

**Town of Ocean Breeze, Florida**

**ANNUAL FINANCIAL REPORT**

**September 30, 2017**







# Berger, Toombs, Elam, Gaines & Frank

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## REPORT OF INDEPENDENT AUDITORS

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the Town of Ocean Breeze, Florida as of and for the year ended September 30, 2017, and the related notes to financial statements, which collectively comprise the Town'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 an opinion 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 opinion.

Fort Pierce / Stuart

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To the Honorable Mayor and Council Members  
Town of Ocean Breeze, Florida

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of Ocean Breeze, Florida as of September 30, 2017, and the respective changes in financial position and the budgetary comparison for the General Fund and the Special Revenue Fund for the year then ended in conformity 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 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, economical 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 principally 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 the 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 a report dated June 6, 2018 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. The purpose of that report is 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 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 Town of Ocean Breeze, Florida's internal control over financial reporting and compliance.

*Berger Toombs Elam  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

June 6, 2018

**Town of Ocean Breeze, Florida**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2017**

Our discussion and analysis of the Town of Ocean Breeze, Florida's (the Town) financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2017. Please read it in conjunction with the Town's Financial Statements.

**FINANCIAL HIGHLIGHTS**

- The net position of the Town's governmental activities decreased by \$28,796 or 5.9 percent this year versus the prior year.
- Revenues for the Town's governmental activities increased by 108.8 percent while total expenses increased 89.4 percent.
- The combined governmental funds of the Town reported a decrease of \$20,332, which was the result of the Town's decision to utilize a portion of unassigned fund balance to pay for expenditures in the current year.
- The actual charges to appropriations (expenditures) were \$101,384 above the final budget while resources available for appropriation (revenues) were \$119,749 above the final budget.

**USING THIS ANNUAL REPORT**

**Reporting the Town as a Whole**

The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in net position. The Town's net position – the difference between assets and liabilities – is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the Town's property tax base, should be considered to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, we report the Town's governmental activities. All of the Town's services are reported here, including general government, public safety, and transportation. Property taxes, intergovernmental revenues, and charges for services finance most of these activities.

**Town of Ocean Breeze, Florida**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2017**

**Reporting the Town's Most Significant Funds**

The fund financial statements provide detailed information about the most significant funds. All of the Town's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are nonspendable, restricted, committed, assigned, or unassigned. These classifications of fund balance show the nature and extent of constraints placed on the Town's fund balances by law, creditors, the Town Council, and the Town's annually adopted budget. Unassigned fund balance is available for spending for any purpose. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds in a reconciliation at the end of the fund financial statements.

**THE TOWN AS A WHOLE**

Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

**Table 1**  
**Net Position**

	<b>FY 2017</b>	<b>FY 2016</b>
<b>ASSETS:</b>		
Current and other assets	\$ 660,093	\$ 483,531
Capital assets	18,330	18,544
Total assets	678,423	502,075
 <b>LIABILITIES</b>		
Current liabilities	218,292	13,148
 <b>NET POSITION</b>		
Invested in capital assets	18,330	18,544
Restricted	183,403	184,682
Unrestricted	258,398	285,701
Total net position	\$ 460,131	\$ 488,927

**Town of Ocean Breeze, Florida  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2017**

**THE TOWN AS A WHOLE (Continued)**

The net position of the Town's governmental activities changed 5.9 percent (\$460,131 compared to \$488,927). Unrestricted net position – the part of net position that can be used to finance the day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – changed from \$285,701 at September 30, 2016, to \$258,398 at September 30, 2017. The majority of this change reflects the Town's decision to utilize a portion of unrestricted fund balance to pay for expenses in the current year.

**Table 2  
Changes in Net Position**

	<u>FY 2017</u>	<u>FY 2016</u>
<b>REVENUES:</b>		
Program revenues:		
Operating grants and contributions	\$ 210,244	\$ 38,068
Charges for services	92,467	83,751
General revenues:		
Property taxes	137,599	88,979
Investment earnings	411	208
Total revenues	<u>440,621</u>	<u>211,006</u>
<b>PROGRAM EXPENSES:</b>		
General government	239,136	191,284
Physical Environment	180,309	-
Public safety	47,617	47,407
Transportation	2,455	9,243
Total expenses	<u>469,517</u>	<u>247,934</u>
Increase (decrease) in net position	(28,796)	(36,928)
Net position, beginning of year	<u>488,927</u>	<u>525,855</u>
Net position, end of year	<u>\$ 460,131</u>	<u>\$ 488,927</u>

Revenues for the Town's governmental activities increased 108.8 percent (\$229,615), while total expenses increased 89.4 percent (\$221,583). As a result, the decrease in net position in 2017 was \$28,796 compared to a decrease in net position in 2016 of \$36,928.

Property tax revenue increased 54.5 percent (\$48,520) from the prior year. The Town Council approved a 54.7 percent decrease in the property tax revenue rate. Furthermore, revenues from charges for services increased 10.4 percent (\$8,716) from the prior year due to better than expected collection of permit fees and other fees for service. Revenues from operating grants and contributions increased 452.3 percent (\$172,176) from the prior year due to the start of a significant construction project that is significantly funded by government grants and private contributions.



**Town of Ocean Breeze, Florida**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2017**

General government expenses increased 25.0 percent (\$47,852), public safety increased 0.4 percent (\$210), physical environment increased 100.0 percent (\$180,309) and transportation decreased 73.4 percent (\$6,788) from the prior year. General government expenses mainly increased in the areas of gross payroll expense and professional fees expense as a result of the increase in work required to support the increased collection of permit fees and other fees for service as well as the significant construction project that is significantly funded by government grants and private contributions. Physical environment expenses mainly increased in the area of contract labor for the significant construction project that is significantly funded by government grants and private contributions. Transportation mainly decreased as a result of some unusual maintenance items incurred in the prior year that were not present in the current year.

### **THE TOWN'S FUNDS**

As the Town completed the year, its governmental funds reported a combined fund balance of \$330,051, as compared to last year's total of \$350,383. Of the current ending fund balance, the following categories are recorded and primary uses noted in accordance with GASB 54:

- \$12,186 is recorded as nonspendable due to prepaid expenses and deposits;
- \$71,653 is recorded as restricted for transportation;
- \$246,212 is the remaining fund balances, thus it is unassigned.

The primary reason for the decrease in fund balances of the governmental funds is the Town's decision to utilize a portion of unassigned fund balance to pay for expenditures in the current year.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget for revenues resulted in a 73.2 percent decrease (\$852,950). The budget amendments for revenues were done for the purpose of recognizing the increased collections of permit fees and other fees for service and the decrease in government grants and private contributions as a result of the related project being extended into the following fiscal year. Differences between the original budget and the final amended budget for expenditures resulted in a 70.5 percent decrease (\$854,200). The budget amendments for expenditures were done for the purpose of recognizing the increased costs associated with the increased collections of permit fees and other fees for service and the decreased costs for contract labor for the significant construction project that is significantly funded by government grants and private contributions.

The actual charges to appropriations (expenditures) were \$101,384 above the final budget. The most significant negative variance was in the physical environment area, whereby a significant invoice for contract labor was received after the final budget amendment was approved. Resources available for appropriation (revenues) were \$119,749 greater than the final budgeted amount. The most significant positive variance was in the area of government grant revenues, whereby an invoice for grant reimbursable contract costs was prepared after the final budget amendment was approved.

**Town of Ocean Breeze, Florida  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
September 30, 2017**

**CAPITAL ASSETS AND LONG-TERM LIABILITY ADMINISTRATION**

**Capital Assets**

At the end of 2017, the Town had \$18,330 invested in capital assets including improvements and equipment and construction in progress. This amount represents a net decrease (including additions and disposals) of \$214, or 1.2 percent less than last year as a result of depreciation expense and the disposal and addition of certain improvements and equipment and construction in progress.

**Table 3  
Capital Assets at Year-End (Net of Depreciation)**

	<u>FY 2017</u>	<u>FY 2016</u>
Improvements and equipment	\$ 17,273	\$ 18,544
Construction in progress	1,057	-
Total capital assets	<u>\$ 18,330</u>	<u>\$ 18,544</u>

There were no significant additions during 2017.

**Long-Term Liabilities**

The Town has no long-term liabilities; rather, the Town's debt consists primarily of amounts currently payable to outside contractors for the general government operations.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Town's revenues are generated primarily from taxes, government grants, private contributions and charges for certain building permitting, inspections and other services. These revenues are only somewhat subject to general economic conditions.

The Town's elected officials considered many factors when setting the fiscal year 2018 budget and tax rates. Amounts available for appropriation in the General Fund budget are \$1,484,890, a change of 376.6 percent over the final 2017 budget of \$311,546. The Town will use these revenues to finance programs we currently offer. Budgeted expenditures in 2018 are expected to be \$1,534,992 as compared to the final 2017 budget of \$357,214. The Town has continued a significant grant program to the 2018 budget that will add improvements to the physical environment and transportation needs of the Town. If these estimates are realized, the Town's budgetary General Fund is expected to decrease \$50,102 from year to year.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town's finances for all who have an interest in this agency and to show the Town's accountability for the funds it receives. If you have any questions about this report or need additional information, contact the Town Clerk at the Town of Ocean Breeze, Florida, P.O. Box 1025, Jensen Beach, Florida 34958 or telephone (772) 334-6826.

**Town of Ocean Breeze, Florida**  
**STATEMENT OF NET POSITION**  
**September 30, 2017**

	<b>Governmental Activities</b>
<b>Assets</b>	
<b>Current Assets</b>	
Cash and equivalents	\$ 418,544
Accounts receivable	117,613
Prepaid expenses	122,986
<b>Total Current Assets</b>	<b>659,143</b>
<b>Non-Current Assets</b>	
Deposits	950
Capital assets not being depreciated:	
Construction in progress	1,057
Capital assets being depreciated:	
Improvements and equipment	36,955
Less: accumulated depreciation	(19,682)
<b>Total Non-Current Assets</b>	<b>19,280</b>
<b>Total Assets</b>	<b>678,423</b>
 <b>Liabilities</b>	
<b>Current Liabilities</b>	
Accrued expenses	128,292
Unearned revenue	90,000
	<b>218,292</b>
 <b>Net Position</b>	
Net investment in capital assets	18,330
Restricted for transportation	71,653
Restricted for physical environment	111,750
Unrestricted	258,398
<b>Total Net Position</b>	<b>\$ 460,131</b>

See accompanying notes.

**Town of Ocean Breeze, Florida**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenues and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities				
General government	\$ (239,136)	\$ 92,212	\$ 28,836	\$ (118,088)
Public safety	(47,617)	255	-	(47,362)
Physical Environment	(180,309)	-	172,059	(8,250)
Transportation	(2,455)	-	9,349	6,894
Total Governmental Activities	<u>\$ (469,517)</u>	<u>\$ 92,467</u>	<u>\$ 210,244</u>	<u>(166,806)</u>
<b>General Revenues</b>				
				137,599
				411
				<u>138,010</u>
				(28,796)
				<u>488,927</u>
				<u>\$ 460,131</u>

See accompanying notes.

**Town of Ocean Breeze, Florida**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**September 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and equivalents	\$ 346,697	\$ 71,847	\$ 418,544
Accounts Receivable	117,613	-	117,613
Prepaid expenses	11,236	-	11,236
Deposits	950	-	950
<b>Total Assets</b>	<u><u>\$ 476,496</u></u>	<u><u>\$ 71,847</u></u>	<u><u>\$ 548,343</u></u>
 <b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 128,098	\$ 194	\$ 128,292
Unearned revenue	90,000	-	90,000
	<u><u>\$ 218,098</u></u>	<u><u>\$ 194</u></u>	<u><u>\$ 218,292</u></u>
 <b>Fund balances:</b>			
Nonspendable	12,186	-	12,186
Restricted for transportation	-	71,653	71,653
Unassigned	246,212	-	246,212
<b>Total Fund Balances</b>	<u><u>258,398</u></u>	<u><u>71,653</u></u>	<u><u>330,051</u></u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 476,496</u></u>	<u><u>\$ 71,847</u></u>	<u><u>\$ 548,343</u></u>

*See accompanying notes.*

**Town of Ocean Breeze, Florida**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**September 30, 2017**

Total Governmental Fund Balances	\$ 330,051
Capital assets being depreciated (improvements and equipment (\$36,955) less accumulated depreciation (\$19,682)) used in governmental activities, are not financial resources and therefore, are not reported in the funds.	17,273
Capital assets not being depreciated (construction in progress) is not a financial resource and therefore, is not reported in the funds.	1,057
Prepaid expenses reported in the statement of net position that do not require the use of current financial resources are not reported in the funds.	<u>111,750</u>
Net Position of Governmental Activities	<u><u>\$ 460,131</u></u>

*See accompanying notes.*

**Town of Ocean Breeze, Florida**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2017**

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>Revenues</b>			
Ad valorem taxes	\$ 137,599	\$ -	\$ 137,599
Licenses and permits	46,719	-	46,719
Intergovernmental revenues	27,010	9,349	36,359
Charges for services	47,574	-	47,574
Government Grants	112,059	-	112,059
Private contributions	60,000	-	60,000
Investment earnings	334	77	411
Total Revenues	431,295	9,426	440,721
<b>Expenditures</b>			
Current:			
General government	236,690	-	236,690
Public safety	47,617	-	47,617
Physical environment	172,059	-	172,059
Transportation	-	2,455	2,455
Capital Outlay	2,232	-	2,232
Total Expenditures	458,598	2,455	461,053
Net change in fund balances	(27,303)	6,971	(20,332)
Fund Balances - October 1, 2016	285,702	64,681	350,383
Fund Balances - September 30, 2017	\$ 258,399	\$ 71,652	\$ 330,051

See accompanying notes.





**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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Ad valorem taxes	\$ 136,046	\$ 136,046	\$ 137,599	\$ 1,553
Licenses and permits	40,350	42,100	46,719	4,619
Intergovernmental revenues	26,700	26,700	27,010	310
Charges for services	28,100	41,600	47,574	5,974
Government grants	783,200	-	112,059	112,059
Private contributions	150,000	65,000	60,000	(5,000)
Investment earnings	100	100	334	234
<b>Total Revenues</b>	<u>1,164,496</u>	<u>311,546</u>	<u>431,295</u>	<u>119,749</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	224,414	238,414	236,690	1,724
Public safety	48,800	48,800	47,617	1,183
Physical environment	933,200	65,000	172,059	(107,059)
Capital outlay	5,000	5,000	2,232	2,768
<b>Total Expenditures</b>	<u>1,211,414</u>	<u>357,214</u>	<u>458,598</u>	<u>(101,384)</u>
<b>Net change in fund balances</b>	(46,918)	(45,668)	(27,303)	18,365
<b>Fund Balances - October 1, 2016</b>	<u>285,702</u>	<u>285,702</u>	<u>285,702</u>	<u>-</u>
<b>Fund Balances - September 30, 2017</b>	<u>\$ 238,784</u>	<u>\$ 240,034</u>	<u>\$ 258,399</u>	<u>\$ 18,365</u>

*See accompanying notes.*

**Town of Ocean Breeze, Florida**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND**  
**For the Year Ended September 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues				
Intergovernmental revenues	\$ 10,000	\$ 10,000	\$ 9,349	\$ (651)
Investment Interest	-	-	77	77
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>9,426</u>	<u>(574)</u>
Expenditures				
Current				
Physical environment	120,000	-	-	-
Transportation	<u>5,000</u>	<u>5,000</u>	<u>2,455</u>	<u>2,545</u>
Total Expenditures	<u>125,000</u>	<u>5,000</u>	<u>2,455</u>	<u>2,545</u>
Net change in fund balances	(115,000)	5,000	6,971	1,971
Fund Balances - October 1, 2016	<u>64,681</u>	<u>64,681</u>	<u>64,681</u>	<u>-</u>
Fund Balances - September 30, 2017	<u>\$ (50,319)</u>	<u>\$ 69,681</u>	<u>\$ 71,652</u>	<u>\$ 1,971</u>

See accompanying notes.

**Town of Ocean Breeze, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**1. Reporting Entity**

The Town 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 GAAP, these financial statements present the Town (the primary government) as a stand-alone government. The reporting entity for the Town includes all functions of government in which the Town Council exercises oversight responsibility, including, but not limited to, financial interdependency, selection of governing authority, designation of management, significant ability to influence operations and accountability for fiscal matters.

Based upon the application of the above-mentioned criteria as set forth by the Governmental Accounting Standards Board the Town has identified no component units.

**2. Measurement Focus and Basis of Accounting**

The basic financial statements of the Town are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

**a. Government-wide Financial Statements**

Government-wide financial statements report all non-fiduciary information about the reporting government as a whole. These statements include all the governmental activities of the primary government. The effect of interfund activity has been removed from these statements.

**Town of Ocean Breeze, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**a. Government-wide Financial Statements (Continued)**

Governmental activities are supported by ad valorem taxes, utility franchise taxes and apportioned sales and fuel taxes and revenue sharing from the State of Florida as well as investment earnings. Program revenues include charges for services and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program. Amounts paid to acquire capital assets are capitalized as assets, rather than reported as capital expenditures.

**b. 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, liabilities, fund equity, revenues 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 for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually.

When both restricted and unrestricted resources are combined in a fund, qualified expenses are considered to be paid first from restricted resources, and then from unrestricted resources. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under the accrual basis of accounting. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period.

**Town of Ocean Breeze, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

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.

**3. Basis of Presentation**

**a. Governmental Major Funds**

General Fund - The General Fund is the primary operating fund of the Town. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Fund - The Special Revenue Fund accounts for the revenues received and subsequently expended for specific purposes (other than special assessments and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action of the Town.

**b. Non-current Governmental Assets**

Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, requires that non-current governmental assets, such as land, buildings and improvements and equipment be reported in the governmental activities column in the government-wide statement of net assets.

**Town of Ocean Breeze, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. Assets, Liabilities, and Net Assets or Equity**

**a. Cash and Investments**

Chapter 280, Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," whose public funds are held in a multiple financial institution pool administered by the State of Florida, whereby groups of securities pledged by the various financial institutions provide common collateral from their deposits. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits.

The Town is authorized to invest in those financial instruments as established by Section 218.415, Florida Statutes. The authorized investments consist of:

1. Direct obligations of the United States Treasury;
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories;
4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

**b. Capital Assets**

The Town defines capital assets as assets with an initial, individual cost of \$500 or more and an estimated useful life in excess of one year. The valuation basis for acquired assets is historical cost and for donated assets is fair market value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed and depreciated over their useful lives beginning at the time they are placed in service.

Depreciable capital assets are depreciated using the straight-line method over estimated useful lives ranging from five (5) to thirty (30) years.

**Town of Ocean Breeze, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. Assets, Liabilities, and Net Assets or Equity (Continued)**

**c. Budgets**

Budgets are prepared for the governmental funds and adopted after public hearings, pursuant to Section 200.065 of the Florida Statutes. The Town utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. Formal budgets are adopted for both the general fund and the special revenue fund. As a result, deficits in the budget columns of the accompanying financial statements may occur.

**d. Governmental Fund Balance**

The Town has adopted GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Governmental fund balances are reported within fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purpose for which amounts in those funds can be spent. The classifications include non-spendable, restricted, committed, assigned and unassigned.

*Non-Spendable Fund Balance* – The classification is either not in spendable form or is legally or contractually required to remain intact.

*Restricted Fund Balance* – The classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

*Committed Fund Balance* – This classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision making authority.

*Assigned Fund Balance* – This classification is intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

*Unassigned Fund Balance* – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance is considered to be utilized first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**Town of Ocean Breeze, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

**NOTE B – CASH AND EQUIVALENTS**

All deposits are held in qualified public depositories and are included on the accompanying statement of net position and balance sheets as cash and equivalents.

*Custodial Credit Risk – Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town has a formal policy for custodial credit risk and they follow the provisions of Chapter 280, Florida Statutes, regarding deposits and investments. As of September 30, 2017, the Town's carrying value for deposits was \$418,544 while the bank balance was \$434,818. Exposure to custodial credit risk was as follows; Cash and equivalents are deposited in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors Insurance or collateralized under Chapter 280, Florida Statutes.

Cash equivalents consist principally of money market funds held in public depositories with interest rates at .05 to .15%.

The types of deposits and investments and their level of risk exposure as of September 30, 2017 were typical of these items during the fiscal year then ended. The Town considers any decline in fair value for certain investments to be temporary. In addition, the Town has the ability to hold investments to maturity that have fair values less than cost. The Town's deposits and investments are recorded at fair value, which approximates their cost.

**NOTE C – AD VALOREM TAX CALENDAR**

Ad Valorem tax revenues recognized for the 2016-2017 fiscal year were levied in October 2016. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Per Section 197.162, Florida Statutes, discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount.

**NOTE D – PREPAID EXPENSES**

As of September 30, 2017 prepaid expenses consisted of the following:

Prepaid grant matching expense	\$ 111,750
Prepaid website expense	210
Prepaid insurance	<u>11,026</u>
Total	<u>\$ 122,986</u>



**Town of Ocean Breeze, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

**NOTE E - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2017 was as follows:

	Balance 10/01/16	Additions	Deletions	Balance 9/30/17
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 1,057	\$ -	\$ 1,057
Capital assets, being depreciated:				
Improvements and equipment	38,785	\$ 1,175	\$ (3,005)	\$ 36,955
Accumulated depreciation	(20,241)	(2,128)	2,687	(19,682)
	<u>\$ 18,544</u>	<u>\$ 104</u>	<u>\$ (318)</u>	<u>\$ 18,330</u>

Depreciation charged to general government activities was \$2,128 for the year ended 9/30/17.

**NOTE F - COMMITMENTS**

*Cost Reimbursable Subcontract Agreement*

The Town has entered into a Cost Reimbursable Agreement with Cape Canaveral Scientific, Inc. (CCS) for grant management services related to the Ocean Breeze Indian River Lagoon Stormwater Quality Retrofit Project (Project). The Project is supported by funding from the State of Florida General Appropriations Act; the Fiscal Year 2016 TMDL Water Quality Restoration Act; the Indian River Lagoon Council; Sun Properties; Martin County and the Town of Ocean Breeze and the South Florida Water Management District Indian River Lagoon License Plate Funding Agreement. The grants are administered and paid by the Florida Department of Environmental Protection (FDEP) and the South Florida Water Management District. As part of the agreement CCS agrees to provide all the necessary qualified personnel, equipment and materials to perform the work described in the agreement. As part of the agreement the Town agrees to pay CCS on a cost reimbursement basis in an amount not to exceed \$23,500.

*Cost Share Agreement for the Ocean Breeze Indian River Lagoon Stormwater Quality Retrofit Project*

The Town has entered into an agreement with the Indian River Lagoon Council. The Indian River Lagoon Council will provide cost share funding to the Town for the purposes of the project. The Town, as recipient and in partnership with Martin County, will construct a treatment train project with bio-swale excavation, a baffle box installation, exfiltration pipe, and additional storm water improvements. For satisfactory completion of the project, the Council shall pay the Town approximately 12% of the total cost of the project, but not to exceed \$180,000. The Town agrees to provide \$1,479,921 in the form of cash and /or in-kind services for the project and cost sharing funds from other agencies. This project is part of a \$5,000,000 community altering improvement project to remove 500 septic tanks and replace with a new sewer system and remove 500 mobile homes and replace with 350 bungalow-style constructed homes. The treatment system will be constructed along Indian River Drive from Jensen Beach through Ocean Breeze and remove 65% of the pollutants flowing to the Indian River Lagoon. The \$1,479,921 to be provided by the Town will be funded through cost sharing agreements with the

**Town of Ocean Breeze, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

**NOTE F – COMMITMENTS (Continued)**

*Cost Share Agreement for the Ocean Breeze Indian River Lagoon Stormwater Quality Retrofit Project (Continued)*

following agencies: \$715,000 from the Florida Department of Environmental Protection TMDL Water Quality Restoration Act and a State of Florida Legislative Appropriation; \$66,171 from the South Florida Water Management District Lagoon License Plate Program; \$116,750 from the Town of Ocean Breeze; \$150,000 from Sun Properties; \$180,000 from the Indian River Lagoon Council and \$252,000 from Martin County.

As part of the Project the Town requires Pre-Construction (Bidding) and Post Construction services which will be provided by CAPTEC Engineering in the form of Bid Documents, including Cost Estimates, Bid Forms, Technical Specifications, and Bidding Assistance. The cost of these services should not exceed \$100,000.

*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, 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.

*Interlocal Agreement Between Martin County and the Town of Ocean Breeze*

The Town has entered into an Interlocal agreement with Martin County concerning the enhanced roadway and stormwater improvement project. The Town has requested that the County agree to construct the expanded project as well as provide interim funding for the Project costs pending reimbursement from the granting agencies. The Town has agreed to provide, at its sole cost and expense, designs, plans and technical specifications necessary for the County to bid and oversee construction of the Project in accordance with all applicable Federal, State and County laws, rules and regulations. The Town has provided \$120,000 to the County and has agreed that the funds will be used for the Project and will go towards the Town's matching requirements. The County has budgeted \$252,000 for the roadway enhancement project and has amended its Capital Improvement Plan and its budget so the funds may be used for the expanded project. The Town has agreed to be solely responsible for all remaining costs and expenses associated with construction of the Project including items not reimbursed by subject grants. The Town and the County have agreed to cooperate in the

**Town of Ocean Breeze, Florida  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2017**

**NOTE F – COMMITMENTS (Continued)**

*Interlocal Agreement Between Martin County and the Town of Ocean Breeze (Continued)*

implementation of the project whereby the County will contract and oversee the Project on the Town's behalf. In the event that there is a funding shortfall, the Town agrees that it will annually remit to Martin County a minimum of \$5,000 until the entire shortfall amount is repaid to the County. The County shall be responsible for any maintenance and repair of improvements within the County's right-of-way and easements with the exception that the Town shall pay \$1,000 per year toward the maintenance, repair and electrical usage of all lighting improvements located in the County right-of-way specifically added as a part of this project. The Interlocal Agreement terminates the original Interlocal Agreement dated October 9, 2012 between the Town and Martin County.

**NOTE G – FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION GRANT**

The Town has entered into an agreement with the Florida Department of Environmental Protection (FDEP) for FDEP to provide financial assistance for the Ocean Breeze Indian River Lagoon Stormwater Quality Retrofit Project. As consideration for the satisfactory completion of services rendered by the Town, FDEP shall pay the Town on a cost reimbursement basis up to a maximum of \$465,000 towards the total estimated project cost of \$995,000. The parties agree that this agreement requires at least a 53% match on the part of the Town. Therefore, the Town is responsible for providing \$530,000 through cash or third party in-kind contributions. It is understood that any additional funds necessary for the completion of the project are the responsibility of the Town. Grant funds received or receivable through September 30, 2017 amount to \$112,059. Matching requirements have been met by the Town for all project activity through September 30, 2017.

**NOTE H - LEASES**

The Town has committed to an office space lease 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 \$123 through 2021.

Future minimum rental payments are as follows:

Fiscal Year ending September 30,	
2018	\$ 9,076
2019	13,104
2020	13,453
2021	14,181
2022	12,707
Thereafter	<u>4,276</u>
Total minimum future rental payments	<u>\$ 66,797</u>

**Town of Ocean Breeze, Florida**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2017**

***NOTE I - ECONOMIC DEPENDENCY***

A substantial portion of the Town's activity is dependent upon the continued allocation of sales, franchise and fuel taxes received from the State of Florida, the loss of which could have a materially adverse effect on the government without levying additional ad valorem taxes.

***NOTE J - RISK MANAGEMENT***

The Town is exposed to various risks of loss related to torts, including worker's compensation claims; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial property and liability insurance.



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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**

To the Honorable Mayor and Council Members  
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 Town of Ocean Breeze, Florida (the "Town") as of and for the year ended September 30, 2017, and the related notes to the financial statements and have issued our report thereon dated June 6, 2018.

***Internal Control over Financial Reporting***

In planning and performing our audit, we considered the Town's internal control over financial reporting to determine the auditing 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 Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

*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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town'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 over financial reporting 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.

Fort Pierce / Stuart

To the Honorable Mayor and Council Members  
Town of Ocean Breeze, Florida

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance that is required to be reported under *Government Auditing Standards*:

#### *Finding 2017-1: Adopted and Amended Budget*

Per Section 166.241(2), Florida Statutes, the governing body of each municipality shall adopt a budget by resolution or ordinance each fiscal year. The adopted budget must regulate expenditures of the municipality, and the municipality may not expend or contract for expenditures in any fiscal year except pursuant to the adopted (or amended) budget.

*Finding:* The Town Council passed Resolution 270-2017 in November 2017 amending the fiscal year 2016/2017 General Fund budget. The amendment reduced budgeted Physical Environment expenditures from \$933,200 to \$65,000. After the close of books for the fiscal year it was determined that actual physical environment expenditures amounted to \$172,059. The contracted expenditures were not included in the amended budget and caused a negative variance between budget and actual expenditures. The variance was covered by grant revenues received through reimbursement for the contracted expenditures in accordance with the grant agreement between the Town and the Florida Department of Environmental Protection. The Town did not have to provide for additional appropriations resulting from the variance.

*Recommendation:* Per Section 166.241(4), Florida Statutes, the governing body of a municipality may amend the budget for that year at any time during the fiscal year or within 60 days following the end of the fiscal year. It is recommended going forward that the Town establish procedures to determine that all transactions or activity for a fiscal year are properly recognized in the accounting records before amending the final budget. This will require that the books are closed and all activity for the fiscal year is properly recorded within 60 days of the year end.

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

To the Honorable Mayor and Council Members  
Town of Ocean Breeze, Florida

***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.

*Berger Toombs Elam  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Stuart, Florida

June 6, 2018



# Berger, Toombs, Elam, Gaines & Frank

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## Management Letter

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

June 6, 2018

### **Report on the Financial Statements**

We have audited the financial statements of the Town of Ocean Breeze, Florida (the "Town") as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated June 6, 2018.

### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States; 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 Florida Auditor General.

### **Other Reports**

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 Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Auditor's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601 regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports which are dated June 6, 2018, 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 address in the Management Letter, if not already addressed in the auditors' report on compliance and internal controls, whether or not recommendations made in the preceding annual financial report have been followed. There were no recommendations made in the preceding audit report.

### **Financial Condition**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor, requires that we apply appropriate procedures and report the results of our determination as to whether or not the Town has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), FL Statutes.

Fort Pierce / Stuart



Town of Ocean Breeze, Florida  
Jensen Beach, Florida

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial conditions assessment procedures. It is Management's responsibility to monitor the Town's financial condition; our financial condition assessment was based in part on the representations made by management and the review of financial information provided by the same.

### **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Town for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these reports were in agreement.

### **Other Matters**

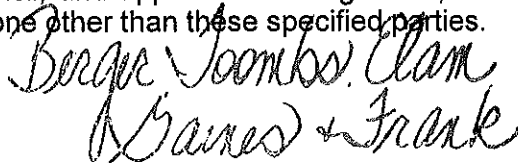
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the Management Letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address 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 which warrants the attention of those charged with governance. With the exception of the Budget Finding detailed in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters, we did not discover any of the above items that are required to be disclosed.

See Finding 2017-1 in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters located on page 27 of this report.

### **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.



Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Stuart, Florida

June 6, 2018



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## Independent Accountant's Report/Compliance with Section 218.415, Florida Statutes

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

We have examined Town of Ocean Breeze, Florida's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2017. Management is responsible for Town of Ocean Breeze, Florida's compliance with those requirements. Our responsibility is to express an opinion on Town of Ocean Breeze, Florida's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Town of Ocean Breeze, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Town of Ocean Breeze, Florida's compliance with the specified requirements.

In our opinion, Town of Ocean Breeze, Florida's complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2017.

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

June 6, 2018

Fort Pierce / Stuart