



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

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June 28, 2018

Honorable Mayor and Members of the Town Commission  
Town of Jupiter Inlet Colony, Florida

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We have audited the financial statements of the governmental activities and each major fund of the Town of Jupiter Inlet Colony, Florida (the "Town") for the year ended September 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 21, 2018. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Jupiter Inlet Colony are described in Note 1 to the financial statements. No significant new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Town during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was management's estimate of useful lives for depreciation and amortization, which is based on past history. We evaluated the key factors and assumptions used to develop the allowances for doubtful accounts in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit. Management was helpful and cooperative throughout our audit.

### *Corrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The adjusting journal entries presented in Appendix I represent misstatements detected during the audit process and were corrected by management prior to the preparation of the financial statements.

### *Disagreements with Management*

For purposes of this letter a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the attached management representation letter June 28, 2018, which is included as Appendix II.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

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

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures 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 Organization's internal control over financial reporting. Accordingly, our audit procedures would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However we noted one item which is listed as Finding 2016-1 in our report dated June 28, 2018.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, and budgetary comparison information which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

This information is intended solely for the use of the Town Commission and management of the Town of Jupiter Inlet Colony, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

Nowlen, Holt & Miner, P.A.

## Appendix I



Prepared by\_\_\_\_\_

# Jupiter Inlet Colony Combined Adjusting Journal Entries

14614

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06/21/18

Reviewed by\_\_\_\_\_

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
AJE01	Adjusting	09/30/17					
		100-223175	Deferred Building Permits		77,049.00		
		100-322000	Building Permits	77,049.00			
						(77,049.00)	
			To record prepaid building permit				
RJE01	Adjusting	09/30/17					
		301-219000	Liabilities-Deferred Rev. Special A	636,667.00			
		301-329000	Special Assessments		636,667.00		
		900-207000	Assets-Due To/From Other Funds	154,677.00			
		900-517721	Debt Service-Early Payment Penal		154,677.00		
		301-207000	Assets-Due To/From Other Funds		154,677.00		
		301-535300	Sewer-Construction Costs	154,677.00			
		900-517710	Debt Service-Principal Payments		1,151.00		
		900-384003	Debt refunding	2,192,901.00			
		900-384004	Refunding proceeds		2,191,750.00		
		100-207000	Due to other funds		18,016.00		
		100-541996	Road & Walkways-Other	18,016.00			
		301-207000	Assets-Due To/From Other Funds	18,016.00			
		301-535300	Sewer-Construction Costs		18,016.00		
		301-101010	Assets-Cash in Bank - Checking	1,875.00			
		301-535311	Sewer-Engineering Expense		1,875.00		
						638,542.00	
			To post client provided entries				
		TOTAL		3,253,878.00	3,253,878.00	561,493.00	

## Appendix II

**TOWN OF JUPITER INLET COLONY**  
A MUNICIPAL CORPORATION

50 COLONY ROAD

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JUPITER INLET COLONY  
FLORIDA 33469-3507

FACSIMILE: 561-746-1068  
E-MAIL: jicolony@bellsouth.net

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June 28, 2018

Nowlen, Holt & Miner, P.A.  
Certified Public Accountants  
515 N. Flagler Dr. Suite 1700  
West Palm Beach, FL 33401

Gentlemen:

This representation letter is provided in connection with your audit of the financial statements of the Town of Jupiter Inlet Colony, Florida, which comprise the respective financial position of the governmental activities and each major fund as of September 30, 2017, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of June 28, 2018, the following representations made to you during your audit.

**Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 21, 2018, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.

- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the Town of Jupiter Inlet Colony, Florida is contingently liable, if any, have been properly recorded or disclosed.
- 10) We have not completed the process of evaluating the impact that will result from adopting Governmental Accounting Board Statement (GASB) 87, as discussed in Note 13 to the financial statements. The Town of Jupiter Inlet Colony, Florida is therefore unable to disclose the impact that adopting GASB 87 will have on its financial position and the results of its operations when the Statement is adopted.

**Information Provided**

- 11) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of Town Commission or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.



- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - a) Management,
  - b) Employees who have significant roles in internal control, or
  - c) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the Town's related parties and all the related party relationships and transactions of which we are aware.

**Government—specific**

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have a process to track the status of audit recommendations.
- 21) We have provided our views on reported recommendations, as well as our planned corrective actions, for the report.
- 22) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 23) The Town of Jupiter Inlet Colony, Florida has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

- 26) As part of your audit, you assisted with preparation of the financial statements and related notes and the Annual Financial Report to be filed with the Florida Department of Financial Services. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 27) In order to provide oversight of the financial statement preparation services provided by you at an appropriate level, we have established effective review policies and procedures including the performance of the following functions:
  - a) Reconcile general ledger amounts to the draft statements utilizing grouping schedules provided by you.
  - b) Review all supporting documentation and explanations for journal entries you proposed and approve the entries.
  - c) Review and approve schedules and calculations supporting amounts included in the notes to the financial statements.
- 28) The Town of Jupiter Inlet Colony, Florida has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The Town of Jupiter Inlet Colony, Florida has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 31) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 32) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 33) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 34) Provisions for uncollectible receivables have been properly identified and recorded.
- 35) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 36) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 37) Interfund and internal activity and balances have been appropriately classified and reported.



- 38) Deposits and investment securities are properly classified as to risk and are properly disclosed.
- 39) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 40) We have appropriately disclosed the Town of Jupiter Inlet Colony, Florida's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 41) We are following our established accounting policy regarding which resources (that is restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 42) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 43) During the fiscal year ended September 30, 2017, the Town of Jupiter Inlet Colony, Florida has not adopted an impact fee by ordinance or resolution.
- 44) During the fiscal year ended September 30, 2017, the Town of Jupiter Inlet Colony, Florida has not met any of the following financial emergency conditions specified in Section 218.503(1), Florida Statutes:
  - a) Failure within the same fiscal year in which due to pay short-term loans or failure to make bond debt service or other long-term debt payments when due, as a result of a lack of funds.
  - b) Failure to pay uncontested claims from creditors within 90 days after the claim is presented, as a result of a lack of funds.
  - c) Failure to transfer at the appropriate time, due to lack of funds:
    - i) Taxes withheld on the income of employees; or
    - ii) Employer and employee contributions for:
      - (1) Federal social security; or
      - (2) Any pension, retirement, or benefit plan of an employee.
  - d) Failure for one pay period to pay, due to lack of funds:
    - i) Wages and salaries owed to employees; or
    - ii) Retirement benefits owed to former employees.

- 45) During the fiscal year ended September 30, 2017, the Town of Jupiter Inlet Colony, Florida expended less than \$750,000 in federal awards and less than \$750,000 in state financial assistance, and the Town is not required to have a Federal Single Audit or a State Single Audit.
- 46) We understand that it is management's responsibility to monitor the Town of Jupiter Inlet Colony, Florida's financial condition, and that your financial condition assessment was based in part on representations made by management and the review of financial information provided by management.

Signed: 

Title: Mayor

Signed: 

Title: Town Administrative Officer