None reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major federal programs:

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 federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	<u> </u> Yes	<u> X </u> No
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Identification of major federal programs:

<u>Federal Assistance Listing No.</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant/Entitlement Grants

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

\$750,000

Auditee qualified as low-risk auditee?	<u> </u> Yes	<u> X </u> No
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(Continued)

City of Miami Beach, Florida

**Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2023**

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:

\$533,981

City of Miami Beach, Florida

**Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2023**

Section II. Financial Statement Findings

Finding 2023-001

Material Weakness in Internal Control Over Financial Reporting

Criteria: Generally accepted accounting principles require the recording of accounts payable and capital assets upon delivery of the capital assets. Effective reconciliations and review processes should be established and maintained to prevent or detect and correct material misstatements in the annual financial statements on a timely basis.

Condition: An overstatement of accounts payable and construction in process (CIP) as of September 30, 2022 in the Stormwater Fund (includes a known and projected misstatement totaling \$1,494,527) as there were multiple instances of CIP constructed in 2023 that were incorrectly accrued to 2022. An overstatement of accounts payable and CIP as of September 30, 2023, in the Stormwater fund (includes a known and projected misstatement totaling \$1,076,993) as there were multiple instances of CIP construction in 2024 that were incorrectly accrued.

Cause: The detailed review of year end accruals did not properly identify the correct period for the associated expenses and expenditures.

Effect: Preliminary fund trial balance contained errors that were significant for the year ending September 30, 2023. Such factual errors were subsequently corrected by the City and are properly recorded in the financial statements for the year ending September 30, 2023.

Recommendation: We recommend that the City evaluate its current procedures and implement additional or revised procedures to ensure department-level reviews of individual projects are being performed on a timely basis and the information is communicated to the City finance department in order for accrual entries to be properly accounted for and recorded in the financial statements.

Views of Responsible Officials and Planned Corrective Action:

The City will continue to closely review post-closing entries, payments and capital projects reports to ensure proper inclusion/exclusion of obligations and capital assets in financial reporting. The Finance Department has also contacted departments involved in capital projects requiring that all engineering and contractor invoices must be submitted on a monthly basis and not cover a multi-month period. Additionally, Management will also continue to train current employees to properly identify payments that should be accrued for in the proper period.

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, 2023**

The prior year federal and state Single Audits disclosed no findings, and no uncorrected or unresolved findings exist from prior Single Audts.



City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

Identifying Number: 2023-001

Finding: Material Weakness in Internal Control Over Financial Reporting

Views of Responsible Officials and Planned Corrective Action: The Finance Department of the City of Miami Beach will continue to closely review post-closing entries, payments and capital projects reports to ensure proper inclusion/exclusion of obligations and capital assets in financial reporting. The Finance Department has also contacted departments involved in capital projects requiring that all engineering and contractor invoices must be submitted on a monthly basis and not cover a multi-month period.

Additionally, Management will also continue to train current employees to properly identify payments that should be accrued for in the proper period.

Contact Name: Jason D. Greene, Chief Financial Officer

Corrective Action Completion Date: 12/31/2024