

City of Coral Gables, Florida

Report to the Honorable Mayor and
Members of the City Commission

July 22, 2025





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July 22, 2025

Honorable Mayor and Members of the City Commission
City of Coral Gables, Florida

Attention: Honorable Mayor and Members of the City Commission

We are pleased to present this report related to our September 30, 2024 audit of the City of Coral Gables, Florida's (the City) basic financial statements (hereafter, the financial statements). Our report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the City's financial reporting process.

This report is intended solely for the information and use of the Honorable Mayor, Members of the City Commission and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the City.

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REQUIRED COMMUNICATIONS

The following required communications summarize our responsibilities regarding the financial statement audit as well as observations from our audit that are significant and relevant to your responsibility to oversee the financial and related compliance reporting process.

Our Responsibilities

We describe our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States to you in our engagement letter dated September 19, 2024 . Our audit of the financial statements does not relieve management or you of your responsibilities, which are also described in that letter.

Planned Scope and Timing of the Audit

We have previously issued a separate communication dated June 9, 2025 regarding the planned scope and timing of our audit and identified significant risks.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under accounting principles generally accepted in the United States of America, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Significant Accounting Policies

We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Unusual Transactions

We did not identify any significant unusual transactions.

Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.

Audit Adjustments and Uncorrected Misstatements

There were no audit adjustments made to the original trial balance presented to us to begin our audit.

Uncorrected misstatements are summarized in the attached list of Uncorrected Misstatements. Uncorrected misstatements or matters underlying them could potentially cause future-period financial statements to be materially misstated, even if we have concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

Other Information Included in Annual Reports

Our responsibility for other information included in the annual comprehensive financial report is to read the information and consider whether its content or the manner of its presentation is materially inconsistent with the financial information covered by our auditor's report, whether it contains a material misstatement of fact or whether the other information is otherwise misleading. We read the City's introductory and statistical sections. We did not identify material inconsistencies with the audited financial statements.

Observations About the Audit Process

Disagreements With Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultations With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed With Management

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Significant Matters That Required Consultation

We did not encounter any difficult or contentious matters that required consultation outside the engagement team and that are, in our professional judgment, significant and relevant to your responsibility to oversee the financial reporting process.

Shared Responsibilities for Independence

Independence is a **joint responsibility** and is managed most effectively when management, audit committees (or their equivalents), and audit firms work together in considering compliance with American Institute of Certified Public Accountants (AICPA) and *Government Accountability Office* (GAO) independence rules. For RSM to fulfill its professional responsibility to maintain and monitor independence, management, the City Commission, and RSM each play an important role.

Our Responsibilities

- AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. RSM is to ensure that the AICPA and GAO's General Requirements for performing nonattest services are adhered to and included in all letters of engagement.
- Maintain a system of quality management over compliance with independence rules and firm policies.

The City's Responsibilities

- Timely inform RSM, before the effective date of transactions or other business changes, of the following:
 - New affiliates, directors, or officers.
 - Changes in the organizational structure or the reporting entity impacting affiliates such as partnerships, related entities, investments, joint ventures, component units, jointly governed organizations.
- Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
- Understand and conclude on the permissibility, prior to the City and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with RSM.
- Not entering into arrangements of nonaudit services resulting in RSM being involved in making management decisions on behalf of the City.
- Not entering into relationships resulting in close family members of RSM covered persons, temporarily or permanently acting as an officer, director, or person in an accounting, financial reporting or compliance oversight role at the City.

Internal Control and Compliance Matters

We have separately communicated on internal control and compliance over financial reporting identified during our audit of the financial statements. This communication which identified significant deficiencies is attached as Appendix A.

Significant Written Communications Between Management and Our Firm

The representation letters provided to us by management, are attached as Appendix B.

SIGNIFICANT ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following summarizes the significant accounting estimates reflected in the City's September 30, 2024 financial statements.

Significant Accounting Estimates

Accounting for Self-Insurance Liabilities

Accounting policy	The City is partially self-insured for general and auto liability, property, workers' compensation and employees' health and dental. The accrued liability for estimated claims represents an estimate of the eventual loss on claims, including claims incurred but not yet reported.
Management's estimation process	The City utilizes the services of an actuary to assist in developing risk reserves for general, auto, property, workers' compensation, employees' health and dental claim liabilities.
Basis for our conclusion on the reasonableness of the estimate	We have audited the underlying data supporting the estimates and reviewed management's methodology, including evaluating the actuarial reports and assumptions used which appears reasonable and consistently applied, and have deemed the resulting estimates to be reasonable.

Accounting for Pension Plans and Related Net Pension Liabilities

Accounting policy	The net pension liabilities and related pension amounts are actuarially determined in accordance with the parameters established by the Governmental Accounting Standards Board. The difference between total pension liability and plan fiduciary net position at the plan's measurement date and any associated deferred outflows and inflows as of the period ended are recognized in the financial statements.
Management's estimation process	City management and/or the pension plan's management, with input from its actuary, developed the actuarial assumptions based on relevant criteria. City management reviewed and approved the financial statement estimates derived from the pension plan's actuarial reports.
Basis for our conclusion on the reasonableness of the estimate	We have audited the underlying data supporting the estimates and reviewed management's methodology, including evaluating the actuarial report and assumptions used which appears reasonable and consistently applied, and have deemed the resulting estimates to be reasonable.

Depreciation of Capital Assets

Accounting policy	Depreciation on capital assets is provided using the straight-line method. The depreciable life of capital assets is established based on management's estimate of the useful lives of the assets.
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Significant Accounting Estimates

Management's estimation process	Depreciation of capital assets is determined using the straight-line method of depreciation over the estimated useful lives of the asset, as assigned by management.
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Basis for our conclusion on the reasonableness of the estimate	We have audited the underlying data supporting the estimate and reviewed management's methodology which appears properly and consistently applied and have deemed the resulting estimate to be reasonable.
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Allowance for Doubtful Accounts

Accounting policy	All trade and other receivables are shown net of an allowance for uncollectible amounts to arrive at the net realizable value.
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Management's estimation process	Receivables are analyzed for their collectability based on the terms and conditions stated in individual agreements. In addition to receivables specifically identified as uncollectible, a general allowance is calculated based on the City's historical experience.
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Basis for our conclusion on the reasonableness of the estimate	We have audited the underlying data supporting the estimate and reviewed management's methodology which appears properly and consistently applied and have deemed the resulting estimate to be reasonable.
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Accounting for Other Post-Employment Benefits (OPEB)

Accounting policy	Total other post-employment benefit (OPEB) liabilities, related deferred OPEB amounts and expenses are actuarially determined in accordance with the parameters established by the GASB.
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Management's estimation process	Management with input from its OPEB actuary developed the actuarial assumptions based on relevant criteria. Management reviewed and approved the financial statement estimates derived from the OPEB actuarial report.
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Basis for our conclusion on the reasonableness of the estimate	We have audited the underlying data supporting the estimate and reviewed management's methodology which appears properly and consistently applied and have deemed the resulting estimate to be reasonable.
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Accounting for Leases

Accounting policy	<p>Lessee</p> <p>At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured at the amount of the lease liability, and as applicable, less lease payments made on or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the leased asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.</p>
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Significant Accounting Estimates

	<p>Lessor</p> <p>At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term, reduced by any provision for uncollectible amounts, if applicable. Any initial direct costs required to be paid by the City are expensed in the period incurred. Subsequently, payments received are allocated first to any accrued interest receivable and then to the lease receivable. The deferred inflow of leased revenue is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term, if applicable. Subsequently, the deferred inflow of resources is recognized on a straight-line basis as revenue over the life of the lease term.</p>
Management's estimation process	<p>Management determines if any new leases meet the definition of a lease under GASB 87, <i>Leases</i>. If it meets the definition, the lease terms (commencement date, term period, payments, option periods, termination provisions and discount rate) are evaluated and used to record the transaction in accordance with GASB 87, <i>Leases</i>. If the lease does not contain an explicit rate, the appropriate incremental borrowing rate that matches the lease term will be used.</p>
Basis for our conclusion on the reasonableness of the estimate	<p>We performed substantive test of details around the accounting of GASB 87, <i>Leases</i>, including a detail review of the right-to-use leased assets, lease payables, lease receivables, lease revenue and the related deferred inflows. Additionally, we reviewed the reasonableness of the incremental borrowing rate applied to various leases and concluded that the resulting estimates are reasonable.</p>
Investment Valuation	
Accounting policy	<p>Investments are reported at fair value.</p>
Management's estimation process	<p>The City engages an external investment consultant to perform a valuation assessment of their investments which is reviewed by management on a periodic basis and at year-end.</p>
Basis for our conclusion on the reasonableness of the estimate	<p>We tested the values of a sample of investment securities and concluded that the values as reported are reasonable.</p>

Significant Accounting Estimates

Subscription-Based Information Technology Arrangements (SBITAs) Right-to-Use Assets and Liabilities

Accounting policy	At the commencement of a SBITA, the City initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The related asset is initially measured at the amount of the SBITA liability, and as applicable, less SBITA payments made on or before the SBITA commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any incentives received at or before the SBITA commencement date. SBITAs are recorded at net present value using an identified incremental borrowing rate (IBR).
Management's estimation process	Management determines if any agreements meet the definition of a SBITA in accordance with the requirements GASB 96, <i>SBITAs</i> . If it meets the definition, the contract terms are evaluated and used to record the transaction in accordance with GASB 96, <i>SBITAs</i> . If the contract does not contain an explicit rate, the appropriate incremental borrowing rate that matches the SBITA term will be used.
Basis for our conclusion on the reasonableness of the estimate	We performed substantive test of details for new SBITAs and reviewed the reasonableness of the incremental borrowing rate applied and concluded that the resulting estimates are reasonable.

UNCORRECTED MISSTATEMENTS

We identified the following uncorrected misstatements that management has concluded are not, individually or in the aggregate, material to the financial statements. We agree with management's conclusion in that regard.

Governmental Activities					
Description	Effect—Debit (Credit)				
	Assets	Liabilities	Net Position	Revenue	Expense
Factual Misstatements					
To adjust opening balances to recognized prepaid SBITA implementation costs	\$ 501,005	\$ -	\$ (501,005)	\$ -	\$ -
To record depreciation and accumulated depreciation for SBITAs	(41,284)	-	-	-	41,284
To record allowance for ambulance transport fee receivables	(632,044)	-	-	632,044	-
To record allowance for other receivables	(237,012)	-	-	237,012	-
To properly recognize expenditures in the period incurred	-	13,564	40,126	-	(53,690)
Projected Misstatements					
To adjust the right-to-use SBITA asset balance	24,128	-	(24,128)	-	-
To properly recognize expenditures in the period incurred	-	233,479	690,668	-	(924,147)
Total uncorrected misstatements	\$ (385,207)	\$ 247,043		\$ 869,056	\$ (936,553)
Increase / decrease in net position			(67,497)		
Cumulative effect on net position			\$ 138,164		

General Fund					
Description	Effect—Debit (Credit)				
	Assets	Liabilities	Fund Balance	Revenue	Expenditures
Factual Misstatements					
To adjust opening balances to recognized prepaid SBITA implementation costs	\$ 500,000	\$ -	\$ (500,000)	\$ -	\$ -
To reduce prepaids at commencement of SBITA term	(500,000)	-	-	-	500,000
To record allowance for ambulance transport fee receivables	(632,044)	632,044	-	-	-
To record allowance for other receivables	(237,012)	112,710	-	124,302	-
To properly recognize expenditures in the period incurred	-	13,564	40,126	-	(53,690)
Projected Misstatements					
To properly recognize expenditures in the period incurred	-	233,479	690,668	-	(924,147)
Total uncorrected misstatements	\$ (869,056)	\$ 991,797		\$ 124,302	\$ (477,837)
Increase / decrease in fund balance			(353,535)		
Cumulative effect on fund balance			\$ (122,741)		

Business Type Activities					
Description	Effect—Debit (Credit)				
	Assets	Liabilities	Net Position	Revenue	Expense
Factual Misstatements					
To properly recognize expenditures in the period incurred	\$ -	\$ 49,764	\$ -	\$ -	\$ (49,764)
To adjust for expenses improperly capitalized as CIP in the prior fiscal year	(15,203)	-	15,203	-	-
Projected Misstatements					
To properly recognize expenditures in the period incurred	-	25,280	-	-	(25,280)
Total uncorrected misstatements	<u>\$ (15,203)</u>	<u>\$ 75,044</u>		<u>\$ -</u>	<u>\$ (75,044)</u>
Increase / decrease in net position			(75,044)		
Cumulative effect on net position			<u>\$ (59,841)</u>		
Sanitary Sewer System Fund					
Description	Effect—Debit (Credit)				
	Assets	Liabilities	Net Position	Revenue	Expense
Factual Misstatements					
To properly recognize expenditures in the period incurred	\$ -	\$ 49,764	\$ -	\$ -	\$ (49,764)
Projected Misstatements					
To properly recognize expenditures in the period incurred	-	25,280	-	-	(25,280)
Total uncorrected misstatements	<u>\$ -</u>	<u>\$ 75,044</u>		<u>\$ -</u>	<u>\$ (75,044)</u>
Increase / decrease in net position			(75,044)		
Cumulative effect on net position			<u>\$ (75,044)</u>		
Stormwater Utility Fund					
Description	Effect—Debit (Credit)				
	Assets	Liabilities	Net Position	Revenue	Expense
Factual Misstatements					
To adjust for expenses improperly capitalized as CIP in the prior fiscal year	\$ (15,203)	\$ -	\$ 15,203	\$ -	\$ -
Total uncorrected misstatements	<u>\$ (15,203)</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>
Increase / decrease in net position			-		
Cumulative effect on net position			<u>\$ 15,203</u>		

APPENDIX A

Internal Control Matters



**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 Coral Gables, 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, each major fund and the aggregate remaining fund information of the City of Coral Gables, Florida (the City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 22, 2025. Our report includes a reference to other auditors who audited the financial statements of the City of Coral Gables Retirement Fund (Retirement Fund), Police Officers' Pension Fund and Firefighters' Pension Fund, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by the auditors of the Police Officers' Pension Fund and Firefighters' Pension Fund. The financial statements of the Retirement Fund were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Retirement Fund or that are reported on separately by those auditors who audited the financial statements of the Retirement Fund.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2024-001 and 2024-002 that we consider to be significant deficiencies.

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*.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. 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 response.

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

Coral Gables, Florida
July 22, 2025

Schedule of Findings and Responses

2024-001 – Accounts Receivable and Allowances

Criteria: Allowances for uncollectible receivables should be based upon historical trends and the periodic aging of receivables. Additionally, management should assess the collectability of receivables on a periodic basis and write-off balances not deemed to be collectible at a future date.

Condition: We noted that management did not assess the collectability of the receivable balances at year-end and record an allowance or write-off amounts not deemed to be collectible at a future date, after all reasonable collection efforts have been exhausted.

Cause: Management has not established a formal policy or procedure to periodically assess the collectability of outstanding receivable balances. As a result, there is no structured process in place to evaluate the need for recording allowances for doubtful accounts or to write off uncollectible amounts after reasonable collection efforts have been exhausted.

Effect or potential effect: Accounts receivable, revenues and deferred inflows of resources balances were overstated in the amounts of \$869,096, \$124,302 and \$744,754, respectively, for the general fund. Accounts receivable and revenue balances were each overstated in the amount \$869,096 for the governmental activities opinion unit.

Recommendation: We recommend that the City adopt a formal policy requiring periodic assessments of the collectability of outstanding receivable balances.

This policy should include:

- **Regular Reviews:** Establish a schedule (e.g., quarterly or annually) to evaluate the aging of receivables.
- **Allowance for Doubtful Accounts:** Implement a methodology to estimate and record an allowance for doubtful accounts based on historical trends, economic conditions, and specific account analysis.
- **Write-Off Procedures:** Define clear criteria and approval processes for writing off uncollectible balances.
- **Documentation:** Maintain supporting documentation for all assessments, estimates, and write-off decisions to ensure transparency and audit readiness.

Implementing this policy will enhance the accuracy of financial reporting and strengthen internal controls over receivables.

Views of Responsible Officials: Management agrees with the audit finding and recommendation. We recognize that our process for assessing the collectability of accounts receivable and setting the allowance for doubtful accounts is not consistent. Prior to the upcoming fiscal year-end, the City will perform a comprehensive review of outstanding receivables to determine which accounts are deemed uncollectible. We will reassess our current process and will record an allowance for doubtful accounts based on historical trends, current financial conditions, and other relevant factors, and/or write-off balances deemed uncollectable. Management oversight of receivables aging and allowance adjustments will be strengthened to ensure ongoing compliance.

Schedule of Findings and Responses

2024-002 — Accrual of Expenses and Liabilities

Criteria: Internal control policies and procedures should be designed to provide reasonable assurance that expenses and liabilities are recognized accurately and in the appropriate accounting period, in accordance with the accrual basis of accounting. This includes ensuring that obligations incurred are recorded when they are incurred, not when they are paid, to reflect the true financial position and performance of the City.

Condition: The City did not consistently apply proper cut-off procedures for recording expenses and liabilities on a year-over-year basis. As a result, certain expenses and related liabilities were not recorded in the appropriate accounting period, leading to misstatements in the financial statements.

Cause: Internal controls requiring management review of year-end financial transactions were not consistently applied, leading to certain expenses and liabilities not being reported in the appropriate accounting period on a year-over-year basis.

Effect or potential effect: The lack of proper year-end accruals increases the risk of material misstatements in the City's financial statements. This may result in the inaccurate representation of the City's financial position and operating results. This resulted in expenses being overstated for the governmental activities (\$936,553), general fund (\$477,837), business-type activities (\$75,044) and sanitary sewer fund (\$75,044) opinion units for the year ended September 30, 2024.

Recommendation: We recommend that management evaluate and strengthen the design of internal controls related to the year-end accrual process. This should include implementing procedures to ensure that all expenses and liabilities are identified and recorded in the appropriate accounting period. Controls should incorporate a formal supervisory review of transactions and supporting documentation at fiscal year-end to verify that accruals are complete, accurate, and in compliance with accounting standards.

Views of Responsible Officials: Management acknowledges the audit finding regarding the inconsistent application of year-end-cut-off procedures for recording expenses and liabilities. We recognize that this inconsistency can affect the accuracy and comparability of the City's financial statements across fiscal years. The City will reinforce communication with all departments in its annual guidance outlining year-end closing timeliness, required documentation, and criteria for expense recognition. Finance staff will reach out to departments that typically submit their invoices late for proper cut-off treatment. Corrective actions will be in place prior to the next fiscal year-end closing process. Management is committed to maintaining accurate and reliable financial reports. We will take the appropriate and necessary steps to address this finding promptly and effectively.

APPENDIX B

Significant Written Communications Between Management and Our Firm





The City of Coral Gables

FINANCE DEPARTMENT
405 BILTMORE WAY
CORAL GABLES, FLORIDA 33134

July 22, 2025

RSM US LLP
2811 Ponce de Leon Suite 820
Coral Gables, FL 33134

This representation letter is provided in connection with your audit of the basic financial statements of the City of Coral Gables, Florida (the City) as of and for the year ended September 30, 2024 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of the date of this letter:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 19, 2024, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Types of related party transactions engaged in by the City include:
 - a. Those with the primary government having accountability for the City.
 - b. Interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees.
6. All funds that meet the quantitative criteria in Government Accounting Standards Board (GASB) Statement No. 34; *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, and No. 37, *Basic Financial Statements—and Management's*

Discussion and Analysis—for State and Local Governments: Omnibus—an amendment of GASB Statements No. 21 and No. 34, for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

7. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
8. The City followed either its established accounting policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or followed paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting purposes.
9. The financial statements include all fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended.
10. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
11. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
12. Management has followed applicable laws and regulations in adopting, approving and amending budgets.
13. Risk disclosures associated with deposit and investment securities are presented in accordance with GASB requirements.
14. Provisions for uncollectible receivables have been properly identified and recorded, except for the passed adjustments disclosed in Appendix A.
15. Capital assets, including infrastructure, intangible assets, and right of use assets are properly capitalized, reported and, if applicable, depreciated.
16. The government properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in the debt agreements related to significant default or termination events with finance-related consequences and significant subjective acceleration clauses in accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.
17. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
18. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
19. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
20. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

21. The City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available are appropriately disclosed and net position is properly recognized under the policy.
22. There are no material tax abatement agreements required to be disclosed in accordance with GASB Statement No. 77, *Tax Abatement Disclosures*.
23. Leases have been properly identified, recorded and disclosed in accordance with GASB Statement No. 87, *Leases*.
24. Subscription-based technology information arrangements (SBITAs) have been properly identified, recorded and disclosed in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.
25. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
26. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance.
27. We have reviewed the GASB Statements effective for the fiscal year ending September 30, 2024, and concluded the implementation of GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB No. 62* did not have a material impact on the basic financial statements.
28. We have informed you of all uncorrected misstatements. As of and for the year ended September 30, 2024, we believe that the effects of the uncorrected misstatements aggregated by you and summarized in Appendix A are quantitatively and qualitatively immaterial, both individually and in the aggregate, to the opinion units of the financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.
29. We have requested unsecured electronic copies of the auditor's reports and agree that the auditor's reports will not be modified in any manner.

Information Provided

30. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the City Commissioner, or summaries of actions of recent meetings for which minutes have not yet been prepared.

31. All transactions have been recorded in the accounting records and are reflected in the basic financial statements.
32. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of an entity's system of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.
33. We have no knowledge of fraud or suspected fraud affecting the City's basic financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the basic financial statements.
34. We have no knowledge of any allegations of fraud or suspected fraud affecting the City's basic financial statements received in communications from employees, former employees, analysts, regulators, or others.
35. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
36. We have disclosed to you all known actual or possible litigation, claims or assessments; unasserted claims or assessments that are probable of assertion and must be disclosed in accordance with GASB Codification Section C50, Claims and Judgments; and other matters, including gain or loss contingencies, whose effects should be considered when preparing the financial statements.
37. We have disclosed to you the identity of all of the City's related parties and all the related-party relationships and transactions of which we are aware.
38. We have informed you of all deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect the City's ability to record, process, summarize and report financial data.
39. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
40. It is our responsibility to inform you of all current and potential affiliates of the City as defined by the "State and Local Government Client Affiliates" interpretation (ET sec. 1.224.020). Financial interests in, and other relationships with, affiliates of the City may create threats to independence. We have:
 - a. Provided you with all information we are aware of with respect to current and potential affiliates, including degree of influence assessments and materiality assessments.
 - b. Notified you of all changes to relevant considerations that may impact our determination of the existence of current or potential affiliates involving (i) changes in the determination of the materiality of an entity to the City's financial statements as a whole, (ii) the level of influence the City has over an entity's financial reporting process or (iii) the level of control or influence the City or a potential or

current affiliate has over an investee that is not trivial or clearly inconsequential, sufficiently in advance of their effective dates to enable the City and RSM US LLP to identify and eliminate potential impermissible services and relationships between RSM US LLP or its associated entities and those potential affiliates, prior to the effective dates.

- c. Made you aware, to the best of our knowledge and belief, of any nonaudit services that the City or any of our affiliates has engaged RSM US LLP or any of its associated entities to perform.
41. We agree with the findings of the specialists in evaluating our estimated liabilities for self-insurance, other post-employment benefit obligations (OPEB) and the net pension liabilities (NPL) and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give instructions, or cause any instructions to be given, to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
42. We believe that the actuarial assumptions and methods used by the actuaries for funding purposes and for determining accumulated plan benefits are appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the actuaries with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the plans actuaries.
43. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

44. With respect to supplementary information presented in relation to the basic financial statements as a whole:
- a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP requirements.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. When supplementary information is not presented with the audited basic financial statements, we will make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.
45. With respect to the management's discussion and analysis, budgetary comparison information and pension and other post-employment benefits (OPEB) related information presented, as required by the Governmental Accounting Standards Board to supplement the basic financial statements:
- a. We acknowledge our responsibility for the presentation of such required supplementary information.

- b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. The following are underlying significant assumptions or interpretations regarding the measurement or presentation of such information:
 - Discount rates for pension and OPEB
 - Mortality rates for pension and OPEB
 - Long-term rate of return for pension investments
 - Healthcare cost trend rates for OPEB

Compliance Considerations

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

- 46. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
- 47. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.
- 48. Is not aware of any instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.
- 49. Is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 50. Acknowledges its responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
- 51. Has a process to track the status of audit findings and recommendations.
- 52. Has identified for the auditor previous audits, attestation engagements and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 53. Is not aware of any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 54. Has provided views on the auditor's reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.
- 55. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

City of Coral Gables, Florida



Peter J. Iglesias
City Manager



Diana Gomez,
Finance Director

Appendix A

Governmental Activities		Effect—Debit (Credit)				
Description	Assets	Liabilities	Net Position	Revenue	Expense	
Factual Misstatements						
To adjust opening balances to recognized prepaid SBITA implementation costs	\$ 501,005	\$ -	\$ (501,005)	\$ -	\$ -	
To record depreciation and accumulated depreciation for SBITAs	(41,284)	-	-	-	41,284	
To record allowance for ambulance transport fee receivables	(632,044)	-	-	632,044	-	
To record allowance for other receivables	(237,012)	-	-	237,012	-	
To properly recognize expenditures in the period incurred	-	13,564	40,126	-	(53,690)	
Projected Misstatements						
To adjust the right-to-use SBITA asset balance	24,128	-	(24,128)	-	-	
To properly recognize expenditures in the period incurred	-	233,479	690,668	-	(924,147)	
Total uncorrected misstatements	<u>\$ (385,207)</u>	<u>\$ 247,043</u>		<u>\$ 869,056</u>	<u>\$ (936,553)</u>	
Increase / decrease in net position			(67,497)			
Cumulative effect on net position			<u>\$ 138,164</u>			
General Fund		Effect—Debit (Credit)				
Description	Assets	Liabilities	Fund Balance	Revenue	Expenditures	
Factual Misstatements						
To adjust opening balances to recognized prepaid SBITA implementation costs	\$ 500,000	\$ -	\$ (500,000)	\$ -	\$ -	
To reduce prepaids at commencement of SBITA term	(500,000)	-	-	-	500,000	
To record allowance for ambulance transport fee receivables	(632,044)	632,044	-	-	-	
To record allowance for other receivables	(237,012)	112,710	-	124,302	-	
To properly recognize expenditures in the period incurred	-	13,564	40,126	-	(53,690)	
Projected Misstatements						
To properly recognize expenditures in the period incurred	-	233,479	690,668	-	(924,147)	
Total uncorrected misstatements	<u>\$ (869,056)</u>	<u>\$ 991,797</u>		<u>\$ 124,302</u>	<u>\$ (477,837)</u>	
Increase / decrease in fund balance			(353,535)			
Cumulative effect on fund balance			<u>\$ (122,741)</u>			

Appendix A

Business Type Activities		Effect—Debit (Credit)				
Description	Assets	Liabilities	Net Position	Revenue	Expense	
Factual Misstatements						
To properly recognize expenditures in the period incurred	\$ -	\$ 49,764	\$ -	\$ -	\$ (49,764)	
To adjust for expenses improperly capitalized as CIP in the prior fiscal year	(15,203)	-	15,203	-	-	
Projected Misstatements						
To properly recognize expenditures in the period incurred	-	25,280	-	-	(25,280)	
Total uncorrected misstatements	<u>\$ (15,203)</u>	<u>\$ 75,044</u>		<u>\$ -</u>	<u>\$ (75,044)</u>	
Increase / decrease in net position			(75,044)			
Cumulative effect on net position			<u>\$ (59,841)</u>			
Sanitary Sewer System Fund		Effect—Debit (Credit)				
Description	Assets	Liabilities	Net Position	Revenue	Expense	
Factual Misstatements						
To properly recognize expenditures in the period incurred	\$ -	\$ 49,764	\$ -	\$ -	\$ (49,764)	
Projected Misstatements						
To properly recognize expenditures in the period incurred	-	25,280	-	-	(25,280)	
Total uncorrected misstatements	<u>\$ -</u>	<u>\$ 75,044</u>		<u>\$ -</u>	<u>\$ (75,044)</u>	
Increase / decrease in net position			(75,044)			
Cumulative effect on net position			<u>\$ (75,044)</u>			
Stormwater Utility Fund		Effect—Debit (Credit)				
Description	Assets	Liabilities	Net Position	Revenue	Expense	
Factual Misstatements						
To adjust for expenses improperly capitalized as CIP in the prior fiscal year	\$ (15,203)	\$ -	\$ 15,203	\$ -	\$ -	
Total uncorrected misstatements	<u>\$ (15,203)</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	
Increase / decrease in net position			-			
Cumulative effect on net position			<u>15,203</u>			



The City of Coral Gables

FINANCE DEPARTMENT
405 BILTMORE WAY
CORAL GABLES, FLORIDA 33134

July 22, 2025


RSM US LLP
2811 Ponce de Leon Suite 820
Coral Gables, FL 33134

In connection with your examination of the City of Coral Gables, Florida's compliance with Section 218.415, Florida Statutes, Local Government Investment Policies (the Specified Requirements) during the period from October 1, 2023 to September 30, 2024 in accordance with attestation standards established by the American Institute of Certified Public Accountants, we confirm, to the best of our knowledge and belief, the following representations made to you during the course of your engagement:

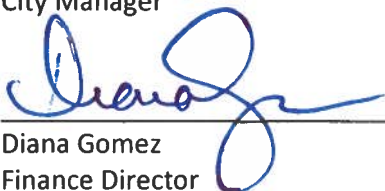
1. We assert that, during the period from October 1, 2023 to September 30, 2024, the City was in compliance with the Specified Requirements.
2. All relevant matters are reflected in the measurement or evaluation of the compliance with the Specified Requirements.
3. There are no known matters contradicting the compliance with the Specified Requirements or our assertion nor any communication from regulatory agencies affecting the compliance with the Specified Requirements or our assertion.
4. We are responsible for the City's compliance with the Specified Requirements, for our assertion and for establishing and maintaining effective internal control over the City's compliance with the Specified Requirements.
5. We understand that we are responsible for determining that such criteria are suitable, will be available to the intended users, and are appropriate for the purpose of your engagement.
6. We have performed an evaluation of the City's compliance with the Specified Requirements. Based on our evaluation, the City has complied with the Specified Requirements during the period from October 1, 2023 to September 30, 2024 based on the abovementioned criteria.
7. No events or transactions have occurred subsequent to September 30, 2024 that would have a material effect on the City's compliance with the Specified Requirements.
8. We have made available to you all documentation related to the City's compliance with the Specified Requirements as agreed upon in the terms of the engagement.
9. We have responded fully to all inquiries made to us by you during your engagement.
10. We have disclosed to you all deficiencies in internal control relevant to your engagement of which we are aware.

11. There has been no knowledge of fraud or suspected fraud affecting the City involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where fraud could have a material effect on the City's compliance with the Specified Requirements.
12. We acknowledge our responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected.
13. We have no knowledge of any allegations of fraud or suspected fraud affecting the City received in communications from employees, former employees, analysts, regulators or others.
14. There has been no known noncompliance with the Specified Requirements October 1, 2023 to September 30, 2024 or through the date of this letter.
15. There are no known communications from regulatory agencies, internal auditors or other practitioners concerning the City's possible noncompliance with the Specified Requirements received by us during the period from October 1, 2023 to September 30, 2024 or through the date of this letter.
16. During the course of your engagement, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.
17. We have requested an unsecured electronic copy of the final subject matter and agree that the final subject matter will not be modified in any manner.

City of Coral Gables, Florida



Peter J. Iglesias
City Manager



Diana Gomez
Finance Director