

The City of Coral Gables, Florida

Report to the Honorable Mayor and Members of the
City Commission
May 31, 2024





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May 31, 2024

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 audit of the financial statements of the City of Coral Gables, Florida (the City) as of and for the year ended September 30, 2023. This 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.

RSM US LLP

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TABLE OF CONTENTS

| | |
|--|-----|
| Required Communications | 1-3 |
| Significant Accounting Estimates | 4-7 |
| Exhibits | |
| Exhibit A—Significant Written Communications Between Management and Our Firm | |
| • Representation Letters | |

REQUIRED COMMUNICATIONS

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the basic financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial and related compliance reporting process.

Our Responsibilities With Regard to the Financial Statement and Compliance Audit

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 have been described to you in the professional services agreement dated May 22, 2023 and our engagement letter dated October 12, 2023. Our audit of the basic financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated February 5, 2024, 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.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the City. The following is a description of significant accounting policies or their application that were either initially selected or changed during the year:

As of October 1, 2022, the City adopted the provisions of the following GASB Statements:

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

The adoption of GASB 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, resulted in a restatement of certain balances, most significant of which were right-to-use SBITA assets and SBITA liabilities, as well as some additional footnote disclosures.

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 section.

Audit Adjustments and Uncorrected Misstatements

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

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Departure From the Auditor's Standard Report

Expected Emphasis-of-Matter Paragraph

As discussed in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA), as of October 1, 2022. In light of this matter, we have included an emphasis of matter paragraph in the auditor's report.

Below is a draft of the paragraph to be included in the auditor's report:

Emphasis of Matter

As discussed in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA), as of October 1, 2022. As a result, beginning right-to-use SBITA asset and SBITA liability balances were restated. Our opinions are not modified with respect to this matter.

Other Information Included in Annual Reports

Our responsibility for other information included in annual reports 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 which are presented for purposes of additional analysis and are not a required part of the basic financial statements. We did not identify material inconsistencies with the audited basic 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

Conversion to the new Infor enterprise resource planning (ERP) system caused delays and some challenges in the City's year-end close process. This in turn also affected the timing of the audit process, resulted in the performance of additional procedures necessary to understand and document the new internal control systems in place at the City, and resulted in us incurring additional hours to complete the audits. We did not encounter any other significant difficulties during the audit and there were no difficulties in dealing with management during the audit.

Difficult or Contentious Matters That Required Consultation

We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.

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, those charged with governance 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 non-attest 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 and 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.

Significant Written Communications Between Management and Our Firm

The representation letters provided to us by management are attached as Exhibit A.

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, 2023 basic 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

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| 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

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| 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

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| 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

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| 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)

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| 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

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| 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

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| | <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> |
| Subscription-Based Information Technology Arrangements (SBITAs) Right-to-Use Assets and Liabilities | |
| Accounting policy | <p>At the commencement of a lease, 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).</p> |

Significant Accounting Estimates

Management’s estimation process

Management determines if any agreements meet the definition of a SBITA in accordance with the requirements GASB 96, *SBITAs*. If it meets the definition, the contract terms are evaluated and used to record the transaction in accordance with GASB 96, *SBITAs*. 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 around the implementation of GASB 96, *SBITAs*, including a detail review of the right-to-use SBITA assets and SBITA liabilities. Additionally, we reviewed the reasonableness of the incremental borrowing rate applied and concluded that the resulting estimates are reasonable.

EXHIBIT A

Significant Written Communications Between Management and Our Firm



The City of Coral Gables

Finance Department

405 BILTMORE WAY
CORAL GABLES, FLORIDA 33134

May 31, 2024

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, 2023 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 October 12, 2023, 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. The methods, assumptions and data used to estimate the following balances result in an estimate that is appropriate for financial statement measurement and disclosure purposes, and have been consistently selected and applied in making the estimates:
 - The methods, assumptions and data used to account for other post-employment benefits are as follows, and result in an estimate that is appropriate for financial statement measurement and disclosure purposes and have been consistently selected and applied in making the estimate: 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. Significant judgments made in making the estimate have considered all relevant information of which we are aware. The assumptions listed above properly reflect our intent and ability to carry out the specific courses of actions previously communicated to you on behalf of the City.

- The methods, assumptions and data used to account for pension plans and related net pension liabilities are as follows, and result in an estimate that is appropriate for financial statement measurement and disclosure purposes and have been consistently selected and applied in making the estimate: City management and/or the pension plans' 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. Significant judgments made in making the estimate have considered all relevant information of which we are aware. The assumptions listed above properly reflect our intent and ability to carry out the specific courses of actions previously communicated to you on behalf of the City.
- The methods, assumptions and data used to estimate the valuation of right-to-use leases & subscription-based information technology arrangements (SBITA) assets, leases & SBITA liabilities, leases receivable, deferred inflows of resources on leases and disclosures are as follows, and result in estimates that are appropriate for financial statement measurement and disclosure purposes and have been consistently selected and applied in making the estimates: If not directly stated by the lessor, the City will evaluate the appropriate discount rate based upon the term of the lease and typical cost of borrowing for the City for that period. Significant judgments made in making the estimates have taken into account all relevant information of which we are aware. The assumptions listed above properly reflect our intent and ability to carry out the specific courses of actions previously communicated to you on behalf of the City.
- The methods, assumptions and data used to estimate the self-insurance liabilities are as follows, and result in an estimate that is appropriate for financial statement measurement and disclosure purposes and have been consistently selected and applied in making the estimate: The City utilizes the services of an actuary to assist in developing risk reserves for general, auto, property, workers' compensation, employees' health and dental claims liabilities. Significant judgments made in making the estimate have taken into account all relevant information of which we are aware. The assumptions listed above properly reflect our intent and ability to carry out the specific courses of actions previously communicated to you on behalf of the City.

All disclosures related to the estimates, including disclosures describing estimation uncertainty, are complete and reasonable in the context of U.S. GAAP. No subsequent events have occurred that would require adjustment to the estimate and related disclosures included in the financial statements.

6. 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 component units for which the City is accountable.
 - b. Interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees.
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.
 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.
 17. Management evaluated the requirements of GASB 91, *Conduit Debt Obligations* and determined that there are no conduit debt obligations required to be recognized in the City's financial statements for the year ended.
 18. 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.

19. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
20. 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.
21. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
22. 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 that net position is properly recognized under the policy.
23. The City disclosed the names of entities with which it has a tax abatement agreement, the total gross amount of taxes abated during the period, the specific taxes that were abated and whether any commitments other than to reduce taxes were made as part of any tax abatement agreement as required by GASB Statement No. 77.
24. We do not have any material unrecorded liabilities for asset retirement obligations (AROs) and we are not aware of any material asset impairments.
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 believe the implementation of the following GASB Statements are appropriate:
 - a. GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*
 - b. GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

The impact of the adoption of GASB 96, *SBITAs* resulted in a restatement of the October 1, 2022 financial statement balances for right to use SBITA assets and SBITA liabilities, as disclosed in Note 1 to the financial statements.

We also reviewed the recognition and disclosure for GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (PPP's and APA's) and concluded the implementation did not have a material impact on the basic financial statements.

28. We have no knowledge of any uncorrected misstatements in the financial statements.
29. We have requested an unsecured electronic copy of the auditor's report and agree that the auditor's report 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. We have disclosed to you the results of our assessment of risk that the basic financial statements may be materially misstated as a result of fraud.
33. 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.
34. We have no knowledge of allegations 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.
35. 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.
36. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
37. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
38. 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.
39. We are aware of no 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.

40. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
41. 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.
42. 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.
43. 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.
44. 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

45. 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.
46. 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 (GASB) 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
 - Healthcare cost trend rates for OPEB
 - Long-term rate of return for pension investments

Compliance Considerations

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

47. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
48. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.
49. 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.

50. 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.
51. Acknowledges its responsibility for the design, implementation, and maintenance of controls to prevent and detect fraud.
52. Has a process to track the status of audit findings and recommendations, if any.
53. 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.
54. Is not aware of any investigations or legal proceedings that have been initiated with respect to the period under audit.
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.

In connection with your audit of federal awards and state financial assistance projects conducted in accordance with Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Auditor General of the State of Florida* (Chapter 10.550), we confirm:

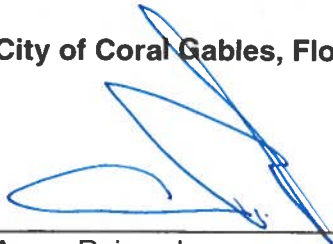
56. Management is responsible for complying, and has complied, with the requirements of the Uniform Guidance and Chapter 10.550.
57. Management is responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of its federal programs and state financial assistance projects.
58. Management is responsible for the design, implementation, and maintenance, and has designed, implemented and maintained, effective internal control over compliance for federal programs and state projects that provides reasonable assurance that the auditee is managing federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions of the federal and state awards that could have a material effect on its federal programs and state financial assistance projects.
59. Management is responsible for the preparation of the schedule of expenditures of federal awards and schedule of state financial assistance (the schedules), acknowledges and understands its responsibility for the presentation of the schedules in accordance with the Uniform Guidance and Chapter 10.550; believes the schedules, including its form and content, is fairly presented in accordance with the Uniform Guidance and Chapter 10.550; asserts that methods of measurement or presentation have not changed from those used in the prior period, or if the methods of measurement or presentation have changed, the reasons for such changes have been communicated; and is responsible for any significant assumptions or interpretations underlying the measurement or presentation of the schedules.

60. Management will make the audited financial statements readily available to the intended users of the schedules no later than the issuance date by the entity of the schedules and the auditor's report thereon.
61. Management has identified and disclosed all of its government programs and related activities subject to the Uniform Guidance and Chapter 10.550 compliance audit.
62. Management has identified and disclosed to the auditor the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards that are considered to have a direct and material effect on each major program and state financial assistance project.
63. Management has made available all federal and state awards (including amendments, if any) and any other correspondence relevant to federal and state programs and related activities that have taken place with federal and state agencies or pass-through entities.
64. Management has identified and disclosed to the auditor all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal and state awards or stated that there was no such noncompliance.
65. Management believes that the auditee has complied with the direct and material compliance requirements.
66. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.
67. Management has provided to the auditor its interpretations of any compliance requirements that are subject to varying interpretations.
68. Management is aware of no communications from federal and state awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
69. There are no findings and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
70. Management has disclosed the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.
71. Management has disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report or stated that there were no such known instances.
72. Management has disclosed whether any changes in internal control over compliance or other factors that might significantly affect the entity's system of internal control, including any corrective

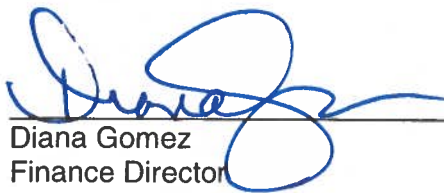
action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditor's report.

73. Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
74. The copies of federal and state program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal or state agency or pass-through entity, as applicable.
75. Management has charged costs to federal and state awards in accordance with applicable cost principles.
76. Management is responsible for, and has accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and Chapter 10.550.
77. The reporting package does not contain protected personally identifiable information.
78. Management has accurately completed the appropriate sections of the data collection form.

City of Coral Gables, Florida



Amos Rojas, Jr.
City Manager



Diana Gomez
Finance Director



Sally Ola Ola
Assistant Finance Director – Reporting and Operations



The City of Coral Gables

Finance Department

405 BILTMORE WAY
CORAL GABLES, FLORIDA 33134

May 31, 2024

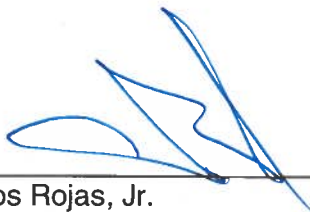
RSM US LLP
2811 Ponce de Leon Suite 820
Coral Gables, FL 33134

In connection with your examination of the City of Coral Gables, Florida's (the City) compliance with Section 218.415, *Florida Statutes, Local Government Investment Policies* (the Specified Requirements) during the period from October 1, 2022 to September 30, 2023, 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:

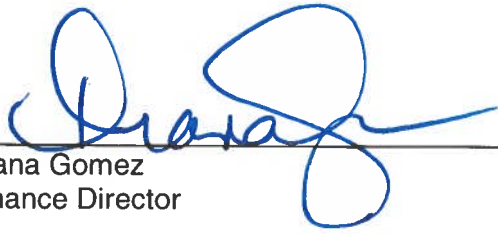
1. We assert that, during the period from October 1, 2022 to September 30, 2023, the City was in compliance with the Specified Requirements.
2. All relevant matters are reflected in the measurement or evaluation of the compliance with the Specified Requirements.
3. There are no known matters contradicting the compliance with the Specified Requirements or our assertion nor any communication from regulatory agencies affecting 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 the selection of the criteria against which compliance with the Specified Requirements is being evaluated. The criteria are contained in Section 218.415, *Florida Statutes, Local Government Investment Policies*.
6. 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.
7. 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, 2022 through September 30, 2023, based on the abovementioned criteria.
8. No events or transactions have occurred subsequent to September 30, 2023 that would have a material effect on the City's compliance with the requirements of the Specified Requirements.

9. 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.
10. We have responded fully to all inquiries made to us by you during your engagement.
11. There have been no deficiencies in internal control relevant to your engagement of which we are aware.
12. 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.
13. We acknowledge our responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected.
14. 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.
15. There has been no known noncompliance with the Specified Requirements during the period from October 1, 2022 through September 30, 2023 or through the date of this letter.
16. 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, 2022 through September 30, 2023 or through the date of this letter.
17. 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.

City of Coral Gables, Florida



Amos Rojas, Jr.
City Manager



Diana Gomez
Finance Director



Sally Ola Ola
Assistant Finance Director – Reporting and Operations