

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Prepared by the
Finance Department

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

CONTENTS

Independent Auditors' Report	1-3	
Management's Discussion and Analysis (Required Supplementary Information)	4-12	
Financial Statements		
Government-wide Financial Statements:		
Statement of Net Position	13	
Statement of Activities.....	14	
Fund Financial Statements:		
Balance Sheet – Governmental Fund.....	15	
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund	16	
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities	17	
Notes to Financial Statements.....	18-46	
Required Supplementary Information		
General Fund:		
Budgetary Comparison Schedule.....	47-52	
Note to Budgetary Comparison Schedule.....	53	
OPEB – Schedule of OPEB Cost-Sharing Allocation	54	
Supplementary Information – Component Unit		
Block 60 Parking Condominium Association, Inc.		
Statement of Net Position	55	
Statement of Activities.....	56	
Statement of Cash Flows	57	
Schedule of Revenues and Expenses – Budget and Actual	58	
Reporting Section		
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		59-60
Schedule of Findings and Responses.....	61-62	
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida.....	63-65	
Appendix A – Current Year Recommendation to Improve Financial Management	66	
Independent Accountants' Report on Compliance with Florida Statutes	67	

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners and CRA Director
Delray Beach Community Redevelopment Agency

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund and discretely presented component unit of the Delray Beach Community Redevelopment Agency (the "CRA"), a component unit of the City of Delray Beach, Florida, as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Agency's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and discretely presented component unit of the CRA, as of September 30, 2021, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, the budgetary comparison schedule on pages 47 through 53, and the Schedule of OPEB Cost-Sharing Allocation on page 54 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the CRA's financial statements. The Block 60 Parking Condominium Association, Inc.'s statement of net position, statement of activities, statement of cash flows and schedule of revenues and expenses – budget and actual on pages 55-58 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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 auditing standards generally accepted in the United States of America. In our opinion, the *supplementary information* is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2022 on our consideration of the CRA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CRA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CRA's internal control over financial reporting.

Marcum LLP

West Palm Beach, FL
June 21, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Acting in our capacity as the management of the Delray Beach Community Redevelopment Agency (the “CRA”), we offer readers of the CRA’s financial statements this narrative overview and analysis of the financial activities of the CRA for the fiscal year ended September 30, 2021.

Financial Highlights

- The assets of the CRA exceeded its liabilities at the close of the most recent fiscal year by \$61,466,856 (*net position*).
- The CRA’s total net position increased \$6,006,639. Substantially all of this increase is attributable to tax increment revenue and gain on sales of capital assets in excess of redevelopment expenses due to the timing of CRA projects.
- As of the close of the current fiscal year, the CRA’s General Fund reported ending fund balance of \$30,099,138, an increase of \$5,309,316. Fund balance of \$4,341,240 or 14% is nonspendable for long-term receivables and prepaids; \$22,679,957 or 75% was assigned to the subsequent year’s budget; and, \$3,077,941 or 10% is unassigned.
- The CRA’s total noncurrent liabilities decreased by \$1,138,355 during the current fiscal year primarily due to scheduled debt repayments.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the CRA’s financial statements. The financial statements of the CRA comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains supplementary information in addition to the financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the CRA’s finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the CRA’s assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the CRA is improving or deteriorating.

The *statement of activities* presents information showing how the CRA’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flow*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

The government-wide financial statements present functions of the CRA that are principally supported by tax increment revenues (*governmental activities*). The governmental activities of the CRA include general government, property management and economic development. The CRA has no business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges.

The government-wide financial statements include not only the CRA itself (known as the *primary government*), but also one legally separate not-for-profit organization for which the CRA is financially accountable (presented as a discretely presented *component unit*), the Block 60 Parking Condominium Association, Inc. Financial information for the component unit is reported separately from the financial information presented for the primary government. The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The CRA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The CRA utilizes only one fund, the *General Fund*, which is classified as a *governmental* fund and accounts for all financial resources of the CRA.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the CRA's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between the *governmental fund* and *governmental activities*.

The governmental fund financial statements can be found on pages 15 and 16 of this report. The reconciliation between the governmental fund change in fund balance and the governmental activities change in net position can be found on page 17.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 to 46 of this report.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Fund Financial Statements (continued)

Other information. In addition to the financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the CRA's budget to actual results for the General Fund for the current year, as well as a cost-sharing allocation for OPEB. The CRA adopts an annual appropriated budget for its General Fund, for which a budgetary comparison schedule and an accompanying note has been provided on pages 47 to 53 to demonstrate compliance with this budget. In addition, separate financial statements for the CRA's component unit, the Block 60 Parking Condominium Association, Inc., are presented as *supplementary information* on pages 55 to 58.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the CRA, assets exceeded liabilities by \$61,466,856 at the close of the most recent fiscal year.

Approximately 56% of the CRA's net position reflects its net investment in capital assets (e.g., land, improvements and equipment). The CRA uses these capital assets for economic development; consequently, these assets are *not* immediately available for future spending, however, certain of the capital assets may be sold for private development in the future and the proceeds used for additional redevelopment projects or repayment of the related debt. Although the CRA's investment in its capital assets is reported net of the related debt, it should be noted that the resources needed to repay this debt may be provided from the sale of certain capital assets, as well as future tax increment revenues and other income.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

The CRA’s net position at September 30, 2021 and 2020 is summarized below:

SUMMARY OF NET POSITION
SEPTEMBER 30, 2021 AND 2020

	2021	2020	(\$) Change	% Change
Assets				
Current and other assets	\$ 34,382,098	\$ 26,765,883	\$ 7,616,215	28%
Capital assets, net	<u>35,979,783</u>	<u>36,390,977</u>	<u>(411,194)</u>	-1%
Total Assets	<u>70,361,881</u>	<u>63,156,860</u>	<u>7,205,021</u>	11%
Deferred Outflows of Resources	<u>71,959</u>	<u>--</u>	<u>71,959</u>	
Liabilities				
Noncurrent liabilities	4,519,510	5,657,865	(1,138,355)	-20%
Other liabilities	<u>4,333,731</u>	<u>2,038,778</u>	<u>2,294,953</u>	113%
Total Liabilities	<u>8,853,241</u>	<u>7,696,643</u>	<u>1,156,598</u>	15%
Deferred Inflows of Resources	<u>113,743</u>	<u>--</u>	<u>113,743</u>	
Net Position				
Net investment in capital assets	34,370,794	32,178,788	2,192,006	7%
Unrestricted	<u>27,096,062</u>	<u>23,281,429</u>	<u>3,814,633</u>	16%
Total Net Position	<u>\$ 61,466,856</u>	<u>\$ 55,460,217</u>	<u>\$ 6,006,639</u>	11%

At the end of the current fiscal year, the CRA reported positive balances in each category of net position. Approximately 56% of the CRA’s net position reflects its net investment in capital assets (e.g., land, improvements and equipment). The remaining balance of net position of \$27,096,062 or 44% may be used to fund the CRA’s ongoing redevelopment projects and to pay creditors.

The CRA saw an increase in deferred outflows, deferred inflows and other liabilities due to the participation in the City’s other post-employment benefit plan (“OPEB”) during the fiscal year. Additionally, the significant increase in other liabilities was primarily due to amounts due to the City for the Pompey park community center.

The CRA’s net position increased by \$6,006,639 during the current fiscal year, which primarily represents the degree to which tax increment revenues exceeded current year expenses. There was an increase of \$2,059 in net position reported in connection with the CRA’s component unit, the Block 60 Parking Condominium Association, Inc.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Governmental activities. Governmental activities increased the CRA's net position by \$6,006,639. Key elements of this increase are as follows.

SUMMARY OF CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020	(\$) Change	% Change
Revenues				
Program revenue:				
Charges for services	\$ 301,002	\$ 377,024	\$ (76,022)	-20%
Operating contributions and grants	61,350	89,331	(27,981)	-31%
General revenue:				
Tax increment revenue	26,500,852	23,768,504	2,732,348	11%
Gain on sale of capital assets	1,611,970	--	1,611,970	
Interest and other income	<u>45,598</u>	<u>52,327</u>	<u>(6,729)</u>	-13%
Total Revenues	<u>28,520,772</u>	<u>24,287,186</u>	<u>4,233,586</u>	17%
Expenses				
General government	2,253,536	1,640,541	612,995	37%
Property management	112,662	167,872	(55,210)	-33%
Economic development	<u>20,147,935</u>	<u>20,468,218</u>	<u>(320,283)</u>	-2%
Total Expenses	<u>22,514,133</u>	<u>22,276,631</u>	<u>237,502</u>	1%
Change in Net Position	6,006,639	2,010,555	3,996,084	199%
Net Position				
Beginning of year	<u>55,460,217</u>	<u>53,449,662</u>	<u>2,010,555</u>	4%
End of year	<u>\$ 61,466,856</u>	<u>\$ 55,460,217</u>	<u>\$ 6,006,639</u>	11%

Tax increment revenues increased by \$2,723,348 or approximately 11% for the year. Property values in the CRA's development area increased by approximately \$253 million or 10% in 2021, accounting for the increase in tax increment revenue.

General government expenses increased approximately \$612,995 (37%) in part due to the change in total OPEB liability and related deferred outflows and inflows.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

The CRA’s economic development expenses include the following for fiscal year ended September 30, 2021:

N.W. 3 rd St./Ave. Alley Improvements	\$ 1,842,843
Pompey Park Master Plan	\$ 2,453,616
Corey Jones Isle Affordable Housing	\$ 2,412,957
Osceola Neighborhood & Plan	\$ 4,602,790
City- Clean & Safe Program	\$ 2,765,416

Financial Analysis of the Governmental Fund

As noted earlier, the CRA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental fund. The CRA has only one governmental fund, the General Fund. The focus of this *governmental fund* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the CRA’s financing requirements. In particular, *unassigned fund balance* and *fund balance assigned for the subsequent year’s budget* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the CRA’s governmental fund reported ending fund balance of \$30,099,138, an increase of \$5,309,316 for the year. A total of \$4,341,240 or 14% of the total fund balance is *nonspendable* to indicate that it is not available for new spending because it represents long-term receivables and prepaids. In addition, there is \$22,679,957 of fund balance *assigned* for the 2021/2022 budget and unassigned fund balance of \$3,077,941 that is available to fund the CRA’s ongoing redevelopment projects and pay its creditors.

As a measure of the General Fund’s liquidity, it may be useful to compare assigned and unassigned fund balance to total fund expenditures. Assigned and unassigned fund balance at September 30, 2021, represented 86% of total General Fund expenditures for fiscal year 2021.

The approximately \$5,309,316 increase in fund balance for the General Fund in fiscal year 2021 was primarily related to the increase in tax increment revenues of approximately \$2,723,348 which was offset by an increase in economic development expenditures, and decreases in capital outlay expenditures and debt repayments.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

General Fund Budgetary Highlights

During fiscal year 2021, total revenues and other financing sources were over budgetary estimates by approximately \$270,000. Overall, total expenditures were approximately \$284,000 less than the final budgeted appropriations for the fiscal year ended September 30, 2021. This was largely due to expenditures being under budget for Areawide and Neighborhood Plans and Redevelopment Projects offset by over budget expenditures in General Government. There was a decrease of approximately \$24.6 million from the original budgeted expenditures to the final amended budget for the year; attributable primarily to construction and redevelopment projects that were not started.

Capital Asset and Debt Administration

Capital assets. The CRA’s investment in capital assets as of September 30, 2021, amounts to \$34,370,794 (net of accumulated depreciation). This investment in capital assets includes land and improvements, construction in progress, buildings and improvements, equipment, and furniture and fixtures. Major capital asset transactions during fiscal year 2021 consisted of capital outlay expenditures of approximately \$282,500 net of sales and disposals of various properties of approximately \$394,000 and depreciation of approximately \$299,000. Capital assets at September 30, 2021 and 2020 are summarized as follows:

SCHEDULE OF CAPITAL ASSETS
(NET OF DEPRECIATION)

	2021	2020
Land and improvements	\$ 28,888,093	\$ 29,029,443
Construction in progress	495,712	474,723
Buildings and improvements, furniture and fixtures, and equipment	<u>6,595,978</u>	<u>6,886,811</u>
Totals	<u>\$ 35,979,783</u>	<u>\$ 36,390,977</u>

Additional information on the CRA’s capital assets can be found in Note 7 to the audited financial statements.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Noncurrent Liabilities. At the end of the current fiscal year, the CRA had total outstanding revenue bonds of \$3,044,731, which were secured by a pledge of the tax increment revenues received by the CRA. The CRA also had a note payable to the City of Delray Beach totaling \$1,084,257 for the CRA's contribution to the City's U.S. Highway 1 project. Noncurrent liabilities at September 30, 2021 and 2020 are summarized as follows:

NONCURRENT LIABILITIES

	2021	2020
Revenue bonds	\$ 3,044,731	\$ 4,212,189
Note payable to the City of Delray Beach	<u>1,084,257</u>	<u>1,445,676</u>
Total Noncurrent Liabilities	<u>\$ 4,128,988</u>	<u>\$ 5,657,865</u>

The CRA's total noncurrent liabilities decreased by \$1,138,355 (20%) during the current fiscal year due to scheduled payments on the bonds and a note payable. There are no legal or statutory debt limitations for the CRA. Additional information on the CRA's long-term debt can be found in Note H to the audited financial statements.

Economic Factors and Next Year's Budget

The following economic factors were considered in establishing the CRA's budget for the 2021/2022 fiscal year.

- The property valuations in the CRA district increased approximately \$253 million in 2021, which is an increase of approximately 11 percent. Overall property values compare favorably with those in other areas of Palm Beach County which continued to rise in 2021 and are expected to increase modestly in future years.
- The combined assigned and unassigned fund balance of the General Fund increased in fiscal year 2021 by \$5,309,316 due primarily to the increase in tax increment revenues and gain on sale of capital assets. The CRA has assigned approximately \$22.7 million of the fund balance at September 30, 2021, to the 2021/2021 budget for ongoing projects.
- The occupancy rate of the CRA's central business district on East Atlantic Avenue has remained high for several years.
- Inflationary and economic trends in the area compare favorably to national indices.

All of these factors were considered in preparing the CRA's budget for the 2021/2022 fiscal year.

**DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Requests for Information

This financial report is designed to provide a general overview of the CRA's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director at 20 N. Swinton Avenue, Delray Beach, Florida, 33444.

FINANCIAL STATEMENTS

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

STATEMENT OF NET POSITION

SEPTEMBER 30, 2021

	Primary Governmental Activities	Component Unit
Assets		
Cash	\$ 29,945,879	\$ 18,003
Investments	7,233	--
Accounts receivable		
Block 60	8,312	--
Rental and Other	71,703	4,179
Prepaid items	5,089	993
Notes receivable		
Delray Beach Community Land Trust	585,663	--
Delray Beach Chamber of Commerce	164,854	--
Village Square Elderly, Ltd.	2,650,000	--
Second mortgage loans	935,634	--
Other assets	7,731	--
Capital assets		
Capital assets not being depreciated	29,383,805	--
Depreciable capital assets, net	6,595,978	--
Total Assets	70,361,881	23,175
Deferred Outflows of Resources		
OPEB	71,959	--
Liabilities		
Accounts payable	956,117	1,761
Accrued liabilities	206,472	--
Due to CRA	--	8,312
Due to the City of Delray Beach	3,156,633	--
Refundable deposits and other	14,509	--
Noncurrent liabilities:		
Total OPEB liability	390,522	--
Due within one year	1,558,403	--
Due in more than one year	2,570,585	--
Total Liabilities	8,853,241	10,073
Deferred Inflows of Resources		
OPEB	113,743	--
Net Position		
Net investment in capital assets	34,370,794	--
Unrestricted	27,096,062	13,102
Total Net Position	\$ 61,466,856	\$ 13,102

The accompanying notes are an integral part of these financial statements.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Functions/Programs	Expenses	Program Revenue		Net Revenue (Expenses) and Changes in Net Position	
		Charges for Services	Operating Contributions and Grants	Primary Government Governmental Activities	Component Unit
Primary Government					
Governmental activities:					
General government	\$ 2,253,536	\$ --	\$ --	\$ (2,253,536)	\$ --
Property management	112,662	248,692	--	136,030	--
Economic development	20,147,935	52,310	61,350	(20,034,275)	--
Total Primary Government	<u>\$ 22,514,133</u>	<u>\$ 301,002</u>	<u>\$ 61,350</u>	<u>(22,151,781)</u>	<u>--</u>
Component Unit					
Block 60 Parking Condominium	<u>\$ 11,446</u>	<u>\$ 13,493</u>	<u>\$ --</u>	<u>--</u>	<u>2,047</u>
General Revenues					
				26,500,852	--
				1,611,970	--
				45,598	12
Total General Revenues				<u>28,158,420</u>	<u>12</u>
Change in Net Position				6,006,639	2,059
Net Position - Beginning				<u>55,460,217</u>	<u>11,043</u>
Net Position - Ending				<u>\$ 61,466,856</u>	<u>\$ 13,102</u>

The accompanying notes are an integral part of these financial statements.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

BALANCE SHEET
GOVERNMENTAL FUND

SEPTEMBER 30, 2021

	General Fund
Assets	
Cash	\$ 29,945,879
Investments	7,233
Accounts receivable	
Block 60	8,312
Rental and other	71,703
Prepaid items	5,089
Notes receivable	
Delray Beach Community Land Trust	585,663
Delray Beach Chamber of Commerce	164,854
Village Square Elderly, Ltd.	2,650,000
Second mortgage loans	935,634
Other assets	7,731
Total Assets	\$ 34,382,098
Liabilities	
Accounts payable	\$ 956,117
Accrued liabilities	155,701
Due to the City of Delray Beach	3,156,633
Refundable deposits and other	14,509
Total Liabilities	4,282,960
Fund Balance	
Nonspendable:	
Prepaid items	5,089
Long-term notes receivable	4,336,151
Assigned to:	
Subsequent year's budget	22,679,957
Unassigned	3,077,941
Total Fund Balance	30,099,138
Total Liabilities and Fund Balance	\$ 34,382,098
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Total Fund Balance - Governmental Fund	\$ 30,099,138
Capital assets used in governmental activities are not financial resources and are not reported in the general fund	35,979,783
Accrued interest on long-term debt is not due and payable in the current period and is not reported in the general fund	(50,771)
In the general fund, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods and as such reported in the statement of net position.	(41,784)
Long-term liabilities including OPEB of \$390,522 are not due and payable in the current period and are not reported in the general fund	(4,519,510)
Net Position of Governmental Activities	\$ 61,466,856

The accompanying notes are an integral part of these financial statements.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	<u>General Fund</u>
Revenues	
Tax increment revenue	\$ 26,500,852
Reimbursements	61,350
Rental income	157,533
Interest and other income	45,598
Green Market revenue	52,310
Arts Warehouse revenue	<u>91,159</u>
Total Revenues	26,908,802
Expenditures	
Current	
General government	1,634,540
Economic development	20,002,537
Capital outlay	282,464
Debt service	
Principal	1,528,877
Interest	<u>157,344</u>
Total Expenditures	<u>23,605,762</u>
Excess of Revenues Over Expenditures	<u>3,303,040</u>
Other Financing Sources	
Proceeds from sales of purchased properties	<u>2,006,276</u>
Total Other Financing Sources	<u>2,006,276</u>
Net Change in Fund Balance	5,309,316
Fund Balance - Beginning	<u>24,789,822</u>
Fund Balance - Ending	<u><u>\$ 30,099,138</u></u>

The accompanying notes are an integral part of these financial statements.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE
STATEMENT OF ACTIVITIES**

Net Change in Fund Balance - Governmental Fund \$ 5,309,316

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Expenditures for capital assets	\$ 282,464	
Net book value of disposals	(394,306)	
Current year depreciation	<u>(299,352)</u>	(411,194)

The net effect of OPEB deferred outflows/inflows (41,784)

Repayment of debt principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.

Debt repayments		1,528,877
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the general fund;

Change in total OPEB liability		(390,522)
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In the statement of activities, interest is accrued on outstanding debt, whereas in the governmental fund, an interest expenditure is reported when the payment is due. This is the net change in accrued interest payable.

11,946

Change in Net Position of Governmental Activities \$ 6,006,639

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL REPORTING ENTITY

The Delray Beach Community Redevelopment Agency (the “CRA”) is a dependent special district established by the City of Delray Beach, Florida, (the “City”) under authority granted by Florida Statute 163, Section III. The purpose of the CRA is to promote and guide the physical and economic redevelopment of approximately 1,900 acres in the center of the City of Delray Beach. The CRA is a legally separate entity established by Ordinance number 46-85 of the Delray Beach City Commission (the “City Commission”) on June 18, 1985. The CRA is governed by a seven member Board of Commissioners consisting of the five members of the City Commission plus two additional members appointed by the City Commission.

As defined by U.S. generally accepted accounting principles, the financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Based upon the application of these criteria, the CRA had one component unit as described below.

DISCRETELY PRESENTED COMPONENT UNIT

Block 60 Parking Condominium Association, Inc.

The CRA, as owner and developer of a 92 space parking lot in Block 60 of the City of Delray Beach, transferred control of the parking lot to a legally separate condominium association incorporated by the CRA as a Florida not-for-profit corporation on November 28, 2000 and governed by a six member board of directors elected by the owners of the 92 parking spaces. As owner of a majority of the parking spaces, the CRA has a majority voting interest in selecting the board of directors of the condominium association and the CRA is responsible for managing the day-to-day operations of the condominium association. The condominium association does not prepare separate audited financial statements; however, additional financial information can be obtained from the CRA. The condo association financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities and report information on all non-fiduciary activities of the CRA and its component unit. These statements include separate columns for the *governmental activities* of the CRA, which are normally supported by tax increment and other revenue, and the activity of the legally separate *component unit* for which the CRA is financially accountable as the primary government. The CRA has no *business-type activities*. The Statement of Net Position presents the financial condition of the CRA, including all long-term assets and receivables as well as all long-term debt and obligations.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *Program revenue* includes three categories of transactions: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; (2) operating grants and contributions; and, (3) capital grants and contributions. Tax increment revenue and other items not meeting the definition of program revenue are reported as *general revenue*. The CRA does not allocate indirect expenses.

FUND FINANCIAL STATEMENTS

The underlying accounting system of the CRA is organized and operated on the basis of a separate fund, which is considered to be a separate accounting entity. The operation of the fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows/outflows, fund equity, revenues and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The CRA utilizes only one fund, the *General Fund*, which is classified as a *governmental* fund and accounts for all financial resources of the CRA as follows:

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance for the General Fund. An accompanying schedule is presented to reconcile and explain the differences in fund balance and changes in fund balance as presented in these statements, to the net position and changes in net position presented in the government-wide financial statements.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenue is recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Tax increment revenues are recognized as revenues in the year for which they are levied. Grants are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized in the period in which they become both measurable and available. Revenues are considered to be available when collectible within the current period or soon enough thereafter to pay liabilities of the current period. The CRA considers revenues to be available if collected within 60 days of the end of the current fiscal year. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt, which is recognized when due. Tax increment revenues, rents and charges for services and investment income are all considered susceptible to accrual and so have been recognized as revenue in the current fiscal year. All other revenue items are considered to be measurable and available only when received in cash by the CRA.

When both restricted and unrestricted resources are available for use, it is the CRA's policy to use restricted resources first, then unrestricted resources as they are needed.

CASH AND INVESTMENTS

Cash and investments consist of petty cash and amounts on deposit in interest and non-interest bearing accounts with financial institutions and Florida PRIME, a state administered governmental investment pool.

ACCOUNTS RECEIVABLE

Accounts receivable consist primarily of amounts due for rental income. The CRA does not require collateral for accounts receivable. An allowance for uncollectible accounts is determined based on the age of the individual receivable, and generally an allowance is established for accounts over 90 days past due. Accounts receivable are written off on an individual basis in the year the CRA deems them uncollectible. At September 30, 2021, management considers all receivables to be fully collectible.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS

The CRA has reported all capital assets in the government-wide statement of net position. Capital assets are defined by the CRA as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Capital assets are recorded at cost or, if donated, acquisition value at the date of donation. Expenditures, which materially extend the useful life of existing assets, are capitalized. Certain costs for professional services associated with the acquisition and construction of capital assets have been capitalized. The cost of capital assets sold or retired is removed from the appropriate accounts and any resulting gain or loss is included in the change in net position. Depreciation is computed on all reported capital assets, except land and improvements, using the straight-line method over the assets' estimated useful lives. The estimated useful life of equipment, furniture and fixtures is 3 to 7 years and buildings are 20 to 30 years.

COMPENSATED ABSENCES

Vacation leave amounts and related employer payroll taxes are accrued on a monthly basis and may be accrued up to a maximum of 240 hours. Unused vacation leave is paid upon termination of employment, if the employee has completed one year of service and provides at least a 14-day notice. Such amounts are not material to the financial statements and are paid from the general fund. Sick leave benefits are paid only when taken and may be accrued up to a maximum of 480 hours. Upon termination, sick leave is not paid out.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets and liabilities, the government-wide Statement of Net Position and the governmental fund Balance Sheet may report a separate section for deferred outflows or deferred inflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until that time. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The CRA currently reports deferred outflows and inflows related to OPEB in the government-wide Statement of Net position as of September 30, 2021.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION/FUND BALANCE

The government-wide financial statements utilize a net position presentation, while the governmental fund financial statements report fund balance.

Net Position

Net position of the government-wide financial statements is categorized as net investment in capital assets, restricted or unrestricted. *Net investment in capital assets* is that portion of net position that relates to the CRA's capital assets reduced by the outstanding balance of long-term debt used to acquire the capital assets. This amount is offset by any unspent debt proceeds that are held at fiscal year-end. *Restricted net position* is that portion of net position that has constraints placed on its use by external restrictions imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. *Unrestricted net position* consists of net position that does not meet the definition of net investment in capital assets or restricted net position. There is no restricted net position reported as of September 30, 2021.

Fund Balance

In the fund financial statements, the general fund reports fund balance classifications that comprise a hierarchy based primarily on the extent to which the CRA is legally bound to honor the specific purposes for which amounts in fund balance may be spent. The fund balance classifications are summarized as follows:

Nonspendable - Nonspendable fund balance includes amounts that cannot be spent because they are either 1) not in spendable form; or, 2) legally or contractually required to be maintained intact.

Restricted - Restricted fund balance includes amounts that are restricted to specific purposes either by 1) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments; or, 2) imposed by law through constitutional provisions or enabling legislation. The CRA had no restricted fund balance.

Committed - Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by the CRA's Board of Commissioners through a Board resolution. The CRA had no committed fund balance.

Assigned - Assigned fund balance includes amounts that are constrained by the CRA's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance are made by the CRA's executive director based upon direction by the CRA's Board of Commissioners or in the CRA's annual budget.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION/FUND BALANCE (CONTINUED)

Fund Balance (continued)

Unassigned - Unassigned fund balance includes amounts that have not been restricted, committed, or assigned to specific purposes within the general fund.

The CRA considers restricted fund balance to be spent when an expenditure is incurred for the restricted purpose. The CRA considers committed, assigned or unassigned fund balances to be spent when an expenditure is incurred for purposes for which amounts in any of those fund balance classifications could be used.

Minimum Fund Balance Policy - The CRA has not adopted a formal minimum fund balance policy. Generally, the CRA strives to maintain sufficient general fund fund balance to provide liquidity in the event of a budget shortfall or natural disaster.

RETIREMENT PLANS

The CRA has established a deferred compensation plan for employees pursuant to the provisions of Internal Revenue Code Section 457. The plan allows an employee to contribute pre-tax wages into the employees' personal retirement accounts. The CRA may, at the discretion of the Board of Commissioners, make matching contributions to the participants' accounts. The CRA has also established a 401(a) money purchase plan for the Executive Director. The CRA makes annual contributions to the plan in accordance with the Executive Director's contract. For the fiscal year ended September 30, 2021, the CRA made contributions of \$91,975 to the employees' accounts for both the deferred compensation plan and 401(a) plan.

RISK MANAGEMENT

The CRA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The CRA purchases commercial insurance for the risks of losses to which it is exposed. Policy limits and deductibles are reviewed annually by management and established at amounts to provide reasonable protection from significant financial loss. Settlements have not exceeded insurance coverage for any of the prior three fiscal years.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPLEMENTATION OF GASB STATEMENTS

GASB Statement No. 84, *Fiduciary Activities*, establishes guidance regarding what constitutes fiduciary activities for accounting and financial reporting purposes, the recognition of liabilities to beneficiaries, and how fiduciary activities should be reported. The adoption of GASB No. 84 did not have an impact on the CRA's financial statements.

GASB Statement No. 90, *Majority Equity Interests, an amendment of GASB Statement No. 14 and No. 61*, establishes guidance regarding the reporting of a government's majority equity interest in a legally separate organization and the disclosure of financial statement information for certain component units. The adoption of GASB No. 90 did not have an impact on the CRA's financial statements.

GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*, extends the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018. The adoption of GASB No. 95 did not have an impact on the CRA's financial statements.

ESTIMATES

Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that were used.

NOTE 2 – CASH AND INVESTMENTS

CASH

Cash at September 30, 2021, includes deposits with financial institutions with a book balance of \$29,945,629, and petty cash of \$250. The deposits with financial institutions were entirely covered by federal depository insurance and a collateral pool pledged to the State Treasurer of Florida by financial institutions that comply with the requirements of Florida Statutes and have been designated as a Qualified Public Depository

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

CASH (CONTINUED)

by the State Treasurer. Qualified public depositories are required to pledge collateral to the State Treasurer with a fair value equal to a percentage of the average daily balance of all government deposits in excess of any federal deposit insurance. In the event of a default by a qualified public depository, the amount of public funds would be covered by the proceeds of federal deposit insurance, pledged collateral of the public depository in default and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool. Accordingly, all deposits with financial institutions are considered fully insured or collateralized. Cash balances of the component unit at September 30, 2021, are deposits with financial institutions that are fully covered by federal depository insurance.

INVESTMENTS

The CRA follows the provisions of Florida Statutes for its investment policy. Florida Statutes authorize the CRA to invest in Florida PRIME, an external investment pool administered by the State of Florida; money market mutual funds registered with the Securities and Exchange Commission and having the highest credit quality rating from a nationally recognized rating agency; securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by U.S. Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian; interest-bearing time deposits or savings accounts in financial institutions located in Florida and organized under federal or Florida laws; direct obligations of or obligations unconditionally guaranteed by the U.S. Government; or obligations of U.S. Government Agencies and Instrumentalities.

Florida PRIME is governed by Chapter 19-7 of the Florida Administrative Code and Chapters 215 and 218 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME. Florida PRIME invests in a pool of investments whereby the CRA owns a share of the respective pool, not the underlying securities. GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* established criteria for an external investment pool to qualify to report at amortized cost. Florida PRIME is exempt from the GASB 72 fair value hierarchy disclosures and reports at amortized cost.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

With regard to redemption dates, Chapter 218.409(8) (a), Florida Statutes, states, “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the Executive Director may extend the moratorium until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustee exceed 15 days.”

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2021, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100 percent of their account value.

The investment in the Florida PRIME is not insured by FDIC or any other governmental agency.

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments are subject to interest rate risk as a function of the length of time to maturity. The CRA’s investment policy does not specifically limit the maturity of investments. The CRA had no investments with a maturity in excess of 90 days that were subject to interest rate risk.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

CREDIT RISK

Credit risk is the risk that an issuer will not fulfill its obligations. The CRA's investment policy addresses credit risk by limiting investments to the Florida PRIME fund, deposits with a financial institution meeting the requirements of a Florida qualified public depository, securities guaranteed by the U.S. Government, or securities that are fully collateralized or secured. At September 30, 2021, Florida PRIME was rated AAAM by Standard and Poor's with the weighted average maturity of 49 days. The CRA had no other investments subject to credit risk.

CUSTODIAL CREDIT RISK

Custodial credit risk is defined as the risk that the CRA may not recover the securities held by another party in the event of a financial failure. The CRA requires any investments in securities to be held in the CRA's name by a third party safekeeping institution. The CRA had no investments subject to custodial credit risk.

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single issuer. The CRA's investment policy does not address the concentration of credit risk, although investments included only Florida PRIME.

NOTE 3 – NOTES RECEIVABLE FROM DELRAY BEACH COMMUNITY LAND TRUST

The CRA provides advances to the Delray Beach Community Land Trust, Inc. ("CLT") to finance the construction of affordable housing units by the CLT. The construction advances are to be repaid by the CLT from the proceeds of the sale of the home. These advances are non-interest bearing mortgages on the property and have no fixed repayment date, although the advances are generally not expected to be repaid within one year. In the event that the proceeds from the sale of a home are not sufficient to repay the CRA's mortgage for the construction advance, the balance of the unpaid mortgage is forgiven by the CRA and the uncollectible amount is charged to expenditures. At September 30, 2021, total advances receivable from the CLT were \$585,663, all of which is considered collectible by the CRA.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 4 – NOTES RECEIVABLE FROM DELRAY BEACH CHAMBER OF COMMERCE

In February 2013, the CRA entered into an agreement with The Greater Delray Beach Chamber of Commerce, Inc. (the “Chamber”) to provide funding for the relocation of the Chamber’s offices to the Old School Square Parking Garage retail office space in order to facilitate redevelopment by the CRA of the property then occupied by the Chamber (the “Chamber Property”). The agreement provided that the CRA would fund up to \$459,675 of the cost to build out the Chamber’s new office space, of which the Chamber agreed to repay \$250,000 to the CRA over 15 years. The Chamber executed a promissory note to the CRA for \$250,000 payable in 180 equal monthly installments of \$1,849, including interest at 4.0%, beginning April 1, 2014, through maturity. The Chamber also executed a release and termination of its existing lease on the Chamber Property, thereby allowing the CRA to redevelop the property. The agreement was amended in October 2020, and no payments of principal or interest are due for the months of June 2020 through December 2021, with payments resuming January 1, 2022, and with a revised maturity date that was extended to October 1, 2030. Interest is waived through November 30, 2021 and begins accruing on December 1, 2021. At September 30, 2021, the balance of the note receivable from the Chamber was \$164,854.

NOTE 5 – NOTE RECEIVABLE FROM VILLAGE SQUARE ELDERLY, LTD.

On July 17, 2014, the CRA entered into a funding agreement with Village Square Elderly, Ltd. for \$2.7 million, with a 20 year term loan for the redevelopment of the former Carver Estates public housing project and construction of an 84-unit low income senior apartment complex, a 144-unit low income housing rental apartment complex, approximately 40 single family homes and a clubhouse (the “Property”). In accordance with the promissory note, the loan is non-interest bearing during the construction period and for the first ten years, and for years eleven through twenty, the loan will accrue interest at 3.0%. Payments of principal only commenced on the first anniversary date of the closing date of the loan (March 2020) and are due annually thereafter until the 10th anniversary of the loan. Commencing on the tenth anniversary date and annually thereafter, principal and interest will be payable annually on the outstanding principal. Payments due are equal to the remaining cash flow from the Property after the required payments on the Property's first mortgage and payment of the deferred developer fee, but not less than \$25,000 per year. The loan is collateralized by a second mortgage lien and security interest in the Property and all improvements, fixtures and appurtenances thereto. The loan matures 20 years from the closing date (July 16, 2034) at which time all outstanding principal and accrued interest will be due to the CRA. The total receivable at September 30, 2021 was \$2,650,000.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 6 – SECOND MORTGAGE LOANS RECEIVABLE

The CRA provided home mortgage loan assistance to eligible low income individuals who qualified under the CLT or CRA home subsidy program for the purchase of a home or the rehabilitation of an existing home within the City. The home purchase or rehabilitation subsidy provided by the CRA is secured by a second mortgage on the property. The second mortgage is non-interest bearing and requires no principal payments to the CRA until the occurrence of a specified event, generally related to the sale of the property, a default on the first mortgage on the property or a default on the obligations of the second mortgage to maintain the property, provide insurance, pay all taxes and generally not permit any impairment or deterioration of the property. The CRA expects the full amount of the mortgage to be recoverable at some future, undetermined date when the property is sold or transferred to a new owner. At September 30, 2021, the amount of the individual second mortgages originated in 2008 through 2021, ranged from \$15,000 to \$85,000 and all borrowers were in compliance with the terms of the second mortgage. Second mortgage loans receivable totaled \$935,634 at September 30, 2021.

NOTE 7 – CAPITAL ASSETS

The capital asset activity for the fiscal year ended September 30, 2021, was as follows:

	Balance at Beginning of Year	Increase	Decreases	Balance at End of Year
Capital Assets not Being Depreciated				
Land and improvements	\$ 29,029,443	\$ 252,956	\$ (394,306)	\$ 28,888,093
Construction in progress	<u>474,723</u>	<u>20,989</u>	<u>--</u>	<u>495,712</u>
Total Capital Assets not Being Depreciated	<u>29,504,166</u>	<u>273,945</u>	<u>(394,306)</u>	<u>29,383,805</u>
Depreciable Capital Assets				
Buildings and improvements	8,850,627	2,298	--	8,852,925
Equipment	163,175	4,380	--	167,555
Furniture and fixtures	<u>81,889</u>	<u>1,841</u>	<u>--</u>	<u>83,730</u>
Total Depreciable Capital Assets	9,095,691	8,519	--	9,104,210
Less: accumulated depreciation	<u>(2,208,880)</u>	<u>(299,352)</u>	<u>--</u>	<u>(2,508,232)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>6,886,811</u>	<u>(290,833)</u>	<u>--</u>	<u>6,595,978</u>
Total Capital Asset	<u>\$ 36,390,977</u>	<u>\$ (16,888)</u>	<u>\$ (394,306)</u>	<u>\$35,979,783</u>

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 7 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental activities functions as follows:

General government	\$ 186,690
Property management	<u>112,662</u>
Total Depreciation Expense	<u>\$ 299,352</u>

NOTE 8 – NONCURRENT LIABILITIES

Changes in noncurrent liabilities for the fiscal year ended September 30, 2021, are summarized as follows:

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year	Amounts Due Within One Year
Revenue Bonds					
Series 2015	\$ 1,418,527	\$ --	\$ (393,979)	\$ 1,024,548	\$ 791,822
Series 2012	<u>2,793,662</u>	<u>--</u>	<u>(773,479)</u>	<u>2,020,183</u>	<u>405,162</u>
Total Revenue Bonds	4,212,189	--	(1,167,458)	3,044,731	1,196,984
Loan Payable to the City of Delray Beach					
U.S. Highway 1 project	<u>1,445,676</u>	<u>--</u>	<u>(361,419)</u>	<u>1,084,257</u>	<u>361,419</u>
Total Noncurrent Liabilities	5,657,865	<u>\$ --</u>	<u>\$ (1,528,877)</u>	4,128,988	<u>\$ 1,558,403</u>
Current Maturities	<u>(1,529,814)</u>			<u>(1,558,403)</u>	
Net Long-term Debt	<u>\$ 4,128,051</u>			<u>\$ 2,570,585</u>	

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 8 – NONCURRENT LIABILITIES (CONTINUED)

REVENUE BONDS

The outstanding tax increment redevelopment revenue bonds payable by the CRA at September 30, 2021, consisted of the following:

Series 2015

In January 2016, the CRA issued the Delray Beach Community Redevelopment Agency Tax Increment Redevelopment Revenue Improvement Bond, Series 2015, (the “Series 2015 Bond”) in the amount of \$2,000,000. The Series 2015 Bond was issued as a draw-down bond to a financial institution, such that the financial institution will advance the purchase price of the 2015 Series Bond pursuant to each draw request submitted by the CRA, provided that the maximum amount of the Series 2015 Bond outstanding at any one time did not exceed an aggregate principal amount of \$2,000,000. The Series 2015 Bond was issued for the purpose of financing the costs of acquisition and construction of certain redevelopment projects. The CRA was able to draw down funds until January 29, 2019, the 3rd anniversary of the Closing Date. Interest is payable semi-annually on April 1st and October 1st at 2.78% on the outstanding principal balance, through October 1, 2023, the maturity date of the Series 2015 Bond. Interest is tax-exempt to the bondholder for federal income tax purposes. Principal is payable in equal installments each April 1st and October 1st, through maturity on October 1, 2023. The Series 2015 Bond contains a provision that in the event of default, the interest rate on the Bond will be equal to the Default Rate, which is equal to the interest rate on the Bond plus 200 basis points. At September 30, 2021, the outstanding balance on the Series 2015 Bond was \$1,024,548.

For the Fiscal Year Ending September 30,	Principal	Interest	Total
2022	\$ 405,162	\$ 26,051	\$ 431,213
2023	416,663	14,550	431,213
2024	202,723	3,210	205,933
Total	\$ 1,024,548	\$ 43,811	\$ 1,068,359

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 8 – NONCURRENT LIABILITIES (CONTINUED)

Series 2012

\$4,000,000 Delray Beach Community Redevelopment Agency Tax Increment Redevelopment Revenue Improvement Bond, Series 2012, dated March 30, 2012. The Series 2012 Bond was issued as a draw-down bond to a financial institution, such that the financial institution will advance the purchase price of the Series 2012 Bond pursuant to each draw request submitted by the CRA, provided that the maximum amount of the Series 2012 Bond outstanding at any one time did not exceed an aggregate principal amount of \$4,000,000.

The Series 2012 Bond was issued for the purpose of financing the costs of acquisition and construction of certain redevelopment projects. The original final draw date was March 30, 2015 with interest payable semi-annually on April 1st and October 1st at 2.10% on the outstanding principal balance. In December 2015, the draw-down period and interest only period were modified and extended through October 1, 2018, allowing the CRA to draw the remaining \$1,300,000 balance on the 2012 Bonds at the revised rate of 2.78%. Interest is tax-exempt to the bondholder for federal income tax purposes. Principal and interest under the modified agreement are payable in equal installments each April 1st and October 1st, through maturity on October 1, 2023. The Series 2012 Bond contains a provision that in the event of default, the interest rate on the Bond will be equal to the Default Rate, which is equal to the interest rate on the Bond plus 200 basis points. At September 30, 2021, the outstanding balance on the Series 2012 Bond was \$2,020,183 and is due as follows:

For the Fiscal Year Ending September 30,	Principal	Interest	Total
2022	\$ 791,822	\$ 42,331	\$ 834,153
2023	811,071	23,788	834,859
2024	<u>417,290</u>	<u>4,803</u>	<u>422,093</u>
Total	<u><u>\$ 2,020,183</u></u>	<u><u>\$ 70,922</u></u>	<u><u>\$ 2,091,105</u></u>

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 8 – NONCURRENT LIABILITIES (CONTINUED)

LOAN PAYABLE TO THE CITY OF DELRAY BEACH

The outstanding loan payable to the City of Delray Beach by the CRA at September 30, 2021, consisted of the following:

U.S. Highway 1 Project

The CRA entered into an interlocal agreement with the City in October 2011 to provide a portion of the funding for the U.S. Highway 1 project planned by the City. The agreement was subsequently amended in January 2013 based on a final project cost of approximately \$14.0 million, of which the CRA agreed to fund \$3,614,190, plus financing costs. The CRA agreed to pay the City interest only on the CRA share of the amount financed by the City through May 31, 2014. Thereafter, the CRA pays the City an amount equal to the principal and interest on the CRA’s share of the funding for a period of twelve years. Principal on the loan is payable by the CRA semi-annually on June 1st and December 1st in the amount of \$180,709, through maturity on June 1, 2024. Interest is payable semi-annually on June 1st and December 1st at 3.25% on the outstanding principal balance. At September 30, 2021, the outstanding balance on this loan was \$1,084,257.

The annual debt service requirements on the loan payable to the City are summarized as follows:

For the Fiscal Year Ending September 30,	Principal	Interest	Total
2022	\$ 361,419	\$ 58,730	\$ 420,149
2023	361,419	58,730	420,149
2024	<u>361,419</u>	<u>58,730</u>	<u>420,149</u>
Total	<u>\$ 1,084,257</u>	<u>\$ 176,190</u>	<u>\$ 1,260,447</u>

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 8 – NONCURRENT LIABILITIES (CONTINUED)

PLEDGED REVENUES

The CRA has pledged a portion of its future tax increment revenues to repay the outstanding revenue bonds issued in 2012 and 2015 to finance various redevelopment projects. The revenue bonds are payable solely from the tax increment revenues generated by increased property values in the redevelopment district as described in more detail in Note I and investment earnings thereon. Tax increment revenues were projected to produce more than 650 percent of the debt service requirements over the life of the revenue bonds. Total principal and interest remaining on the bonds at September 30, 2021, was \$3,159,464, payable through October 1, 2023. For the current year, principal and interest paid on the revenue bonds and the total tax increment revenues were \$1,266,072 and \$26,500,852, respectively.

ANNUAL DEBT SERVICE

The aggregate, annual debt service requirements at September 30, 2021, for the outstanding noncurrent liabilities with scheduled maturities are as follows:

For the Fiscal Year Ending September 30,	Principal	Interest	Total
2022	\$ 1,558,403	\$ 127,112	\$ 1,685,515
2023	1,589,153	97,068	1,686,221
2024	<u>981,432</u>	<u>66,743</u>	<u>1,048,175</u>
Total	<u>\$ 4,128,988</u>	<u>\$ 290,923</u>	<u>\$ 4,419,911</u>

INTEREST EXPENSE

Total interest costs incurred on all CRA debt for the year ended September 30, 2021, was \$157,344. All interest costs were expensed as a direct expense of redevelopment projects.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 9 – TAX INCREMENT REVENUES

Tax increment revenues are the primary source of revenue for the CRA. Tax increment revenue is collected from the two governmental entities that levy property taxes within the legally defined redevelopment area of the CRA, the City of Delray Beach and Palm Beach County. The tax increment revenue is calculated by applying the adopted millage rate of each governmental entity to the increase in current year taxable assessed valuations over the 1985 base year assessed valuations for all properties located within the CRA boundaries.

Each governmental entity is required to pay 95% of these incremental property taxes to the CRA. The increase in assessed valuations of property within the CRA boundaries over the 1985 base year valuations is presumed to be the result of the redevelopment efforts of the CRA. The tax base of the CRA is the layer of assessed valuations of properties over the 1985 base year assessed valuations, but does not include any portion of the base. The assessed value of properties subject to incremental property taxes for the year ended September 30, 2021, was as follows:

Assessed property value as of January 1, 2020	\$ 2,684,312,037
Assessed property value for 1985 base year	<u>(245,631,067)</u>
Assessed Property Value Subject to Incremental Property Tax	<u>\$ 2,438,680,970</u>

NOTE 10 – RELATED PARTY TRANSACTIONS

CITY OF DELRAY BEACH

The CRA is a component unit of the City of Delray Beach, Florida. For the fiscal year ended September 30, 2021, the CRA's tax increment revenues include \$15,432,083 received from the City. CRA expenditures for the fiscal year ended September 30, 2021, include charges of \$3,465,772 for contractual and other services provided by the City to the CRA in connection with various administrative and redevelopment activities, \$3,340,725 for construction services related to redevelopment projects, and \$905,000 for sponsorship of City tennis tournaments.

At September 30, 2021, the CRA had accounts payable to the City of \$3,156,633 for reimbursement of certain administrative and redevelopment expenditures and loans payable to the City of \$1,084,257.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 10 – RELATED PARTY TRANSACTIONS (CONTINUED)

COMPONENT UNIT

The Block 60 Parking Condominium Association, Inc. is a component unit of the CRA. For the fiscal year ended September 30, 2021, the Block 60 Parking Condominium Association, Inc. received assessments from the CRA and the City totaling \$7,480 and \$1,760, respectively. At September 30, 2021 the CRA had accounts receivable from the Block 60 Parking Condominium Association, Inc. of \$8,312.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

LEASE COMMITMENT AS LESSOR

The CRA had the following lease commitments as lessor at September 30, 2021:

Factual Multi Services, LLC

The CRA entered into an agreement to lease the property located at 135 NW 5th Avenue, Unit C6 to Factual Multi Services, LLC for \$1,094 monthly base rent plus \$402 monthly condominium assessment commencing January 10, 2014 and extending through January 9, 2018. The lease was further extended from January 10, 2018 through January 10, 2023 for \$800 monthly base rent plus \$402 monthly condominium assessment. The amount of the monthly condominium assessment may be adjusted during the term of the lease. The carrying value of the leased property was approximately \$100,000 at September 30, 2021.

Delray Beach Housing Group

On September 11, 2011, the CRA entered into a ground lease and property management agreement with the Delray Beach Housing Group, Inc. (a Florida not-for-profit organization) to lease, manage, maintain and operate the existing rental units owned by the CRA known as the Carolyn Quince Court and La France Apartments. The CRA also entered into a similar ground lease and property management agreement with the CLT on September 22, 2011 for the Palm Manor apartments and on June 27, 2013 for the SW 12th Avenue Duplexes. Each agreement provides for an annual rental payment to the CRA of \$1 and that the lessees will pay all taxes, fees, assessments, utilities, insurance and other charges incurred by the CRA for the properties. The term of each agreement is for five years with one renewal option for an additional five-year period. The original three leases were renewed through September 22, 2021 and the SW 12th Avenue Duplexes lease was renewed through June 27, 2023. The properties were purchased by the CRA to provide affordable housing for City residents and had a total carrying value of approximately \$4,681,000 at September 30, 2021.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

LOAN COMMITMENT (CONTINUED)

Prime Delray Hotel, LLC

On April 2, 2012, the CRA entered into a Ground Lease Agreement with Prime Delray Hotel, LLC (the “Company”) for a 40-year term. The Company developed, constructed and operates a 4-story business class hotel on the property. The lease agreement provides for the Company to pay the CRA an annual base rent of \$1 for years 1 through 5 and thereafter a contingent rental of 2% of gross room sales for years 6 through 10 and increasing by 1% for each five-year period thereafter until reaching 5% for years 21 to 40. For years 5 through 25, the Company has the right to purchase the property from the CRA at a price based on the average of two independent appraisals; one obtained by the CRA and the second by the Company. The carrying value of the leased property at September 30, 2021 was approximately \$2,417,627.

Monogram Closet Incorporated

On April 23, 2015, the CRA entered into an agreement to lease the property located at 182 NW 5th Ave. to Monogram Closet Incorporated. The original lease term was for a four-year period, commencing on July 1, 2015 with a monthly base rent amount of \$1,933 with an increase of \$1 per square foot each year thereafter. The parties may extend the terms of the lease for three additional one-year terms upon execution of an amendment. The first two amendments were executed, which extended the lease until June 20, 2021. The lease expired and was not renewed subsequent to June 20, 2021. The carrying value of the leased property at September 30, 2021 was approximately \$190,000.

Upper Cutz Barbershop and Salon, Inc.

On August 24, 2017, the CRA entered into an agreement to lease the property located at 135 NW 5th Ave, Unit C5, to Upper Cutz Barbershop and Salon, Inc. The lease term is for a three-year period, commencing on October 1, 2017 with a monthly base rent amount of \$1,000 with an increase of 6% to the monthly base rent on each anniversary. The lease was amended to extend the lease period until September 30, 2025. The carrying value of the leased property at September 30, 2021 was approximately \$100,000.

Fristner Botex

On April 26, 2018, the CRA entered into an agreement to lease the property located at 47 SW 8th Ave. to Fristner Botex. The lease term is for a one-year period, commencing April 26, 2018 with a monthly base rent amount of \$1,000. The lease was subsequently extended through April 30, 2021. The lease is currently operating as a month-to-month agreement under the same terms while a new lease is being negotiated. The carrying value of the leased property at September 30, 2021 was \$250,000.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

LEASE COMMITMENT AS LESSOR (CONTINUED)

Hatcher Construction & Development, Inc.

On July 18, 2019, the CRA entered into a Ground Lease Agreement with Hatcher Construction & Development, Inc. (“Hatcher”) for a 40-year term. Hatcher intends to develop the property, occupy 2,000 square feet, and utilize the remaining 4,000 square feet as rental space. The lease agreement provides for an annual base rent of \$1 for years 1 through 5, \$26,000 per year for years 6-10, \$39,000 for year 11, with the base rent increasing annually by 2.5% for years 12 through 15, and \$52,000 for year 16, increasing annually by 2.5% through year 40. Hatcher may purchase the property for \$200,000 during the first seven years. On the eighth anniversary of the agreement, the purchase price increases to \$650,000. The first amendment to the agreement executed in November 2020 extends the site analysis period to July 18, 2021, during which time Hatcher may ascertain whether the property is acceptable and obtain all necessary approvals, permits and licenses for development of the property in substantial conformance with the conceptual plan. If the property is determined to be unacceptable, Hatcher can provide a written termination notice and neither party shall have any further rights or obligations. The lease is currently operating as a month-to-month agreement under the same terms while a new lease is being negotiated. The carrying value of the property at September 30, 2021 was approximately \$365,000.

The total carrying value of leased property listed above was approximately \$8,106,000 at September 30, 2021. Depreciation expense is not recorded on redevelopment properties that are currently held for sale.

The CRA also leases space in the Arts Warehouse at 313 NW 3rd Street to various artists with monthly base rents of \$379, which are month-to-month leases. The net carrying value of leased property at September 30, 2021 was \$1,893,557 (cost of \$2,065,699 less accumulated depreciation of \$172,142). Rental income for all leased properties for 2021 totaled \$157,533.

Future annual minimum rental income is as follows: 2022 - \$71,503; 2023 - \$14,292; 2024 - \$41,154; 2025 - \$42,063; 2026 - \$26,004; thereafter - \$2,033,041.

LOAN COMMITMENT

On September 9, 2020, the CRA entered into an agreement to loan the Delray Beach Community Land Trust, Inc. \$2,454,350 for the development and disposition of properties in the SW Neighborhood for a workforce housing project known as Corey Isle. The project

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

LOAN COMMITMENT (CONTINUED)

includes construction of ten single-family homes. The loan is secured by mortgages encumbering the properties. Completed homes, evidenced by a certificate of occupancy issued to the borrower by the City of Delray Beach, can be released from the mortgage upon payment of a release price in the amount of \$215,163 for a one story single-family house and \$272,961 for a two story single-family house. The release price will be applied to pay down the outstanding principal of the construction loan. The release price is due at closing on each of the ten single-family homes with any remaining outstanding principal due with the sale of the final home.

CONSTRUCTION CONTRACT COMMITMENTS

At September 30, 2021, the CRA had outstanding contract commitments consisting of the following:

Project	Total Project Authorization	Expended Through September 30, 2021	Retainage Payable at September 30, 2021	Remaining Commitment at September 30, 2021
SW 14th Ave. Streetscape	\$ 148,657	\$ 138,929	\$ --	\$ 9,728
Carver Square Housing	156,446	130,193	--	26,253
NE 3rd Street & NE 3rd Avenue Design	22,794	20,013	--	2,781
Artists Alley	29,998	27,335	--	2,663
98 NW 5th Avenue Renovation	158,060	153,635	--	4,425
Wayfinding Signage	147,850	134,290	--	13,560
NW 6th Ave Site Plan Analysis	14,000	4,495	--	9,505
Historic House Renovation	2,400	788	--	1,612
95 SW 5th Avenue Design	161,974	64,792	--	97,182
Wellbrock- 22 N. Swinton	<u>93,000</u>	<u>46,000</u>	<u>--</u>	<u>47,000</u>
Total Contract Commitments	<u>\$ 935,179</u>	<u>\$ 720,470</u>	<u>\$ --</u>	<u>\$ 214,709</u>

In November 2020, the CRA also entered into an interlocal agreement with the City of Delray Beach to provide funding for certain construction projects and related professional services totaling \$9,825,000. As of September 30, 2021, approximately \$862,000 of the commitment was still outstanding.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

TRANSPORTATION AGREEMENTS

The CRA entered into the following agreements for transportation services.

The CRA entered into an agreement for point-to-point transportation services for the period September 1, 2019 through August 30, 2020 with an option to renew for two additional one-year terms. Under the contract, the CRA will pay the provider \$401,560, payable in monthly installments of \$33,463. The provider will sell advertising space on the vehicles and retain 100% of the first \$180,000 of gross advertising revenue. Gross advertising revenue in excess of the first \$180,000 will be shared equally between the CRA and the provider. The extension options have been exercised and the contract was extended through August 30, 2022. For the fiscal year ended September 30, 2021, the CRA incurred cost of approximately \$398,000 related to this agreement.

The CRA entered into an agreement for fixed route transportation services for the period July 1, 2019 through June 30, 2021 with the option to renew for three additional one-year terms. The CRA will pay the provider an hourly rate, which is estimated to total \$44,711 per month. The provider will reimburse the CRA for the first \$18,000 annually from advertising revenue. Any additional advertising revenue will be retained by the provider. The agreement was amended February 25, 2020 such that the hourly rate decreased approximately 15% and the CRA will now pay for the actual costs of fuel used in the vehicles. The agreement was amended again on April 3, 2020, which changed the hourly rates charged to the CRA. The contract was subsequently terminated by the CRA in November 2020 with an effective date of January 11, 2021. For the fiscal year ended September 30, 2021, the CRA incurred cost of approximately \$114,000 related to this agreement.

TAX INCREMENT INCENTIVE AGREEMENTS

The CRA reimbursed \$195,555 to qualified, private for-profit organizations under the CRA's Development Infrastructure Assistance Program, pursuant to State statutory authority for public-private partnerships to rehabilitate and develop properties within the Community Redevelopment Area. The Development Infrastructure Assistance Program is a CRA incentive program in which the CRA reimburses 50% of the costs of eligible site improvements for an approved commercial project, up to an amount not to exceed 50% of the projected Tax Increment Funds generated by the improvements over a 5 or 10-year period following project completion. The projects must be located in CRA Sub-Areas #3, #4, #5, #6, #7, or #8. The following agreements were in effect as of September 30, 2021:

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

TAX INCREMENT INCENTIVE AGREEMENTS (CONTINUED)

Prime Delray Hotel, LLC

Development Infrastructure Assistance for the development and construction of a 4-story business class hotel on Atlantic Avenue. The grant is for an amount not to exceed \$332,349 and will be paid in five equal annual payments, not to exceed 50% of the actual tax increment revenues attributed to the project for any such year. Payments of \$66,470 were made each year under the grant for 2017 through 2021. As of September 30, 2021, there were no further commitments under this grant agreement.

KCMCL Pineapple Grove, LLC

Development Infrastructure Assistance for the development and construction of a 134-room Hyatt Place Hotel in the Pineapple Grove Arts District. The grant is for eligible project costs up to \$431,619. The CRA will reimburse the developer in equal annual installments over a ten-year period, provided that the annual payment shall not exceed 50% of the actual tax increment revenues attributable to the project for that year. Payments are made by the CRA on February 1st of each year. Payments of \$43,162 were made each year under the grant for 2014 through 2021. At September 30, 2021, the outstanding amount under this grant agreement was \$86,324.

GRANT COMMITMENTS

The CRA also entered into grant agreements with the following organizations to provide funding for their operations during the fiscal year ended September 30, 2021:

EPOCH dba Spady Cultural	\$ 106,000
Delray Beach Community Land Trust	192,815
Creative City Collaborative / Arts Garage	343,750
Delray Beach Public Library	553,750
Delray Beach Historical Society	93,750
Delray Beach Chamber of Commerce	50,000
Old School Square	<u>562,500</u>
Total Grant Commitments	<u>\$ 1,902,565</u>

**DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 11 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

JOB CREATION BONUS PROGRAM GRANT

A Job Creation Bonus Program grant was awarded to International Materials, Inc. for relocation of thirty-six program incentive eligible employment positions to the CRA's area with eight of the relocated employment positions eligible for the Delray-based local hiring bonus. Grant funds to be paid by the CRA will not exceed \$75,000 and will be disbursed in two payments of \$37,500 each. The first payment will be made within 90 days after the jobs have been relocated and are in place in the CRA's area, job verification documents are provided to the CRA and a site visit by CRA staff has been conducted. The second payment will be made twelve months following the initial payment in the same manner after the relocated jobs have been maintained within the CRA's area, the job verification documents are provided to the CRA and a site visit by CRA staff has been conducted. The relocated jobs must be maintained and located in the CRA's area for a period of two years from the date of relocation. Total program costs incurred for the year ended September 30, 2021, was \$37,500.

CONTRACTS FOR SALE OF PROPERTIES

At September 30, 2021, the CRA had entered into contracts for the sale of properties with total sales prices of \$2,006,276 and total carrying values of \$394,306.

GRANTS

Amounts received by the CRA from grantor agencies are subject to audit and adjustment by those agencies. Any disallowed claims, including amounts already received, might constitute a liability of the CRA for return of those funds.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

DESCRIPTION OF THE PLAN

The City administers a single-employer defined benefit plan (the “City OPEB Plan”) that provides medical and life insurance benefits to eligible retired employees and their beneficiaries. The City Commission has the authority to establish and amend premiums for and the benefit provisions of the City OPEB Plan. The City OPEB Plan is financed on a “pay-as-you-go” basis and is not administered as a formal qualifying trust. The City OPEB Plan does not issue a publicly available financial report. The CRA has fifteen employees that participate in the OPEB plan of the City. The CRA records an allocation from the City’s portion for the fifteen employees.

PLAN MEMBERSHIP

At September 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	--
Inactive employees entitled to but not yet receiving benefit payments	--
Active employees	<u>15</u>
Total	<u><u>15</u></u>

TOTAL OPEB LIABILITY

The CRA’s allocation of the total OPEB liability of \$390,522 was measured as of September 30, 2021 as determined by an actuarial valuation as of October 1, 2020.

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Projections of benefits are based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point. In addition, projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS (CONTINUED)

cost-sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective and accordingly, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Valuation Date	October 1, 2020
Measurement Date	September 30, 2021
Actual Cost Method	Entry Age Normal
Projected Salary Increase*	4.00%
Discount Rate	2.29%
Healthcare Cost Trend Rates	7% per year initially, reduced annually by 0.25% to an ultimate rate of 4.5% in 2032
Mortality Rate	Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality using Scale MP-2021

* Includes inflation rate

SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following represents the total OPEB liability of the CRA, as well as what the CRA's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the discount rate:

Discount rate assumption	Sensitivity Testing to change in discount rate assumption		
	1% Decrease (1.29%)	Selected Trend rate (2.29%)	1% Increase (3.29%)
Total OPEB liability	\$ 49,404	\$ 390,522	\$ 316,642

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following represents the total OPEB liability of the CRA, as well as what the CRA’s total OPEB liability would be if it were calculated using the healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rate:

	Sensitivity Testing to Change in Medical Costs Trend Assumption		
	1% Increase (6.0%)	Selected Trend rate (7.0%)	1% Increase (8.0%)
Medical costs trend assumption			
Total OPEB liability	\$ 311,493	\$ 390,522	\$ 502,499

OPEB EXPENSE, DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the fiscal year ended September 30, 2021 based on a measurement date of September 30, 2021, the CRA recognized OPEB expense of \$432,306. This amount is included as an increase to general government expenses within the functional program activities.

At September 30, 2021, the Agency reports deferred outflows and inflows of resources related to the Plan as follows:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 71,959	\$ 113,743

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

OPEB EXPENSE, DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB (CONTINUED)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ending September 30,	Net Deferred Inflows of Resources
2022	(10,660)
2023	(10,660)
2024	(12,516)
2025	(12,980)
2026	(12,980)
Thereafter	18,013
Total	\$ (41,784)

The schedule of changes in the CRA’s proportionate share of total OPEB liability and related ratios presented as Required Supplementary Information (RSI) following the notes to the financial statements, provides additional information about the total OPEB liability.

NOTE 14 – EXPENDITURES OVER APPROPRIATIONS

For the fiscal year ended September 30, 2021, expenditures exceeded budgeted appropriations in the General Government cost center by \$19,627.

REQUIRED SUPPLEMENTARY INFORMATION

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Tax increment revenue				
City of Delray Beach	\$ 15,383,675	\$ 15,432,083	\$ 15,432,083	\$ --
Palm Beach County	<u>11,042,777</u>	<u>11,068,769</u>	<u>11,068,769</u>	<u>--</u>
Total Tax Increment Revenue	<u>26,426,452</u>	<u>26,500,852</u>	<u>26,500,852</u>	<u>--</u>
Reimbursements				
Other reimbursements	<u>--</u>	<u>63,671</u>	<u>61,350</u>	<u>(2,321)</u>
Total Reimbursements	<u>--</u>	<u>63,671</u>	<u>61,350</u>	<u>(2,321)</u>
Rental Income				
Rental property income	140,000	104,202	112,616	8,414
Land lease revenue	25,000	28,237	28,237	--
Other rent revenue	<u>46,273</u>	<u>16,680</u>	<u>16,680</u>	<u>--</u>
Total Rental Income	<u>211,273</u>	<u>149,119</u>	<u>157,533</u>	<u>8,414</u>
Interest and Other Income				
Interest income	30,000	44,191	44,191	--
Loan interest	--	47	47	--
Other income	<u>--</u>	<u>1,360</u>	<u>1,360</u>	<u>--</u>
Total Interest and Other Income	<u>30,000</u>	<u>45,598</u>	<u>45,598</u>	<u>--</u>
Green Market revenue	25,000	52,310	52,310	--
Arts Warehouse revenue	<u>60,000</u>	<u>87,468</u>	<u>91,159</u>	<u>3,691</u>
Total Revenues	<u>26,752,725</u>	<u>26,899,018</u>	<u>26,908,802</u>	<u>9,784</u>
Other Financing Sources				
Affordable housing sales	2,500,000	1,734,994	1,995,408	260,414
General Fund carryforward fund balance	19,260,521	--	--	--
Land sales	<u>--</u>	<u>10,868</u>	<u>10,868</u>	<u>--</u>
Total Other Financing Sources	<u>21,760,521</u>	<u>1,745,862</u>	<u>2,006,276</u>	<u>260,414</u>
Total Revenues and Other Financing Sources	<u>48,513,246</u>	<u>28,644,880</u>	<u>28,915,078</u>	<u>270,198</u>
Expenditures				
General government:				
Personnel				
Salaries	1,425,000	1,070,845	1,070,845	--
Payroll taxes	120,000	75,767	75,767	--
Health, dental and life insurance	150,000	63,630	85,566	(21,936)
Retirement contribution	120,000	91,975	91,975	--
Travel allowance	8,000	5,520	5,520	--
Cell allowance	<u>8,000</u>	<u>5,340</u>	<u>5,340</u>	<u>--</u>
Total personnel	<u>1,831,000</u>	<u>1,313,077</u>	<u>1,335,013</u>	<u>(21,936)</u>
Supplies and materials:				
Office supplies	30,000	12,067	12,067	--
Postage/express mail	<u>3,500</u>	<u>3,004</u>	<u>3,004</u>	<u>--</u>
Total supplies and materials	<u>33,500</u>	<u>15,071</u>	<u>15,071</u>	<u>--</u>

(Continued)

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
General government (continued)				
Office space:				
Storage	\$ 15,000	\$ 4,176	4,176	\$ --
Maintenance	250,000	32,607	32,607	--
Telephone	20,000	4,323	4,323	--
Utilities	20,000	14,399	14,399	--
Security	15,000	2,418	2,418	--
Total office space	<u>320,000</u>	<u>57,923</u>	<u>57,923</u>	<u>--</u>
Administration/operations:				
Accounting	28,000	35,120	35,120	--
Board administration	30,000	38,677	38,677	--
Legal	80,000	16,227	16,227	--
Capital outlay	750,000	23,287	23,287	--
Contractual services	200,000	25,518	25,518	--
Printing	8,000	2,425	2,425	--
Publications/subscriptions	8,139	4,744	4,744	--
Advertising	7,000	2,896	2,896	--
Bank services	5,000	653	665	(12)
Organization/member dues	9,000	4,297	4,297	--
Public relations and communication	50,000	34,625	34,625	--
Insurance: commercial, D&O	35,000	23,443	23,443	--
Meetings	8,000	23	23	--
Seminars and workshops	20,000	16,776	16,776	--
Travel	10,000	701	701	--
Total administrative operations	<u>1,248,139</u>	<u>229,412</u>	<u>229,424</u>	<u>(12)</u>
Equipment, property and maintenance:				
Computer equipment and supplies	6,500	2,917	2,917	--
Equipment rentals	15,000	7,334	7,334	--
Repairs and maintenance	2,000	--	--	--
Furniture and fixtures	65,000	10,145	10,145	--
Capital outlay - office equipment	100,000	8,542	6,221	2,321
Total equipment, property and maintenance	<u>188,500</u>	<u>28,938</u>	<u>26,617</u>	<u>2,321</u>
Total General Government	<u>3,621,139</u>	<u>1,644,421</u>	<u>1,664,048</u>	<u>(19,627)</u>
Economic Development				
Areawide and neighborhood plans:				
Osceola Park Neighborhood Plan:				
Osceola Park neighborhood	<u>5,173,950</u>	<u>4,602,790</u>	<u>4,602,790</u>	<u>--</u>
Total Osceola Park Neighborhood Plan	<u>5,173,950</u>	<u>4,602,790</u>	<u>4,602,790</u>	<u>--</u>

(Continued)

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Economic Development (continued)				
Areawide and neighborhood plans (continued):				
West Atlantic Avenue Redevelopment:				
Project development/implementation	\$ 200,000	\$ 6,269	\$ 6,269	\$ --
Other build-out/rent	46,273	16,680	16,680	--
NW 600 Block redevelopment	1,300,000	22,395	22,395	--
Legal fees	<u>30,000</u>	<u>105,560</u>	<u>105,560</u>	<u>--</u>
Total West Atlantic Avenue Redevelopment	<u>1,576,273</u>	<u>150,904</u>	<u>150,904</u>	<u>--</u>
Downtown Master Plan:				
Transportation services	1,400,000	484,141	484,141	--
Wayfinding signage	1,100,000	60,455	55,615	4,840
Project development/implementation	20,000	--	--	--
NE 3rd St/Ave alley improvements	1,651,298	1,842,843	1,842,843	--
NE 3rd St/Ave infrastructure grant	--	8,942	8,941	1
Swinton/Atlantic intersections	--	--	--	--
Legal fees	<u>10,000</u>	<u>566</u>	<u>566</u>	<u>--</u>
Total Downtown Master Plan	<u>4,181,298</u>	<u>2,396,947</u>	<u>2,392,106</u>	<u>4,841</u>
Southwest Neighborhood Plan:				
SW neighborhood alleys	930,000	--	--	--
Legal fees	<u>5,000</u>	<u>2,617</u>	<u>2,617</u>	<u>--</u>
Total Southwest Neighborhood Plan	<u>935,000</u>	<u>2,617</u>	<u>2,617</u>	<u>--</u>
Other:				
Land acquisitions	1,000,000	252,956	252,956	--
NW/SW neighborhood identification signs	50,000	--	--	--
Pompey Park master plan	4,000,000	2,453,616	2,453,616	--
Sidewalks - NW/SW neighborhood	<u>30,000</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Other	<u>5,080,000</u>	<u>2,706,572</u>	<u>2,706,572</u>	<u>--</u>
Total Areawide and Neighborhood Plans	<u>16,946,521</u>	<u>9,859,830</u>	<u>9,854,989</u>	<u>4,841</u>

(Continued)

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Economic Development (continued)				
Redevelopment projects:				
NW/SW 5th Avenue Beautification				
98 NW 5th Ave renovation	\$ 1,580,000	\$ 138,999	\$ 138,999	\$ --
Project development/implementation	250,000	3,538	3,538	--
95 SW 5th Avenue construction	2,130,000	34,136	34,136	--
Legal fees	<u>18,000</u>	<u>2,888</u>	<u>2,888</u>	<u>--</u>
Total Redevelopment Projects	<u>3,978,000</u>	<u>179,561</u>	<u>179,561</u>	<u>--</u>
Affordable/Workforce Housing Program				
Subsidies - Affordable Housing	1,500,000	276,750	--	276,750
Support for Affordable Housing Initiative	2,000,000	--	--	--
Community Land Trust (CLT)	229,615	229,615	229,615	--
Legal fees	<u>50,000</u>	<u>31,638</u>	<u>31,638</u>	<u>--</u>
Total Affordable/Workforce Housing Program	<u>3,779,615</u>	<u>538,003</u>	<u>261,253</u>	<u>276,750</u>
Redevelopment Sites				
Maintenance	600,000	250,772	250,772	--
Project development/implementation	10,000	6,360	6,360	--
IPIC Parking Facility maintenance	300,000	7,985	7,985	--
Property insurance	150,000	103,523	103,523	--
Property taxes	80,000	51,855	51,855	--
Legal fees	2,500	--	--	--
West Settlers Condo Association	14,000	9,648	9,648	--
Utilities	50,000	31,143	31,143	--
Block 60 parking lots	<u>8,000</u>	<u>7,453</u>	<u>7,453</u>	<u>--</u>
Total Redevelopment Sites	<u>1,214,500</u>	<u>468,739</u>	<u>468,739</u>	<u>--</u>
Carver Square Neighborhood				
Carver Square workforce housing construction	6,170,000	11,757	11,757	--
Corey Isle housing construction	2,900,000	2,412,957	2,412,957	--
Legal fees	<u>50,000</u>	<u>6,458</u>	<u>6,458</u>	<u>--</u>
Total Carver Square Neighborhood	<u>9,120,000</u>	<u>2,431,172</u>	<u>2,431,172</u>	<u>--</u>
Total Redevelopment Projects	<u>18,092,115</u>	<u>3,617,475</u>	<u>3,340,725</u>	<u>276,750</u>

(Continued)

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Economic Development (continued)				
Community Improvement and Economic Development:				
Grant Programs:				
Curb Appeal Assistance Grants	\$ 150,000	\$ 150,000	\$ 150,000	\$ --
CRA Grant Programs	850,000	222,981	222,982	(1)
Total Grant Programs	<u>1,000,000</u>	<u>372,981</u>	<u>372,982</u>	<u>(1)</u>
City Contractual Services:				
Code Officer (NW/SW Neighborhoods)	65,660	65,660	65,660	--
Streetscape maintenance	100,000	35,642	35,642	--
Housing Rehab Inspector	47,719	47,719	47,719	--
Clean & Safe program	2,765,425	2,765,416	2,765,416	--
Project Engineer	123,117	119,934	119,934	--
Fire Prevention and Life Safety Captain	195,387	181,956	181,956	--
Engineering Inspector	61,036	75,786	75,786	--
IT Services	110,000	110,000	110,000	--
Economic Development staff	100,000	63,659	63,659	--
Total City Contractual Services	<u>3,568,344</u>	<u>3,465,772</u>	<u>3,465,772</u>	<u>--</u>
Community Resource Enhancement:				
Community resource enhancement	150,000	39,253	39,253	--
A-Guide funding	1,689,000	1,689,000	1,689,000	--
Total Community Resource Enhancement	<u>1,839,000</u>	<u>1,728,253</u>	<u>1,728,253</u>	<u>--</u>
Economic Development Initiative:				
Property Acquisitions	--	--	--	--
Incentives	500,000	187,385	187,385	--
Outreach/communication	100,000	55,223	55,223	--
Arts Warehouse program	250,000	212,696	190,760	21,936
Tennis Tournament sponsorship	905,000	905,000	905,000	--
Legal fees	25,000	2,984	2,984	--
Total Economic Development Initiative	<u>1,780,000</u>	<u>1,363,288</u>	<u>1,341,352</u>	<u>21,936</u>

(Continued)

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Economic Development (continued)				
Community Improvement and Economic Development:				
Green Market:				
Personnel and staff	\$ 165,000	\$ 151,420	\$ 104,832	\$ 46,588
Entertainment/vendors	--	--	12,500	(12,500)
Program operations	--	--	16,592	(16,592)
Administration and operations	--	--	13,095	(13,095)
Signs, banners and advertising	--	--	4,401	(4,401)
Total Green Market	<u>165,000</u>	<u>151,420</u>	<u>151,420</u>	<u>--</u>
Total Community Improvement and Economic Development	<u>8,352,344</u>	<u>7,081,714</u>	<u>7,059,779</u>	<u>21,935</u>
Total Economic Development	43,390,980	20,559,019	20,255,493	303,526
Debt Service				
Principal and interest - US1 Improvements	361,419	420,149	420,149	--
City National line of credit (Series 2012 and 2015 bonds)	<u>1,139,708</u>	<u>1,266,072</u>	<u>1,266,072</u>	<u>--</u>
Total Debt Service	<u>1,501,127</u>	<u>1,686,221</u>	<u>1,686,221</u>	<u>--</u>
Total Expenditures	<u>48,513,246</u>	<u>23,889,661</u>	<u>23,605,762</u>	<u>283,899</u>
Net Change in Fund Balance	<u>\$ --</u>	<u>\$ 4,755,219</u>	<u>\$ 5,309,316</u>	<u>\$ 554,097</u>

**DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)**

NOTE TO BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – BUDGETARY ACCOUNTING

The General Fund adopted budget is prepared on the modified accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP), except that non-cash exchange transactions are not budgeted and loans to various entities are recorded as expenditures. The CRA Board of Commissioners must approve changes or amendments at the cost center level and to the total budgeted expenditures of the CRA. Expenditures may not legally exceed budgeted appropriations for the CRA for each cost center or in total.

The General Fund budget amounts presented in the accompanying required supplementary information reflect the original budget and the amended budget based on legally authorized revisions to the original budget during the year. Unexpended appropriations lapse at year-end. The CRA made amendments of approximately \$24.6 million to reduce the budgeted appropriations during the fiscal year related primarily to construction and redevelopment projects that were not started.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is employed as an extension of formal budgetary control in the General Fund. Encumbrances outstanding at year end, if any, are reported as assigned fund balance for subsequent year expenditures. For budgetary purposes, current year encumbrances are treated as expenditures and any unencumbered balances lapse at year-end. There were no encumbrances outstanding at September 30, 2021.

**DELRAY BEACH COMMUNITY REDEVELOPMENT AGENC
(A Component Unit of the City of Delray Beach, Florida)**

REQUIRED SUPPLEMENTARY INFORMATION

OPEB - SCHEDULE OF OPEB COST-SHARING ALLOCATION

Measurement Date September 30,	<u>2021</u>
CRA's proportionate share of the total OPEB liability	1.79%
CRA's proportionate share of the total OPEB liability	\$ 390,522
CRA's covered employee payroll	\$ 1,146,612
CRA's proportionate share of the total OPEB liability as a percentage of its covered employee payroll	34.1%

Note: The amounts presented above were determined as of September 30th. The OPEB Plan is funded on a pay-as-you-go basis and has no assets as of September 30, 2021

Note 2: The schedule is intended to show information for the last ten (10) fiscal years. Additional years will be displayed as they become available.

**SUPPLEMENTARY INFORMATION – COMPONENT
UNIT**

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

STATEMENT OF NET POSITION
COMPONENT UNIT
BLOCK 60 PARKING CONDOMINIUM ASSOCIATION, INC.

SEPTEMBER 30, 2021

Assets	
Cash	\$ 18,003
Accounts receivable	4,179
Prepaid items	<u>993</u>
Total Assets	<u>23,175</u>
Liabilities	
Accounts payable	1,761
Due to CRA	<u>8,312</u>
Total Liabilities	<u>10,073</u>
Net Position	
Unrestricted	<u><u>\$ 13,102</u></u>

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

STATEMENT OF ACTIVITIES
COMPONENT UNIT
BLOCK 60 PARKING CONDOMINIUM ASSOCIATION, INC.

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Revenues	
Assessments	\$ 13,493
Interest income	<u>12</u>
Total revenues	13,505
Expenses	
Condominium properties	<u>11,446</u>
Change in Net Position	2,059
Net Position - Beginning	<u>11,043</u>
Net Position - Ending	<u><u>\$ 13,102</u></u>

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

STATEMENT OF CASH FLOWS
COMPONENT UNIT
BLOCK 60 PARKING CONDOMINIUM ASSOCIATION, INC.

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Cash Flows from Operating Activities	
Receipts from customers	\$ 15,592
Payments to suppliers	<u>(7,771)</u>
Net Cash Provided by Operating Activities	<u>7,821</u>
Net Increase in Cash	7,821
Cash - Beginning	<u>10,182</u>
Cash - Ending	<u><u>\$ 18,003</u></u>
Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities	
Change in net position	\$ 2,059
Adjustments to reconcile change in net position to net cash provided by operating activities:	
Decrease in accounts receivable	1,183
Increase in prepaids	(993)
Decrease in due from CRA	1,897
Increase in accounts payable	715
Increase in due to CRA	<u>2,960</u>
Net Cash Provided By Operating Activities	<u><u>\$ 7,821</u></u>

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
COMPONENT UNIT
BLOCK 60 PARKING CONDOMINIUM ASSOCIATION, INC.

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Assessments				
Delray Beach Community Redevelopment Agency	\$ 7,480	\$ 7,480	\$ 7,480	\$ --
City of Delray Beach	1,760	1,760	1,760	--
Delray New Wave, Inc.	1,320	1,320	1,320	--
Manimal, Inc.	1,320	1,320	1,320	--
Intercard Resources	880	880	880	--
42 North Swinton, Inc.	<u>733</u>	<u>733</u>	<u>733</u>	<u>--</u>
Assessment Revenues	13,493	13,493	13,493	--
Interest income	<u>--</u>	<u>11</u>	<u>12</u>	<u>1</u>
Total Revenues	13,493	13,504	13,505	1
Expenses				
Current				
Landscape maintenance	3,000	5,025	5,025	--
Maintenance	843	136	136	--
Licenses	150	61	61	--
Water for irrigation system	1,700	1,636	644	992
Electric for lights	2,200	1,150	1,150	--
Insurance	3,500	2,332	2,332	--
Property management fee	700	700	700	--
Accounting	1,400	1,210	1,210	--
Bank and filing fees	--	188	20	168
Misc. Expense	<u>--</u>	<u>--</u>	<u>168</u>	<u>(168)</u>
Total Expenses	<u>13,493</u>	<u>12,438</u>	<u>11,446</u>	<u>992</u>
Change in Net Position	<u>\$ --</u>	<u>\$ 1,066</u>	<u>\$ 2,059</u>	<u>\$ 993</u>

REPORTING SECTION

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Commissioners and CRA Director
Delray Beach Community Redevelopment Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund and discretely presented component unit of the Delray Beach Community Redevelopment Agency (the "CRA"), a component unit of the City of Delray Beach, Florida, as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the CRA's financial statements, and have issued our report thereon dated June 21, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CRA's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CRA's internal control. Accordingly, we do not express an opinion on the effectiveness of the CRA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the CRA's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item SD 2021-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CRA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Management's Response to Finding

Management's response to the finding identified in our audit is described in the accompanying schedule of findings and questions costs. Management's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the CRA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CRA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

West Palm Beach, FL
June 21, 2022

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

FINANCIAL STATEMENT FINDING

SIGNIFICANT DEFICIENCY

SD2021-001 – OTHER POST EMPLOYMENT BENEFIT (OPEB) VALUATION

Criteria

The CRA is required to prepare their financial statements in accordance with the accounting principles generally accepted in the United State of America (“U.S. GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body establishing governmental accounting and financial reporting principles. GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, requires an actuarial valuation be performed in order to determine the total OPEB liability and related deferred outflows and inflows to be recorded on the governmental entity’s financial statements.

Condition

The CRA did not perform an actuarial valuation for other post-employment benefit for the fiscal year ended September 30, 2021, and therefore did not report or disclose a total OPEB liability.

Cause

After discussion with the CRA, the City and their legal counsel, it was determined that the CRA employees participate in the City’s health insurance plan. However, the CRA employees were not being included in the OPEB census data that was provided to the actuary to perform the OPEB valuation.

Effect

Not having an actuarial OPEB valuation or not having a complete and accurate OPEB census data can lead to omission of the OPEB liability or an over or under statement of the total OPEB liability and related deferred outflows and inflows on the CRA’s financial statements.

**DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)**

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

FINANCIAL STATEMENT FINDING (CONTINUED)

Recommendation

The CRA should ensure that adequate procedures and internal controls are in place to ensure that the financial statements are complete and accurate regarding OPEB. These controls should include controls requiring the reconciliation of the OPEB census data provided to the City's Actuary. The CRA and the City should also finalize an interlocal agreement detailing the requirements and responsibilities for each party regarding the CRA employees and their participation in the plan.

Views Responsible Officials and Planned Corrective Action

The CRA is in agreement with the auditors' finding. The CRA financial statements for the fiscal year ended September 30, 2021, have been properly updated and reflect the appropriate total OPEB liability for the CRA. We will plan accordingly to collaborate with the City of Delray Beach to ensure an OPEB valuation is prepared and received prior to the commencement of the audit and that a interlocal agreement is finalized with the City.

**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR
GENERAL OF THE STATE OF FLORIDA**

To the Board of Commissioners and CRA Director
Delray Beach Community Redevelopment Agency

Report on the Financial Statements

We have audited the financial statements of the Delray Beach Community Redevelopment Agency (the “CRA”), a Component Unit of the City of Delray Beach, Florida, as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 21, 2022.

Auditors’ Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to 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.

Other Reporting Requirements

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants’ Report on an examination conducted in accordance with *AICPA Professional Standards*, Schedule of Findings and Responses, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 21, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The CRA was established by Florida Statute 163, Section III. Also, as discussed in Note 1, the CRA included Block 60 Parking Condominium Association, Inc. a not-for profit 501(c)(3) corporation, as a discretely presented component unit.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the CRA met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the CRA did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the CRA. It is management's responsibility to monitor the CRA's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same. This assessment was performed as of fiscal year end.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did have one recommendation identified as MLC 2021-001 which is reported in Appendix A.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the CRA reported:

- a. The total number of CRA employees compensated in the last pay period of the CRA's fiscal year as 15.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the CRA's fiscal year as 7.

- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$1,461,245.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$10,046.
- e. Each construction project with a total cost of at least \$65,000 approved by the CRA that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as follows:
 - a. 98 N.W. 5th Avenue – Budget of \$2,170,151; Expenditures of \$ 0.
 - b. Wellbrock House -22 N. Swinton Avenue – Budget of \$530,287; Expenditures of \$ 0.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as noted on pages 47-53 of the CRA financial statements.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Marcum LLP

West Palm Beach, FL
June 21, 2022

**DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A Component Unit of the City of Delray Beach, Florida)**

**APPENDIX A – CURRENT YEAR RECOMMENDATION
TO IMPROVE FINANCIAL MANAGEMENT**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

MLC 2021-001 – BANK RECONCILIATIONS

Observation

During our review of the internal control processes over Financial Reporting and Closing, the auditor noted that the monthly bank reconciliations for the CRA's operating bank account were not being prepared or reviewed in a timely manner. Marcum noted that the bank reconciliation for the operating bank account for the months of November 2020, February 2021 and July 2021 were not prepared and reviewed in accordance with the CRA's policy of no later than 45 days after month end. The bank reconciliations noted above were prepared and reviewed between 47 and 86 days after month end.

Recommendation

In order to ensure that assets are safeguarded from loss or misuse, it is important that bank reconciliations be prepared and reviewed in a timely manner in accordance with the CRA's established policy.

Management's Response

Management agrees with the auditors' recommendation. These delays were primarily due to the COVID-19 pandemic and staff transitions. Bank reconciliations will be completed and reviewed no later than 45 days following the end of each month in accordance with the CRA's Accounting Policies and Procedures manual.

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH
FLORIDA STATUTES**

To the Board of Commissioners and CRA Director
Delray Beach Community Redevelopment Agency

We have examined the Delray Beach Community Redevelopment Agency (the “CRA”), a component unit of the City of Delray Beach, Florida, compliance with Section 218.415, Florida Statutes, Local Government Investment Policies, for the fiscal year ended September 30, 2021. We also examined the CRA’s compliance with Sections 163.387(6) and 163.387(7), Florida Statutes for the fiscal year ended September 30, 2021. Management of the CRA is responsible for the CRA’s compliance with the specified requirements. Our responsibility is to express an opinion on the CRA’s compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the CRA complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the CRA complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the CRA’s compliance with the specified requirements.

In our opinion, the CRA complied, in all material respects, with Section 218.415, 163.387(6) and 163.387(7), Florida Statutes for the fiscal year ended September 30, 2021.

This report is intended solely to describe our testing of compliance with aforementioned sections of the Florida Statutes, and it is not suitable for any other purpose.

Marcum LLP

West Palm Beach, FL
June 21, 2022