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MEMBERS
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CERTIFIED PUBLIC ACCOUNTANTS

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CERTIFIED PUBLIC ACCOUNTANTS

March 2, 2021

The Honorable Chair and Board of Commissioners
Delray Beach Community Redevelopment Agency
Delray Beach, Florida

We are pleased to confirm our understanding of the services we are to provide for the Delray Beach Community Redevelopment Agency (the "CRA") for the years ended September 30, 2021 through September 30, 2024. Each year will be a separate engagement covered by a separate engagement letter.

We will audit the financial statements of the governmental activities, the major fund (General Fund) and discretely presented component unit (Block 60 Parking Condominium Association, Inc.), including the related notes to the financial statements, which collectively comprise the basic financial statements of the CRA as of and for the year ended September 30, 2021.

U.S. generally accepted accounting standards provide for certain required supplementary information (RSI), including management's discussion and analysis (MD&A) and the General Fund budgetary comparison schedule, to supplement the CRA's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the CRA's RSI in accordance with U.S. generally accepted auditing standards (GAAS). These limited procedures will consist principally 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 will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The RSI required by U.S. generally accepted accounting principles (GAAP) will be subjected to certain limited procedures, but will not be audited.

We have also been engaged to report on supplementary information other than the RSI that accompanies the CRA's financial statements. We will subject the Component Unit Financial Statements presented as supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditors' report on the financial statements.

We will also issue the reports required by Chapter 10.550 of the Rules of the Auditor General of the State of Florida.

Audit Objectives

The objective of our audit is the expression of opinions as to whether the CRA's financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the third paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.550. Rules of the Auditor General, and will include tests of the accounting records of the CRA, and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the CRA's financial statements. Our report will be addressed to the CRA Board of Commissioners. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with management in advance. If, for any reason determined by us, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the CRA's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CRA's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the CRA is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures – General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the CRA or to acts by management or employees acting on behalf of the CRA. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, an unavoidable risk exists that some material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of violations of laws

or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of cash, investments and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. As part of our engagement, we may also request written representations from the CRA's attorney and other outside legal counsel engaged by the CRA, and they may bill the CRA for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from management about their responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by U.S. generally accepted auditing standards.

Audit Procedures – Internal Control

Our audit will include obtaining an understanding of the CRA and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to CRA management and those charged with governance, internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and Chapter 10.550, Rules of the Auditor General.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the CRA's compliance with the provisions of applicable laws, regulations, contracts, agreements and grants. As required by Chapter 10.550, Rules of the Auditor General, our audit will include tests for compliance with applicable laws and regulations and the provisions of contracts and grant agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards* and Chapter 10.550, Rules of the Auditor General.

Other Services

We will also assist in preparing the financial statements and related notes of the CRA in conformity with U.S. generally accepted accounting principles and Chapter 10.550, Rules of the Auditor General based on information provided by management. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the preparation of the financial statements and related notes, as previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for (1) designing, implementing, establishing and maintaining effective internal controls, including internal control over information technology systems, relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; and, (3) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. Management is also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management is also responsible for providing us with (1) access to all information of which they are aware that is relevant to the preparation and fair presentation of the financial statements, including identification of all related parties and all related party relationships and transactions; (2) additional information that we may request for the purpose of the audit; and, (3) unrestricted access to persons within the CRA from whom we determine it necessary to obtain audit evidence.

Management's responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit as a whole.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the CRA or its component unit involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Management's responsibilities include informing us of their knowledge of any allegations of fraud or suspected fraud affecting the CRA or its component unit received in communications from employees, former employees, grantors, regulators, or others. In addition, management is responsible for identifying and ensuring that the CRA and its component unit comply with applicable laws, regulations, contracts, agreements and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements that we report.

Management is responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. Management agrees to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. Management also agrees to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Management's responsibilities include acknowledging to us in the written representation letter that (1) management is responsible for presentation of the supplementary information in accordance with GAAP; (2) management believes the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) management has disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Additionally, as required by Chapter 10.550, Rules of the Auditor General, it is management's responsibility to follow up and take corrective action on all reported audit findings. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant

findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. Management is also responsible for providing management's views and a written response to the Auditor General on our current findings, conclusions, and recommendations, as well as management's planned corrective actions. Management's written response is required by Chapter 10.550, Rules of the Auditor General, to be included as part of the final audit report.

Management agrees to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. Management will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that management has reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, management agrees to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them. We understand the CRA has designated Ms. Lori Hayward to oversee our services.

Government Auditing Standards require that we communicate, during the planning stage of our audit, certain information to officials of the CRA, including the CRA Board of Commissioners. Those required communications are included as part of this engagement letter and your signature below acknowledges that a copy of this letter has been provided to the CRA Board of Commissioners.

Engagement Administration, Fees and Other

We understand that CRA employees will prepare all cash or other confirmations requested and will locate any invoices and other documents selected by us for testing and prepare all schedules that we may request. Mark Veil is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. To ensure that the Firm's independence is not impaired under the AICPA Code of Professional Conduct, management agrees to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

The audit documentation for this engagement is the property of Caler, Donten, Levine, Cohen, Porter & Veil, P.A. (CDL) and constitutes confidential information. However, we may be requested to make certain audit documentation available to a grantor or other agency pursuant to authority given to it by law or regulation. If requested, access to such audit documentation will be provided under the supervision of CDL personnel. Furthermore, upon request and with the CRA's authorization, we may provide copies of selected audit documentation to government agencies. The government agencies may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies. In the event we are requested or authorized by the CRA or required by government regulation, subpoena, or other legal process to produce our audit documentation or our personnel as witnesses with respect to our engagement for the CRA, management agrees, so long as we are not a party to the proceeding in which the information is sought, to reimburse us for our professional time and expenses, as well as the fees and expenses of our legal counsel, incurred in responding to such a request. We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. In that regard, we may share confidential information about the CRA with these service providers but we will remain responsible for the work provided by such third-party service providers. The audit documentation for this engagement will be retained for a minimum of five years after the date of the auditor's report or for any additional period requested in writing by a government agency, after which it will be destroyed. By your signature below, you acknowledge and agree that CDL is free to destroy all records related to this engagement in accordance with this document retention policy.

At the conclusion of the engagement, we will provide an electronic pdf copy and the requested number of printed copies of the audit report to the CRA; however, management is responsible for distribution of the audit report to outside parties, such as creditors, the City of Delray Beach, the Electronic Municipal Market Access System (EMMA), the Auditor General and others. The electronic pdf copy of the reports we provide to you as part of our engagement will not be created or verified by us to be fully compliant with all accessibility requirements

under Federal or State statutes, such as the Americans with Disabilities Act (ADA). Unless restricted by law or regulation, or containing privileged and confidential information, copies of the reports are to be made available for public inspection. It is management's responsibility to submit the reporting package to the Auditor General, within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period.

Our fee for these services will be at the hourly rates set forth in our proposal to the City of Delray Beach in response to their Request for Proposal 2019-043 which are as follows: Partner - \$210, Manager - \$130, Supervisory Staff - \$115 and Staff - \$90. We agree that our fees for the years ending September 30, 2021 through September 30, 2024, subject to the additional considerations enumerated below, will not exceed \$28,050 as calculated below:

<u>Hourly Rates Per City Contract</u>	<u>Proposed Hours</u>	<u>Total</u>
\$ 210	26	\$ 5,460
130	75	9,750
115	60	6,900
90	<u>66</u>	<u>5,940</u>
Total	<u>227</u>	<u>\$ 28,050</u>

In accordance with the City's Request for Proposal 2019-043, at the CRA's discretion, this agreement may be renewed for two additional two-year terms. Fees will be negotiated at that time for the extension periods.

The invoices for our fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 45 days or more overdue and may not be resumed until your account is paid in full. We also reserve the right to require that any unpaid balance for the engagement be paid prior to delivery of the final audit reports. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. The CRA will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. Our fee is based on anticipated cooperation from CRA personnel consistent with prior years and the assumption that there are no unexpected circumstances or new entities that require additional accounting assistance or significant auditing procedures or changes, such as new accounting or auditing standards, new major funds, a Federal or State Single Audit, or additional audit procedures resulting from internal control and other deficiencies, or other unexpected circumstances. If additional time is necessary for our assistance to complete audit schedules, the application of new standards, a Federal or State Single Audit, delays caused by the CRA in the scheduled audit fieldwork dates, or other unexpected circumstances, we will perform the necessary procedures and bill the CRA for the additional time at the hourly rates specified in the previous paragraph. Our engagement ends on the date we deliver the audit reports to the CRA, unless circumstances described earlier cause us not to issue a report. You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We may also issue a separate engagement letter covering the additional services. In the absence of another written engagement letter from us for such additional services, our services will continue to be governed by the terms of this engagement letter. Our fee for any additional services will be at the hourly rates specified in the previous paragraph.

It is our understanding that the CRA's books will be closed and all audit schedules, including final trial balances, will be provided to us prior to the start of year end fieldwork. The CRA will be ready for us to begin the year end audit fieldwork on the first day of the third week of December following the fiscal year end. In the event that our audit start date is delayed or all requested audit schedules are not provided to us prior to the first day of our year end fieldwork, the CRA acknowledges and agrees that we will not be responsible for any subsequent delays or failure to meet government and other filing deadlines, or for penalties or interest that may be assessed against the CRA resulting from the CRA's failure to meet such deadlines. Our audit for each fiscal year will be

a separate engagement that ends on the date we deliver the audit reports for that fiscal year to the CRA, unless circumstances described earlier cause us not to issue a report. If the engagement is terminated by the CRA, the CRA shall be liable for time charges and expenses incurred by CDL through the date of termination.

Our audit is intended for the benefit of the CRA. The audit will not be planned or conducted in contemplation of reliance by any third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction. If you intend to publish or otherwise reproduce the financial statements together with our report (or otherwise make reference to our Firm) in a document that contains other information, you agree to provide us with a draft of the document to read and comment on before it is printed and distributed. With regard to using our auditor's reports, management understands and agrees that our prior written consent shall be obtained to reproduce or use our reports in bond offering official statements, debt applications or other documents. Furthermore, the CRA agrees that the terms of this engagement do not encompass an undertaking by us (1) to consent, by means of separate letter or otherwise, to the inclusion of our auditor's report on the financial statements referred to above in a filing with a Federal or State regulatory agency or otherwise reissue our report for purposes of a securities offering or other financing transaction, or (2) to acknowledge reliance on our report by others. With regard to the electronic dissemination of the audited financial statements, including financial statements published electronically on a website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document. *Government Auditing Standards* require that we provide you with a copy of our most recent quality control review report. A copy of our 2018 peer review report was previously provided to you.

CDL takes appropriate steps to secure all confidential client information on our computerized systems, however, the CRA is responsible for the security of all information when you transmit it to us, as well as the information retained by the CRA. The CRA is also responsible for the security of information management provides to us electronically using email or transmitted to us over the internet. The internet is an inherently public medium with multiple security concerns. Management understands that email is generally sent unencrypted and may be easily accessible by a party intercepting your communications. Because the nature of communications between the CRA and CDL may include sensitive and confidential financial information, management should take appropriate steps to utilize reasonable security features for transmitting the CRA's information to us. CDL will use its best efforts, consistent with our handling of all client accounts, to make the CRA's communications and files secure from unauthorized access. However, the CRA recognizes that no completely secure system for email, electronic documents or electronic data transfer has yet been devised. Accordingly, management acknowledges that they understand and agree to accept the limitations and risks associated with regular email and other electronic communications with CDL for the services we will provide. Furthermore, management hereby authorizes CDL to electronically submit to CRA employees or to others as management may request or as may be necessary to perform our engagement, any financial statements, schedules, and other information related to our services under this agreement. By your signature below, management acknowledges and agrees to hold CDL harmless from any damages that might be caused by the electronic transmission or submission of CRA information. Management also agrees to immediately contact and advise the CDL engagement partner with overall responsibility of our services, as named in this letter, if you believe either CDL or the CRA's computer systems, security or email accounts have been hacked or otherwise compromised. Your signature below acknowledges that the CRA understands and agrees with these responsibilities.

Parties to this engagement agree that any dispute that may arise regarding the meaning, performance or enforcement of this engagement will be submitted to mediation upon written request of any party to the engagement. The party requesting mediation shall select the mediation provider from the list of mediation training providers approved by the Florida Supreme Court. The mediation shall be conducted in accordance with the Commercial Mediation Rules of the American Arbitration Association or such other rules as may be agreed upon by the parties. The results of this mediation shall not be binding upon either party. Costs of any mediation proceeding shall be shared equally by both parties. The CRA agrees that it will not, directly or indirectly, agree to assign or transfer any claim arising out of this engagement to anyone, or agree to share with anyone the proceeds of any such claim. The venue for any legal proceedings or mediation shall be Palm Beach County,

The Honorable Chair and Board of Commissioners
Delray Beach Community Redevelopment Agency
March 2, 2021
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Florida, and this agreement shall be governed by the laws of the State of Florida.

This engagement reflects the entire agreement between us relating to the services covered by this letter. It replaces and supersedes any previous correspondence and understandings, whether written or oral. If any portion of this agreement is held to be void, invalid or otherwise unenforceable, in whole or in part, the remaining portions of this agreement shall remain in effect. The agreements of the CRA and Caler, Donten, Levine, Cohen, Porter & Veil, P.A. contained in this engagement letter shall survive the completion or termination of this engagement.

We appreciate the opportunity to be of service to the CRA and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

*Caler, Donten, Levine,
Cohen, Porter & Veil, P.A.*

Caler, Donten, Levine,
Cohen, Porter & Veil, P.A.

RESPONSE: The services and terms set forth in this letter are agreed to by the Delray Beach Community Redevelopment Agency.

Officer signature: _____