

Communication with Those Charged with Governance

To the Board of Commissioners
Delray Beach Community Redevelopment Agency
Delray Beach, Florida

We have audited the financial statements of the governmental activities, the major fund and the discretely presented component unit of the Delray Beach Community Redevelopment Agency (the "CRA") for the year ended September 30, 2020. Professional standards require that we provide you with information about our responsibilities under U.S. generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our engagement letter dated August 13, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the CRA are described in Note A 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, 2020. We noted no transactions entered into by the CRA during the 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. 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 financial statements were:

- Management's estimate of the net realizable value of the notes receivable from the Delray Beach Community Land Trust at September 30, 2020. We evaluated the key factors and assumptions used to estimate the net realizable value to be received upon completion of the constructed property in determining that the amounts are reasonable in relation to the financial statements as a whole.

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- Management's estimate of the net realizable value of notes receivable from the Delray Beach Chamber of Commerce and Village Square Elderly, Ltd., and second mortgage loans receivable at September 30, 2020. We evaluated the key factors and assumptions used to estimate the net realizable value of these notes and loans receivable in determining that the amounts are reasonable in relation to the financial statements as a whole.
- Management's estimate of the remaining service lives of depreciable capital assets at September 30, 2020. We evaluated the key factors and assumptions used to estimate the useful service lives and related depreciation expense in determining that the amounts are reasonable in relation to the financial statements 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 disclosures related to the receivable from Delray Beach Community Land Trust in Note C to the financial statements.
- The disclosures related to the receivable from Village Square Elderly, Ltd. in Note E to the financial statements.
- The disclosures related to noncurrent liabilities in Note H to the financial statements.
- The disclosures related to commitments and contingencies in Note K to the financial statements.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties 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. We proposed and management approved and made adjusting entries related to cash, accounts receivable, capital assets, accrued vacation, accrued payroll, revenues and salary, payroll tax, retirement and economic development expenses. There were no uncorrected misstatements.

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 auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

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Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 26, 2021.

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 the application of an accounting principle to the Delray Beach Community Redevelopment Agency’s financial statements or a determination of the type of auditor’s 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.

Internal Control Related Matters

In planning and performing our audit, we considered the internal control over financial reporting (internal control) of the CRA to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the CRA’s financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CRA’s internal control. Accordingly, we did not express an opinion on the effectiveness of the CRA’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We identified certain additional comments that are included in our management letter dated March 26, 2021 for management’s consideration that were not material weaknesses or significant deficiencies.

Other Audit Findings or Issues

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

Compliance Related Matters

As part of obtaining reasonable assurance about whether the CRA’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we did not express such an opinion.

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The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Other Matters

Other Information in Documents Containing Audited Financial Statements

We applied certain limited procedures to management's discussion and analysis and budgetary comparison information which are *required supplementary information* that supplements 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 required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

We were engaged to report on the other supplementary information relative to the Block 60 Parking Condominium Association, Inc. as listed in the table of contents, which accompanies the financial statements, but is not required supplementary information. 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 U.S. generally accepted accounting principles, 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.

Restriction on Use

This report is intended solely for the information and use of the Board of Commissioners and management of the Delray Beach Community Redevelopment Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

West Palm Beach, Florida
March 26, 2021