

2020

Town of Bronson, Florida

Financial Statements and
Independent Auditor's Report

September 30, 2020

**TOWN OF BRONSON
BRONSON, FLORIDA**

TOWN COUNCIL

**Beatrice Roberts
Mayor**

**Jason Hunt
Vice-Mayor**

**Robert Partin
Council Member**

**Vacant
Council Member**

**Aaron Edmondson
Council Member**

TOWN CLERK

Wendy Maragh

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

**TOWN OF BRONSON
BRONSON, FLORIDA**

SEPTEMBER 30, 2020

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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, 2020, 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.

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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, 2020, and the respective changes in financial position and, where applicable, cash flows, 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 June 18, 2021, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



June 18, 2021
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, 2020. 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 \$4,709,207 (net position). Of this amount, \$547,082 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.

The Town's total net position increased by \$233,397. Governmental activities generated an increase of \$15,740 and business-type activities generated an increase of \$217,657.

General Fund revenues for 2020 decreased by \$327,593 or 29.24% when compared to fiscal year 2019. General Fund expenditures decreased by \$718,529 or 49.63% during this same period.

As of the close of the fiscal year, the Town's General Fund reported an ending fund balance of \$597,793 which was an increase of \$63,527 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 \$4,709,207 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 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Assets						
Current Assets	\$ 633,006	\$ 578,021	\$ 305,697	\$ (36,451)	\$ 938,703	\$ 541,570
Restricted Assets	-	-	90,428	98,667	90,428	98,667
Capital Assets	1,461,191	1,514,012	4,130,776	3,998,609	5,591,967	5,512,621
Total Assets	2,094,197	2,092,033	4,526,901	4,060,825	6,621,098	6,152,858
Liabilities						
Current Liabilities	32,055	47,140	370,201	126,785	402,256	173,925
Non-Current Liabilities	5,481	3,972	1,504,154	1,499,151	1,509,635	1,503,123
Total Liabilities	37,536	51,112	1,874,355	1,625,936	1,911,891	1,677,048
Net Position						
Net Investment in Capital Assets	1,461,191	1,514,012	2,631,776	2,474,609	4,092,967	3,988,621
Restricted	-	-	69,158	69,070	69,158	69,070
Unrestricted	595,470	526,909	(48,388)	(108,790)	547,082	418,119
Total Net Position	\$ 2,056,661	\$ 2,040,921	\$ 2,652,546	\$ 2,434,889	\$ 4,709,207	\$ 4,475,810

Town of Bronson, Florida
Management's Discussion and Analysis

The largest portion of the Town's net position of \$4,092,967 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 \$547,082 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 increase in Business-Type net position is due primarily to the increase in Capital Grants and Contributions.

Town of Bronson's Change in Net Position

	Governmental Activities		Business-Type Activities		Total Government	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Revenues						
Program Revenues:						
Charges for Services	\$ 160,592	\$ 153,266	\$ 475,278	\$ 482,925	\$ 635,870	\$ 636,191
Operating Grants and Contributions	43,358	326,801	-	-	43,358	326,801
Capital Grants and Contributions	-	82,267	366,986	51,500	366,986	133,767
General Revenues:						
Property Taxes	205,379	203,319	-	-	205,379	203,319
Franchise and Utility Taxes	125,086	125,778	-	-	125,086	125,778
Discretionary and Half Cent Sales Tax	162,351	154,201	-	-	162,351	154,201
Other State Revenues	52,688	59,653	-	-	52,688	59,653
Investment Earnings	70	107	91	85	161	192
Miscellaneous	43,294	14,854	11,933	2,080	55,227	16,934
Total Revenues	792,818	1,120,246	854,288	536,590	1,647,106	1,656,836
Expenses						
General Government	451,058	472,675	-	-	451,058	472,675
Public Safety	172,364	189,546	-	-	172,364	189,546
Physical Environment	2,490	1,539	-	-	2,490	1,539
Transportation	74,077	397,442	-	-	74,077	397,442
Human Services	3,628	3,032	-	-	3,628	3,032
Culture and Recreation	73,461	136,796	-	-	73,461	136,796
Interest on Debt	-	2,473	-	-	-	2,473
Water and Sewer	-	-	520,277	542,297	520,277	542,297
Solid Waste	-	-	116,354	111,988	116,354	111,988
Total Expenses	777,078	1,203,503	636,631	654,285	1,413,709	1,857,788
Transfers	-	8,084	-	(8,084)	-	-
Change in Net Position	15,740	(75,173)	217,657	(125,779)	233,397	(200,952)
Net Position, Beginning of Year	2,040,921	2,116,094	2,434,889	2,560,668	4,475,810	4,676,762
Net Position, End of Year	\$ 2,056,661	\$ 2,040,921	\$ 2,652,546	\$ 2,434,889	\$ 4,709,207	\$ 4,475,810

Town of Bronson, Florida
Management's Discussion and Analysis

Governmental Activities

Governmental activities increased the Town's net position by \$15,740 during the current fiscal year compared to a \$75,173 decrease during fiscal year 2019.

Overall, governmental activities reported a decrease of revenues of \$327,428 and a decrease in expenses by \$426,425 in comparison with the prior year. Significant elements of the change in revenues and expenses include:

Revenue:

- Operating and Capital Grants received decreased by \$365,710. The only grant administered, by the Town, in the current fiscal year was for a \$14,324 fire department operating grant.

Expenses:

- Expenses related to grant activities declined by \$339,685. Additionally, the Town scaled back recreation and park activities due to COVID-19 resulting in a decrease of expenses by \$63,335.

Business-Type Activities

Business-type activities increased the Town's net position by \$217,657 for fiscal year 2020 compared to a decrease of \$125,779 for fiscal year 2019. Revenues for the Town's business-type activities increased by \$317,698 while total expenses decreased by \$17,654 for the fiscal year 2020. Elements of the changes in revenues include:

Revenue:

- The Town began the construction phase of a CDBG Sewer project and \$366,986 was expended, including retainage payable, in the 2019-2020 fiscal year.

Capital Assets and Debt Administration

Capital Assets

At September 30, 2020, the Town had \$5,591,967 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)

	Governmental Activities		Business-Type Activities		Total Government	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Assets						
Land	\$ 340,096	\$ 340,096	\$ 1,000	\$ 1,000	\$ 341,096	\$ 341,096
Construction in Process	23,000	-	416,330	52,066	439,330	52,066
Buildings and Building Improvements	373,558	403,749	-	-	373,558	403,749
Recreation Park Property	236,689	261,453	-	-	236,689	261,453
Vehicles	-	-	-	-	-	-
Furniture and Equipment	47,628	75,202	6,558	5,120	54,186	80,322
Streets and Roads	440,220	433,512	-	-	440,220	433,512
Water System	-	-	232,812	288,176	232,812	288,176
Sewer System	-	-	3,474,076	3,652,247	3,474,076	3,652,247
Totals	\$ 1,461,191	\$ 1,514,012	\$ 4,130,776	\$ 3,998,609	\$ 5,591,967	\$ 5,512,621

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 \$1,509,635 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 4.5% compared to the State unemployment rate of 7.2% as of September 2020.
- The estimated population for the Town in 2020 was 1,185 and as of 2019 the population was 1,147.
- The Town's ad valorem tax rate for fiscal year 2020 was 4.8471 mills. Property tax assessed values for fiscal year 2020 decreased by \$14,923 to a total assessed value of \$43,118,304.

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 Manager at P.O. Box 266, Bronson, Florida 32621.

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2020
TOWN OF BRONSON, FLORIDA**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash	\$ 355,512	\$ 134,706	\$ 490,218
Accounts Receivable	10,453	47,780	58,233
Due from Other Governments	69,480	298,737	368,217
Prepaid Insurance	8,287	4,391	12,678
Internal Balances	189,274	(189,274)	-
Inventory	-	8,557	8,557
Deposits	-	800	800
Restricted Assets:			
Cash	-	90,428	90,428
Capital Assets:			
Non-Depreciable	363,096	417,330	780,426
Depreciable, Net	1,098,095	3,713,446	4,811,541
Total Assets	<u>2,094,197</u>	<u>4,526,901</u>	<u>6,621,098</u>
Liabilities			
Accounts Payable	14,155	332,024	346,179
Accrued Salaries and Benefits	13,650	3,397	17,047
Unearned Revenue	4,250	9,364	13,614
Accrued Interest Payable	-	3,696	3,696
Payable from Restricted Assets:			
Customer Deposits	-	21,720	21,720
Non-Current Liabilities:			
Due Within One Year	3,586	28,577	32,163
Due in More Than One Year	1,895	1,475,577	1,477,472
Total Liabilities	<u>37,536</u>	<u>1,874,355</u>	<u>1,911,891</u>
Net Position			
Net Investment in Capital Assets	1,461,191	2,631,776	4,092,967
Restricted for:			
Debt Reserve	-	58,744	58,744
Asset Management	-	4,500	4,500
Debt Service	-	5,914	5,914
Unrestricted	595,470	(48,388)	547,082
Total Net Position	<u>\$ 2,056,661</u>	<u>\$ 2,652,546</u>	<u>\$ 4,709,207</u>

See accompanying notes.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020
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
Governmental Activities							
General Government	\$ 451,058	\$ 17,793	\$ -	\$ -	\$ (433,265)	\$ -	\$ (433,265)
Public Safety	172,364	134,656	14,401	-	(23,307)	-	(23,307)
Physical Environment	2,490	-	-	-	(2,490)	-	(2,490)
Transportation	74,077	-	27,957	-	(46,120)	-	(46,120)
Human Services	3,628	4,900	-	-	1,272	-	1,272
Culture and Recreation	73,461	3,243	1,000	-	(69,218)	-	(69,218)
Total Governmental Activities	<u>777,078</u>	<u>160,592</u>	<u>43,358</u>	<u>-</u>	<u>(573,128)</u>	<u>-</u>	<u>(573,128)</u>
Business-Type Activities							
Water and Sewer	520,277	322,324	-	366,986	-	169,033	169,033
Solid Waste	116,354	152,954	-	-	-	36,600	36,600
Total Business-Type Activities	<u>636,631</u>	<u>475,278</u>	<u>-</u>	<u>366,986</u>	<u>-</u>	<u>205,633</u>	<u>205,633</u>
Total Primary Government	<u>\$ 1,413,709</u>	<u>\$ 635,870</u>	<u>\$ 43,358</u>	<u>\$ 366,986</u>	<u>(573,128)</u>	<u>205,633</u>	<u>(367,495)</u>
General Revenues							
Property Taxes					205,379	-	205,379
Franchise and Utility Taxes					125,086	-	125,086
Discretionary and Half-Cent Sales Tax					162,351	-	162,351
Other State Revenues					52,688	-	52,688
Interest Earnings					70	91	161
Miscellaneous					43,294	11,933	55,227
Total General Revenues and Transfers					<u>588,868</u>	<u>12,024</u>	<u>600,892</u>
Change in Net Position					<u>15,740</u>	<u>217,657</u>	<u>233,397</u>
Net Position, Beginning of Year					<u>2,040,921</u>	<u>2,434,889</u>	<u>4,475,810</u>
Net Position, End of Year					<u>\$ 2,056,661</u>	<u>\$ 2,652,546</u>	<u>\$ 4,709,207</u>

See accompanying notes.

**BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2020
TOWN OF BRONSON, FLORIDA**

	General Fund
Assets	
Cash	\$ 355,512
Accounts Receivable	10,453
Due from Other Governments	69,480
Prepaid Insurance	8,287
Due from Other Fund	11,494
Advances to Other Fund	177,780
Total Assets	633,006
Liabilities	
Accounts Payable	14,155
Accrued Salaries and Benefits	13,650
Advance Collections	4,250
Total Liabilities	32,055
Deferred Inflows of Resources	
Unavailable Revenues	3,158
Fund Balance	
Non-Spendable:	
Advance to Other Fund	177,780
Prepaid Insurance	8,287
Assigned To:	
Subsequent Year's Expenditures	33,192
Unassigned	378,534
Total Fund Balance	597,793
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 633,006

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

Total Fund Balance - General Fund	\$ 597,793
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the general fund.	1,461,191
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the general fund.	(5,481)
Receivables that do not provide current financial resources are considered unavailable revenues and included as deferred inflows of resources in the governmental funds.	3,158
Total Net Position of Governmental Activities	\$ 2,056,661

See accompanying notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020
TOWN OF BRONSON, FLORIDA**

	General Fund
Revenues	
Taxes	\$ 377,706
Licenses and Permits	101,059
Intergovernmental Revenue	134,267
Charges for Services	135,101
Fines and Forfeitures	2,630
Miscellaneous Revenues	42,122
Total Revenues	792,885
Expenditures	
Current:	
General Government	425,968
Public Safety	139,387
Physical Environment	2,490
Transportation	45,512
Human Services	3,628
Culture and Recreation	37,458
Capital Outlay	74,915
(Total Expenditures)	(729,358)
Net Change in Fund Balance	63,527
Fund Balance, Beginning of Year	534,266
Fund Balance, End of Year	\$ 597,793

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, 2020
TOWN OF BRONSON, FLORIDA**

Net Change in Fund Balance - General Fund	\$	63,527
 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		74,915
 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.		
		(127,736)
 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:		
Decrease in Compensated Absences		5,101
 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.		
		<u>(67)</u>
Change in Net Position of Governmental Activities	\$	<u>15,740</u>

See accompanying notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020
TOWN OF BRONSON, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 354,899	\$ 354,899	\$ 377,706	\$ 22,807
Licenses and Permits	71,550	71,550	101,059	29,509
Intergovernmental Revenue	1,128,003	1,128,003	134,267	(993,736)
Charges for Services	188,700	188,700	135,101	(53,599)
Fines and Forfeitures	1,000	1,000	2,630	1,630
Miscellaneous Revenues	24,326	24,326	42,122	17,796
Total Revenues	<u>1,768,478</u>	<u>1,768,478</u>	<u>792,885</u>	<u>(975,593)</u>
Expenditures				
General Government	421,875	421,875	425,968	(4,093)
Public Safety	1,175,103	1,175,103	167,790	1,007,313
Physical Environment	1,500	1,500	2,490	(990)
Transportation	61,900	61,900	80,786	(18,886)
Human Services	3,250	3,250	3,628	(378)
Culture and Recreation	104,850	104,850	48,696	56,154
(Total Expenditures)	<u>(1,768,478)</u>	<u>(1,768,478)</u>	<u>(729,358)</u>	<u>1,039,120</u>
Net Change in Fund Balance	-	-	63,527	63,527
Fund Balance, Beginning of Year	-	-	534,266	534,266
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 597,793</u>	<u>\$ 597,793</u>

See accompanying notes.

**STATEMENT OF NET POSITION
 PROPRIETARY FUND
 SEPTEMBER 30, 2020
 TOWN OF BRONSON, FLORIDA**

	Business-Type Activities - Enterprise Funds
	Utility Fund
Assets	
Current Assets:	
Cash	\$ 134,706
Accounts Receivable (Net of Allowance)	47,780
Due from Other Governments	298,737
Prepaid Insurance	4,391
Inventory	8,557
Deposits	800
Total Current Assets	494,971
Non-Current Assets:	
Restricted Cash	90,428
Capital Assets, Net	4,130,776
Total Non-Current Assets	4,221,204
Total Assets	4,716,175
Liabilities	
Current Liabilities:	
Accounts Payable	332,024
Accrued Salaries and Benefits	3,397
Due to Other Fund	11,494
Unearned Revenue	9,364
Compensated Absences	2,577
Accrued Interest Payable	3,696
Revenue Bond Payable	26,000
Total Current Liabilities	388,552
Payable from Restricted Assets:	
Customer Deposits	21,720
Non-Current Liabilities:	
Compensated Absences	2,577
Revenue Bonds Payable	1,473,000
Advances from Other Fund	177,780
Total Non-Current Liabilities	1,653,357
Total Liabilities	2,063,629
Net Position	
Net Investment in Capital Assets	2,631,776
Restricted for:	
Debt Reserve	58,744
Asset Management	4,500
Debt Service	5,914
Unrestricted	(48,388)
Total Net Position	\$ 2,652,546

See accompanying notes.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020
TOWN OF BRONSON, FLORIDA**

	Business-Type Activities - Enterprise Funds
	Utility Fund
Operating Revenues	
Charges for Services	\$ 475,278
Other Revenues	11,933
Total Operating Revenues	487,211
Operating Expenses	
Personnel Services	107,291
Services, Supplies and Other	248,309
Depreciation	235,425
(Total Operating Expenses)	(591,025)
Operating (Loss)	(103,814)
Non-Operating Revenues (Expenses)	
Interest Income	91
Interest Expense	(45,606)
Total Non-Operating Revenues (Expenses)	(45,515)
(Loss) Before Capital Contributions and Transfers	(149,329)
Capital Contributions -- Grants	366,986
Change in Net Position	217,657
Net Position, Beginning of Year	2,434,889
Net Position, End of Year	\$ 2,652,546

See accompanying notes.

**STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020
TOWN OF BRONSON, FLORIDA**

	Business-Type Activities - Enterprise Funds
	Utility Fund
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 490,918
Cash Paid to Employees	(78,535)
Cash Paid to Suppliers	(286,166)
Net Cash Provided by Operating Activities	126,217
Cash Flows from Capital and Related Financing Activities	
Principal Paid on Debt	(25,000)
Interest Paid on Debt	(45,720)
Acquisition and Construction of Capital Assets	(92,856)
Capital Grants	112,250
Net Cash (Used in) Capital and Related Financing Activities	(51,326)
Cash Flows from Investing Activities	
Interest on Investments	91
Net Cash Provided by Investing Activities	91
Net Increase in Cash	74,982
Cash, Beginning of Year	150,152
Cash, End of Year	\$ 225,134
<u>Reported in Statement of Net Position as</u>	
Cash	\$ 134,706
Restricted Assets - Cash	90,428
Total	\$ 225,134
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>	
Operating (Loss)	\$ (103,814)
Adjustments to Reconcile Net (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Depreciation	235,425
Decrease in Accounts Receivable	8,801
Increase in Prepaid Insurance	(533)
Increase in Accounts Payable	2,040
Increase in Accrued Salaries and Benefits	1,850
Increase in Due to Other Fund	624
Increase in Unearned Revenue	5,291
Decrease in Advances from Other Fund	(13,082)
Decrease in Customer Deposits	(10,385)
Net Cash Provided by Operating Activities	\$ 126,217

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 \$19,000.

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

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

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

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, 2020, was 4.8471 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 \$580,646 and the bank balances totaled \$612,202. 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, 2020, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 340,096	\$ -	\$ -	\$ 340,096
Construction in Progress	-	23,000	-	23,000
Total Capital Assets Not Being Depreciated	<u>340,096</u>	<u>23,000</u>	<u>-</u>	<u>363,096</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	903,991	-	-	903,991
Recreation Park Property	640,275	11,239	-	651,514
Vehicles	597,202	-	29,026	568,176
Furniture and Equipment	483,206	5,403	-	488,609
Streets and Roads	855,069	35,273	-	890,342
Total Capital Assets Being Depreciated	<u>3,479,743</u>	<u>51,915</u>	<u>29,026</u>	<u>3,502,632</u>
Less Accumulated Depreciation:				
Buildings and Building Improvements	(500,242)	(30,191)	-	(530,433)
Recreation Park Property	(378,822)	(36,003)	-	(414,825)
Vehicles	(597,202)	-	(29,026)	(568,176)
Furniture and Equipment	(408,004)	(32,977)	-	(440,981)
Streets and Roads	(421,557)	(28,565)	-	(450,122)
Total Accumulated Depreciation	<u>(2,305,827)</u>	<u>(127,736)</u>	<u>(29,026)</u>	<u>(2,404,537)</u>
Total Capital Assets Being Depreciated, Net	<u>1,173,916</u>	<u>(75,821)</u>	<u>-</u>	<u>1,098,095</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,514,012</u>	<u>\$ (52,821)</u>	<u>\$ -</u>	<u>\$ 1,461,191</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	\$	30,191
Public Safety		32,977
Transportation		28,565
Culture and Recreation		<u>36,003</u>
Total Depreciation Expense	\$	<u>127,736</u>

Business-Type Activities

A summary of capital assets in the proprietary fund at September 30, 2020, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 1,000	\$ -	\$ -	\$ 1,000
Construction in Progress	52,066	364,264	-	416,330
Total Capital Assets Not Being Depreciated	<u>53,066</u>	<u>364,264</u>	<u>-</u>	<u>417,330</u>
Capital Assets Being Depreciated:				
Water System	2,247,897	-	-	2,247,897
Equipment	94,191	3,328	-	97,519
Sewer System	5,125,105	-	-	5,125,105
Vehicles	16,750	-	-	16,750
Total Capital Assets Being Depreciated	<u>7,483,943</u>	<u>3,328</u>	<u>-</u>	<u>7,487,271</u>
Less Accumulated Depreciation:				
Water System	(1,959,721)	(55,364)	-	(2,015,085)
Equipment	(89,071)	(1,890)	-	(90,961)
Sewer System	(1,472,858)	(178,171)	-	(1,651,029)
Vehicles	(16,750)	-	-	(16,750)
Total Capital Assets Being Depreciated, Net	<u>(3,538,400)</u>	<u>(235,425)</u>	<u>-</u>	<u>(3,773,825)</u>
Total Being Depreciated, Net	<u>3,945,543</u>	<u>(232,097)</u>	<u>-</u>	<u>3,713,446</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,998,609</u>	<u>\$ 132,167</u>	<u>\$ -</u>	<u>\$ 4,130,776</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 \$4,186 to the plan for participants for the fiscal year 2020.

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

Note 5 - Long-Term Debt

A summary of changes in long-term debt follows:

	Balance October 1, 2019	Additions	(Decreases)	Transfer	Balance September 30, 2020	Due Within One Year
Governmental Activities						
Accrued Compensated Absences	\$ 10,582	\$ 6,972	\$ (8,082)	\$ (3,991)	\$ 5,481	\$ 3,586
Total Government Activities	<u>\$ 10,582</u>	<u>\$ 6,972</u>	<u>\$ (8,082)</u>	<u>\$ (3,991)</u>	<u>\$ 5,481</u>	<u>\$ 3,586</u>
Business-Type Activities						
\$1,596,000 Water and Wastewater System Revenue Bonds, Series 2015, Direct Borrowing: Due in Annual Installments of \$23,000 to \$69,000 Through September 1, 2054; Interest at 3.00%	\$ 1,524,000	\$ -	\$ (25,000)	\$ -	\$ 1,499,000	\$ 26,000
Accrued Compensated Absences	2,935	4,134	(5,906)	3,991	5,154	2,577
Total Business-Type Activities	<u>\$ 1,526,935</u>	<u>\$ 4,134</u>	<u>\$ (30,906)</u>	<u>\$ 3,991</u>	<u>\$ 1,504,154</u>	<u>\$ 28,577</u>

Events of Default – Each of the following events is considered an “event of default” per the Town’s debt agreement and Resolution 12-06:

- Failure to pay the principal of or interest on the Bonds when due.
- The dissolution or liquidation of the Issuer, or the filing by the Issuer of a voluntary petition in bankruptcy, or the commission by the Issuer of any act of bankruptcy, or adjudication of the Issuer as a bankrupt, or assignment by the Issuer for the benefit of its creditors, or appointment of a receiver for the Issuer, or the entry by the Issuer into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Issuer in any proceeding for its reorganization instituted under the provisions of the Federal Bankruptcy Act, as amended, or under any similar act in any jurisdiction which may not be in effect or hereafter adopted.
- The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bond or in the Resolution on the part of the Issuer to be performed.

Enforcement Remedies – Any owner of the Bonds issued under the provisions may either at law or in equity, by suit, action, mandamus or other proceedings in any court of competent jurisdiction, protect and enforce any and all rights, including the right to the appointment of a receiver, existing under the laws of the State of Florida, or granted and contained in this Resolution, and may enforce and compel the performance of all duties required by the Resolution or by any applicable State or Federal statutes to be performed by the Issuer or by any officer thereof.

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

Aggregate maturities of long-term debt are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2021	\$ -	\$ -	\$ 26,000	\$ 44,970
2022	-	-	27,000	44,190
2023	-	-	28,000	43,380
2024	-	-	28,000	42,540
2025	-	-	155,000	199,500
2026-2030	-	-	180,000	174,750
2031-2035	-	-	208,000	146,160
2036-2040	-	-	242,000	112,920
2041-2045	-	-	280,000	75,960
2046-2050	-	-	325,000	29,850
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,499,000</u>	<u>\$ 914,220</u>

Interest expense in fiscal year 2020, on long-term liabilities of business-type activities totaled \$45,606, none of which was capitalized.

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. Current year annual principal and interest on the revenue bonds is approximately 74% of such net revenues. Net revenues are pledged through 2054. Principal and interest expense for the Water and Wastewater System Revenue Bonds for the current year was \$70,720 and the net revenues were \$95,101.

Note 7 - Other Postemployment Benefit (OPEB) Obligation

Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the Town are eligible to participate in the Town's healthcare program. The Town subsidizes the premium rates paid by retirees by allowing them to participate in the healthcare program at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, the current and future claims are expected to result in higher health insurance costs on average than those of active employees. Town management estimates this liability to be immaterial. Accordingly, no OPEB liability has been recorded in the Town's financial statements.

Note 8 - Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; 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

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

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 9 - Interfund Receivables, Payables, and Transfers

Interfund receivable and payable balances at September 30, 2020, are as follows:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
General Fund - Current	\$ 11,494	\$ -
General Fund – Non-Current	177,780	-
Utility Fund - Current	-	11,494
Utility Fund – Non-Current	-	177,780
Total	<u>\$ 189,274</u>	<u>\$ 189,274</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 2021. The amounts shown as non-current in the Utility Fund are not expected to be repaid within one year.

Note 10 - U.S. Department of Agriculture Revenue Bond

During fiscal year 2020, the Town paid principal of \$25,000 and interest of \$45,720 on the Water and Wastewater System Revenue Bond, Series 2015. At September 30, 2020, a balance of \$1,499,000 remained outstanding.

OTHER INFORMATION

WATER AND SEWER ACTIVITIES
SEPTEMBER 30, 2020
TOWN OF BRONSON, FLORIDA

Number of WATER Connections	601
Current Assets	\$ 85,084
Long-Term Assets	262,090
Current Liabilities	23,857
Long-Term Liabilities	202,077
Operating Income	192,409
Non-Operating Income	91
Depreciation	57,254
All Other OM Expenses	165,078
<hr/>	
Number of SEWER Connections	188
Current Assets	\$ 351,127
Long-Term Assets	3,959,114
Current Liabilities	351,916
Long-Term Liabilities	1,473,000
Operating Income	141,847
Depreciation	178,171
All Other OM Expenses	74,168
RD Debt Payment - Interest	45,606

**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, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 18, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town'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 have not been identified. We did identify certain deficiencies in internal control, described below that we consider to be material weaknesses.

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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**

2020-1

■ **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.

2020-2

■ **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 \$1.15 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.

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of non-compliance or other matters that is required to be reported under *Government Auditing Standards* and which is described below.

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**

2020-3

■ **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.

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.



June 18, 2021
Gainesville, Florida

**INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE
WITH FLORIDA STATUTE SECTION 218.415, INVESTMENT OF PUBLIC FUNDS**

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, during the fiscal year ended September 30, 2020. Town 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 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, 2020.

This report is intended solely for the information and use of 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.



June 18, 2021
Gainesville, Florida

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, 2020, and have issued our report thereon dated June 18, 2021.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated June 18, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2018-2019 FY Finding #	2017-2018 FY Finding #
2020-1	2019-1	2009-1
2020-2	2019-3	
2020-3	2019-4	2016-1
2020-4	2019-2	2017-2

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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:

2020-4

■ Bank Reconciliation

Condition—During our audit, we noted one bank reconciliation contained errors such as an amount 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.

Special District Component Units

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

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

MANAGEMENT LETTER

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 not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and 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.



June 18, 2021
Gainesville, Florida



*Town of Bronson
P.O. Box 266: 650 Oak Street
Bronson, FL 32621
352-486-2354
352-486-6262*

June 18, 2021

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

The Town of Bronson is writing this letter in response to the Town of Bronson's 2020 Audit, conducted by Purvis, Gray & Company out of Gainesville, Florida.

Findings 2020-1

■ Segregation of Duties

The Town of Bronson recognizes the lack of segregation of accounting and administrative responsibilities. The reasoning behind this deficiency is due to the lack of staffing in the Town of Bronson. Segregating duties with only two employees to ensure an adequate system of internal control is not feasible. As a result, the town has entered into a contract with a local accounting firm to assist with bank reconciliations and other accounting procedures as needed. The Town of Bronson will, however, review our accounting assignments to better meet the recommendations presented.

2020-2

■ Utility Billing Errors and Adjustments

The Town of Bronson adopted a new policy of reviewing each utility bill for reasonableness prior to mailing out the bills. Currently, the Utility Clerk reviews the bills for any abnormal usage. When abnormal use is detected, the water meter is reread, and adjustments are made. Currently, our Utility Clerk takes payments and makes the necessary adjustments when needed. However, the current system used tracks any and all changes made to the bill and the water usage allowing for a paper trail. Before deposits are made, the Deputy Town Clerk reviews the payments received and compares the amounts processed to ensure that no errors were made before the deposit takes place.

2020-3

■ Accounting Records

The Town of Bronson recognizes that we are not in compliance with the USDA loan requirements, however, it is our intention to move waste revenue to the general fund while separating sewer and water revenue into their own funds. The Town of Bronson is currently working over the next fiscal year to address these issues and separate said funds as needed.



Town of Bronson
P.O. Box 266: 650 Oak Street
Bronson, FL 32621
352-486-2354
352-486-6262

2020-4 - Bank Reconciliation

The Town of Bronson has entered into contract with a local CPA firm to provide assistance with completing banking reconciliations. This should correct any past errors regarding reconciliations.

A handwritten signature in black ink that reads "Beatrice Roberts". The signature is written in a cursive style and is positioned above a solid horizontal line.

Beatrice Roberts, Mayor

A handwritten signature in blue ink that reads "Sue Beaudet". The signature is written in a cursive style and is positioned above a solid horizontal line.

Sue Beaudet, Town Manager

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