



Joseph M. Centorino, Inspector General

TO: State of Florida Department of Environmental Protection
FROM: Joseph M. Centorino, Inspector General

DATE: May 17, 2024

PROJECT: State Beachfront Management Agreement (#3595) Financial Audit Report
OIG No. 24-07

PERIOD: October 1, 2021 through September 30, 2022

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

INTRODUCTION

State Beachfront Management Agreement No. 3595 requires the City to remit to the State of Florida Department of Environmental Protection (State) a 25% "sand tax" of any and all monies the City collects from concessionaires for the use of State-owned property. Pursuant to Florida Statutes, the City also collects Florida Sales tax along with the beachfront rental revenue and remits the same to the State of Florida Department of Revenue.

There are currently four related categories of beachfront property users:

- Operators of concessions seaward of Lummus Park, Ocean Terrace, North Shore Open Space Park, 21st and 46th Streets, and Pier Park who pay for the use of the beachfront according to their respective contractual agreements with the City.
- Miami Beach hoteliers, apartments, and condominium associations located on the beachfront pay beach "upland" fees to the City annually based on its corresponding number of units. This category also includes "non-upland" fee properties that have negotiated an agreement with nearby upland fee properties whereby their residents can use the beach amenities of the upland properties.
- Special Event permits are granted to members of the public who run organized, usually one-time only events on the beach, such as weddings and volleyball tournaments. The payments from these special events are remitted to the City Tourism and Culture Department.
- Special Event and Film and Print productions requiring the parking of essential vehicles on the beach or sand areas must purchase Vehicle Beach Access passes from the City Tourism and Culture Department.

The City remitted the following four sand tax payments totaling \$639,397.68 to the State of Florida

based on the revenues collected during the 2021/22 fiscal year:

Check Date	Period	Check Number	Check Amount
01/21/2022	Oct-Dec 2021	471250	\$241,903.61
04/19/2022	Jan-Mar 2022	474322	\$134,434.38
07/19/2022	Apr-Jun 2022	477512	\$221,746.92
10/18/2022	Jul-Sep 2022	480899	\$41,312.77
TOTAL			\$639,397.68

OVERALL OPINION

Based upon the City of Miami Beach Office of the Inspector General (OIG) Auditor's examination of available City records, it was determined that the State of Florida was inadvertently underpaid by a total of \$238,810.21 from October 1, 2021, through September 30, 2022, audit period.

PURPOSE

The purpose of this audit is to determine whether the City complied with State Beachfront Management Agreement No. 3595's terms by accurately calculating and timely remitting all sand tax monies due to the State of Florida Department of Environmental Protection equal to 25% of any and all monies collected from concessionaires for the use of State-owned property.

FINDINGS

The OIG Auditor reviewed all transactions recorded in the sand tax general ledger account during the City's 2021/22 fiscal year and all provided departmental supporting documentation. As a result, it was determined that the State is due a net total of \$238,810.21 (\$239,219.36 underpayment in finding #1 - \$409.15 overpayment in finding #2) in sand tax, as shown in the findings below.

1. **Sand Tax Total Underpayment Of \$239,219.36 Related To The 2021/22 Fiscal Year.**
 - a. A sand tax underpayment of \$127,750.75 occurred due to an incorrect distribution of payments among the appropriate general ledger accounts. The related payments were distributed 100% to the concession's beachfront revenue account instead of 25% being applied to the sand tax account and 75% to the appropriate revenue account.
 - b. A sand tax underpayment of \$111,254.42 occurred due to an incorrect payment distribution among the City's general ledger accounts related to the 2022 true-up received from Boucher Brothers Miami Beach, LLC. Instead of calculating the sand tax due by multiplying the corresponding amount by 25%, a 2.5% sand tax rate was mistakenly input in the Excel formula used.
 - c. A sand tax underpayment of \$214.19 occurred due to an incorrect computation of the 2022 true-up received from Boucher Brothers Miami Beach 21st & 46th Street, LLC. It was determined that the total balance due to the City was mistakenly calculated due to a mathematical error in the sales tax rate applied to the beach displacement fee subtracted from the true-up calculation as being waived by a City's Resolution. In addition, an incorrect payment distribution among the City's general ledger accounts resulted in the \$214.19 sand tax underpayment.

2. Sand Tax Total Overpayment Of \$409.15 Related To The 2021/22 Fiscal Year.

- a. Eleven identified Miami Beach businesses overpaid sand tax by \$409.15 due to incorrect upland fee invoicing through the annual business tax receipt process. Although those businesses are not upland properties, each was incorrectly charged and remitted sand tax to the Florida Department of Environmental Protection.

Respectfully submitted,



Joseph Centorino, Inspector General

05/17/2024
Date



Mark Coolidge, Chief Auditor

05/17/2024
Date

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Norman Blaiotta, Deputy Chief Auditor

5/17/2024 | 2:30 PM EDT

Date

cc: Rickelle Williams, Interim City Manager
Jason Greene, Chief Financial Officer
Ricardo Dopico, City Attorney

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