

# 2019

Town of Bronson, Florida

Financial Statements  
and Independent Auditor's Report

September 30, 2019

**TOWN OF BRONSON  
BRONSON, FLORIDA**

**TOWN COUNCIL**

**Beatrice Roberts  
Mayor**

**Jason Hunt  
Vice-Mayor**

**Robert Partin  
Council Member**

**Berlon Weeks  
Council Member**

**Aaron Edmondson  
Council Member**

**TOWN CLERK**

**Shirley Miller**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**TOWN OF BRONSON  
BRONSON, FLORIDA**

**SEPTEMBER 30, 2019**

**TABLE OF CONTENTS**

|  |       |
|--|-------|
| <b>Independent Auditor's Report</b> .....  | 1-2   |
| <b>Management's Discussion and Analysis</b> .....  | 3-7   |
| <b>Basic Financial Statements</b>  |       |
| Government-Wide Financial Statements:  |       |
| Statement of Net Position .....  | 8     |
| Statement of Activities .....  | 9     |
| Fund Financial Statements:   |       |
| Balance Sheet - General Fund .....   | 10    |
| Reconciliation of the Balance Sheet of the General Fund to<br>the Statement of Net Position .....  | 10    |
| Statement of Revenues, Expenditures, and Changes in Fund<br>Balance - General Fund .....   | 11    |
| Reconciliation of the Statement of Revenues, Expenditures,<br>and Changes in Fund Balance of the General Fund to the<br>Statement of Activities.....   | 12    |
| Statement of Revenues, Expenditures, and Changes in Fund<br>Balance - Budget and Actual - General Fund .....   | 13    |
| Statement of Net Position - Proprietary Fund.....  | 14    |
| Statement of Revenues, Expenses, and Changes in Fund Net<br>Position - Proprietary Fund .....  | 15    |
| Statement of Cash Flows - Proprietary Fund.....  | 16    |
| Notes to Financial Statements.....   | 17-26 |
| <b>Other Information</b>   |       |
| Water and Sewer Activities .....   | 27    |
| Independent Auditor's Report on Internal Control Over Financial<br>Reporting and on Compliance and Other Matters Based on an<br>Audit of Financial Statements Performed in Accordance with<br><i>Government Auditing Standards</i> ..... | 28-31 |
| Independent Accountant's Report on Compliance with Section 218.415,<br>Florida Statutes .....  | 32    |
| Management Letter.....   | 33-35 |
| Management's Response .....  | 36-37 |

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the Town Council  
Town of Bronson  
Bronson, Florida

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Bronson, Florida (the Town) as of and for the year ended September 30, 2019, and the related notes to the 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 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 Town'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 Town'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.

CERTIFIED PUBLIC ACCOUNTANTS

*Gainesville | Ocala | Tallahassee | Sarasota | Orlando*

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*Members of American and Florida Institutes of Certified Public Accountants  
An Independent Member of the BDO Alliance USA.*

Honorable Mayor and Members of the Town Council  
Town of Bronson  
Bronson, Florida

## INDEPENDENT AUDITOR'S REPORT

### Opinions

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town as of September 30, 2019, and the respective changes in financial position and cash flows, where appropriate, and the respective budgetary comparison of 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 7 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.

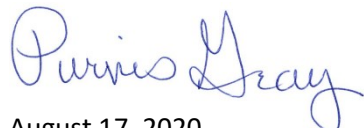
#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The water and sewer activities is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The water and sewer activities has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated August 17, 2020, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 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's internal control over financial reporting and compliance.



August 17, 2020  
Gainesville, Florida

## **Town of Bronson, Florida Management's Discussion and Analysis**

As management of the Town of Bronson, Florida (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the Town of Bronson's financial activities for the fiscal year ended September 30, 2019. Management's discussion and analysis (MD&A) should be read in conjunction with the financial statements that follow:

### **Financial Highlights**

Total assets of the Town exceeded total liabilities at the close of the most recent fiscal year by \$4,475,810 (net position). Of this amount, \$418,119 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.

The Town's total net position decreased by \$200,952. Governmental activities generated a decrease of \$(75,173) and business-type activities generated a decrease of \$(125,779).

General Fund revenues for 2019 increased by \$140,645 or 14.35% when compared to fiscal year 2018. General Fund expenditures increased by \$251,182 or 20.99% during this same period.

As of the close of the fiscal year, the Town's General Fund reported an ending fund balance of \$534,266 which was a decrease of \$16,954 from the prior year.

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

The Town has implemented Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis (MD&A) for State and Local Governments*. This statement requires governmental entities to report finances in accordance with specific guidelines. Among those guidelines are the components of this section dealing with management's discussion and analysis which should provide a clear and concise description of the reporting entity and its mission, activities, program and financial performance, systems, controls, legal compliance, financial position, and financial condition. The MD&A should provide a balanced presentation that includes both positive and negative information about these topics. This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to financial statements.

### **Government-Wide Financial Statements**

Government-wide financial statements are comprised of two separate financial statements that present an overall picture of the Town's financial position and results of operations: a statement of net position, and a statement of activities.

- The Statement of Net Position focuses on resources available for future operations. The Town reports two types of activities, governmental and business type. This statement shows the assets the Town owns, the liabilities it owes, and the net difference shown as net position. 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 focuses gross and net costs of the Town's programs and the extent to which such programs rely upon program revenues and general revenues. It shows the extent to which programs are self-supporting and/or subsidized by general revenues.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government services, public

**Town of Bronson, Florida  
Management's Discussion and Analysis**

safety, streets and roads, recreation, and health and welfare. Property taxes, utility service taxes, gas taxes, and sales taxes, along with the Town's charges for services and inter-fund charges, finance the majority of these services. Business-type activities are funded by the fees the Town charges for services rendered. Business-type activities include solid waste, water and sewer utilities.

**Fund Financial Statements**

Fund financial statements present financial information for the Town's two major funds, the General Fund and Utility Fund. These individual funds have been established by the Town for the purpose of grouping related accounts to maintain control over resources that have been segregated for specific purposes or objectives to account for revenues that are restricted to certain uses, or to comply with legal requirements. These fund statements follow the more traditional presentation of financial statements.

- The General Fund presents the Town's basic services, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. This fund is reported using the modified accrual basis of accounting. General 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.
- The Utility Fund is used to account for activities and services which the Town provides. The Town's one Utility fund accounts for solid waste and water and wastewater operations. It also is reported using the accrual basis of accounting.

The Town adopts an annual budget for both its General Fund and its Utility Fund.

**Notes to Financial Statements**

Notes to financial statements provide additional information concerning the Town's finances that are not otherwise disclosed in the government-wide statements or fund financial statements.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$4,475,810 at the close of the most recent fiscal year.

**Town of Bronson's Summary of Net Position**

|                                  | Governmental Activities |                     | Business-Type Activities |                     | Total Government    |                     |
|----------------------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
|                                  | FY 2019                 | FY 2018             | FY 2019                  | FY 2018             | FY 2019             | FY 2018             |
| <b>Assets</b>                    |                         |                     |                          |                     |                     |                     |
| Current Assets                   | \$ 578,021              | \$ 652,111          | \$ (36,451)              | \$ (116,837)        | \$ 541,570          | \$ 535,274          |
| Restricted Assets                | -                       | -                   | 98,667                   | 95,073              | 98,667              | 95,073              |
| Capital Assets                   | 1,514,012               | 1,585,458           | 3,998,609                | 4,180,982           | 5,512,621           | 5,766,440           |
| <b>Total Assets</b>              | <b>2,092,033</b>        | <b>2,237,569</b>    | <b>4,060,825</b>         | <b>4,159,218</b>    | <b>6,152,858</b>    | <b>6,396,787</b>    |
| <b>Liabilities</b>               |                         |                     |                          |                     |                     |                     |
| Current Liabilities              | 47,140                  | 117,649             | 126,785                  | 74,055              | 173,925             | 191,704             |
| Non-Current Liabilities          | 3,972                   | 3,826               | 1,499,151                | 1,524,495           | 1,503,123           | 1,528,321           |
| <b>Total Liabilities</b>         | <b>51,112</b>           | <b>121,475</b>      | <b>1,625,936</b>         | <b>1,598,550</b>    | <b>1,677,048</b>    | <b>1,720,025</b>    |
| <b>Net Position</b>              |                         |                     |                          |                     |                     |                     |
| Net Investment in Capital Assets | 1,514,012               | 1,569,922           | 2,474,609                | 2,631,982           | 3,988,621           | 4,201,904           |
| Restricted                       | -                       | -                   | 69,070                   | 69,026              | 69,070              | 69,026              |
| Unrestricted                     | 526,909                 | 546,172             | (108,790)                | (140,340)           | 418,119             | 405,832             |
| <b>Total Net Position</b>        | <b>\$ 2,040,921</b>     | <b>\$ 2,116,094</b> | <b>\$ 2,434,889</b>      | <b>\$ 2,560,668</b> | <b>\$ 4,475,810</b> | <b>\$ 4,676,762</b> |

**Town of Bronson, Florida  
Management's Discussion and Analysis**

The largest portion of the Town's net position of \$3,988,621 reflects its net investment in capital assets which is comprised of land, buildings, infrastructure, and equipment. The Town uses these capital assets to provide services to citizens and consequently is not available for future spending.

The unrestricted net position balance of \$418,119 is intended to be a corporate style measurement of the Town's current financial standing and may be used to meet the government's ongoing obligations to citizens and creditors.

The following schedule provides a summary of the changes in net position. The decrease in Business-type net position is due primarily to the inability of these operations to fully fund depreciation.

**Town of Bronson's Change in Net Position**

|                                       | Governmental Activities |                     | Business-Type Activities |                     | Total Government    |                     |
|---------------------------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
|                                       | FY 2019                 | FY 2018             | FY 2019                  | FY 2018             | FY 2019             | FY 2018             |
| <b>Revenues</b>                       |                         |                     |                          |                     |                     |                     |
| Program Revenues:                     |                         |                     |                          |                     |                     |                     |
| Charges for Services                  | \$ 153,266              | \$ 311,261          | \$ 482,925               | \$ 331,136          | \$ 636,191          | \$ 642,397          |
| Operating Grants and Contributions    | 326,801                 | 33,386              | -                        | 26,600              | 326,801             | 59,986              |
| Capital Grants and Contributions      | 82,267                  | 131,287             | 51,500                   | -                   | 133,767             | 131,287             |
| General Revenues:                     |                         |                     |                          |                     |                     |                     |
| Property Taxes                        | 203,319                 | 169,375             | -                        | -                   | 203,319             | 169,375             |
| Franchise and Utility Taxes           | 125,778                 | 120,684             | -                        | -                   | 125,778             | 120,684             |
| Discretionary and Half Cent Sales Tax | 154,201                 | 147,067             | -                        | -                   | 154,201             | 147,067             |
| Other State Revenues                  | 59,653                  | 57,165              | -                        | -                   | 59,653              | 57,165              |
| Investment Earnings                   | 107                     | 69                  | 85                       | 85                  | 192                 | 154                 |
| Miscellaneous                         | 14,854                  | 12,996              | 2,080                    | 1,787               | 16,934              | 14,783              |
| <b>Total Revenues and Transfers</b>   | <b>1,120,246</b>        | <b>983,290</b>      | <b>536,590</b>           | <b>359,608</b>      | <b>1,656,836</b>    | <b>1,342,898</b>    |
| <b>Expenses</b>                       |                         |                     |                          |                     |                     |                     |
| General Government                    | 472,675                 | 400,770             | -                        | -                   | 472,675             | 400,770             |
| Public Safety                         | 189,546                 | 174,305             | -                        | -                   | 189,546             | 174,305             |
| Physical Environment                  | 1,539                   | 134,959             | -                        | -                   | 1,539               | 134,959             |
| Transportation                        | 397,442                 | 71,181              | -                        | -                   | 397,442             | 71,181              |
| Human Services                        | 3,032                   | 3,065               | -                        | -                   | 3,032               | 3,065               |
| Culture and Recreation                | 136,796                 | 98,932              | -                        | -                   | 136,796             | 98,932              |
| Interest on Debt                      | 2,473                   | 4,236               | -                        | -                   | 2,473               | 4,236               |
| Water and Sewer                       | -                       | -                   | 542,297                  | 612,778             | 542,297             | 612,778             |
| Solid Waste                           | -                       | -                   | 111,988                  | -                   | 111,988             | -                   |
| <b>Total Expenses</b>                 | <b>1,203,503</b>        | <b>887,448</b>      | <b>654,285</b>           | <b>612,778</b>      | <b>1,857,788</b>    | <b>1,500,226</b>    |
| <b>Transfers</b>                      | <b>8,084</b>            | <b>8,860</b>        | <b>(8,084)</b>           | <b>(8,860)</b>      | <b>-</b>            | <b>-</b>            |
| Change in Net Position                | (75,173)                | 104,702             | (125,779)                | (262,030)           | (200,952)           | (157,328)           |
| Net Position, Beginning of Year       | 2,116,094               | 2,011,392           | 2,560,668                | 2,822,698           | 4,676,762           | 4,834,090           |
| <b>Net Position, End of Year</b>      | <b>\$ 2,040,921</b>     | <b>\$ 2,116,094</b> | <b>\$ 2,434,889</b>      | <b>\$ 2,560,668</b> | <b>\$ 4,475,810</b> | <b>\$ 4,676,762</b> |

**Town of Bronson, Florida**  
**Management's Discussion and Analysis**

**Governmental Activities**

Governmental activities decreased the Town's net position by \$75,173 during the current fiscal year compared to a \$104,702 increase during fiscal year 2018.

Overall, governmental activities reported an increase of revenues and transfers of \$136,180 and an increase in expenses by \$316,055 in comparison with the prior year. Significant elements of the change in revenues and expenses include:

Revenue:

- Operating and Capital Grants increased by \$244,395 and Charges for Services decreased by \$157,995. The significant increase in grants was due to funding received from the Small County Outreach Program (SCOP) to resurface Picnic Street and the decrease in Charges for Services was a result of reporting solid waste services in the Utility fund.

Expenses:

- Expenses related to solid waste services are now reported in the Utility Fund. Transportation expenses reflect \$270,000 of cost incurred in the resurfacing of Picnic Street.

**Business-Type Activities**

Business-type activities decreased the Town's net position by \$(125,779) for fiscal year 2019 compared to a decrease of \$(262,030) for fiscal year 2018. Revenues for the Town's business-type activities increased by \$176,982 while total expenses increased by \$41,507 for the fiscal year 2019. Elements of the changes in revenues and expenses include:

Revenue:

- Solid waste services are now reported in the Utility fund resulting in an increase in revenues of \$155,534. Additionally, the Town has initiated the Engineering and planning phase of a CDBG Sewer project and reported current year revenues of \$51,500.

Expenses:

- Solid waste service expenses were \$112,000.

**Capital Assets and Debt Administration**

Capital Assets

At September 30, 2019, the Town had \$5,512,621 invested in capital assets, including fire equipment, park and recreation facilities, buildings, roads, and water and sewer facilities.

**Town of Bronson, Florida  
Management's Discussion and Analysis**

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

|                                     | <u>Governmental Activities</u> |                            | <u>Business-Type Activities</u> |                            | <u>Total Government</u>    |                            |
|-------------------------------------|--------------------------------|----------------------------|---------------------------------|----------------------------|----------------------------|----------------------------|
|                                     | <u>FY 2019</u>                 | <u>FY 2018</u>             | <u>FY 2019</u>                  | <u>FY 2018</u>             | <u>FY 2019</u>             | <u>FY 2018</u>             |
| Assets                              |                                |                            |                                 |                            |                            |                            |
| Land                                | \$ 340,096                     | \$ 340,096                 | \$ 1,000                        | \$ 1,000                   | \$ 341,096                 | \$ 341,096                 |
| Construction in Process             | -                              | 42,554                     | 52,066                          | 566                        | 52,066                     | 43,120                     |
| Buildings and Building Improvements | 403,749                        | 427,471                    | -                               | -                          | 403,749                    | 427,471                    |
| Recreation Park Property            | 261,453                        | 242,700                    | -                               | -                          | 261,453                    | 242,700                    |
| Vehicles                            | -                              | 884                        | -                               | -                          | -                          | 884                        |
| Furniture and Equipment             | 75,202                         | 70,750                     | 5,120                           | 5,802                      | 80,322                     | 76,552                     |
| Streets and Roads                   | 433,512                        | 461,003                    | -                               | -                          | 433,512                    | 461,003                    |
| Water System                        | -                              | -                          | 288,176                         | 343,196                    | 288,176                    | 343,196                    |
| Sewer System                        | -                              | -                          | 3,652,247                       | 3,830,418                  | 3,652,247                  | 3,830,418                  |
| <b>Totals</b>                       | <b><u>\$ 1,514,012</u></b>     | <b><u>\$ 1,585,458</u></b> | <b><u>\$ 3,998,609</u></b>      | <b><u>\$ 4,180,982</u></b> | <b><u>\$ 5,512,621</u></b> | <b><u>\$ 5,766,440</u></b> |

Additional information on the Town's capital assets can be found in Note 3 of the notes to the financial statements.

**Debt Outstanding**

At year-end, the Town had \$1,537,517 in long-term debt outstanding. Additional information on the Town's long-term debt can be found in Note 5 of the notes to the financial statements.

**Economic Factors and Rates**

- The unemployment rate for Levy County was 3.7% compared to the State unemployment rate of 2.9% as of September 2019.
- The estimated population for the Town in 2019 was 1,326 and as of 2018 the population was 1,103.
- The Town's ad valorem tax rate for fiscal year 2019 was 4.8107 mills. Property tax assessed values for fiscal year 2019 increased by \$8,465,678 to a total assessed value of \$43,133,227.

**Financial Contact**

The Town's financial statements are designed to present users (citizens, taxpayers, customers, and creditors) with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about the report or need additional financial information, please contact the Town Clerk at P.O. Box 266, Bronson, Florida 32621.

**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2019**  
**TOWN OF BRONSON, FLORIDA**

|                                  | Primary Government         |                             |                     |
|----------------------------------|----------------------------|-----------------------------|---------------------|
|                                  | Governmental<br>Activities | Business-Type<br>Activities | Total               |
| <b>Assets</b>                    |                            |                             |                     |
| Cash                             | \$ 293,538                 | \$ 51,485                   | \$ 345,023          |
| Accounts Receivable              | 11,119                     | 56,581                      | 67,700              |
| Due from Other Governments       | 64,579                     | 44,000                      | 108,579             |
| Prepaid Insurance                | 7,053                      | 3,858                       | 10,911              |
| Internal Balances                | 201,732                    | (201,732)                   | -                   |
| Inventory                        | -                          | 8,557                       | 8,557               |
| Deposits                         | -                          | 800                         | 800                 |
| Restricted Assets:               |                            |                             |                     |
| Cash                             | -                          | 98,667                      | 98,667              |
| Capital Assets:                  |                            |                             |                     |
| Non-Depreciable                  | 340,096                    | 53,066                      | 393,162             |
| Depreciable, Net                 | 1,173,916                  | 3,945,543                   | 5,119,459           |
| <b>Total Assets</b>              | <b>2,092,033</b>           | <b>4,060,825</b>            | <b>6,152,858</b>    |
| <b>Liabilities</b>               |                            |                             |                     |
| Accounts Payable                 | 27,653                     | 55,247                      | 82,900              |
| Accrued Salaries and Benefits    | 10,949                     | 3,766                       | 14,715              |
| Unearned Revenue                 | 1,928                      | 4,073                       | 6,001               |
| Accrued Interest Payable         | -                          | 3,810                       | 3,810               |
| Payable from Restricted Assets:  |                            |                             |                     |
| Customer Deposits                | -                          | 32,105                      | 32,105              |
| Non-Current Liabilities:         |                            |                             |                     |
| Due Within One Year              | 6,610                      | 27,784                      | 34,394              |
| Due in More Than One Year        | 3,972                      | 1,499,151                   | 1,503,123           |
| <b>Total Liabilities</b>         | <b>51,112</b>              | <b>1,625,936</b>            | <b>1,677,048</b>    |
| <b>Net Position</b>              |                            |                             |                     |
| Net Investment in Capital Assets | 1,514,012                  | 2,474,609                   | 3,988,621           |
| Restricted for:                  |                            |                             |                     |
| Debt Reserve                     | -                          | 62,914                      | 62,914              |
| Asset Management                 | -                          | 3,750                       | 3,750               |
| Debt Service                     | -                          | 2,406                       | 2,406               |
| Unrestricted                     | 526,909                    | (108,790)                   | 418,119             |
| <b>Total Net Position</b>        | <b>\$ 2,040,921</b>        | <b>\$ 2,434,889</b>         | <b>\$ 4,475,810</b> |

See accompanying notes.

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019  
TOWN OF BRONSON, FLORIDA**

| Functions/Programs                          | Expenses            | Program Revenues     |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |                     |
|---|---------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|---------------------|
|   |                     | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities                           | Business-Type Activities | Total               |
| <b>Governmental Activities</b>              |                     |                      |                                    |                                  |   |                          |                     |
| General Government                          | \$ 472,675          | \$ 12,000            | \$ -                               | \$ -                             | \$ (460,675)                                      | \$ -                     | \$ (460,675)        |
| Public Safety                               | 189,546             | 117,019              | 30,065                             | 32,267                           | (10,195)  | -                        | (10,195)            |
| Physical Environment                        | 1,539               | -                    | -                                  | -                                | (1,539)   | -                        | (1,539)             |
| Transportation                              | 397,442             | -                    | 296,736                            | -                                | (100,706)   | -                        | (100,706)           |
| Human Services                              | 3,032               | 3,250                | -                                  | -                                | 218   | -                        | 218                 |
| Culture and Recreation                      | 136,796             | 20,997               | -                                  | 50,000                           | (65,799)  | -                        | (65,799)            |
| Interest on Long-Term Debt                  | 2,473               | -                    | -                                  | -                                | (2,473)   | -                        | (2,473)             |
| <b>Total Governmental Activities</b>        | <u>1,203,503</u>    | <u>153,266</u>       | <u>326,801</u>                     | <u>82,267</u>                    | <u>(641,169)</u>                                  | <u>-</u>                 | <u>(641,169)</u>    |
| <b>Business-Type Activities</b>             |                     |                      |                                    |                                  |   |                          |                     |
| Water and Sewer                             | 542,297             | 327,391              | -                                  | 51,500                           | -   | (163,406)                | (163,406)           |
| Solid Waste                                 | 111,988             | 155,534              | -                                  | -                                | -   | 43,546                   | 43,546              |
| <b>Total Business-Type Activities</b>       | <u>654,285</u>      | <u>482,925</u>       | <u>-</u>                           | <u>51,500</u>                    | <u>-</u>  | <u>(119,860)</u>         | <u>(119,860)</u>    |
| <b>Total Primary Government</b>             | <u>\$ 1,857,788</u> | <u>\$ 153,266</u>    | <u>\$ 326,801</u>                  | <u>\$ 133,767</u>                | <u>(641,169)</u>                                  | <u>(119,860)</u>         | <u>(761,029)</u>    |
| <b>General Revenues</b>                     |                     |                      |                                    |                                  |   |                          |                     |
| Property Taxes                              |                     |                      |                                    |                                  | 203,319   | -                        | 203,319             |
| Franchise and Utility Taxes                 |                     |                      |                                    |                                  | 125,778   | -                        | 125,778             |
| Discretionary and Half-Cent Sales Tax       |                     |                      |                                    |                                  | 154,201   | -                        | 154,201             |
| Other State Revenues                        |                     |                      |                                    |                                  | 59,653  | -                        | 59,653              |
| Interest Earnings                           |                     |                      |                                    |                                  | 107   | 85                       | 192                 |
| Miscellaneous                               |                     |                      |                                    |                                  | 14,854  | 2,080                    | 16,934              |
| <b>Transfers</b>                            |                     |                      |                                    |                                  | 8,084   | (8,084)                  | -                   |
| <b>Total General Revenues and Transfers</b> |                     |                      |                                    |                                  | <u>565,996</u>                                    | <u>(5,919)</u>           | <u>560,077</u>      |
| <b>Change in Net Position</b>               |                     |                      |                                    |                                  | <u>(75,173)</u>                                   | <u>(125,779)</u>         | <u>(200,952)</u>    |
| <b>Net Position, Beginning of Year</b>      |                     |                      |                                    |                                  | <u>2,116,094</u>                                  | <u>2,560,668</u>         | <u>4,676,762</u>    |
| <b>Net Position, End of Year</b>            |                     |                      |                                    |                                  | <u>\$ 2,040,921</u>                               | <u>\$ 2,434,889</u>      | <u>\$ 4,475,810</u> |

See accompanying notes.

**BALANCE SHEET  
GENERAL FUND  
SEPTEMBER 30, 2019  
TOWN OF BRONSON, FLORIDA**

|   | <b>General Fund</b> |
|---|---------------------|
| <b>Assets</b>   |                     |
| Cash  | \$ 293,538          |
| Accounts Receivable   | 11,119              |
| Due from Other Governments  | 64,579              |
| Prepaid Insurance   | 7,053               |
| Due from Other Fund   | 10,870              |
| Advances to Other Fund  | 190,862             |
| <b>Total Assets</b>   | <b>578,021</b>      |
| <b>Liabilities</b>  |                     |
| Accounts Payable  | 27,653              |
| Accrued Salaries and Benefits   | 10,949              |
| Advance Collections   | 1,928               |
| <b>Total Liabilities</b>  | <b>40,530</b>       |
| <b>Deferred Inflows of Resources</b>                                      |                     |
| Unavailable Revenues  | 3,225               |
| <b>Fund Balance</b>   |                     |
| Non-Spendable:  |                     |
| Advance to Other Fund   | 190,862             |
| Prepaid Insurance   | 7,053               |
| Unassigned  | 336,351             |
| <b>Total Fund Balance</b>   | <b>534,266</b>      |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b> | <b>\$ 578,021</b>   |

**RECONCILIATION OF THE BALANCE SHEET OF THE GENERAL FUND  
TO THE STATEMENT OF NET POSITION**

|  |                     |
|--|---------------------|
| <b>Total Fund Balance - General Fund</b>   | \$ 534,266          |
| <b>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:</b>  |                     |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the general fund.   | 1,514,012           |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the general fund.  | (10,582)            |
| Receivables that do not provide current financial resources are considered unavailable revenues and included as deferred inflows of resources in the governmental funds. | 3,225               |
| <b>Total Net Position of Governmental Activities</b>   | <b>\$ 2,040,921</b> |

See accompanying notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2019  
TOWN OF BRONSON, FLORIDA**

|  | <b>General Fund</b> |
|--|---------------------|
| <b>Revenues</b>  |                     |
| Taxes  | \$ 365,203          |
| Licenses and Permits   | 98,103              |
| Intergovernmental Revenue  | 502,929             |
| Charges for Services   | 138,854             |
| Fines and Forfeitures  | 1,699               |
| Miscellaneous Revenues   | 13,690              |
| <b>Total Revenues</b>  | <b>1,120,478</b>    |
| <b>Expenditures</b>  |                     |
| Current:   |                     |
| General Government   | 439,197             |
| Public Safety  | 151,726             |
| Physical Environment   | 1,539               |
| Transportation   | 327,397             |
| Human Services   | 3,032               |
| Culture and Recreation   | 104,350             |
| Capital Outlay   | 100,005             |
| Debt Service:  |                     |
| Principal  | 317,907             |
| Interest   | 2,734               |
| <b>(Total Expenditures)</b>  | <b>(1,447,887)</b>  |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <b>(327,409)</b>    |
| <b>Other Financing Sources (Uses)</b>                                |                     |
| Loan Proceeds  | 302,371             |
| Transfer from Utility Fund   | 8,084               |
| <b>Total Other Financing Sources (Uses)</b>                          | <b>310,455</b>      |
| <b>Net Change in Fund Balance</b>                                    | <b>(16,954)</b>     |
| <b>Fund Balance, Beginning of Year</b>                               | <b>551,220</b>      |
| <b>Fund Balance, End of Year</b>                                     | <b>\$ 534,266</b>   |

See accompanying notes.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE OF THE GENERAL FUND TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019  
TOWN OF BRONSON, FLORIDA**

**Net Change in Fund Balance - General Fund** \$ (16,954)

**Amounts Reported for Governmental Activities in the Statement of  
Activities are Different Because:**

The general fund reports capital outlays as expenditures. However, in the statement of activities, capital outlays are recorded as assets:

|  |          |
|--|----------|
| Capital Expenditures                         | 100,005  |
| Capital Expenditures Reclassified as Expense | (42,554) |

The general fund does not report depreciation expenses on capital assets. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as "depreciation expense". This is the amount of depreciation expense in the current period.

(128,897)

Some expenses reported in the statement of activities do require the use of current financial resources and, therefore, are not reported as expenditures in the general fund:

|                                      |         |
|--------------------------------------|---------|
| Increase in Compensated Absences     | (2,338) |
| Decrease in Accrued Interest Payable | 261     |

Certain revenues reported in the statement of activities are not considered current financial resources and, therefore, are not reported as revenue in the governmental funds.

(232)

The issuance of long-term debt provides current financial resources to the general fund, while the repayment of long-term debt consumes current financial resources of the general fund:

|  |           |
|--|-----------|
| Proceeds from Bank Loans                 | (302,371) |
| Repayment of Principal on Long-Term Debt | 317,907   |

**Change in Net Position of Governmental Activities** \$ (75,173)

See accompanying notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2019  
TOWN OF BRONSON, FLORIDA**

|  | Budgeted Amounts |             | Actual<br>Amounts | Variance With<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|-------------|-------------------|---|
|  | Original         | Final       |                   |   |
| <b>Revenues</b>  |                  |             |                   |   |
| Taxes  | \$ 342,996       | \$ 342,996  | \$ 365,203        | \$ 22,207   |
| Licenses and Permits   | 70,550           | 70,550      | 98,103            | 27,553  |
| Intergovernmental Revenue  | 581,503          | 581,503     | 502,929           | (78,574)  |
| Charges for Services   | 195,221          | 195,221     | 138,854           | (56,367)  |
| Fines and Forfeitures  | 1,000            | 1,000       | 1,699             | 699   |
| Miscellaneous Revenues   | 5,040            | 5,040       | 13,690            | 8,650   |
| <b>Total Revenues</b>  | 1,196,310        | 1,196,310   | 1,120,478         | (75,832)  |
| <b>Expenditures</b>  |                  |             |                   |   |
| General Government   | 351,657          | 351,657     | 447,017           | (95,360)  |
| Public Safety  | 276,153          | 276,153     | 186,793           | 89,360  |
| Physical Environment   | 1,000            | 1,000       | 1,539             | (539)   |
| Transportation   | 721,549          | 721,549     | 625,644           | 95,905  |
| Human Services   | 3,700            | 3,700       | 3,032             | 668   |
| Culture and Recreation   | 144,622          | 144,622     | 183,862           | (39,240)  |
| <b>(Total Expenditures)</b>  | (1,498,681)      | (1,498,681) | (1,447,887)       | 50,794  |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | (302,371)        | (302,371)   | (327,409)         | (25,038)  |
| <b>Other Financing Sources (Uses)</b>                                |                  |             |                   |   |
| Loan Proceeds  | 302,371          | 302,371     | 302,371           | -   |
| Transfer from Utility Fund   | -                | -           | 8,084             | 8,084   |
| <b>Total Other Financing Sources (Uses)</b>                          | 302,371          | 302,371     | 310,455           | 8,084   |
| <b>Net Change in Fund Balance</b>                                    | -                | -           | (16,954)          | (16,954)  |
| <b>Fund Balance, Beginning of Year</b>                               | -                | -           | 551,220           | 551,220   |
| <b>Fund Balance, End of Year</b>                                     | \$ -             | \$ -        | \$ 534,266        | \$ 534,266  |

See accompanying notes.

**STATEMENT OF NET POSITION  
 PROPRIETARY FUND  
 SEPTEMBER 30, 2019  
 TOWN OF BRONSON, FLORIDA**

|  | <u><b>Business-Type<br/>           Activities -<br/>           Enterprise Funds<br/>           Utility Fund</b></u> |
|--|---|
| <b>Assets</b>                          |   |
| Current Assets:                        |   |
| Cash                                   | \$ 51,485   |
| Accounts Receivable (Net of Allowance) | 56,581  |
| Due from Other Governments             | 44,000  |
| Prepaid Insurance                      | 3,858   |
| Inventory                              | 8,557   |
| Deposits                               | 800   |
| Total Current Assets                   | <u>165,281</u>  |
| Non-Current Assets:                    |   |
| Restricted Cash                        | 98,667  |
| Capital Assets, Net                    | 3,998,609   |
| Total Non-Current Assets               | <u>4,097,276</u>  |
| <b>Total Assets</b>                    | <u>4,262,557</u>  |
| <b>Liabilities</b>                     |   |
| Current Liabilities:                   |   |
| Accounts Payable                       | 55,247  |
| Accrued Salaries and Benefits          | 3,766   |
| Due to Other Fund                      | 10,870  |
| Unearned Revenue                       | 4,073   |
| Compensated Absences                   | 2,784   |
| Accrued Interest Payable               | 3,810   |
| Revenue Bond Payable                   | 25,000  |
| Total Current Liabilities              | <u>105,550</u>  |
| Payable from Restricted Assets:        |   |
| Customer Deposits                      | <u>32,105</u>   |
| Non-Current Liabilities:               |   |
| Compensated Absences                   | 151   |
| Revenue Bonds Payable                  | 1,499,000   |
| Advances from Other Fund               | 190,862   |
| Total Non-Current Liabilities          | <u>1,690,013</u>  |
| <b>Total Liabilities</b>               | <u>1,827,668</u>  |
| <b>Net Position</b>                    |   |
| Net Investment in Capital Assets       | 2,474,609   |
| Restricted for:                        |   |
| Debt Reserve                           | 62,914  |
| Asset Management                       | 3,750   |
| Debt Service                           | 2,406   |
| Unrestricted                           | (108,790)   |
| <b>Total Net Position</b>              | <u><u>\$ 2,434,889</u></u>  |

See accompanying notes.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
FUND NET POSITION - PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2019  
TOWN OF BRONSON, FLORIDA**

|  | <u>Business-Type<br/>Activities -<br/>Enterprise Funds<br/>Utility Fund</u> |
|--|---|
| <b>Operating Revenues</b>                                |   |
| Charges for Services                                     | \$ 482,925  |
| Other Revenues   | 2,080   |
| <b>Total Operating Revenues</b>                          | <u>485,005</u>  |
| <b>Operating Expenses</b>                                |   |
| Personnel Services                                       | 117,567   |
| Services, Supplies and Other                             | 256,438   |
| Depreciation   | 233,873   |
| <b>(Total Operating Expenses)</b>                        | <u>(607,878)</u>  |
| <b>Operating (Loss)</b>                                  | <u>(122,873)</u>  |
| <b>Non-Operating Revenues (Expenses)</b>                 |   |
| Interest Income  | 85  |
| Interest Expense   | (46,407)  |
| <b>Total Non-Operating Revenues (Expenses)</b>           | <u>(46,322)</u>   |
| <b>(Loss) Before Capital Contributions and Transfers</b> | (169,195)   |
| <b>Capital Contributions -- Grants</b>                   | 51,500  |
| <b>Transfers Out</b>                                     | <u>(8,084)</u>  |
| <b>Change in Net Position</b>                            | (125,779)   |
| <b>Net Position, Beginning of Year</b>                   | <u>2,560,668</u>  |
| <b>Net Position, End of Year</b>                         | <u><u>\$ 2,434,889</u></u>  |

See accompanying notes.

**STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2019  
TOWN OF BRONSON, FLORIDA**

|  | <u><b>Business-Type<br/>Activities -<br/>Enterprise Funds<br/>Utility Fund</b></u> |
|--|--|
| <b>Cash Flows from Operating Activities</b>  |  |
| Cash Received from Customers   | \$ 475,397   |
| Cash Paid to Employees   | (91,523)   |
| Cash Paid to Suppliers   | (272,235)  |
| Other Receipts   | 2,080  |
| <b>Net Cash Provided by Operating Activities</b>   | <u>113,719</u>   |
| <b>Cash Flows from Non-Capital Financing Activities</b>  |  |
| Transfer to General Fund   | (8,084)  |
| <b>Net Cash Provided by (Used in) Non-Capital Financing Activities</b>   | <u>(8,084)</u>   |
| <b>Cash Flows from Capital and Related Financing Activities</b>  |  |
| Principal Paid on Debt   | (25,000)   |
| Interest Paid on Debt  | (46,469)   |
| Acquisition and Construction of Capital Assets   | (7,500)  |
| Capital Grants   | 7,500  |
| <b>Net Cash (Used in) Capital and Related Financing Activities</b>   | <u>(71,469)</u>  |
| <b>Cash Flows from Investing Activities</b>  |  |
| Interest on Investments  | 85   |
| <b>Net Cash Provided by (Used in) Investing Activities</b>   | <u>85</u>  |
| <b>Net (Decrease) in Cash</b>  | 34,251   |
| <b>Cash, Beginning of Year</b>   | 115,901  |
| <b>Cash, End of Year</b>   | <u>\$ 150,152</u>  |
| <b><u>Reported in Statement of Net Position as</u></b>   |  |
| Cash   | \$ 51,485  |
| Restricted Assets - Cash   | 98,667   |
| <b>Total</b>   | <u>\$ 150,152</u>  |
| <b><u>Reconciliation of Operating Income (Loss) to Net Cash<br/>Provided by (Used in) Operating Activities</u></b> |  |
| Operating (Loss)   | \$ (122,873)   |
| Adjustments to Reconcile Net (Loss) to Net<br>Cash Provided by (Used in) Operating Activities:                     |  |
| Depreciation   | 233,873  |
| Increase in Accounts Receivable  | (10,278)   |
| Increase in Prepaid Insurance  | (261)  |
| Increase in Inventory  | (3,037)  |
| Increase in Accounts Payable   | 7,246  |
| Decrease in Accrued Salaries and Benefits  | (1,348)  |
| Decrease in Due to Other Fund  | (2,152)  |
| Decrease in Due to Other Governments   | (200)  |
| Decrease in Unearned Revenue   | (390)  |
| Increase in Advances from Other Fund   | 9,999  |
| Increase in Customer Deposits  | 3,140  |
| <b>Net Cash Provided by Operating Activities</b>   | <u>\$ 113,719</u>  |

See accompanying notes.

**NOTES TO FINANCIAL STATEMENTS  
TOWN OF BRONSON, FLORIDA**

**Note 1 - Summary of Significant Accounting Policies**

The accounting policies of the Town of Bronson, Florida (the Town) conform to generally accepted accounting principles for governmental entities. The following is a summary of significant accounting policies:

**Reporting Entity**

The Town is a Florida municipality governed by an elected five-member Town Council. The Town provides services to its citizens including water and sewer service, refuse collection, parks and recreation, streets, public safety, and other general governmental activities.

The reporting entity for the Town (the primary government) contained no separate legal entities (component units) for which the Town Council has financial accountability. Financial accountability is present if the Town Council appoints a voting majority of a component unit's governing body and has the ability to impose its will on that organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Town.

**Government-Wide and Fund Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Town. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. The Town reports one governmental fund, the general fund, as a major fund. The general fund is the Town's primary operating fund. It accounts for all resources traditionally associated with governments, except those required to be accounted for in another fund.

The Town reports one proprietary fund, the utility fund, as a major fund. This fund accounts for the activities of the Town's solid waste and water and sewer utilities.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

**NOTES TO FINANCIAL STATEMENTS**  
**TOWN OF BRONSON, FLORIDA**

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 collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this period, the Town considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt expenditures are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the Town's proprietary fund are charges to customers for services. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets.

**Fund Balance Classifications**

Fund balance is reported in five components: non-spendable, restricted, committed, assigned, and unassigned.

- **Non-Spendable**—This component of fund balance consists of amounts that cannot be spent because: a) they are not expected to be converted to cash, or b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and advances to other funds. On the general fund balance sheet, the advances to other fund balance reported is offset by a non-spendable fund balance classification, which indicates it does not constitute "available spendable resources" even though it is a component of net current position.
- **Restricted**—This component of fund balance consists of amounts that are constrained either: a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments), or b) by law through constitutional provisions or enabling legislation.
- **Committed**—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., ordinance or resolution) of the organization's governing authority (the Town Council). These committed amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action (e.g., ordinance or resolution) employed to constrain those amounts.
- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization's governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. The Town Council has not delegated this responsibility.
- **Unassigned**—This classification is used for: a) deficit unrestricted fund balances in any governmental fund, or b) fund balances within the general fund that are not restricted, committed, or assigned.

**NOTES TO FINANCIAL STATEMENTS  
TOWN OF BRONSON, FLORIDA**

**Use of Restricted and Unrestricted Assets**

When both restricted and unrestricted resources are available for use, it is the Town’s policy to use restricted resources first, then unrestricted resources (committed, assigned, and unassigned) as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use, it is the Town’s policy to use committed resources first, then assigned, and then unassigned as needed.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash equivalents include cash held in checking accounts.

**Accounts Receivable and Due from Other Governments**

Customer accounts receivable are recorded at their net realizable value and reduced by an allowance for uncollectible accounts of \$22,000.

Due from Other Governments represent amounts due from the federal, state or local governments, State of Florida, or Levy County for shared revenues or costs.

**Prepays**

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.

**Inventory**

Inventories of the proprietary fund are stated at cost using the first-in, first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

**Capital Assets**

Governmental fund capital assets include land, buildings and improvements, vehicles, furniture and equipment, and infrastructure assets (e.g., streets and roads). Capital assets used in governmental fund-type operations are reported in the statement of net position rather than in the general fund balance sheet. All purchased capital assets are valued at historical cost. 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. Capital assets are defined as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. These capital assets are depreciated using the straight-line method over the following estimated useful lives:

| Assets                     | Years |
|----------------------------|-------|
| Buildings and Improvements | 10-30 |
| Vehicles                   | 7-10  |
| Furniture and Equipment    | 3-10  |
| Streets and Roads          | 10-30 |

Proprietary fund capital expenditures made for revenue-producing assets, which are employed in operations that are accounted for in the proprietary fund, are capitalized at historical costs, and are depreciated using the straight-line method over their estimated useful lives as follows:

|             |             |
|-------------|-------------|
| Water Plant | 25-30 Years |
| Equipment   | 10-18 Years |
| Sewer Plant | 25-30 Years |

Donated capital assets are recorded at estimated acquisition cost at the date of contribution.

**NOTES TO FINANCIAL STATEMENTS  
TOWN OF BRONSON, FLORIDA**

**Compensated Absences**

The Town's leave policy allows for accumulation of up to 240 hours of unused vacation leave and an unlimited amount of unused sick leave. All vacation leave accumulated and 25% of any sick leave accumulated by employees with three or more years of service is payable upon termination of employment. A liability for these amounts is accrued when incurred in the government-wide and proprietary statements of net position. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Revenue Recognition**

Utility revenues are recorded when received and adjusted to the accrual basis for financial reporting. Restricted grant revenues, which are received but not expended, are recorded as unearned revenues. Grant revenues receivable are recorded when reimbursable expenditures on those grants have been incurred but not reimbursed at year-end.

**Budgeting**

The Town's procedures in preparing and adopting the annual budget are as follows:

- The Town Clerk is responsible for preparing a proposed operating budget for the upcoming year prior to September 30 that includes estimated revenues, proposed expenditures, and other financing sources and uses.
- Public hearings are held to obtain taxpayer comments and suggestions. The budget is enacted through passage of a resolution.
- Budgets are adopted on a basis consistent with generally accepted accounting principles. Appropriations lapse at the end of the year. The general fund budget presented was based upon the original budget. Budget appropriations may not be legally exceeded on a total fund basis.

**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. Florida Statutes permit cities to levy property taxes at a rate of up to 10 mills for general operations. The tax levy rate for the tax year ended September 30, 2019, was 4.8107 mills.

The tax levy of the Town is established by the Town Council prior to October 1 of each year, and the County Property Appraiser incorporates the Town's millage into the total tax levy, which includes the County, various other municipalities, and County School Board tax requirements.

All property is reassessed according to its fair market value January 1 of each year. Each assessment roll is submitted to the Executive Director of the Florida Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of Florida Statutes.

**NOTES TO FINANCIAL STATEMENTS  
TOWN OF BRONSON, FLORIDA**

All taxes are levied on November 1 of each year, or as soon thereafter, as the assessment roll is certified and delivered to the County 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.

On or prior to June 1 following the tax year, tax certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or at 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. Unsold tax certificates are estimated to be immaterial.

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.

The Town does not accrue its portion of the County-held tax sale certificates or personal property tax warrants because such amounts are estimated to be immaterial.

**Franchise Fees**

Continuing franchise fees are reported as revenues as the fees are earned and become receivable from the franchisee.

**Interfund Transactions**

During the course of normal operations, the Town has numerous transactions between funds for goods provided or services rendered. These receivables and payables are classified as "Due from Other Fund", "Due to Other Fund", "Advances to Other Fund", and "Advances from Other Fund" in the accompanying financial statements. These transactions are eliminated on the government-wide financial statements.

**Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities column of the statement of net position.

**Note 2 - Cash**

Chapter 280 of the Florida Statutes requires, in general, that all public deposits (including those of the Town) be made in qualified public depositories within the State of Florida. The Town's deposits are considered 100% insured for risk disclosure purposes.

The Town has not adopted an investment policy and so, by statute, follows the state's guidance set forth in Section 219.075, Florida Statutes regarding the deposit of funds received and the investment of surplus funds. That section requires local governments without written investment policies to follow the state policy in Section 218.415(17), Florida Statutes. That section authorizes the following investments:

- The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the *Florida Interlocal Cooperation Act*, as provided in Florida Statute 163.01
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

**NOTES TO FINANCIAL STATEMENTS  
TOWN OF BRONSON, FLORIDA**

- Interest-bearing time deposits or savings accounts in qualified public depositories.
- Direct obligations of the United States Treasury.

The Town does not have policies that address credit risk, custodial credit risk, or interest rate risk. The Town had no investments at year-end or during the year.

At year-end, the carrying amount of the Town's deposits was \$443,690 and the bank balances totaled \$478,017. These deposits were held at two banks and included checking and savings accounts. All cash deposits are held in qualified public depositories pursuant to Florida Statutes, Chapter 280 and are considered to be fully insured.

**Note 3 - Capital Assets**

A summary of capital assets in the governmental fund at September 30, 2019, is as follows:

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u>   | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|--------------------|------------------|---------------------------|
| <b>Governmental Activities</b>                     |                              |                    |                  |                           |
| Capital Assets Not Being Depreciated:              |                              |                    |                  |                           |
| Land   | \$ 340,096                   | \$ -               | \$ -             | \$ 340,096                |
| Construction in Progress                           | 42,554                       | -                  | 42,554           | -                         |
| Total Capital Assets Not Being Depreciated         | <u>382,650</u>               | <u>-</u>           | <u>42,554</u>    | <u>340,096</u>            |
| Capital Assets Being Depreciated:                  |                              |                    |                  |                           |
| Buildings and Building Improvements                | 897,458                      | 6,533              | -                | 903,991                   |
| Recreation Park Property                           | 589,075                      | 51,200             | -                | 640,275                   |
| Vehicles   | 597,202                      | -                  | -                | 597,202                   |
| Furniture and Equipment                            | 440,934                      | 42,272             | -                | 483,206                   |
| Streets and Roads                                  | 855,069                      | -                  | -                | 855,069                   |
| Total Capital Assets Being Depreciated             | <u>3,379,738</u>             | <u>100,005</u>     | <u>-</u>         | <u>3,479,743</u>          |
| Less Accumulated Depreciation:                     |                              |                    |                  |                           |
| Buildings and Building Improvements                | (469,987)                    | (30,255)           | -                | (500,242)                 |
| Recreation Park Property                           | (346,375)                    | (32,447)           | -                | (378,822)                 |
| Vehicles   | (596,318)                    | (884)              | -                | (597,202)                 |
| Furniture and Equipment                            | (370,184)                    | (37,820)           | -                | (408,004)                 |
| Streets and Roads                                  | (394,066)                    | (27,491)           | -                | (421,557)                 |
| Total Accumulated Depreciation                     | <u>(2,176,930)</u>           | <u>(128,897)</u>   | <u>-</u>         | <u>(2,305,827)</u>        |
| Total Capital Assets Being Depreciated, Net        | <u>1,202,808</u>             | <u>(28,892)</u>    | <u>-</u>         | <u>1,173,916</u>          |
| <b>Governmental Activities Capital Assets, Net</b> | <u>\$ 1,585,458</u>          | <u>\$ (28,892)</u> | <u>\$ 42,554</u> | <u>\$ 1,514,012</u>       |

**NOTES TO FINANCIAL STATEMENTS  
TOWN OF BRONSON, FLORIDA**

Depreciation expense on governmental fund capital assets charged to function/programs were as follows:

|                                   |           |                       |
|-----------------------------------|-----------|-----------------------|
| General Government                | \$        | 31,140                |
| Public Safety                     |           | 37,820                |
| Transportation                    |           | 27,491                |
| Culture and Recreation            |           | <u>32,446</u>         |
| <b>Total Depreciation Expense</b> | <b>\$</b> | <b><u>128,897</u></b> |

**Business-Type Activities**

A summary of capital assets in the proprietary fund at September 30, 2019, is as follows:

|   | <u>Beginning<br/>Balance</u> | <u>Increases</u>    | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|---|------------------------------|---------------------|------------------|---------------------------|
| <b>Business-Type Activities</b>                     |                              |                     |                  |                           |
| Capital Assets Not Being Depreciated:               |                              |                     |                  |                           |
| Land  | \$ 1,000                     | \$ -                | \$ -             | \$ 1,000                  |
| Construction in Progress                            | 566                          | 51,500              | -                | 52,066                    |
| <b>Total Capital Assets Not Being Depreciated</b>   | <u>1,566</u>                 | <u>51,500</u>       | <u>-</u>         | <u>53,066</u>             |
| Capital Assets Being Depreciated:                   |                              |                     |                  |                           |
| Water System  | 2,247,897                    | -                   | -                | 2,247,897                 |
| Equipment   | 94,191                       | -                   | -                | 94,191                    |
| Sewer System  | 5,125,105                    | -                   | -                | 5,125,105                 |
| Vehicles  | 16,750                       | -                   | -                | 16,750                    |
| <b>Total Capital Assets Being Depreciated</b>       | <u>7,483,943</u>             | <u>-</u>            | <u>-</u>         | <u>7,483,943</u>          |
| Less Accumulated Depreciation:                      |                              |                     |                  |                           |
| Water System  | (1,904,701)                  | (55,020)            | -                | (1,959,721)               |
| Equipment   | (88,389)                     | (682)               | -                | (89,071)                  |
| Sewer System  | (1,294,687)                  | (178,171)           | -                | (1,472,858)               |
| Vehicles  | (16,750)                     | -                   | -                | (16,750)                  |
| <b>Total Capital Assets Being Depreciated, Net</b>  | <u>(3,304,527)</u>           | <u>(233,873)</u>    | <u>-</u>         | <u>(3,538,400)</u>        |
| <b>Total Being Depreciated, Net</b>                 | <u>4,179,416</u>             | <u>(233,873)</u>    | <u>-</u>         | <u>3,945,543</u>          |
| <b>Business-Type Activities Capital Assets, Net</b> | <u>\$ 4,180,982</u>          | <u>\$ (182,373)</u> | <u>\$ -</u>      | <u>\$ 3,998,609</u>       |

**Note 4 - Deferred Compensation Plan**

Effective October 1, 1998, the Town discontinued its defined benefit pension plan and adopted a deferred compensation plan in accordance with Internal Revenue Code, Section 457. The employee balances in the former plan were transferred into annuity accounts for the individual members under the Section 457 plan. Contributions to the plan by the Town for the benefit of the participants is discretionary and decided on a year-by-year basis. The Town contributed \$7,261 to the plan for participants for the fiscal year 2019.

**NOTES TO FINANCIAL STATEMENTS  
TOWN OF BRONSON, FLORIDA**

**Note 5 - Long-Term Debt**

A summary of changes in long-term debt follows:

|   | Balance<br>October 1,<br>2018 | Additions         | (Decreases)         | Transfer        | Balance<br>September 30,<br>2019 | Due<br>Within<br>One Year |
|---|-------------------------------|-------------------|---------------------|-----------------|----------------------------------|---------------------------|
| <b>Governmental Activities</b>  |                               |                   |                     |                 |                                  |                           |
| Installment Purchase John Deere<br>Financial, Direct Borrowing; Due in<br>5 Annual Payments of \$16,167.73,<br>Commencing April 15, 2015,<br>Including Interest at a Rate of<br>4.00%; Secured by Equipment | \$ 15,536                     | \$ -              | \$ (15,536)         | \$ -            | \$ -                             | \$ -                      |
| Bank Loan \$375,000 Revolving Line of<br>Credit with February 28, 2020, Maturity<br>at 3.75% Interest Rate; Secured by<br>Local Government Half-Cent Sales Tax  | -                             | 278,599           | (278,599)           | -               | -                                | -                         |
| Bank Loan \$50,000 Revolving Line of<br>Credit with July 31, 2019, Maturity at<br>4.15% Interest Rate; Secured by<br>Local Government Half-Cent Sales Tax   | -                             | 23,772            | (23,772)            | -               | -                                | -                         |
| Accrued Compensated Absences  | 8,244                         | 7,372             | (5,383)             | 349             | 10,582                           | 6,610                     |
| <b>Total Government Activities</b>  | <u>\$ 23,780</u>              | <u>\$ 309,743</u> | <u>\$ (323,290)</u> | <u>\$ 349</u>   | <u>\$ 10,582</u>                 | <u>\$ 6,610</u>           |
| <b>Business-Type Activities</b>   |                               |                   |                     |                 |                                  |                           |
| \$1,596,000 Water and Wastewater<br>System Revenue Bonds, Series<br>2015, Direct Borrowing: Due in Annual<br>Installments of \$23,000 to \$69,000<br>Through September 1, 2054; Interest<br>at 3.00%        | \$ 1,549,000                  | \$ -              | \$ (25,000)         | \$ -            | \$ 1,524,000                     | \$ 25,000                 |
| Accrued Compensated Absences  | 4,137                         | 3,884             | (4,737)             | (349)           | 2,935                            | 2,784                     |
|   | <u>\$ 1,553,137</u>           | <u>\$ 3,884</u>   | <u>\$ (29,737)</u>  | <u>\$ (349)</u> | <u>\$ 1,526,935</u>              | <u>\$ 27,784</u>          |

Aggregate maturities of long-term debt are as follows:

| Year Ending<br>September 30, | Governmental Activities |             | Business-Type Activities |                   |
|------------------------------|-------------------------|-------------|--------------------------|-------------------|
|                              | Principal               | Interest    | Principal                | Interest          |
| 2020                         | \$ -                    | \$ -        | \$ 25,000                | \$ 45,720         |
| 2021                         | -                       | -           | 26,000                   | 44,970            |
| 2022                         | -                       | -           | 27,000                   | 44,190            |
| 2023                         | -                       | -           | 28,000                   | 43,380            |
| 2024                         | -                       | -           | 28,000                   | 42,540            |
| 2025-2029                    | -                       | -           | 155,000                  | 199,500           |
| 2030-2034                    | -                       | -           | 180,000                  | 174,750           |
| 2035-2039                    | -                       | -           | 208,000                  | 146,160           |
| 2040-2044                    | -                       | -           | 242,000                  | 112,920           |
| 2045-2049                    | -                       | -           | 280,000                  | 74,430            |
| 2050-2054                    | -                       | -           | 325,000                  | 29,850            |
| <b>Totals</b>                | <u>\$ -</u>             | <u>\$ -</u> | <u>\$ 1,524,000</u>      | <u>\$ 958,410</u> |

Interest expense in fiscal year 2019, on long-term liabilities of the governmental fund totaled \$2,473, none of which was capitalized. Interest expense in fiscal year 2019, on long-term liabilities of business-type activities totaled \$46,407 none of which was capitalized.

**NOTES TO FINANCIAL STATEMENTS  
TOWN OF BRONSON, FLORIDA**

**Note 6 - Pledged Revenues**

The Town has pledged the net revenues of the water and sewer system and a covenant to budget and appropriate Non-Ad Valorem revenues to the extent any deficiencies exist, to repay the Series 2015 Water and Wastewater System Revenue Bonds. Annual principal and interest on the revenue bonds is expected to require 100% of such net revenues that are payable through 2054. Principal and interest expense for the Water and Wastewater System Revenue Bonds for the current year was \$71,408 and the net revenues were \$67,539.

**Note 7 - 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; and natural disasters for which the Town carries commercial insurance. Insurance against losses are provided through the Florida League of Cities, Inc. for the following types of risk:

- Workers' Compensation and Employer's Liability
- General and Automobile Liability
- Real and Personal Property Damage
- Public Officials' Liability
- Accidental Death and Dismemberment

The Town's coverage for workers' compensation is under a retroactively rated policy. Premiums are accrued based on the ultimate cost to-date of the Town's experience for this type of risk. There have been no significant reductions in insurance coverage and settlements have not exceeded insurance coverage during the last three years.

**Note 8 - Interfund Receivables, Payables, and Transfers**

Interfund receivable and payable balances at September 30, 2019, are as follows:

|                            | <u>Receivable Fund</u> | <u>Payable Fund</u> |
|----------------------------|------------------------|---------------------|
| General Fund - Current     | \$ 10,870              | \$ -                |
| General Fund – Non-Current | 190,862                | -                   |
| Utility Fund - Current     | -                      | 10,870              |
| Utility Fund – Non-Current | -                      | 190,862             |
| <b>Total</b>               | <u>\$ 201,732</u>      | <u>\$ 201,732</u>   |

The above amounts represent goods and services paid for by the General Fund for the benefit of the Utility Fund in the current or previous years. The amounts shown as current in the Utility Fund will be repaid during fiscal year 2019. The amounts shown as non-current in the Utility Fund are not expected to be repaid within one year.

|              | <u>Interfund<br/>Transfers In</u> | <u>Interfund<br/>Transfers Out</u> |
|--------------|-----------------------------------|------------------------------------|
| General Fund | \$ 8,084                          | \$ -                               |
| Utility Fund | -                                 | 8,084                              |
| <b>Total</b> | <u>\$ 8,084</u>                   | <u>\$ 8,084</u>                    |

**NOTES TO FINANCIAL STATEMENTS  
TOWN OF BRONSON, FLORIDA**

The above transfer represents reimbursement to the General Fund by the Utility Fund for a portion of the annual debt service expenditures related to purchase of equipment.

**Note 9 - U.S. Department of Agriculture Revenue Bond**

During fiscal year 2019, the Town paid principal of \$25,000 and interest of \$46,470 on the Water and Wastewater System Revenue Bond, Series 2015. At September 30, 2019, a balance of \$1,524,000 remained outstanding.

**Note 10 - Subsequent Event**

Subsequent to year-end, a national emergency was declared by the President of the United States in response to the COVID-19 pandemic. The economic and social impact of the virus is expected to be significant but is not quantifiable at this time.

## **OTHER INFORMATION**

**WATER AND SEWER ACTIVITIES**  
**SEPTEMBER 30, 2019**  
**TOWN OF BRONSON, FLORIDA**

|                                    |           |
|------------------------------------|-----------|
| Number of <b>WATER</b> Connections | 629       |
| Current Assets                     | \$ 54,034 |
| Long-Term Assets                   | 321,796   |
| Current Liabilities                | 19,400    |
| Long-Term Liabilities              | 223,118   |
| Operating Income                   | 195,716   |
| Non-Operating Income               | 85        |
| Depreciation                       | 60,308    |
| All Other OM Expenses              | 177,933   |
| RD Debt Payment                    |           |
|                                    |           |
| <hr/>                              |           |
| Number of <b>SEWER</b> Connections | 200       |
| Current Assets                     | \$ 74,613 |
| Long-Term Assets                   | 3,775,480 |
| Current Liabilities                | 75,245    |
| Long-Term Liabilities              | 1,499,000 |
| Operating Income                   | 133,755   |
| Depreciation                       | 178,286   |
| All Other OM Expenses              | 84,084    |
| RD Debt Payment - Interest         | 46,407    |
| Transfer to General Fund           | 8,084     |

**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***

Honorable Mayor and Members  
of the Town Council  
Town of Bronson  
Bronson, 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, the business-type activities, and each major fund of the Town of Bronson, Florida (the Town) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated August 17, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described below that we consider to be material weaknesses.

CERTIFIED PUBLIC ACCOUNTANTS

*Gainesville | Ocala | Tallahassee | Sarasota | Orlando*

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*Members of American and Florida Institutes of Certified Public Accountants  
An Independent Member of the BDO Alliance USA.*

Honorable Mayor and Members  
of the Town Council  
Town of Bronson  
Bronson, Florida

**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***

**2019-1**

■ **Segregation of Duties**

*Condition*—Effective internal controls over financial reporting require that the functions of authorizing transactions, custody of assets, and recording of transactions be separated in order to provide reasonable assurance that assets are adequately safeguarded and transactions are properly authorized, executed, and recorded in accordance with the assertions of management. Due to the Town's limited staffing, one employee performs all incompatible duties, including receiving and depositing cash, and recording all transactions.

*Effect*—Lack of proper separation of incompatible duties could result in errors and irregularities that go undetected for extended periods of time.

*Recommendation*—We recommend that incompatible duties be separated among employees where it is feasible to do so.

**2019-2**

■ **Bank Reconciliation**

*Condition*—During our audit we noted that bank reconciliations contained errors such as amounts reported as deposits in transit that had previously cleared the bank and some checks reported as outstanding that had been previously voided. Bank reconciliations are a key control in the internal control process.

*Effect*—The failure to prepare accurate monthly bank reconciliations results in inaccurate cash and other general ledger account balances being reported and could result in errors or irregularities that remain undetected for an extended period of time.

*Recommendation*—We recommend that accurate monthly bank reconciliations be prepared and that the cash balance per each bank reconciliation be compared and agreed to the cash balance reported in the general ledger.

**2019-3**

■ **Utility Billing Errors and Adjustments**

*Condition*—During our audit we noted that numerous utility billing errors occurred during the year that were not identified by the Town prior to sending the bills to customers. As a result, the Town made approximately \$1.2 million of adjustments to customers' utility bills to correct for overbilled consumption. Additionally, employees that authorize the adjustments also post cash receipts to the accounts receivable subsidiary ledger.

*Effect*—The failure to identify unusual or significant billing errors can result in a material misstatement of reported revenues in the financial statements. Further, the lack of segregation of incompatible duties could create an opportunity for misappropriation of funds.

Honorable Mayor and Members  
of the Town Council  
Town of Bronson  
Bronson, Florida

**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**

*Recommendation*—We recommend that the Town establish a review process prior to billing that will identify any unusual or significant meter reading errors and rectify the issue in a timely manner. We also recommend the Town separate the duties of cash collections and billing adjustments to reduce the risk of errors or irregularities that go undetected for extended periods of time.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards* and which are described below.

**2019-4**

■ **Accounting Records**

*Condition*—According to the U.S. Department of Agriculture (USDA) Letter of Conditions, accepted and agreed to by the Town as related to the grant and loan funds for the wastewater system expansion project, the Town is required to keep the water and sewer activities separately in the accounting records. Currently, the Town accounts for solid waste and water and sewer activities in one fund.

*Effect*—The Town is not in compliance with the USDA loan requirements.

*Recommendation*—We recommend that the Town take the steps necessary to revise its accounting process to properly separate the water and sewer activities in the accounting records.

**2019-5**

■ **Water and Sewer Fund**

*Condition*—According to the USDA Letter of Conditions, accepted and agreed to by the Town for the grant and loan funds received for the wastewater system expansion project, the Town is required to maintain water and sewer rates that provide adequate income to meet the minimum requirements for operation and maintenance, debt service, and reserves. Water and Sewer System operating revenues exceeded operating expense (excluding depreciation) by \$67,539, which is insufficient to pay annual debt service.

*Recommendation*—We recommend the Town increase water and sewer rates to a level that will recover all operating expenses and pay annual debt service.

Honorable Mayor and Members  
of the Town Council  
Town of Bronson  
Bronson, Florida

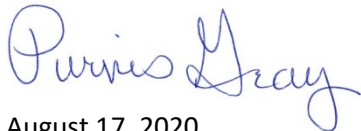
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Town's Response to Findings**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



August 17, 2020  
Gainesville, Florida

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

Honorable Mayor and Members  
of the Town Council  
Town of Bronson  
Bronson, Florida

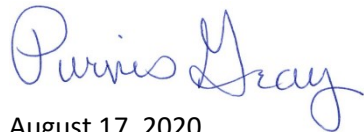
We have examined the Town of Bronson, Florida's (the Town) compliance with Section 218.415, Florida Statutes, as of and for the year ended September 30, 2019, as required by Section 10.556(10)(a), *Rules of the Auditor General*. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town 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 non-compliance, 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's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

This report 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, the Mayor and Town Council members, and its management, and is not intended to be, and should not be, used by anyone other than these specified parties.



August 17, 2020  
Gainesville, Florida

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## MANAGEMENT LETTER

Honorable Mayor and Members  
of the Town Council  
Town of Bronson  
Bronson, Florida

### Report on the Financial Statements

We have audited the financial statements of the Town of Bronson, Florida (the Town), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated August 17, 2020.

### 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 August 17, 2020, 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 annual financial audit report. Prior Year uncorrected Findings and Recommendations are reported below:

| Tabulation of Uncorrected Audit Findings |                        |                        |
|--|------------------------|------------------------|
| Current Year Finding #                   | 2017-2018 FY Finding # | 2016-2017 FY Finding # |
| 2019-1                                   | 2009-1                 | 2009-1                 |
| 2019-2                                   | 2017-2                 | 2017-2                 |
| 2019-4                                   | 2016-1                 | 2016-1                 |
| 2019-5                                   | 2017-3                 | 2017-3                 |
| 2019-6                                   | ML 2017-1              | ML 2017-1              |
| 2019-7                                   | ML 2018-1              |                        |
| 2019-8                                   | ML 2016-1              | ML 2016-1              |

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Honorable Mayor and Members  
of the Town Council  
Town of Bronson  
Bronson, Florida

## MANAGEMENT LETTER

### Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Town was established in 1850, under a Charter in accordance with Laws of Florida 6732. There were no component units related to the Town.

### 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 has 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 did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the Town. It is management's responsibility to monitor the Town'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.

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 noted the following matters:

#### 2019-6

##### ■ Payroll Taxes

*Condition*—Compensation totaling \$3,000 was made to employees and council members but these amounts were not subjected to withholding taxes and social security taxes nor reported as wages on the quarterly tax Form 941.

*Effect*—The failure to report all compensation paid to employees and council members on the quarterly tax Form 941 results in an understatement of payroll taxes due and potential penalties and interest.

*Recommendation*—We recommend that all compensation paid to employees and council members be reported on the quarterly tax Form 941.

#### 2019-7

##### ■ Customer Deposits

*Condition*—Customer Deposits increased as a result of not applying customer deposits to customers' accounts upon account termination or failure to issue a refund for unused portions due to customers.

*Recommendation*—We recommend the Town identify and refund all accounts due a refund.

Honorable Mayor and Members  
of the Town Council  
Town of Bronson  
Bronson, Florida

## MANAGEMENT LETTER

### Annual Financial Report

Sections 10.554(1)(i)5.b. 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 the annual financial report for the Town for the fiscal year ended September 30, 2019, 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, 2019. In connection with our audit, we determined that these two reports were in agreement.

### Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate non-compliance 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. In connection with our audit, we did note the following findings.

#### 2019-8

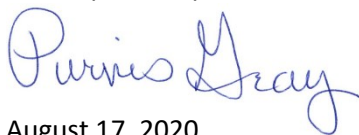
##### ■ Extension of Credit Not Allowed

*Condition*—At September 30, 2019, an amount of \$804 was due from an individual for health insurance premiums paid on his behalf. This amount represents the extension of credit by a governmental agency to an individual and is not allowed under the Florida Constitution.

*Recommendation*—We recommend that all amounts currently owed be repaid promptly and that future premiums be paid as they become due.

### 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 Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Honorable Mayor and Members of the Town Council, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.



August 17, 2020  
Gainesville, Florida



August 17, 2020

Honorable Sherrill F. Norman, CPA  
State of Florida Auditor General  
Claude Pepper Building, Suite G74  
111 West Madison Street  
Tallahassee, FL 32399-1450

RE: Town of Bronson

Dear Ms. Norman,

We are writing this letter to address the findings referenced in our September 30, 2019 audit report conducted by Purvis, Gray & Company in Gainesville, Florida.

**Finding 2019-1 – Segregation of Duties**

We are aware that we have a lack of segregation of accounting and administrative responsibility. The primary reason for this deficiency is due to the limited number of staff employed at the Town of Bronson. We currently have a town clerk and a town water clerk. It is impossible to segregate employee responsibilities with a staff of two to ensure an adequate system of internal control. However, the town has recently hired a local accounting firm to assist us with bank reconciliations and other accounting procedures. We will again revisit the assignment of accounting task in an effort to strengthen our internal control procedures.

**Finding 2019-2 – Bank Reconciliations**

As mentioned above, the town has recently engaged a local CPA firm to provide staff to complete the town's bank reconciliations. We believe the deficiencies noted in this comment will be corrected in the upcoming year.

**Finding 2019-3 – Utility Billing Error and Adjustments**

This comment addresses the fact that the town's billing clerk was required to make significant adjustments to customers utility bills during the year. Please be advised that the town has adopted a

new policy of reviewing each and every bill for reasonableness prior to billing the customer. The finding above was a result of carelessness and a lack of billing review procedures and has been corrected.

Finding 2019-4 – Accounting Records

This comment is related to the fact that the town accounts for solid waste activities in a utilities service fund. At this time, the town has forwarded a letter to the United States Department of Agriculture requesting that we be allowed to continue this process. We are hoping for a favorable reply but will modify procedures if necessary.

Finding 2019 – 5 - Water and Sewer Fund

The town is wrapping up its 2020-2021 budget procedures and will address the need for additional revenues in the water and sewer fund.

Finding 2019-6 – Payroll Taxes

This comment concerns unreported compensation paid to town employees and council members in the form of Christmas bonuses. This process has been discontinued.

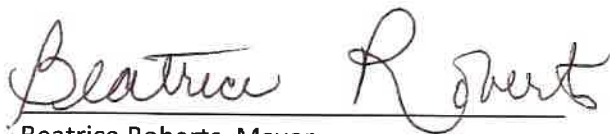
Finding 2019-7 – Customer Deposits


This finding is a result of the town not issuing refund checks to customers upon discontinued services in the water and sewer fund. This is primarily due to the turnover of staff in the water and sewer department and the situation was corrected when brought to management's attention.

Finding 2019-8 – Extension of Credit Not Allowed

This comment relates to a former commissioner who the town inadvertently paid health insurance on his behalf. Once this error was found, the individual agreed to make payments on the outstanding balance until paid in full. There is only \$804.00 remaining and this account was closed after year end.

We hope that we have addressed the findings to your satisfaction and would like to thank Purvis, Gray & Company for their assistance and professionalism in the completion of our audit.

  
Beatrice Roberts, Mayor

  
Melissa Thompson, Interim Town Clerk

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