

# **TOWN OF OCEAN BREEZE, FLORIDA**

## **FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT THEREON**

**FISCAL YEAR ENDED SEPTEMBER 30, 2020**

TOWN OF OCEAN BREEZE, FLORIDA  
SEPTEMBER 30, 2020

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### INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the Town Council  
Town of Ocean Breeze, Florida  
Jensen Beach, Florida

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#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Ocean Breeze, Florida as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Ocean Breeze, Florida's basic 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.

#### *Auditor's 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 auditor's 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, each major fund, and the aggregate remaining fund information of the Town of Ocean Breeze, Florida as of September 30, 2020, and the respective changes in financial position and the budgetary comparison for the General Fund for the 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 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2021, on our consideration of the Town of Ocean Breeze, Florida's internal control over financial reporting and on 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 Town of Ocean Breeze, Florida'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 Town of Ocean Breeze, Florida's internal control over financial reporting and compliance.

*Nowlen, Helt & Mimes, PA*

West Palm Beach, Florida  
June 4, 2021

# Town of Ocean Breeze, Florida

## Management's Discussion and Analysis

### September 30, 2020

As management of the Town of Ocean Breeze, Florida (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2020. The information contained in the Management's Discussion and Analysis is intended to highlight significant transactions, events and conditions and should be considered in conjunction with the Basic Financial Statements.

#### **Financial Highlights**

- The assets of the Town exceeded its liabilities at September 30, 2020 by \$530,387 (net position). Of this amount, \$388,276 (unrestricted net position) may be used to meet the Town's ongoing obligations.
- The Town's operations increased net position by \$79,593.
- Governmental fund balances increased by \$80,640 or 18.7 percent.

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town, in a manner similar to a private-sector business. The statement of net position presents information on all of the Town'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 Town is improving or deteriorating. The statement of activities presents information showing how the government'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 flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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 Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements consist of the balance sheet of the governmental funds as well as the statement of revenues, expenditures and changes in fund balance of the governmental funds. The Town consolidated the two governmental funds, the General Fund and Special Revenue Fund, into the General Fund. 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.

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.

Town of Ocean Breeze  
Statement of Net Position – Governmental Activities  
September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Current and other assets	\$ 522,834	\$ 441,057
Capital assets	<u>18,561</u>	<u>19,608</u>
Total assets	<u>541,395</u>	<u>460,665</u>
<b>LIABILITIES</b>		
Current liabilities	<u>11,008</u>	<u>9,871</u>
<b>NET POSITION</b>		
Invested in capital assets	18,561	19,608
Restricted	123,550	80,208
Unrestricted	<u>388,276</u>	<u>350,978</u>
	<u>\$ 530,387</u>	<u>\$ 450,794</u>

Town of Ocean Breeze  
Changes in Net Position – Governmental Activities  
September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>REVENUES:</b>		
Program revenues		
Charges for services	\$ 132,524	\$ 190,485
Operating grants and contributions	10,965	95,980
General revenues		
Property taxes	169,353	183,987
Other general revenue	50,909	35,261
Investment earnings	<u>856</u>	<u>1,594</u>
Total revenues	<u>364,607</u>	<u>507,307</u>
<b>EXPENSES:</b>		
Program expenses		
General government	240,177	271,304
Public safety	37,849	99,128
Physical environment	-	32,121
Transportation	<u>6,988</u>	<u>1,444</u>
Total expenses	<u>285,014</u>	<u>403,997</u>
Decrease in net position	79,593	103,310
Net position, beginning	<u>450,794</u>	<u>347,484</u>
Net position, ending	<u>\$ 530,387</u>	<u>\$ 450,794</u>

**Governmental Activities**

The Town's net position increased by \$79,593 for 2020. Total revenues decreased by \$142,700 while expenses decreased by \$118,983 from the prior year which is mainly attributed to the following:

- \$85,015 decrease in operating grants and contributions.
- \$61,279 decrease in public safety expenses.
- \$32,121 decrease in physical environment expenses.
- There was \$14,634 decrease in property tax revenue.
- Charges for services decreased by \$57,961 or 30.4 percent.

**Governmental Funds**

The purpose of the Town's governmental fund financial statements is to provide information on near-term inflows, outflows, and balances of spendable resources. At September 30, 2020, the Town's Governmental Funds reported ending fund balance of \$511,826, which was a \$80,640 increase in comparison to the prior year. Of this amount, \$312,846 or 61 percent is unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is non-spendable (\$12,178) or restricted or assigned for specific purposes (\$186,802).

**Budgetary Highlights**

There Gas Tax Special Revenue Fund was consolidated into the General Fund. This was the change from the original budget and the final budget. The General Fund exceeded budget expectations by \$85,000. The General Fund expenditures were below appropriations by \$58,848 while revenue exceed expectations by \$26,152.

**Capital Assets and Debt**

Capital assets. The Town's investment in capital assets for its governmental activities at September 30, 2020, amounts to \$18,561 (net of accumulated depreciation).

Town of Ocean Breeze  
Capital Assets  
(net of depreciation)

	<u>2020</u>	<u>2019</u>
Improvements and equipment	\$ 18,561	\$ 19,608
Total capital assets	<u>\$ 18,561</u>	<u>\$ 19,608</u>

Debt. The Town has no debt outstanding at September 30, 2020.

**Economic Factors and Next Year's Budgets and Rates**

For fiscal year 2021, the Town Council adopted a General Fund budget of \$348,010 representing a \$5,195 increase from the final budget for fiscal year 2020.

The Town will see an increase in the property tax base as the Ocean Breeze West homes are completed. Property taxes represent approximately 49 percent of the 2021 budgeted operating revenues of the Town. The balance of revenues comes from intergovernmental revenues and licenses and permits.

**Requests for Information**

This financial report is designed to provide a general overview of the Town's finances and to demonstrate the Town's accountability. Questions concerning information provided in this report or requests for additional financial information should be directed to the Town Clerk at the Town of Ocean Breeze, Florida, PO Box 1025, Jensen Beach, Florida 34958 or telephone (772) 334-6826.



**TOWN OF OCEAN BREEZE, FLORIDA**

**Statement of Net Position**

**September 30, 2020**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets	
Cash and equivalents	\$ 488,875
Accounts receivable	7,965
Due from other governments	13,816
Prepays	11,228
Total Current Assets	<u>521,884</u>
Noncurrent assets	
Deposits	950
Capital assets	
Improvements and equipment	28,023
Accumulated depreciation	(9,462)
Total noncurrent assets	<u>19,511</u>
Total assets	<u>541,395</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	2,219
Accrued liabilities	4,862
Due to other governments	3,927
Total liabilities	<u>11,008</u>
<b>NET POSITION</b>	
Net investment in capital assets	18,561
Restricted for transportation	82,713
Restricted for permits	40,837
Unrestricted	388,276
Total net position	<u><u>\$ 530,387</u></u>

See notes to the financial statements

**TOWN OF OCEAN BREEZE, FLORIDA**  
**Statement of Activities**  
**For the Year Ended September 30, 2020**

Function / Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities					
General government	\$ 240,177	\$ 132,124	\$ 10,965	\$	\$ (97,088)
Public safety	37,849	400			(37,449)
Physical environment					
Transportation	6,988				(6,988)
Total governmental activities	285,014	132,524	10,965		(141,525)
General revenues					
Ad valorem taxes					169,353
Communications services taxes					5,275
State revenue sharing					14,196
Mobile home tags					2,151
1/2 Cent sales tax					19,148
Fuel taxes					4,154
Local option taxes					5,985
Investment earnings - unrestricted					856
Total general revenues					221,118
Change in net position					79,593
Net position, beginning of year					450,794
Net position, end of year					\$ 530,387

See notes to the financial statements

**TOWN OF OCEAN BREEZE, FLORIDA**

**Balance Sheet**

**Governmental Funds**

**September 30, 2020**

	General Fund	Non-Major Governmental Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 488,875	\$	\$ 488,875
Accounts receivable	7,965		7,965
Due from other governments	13,816		13,816
Prepaid expenses	11,228		11,228
Deposits	950		950
Total assets	<u>\$ 522,834</u>	<u>\$</u>	<u>\$ 522,834</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 2,219	\$	\$ 2,219
Accrued liabilities	4,862		4,862
Due to other governments	3,927		3,927
Total liabilities	<u>11,008</u>	<u></u>	<u>11,008</u>
<b>FUND BALANCES</b>			
Nonspendable	12,178		12,178
Restricted for transportation	82,713		82,713
Restricted for permits	40,837		40,837
Assigned to subsequent year's budget	63,252		63,252
Unassigned	312,846		312,846
Total fund balances	<u>511,826</u>	<u></u>	<u>511,826</u>
Total liabilities and fund balances	<u>\$ 522,834</u>	<u>\$</u>	<u>\$ 522,834</u>

See notes to the financial statements

**TOWN OF OCEAN BREEZE, FLORIDA**  
**Reconciliation of the Balance Sheet – Governmental Funds**  
**to the Statement of Net Position**  
**September 30, 2020**

Fund balances total governmental funds	\$ 511,826
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	\$ 28,023	
Less accumulated depreciation	<u>(9,462)</u>	<u>18,561</u>
Net position of governmental activities		<u><u>\$ 530,387</u></u>

See notes to the financial statements

**TOWN OF OCEAN BREEZE, FLORIDA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2020**

	General Fund	Non-Major Governmental Fund	Total Governmental Funds
<b>REVENUES</b>			
Ad valorem taxes	\$ 169,353	\$	\$ 169,353
Licenses and permits	109,198		109,198
Intergovernmental revenues	53,063		53,063
Charges for services	21,172		21,172
Government grants	10,965		10,965
Private contributions			
Investment Earnings	856		856
Total revenues	<u>364,607</u>	<u></u>	<u>364,607</u>
<b>EXPENDITURES</b>			
Current			
General government	236,931		236,931
Public safety	37,849		37,849
Physical environment			
Transportation	6,988		6,988
Capital outlay	2,199		2,199
Total expenditures	<u>283,967</u>	<u></u>	<u>283,967</u>
Excess (deficiency) of revenues over (under) expenditures	<u>80,640</u>	<u></u>	<u>80,640</u>
Other financing sources (uses)			
Transfers in	80,208		80,208
Transfers out		(80,208)	(80,208)
Total other financing sources (uses)	<u>80,208</u>	<u>(80,208)</u>	<u></u>
Net change in fund balances	160,848	(80,208)	80,640
Fund balances, beginning of year	<u>350,978</u>	<u>80,208</u>	<u>431,186</u>
Fund balances, end of year	<u>\$ 511,826</u>	<u>\$</u>	<u>\$ 511,826</u>

See notes to the financial statements

**TOWN OF OCEAN BREEZE, FLORIDA**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund**  
**Balances of the Governmental Funds to the Statement of Activities**  
**For the Year Ended September 30, 2020**

Net change in fund balances - total governmental funds	\$	80,640
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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 capital assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets	\$	2,199	
Less: current year depreciation		<u>(3,246)</u>	(1,047)
Change in net position			<u><u>\$ 79,593</u></u>

See notes to the financial statements

**TOWN OF OCEAN BREEZE, FLORIDA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**General Fund**  
**For the Year Ended September 30, 2020**

	Original Adopted Budget	Final Revised Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues</b>				
Ad valorem taxes	\$ 167,755	\$ 167,755	\$ 169,353	\$ 1,598
Licenses and permits	111,350	111,350	109,198	(2,152)
Intergovernmental revenues	38,350	48,350	53,063	4,713
Charges for services	10,000	10,000	21,172	11,172
Government Grants			10,965	10,965
Investment Earnings	1,000	1,000	856	(144)
Total revenues	<u>328,455</u>	<u>338,455</u>	<u>364,607</u>	<u>26,152</u>
<b>Expenditures</b>				
Current				
General Government	274,915	274,915	236,931	37,984
Public Safety	51,200	51,200	37,849	13,351
Transportation		10,700	6,988	3,712
Capital Outlay	6,000	6,000	2,199	3,801
Total expenditures	<u>332,115</u>	<u>342,815</u>	<u>283,967</u>	<u>58,848</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,660)</u>	<u>(4,360)</u>	<u>80,640</u>	<u>85,000</u>
Other financing sources (uses)				
Transfers in			<u>80,208</u>	<u>80,208</u>
Net change in fund balances	<u>\$ (3,660)</u>	<u>\$ (4,360)</u>	<u>160,848</u>	<u>\$ 165,208</u>
Fund balance, beginning of year			<u>350,978</u>	
Fund balance, end of year			<u>\$ 511,826</u>	

See notes to the financial statements

**TOWN OF OCEAN BREEZE, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Ocean Breeze, Florida (the “Town”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Town’s significant accounting policies are described below.

**Reporting Entity**

The Town of Ocean Breeze, Florida is a municipal corporation organized in 1960 under the authority of Chapter 165, Florida Statutes. The town has a mayor-council form of government and operates under a charter that was amended in 1991. The fiscal year of the Town is from October 1 to September 30, as established pursuant to section 166.241(2), Florida Statutes. The governing body of the Town is the Town Council which is comprised of a maximum of six council members elected at large.

As required by generally accepted accounting principles, these financial statements include the Town (the primary government) and its component units. Component units are legally separate entities for which the Town is financially accountable. The Town is financially accountable if:

- a) the Town appoints a voting majority of the organization’s governing board and (1) the Town is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town, or
- b) the organization is fiscally dependent on the Town and (1) there is a potential for the organization to provide specific financial benefits to the Town or (2) impose specific financial burdens on the Town.

Organizations for which the Town is not financially accountable are also included when doing so is necessary in order to prevent the Town’s financial statements from being misleading.

Based upon application of the above criteria, management of the Town has determined that no component units exist which would require inclusion in this report. Further, the Town is not aware of any entity that would consider the Town to be a component unit.



**TOWN OF OCEAN BREEZE, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. The Town does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

**Fund Financial Statements**

The underlying accounting system of the Town is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenue and expenditures or expenses, as appropriate. 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.

Fund financial statements are provided for governmental funds. Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenue, Expenditures and Changes in Fund Balance. The Town has no fund types other than governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements.

The Town reports the General Fund as a major governmental fund. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

The Town reports the Special Revenue Fund as a nonmajor governmental fund. The Special Revenue Fund was closed in fiscal year 2020.

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

**TOWN OF OCEAN BREEZE, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 1 – SUMMARY OF 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. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. The Town does not accrue property tax revenues since the collection of these taxes coincides with the fiscal year in which levied, and since the Town consistently has no material uncollected property taxes at year end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Amounts paid to acquire capital assets are capitalized as assets, rather than reported as capital expenditures.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough afterwards to pay liabilities of the current period. The Town considers revenues collected within 60 days of the year end to be available to pay liabilities of the current period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources are expended, rather than as fund assets.

**Cash and Cash Equivalents**

Cash and cash equivalents include amounts on deposit in demand accounts. The Town considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**TOWN OF OCEAN BREEZE, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Investments**

Investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of fair value measurement in both cases is the same, that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. The Town categorizes investments reported at fair value in accordance with the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*.

**Accounts Receivable**

Accounts receivable of the General Fund consists of billed receivables. The Town has not established an allowance for doubtful accounts because the Town considers all receivables to be collectible.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. In the governmental funds, prepaid items are recorded using the consumption method and are offset by the nonspendable fund balance component which indicates they do not constitute available spendable resources, even though they are a component of current assets.

**Capital Assets**

Capital assets are defined by the Town as assets with an estimated useful life in excess of one year and a value at the date of acquisition in excess of \$500. Capital assets are reported in the government-wide Statement of Net Position and include improvements and equipment. Purchased capital assets are recorded at cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Depreciation is computed using the straight-line method over the estimated useful lives for all reported capital assets, except land and construction in progress. The estimated useful lives range from five (5) to thirty (30) years.

**TOWN OF OCEAN BREEZE, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Unearned Revenue**

The government reports unearned revenue on its government wide Statement of Net Position and governmental funds balance sheet. Unearned revenue arises when resources are obtained prior to revenue recognition. In subsequent periods, when revenue recognition criteria are met the unearned revenue is removed and revenue is recognized.

**Unavailable Revenue**

The government reports unavailable revenue on its governmental funds balance sheet for resource inflows that do not qualify for recognition as revenue in a governmental fund because they are not yet considered available.

**Deferred Outflows of Resources**

The government-wide Statement of Net Position and the Governmental Funds Balance Sheet will sometimes include a separate section for deferred outflows of resources. This financial statement element represents a consumption of net position applicable to future periods and will not be recognized as expenditures until the future period(s). The Town does not currently have any deferred outflows of resources.

**Deferred Inflows of Resources**

The government-wide Statement of Net Position and the Governmental Funds Balance Sheet will sometimes include a separate section for deferred inflows of resources. This financial statement element represents the acquisition of net position applicable to future periods and will not be recognized as revenue until the future period(s). The Town does not currently have any deferred inflows of resources.

**Interfund Transactions**

Transactions between funds consist of loans, services provided, reimbursements, or transfers. Interfund loans are reported as Due From Other Funds and Due To Other Funds as appropriate and are subject to elimination in the government-wide financial statements. Services deemed to be reasonably equivalent in value are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost. All other interfund transactions are presented as transfers.

**TOWN OF OCEAN BREEZE, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Fund Balances**

In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balance is reported under the following categories:

1. Nonspendable fund balances – Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale. However, if the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned, then they should be included in the appropriate fund balance classification (restricted, committed, or assigned), rather than the nonspendable fund balance. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.
2. Restricted fund balance – Includes amounts that are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed fund balance – Includes amounts that can be used only for specific purposes pursuant to constraints imposed by an ordinance, the Town’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action employed to previously commit those amounts.
4. Assigned fund balance – Includes amounts intended to be used by the Town for specific purposes, but are neither restricted nor committed. In accordance with the Town’s fund balance policy, assignments may be made by formal action of the Town Council.
5. Unassigned fund balance – Includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

**TOWN OF OCEAN BREEZE, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Fund Balances** (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the Town's policy to reduce restricted amounts first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the Town's policy to reduce committed amounts first, followed by assigned amounts, then unassigned amounts.

**Net Position**

Net position is the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets plus deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net position is displayed in the following three components:

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position – Consists of net position with constraints placed on the use either by: (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions of enabling legislation.
3. Unrestricted net position – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

**Budgetary Data**

Formal budgetary integration is employed as a management control device during the year for the General Fund and the Special Revenue Fund. All budgets are legally enacted. Budgets are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by appropriate action.

**TOWN OF OCEAN BREEZE, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Property Taxes**

Under Florida law, the assessment of all properties and the collection of all county, municipal, and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessment are also designed to assure a consistent property valuation method statewide.

The tax levy of the Town is established by the Town Council prior to October 1 of each year, and the Martin County Property Appraiser incorporates the Town's millage into the total tax levy, which includes Martin County and Martin County School Board tax requirements. The millage rate assessed by the Town for the year ended September 30, 2020, was 4.8008 (\$4.8008 for each \$1,000 of assessed valuation), which does not include the Fire Rescue Municipal Services Taxing Unit ("MSTU") millage rate of 2.7889.

All property is reassessed according to its fair market value January 1 of each year, which is also the lien date. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all the appropriate requirements of state statutes.

All taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. The taxes paid in March are without discount.

Delinquent taxes on real property bear interest of 18% per year. On or prior, to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After the sale, tax certificates bear interest of 18% per year or any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Delinquent taxes on personal property bear interest of 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations.

**Use of Estimates**

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use and recoverability of inventory, and useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are

**TOWN OF OCEAN BREEZE, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Use of Estimates** (Continued)

reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

**Recently Issued Accounting Pronouncements**

A brief description of new accounting pronouncements that might have a significant impact on the Town's financial statements is presented below. Management is currently evaluating the impact of adoption of these statements in the Town's financial statements.

In January 2017 the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement will improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement is effective for the fiscal year ending September 30, 2021.

In May 2017 the GASB issued Statement No. 87, *Leases*. This Statement will increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting that is based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement is effective for the fiscal year ending September 30, 2022.

In January 2020 the GASB issued Statement No. 92, *Omnibus 2020*. This Statement will enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during the implementation and application of certain GASB Statements. This Statement addresses a variety of topics. The requirements of this Statement related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The remaining requirements are effective for the fiscal year ending September 30, 2022.

In May 2020 the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement is effective for the fiscal year ending September 30, 2023.



**TOWN OF OCEAN BREEZE, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 2 – BUDGETARY INFORMATION**

**Budget Policy and Practice**

Budgets are prepared in accordance with the Town Charter and the Florida Budget Act. The budget is presented to the Town Council for review, and public hearings are held to address priorities and the allocation of resources. In September, the Town Council adopts the annual fiscal year appropriated budgets for the Town funds. Once approved, the Town Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

**Basis of Budgeting**

The General Fund's appropriated budget legal level of budgetary control is at the fund level. Expenditures may not exceed appropriations at this level. Budget revisions at this level are subject to final review by the Town Council.

The budget for the General Fund is prepared on the basis of generally accepted accounting principles in the United States of America. The budget and actual financial statements are also reported on this basis. All budgeted appropriations lapse at fiscal year-end.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

**Deposits**

Deposits are either covered by insurance provided by the Federal Depository Insurance Corporation or are held in banking institutions approved by the Treasurer of the State of Florida. Under Florida Statutes, Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or other banking institution eligible collateral. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. The Town's deposits at year end are considered insured for custodial credit risk purposes. As of September 30, 2020, the bank balance of the Town's deposits was \$130,103 while the carrying amount was \$84,753.

**TOWN OF OCEAN BREEZE, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 3 – DEPOSITS AND INVESTMENTS** (Continued)

**Investments**

The Town has not adopted a written investment policy. Florida Statutes authorize units of local government electing not to adopt a written investment policy to invest in the following instruments:

- a. The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969.
- b. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- c. Interest-bearing time deposits or savings accounts in qualified public depositories.
- d. Direct obligations of the U.S. Treasury.

At September 30, 2020, the Town held investments of \$404,122 in the Florida Cooperative Liquid Assets Securities System (FLCLASS) which is administered by the Public Trust Advisors. The investment in FLCLASS is reported at amortized cost in accordance with GASB Statement No. 79, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (GASB 79). FLCLASS has no unfunded commitments and provides same day or next day redemption. The investment in FLCLASS is reported as cash and cash equivalents for financial statement purposes.

**Credit Risk**

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Town's investment policies limit its investments to high quality investments to control credit risk. FLCLASS was rated AAAM by S&P Global Ratings at September 30, 2020.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The dollar weighted average days maturity (WAM) of FLCLASS at September 30, 2020, was 51 days.

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments that are in the possession of an outside party. At September 30, 2020, all the Town's deposits were insured or collateralized. The investment in the FLCLASS is not insured by FDIC or any other governmental agency.

**TOWN OF OCEAN BREEZE, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 4 – PREPAID EXPENSES**

The Town's prepaid expenses as of September 30, 2020, are as follows:

Prepaid Expenses	\$ 450
Prepaid Insurance	<u>10,778</u>
Total	<u>\$ 11,228</u>

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2020, was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets being depreciated				
Improvements and equipment	\$ 25,824	\$ 2,199	\$	\$ 28,023
Less accumulated depreciation				
Improvements and equipment	<u>(6,216)</u>	<u>(3,246)</u>	<u></u>	<u>(9,462)</u>
<b>Capital assets, net</b>	<u>\$ 19,608</u>	<u>\$ (1,047)</u>	<u>\$</u>	<u>\$ 18,561</u>

Depreciation expense was charged to functions and programs of the primary government as follows:

**Governmental activities:**

General government	\$ 3,246
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**NOTE 6 – INTERLOCAL AGREEMENTS**

**Right of Way Maintenance Agreement**

In 2012, the Town entered into an Interlocal Agreement with Martin County for the purpose of assigning each party its responsibilities for the Design, permitting, and construction of certain traffic improvements along NE Indian River Drive, which is a County road within Town limits. In July 2016, the agreement was amended to incorporate stormwater management and treatment components to the traffic calming project. The Project includes enhanced landscaping and irrigation, a stormwater treatment facility with a bioswale, decorative lighting and textured pavement. All maintenance, repair, and replacement of the aforementioned enhanced landscape improvements and the bioswale shall be the sole responsibility of the Town. All maintenance, repair, and replacement of the irrigation system shall be the sole responsibility of the Town, including, but not limited to,

**TOWN OF OCEAN BREEZE, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 6 – INTERLOCAL AGREEMENTS** (Continued)

**Right of Way Maintenance Agreement** (Continued)

ensuring that the irrigation system is kept in proper working order. All aesthetic maintenance of the roadway textured pavement shall be the sole responsibility of the Town. Should the Town be unable or unwilling to complete the required maintenance work, the County may complete or contract to have such maintenance performed and bill the Town for all costs incurred. The County agrees to provide written notice of its intent to perform such maintenance at least five days in advance of performing the work.

**Fire Protection and Emergency Medical Services**

The Town has opted into the Martin County's Fire-Rescue Municipal Services Taxing Unit ("MSTU") for the provision of fire rescue, fire protection, and related services from the County commencing on October 1, 2019. The tax for the MSTU is included in the maximum 10 mills the Town is legally allowed to assess. On September 30, 2020, the MSTU millage rate was 2.7889.

**NOTE 7 – LEASES**

The Town has committed to an office lease space for a term of five years and five months, commencing on August 15, 2017 and ending January 31, 2023. The Town will occupy the premises rent free from August 15, 2017 to January 31, 2018, with payments commencing in February 2018. The lease has a base monthly payment of \$950 with annual increases of 3% culminating in a monthly payment of \$1,069 for the period ending January 31, 2023. The Town has also committed to a copier lease with a monthly rental payment of \$236 through 2025. Lease expense for the year ended September 30, 2020 was \$13,081. Future minimum rental payments are as follows:

<u>Year Ended September 30</u>	<u>Minimum Lease Payments</u>
2021	\$ 15,168
2022	15,538
2023	7,109
2024	2,832
2025	<u>1,652</u>
	<u>\$ 42,299</u>

**TOWN OF OCEAN BREEZE, FLORIDA**  
**Notes to the Financial Statements**  
**September 30, 2020**

**NOTE 8 – RISK MANAGEMENT**

The Town 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 for which the Town carries commercial insurance. Retention of risks is limited to those risks that are uninsurable and deductibles. The Town has not significantly reduced insurance coverage from the prior year, and there were no settled claims which exceeded insurance coverage during the past three fiscal years.

Florida Statutes limit the Town's maximum loss for most liability claims to \$200,000 per person and \$300,000 per occurrence under the Doctrine of Sovereign Immunity. However, under certain circumstances, a plaintiff can seek to recover damages in excess of statutory limits by introducing a claims bill to the Florida Legislature. The limits addressed in Florida Statutes do not apply to claims filed in Federal courts.

The Town is involved in various litigation and claims arising in the ordinary course of operations, the ultimate outcomes of which cannot be presently determined. It is the opinion of management, in consultation with legal counsel, that any final settlement in these matters will not result in a material adverse effect on the financial position of the Town.



## NOWLEN, HOLT & MINER, P.A.

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### INDEPENDENT AUDITOR'S 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*

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TELEPHONE (561) 996-5612  
FAX (561) 996-6248

The Honorable Mayor and Members of the Town Council  
Town of Ocean Breeze, Florida  
Jensen Beach, Florida

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, each major fund, and the aggregate remaining fund information of the Town of Ocean Breeze, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Ocean Breeze's basic financial statements and have issued our report thereon dated June 4, 2021.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Ocean Breeze, Florida's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Ocean Breeze, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Ocean Breeze, Florida'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 entity'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. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Ocean Breeze, Florida'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*.

### **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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Nowlen, Hall & Mims, P.A.*

West Palm Beach, Florida  
June 4, 2021



## NOWLEN, HOLT & MINER, P.A.

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

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TELEPHONE (561) 996-5612  
FAX (561) 996-6248

To the Honorable Mayor and Member of the Town Council  
Town of Ocean Breeze, Florida  
Jensen Beach, Florida

#### Report on the Financial Statements

We have audited the financial statements of the Town of Ocean Breeze, Florida, as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 4, 2021.

#### Auditor's 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 Auditor's 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 Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 4, 2021, 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. No findings and recommendations were 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. This information was disclosed in Note 1 to the financial statements. There are no component units included in the Town of Ocean Breeze, Florida's financial statements.

### **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 Town of Ocean Breeze, Florida 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 Town of Ocean Breeze, Florida 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 Town of Ocean Breeze, Florida. It is management's responsibility to monitor the Town of Ocean Breeze, Florida'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. Our assessment was done as of the fiscal year end. The results of our procedures did not disclose any matters that are required to be reported.

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 not have any such recommendations.

### **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.

### **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.

### **Single Audits**

The Town of Ocean Breeze, Florida expended less than \$750,000 of federal awards and less than \$750,000 of state financial assistance for the fiscal year ended September 30, 2020 and was not required to have a federal single audit or a state single audit.

### **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 Town Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Nowlen, Holt & Mimer, P.A.*

West Palm Beach, Florida  
June 4, 2021



## NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

WEST PALM BEACH OFFICE  
NORTHBRIDGE CENTRE  
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MARK J. BYMASTER, CFE, CPA  
RYAN M. SHORE, CFP®, CPA  
WEI PAN, CPA  
WILLIAM C. KISKER, CPA  
RICHARD E. BOTTS, CPA

### INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

BELLE GLADE OFFICE  
333 S.E. 2nd STREET  
POST OFFICE BOX 338  
BELLE GLADE, FLORIDA 33430-0338  
TELEPHONE (561) 996-5612  
FAX (561) 996-6248

The Honorable Mayor and Members of the Town Council  
Town of Ocean Breeze, Florida  
Jensen Beach, Florida

We have examined the Town of Ocean Breeze, Florida's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2020. Management of the Town of Ocean Breeze, Florida is responsible for the Town of Ocean Breeze, Florida's compliance with the specified requirements. Our responsibility is to express an opinion on the Town of Ocean Breeze, Florida's compliance with the specified requirements 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 Town of Ocean Breeze, Florida complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town of Ocean Breeze, Florida 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 Town of Ocean Breeze, Florida's compliance with the specified requirements.

In our opinion, the Town of Ocean Breeze, Florida complied, in all material respects, with Section 218.415, Florida Statutes for the year ended September 30, 2020.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, applicable management, and the Town Council, and is not intended to be and should not be used by anyone other than these specified parties.

*Nowlen, Holt & Miner, P.A.*

West Palm Beach, Florida  
June 4, 2021

## LOCAL GOVERNMENTAL ENTITY AUDIT REPORT SUBMITTAL CHECKLIST

Entity Name: Town of Ocean Breeze, Florida

Entity Address: \_\_\_\_\_

P.O. Box 1025

Jensen Beach, FL 34958

Entity Contact Person:

Name: Pamela Orr

Title: Town Clerk

Phone Number: (772) 334-6826

E-mail Address: townclerk@townofoceانبreeze.org

CPA Firm Contact Person:

Name: Terry Morton

Title: Partner

Phone Number: (561) 659-3060

E-mail Address: tlm@nhmcpa.com

Fiscal Year Audited: September 30, 2020

Date the auditor delivered the audit report to the entity: June 09, 2021

Does the audit report include the following items required by Section 10.557(3), Rules of the Auditor General:

Required for municipalities, special districts, the county as a whole, and county agencies \*\*

YES

The financial statements described in Sections 10.556(3) and (4), Rules of the Auditor General, as applicable, together with related notes to financial statements?

YES

Required supplementary information (RSI) such as the management's discussion and analysis (not required for county agencies), or the budgetary comparison schedule (required as RSI if not presented as part of the financial statements)?

YES

The auditor's report on the financial statements?

YES

The auditor's report on compliance and internal control?

YES

The management letter defined in Section 10.554(1)(i), Rules of the Auditor General?

N/A

The written statement of explanation or rebuttal, including corrective action to be taken, required by Section 10.558(1), Rules of the Auditor General?

\*\* Pursuant to Section 218.39(2), Florida Statutes, an audit of the board of county commissioners is not required. However, if the county report includes an audit of the board of county commissioners, it should, pursuant to Section 10.554(1)(e), Rules of the Auditor General, include the items required by Section 10.557(3), Rules of the Auditor General.

YES

The auditor's report based on an examination conducted in accordance with *AICPA Professional Standards*, prepared in accordance with AT-C Section 315, promulgated by the American Institute of Certified Public Accountants, regarding the compliance requirements referenced in Section 10.556(10), Rules of the Auditor General?

N/A

For entities that had adopted an impact fee by ordinance or resolution, an affidavit signed and sworn to by the Chief Financial Officer before an officer authorized to administer oaths (e.g., notary public) stating that the entity complied with the requirements of Section 163.31801, Florida Statutes, as referenced by Section 10.557(3)(m), Rules of the Auditor General.

Required for municipalities, special districts, and the county as a whole

N/A

If applicable, any other auditor's reports, related financial information, and auditee-prepared documents required pursuant to Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); or other applicable Federal law?

N/A

Any auditor's reports and related financial information required pursuant to the *Florida Single Audit Act* (see Section 10.557(3)(e), Rules of the Auditor General)?

N/A

For any fiscal year in which funds related to the Deepwater Horizon oil spill are received or expended, a schedule of receipts and expenditures of such funds required by Section 10.557(3)(n), Rules of the Auditor General?

N/A

For any fiscal year in which funds related to the Deepwater Horizon oil spill are received or expended, a report that includes an opinion (or disclaimer of opinion) as to whether the schedule of receipts and expenditures of such funds required by Section 10.557(3)(n), Rules of the Auditor General, is presented fairly in all material respects in relation to the financial statements taken as a whole? The report must be prepared in accordance with *AICPA Professional Standards*, AU-C Section 725, promulgated by the American Institute of Certified Public Accountants (see Section 10.557(3)(f), Rules of the Auditor General)?

In addition to the above, have the following requirements been complied with:

YES

Are all of the above elements of the audit report included in a **single document** as required by Section 10.557(3), Rules of the Auditor General?

YES

Are **one** paper copy and **one** electronic copy of the audit report being submitted as required by Section 10.558(3), Rules of the Auditor General?

YES

Is the audit report being submitted within 45 days after receipt of the audit report from the auditor, but no later than **9 months** after the end of the fiscal year? **NOTE:** There is no provision in law authorizing an extension for filing the audit report.

YES

Is the electronic copy named using all lower-case letters as follows: [fiscal year] [name of entity].pdf? Counties should include the word "county" in the entity name; however, it is not necessary for municipalities to include "city of," "town of," etc. in the entity name. For example, the converted document for the 2019-20 fiscal year for Alachua County should be named 2020 alachua county.pdf while the converted document for the 2019-20 fiscal year for the City of Alachua should be named 2020 alachua.pdf.

N/A

If the audit report is for a county or municipality, and a dependent special district was audited as part of the county or municipality audit, did the notes to financial statements clearly indicate that the special district had been included as part of the county's or municipality's reporting entity? **NOTE:** Pursuant to Section 218.39(3), Florida Statutes, an independent special district may not be audited as part of a county or municipality audit. When a dependent special district is audited as part of the county or municipality audit, the county or municipality notes to financial statements should clearly disclose that the special district is a component unit included within the county's or municipality's reporting entity.

**This checklist should accompany the audit report.** It is suggested that you retain a copy of the checklist for your files. Do not hesitate to contact us if assistance or clarification is needed regarding reporting requirements. Our contact information is as follows:

Auditor General  
Local Government Audits/342  
Claude Pepper Building, Room 401  
111 West Madison Street  
Tallahassee, FL 32399-1450  
Telephone: (850) 412-2881

E-mail Address: [flaudgen\\_localgovt@aud.state.fl.us](mailto:flaudgen_localgovt@aud.state.fl.us)  
Web site Address: [FLAuditor.gov](http://FLAuditor.gov)