April 7, 2011

Honorable Members of the
City Commission
City of Miami
3500 Pan American Dr.
Coconut Grove, FL 33133-5504

Re: Audit of the Lease Agreement between the City of Miami and Bayshore Landing, LLC and other related lessees/sublessees.
Audit Report No. 11-002.

Pursuant to Section 48 of the City of Miami’s (City) Charter, Paragraph 16 of the Lease Agreement (Agreement), as amended and assigned, between the City and Bayshore Landing, LLC (BL), and the fiscal year 2011 Audit Plan, we have verified the gross sales of BL to determine compliance with the terms of the Agreement.

The monthly percentage rent paid to the City by BL during the period October 1, 2008 through September 30, 2009 was based on BL’s annual gross sales for the period October 1, 2007 through September 30, 2008; and the monthly percentage rent paid to the City by BL during the period October 1, 2009 through September 30, 2010 was based on BL’s annual gross sales for the period October 1, 2008 through September 30, 2009. The audit verified annual gross sales for said period.

Additionally, we examined the internal control policies and procedures in the City’s Public Facilities Department and BL to determine whether they were adequate and effective in administering the terms of the Agreement, applicable City Code and other regulations.
CC: The Honorable Mayor Tomas Regalado  
Tony Crapp, Jr., Chief Administrator/City Manager  
Members of the Audit Advisory Committee  
Johnny Martinez, Deputy City Manager/Chief of infrastructure  
Larry M. Spring, Chief Financial Officer  
Peter W. Korinis, Chief Information Officer, Information Technology Department  
Luis Cabren, Assistant City Manager  
Julie O. Bru, City Attorney, City Attorney’s Office  
Mirtha Dziedzic, Director, Budget Department  
Madeline Valdes, Director, Public Facilities Department  
Diana M. Gomez, CPA, Director, Finance Department  
Robert W. Christoph, Jr., Bayside Landing, LLC  
Demetrio Constantine, Account Receivable Supervisor, Finance Department  
Michael Clements, Director of Operations, Monty’s Restaurant  
Friscilla A. Thompson, City Clerk  
Audit Documentation File
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INTRODUCTION

On July 18, 1985, the City Commission passed and adopted Resolution No. 85-717, which approved the lease agreement between the City and Bayshore Properties, Inc. (BP). This Resolution combined two existing lease agreements related to the water-front property located at 2550 S Bayshore Drive, Coconut Grove that includes a restaurant, a marina, and a retail space.

Section 3 of the City Charter requires that any extension and/or modification to an existing lease of water-front properties must first be approved by a majority of the City’s voters. On August 13, 1985, the modification and extension of the lease agreement were approved by a majority of the voters. The term of the new lease agreement (signed on September 20, 1985) is for the period September 30, 1985, through May 31, 2035. The agreement states that BP shall develop, manage, and promote the property to prospective tenants in such a manner that will encourage public enjoyment, use, participation, and also to make the project financially feasible to both the City and BP.

The original agreement was first modified by an “amendment to lease” dated on November 14, 2001. The agreement was further modified by a second “amendment to lease” dated August 20, 2004 and assigned to BL, also known as Monty’s Restaurant. This amendment modifies the terms and conditions related to the use of the property, construction security bonding, taxes, insurance, pledging of leasehold interest, the assignment and subletting of premises, and transfer of stock. In addition, the amendment included new sections relative to waiver/amendment of deed restrictions, payments to the State of Florida for the submerged land, gross sales/gross receipts, late fees, discharge of mechanics liens, safety, Americans with Disabilities Act, and condemnation. Pursuant to
Resolution number 04-0753, which was adopted by the City Commission on November 18, 2004, a third amendment to the lease was executed between BL and the City.

As consideration for the lease of this City-owned water-front property, BL is required to make rental payments to the City. The applicable percentages are as follows:

- Eight (8) per cent of the annual gross receipts of the restaurant up to one (1) million dollars,
- Ten (10) per cent of the annual gross receipts of the restaurant in excess of one (1) million dollars,
- Ten (10) per cent of the annual rents received from the rentals paid by the respective retail sub-tenants, licensees, and concessioners,
- Fifteen (15) per cent of the annual gross receipts collected from dockage rental and dry storage of boats at the property.

The amount to be paid each month in any given lease year shall be equal to the annual gross receipts, for the immediately preceding lease year, multiplied by each applicable percentage rate provided in the lease, and divided by twelve (12). The monthly percentage rent due and payable on the first of each month during October 1, 2008 through September 30, 2009 and October 1, 2009 through September 30, 2010, as determined by the Public Facilities Department (PFD), was $78,828.86 and $74,698.12, respectively.

On July 24, 2003, the City Commission passed and adopted Resolution No. 03-857, which authorized the City Manager to accept an amended waiver of deed restrictions from the State of Florida that accurately reflects the area currently being used by BL for dockage purposes. Said Resolution also authorized the City Manager to execute a submerged land lease agreement with the State of Florida for the additional areas used by
BL. Pursuant to Section 3C(1B)(i) of the second amendment to the lease agreement, BL shall pay to the City, for remittances to the State, any and all rental fees as provided for in the State lease in excess of $2,000, as increased annually based upon increases in the CPI. Furthermore, pursuant to Section 3C(1B)(iii), forty-five (45) days prior to the due date, the Company shall pay to the City, for remittance to the State, one hundred percent (100%) of any and all fees due to the State pursuant to the Waiver on Parcels 5 and B2.

On January 20, 2005, the City Manager approved construction plans submitted by BL for renovations to the retail facilities, upstairs restaurant, and various other improvements/alterations to the lease property.

As the City’s real estate agent, the Public Facilities Department is responsible for monitoring and enforcing the contractual obligations of leases, licenses and management agreements.
SCOPE AND OBJECTIVES

This audit was performed pursuant to the authority set forth in Section 48 of the City’s charter titled “Office of the Independent Auditor General”, and was conducted in accordance with the Fiscal Year 2010/2011 Audit Plan. As part of our oversight responsibilities, the Office of the Independent Auditor General (OIAG) conducts performance audits to determine the extent of compliance with provisions of contracts, programs, and/or lease agreements between the City and private companies. The audit focused primarily on whether Bayshore Landing LLC (BL), d/b/a Monty’s Restaurant, and the City’s Public Facilities Department (PFD) complied with the contractual provisions of the lease agreement between the City and BL. In addition, the audit included examinations of various transactions to determine whether they were processed in accordance with generally accepted accounting principles. The audit covered the period October 1, 2008 through September 30, 2010 and selected transactions prior and subsequent to this period. In general the audit focused on the following broad objectives:

- To determine whether the appropriate insurance coverage was obtained as required by Section 21 (a) through (m) of the agreement.
- To determine whether BL remitted the correct percentage for each category of rent due to the City.
- To examine the internal control policies and procedures in place at BL and the PFD and determine whether they were adequate and effective in administering and overseeing the operation of Monty’s Restaurant and compliance with the lease agreement.
- To verify whether the rent remitted to the City was properly recorded in the City’s accounting system and deposited into the City’s treasury.
- To follow-up on prior year’s audit findings and recommendations.
- Other procedures as deemed necessary.

**METHODOLOGY**

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusion based on our objectives. The audit methodology included the following:

- Interviewed and inquired of appropriate personnel; reviewed and observed applicable written policies and procedures in order to gain an understanding of the internal controls; assessed control risk; and planned substantive testing.
- Reviewed prior related audits, applicable laws, regulations and agreements.
- Performed substantive testing consistent with the audit objectives.
- Used analytical review procedures for purposes of both planning substantive testing and confirming the reasonableness of audit conclusions and findings.
- Examined, on a test basis, applicable transactions and records.
- Determined compliance with all the objectives noted on page 4.
- Performed other audit procedures as deemed necessary.
- Drew conclusions based on the testing, made corresponding recommendations, and obtained the auditee’s responses and corrective action plans.
- Confirmed our understanding of key findings with the auditee.
• Reported our conclusions, findings, and recommendations to the City Commission, Audit Advisory Committee, and management via a clear and concise written audit report.
AUDIT CONCLUSIONS

Based upon various tests performed and the audit findings noted, we conclude that adequate internal controls were not in place to ensure that:

- Rent was timely remitted to the City
- All rent and other payments due to the City are properly calculated and remitted to the City.
- The terms and conditions relative to the rent of dockage space and sublease arrangements are always documented and/or retained for audit.
- Pre-numbered transient dockage agreements are used in sequential order.
- All pre-numbered transient dockage agreements are fully accounted for without any gaps.
- The invoices for the annual rent for the wet slip rental area are properly reviewed for accuracy prior to disbursement of funds.

Based upon various tests performed and the audit findings noted, we conclude that adequate internal controls were in place to ensure that:

- Amounts due to the Department of Environmental Protection were timely remitted.
- Sales and Use Taxes were remitted to the State of Florida’s Department of Revenue in timely manner.
- Real Estate Taxes were remitted to the Miami Dade County Property Appraiser.
- All required insurance coverages were maintained.
Overall, we conclude that the internal controls policies and procedures in place at the Bayshore Landing, LLC and at the City’s Public Facilities Department could be enhanced to address the deficiencies noted above.
SUMMARY OF AUDIT FINDINGS

BAYSHORE LANDING, LLC

UNTIMELY PAYMENT OF RENT TO THE CITY

Our audit indicated that the monthly percentage rent payments for the months of October 2008, February 2010, April 2010, and July 2010 were not remitted to the City on a timely basis. The time (in days) that elapsed between the required date of payment and the date that the payments were received by the City ranged from 5 to 7 days. Timely remittance of the monthly rental payments as provided in the lease agreement will enable the City meet its cost obligations in a timely manner.

See detailed audit findings and recommendations on pages 13 and 14.

OVERPAYMENT OF RENT TO THE CITY

Our audit determined that BL remitted $391.22 in excess of the rental payment due to the City for the month of September 2009.

See detailed audit findings and recommendations on page 15.

ADDITIONAL RENT DUE TO THE CITY OF MIAMI

Our review of pertinent accounting and sales records disclosed that additional rent and other payments totaling $1,443.63 ($764.77+$678.86) are due to the City from the
marina and retail spaces operations. The total amount due was paid to the City upon audit inquiry.

See detailed audit findings and recommendations on pages 16 through 18.

**LICENSE AGREEMENTS FOR DOCKAGE SPACE WERE NOT RETAINED FOR AUDIT**

Our review of the said agreements indicated that eight (8) of the customers' agreements were not available for one (1) or more of the months tested. The 8 customers’ agreement supports dockage revenues totaling approximately $84,183 annually.

See detailed audit findings and recommendations on pages 19 and 20.

**PRE-NUMBERED TRANSIENT DOCKAGE AGREEMENTS WERE NOT USED IN SEQUENTIAL ORDER, UNACCOUNTED MISSING AND DUPLICATE COPIES OF TRANSIENT DOCKAGE AGREEMENTS**

Our audit determined that the pre-numbered agreements were not used in sequential order. As disclosed in prior audit report # 09-019, there were again three (3) instances of duplicates and two thousand six hundred and forty eight (2,648) unaccounted/missing gaps (agreements). Once again, it appeared that stacks of dockage agreements were not used in numerical/sequential order, and as such, the reasonableness of the dockage revenue paid to the City could not be determined.

See detailed audit findings and recommendations on pages 21 and 22.
SUB-LESSEES OPERATED WITHOUT THE REQUIRED BUSINESS TAX RECEIPTS AND CERTIFICATE OF USE

Our audit test determined that five (5) of the eight (8) tenants did not have Certificates of Use (CU) and Business Tax Receipts (BTR) for two (2) or more months for the period October 1, 2007 to September 30, 2008. Furthermore, six (6) of the ten (10) tenants did not have CUs and seven (7) of the ten (10) tenants did not have BTRs for two (2) or more months for the period October 1, 2008 to September 30, 2009.

See detailed audit findings and recommendations on pages 23 and 24.
PUBLIC FACILITIES DEPARTMENT

FAILURE TO VERIFY THE ACCURACY OF THE REVENUES REPORTED TO THE CITY

The Public Facilities Department (PFD) is responsible for monitoring the lease agreement between the City and Bayshore Landing (BL). Our audit field work determined that PFD did not verify the accuracy of the various revenues (rental fees) remitted to the City by BL. As a result, revenues totaling $7,974.84 ($5,098.44+$6,788.63-$3,912.23) for the period October 1, 2007 to September 30, 2009 were not reported to the City and were only detected during our audit substantive test. As such, the related rental fees totaling $1,052.41 ($764.77+$678.86-$391.22) were not remitted to the City, as required.

See detailed audit findings and recommendations on pages 25 and 26.

OVERPAYMENT OF RENT FOR THE WET SLIP AREAS TO THE STATE OF FLORIDA’S DEPARTMENT OF ENVIRONMENTAL PROTECTION

The invoices for the annual rent for the wet slip rental area were not properly reviewed for accuracy prior to disbursement of $4,334.85 of City funds.

See detailed audit findings and recommendations on pages 27 and 28.
AUDIT FINDINGS AND RECOMMENDATIONS

BAYSHORE LANDING, LLC

UNTIMELY PAYMENT OF RENT TO THE CITY

The Second amendment to the original agreement between the City and Grove Marina Market, Ltd. was assigned to Bayshore Landing, LLC (BL), d/b/a Monty’s Restaurant, on August 20, 2004. In accordance with Section 13, paragraph II of the amended agreement, BL is required to make monthly percentage rent payments to the City, in advance, on the first day of each month during the term of the Lease. During the period October 1, 2008 through September 30, 2010, BL remitted to the City 24 rental payments totaling $1,842,323.76.

Our audit indicated that the monthly percentage rent payments for the months of October 2008, February 2010, April 2010 and July 2010 were not remitted to the City on a timely basis. The time (in days) that elapsed between the required date of payment and the date that the payments were received by the City ranged from 5 to 7 days. Timely remittance of the monthly rental payments, as provided in the agreement, will enable the City meet its cost obligations in a timely manner.

In response to our audit inquiry, the auditee disagreed with this audit observation and stated: “All our payments have been made and to our knowledge on a timely manner. We have never received notice from the City of late payment.” However, BL is responsible for complying with all the terms of the agreement. BL should implement the necessary internal control procedures to ensure that all monthly percentage rent payments
are remitted to the City on a timely basis and should not expect and/or depend on late payment notices from the City.

**Recommendation**

We recommend that Bayshore Landing enhance its internal control procedures to ensure that all monthly percentage rent payments and other fees are remitted to the City in a timely manner.

**Auditee’s Response and Action Plan**

In response to our audit inquiry, the auditee disagreed with this audit observation and stated: “All our payments have been made and to our knowledge on a timely manner. We have never received notice from the City of late payment.” See auditee’s written response on pages 29 and 30.
OVERPAYMENT OF RENT TO THE CITY

Pursuant to Section 13, paragraph II(a) of the amended lease agreement between the City of Miami and Bayshore Landing, LLC, (BL), BL shall pay the City eight (8) percent of the annual gross receipts collected from the restaurant up to one million dollars ($1,000,000) and ten (10) percent of the annual gross receipts from the restaurant in excess of one million dollars ($1,000,000).

Our audit determined that BL remitted $391.22 in excess of the rental payment due to the City for the month of September 2009. Our review of the "Daily System Financial Reports" and related documentation indicated that the restaurant generated total gross receipts of $328,473.79 during the month of September 2009. However, BL reported to the City a total gross receipt of $332,385.63, which included "Employee Meal Discounts" that are not subject to the assessment of percentage rent payment. As a result, $391.22 [10% of $3,912.23 ($332,386.02-$328,473.79)] is due back to BL.

Recommendation

We recommend that Bayshore Landing enhance its internal control procedures to ensure that gross receipts that are exempt from percentage rent payments, are excluded from the assessment and payment of percentage rent.

Auditee’s Response and Action Plan

The auditee concurs with this audit finding and recommendation. See auditee’s written response on page 30.
ADDITIONAL RENT DUE TO THE CITY OF MIAMI

Section 13 (II) of the amended Lease Agreement, provides that the amount to be paid to the City each month shall be equal to the annual gross receipts, for the immediate preceding lease year, multiplied by the applicable percentage rate and divided by twelve (12). Therefore, the monthly percentage rent due to the City during the period October 1, 2008 through September 30, 2010, was based on Bayshore Landing LLC’s (BL) annual gross receipts for the period October 1, 2007 through September 30, 2009. Our review of pertinent accounting and sales records disclosed that additional rent and other payments totaling $1,443.63 ($764.77+$678.86) was due to the City. Upon audit inquiry, BL promptly remitted the $1,443.63 to the City. The additional rent and other payments are itemized below:

MARINA

Pursuant to Section 13, paragraph III of the amended lease agreement between the City of Miami and Bayshore Landing, LLC, (BL), BL shall pay to the City fifteen (15) percent of the annual gross receipts collected from dockage rental and dry storage of boats at the property.

Our audit determined that BL remitted $764.77 less than the rental payment due to the City during the audit period. Our audit of the "Charges Edit Items Report", and related documentation, indicated that the Marina generated total receipts of $2,409,000.93 during the audit period. However, BL reported to the City total gross receipts of $2,403,902.49. The amount reported to the City did not include revenues generated from several transient dockage agreements, which are subject to the assessment of percentage rent
payment. As a result, $764.77 [15% of $5,098.44 ($2,409,000.93 - $2,403,902.49)] is due and payable to the City.

**RETAIL SPACE**

Pursuant to Section 13, paragraph II(b) of the amended lease agreement between the City of Miami and Bayshore Landing, LLC, (BL), BL shall pay to the City ten (10) percent of the annual rents received from the respective retail subtenants, licensees and concessioners.

Our audit determined that BL remitted $678.86 less than the rental payment due to the City during the audit period. Our audit of the "Charges Edit Items Report" and related documentation indicated that the Retail Space generated total receipts of $966,929.02 during the audit period. However, BL reported to the City total gross receipts of $960,140.39. The amount reported to the City did not include revenues generated from upland rent, common area maintenance, real estate tax charge back, and parking fees, which are subject to the assessment of percentage rent payment. As a result, $678.86 [10% of $6,788.63 ($966,929.02 - $960,140.39)] is due and payable to the City.

**Recommendation**

We recommend that Bayshore Landing enhance its internal control procedures to ensure full compliance with all the terms of the lease agreement.
Auditee’s Response and Action Plan

Upon audit inquiry, BL concurred with the audit finding pertaining to the Marina and disagreed with the audit finding relating to the Retail Space. However, BL promptly remitted payment for the additional percentage rent totaling $1,443.63 ($764.77+$678.86) due to the City relative to the Marina and Retail Space as discussed above. See auditee’s written response on pages 31 through 34.
**LICENSE AGREEMENT FOR DOCKAGE SPACE WERE NOT RETAINED FOR AUDIT**

Section 13, paragraph III (b) of the amended agreement provides that BL shall pay to the City fifteen (15) percent of the dockage revenues collected. Bayshore Landing procedures require a license Agreement to be executed for each vessel that docks at the marina. Said agreement stipulates the fees, the terms, the conditions and the responsibilities of the parties including make/type/length of vessel, and dockage rate.

As part of our audit procedures for verifying whether the long-term dockage customers had written "License Agreements for Dockage Space", we requested all the long term "License Agreements for Dockage Space" executed during the months of May 2008 (57 customers), June 2008 (57 customers), October 2008 (51 customers), and December 2008 (50 customers).

Our review of the said agreements indicated that eight (8) of the customers' agreements were not available for one (1) or more of the months tested. The 8 customers’ agreements support dockage revenues totaling approximately $84,183 annually. Upon audit inquiry, we were informed that the agreements are kept in paper format until they are entered into the Dock Master Computer system and also that BL lost its electronic data in 2008. Also, BL stated that the number of misplaced license agreements that could not be provided for audit was not material, and noted that the loss of the electronic data was unfortunate.

However, in the event of legal dispute, the lack of fully executed written contractual agreements supporting dockage revenues may preclude or limit the lessee and/or City’s ability to enforce the terms and conditions of the agreements, including the
responsibilities of the parties, with respect to the fees due, the services that were to be provided and the payments thereof.

**Recommendation**

We recommend that Bayshore Landing enhance its internal control procedures to ensure that all long-term dockage financial transactions are documented in a written "License Agreements for Dockage Space" as required by its procedures.

**Auditee’s Response and Action Plan**

BL stated that the number of misplaced license agreements for dockage space that could not be provided for audit was not material and noted that the loss of the electronic data was unfortunate. See auditee’s written response on pages 34 and 35.
PRE-NUMBERED TRANSIENT DOCKAGE AGREEMENTS WERE NOT USED IN SEQUENTIAL ORDER, UNACCOUNTED/MISSING, AND/OR DUPLICATE COPIES OF TRANSIENT DOCKAGE AGREEMENTS

Section 13, paragraph III (b) of the amended agreement between the City of Miami and Bayshore Landing, LLC provides that BL shall pay to the City fifteen (15) per cent of the annual Gross Receipts collected from dockage rental and dry storage of boats at the property. Bayshore Landing procedures require a pre-numbered Transient Dockage Agreement to be executed for each vessel that docks at the marina. Said agreement stipulates the fees, the terms, the conditions and the responsibilities of the parties, including arrival/departure dates, make/type/length of vessel, and the daily dockage rate.

As part of our audit procedures for verifying whether the proper dockage revenues were remitted to the City, we requested all “Transient Dockage Agreements” executed during the audit period (October 1, 2007 through September 30, 2009) in order to verify the reasonableness of the dockage revenue reported to the City. Upon review of said agreements, we determined that the pre-numbered agreements were not used in sequential order. As disclosed in prior audit report # 09-019, there were again three (3) instances of duplicates and two thousand six hundred and forty eight (2,648) unaccounted missing gaps (agreements). Once again, it appeared that stacks of dockage agreements were not used in numerical/sequential order, and as such, the reasonableness of the dockage revenue paid to the City could not be determined.

In response to our audit inquiry, BL disagreed with the audit finding and stated that the forms were used as provided by the vendor. Also, BL stated: “We will initiate immediately ordering the agreements and issuing them accordingly.” However, when pre-numbered Transient Dockage agreements are not used and accounted for in a
sequential order, the City’s ability to verify the reasonableness of the dockage revenues generated by BL will be limited.

**Recommendation**

We recommend that Bayshore Landing enhance its internal control procedures to ensure that the “Transient Dockage Agreements” are used and accounted for in sequential order.

**Auditee’s Response and Action Plan**

In response to our audit inquiry, BL disagreed with the audit finding and stated that the forms were used as provided by the vendor. Also, BL stated: “We will initiate immediately ordering the agreements and issuing them accordingly.” See auditee’s written response on pages 35 and 36.
SUB-LESSEES OPERATED WITHOUT THE REQUIRED BUSINESS TAX RECEIPTS AND CERTIFICATE OF USE

Chapter 2, Article IV, Section 2-207 (b) (1) of the City Code states that “no new buildings or premises and/or part thereof and no existing building or premises when there has been a change of use in said building or premises, except one- and two-family residences, shall be occupied until a zoning certificate of use shall have been issued by the planning, building and zoning department.” In addition, Chapter 31, Article II, Section 31-26 of the City Code states that “any person doing business with the City of Miami and/or any of its agencies shall obtain a City of Miami local business tax receipt for the type of business they are contracting.”

Our audit test determined that five (5) of the eight (8) tenants did not have Certificates of Use (CU) and Business Tax Receipts (BTR) for two (2) or more months for the period October 1, 2007 to September 30, 2008. Furthermore, six (6) of the ten (10) tenants did not have CUs and seven (7) of the ten (10) tenants did not have BTRs for two (2) or more months for the period October 1, 2008 to September 30, 2009.

In response to our audit inquiry, BL disagreed with the audit finding and stated that its agreement with all the tenants requires them to obtain all necessary permits and licenses. Given this contractual relationship between BL and its sub-lessees, it is the responsibility of BL to monitor and enforce its compliance.

Recommendation

We recommend that BL requests copies of its lessees’ Certificates of Use and Business Tax Receipts and keep said copies on file.
Auditee’s Response and Action Plan

In response to our audit inquiry, BL disagreed with the audit finding and stated that its agreement with all the tenants requires them to obtain all necessary permits and licenses. See auditee’s written response on pages 36 and 37.
PUBLIC FACILITIES DEPARTMENT

FAILURE TO VERIFY THE ACCURACY OF THE REVENUES REPORTED TO THE CITY

Paragraph 13 II (a) and (b) of the lease agreement between the City and Bayshore Landing stipulates the percentage rental fee to be paid to the City. The “Memorandum of Understanding” states that, “Company agrees that the Percentage Rental, as said term is defined in the Lease, shall be paid monthly on the first day of each month in advance during the term of the Lease. The amount to be paid each month in any given Lease year shall be equal to the annual gross sales, as said term is defined in the Lease, for the immediately preceding Lease year, multiplied by each applicable percentage rate provided for in the Lease, divided by twelve (12).”

Our audit field work determined that the Public Facilities Department (PFD) did not verify the accuracy of the various revenues (rental fees) remitted to the City by Bayshore Landing. As a result, revenues totaling $7,974.84 ($5,098.44+$6,788.63-$3,912.23) for the period October 1, 2007 to September 30, 2009 were not reported to the City and were only detected during our audit substantive test. As such, the related rental fees totaling $1,052.41 ($764.77+$678.86-$391.22) were not remitted to the City, as required.

Upon audit inquiry, we were informed that verifications were not performed because of insufficient staffing. However, the PFD is responsible for monitoring and enforcing the terms and provisions of the lease agreement between the City of Miami and Bayshore Landing, LLC. An essential part of monitoring is the verification of the Company’s revenues through a review of its “Statements of Operations.” Absent such independent verification of revenues, errors and/or irregularities could occur and not be detected in a
timely manner. Also, our audit field work should not serve as a substitute for effective internal control.

**Recommendation**

We recommend that the PFD enhance its monitoring procedures to ensure that all required payments are correctly assessed and remitted to the City by reviewing BL’s Daily System Financial Reports, Charges Edit Items Report, and related records. Also, PFD should ensure that BL remits its monthly percentage rent in a timely manner and is fully aware of the payment terms and provisions set forth in the Agreement.

**Auditee’s Response and Action Plan**

The auditee concurs with this audit finding and recommendations. See auditee’s written response on pages 40 and 41.
OVERPAYMENT OF RENT FOR THE WET SLIP AREAS TO THE STATE OF FLORIDA’S DEPARTMENT OF ENVIRONMENTAL PROTECTION

Section 1B of the lease agreement between the City of Miami and Bayshore Landing, LLC, titled: “Payment to the State” states that: “The State Agreement provides for the payment of fees in accordance with Section 18-21.011, Florida Administrative Code, which section provides for the payment of a minimum annual fee or six percent (6%) of the annual rental value from the wet slip rental area, whichever is greater. Notwithstanding anything contained in the State Agreement to the contrary, the company and the City shall pay their respective shares of the payments due to the state during the term of the State Agreements and any extensions thereof.” In the past, the State of Florida’s Department of Environmental Protection (DEP) invoiced the City for the annual rental for all the wet slip rental areas. Upon receipt of the invoice, the City remitted payment and then requested reimbursement from Bayshore Landing for its portion of the invoice.

Our audit field work determined that during the fiscal years 2006-2007, 2007-2008 and 2008-2009, the DEP invoiced the City for parcels 2, A2, B2 and 5 under instrument # 130336896. However, in 2009 DEP staff determined that including parcel 5 as part of the prior years’ invoices for instrument # 130336896 were incorrect and should be reissued. DEP cancelled the previous year’s invoices and reissued them for 58,887 square feet, including only parcels 2, A2 and B2. However, when the prior years’ invoices were reissued, a higher rate was used, which resulted in higher rental amounts for parcels 2, A2 and B2. Also, DEP billed the City again for the 2005-2006 (instrument # 130336896) for which the City had already remitted the required rental amount, as billed by DEP. As a result of the two billing errors made by DEP, the City was overbilled by $4,334.85 on September 24, 2009. Due to inadequate and improper review of the amount billed, the PFD approved and disbursed the excess amount billed.
**Recommendation**

We recommend that the PFD enhance its internal control procedures to ensure that all invoices billed by the DEP are properly reviewed for correctness prior to disbursement of payment. Also, we recommend that the excess payment remitted to DEP be recovered.

**Auditee’s Response and Action Plan**

The auditee concurred with audit finding and recommendation. See auditee’s written response on pages 41 and 42.
Date: March 16, 2011

To: Robert Christoph, Jr., Owner
Bayshore Landing, LLC

From: Elena Dobrov, CPA, Senior Staff Auditor
Office of the Independent Auditor General

Subject: Audit of the Lease Agreement between the City of Miami, Bayshore Management/Bayshore Landing, LLC, and Other Related Lessees/Sub Lessees

Dear Mr. Christoph,

Pursuant to the ongoing audit of the Lease Agreement between the City of Miami, Bayshore Management/Bayshore Landing, LLC, and Other Related Lessees/Sub Lessees for the period October 1, 2007 through September 30, 2009, and selected transactions prior and subsequent to this period, please confirm or clarify our understanding of the following and provide any additional records on or before March 29, 2011.

UNTIMELY PAYMENT OF RENT DUE TO THE CITY

The Second amendment to the original agreement between the City and Grove Marina Market, Ltd. was assigned to Bayshore Landing, LLC (BL), d/b/a Monty's Restaurant, on August 20, 2004. Section 13, paragraph II of the amended agreement provides that BL is required to make monthly percentage rent payments to the City, in advance, on the first day of each month during the term of the Lease.
Memorandum of Understanding

Our audit indicated that the monthly percentage rent payments for the months of October 2007, February 2009, April 2009 and July 2009 were not remitted to the City in a timely basis. The time (in days) that elapsed between the required date of payment and the date that the payment was received by the City ranged from 5 to 7 days. As a result, the City could not utilize the funds.

___ I agree  X I disagree  Please initial:

Explanation: ALL OUR PAYMENTS HAVE BEEN MADE AND TO OUR KNOWLEDGE ON A TIMELY BASIS. WE HAVE NEVER RECEIVED NOTICE FROM THE CITY OF LATE PAYMENTS.

OVERPAID RENT DUE TO BAYSHORE LANDING, LLC

Pursuant to Section 13, paragraph II(a) of the amended Lease Agreement between the City of Miami and Bayshore Landing, LLC, the Company (BL) shall pay the City eight (8) per cent of the annual Gross Receipts collected from the restaurant up to one million dollars ($1,000,000) and ten (10) per cent of the annual Gross Receipts from the restaurant in excess of one million dollars ($1,000,000).

Our audit of the "Daily System Financial Reports" and related documentation indicated that the restaurant generated total receipts of $328,473.79 during the month of September 2009. However, the total receipts reported to the City by BL were $332,385.63. As a result, $391.22 (10% of $3,911.84 ($332,385.63-$328,473.79)) is due back to BL.

___ I agree  X I disagree  Please initial:

OFFICE OF INDEPENDENT AUDITOR GENERAL | 444 S.W. 2ND Avenue, Suite 711/Miami, FL 33130-1910
EXPLANATION:

<table>
<thead>
<tr>
<th>Period</th>
<th>Net Sales</th>
<th>Gross Receipts as Previously Reported to the City</th>
<th>Amounts Over/(Under) Reported to the City</th>
</tr>
</thead>
<tbody>
<tr>
<td>October-08</td>
<td>481,831.92</td>
<td>481,831.92</td>
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<tr>
<td>November-08</td>
<td>481,100.91</td>
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<td>0.00</td>
</tr>
<tr>
<td>December-08</td>
<td>506,604.07</td>
<td>506,604.07</td>
<td>0.00</td>
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<tr>
<td>January-09</td>
<td>611,706.56</td>
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</tr>
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<td>February-09</td>
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<tr>
<td>March-09</td>
<td>664,390.70</td>
<td>664,390.70</td>
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<td>April-09</td>
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<td>697,810.61</td>
<td>0.39</td>
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<tr>
<td>May-09</td>
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<td>June-09</td>
<td>636,415.90</td>
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<td>July-09</td>
<td>643,577.90</td>
<td>643,577.90</td>
<td>0.00</td>
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<tr>
<td>August-09</td>
<td>652,709.08</td>
<td>652,709.08</td>
<td>0.00</td>
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<tr>
<td>September-09</td>
<td>632,873.79</td>
<td>332,345.63</td>
<td>3,911.84</td>
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<td></td>
<td>6,272,538.16</td>
<td>6,296,155.33</td>
<td>3,912.23</td>
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<tr>
<td>Percentage per Agreement</td>
<td>0.10</td>
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</tr>
<tr>
<td>Amount Due to BL</td>
<td>(381,22)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ADDITIONAL RENT DUE TO THE CITY OF MIAMI

MARINA

Pursuant to Section 12, paragraph III of the amended Lease Agreement between the City of Miami and Bayside Landing, LLC, the Company (BL) shall pay to the City fifteen (15) percent of the annual Gross Receipts collected from dockage rental and dry storage of boats at the Property.

Our audit of the "Charges Edit Items Report" and related documentation indicated that the Marina generated total receipts of $2,409,000.93 during the audit period. However, the total

OFFICE OF THE INDEPENDENT AUDITOR GENERAL/444 S.W. 2ND AVENUE, SUITE 711/MIAMI, FLORIDA 33130-1910
receipts reported to the City by BL were $3,403,902.49. As a result, $164.77 [1.5% of $5,098.44 ($2,403,902.49 - $2,403,902.49)] is due and payable to the City.

I agree ______ I disagree ______ Please initial:

Explanation: Based on your analysis during the audit, we agree to pay stated amount to the City.

<table>
<thead>
<tr>
<th>Period</th>
<th>Amount, Monthly, Seasonal, Commercial and Rechargeable Disbursements</th>
<th>Adjustments</th>
<th>Total</th>
<th>Total as Previously Reported to the City</th>
<th>Amounts Over (Under) Reported to the City</th>
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<tbody>
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<td>March-08</td>
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<td>9,288.00</td>
<td>103,358.56</td>
<td>104,024.88</td>
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<td>April-08</td>
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<td>6,074.00</td>
<td>106,284.56</td>
<td>106,163.77</td>
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<td>May-08</td>
<td>93,330.56</td>
<td>5,700.00</td>
<td>99,030.56</td>
<td>100,022.18</td>
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<td>June-08</td>
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<td>1,410.00</td>
<td>95,102.56</td>
<td>100,760.06</td>
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<td>July-08</td>
<td>93,168.56</td>
<td>3,880.00</td>
<td>97,048.56</td>
<td>95,617.31</td>
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<td>August-08</td>
<td>95,105.56</td>
<td>1,080.00</td>
<td>96,185.56</td>
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<td>1,797.00</td>
<td>99,681.56</td>
<td>104,429.94</td>
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<td>October-08</td>
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<td>2,560.00</td>
<td>93,632.56</td>
<td>97,356.58</td>
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<td>November-08</td>
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<td>4,220.00</td>
<td>96,338.56</td>
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<td>December-08</td>
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<td>5,150.00</td>
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<td>March-09</td>
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<td>98,815.56</td>
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<td>111,816.60</td>
<td>2,243,809.52</td>
<td>2,243,809.52</td>
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</tbody>
</table>

Percentage per Agreement: 0.13%

Amount Due in City: 2.94%
RETAIL SPACE

Pursuant to Section 13, paragraph II(b) of the amended Lease Agreement between the City of Miami and Bayshore Landing, LLC, the Company (BL) shall pay the City ten (10) per cent of the annual rents received from the respective retail tenants, licensees and concessioners.

Our audit of the "Charges Edit Items Report" and related documentation indicated that the Retail Space generated total receipts of $966,929.02 during the audit period. However, the total receipts reported to the City by BL were $960,140.39. As a result, $678.86 [10% of $6,788.63 ($966,929.02 - $960,140.39)] is due and payable to the City.

____ I agree    X    I disagree     Please initial:

Explanation: We disagree since the "Charges Edit Items Report" is not always the only and final source of revenue verification. However, based on your findings, we will pay the stated amount to the City.
INTERNAL CONTROL DEFICIENCIES

Lack of License Agreements for Dockage Space

Section 13, paragraph III (b) of the amended agreement provides that BL shall pay to the City fifteen (15) per cent of the dockage revenues collected. Bayshore Landing procedures require an Agreement to be executed for each vessel that docks at the marina. Said Agreement stipulates the terms, the conditions and the responsibilities of the parties including makeshype/length of vessel, and dockage rate.

As part of our audit procedures of verifying whether the long-term dockage customers had written "License Agreements for Dockage Space", we requested all the long term "License Agreements for Dockage Space" executed during the months of May 2008 (57 customers), June 2008 (57 customers), October 2008 (51 customers), and December 2008 (50 customers).
Page 7
Memorandum of Understanding

Our review of the said agreements indicated that eight (8) of the customers' agreements were not available for one (1) or more of the months tested. Upon audit inquiry, we were informed that contracts are kept in paper format until they are entered into the DockMaster system and also that BL lost its electronic data in 2008. However, the lack of fully executed written contractual agreements may preclude or limit the lessee and/or City’s ability to enforce the terms, the conditions and the responsibilities of the parties with respect to the services that were to be provided and the payment thereof, in the event of a legal dispute.

I agree [ ] I disagree [ ] Please initial:

Explanation: AN IMPATIAL AMOUNT OF CONTRACTS CAN BE WERE PLACED IN ANY BUSINESS, BUT CONTRACTS ARE ISSUED FOR ALL CUSTOMERS. THE LOSS OF ELECTRONIC DATA WAS AN UNFORSEEN EVENT DUE TO INTERNET ERROR AND MANAGEMENT IS SEEKING REMEDIES TO AVISO A FUTURE OCCURRENCE.

Change in the sequence of the "Transient Dockage Agreements" and duplicate/missing

"Transient Dockage Agreements"

Section 13, paragraph III (b) of the amended agreement between the City of Miami and Bayshore Landing, LLC provides that BL shall pay to the City fifteen (15) per cent of the annual Gross Receipts collected from dockage rental and dry storage of boats at the Property. Bayshore Landing procedures require a pre-numbered Transient Dockage Agreement to be executed for each vessel that docks at the marina. Said Agreement stipulates the terms, the conditions and the responsibilities of the parties, including arrival/departure dates, make/type/length of vessel, and the daily dockage rate.

As part of our audit procedures of verifying whether the proper dockage revenues were remitted to the City, we requested all "Transient Dockage Agreements" executed during the audit period (October 1, 2007 through September 30, 2009) to verify the reasonableness of the dockage revenue reported to the City. Upon review of said agreements, we determined that the pre-
numbered agreements were not used in sequential order. As disclosed in prior audit report #09-019, there were again three (3) instances of duplicates and two thousand six hundred and forty eight (2,648) unaccounted missing gaps (agreements). Once again, it appeared that stacks of dockage agreements were not used in numerical/sequential order, and as such, the reasonableness of the dockage revenue paid to the City could not be determined.

___ I agree ___ I disagree Please initial:

Explanation: "There is no lack of license agreements. However, they have been used in an order as supplied true from the forum venue. We will initiate immediately ordering the agreements and issuing them accordingly.

Lack of compliance with City of Miami Code – Certificates of Use and Business Tax Receipts

Chapter 2, Article IV, Section 2-207 (b) (1) of the City Code states that "no new buildings or premises and/or part thereof and no existing building or premises when there has been a change of use in said building or premises, except one- and two-family residences, shall be occupied until a zoning certificate of use shall have been issued by the planning, building and zoning department." In addition, Chapter 31, Article II, Section 31-26 of the City Code states that "any person doing business with the City of Miami and/or any of its agencies shall obtain a City of Miami local business tax receipt for the type of business they are contracting."

Our audit test determined that five (5) of the eight (8) tenants did not have Certificates of Use (CU) and Business Tax Receipts (BTR) for two (2) or more months for the period October 1, 2007 to September 30, 2008. Furthermore, six (6) of the ten (10) tenants did not have CUs and seven (7) of the ten (10) tenants did not have BTRs for two (2) or more months for the period October 1, 2008 to September 30, 2009.
Page 9
Memorandum of Understanding

I agree X I disagree Please initial:

Explanation: Our tenants' agreements state clearly their obligation to comply and obtain any necessary city or
commercial documents, permits (licenses) required for
operation of their business.

Please confirm our understanding by signing on the space provided below and returning this memorandum to us. In the event that you disagree with the item listed above, please provide your explanation and attach all supporting documents. In order for us to meet our audit deadline, a response on or before March 29, 2011 would be greatly appreciated.

If you have any questions, please feel to contact me at 305-416-1796 or by e-mail at
cdobrev@miamigov.com.

Thank you for your attention in this matter.

By Robert Christopher, Jr., Owner Member

Mr. Robert Christopher, Jr., Owner Member

Date

X UNDER ARTICLE 6, SECTION ENTITLED "COMPLIANCE WITH LAWS",
OF OUR STANDARD TENANCY AGREEMENTS, IT STATED "... TENANT SHALL MAINTAIN
ALL REQUIRED LICENSES, PERMITS AND GOVERNMENTAL APPROVALS FOR
THE OPERATION OF TENANT'S BUSINESS ..."

CC: Victor I. Igwe, CPA, CIA, Auditor General
Audit Documentation File

OFFICE OF INDEPENDENT AUDITOR GENERAL 444 S.W. 2ND AVENUE, SUITE 711/MIAMI, FLORIDA 33130-1910
<table>
<thead>
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<th>Invoice #</th>
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<th>Pymt Amt</th>
<th>Discount</th>
<th>Net Pymt Amt</th>
</tr>
</thead>
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$*******764.77

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<th>CITY OF MIAMI</th>
<th>CITY OF MIAMI</th>
<th>CITY OF MIAMI</th>
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<tbody>
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<td>03/29/11</td>
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<td>764.77</td>
<td>0.00</td>
</tr>
</tbody>
</table>
BAYSHORE LANDING, LLC
300 ALTON ROAD, SUITE 133
MIAMI BEACH, FL 33139

PAY TO THE ORDER OF CITY OF MIAMI

Six Hundred Seventy Eight Dollars and 86/100

CITY OF MIAMI
FINANCE DEPARTMENT
444 S.W. 2nd AVENUE FL 6
MEMO MIAMI, FL 33130

$678.86

03/29/11

BAYSHORE LANDING, LLC
Account # 14359
Vendor CITY OF MIAMI

Invoice # 031511 Inv Date 03/15/11 Inv Amou 678.86 Pymt Amt 678.86 Discount 0.00 Net Pymt Amt 678.86

$678.86

BAYSHORE LANDING, LLC
Account # 14359
Vendor CITY OF MIAMI

Invoice # 031511 Inv Date 03/15/11 Inv Amou 678.86 Pymt Amt 678.86 Discount 0.00 Net Pymt Amt 678.86

$678.86
Date: March 24, 2011

To: Madeline Valdes, Director
Department of Public Facilities

From: Elena Dobrev, CPA, Senior Staff Auditor
Office of the Independent Auditor General

Subject: Audit of the Lease Agreement between the City of Miami, Bayshore Management/Bayshore Landing, LLC, and Other Related Lessees/Sub Lessees

Dear Ms. Valdes,

Pursuant to the ongoing audit of the Lease Agreement between the City of Miami, Bayshore Management/Bayshore Landing, LLC, and Other Related Lessees/Sub Lessees for the period October 1, 2007 through September 30, 2009, and selected transactions prior and subsequent to this period, please confirm or clarify our understanding of the following and provide any additional records on or before March 31, 2011.

FAILURE TO VERITY REPORTED REVENUES

Paragraph 13 II (a) and (b) of the Agreement between the City and Bayshore Landing stipulates the percentage rental fee to be paid to the City. The “Memorandum of Understanding” states that, “Company agrees that the Percentage Rental, as said term is defined in the Lease, shall be paid monthly on the first day of each month in advance during the term of the Lease. The amount to be paid each month in any given Lease year shall be equal to the annual gross sales, as said term is defined in the Lease, for the immediately preceding Lease year, multiplied by each applicable percentage rate provided for in the Lease, divided by twelve (12).”
Memorandum of Understanding

Our audit field work determined that PubHc Facilities did not verify the accuracy of the various revenues (rental fees) remitted to the City by Bayshore Landing. As a result, revenues totaling $7,974.84 ($5,098.44+$6,788.63-$3,912.23) for the period October 1, 2007 to September 30, 2009 were not reported to the City and were only detected during our audit substantive test. As such, the related rental fees totaling $1,052.41 ($764.77+$678.66-$191.22) were not remitted to the City, as required.

Upon audit inquiry, we were informed that verifications were not performed because of insufficient staffing. However, the Public Facilities Department is responsible for monitoring and enforcing the terms and provisions of the Lease Agreement between the City of Miami and Bayshore Landing, LLC. An essential part of monitoring is the verification of the Company's revenues through a review of its "Statements of Operations", etc. Absent such independent verification of revenues, errors and/or irregularities could occur and not be detected in a timely manner. Also, our audit field work should not be a substitute for effective internal control.

I agree [ ] I disagree [ ] Please initial:

Explanation: SEE ATTACHED MEMORANDUM

OVERPAYMENT OF FEES TO THE DEPARTMENT OF ENVIRONMENTAL PROTECTION

Pursuant to Section 1B of the Lease Agreement between the City of Miami and Bayshore Landing, LLC, titled: "Payment to the State" provides that: "The State Agreement provides for the payment of fees in accordance with Section 18-21.011, Florida Administrative Code, which section provides for the payment of a minimum annual fee or six percent (6%) of the annual rental value from the wet slip rental area, whichever is greater. Notwithstanding anything contained in the State Agreement to the contrary, the company and the City shall pay their

41
Page 3
Memorandum of Understanding

respective shares of the payments due to the state during the term of the State Agreements and any extensions thereof.” The past practice had been that the State of Florida Department of Environmental Protection (DEP) invoices the City for the annual rental for all the wet slip rental areas. Upon receipt of the invoice, the City remits payment and then request reimbursement from Bayside Landing for its portion of the invoice.

Our audit field work determined that during the fiscal years 2006-2007, 2007-2008 and 2008-2009, the DEP invoiced the City for parcels 2, A2, B2 and 5 under instrument # 130336896. However, in 2009 DEP staff determined that including parcel 5 as part of the prior years’ invoices for instrument # 130336896 were incorrect. DEP cancelled the previous year’s invoices and reissued them for 58,887 square feet, including only parcels 2, A2 and B2. However, when the prior years’ invoices were reissued, a higher rate was used, which resulted in a higher rental amount for parcels 2, A2 and B2. Also, DEP billed the City again for the 2005-2006 (instrument # 130336896), which the City had already remitted the required rental amount, as billed by DEP. The City was overbilled by $4,334.85 on September 24, 2009 as a result of the two billing errors made by DEP, as described above. Due to inadequate and improper review of the amount billed, the Public Facilities Department approved and disbursed the excess amount billed.

I agree____I disagree Please initial:

Explanation: SEE ATTACHED MEMORANDUM

Please confirm our understanding by signing on the space provided below and returning this memorandum to us. In the event that you disagree with the item listed above, please provide your explanation and attach all supporting documents. In order for us to meet our audit deadline, a response by March 31, 2011 would be greatly appreciated.
Page 4
Memorandum of Understanding

If you have any questions, please feel to contact me at 305-416-1796 or by e-mail at edohrev@miamigov.com.

Thank you for your attention in this matter.

Ms. Madeline Valdes, Director

[Signature]

3/31/11

Date

CC: Victor I. Igwe, CPA, CIA, Independent Auditor General
Audit Documentation File

OFFICE OF INDEPENDENT AUDITOR GENERAL/444 S.W. 2ND AVENUE, SUITE 711/MIAMI, FL 33130-1910
CITY OF MIAMI, FLORIDA
INTER-OFFICE MEMORANDUM

TO: Elena Dobrev
   Staff Auditor
   Office of Independent Auditor General

FROM: Madeline Valdes
   Director
   Public Facilities Department

DATE: March 31, 2011

SUBJECT: Response to Audit of the Lease Agreement between the City of Miami and Bayshore Landing, LLC.

REFERENCES:

We are providing our responses to your department’s audit findings of Bayshore Landing for the period October 1, 2007 through September 30, 2009 below.

Failure to Verify Reported Revenues

We agree with your finding that Bayshore Landing underreported revenues. We also agree that the Department of Public Facilities did not verify the accuracy of the various revenues reported by Bayshore Landing.

Under Paragraph 15 of the Lease, Bayshore Landing is only required to submit monthly and annual “Gross Receipts or Sales” to the Department of Public Facilities. Moreover, there is no mention in said Lease that Bayshore Landing is required to submit “Statements of Operations” reports to the Department of Public Facilities. The submission of these reports is not a requirement in the Lease and is not an obligation of Bayshore Landing. Nonetheless, the Department of Public Facilities will request that Bayshore Landing provide annual Statements of Operations, before the Auditor General conducts its annual audit, to assist the Department of Public Facilities determine whether Bayshore Landing reported such revenues accurately.

Overpayment of Fees to the Department of Environmental Protection

We agree that the Department of Public Facilities overpaid the State of Florida Department of Environmental Protection (“DEP”).

DEP had informed us that there was a discrepancy in billing and payment from Bayshore Landing for submerged land fees paid to DEP. Upon further review, it was determined that a DEP system error created by a phantom parcel generated and remitted invoices for which the City had already remitted payment. Nonetheless, in the future, the Department of Public Facilities will conduct an adequate review of the amounts billed to the City to ensure that payments are remitted in an accurate and timely manner.

c: Victor I. Igwe, CPA, CIA  
   Auditor General

MV/PJK/OMZ