

May 29, 2025

To the Honorable Mayor, Members of the City Commission, and City Manager
City of Hollywood, Florida

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hollywood, Florida for the fiscal year ended September 30, 2024. We did not audit the financial statements of the City of Hollywood Police Officers' Retirement System, the City of Hollywood Firefighters' Pension Fund, and the Hollywood, Florida Community Redevelopment Agency. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based solely on the reports of the other auditors. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, OMB Uniform Guidance, and Chapter 10.550, Rules of the Auditor General of the State of Florida, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 31, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the fiscal year ended September 30, 2024, except for the implementation of Governmental Accounting Standards Board ("GASB") Statement No. 100, *Accounting Changes and Error Corrections*. We noted no transactions entered into by the City during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events.^j Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimate of the net pension liability in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, is based on actuarial methods and assumptions used by the actuaries for the development of funding valuations as well as the accounting valuation for the Pension Plans. The key factors impacting the

assumptions, such as inflation, salary changes, market trends, ad hoc postemployment benefit changes (including ad hoc cost-of-living adjustments [COLAs]), and inputs to the discount rate, as well as certain information about mortality assumptions and the dates of experience studies, are subject to change on an annual basis and therefore can have a significant impact on this estimate. We evaluated the key factors and assumptions used to develop the estimate described above, in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the Total Other Post-Employment Benefits ("OPEB") Liability in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, is based on actuarial methods, the total OPEB liability and assumptions used by the actuary for the development of the actuarially determined liability. The key factors impacting the assumptions, such as the discount rate and health rate assumptions, are subject to change on an annual basis and therefore can have a significant impact on this estimate. We evaluated the key factors and assumptions used to develop the estimate described above, in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the Incurred But Not Reported ("IBNR") claims liability is based on the estimation of IBNR liability that requires the use of various actuarial assumptions such as loss development factors, claims severity and frequency, inflation rates, and discount rates. The selection of these assumptions is subjective and based on historical data, industry trends, and professional judgment. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for uncollectible receivables for Utility Billings, as well as EMS services, is based on aging of receivables, historic loss levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the fair values of their investment securities in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The key factors impacting the assumptions, such as change in market conditions, market risk, and third-party pricing matrices, are subject to change on an annual basis and therefore can have a significant impact on this estimate. We evaluated the key factors and assumptions used to develop the estimate described above in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure related to the City's IBNR, OPEB plan, and pension plans including FRS are reflected in Note 16, 19, and 20 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements noted during the audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 29, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to City's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings, Issues, Recommendations and Other

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We have reported one (1) item as a Management Letter Comment ("MLC") MLC 2024-001 in Appendix A – current and prior years recommendations to improve financial management of our compliance reports. The purpose of our comment is to provide management with our observation and recommendation related to the City's inventory records in the Utility department.

We also have one (1) recommendation that the City revisit the presentation of pooled cash equivalents and pooled investments on the statement of net position for the City's enterprise funds.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedule of Total OPEB Liability and Related Ratios, Schedules of Changes in Net Pension Liability and Related Ratios – Pensions, Schedule of the City's Proportionate Share of the Net Pension Liability (FRS and

HIS Plans), Schedule of Contributions – Pensions and FRS and HIS, and notes to the required supplementary information, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Combining and Individual Fund Statements and the Schedule of Expenditures of Federal Awards and State Financial Assistance, as required by *Title 2 U.S. Code of Federal Regulation Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Florida Single Audit Act, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Introductory Section or Statistical Section, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it. We did read the other information and considered whether a material inconsistency exists between the other information and the financial statements. We did not note any material inconsistencies.

Restriction on Use

This information is intended solely for the information and use of the Mayor, City Commission, and the City Manager and management of City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

CBIZ CPAs P.C.

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Fort Lauderdale, FL