

2021

Town of Bronson, Florida

Financial Statements and
Independent Auditor's Report

September 30, 2021

**TOWN OF BRONSON
BRONSON, FLORIDA**

TOWN COUNCIL

**Robert Partin
Mayor**

**Jason Hunt
Vice-Mayor**

**Sherrie Schuler
Council Member**

**Tyler Voorhees
Council Member**

**Aaron Edmondson
Council Member**

TOWN MANAGER

Sue Beaudet

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

**TOWN OF BRONSON
BRONSON, FLORIDA**

SEPTEMBER 30, 2021

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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, 2021, 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, 2021, 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.

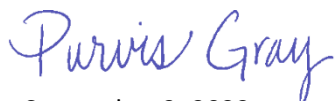
Other Information

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 are 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 September 2, 2022, 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.



September 2, 2022
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, 2021. 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 \$5,995,390 (net position). Of this amount, \$1,054,671 (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 \$1,286,183. Governmental activities generated an increase of \$808,303 and business-type activities generated an increase of \$477,880.

General Fund revenues for 2021 increased by \$869,997 or 110% when compared to fiscal year 2020. General Fund expenditures increased by \$854,499 or 117% during this same period.

As of the close of the fiscal year, the Town's General Fund reported an ending fund balance of \$676,818 which was an increase of \$79,025 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 \$5,995,390 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 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Assets						
Current Assets	\$ 1,047,509	\$ 633,006	\$ 407,182	\$ 305,697	\$ 1,454,691	\$ 938,703
Restricted Assets	-	-	92,497	90,428	92,497	90,428
Capital Assets	2,151,527	1,461,191	4,220,112	4,130,776	6,371,639	5,591,967
Total Assets	3,199,036	2,094,197	4,719,791	4,526,901	7,918,827	6,621,098
Liabilities						
Current Liabilities	330,458	32,055	83,985	370,201	414,443	402,256
Non-Current Liabilities	3,614	5,481	1,505,380	1,504,154	1,508,994	1,509,635
Total Liabilities	334,072	37,536	1,589,365	1,874,355	1,923,437	1,911,891
Net Position						
Net Investment in Capital Assets	2,151,527	1,461,191	2,719,982	2,631,776	4,871,509	4,092,967
Restricted	-	-	69,210	69,158	69,210	69,158
Unrestricted	713,437	595,470	341,234	(48,388)	1,054,671	547,082
Total Net Position	\$ 2,864,964	\$ 2,056,661	\$ 3,130,426	\$ 2,652,546	\$ 5,995,390	\$ 4,709,207

Town of Bronson, Florida
Management's Discussion and Analysis

The largest portion of the Town's net position of \$4,871,509 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 \$1,054,671 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 Governmental and 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 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Revenues						
Program Revenues:						
Charges for Services	\$ 155,292	\$ 160,592	\$ 543,165	\$ 475,278	\$ 698,457	\$ 635,870
Operating Grants and Contributions	83,492	43,358	-	-	83,492	43,358
Capital Grants and Contributions	808,286	-	608,372	366,986	1,416,658	366,986
General Revenues:						
Property Taxes	234,832	205,379	-	-	234,832	205,379
Franchise and Utility Taxes	127,385	125,086	-	-	127,385	125,086
Discretionary and Half Cent Sales Tax	200,844	162,351	-	-	200,844	162,351
Other State Revenues	95,874	52,688	-	-	95,874	52,688
Investment Earnings	111	70	128	91	239	161
Miscellaneous	553	43,294	-	11,933	553	55,227
Total Revenues	1,706,669	792,818	1,151,665	854,288	2,858,334	1,647,106
Expenses						
General Government	560,208	451,058	-	-	560,208	451,058
Public Safety	194,688	172,364	-	-	194,688	172,364
Physical Environment	5,525	2,490	-	-	5,525	2,490
Transportation	63,981	74,077	-	-	63,981	74,077
Human Services	3,291	3,628	-	-	3,291	3,628
Culture and Recreation	70,673	73,461	-	-	70,673	73,461
Interest on Debt	-	-	-	-	-	-
Water and Sewer	-	-	551,325	520,277	551,325	520,277
Solid Waste	-	-	122,460	116,354	122,460	116,354
Total Expenses	898,366	777,078	673,785	636,631	1,572,151	1,413,709
Transfers	-	-	-	-	-	-
Change in Net Position	808,303	15,740	477,880	217,657	1,286,183	233,397
Net Position, Beginning of Year	2,056,661	2,040,921	2,652,546	2,434,889	4,709,207	4,475,810
Net Position, End of Year	\$ 2,864,964	\$ 2,056,661	\$ 3,130,426	\$ 2,652,546	\$ 5,995,390	\$ 4,709,207

Town of Bronson, Florida
Management's Discussion and Analysis

Governmental Activities

Governmental activities increased the Town's net position by \$808,303 during the current fiscal year compared to a \$15,740 increase during fiscal year 2020.

Overall, governmental activities reported an increase of revenues of \$913,851 and an increase in expenses by \$121,288 in comparison with the prior year. Significant elements of the change in revenues and expenses include:

Revenue:

- Operating and Capital Grants received increased by \$848,420. The grants administered, by the Town, in the current fiscal year included \$751,055 for the fire department building grant and exhaust grant, \$106,492 fire department operating grant, and a \$34,231 recreational development grant.

Expenses:

- Expenses related to grant activities also increased by \$848,420. Additionally, the Town's general government expenses increased by \$109,150 mainly due to increased personal services.

Business-Type Activities

Business-type activities increased the Town's net position by \$477,880 for fiscal year 2021 compared to an increase of \$217,657 for fiscal year 2020. Revenues for the Town's business-type activities increased by \$297,377 compared to the fiscal year 2020. Elements of the changes in revenues include:

Revenue:

- The Town completed the construction phase of a CDBG Sewer project and \$320,513 was expended in the 2020-2021 fiscal year.
- The Town was awarded \$574,479 of *American Rescue Plan Act* funds of which \$290,859 was earned in the 2020-2021 fiscal year.

Capital Assets and Debt Administration

Capital Assets

At September 30, 2021, the Town had \$6,371,639 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 2021</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2020</u>
Assets						
Land	\$ 340,096	\$ 340,096	\$ 1,000	\$ 1,000	\$ 341,096	\$ 341,096
Construction in Process	722,952	23,000	-	416,330	722,952	439,330
Buildings and Building Improvements	343,366	373,558	-	-	343,366	373,558
Recreation Park Property	231,636	236,689	-	-	231,636	236,689
Vehicles	-	-	-	-	-	-
Furniture and Equipment	101,823	47,628	4,612	6,558	106,435	54,186
Streets and Roads	411,654	440,220	-	-	411,654	440,220
Water System	-	-	180,348	232,812	180,348	232,812
Sewer System	-	-	4,034,152	3,474,076	4,034,152	3,474,076
Totals	<u>\$ 2,151,527</u>	<u>\$ 1,461,191</u>	<u>\$ 4,220,112</u>	<u>\$ 4,130,776</u>	<u>\$ 6,371,639</u>	<u>\$ 5,591,967</u>

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 \$1,500,130 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% compared to the State unemployment rate of 3.9% as of September 2021.
- The estimated population for the Town in 2021 was 1,146 and as of 2020 the population was 1,185.
- The Town's ad valorem tax rate for fiscal year 2021 was 5.5815 mills. Property tax assessed values for fiscal year 2021 increased by \$1,796,459 to a total assessed value of \$46,401,249.

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, 2021
TOWN OF BRONSON, FLORIDA

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash	\$ 756,374	\$ 268,173	\$ 1,024,547
Accounts Receivable, Net	12,624	64,831	77,455
Due from Other Governments	331,753	3,619	335,372
Prepaid Insurance	7,960	-	7,960
Internal Balances	(61,202)	61,202	-
Inventory	-	8,557	8,557
Deposits	-	800	800
Restricted Assets:			
Cash	-	92,497	92,497
Capital Assets:			
Non-Depreciable	1,063,048	1,000	1,064,048
Depreciable, Net	1,088,479	4,219,112	5,307,591
Total Assets	<u>3,199,036</u>	<u>4,719,791</u>	<u>7,918,827</u>
Liabilities			
Accounts Payable	300,651	39,510	340,161
Accrued Salaries and Benefits	23,095	6,064	29,159
Unearned Revenue	-	11,428	11,428
Accrued Interest Payable	-	3,696	3,696
Payable from Restricted Assets:			
Customer Deposits	-	23,287	23,287
Non-Current Liabilities:			
Due Within One Year	6,712	35,450	42,162
Due in More Than One Year	3,614	1,469,930	1,473,544
Total Liabilities	<u>334,072</u>	<u>1,589,365</u>	<u>1,923,437</u>
Net Position			
Net Investment in Capital Assets	2,151,527	2,719,982	4,871,509
Restricted for:			
Debt Reserve	-	58,027	58,027
Asset Management	-	5,250	5,250
Debt Service	-	5,933	5,933
Unrestricted	713,437	341,234	1,054,671
Total Net Position	<u>\$ 2,864,964</u>	<u>\$ 3,130,426</u>	<u>\$ 5,995,390</u>

See accompanying notes.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021
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	\$ 560,208	\$ 30,838	\$ -	\$ -	\$ (529,370)	\$ -	\$ (529,370)
Public Safety	194,688	122,904	83,492	774,055	785,763	-	785,763
Physical Environment	5,525	-	-	-	(5,525)	-	(5,525)
Transportation	63,981	-	-	-	(63,981)	-	(63,981)
Human Services	3,291	1,550	-	-	(1,741)	-	(1,741)
Culture and Recreation	70,673	-	-	34,231	(36,442)	-	(36,442)
Total Governmental Activities	898,366	155,292	83,492	808,286	148,704	-	148,704
Business-Type Activities							
Water and Sewer	551,325	384,783	-	608,372	-	441,830	441,830
Solid Waste	122,460	158,382	-	-	-	35,922	35,922
Total Business-Type Activities	673,785	543,165	-	608,372	-	477,752	477,752
Total Primary Government	\$ 1,572,151	\$ 698,457	\$ 83,492	\$ 1,416,658	148,704	477,752	626,456
General Revenues							
Property Taxes					234,832	-	234,832
Franchise and Utility Taxes					127,385	-	127,385
Discretionary and Half-Cent Sales Tax					200,844	-	200,844
Other State Revenues					95,874	-	95,874
Interest Earnings					111	128	239
Miscellaneous					553	-	553
Total General Revenues and Transfers					659,599	128	659,727
Change in Net Position					808,303	477,880	1,286,183
Net Position, Beginning of Year					2,056,661	2,652,546	4,709,207
Net Position, End of Year					\$ 2,864,964	\$ 3,130,426	\$ 5,995,390

See accompanying notes.

**BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2021
TOWN OF BRONSON, FLORIDA**

	General Fund
Assets	
Cash	\$ 756,374
Accounts Receivable	12,624
Due from Other Governments	331,753
Prepaid Insurance	7,960
Total Assets	1,108,711
Liabilities	
Accounts Payable	300,651
Accrued Salaries and Benefits	23,095
Due to Other Fund	61,202
Total Liabilities	384,948
Deferred Inflows of Resources	
Unavailable Revenues	46,945
Fund Balance	
Non-Spendable:	
Prepaid Insurance	7,960
Assigned To:	
Cemetery	19,571
Fire Department	87,881
Culture and Recreation	5,521
Unassigned	555,885
Total Fund Balance	676,818
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 1,108,711

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

Total Fund Balance - General Fund	\$ 676,818
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.	2,151,527
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the general fund.	(10,326)
Receivables that do not provide current financial resources are considered unavailable revenues and included as deferred inflows of resources in the governmental funds.	46,945
Total Net Position of Governmental Activities	\$ 2,864,964

See accompanying notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021
TOWN OF BRONSON, FLORIDA**

	General Fund
Revenues	
Taxes	\$ 437,190
Licenses and Permits	97,391
Intergovernmental Revenue	987,783
Charges for Services	136,950
Fines and Forfeitures	2,904
Miscellaneous Revenues	664
Total Revenues	1,662,882
Expenditures	
Current:	
General Government	542,186
Public Safety	174,899
Transportation	35,414
Culture and Recreation	25,481
Capital Outlay	805,877
(Total Expenditures)	(1,583,857)
Net Change in Fund Balance	79,025
Fund Balance, Beginning of Year	597,793
Fund Balance, End of Year	\$ 676,818

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, 2021
TOWN OF BRONSON, FLORIDA**

Net Change in Fund Balance - General Fund	\$	79,025
 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		803,588
 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.		
		(113,252)
 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		(4,845)
 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.		
		43,787
Change in Net Position of Governmental Activities	\$	<u>808,303</u>

See accompanying notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021
TOWN OF BRONSON, FLORIDA**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 391,520	\$ 391,520	\$ 437,190	\$ 45,670
Licenses and Permits	98,550	98,550	97,391	(1,159)
Intergovernmental Revenue	2,172,111	2,172,111	987,783	(1,184,328)
Charges for Services	134,542	134,542	136,950	2,408
Fines and Forfeitures	1,000	1,000	2,904	1,904
Miscellaneous Revenues	15,050	15,050	664	(14,386)
Total Revenues	<u>2,812,773</u>	<u>2,812,773</u>	<u>1,662,882</u>	<u>(1,149,891)</u>
Expenditures				
General Government	516,805	516,805	542,186	(25,381)
Public Safety	2,237,910	2,237,910	940,633	1,297,277
Transportation	54,050	54,050	35,414	18,636
Culture and Recreation	37,200	37,200	65,624	(28,424)
(Total Expenditures)	<u>(2,845,965)</u>	<u>(2,845,965)</u>	<u>(1,583,857)</u>	<u>1,262,108</u>
Net Change in Fund Balance	(33,192)	(33,192)	79,025	112,217
Fund Balance, Beginning of Year	<u>597,793</u>	<u>597,793</u>	<u>597,793</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 564,601</u>	<u>\$ 564,601</u>	<u>\$ 676,818</u>	<u>\$ 112,217</u>

See accompanying notes.

**STATEMENT OF NET POSITION
 PROPRIETARY FUND
 SEPTEMBER 30, 2021
 TOWN OF BRONSON, FLORIDA**

	Business-Type Activities - Enterprise Funds
	Utility Fund
Assets	
Current Assets:	
Cash	\$ 268,173
Accounts Receivable (Net of Allowance)	64,831
Due from Other Governments	3,619
Due from Other Funds	3,060
Inventory	8,557
Deposits	800
Total Current Assets	349,040
Non-Current Assets:	
Restricted Cash	92,497
Due from Other Funds	58,142
Capital Assets, Net	4,220,112
Total Non-Current Assets	4,370,751
Total Assets	4,719,791
Liabilities	
Current Liabilities:	
Accounts Payable	39,510
Accrued Salaries and Benefits	6,064
Unearned Revenue	11,428
Compensated Absences	2,625
Accrued Interest Payable	3,696
Note Payable	5,825
Revenue Bond Payable	27,000
Total Current Liabilities	96,148
Payable from Restricted Assets:	
Customer Deposits	23,287
Non-Current Liabilities:	
Compensated Absences	2,625
Note Payable	21,305
Revenue Bonds Payable	1,446,000
Total Non-Current Liabilities	1,469,930
Total Liabilities	1,589,365
Net Position	
Net Investment in Capital Assets	2,719,982
Restricted for:	
Debt Reserve	58,027
Asset Management	5,250
Debt Service	5,933
Unrestricted	341,234
Total Net Position	\$ 3,130,426

See accompanying notes.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021
TOWN OF BRONSON, FLORIDA**

	Business-Type Activities - Enterprise Funds
	Utility Fund
Operating Revenues	
Charges for Services	\$ 543,165
Total Operating Revenues	543,165
Operating Expenses	
Personnel Services	98,805
Services, Supplies and Other	283,782
Depreciation	245,941
(Total Operating Expenses)	(628,528)
Operating (Loss)	(85,363)
Non-Operating Revenues (Expenses)	
Interest Income	128
Interest Expense	(45,257)
Total Non-Operating Revenues (Expenses)	(45,129)
(Loss) Before Capital Contributions and Transfers	(130,492)
Capital Contributions -- Grants	608,372
Change in Net Position	477,880
Net Position, Beginning of Year	2,652,546
Net Position, End of Year	\$ 3,130,426

See accompanying notes.

**STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021
TOWN OF BRONSON, FLORIDA**

	<u>Business-Type Activities - Enterprise Funds Utility Fund</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 529,745
Cash Paid to Employees	(96,042)
Cash Paid to Suppliers	(282,441)
Net Cash Provided by Operating Activities	<u>151,262</u>
Cash flows from Non-Capital Financing Activities	
Payment of Interfund Loan	(250,476)
Net Cash from Non-Capital Financing Activities	<u>(250,476)</u>
Cash Flows from Capital and Related Financing Activities	
Principal Paid on Debt	(28,870)
Interest Paid on Debt	(45,257)
Proceeds from Note Payable	30,000
Acquisition and Construction of Capital Assets	(624,741)
Capital Grants	903,490
Net Cash Provided by Capital and Related Financing Activities	<u>234,622</u>
Cash Flows from Investing Activities	
Interest on Investments	128
Net Cash Provided by Investing Activities	<u>128</u>
Net Increase in Cash	135,536
Cash, Beginning of Year	<u>225,134</u>
Cash, End of Year	<u><u>\$ 360,670</u></u>
<u>Reported in Statement of Net Position as</u>	
Cash	\$ 268,173
Restricted Assets - Cash	92,497
Total	<u><u>\$ 360,670</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>	
Operating (Loss)	\$ (85,363)
Adjustments to Reconcile Net (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Depreciation	245,941
Increase in Accounts Receivable	(17,051)
Decrease in Prepaid Insurance	4,391
Increase in Accounts Payable	(3,050)
Increase in Accrued Salaries and Benefits	2,763
Increase in Unearned Revenue	2,064
Decrease in Customer Deposits	1,567
Net Cash Provided by Operating Activities	<u><u>\$ 151,262</u></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.
- **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

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

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, for grants or 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:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	10-30
Vehicles	7-10
Furniture and Equipment	3-10
Streets and Roads	10-30

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

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.

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, 2021, was 5.3414 mills.

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

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.

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. The effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges to the general fund for utility services. Elimination of these charges would distort costs and program revenues reported for the corresponding functions.

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 - Deposits and Investments

At year-end, the entire bank balance was covered by the Federal Deposit Insurance Corporation (FDIC) or by collateral held by the Town's custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the *Florida Security for Public Deposits Act*, Chapter 280, Florida Statutes.

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

The *Florida Security for Public Deposits Act* (the Act) establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements, and characteristics of eligible collateral. Under the Act, the qualified public depository must pledge at least 25% of the average monthly balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral up to a maximum of 125% may be required if deemed necessary under conditions set forth in the Act.

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.
- 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.

Note 3 - Capital Assets

A summary of capital assets in the governmental fund at September 30, 2021, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 340,096	\$ -	\$ -	\$ 340,096
Construction in Progress	23,000	699,952	-	722,952
Total Capital Assets Not Being Depreciated	363,096	699,952	-	1,063,048
Capital Assets Being Depreciated:				
Buildings and Building Improvements	903,991	-	-	903,991
Recreation Park Property	651,514	31,491	-	683,005
Vehicles	568,176	-	-	568,176
Furniture and Equipment	488,609	72,145	-	560,754
Streets and Roads	890,342	-	-	890,342
Total Capital Assets Being Depreciated	3,502,632	103,636	-	3,606,268
Less Accumulated Depreciation:				
Buildings and Building Improvements	(530,433)	(30,192)	-	(560,625)
Recreation Park Property	(414,825)	(36,544)	-	(451,369)
Vehicles	(568,176)	-	-	(568,176)
Furniture and Equipment	(440,981)	(17,950)	-	(458,931)
Streets and Roads	(450,122)	(28,566)	-	(478,688)
Total Accumulated Depreciation	(2,404,537)	(113,252)	-	(2,517,789)
Total Capital Assets Being Depreciated, Net	1,098,095	(9,616)	-	1,088,479
Governmental Activities Capital Assets, Net	\$ 1,461,191	\$ 690,336	\$ -	\$ 2,151,527

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

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

General Government	\$	30,645
Public Safety		17,497
Transportation		28,566
Culture and Recreation		<u>36,544</u>
Total Depreciation Expense	\$	<u>113,252</u>

Business-Type Activities

A summary of capital assets in the proprietary fund at September 30, 2021, 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	416,330	320,513	736,843	-
Total Capital Assets Not Being Depreciated	<u>417,330</u>	<u>320,513</u>	<u>736,843</u>	<u>1,000</u>
Capital Assets Being Depreciated:				
Water System	2,247,897	3,000	-	2,250,897
Equipment	97,519	-	-	97,519
Sewer System	5,125,105	748,607	-	5,873,712
Vehicles	16,750	-	-	16,750
Total Capital Assets Being Depreciated	<u>7,487,271</u>	<u>751,607</u>	<u>-</u>	<u>8,238,878</u>
Less Accumulated Depreciation:				
Water System	(2,015,085)	(55,464)	-	(2,070,549)
Equipment	(90,961)	(1,946)	-	(92,907)
Sewer System	(1,651,029)	(188,531)	-	(1,839,560)
Vehicles	(16,750)	-	-	(16,750)
Total Capital Assets Being Depreciated, Net	<u>(3,773,825)</u>	<u>(245,941)</u>	<u>-</u>	<u>(4,019,766)</u>
Total Being Depreciated, Net	<u>3,713,446</u>	<u>505,666</u>	<u>-</u>	<u>4,219,112</u>
Business-Type Activities Capital Assets, Net	<u>\$ 4,130,776</u>	<u>\$ 826,179</u>	<u>\$ 736,843</u>	<u>\$ 4,220,112</u>

Depreciation expense on business-type capital assets charged to function/programs were as follows:

Water System	\$	57,385
Sewer System		<u>188,556</u>
Total Depreciation Expense	\$	<u>245,941</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 \$8,405 to the plan for participants for the fiscal year 2021.

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

Note 5 - Long-Term Debt

A summary of changes in long-term debt follows:

	Beginning Balance	Additions	(Decreases)	Ending Balance	Due Within One Year
Governmental Activities					
Accrued Compensated Absences	\$ 5,481	\$ 4,845	\$ -	\$ 10,326	\$ 6,712
Total Government Activities	<u>\$ 5,481</u>	<u>\$ 4,845</u>	<u>\$ -</u>	<u>\$ 10,326</u>	<u>\$ 6,712</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%	\$ 1,499,000	\$ -	\$ (26,000)	\$ 1,473,000	\$ 27,000
\$30,000 Note Payable due in monthly installments of \$526, including interest at 2% per annum, due monthly. Final payment of principal and interest is due March 22, 2026. Collateralized by a 2021 Chevy Silverado with a cost of \$30,000.	-	30,000	(2,870)	27,130	5,825
Accrued Compensated Absences	5,154	96	-	5,250	2,625
Total Business-Type Activities	<u>\$ 1,504,154</u>	<u>\$ 30,096</u>	<u>\$ (28,870)</u>	<u>\$ 1,505,380</u>	<u>\$ 35,450</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

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

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.

Aggregate maturities of long-term debt are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2022	\$ -	\$ -	\$ 32,825	\$ 44,679
2023	-	-	33,943	43,752
2024	-	-	34,063	42,792
2025	-	-	35,185	41,830
2026	-	-	33,114	40,848
2027-2031	-	-	165,000	190,050
2032-2036	-	-	190,000	163,800
2037-2041	-	-	222,000	133,470
2042-2046	-	-	256,000	98,190
2047-2051	-	-	297,000	57,390
2052-2054	-	-	201,000	12,180
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500,130</u>	<u>\$ 869,981</u>

Interest expense in fiscal year 2021, on long-term liabilities of business-type activities totaled \$45,257, 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 75% 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 \$71,257 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 is provided through the Florida League of Cities, Inc. for the following types of risk:

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

- 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 9 - Interfund Receivables, Payables, and Transfers

Interfund receivable and payable balances at September 30, 2021, are as follows:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
General Fund – Current	\$ -	\$ 3,060
General Fund – Non-Current	-	58,142
Utility Fund – Current	3,060	-
Utility Fund – Non-Current	<u>58,142</u>	<u>-</u>
Total	<u>\$ 61,202</u>	<u>\$ 61,202</u>

The above amounts represent goods and services paid for and grant revenues received by the General Fund for the benefit of the Utility Fund in the current or previous years. The amounts shown as current in the General Fund will be repaid during fiscal year 2022. The amounts shown as non-current in the General Fund are not expected to be repaid within one year.

Note 10 - Commitments

In October 2020, the Town signed a contract for construction services for the fire station building, funded from the Florida Department of Financial Services fire service grant. As of September 30, 2021, the remaining commitment for construction services is \$528,398.

Note 11 - Contingencies

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor(s) cannot be determined at this time although the Town expects amounts, if any, to be immaterial.

Note 12 - Subsequent Events

In July of 2022, the Town executed a lease purchase agreement with Community First National Bank for a new Rosenbauer Pumper for \$344,000 with principal and interest payments totaling \$42,147 to be repaid annually through fiscal year 2032.

OTHER INFORMATION

WATER AND SEWER ACTIVITIES
SEPTEMBER 30, 2021
TOWN OF BRONSON, FLORIDA

Number of WATER Connections	607
Current Assets	\$ 289,814
Long-Term Assets	180,348
Current Liabilities	45,985
Long-Term Liabilities	47,217
Operating Income	221,474
Non-Operating Income	64
Depreciation	56,436
All Other OM Expenses	182,057
Other Debt Service - Interest	144
<hr/>	
Number of SEWER Connections	208
Current Assets	\$ 209,865
Long-Term Assets	4,036,458
Current Liabilities	50,163
Long-Term Liabilities	1,446,000
Operating Income	163,309
Non-Operating Income	608,372
Depreciation	189,505
All Other OM Expenses	78,609
RD Debt Payment - Interest	44,970
Other Debt Service - Interest	143

**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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated September 2, 2022.

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.

Our consideration of internal control was for the limited purpose described in the preceding 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 and significant deficiencies.

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. We consider the following deficiencies to be material weaknesses:

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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**

2021-1

■ **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 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.

2021-2

■ **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 \$69,500 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 creates 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.

2021-3

■ **Grant Reconciliations**

Condition—The Town does not have a process in place to ensure that grant revenues are properly recognized when eligible grant expenditures are incurred.

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**

Effect—During our audit, we identified two material audit adjustments to recognize \$342,000 of revenues on grants for which eligible expenditures were incurred prior to the end of the fiscal year. If the errors corrected by audit adjustments had not been detected during our audit, which is designed only to provide reasonable assurance the financial statements are fairly presented, the Town's financial statements would have been materially misstated.

Recommendation—We recommend that the Town reconcile grant activity reported per grantor's reporting system to the Town's general ledger on a monthly basis, and that grant receivables and revenues be accrued as appropriate when eligible grant expenditures are incurred.

2021-4

■ **Financial Close and Reporting**

Condition—At the commencement of final fieldwork, the preliminary working trial balance did not reflect all the required closing entries. As a result, several adjustments were required after we began the audit process, including entries to correct accrued payroll and to accrue additional state sharing revenues, retirement payable, and legal fees.

Effect—The lack of an effective financial close and reporting process increases the risk that material misstatements will not be detected in a timely manner. It also results in delays in performing and completing the audit.

Recommendation—We recommend the Town evaluate its monthly and annual financial close and reporting process to reduce the risk of inaccurate financial information during the year and at year-end.

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. We consider the following deficiencies to be significant deficiencies:

2021-5

■ **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 checks reported as outstanding that had been previously voided. Bank reconciliations were performed timely, but variances were not investigated, and instead posted to a miscellaneous income statement account, which resulted in an improperly reconciled cash balance. Timely and accurate bank reconciliations are a key component of internal control over multiple financial reporting processes, including cash receipting, cash disbursements, and payroll functions, as a means of detecting potential errors or irregularities.

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**

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.

2021-6

■ **Utility Rate Increase**

Condition—During our audit, we noted that the Town Council approved an increase in base rates effective March 1, 2021, for the water utility. However, the rates were not updated in the utility billing system until May of 2022.

Effect—The failure to update the rates in the utility billing system resulted in lost revenues of approximately \$8,300 in fiscal year 2021 by underbilling customers for the months of March through September of 2021.

Recommendation—We recommend the Town establish a review process to ensure that rates are changed in accordance with authorized rates by the town council in a timely manner and to sample bills for recalculation after new rates are entered into the system to ensure rates were properly updated.

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 no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Town’s Response to Findings

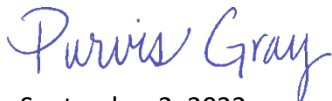
The Town’s response to the findings identified in our audit is described in the accompanying management’s response. The Town’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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***

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.



September 2, 2022
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, for the year ended September 30, 2021. 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, 2021.

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.



September 2, 2022
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, 2021, and have issued our report thereon dated September 2, 2022.

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 September 2, 2022, 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 #	2019-2020 FY Finding #	2018-2019 FY Finding #
2021-1	2020-1	2019-1
2021-2	2020-2	2019-3
2021-5	2020-4	2019-2

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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:

2021-7

■ Inventory

The Town has not performed a physical year-end inventory count since 2018. Performing a year-end inventory count ensures the Town is providing accurate records for financial reporting and allows the Town to identify and dispose of idle and obsolete inventory items. We recommend the Town establishes policies and/or procedures for the inventory count and establishes accountability for ensuring the process is followed.

2021-8

■ Payroll Review

To mitigate the risks posed by a lack of separation of incompatible duties over payroll processing, the Town Manager and Mayor review employee timecards and payroll registers after the information is input into the system by the Deputy Clerk. During the audit, we noted that the review was not documented. We recommend that the Town document the review through initials or signatures to ensure there is adequate evidence of a review and an appropriate audit trail of the process.

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

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

MANAGEMENT LETTER

Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate 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.



September 2, 2022
Gainesville, Florida



Town of Bronson
650 Oak Street
P.O. Box 266
Bronson, FL 32621
352.486.2354 (Phone)
352.486.6262 (Fax)
www.townofbronson.org

September 2, 2022

State of Florida, Auditor General
Claude Pepper Bldg.
111 West Madison Street
Tallahassee, Florida 32399-1450

This letter represents our required response and follow-up to audit findings under Section 10.558(2), Rules of the Auditor General, State of Florida, for the year ended September 30, 2021.

Management's Responses and Corrective Action

Finding #2021-1: Segregation of Duties

Recommendation #2021-1: We recommend that incompatible duties be separated among employees where it is feasible to do so.

Response: The Town has hired a part-time administrative assistant to assist in the proper separation of incompatible duties.

Finding #2021-2: Utility Billing Errors and Adjustments

Recommendation #2021-2: 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.

Response: The Town will establish a review process of properly reviewing utility bills before they are mailed to the customer. Additionally, the Town will properly separate the duties of authorizing billing adjustments and posting cash receipts.

Finding #2021-3: Grant Reconciliations

Recommendation #2021-3: We recommend that the Town reconcile grant activity reported per grantor's reporting system to the Town's general ledger on a monthly basis, and that grant receivables and revenues be accrued as appropriate when eligible grant expenditures are incurred.

Response: The Town will reconcile grant activity on a monthly basis to ensure grant receivables and revenues are appropriately accounted for when eligible grant expenditures are incurred.

Finding #2021-4: Financial Close and Reporting

Recommendation #2021-4: We recommend the town evaluate its monthly and annual financial close and reporting process to reduce the risk of inaccurate financial information during the year and at year-end.

Response: The Town will evaluate its monthly and annual financial close and reporting process and establish appropriate procedures to ensure accurate financial information is recorded during the year and at year-end.



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Finding #2021-5: Bank Reconciliations

Recommendation #2021-5: 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.

Response: The Town has hired a part-time administrative assistant to assist in completing accurate monthly bank reconciliations.

Finding #2021-6: Utility Rate Increases

Recommendation #2021-6: We recommend the Town establish a review process to ensure that rates are changed in accordance with authorized rates by the town council in a timely manner and to sample bills for recalculation after new rates are entered into the system to ensure rates were properly updated.

Response: The Town will establish a review process to ensure authorized rate increases are entered into the utility system and properly applied in the utility system in a timely manner.

Finding #2021-7: Inventory

Recommendation #2021-7: We recommend the Town establishes policies and/or procedures for the inventory count and establishes accountability for ensuring the process is followed.

Response: The Town will establish procedures to ensure the physical inventory count is properly completed.

Finding #2021-8: Payroll Review

Recommendation #2021-8: We recommend that the Town document the review of payroll processing through initials or signatures to ensure there is adequate evidence of a review and an appropriate audit trail of the process.

Response: The Town will document the review of payroll processing with initials or signatures to ensure there is adequate evidence of review.

Sincerely,


Sue L. Beaudet, MPA
Town Manager