

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**TOWN OF BRONSON  
BRONSON, FLORIDA**

**SEPTEMBER 30, 2005**

**TOWN OF BRONSON  
BRONSON, FLORIDA**

**TOWN COUNCIL**

**Beatrice Mongo  
Mayor**

**Aaron Edmondson  
Vice-Mayor**

**Franklin Schuler  
Council Member**

**Edith Brown  
Council Member**

**Melody LaFlam  
Council Member**

**TOWN CLERK**

**Donna Conquest**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**TOWN OF BRONSON  
BRONSON, FLORIDA**

**SEPTEMBER 30, 2005**

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**INDEPENDENT AUDITORS' REPORT**

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

We were engaged to audit the accompanying financial statements of the Town of Bronson, Florida (the Town) as of and for the year ended September 30, 2005, as listed in the table of contents. These financial statements are the responsibility of the Town's management.

Because of the inadequacy of accounting records and because adequate supporting documentation was not available for our audit, we were unable to form an opinion regarding the amounts reported in the accompanying financial statements for the year ended September 30, 2005.

Because of the significance of the matters discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to in the first paragraph.

As described in note 1, the Town has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as of October 1, 2003. The Town has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued a disclaimer of opinion report dated January 16, 2009, 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 grants. That report is an integral part of an engagement to perform an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our engagement to perform an audit.

*Purvis, Gray and Company, LLP*

January 16, 2009  
Gainesville, Florida

**Certified Public Accountants**

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2005**  
**TOWN OF BRONSON, FLORIDA**

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$ 211,750	\$ 45,720	\$ 257,470
Accounts Receivable	5,519	23,100	28,619
Due from Other Governments	28,937	0	28,937
Internal Balances	67,680	(67,680)	0
Inventory	0	27,416	27,416
<b>Total Current Assets</b>	<b>313,886</b>	<b>28,556</b>	<b>342,442</b>
<b>Restricted Assets</b>			
Cash	0	18,026	18,026
<b>Capital Assets</b>			
Land	270,128	0	270,128
Buildings	391,914	0	391,914
Streets and Roads	296,393	0	296,393
Vehicles	512,517	0	512,517
Furniture and Equipment	316,001	0	316,001
Recreation Park	440,460	0	440,460
Water Plant, Net	0	1,296,516	1,296,516
Sewer Plant, Net	0	1,788,924	1,788,924
<b>Total Capital Assets</b>	<b>2,227,413</b>	<b>3,085,440</b>	<b>5,312,853</b>
<b>Total Assets</b>	<b>2,541,299</b>	<b>3,132,022</b>	<b>5,673,321</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable and Accrued Expenses	7,024	0	7,024
Accrued Compensated Absences	0	5,374	5,374
Notes Payable	21,974	0	21,974
<b>Total Current Liabilities</b>	<b>28,998</b>	<b>5,374</b>	<b>34,372</b>
<b>Payable from Restricted Assets</b>			
Customer Deposits	0	18,026	18,026
<b>Noncurrent Liabilities</b>			
Accrued Compensated Absences	3,844	0	
Notes Payable, Long-term	23,530	0	23,530
<b>Total Noncurrent Liabilities</b>	<b>27,374</b>	<b>0</b>	<b>23,530</b>
<b>Total Liabilities</b>	<b>56,372</b>	<b>23,400</b>	<b>75,928</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	2,181,909	3,085,440	5,267,349
Unrestricted	303,018	23,182	326,200
<b>Total Net Assets</b>	<b>\$ 2,484,927</b>	<b>\$ 3,108,622</b>	<b>\$ 5,593,549</b>

See accompanying notes.

**STATEMENT OF ACTIVITIES**  
**SEPTEMBER 30, 2005**  
**TOWN OF BRONSON, FLORIDA**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities</b>							
General Government	\$ 138,551	\$ 9,179	\$ 0	\$ 0	\$ (129,372)	\$ 0	\$ (129,372)
Public Safety	33,530	32,735	0	86,000	85,205	0	85,205
Physical Environment	97,546	98,110	0	17,757	18,321	0	18,321
Transportation	115,327	0	29,331	0	(85,996)	0	(85,996)
Human Services	276	0	0	0	(276)	0	(276)
Culture and Recreation	2,111	0	0	16,250	14,139	0	14,139
Interest on Long-term Debt	4,375	0	0	0	(4,375)	0	(4,375)
<b>Total Governmental Activities</b>	<b>391,716</b>	<b>140,024</b>	<b>29,331</b>	<b>120,007</b>	<b>(102,354)</b>	<b>0</b>	<b>(102,354)</b>
<b>Business-type Activities</b>							
Water and Sewer Utility	338,686	192,268	0	10,214	0	(136,204)	(136,204)
<b>Total Primary Government</b>	<b>\$ 730,402</b>	<b>\$ 332,292</b>	<b>\$ 29,331</b>	<b>\$ 130,221</b>	<b>(102,354)</b>	<b>(136,204)</b>	<b>(238,558)</b>
<b>General Revenues</b>							
Taxes:							
Property Taxes					66,877	0	66,877
Franchise and Utility Taxes					92,097	0	92,097
Discretionary and Half-cent Sales Tax					111,191	0	111,191
Other State Revenues					46,105	0	46,105
Investment Earnings					172	0	172
Miscellaneous					115,756	0	115,756
Transfers					(48,731)	48,731	0
<b>Total General Revenues and Transfers</b>					<b>383,467</b>	<b>48,731</b>	<b>432,198</b>
<b>Change in Net Assets</b>					<b>281,113</b>	<b>(87,473)</b>	<b>193,640</b>
<b>Net Assets, (As Restated) Beginning of Year</b>					<b>2,203,814</b>	<b>3,196,095</b>	<b>5,399,909</b>
<b>Net Assets, End of Year</b>					<b>\$ 2,484,927</b>	<b>\$ 3,108,622</b>	<b>\$ 5,593,549</b>

See accompanying notes.

**BALANCE SHEET  
GENERAL FUND  
SEPTEMBER 30, 2005  
TOWN OF BRONSON, FLORIDA**

**Assets**

Cash	\$ 211,750
Accounts Receivable	5,519
Due from Other Governments	28,937
Due from Other Funds	<u>105,895</u>

<b>Total Assets</b>	<b><u>352,101</u></b>
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**Liabilities and Fund Balance**

**Liabilities**

Accounts Payable and Accrued Expenses	7,024
Due to Other Funds	<u>38,215</u>

<b>Total Liabilities</b>	<b><u>45,239</u></b>
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**Fund Balance**

Unreserved	<u>306,862</u>
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<b>Total Fund Balance</b>	<b><u>306,862</u></b>
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<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 352,101</u></b>
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<b>Fund Balance - General Fund</b>	<b>\$ 306,862</b>
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**Amounts Reported for Governmental Activities in the  
Statement of Net Assets are Different Because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the general fund.	2,227,413
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the general fund.	<u>(49,348)</u>
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<b>Net Assets of Governmental Activities</b>	<b><u>\$ 2,484,927</u></b>
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See accompanying notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2005  
TOWN OF BRONSON, FLORIDA**

<b>Revenues</b>	
Taxes	\$ 266,705
Licenses and Permits	6,378
Intergovernmental Revenue	198,903
Charges for Services	130,845
Fines and Forfeitures	2,801
Miscellaneous Revenues	115,928
<b>Total Revenues</b>	721,560
<b>Expenditures</b>	
Current:	
General Government	138,450
Public Safety	135,835
Physical Environment	97,546
Transportation	115,327
Human Services	276
Culture and Recreation	22,949
Debt Service:	
Principal	21,801
Interest	4,375
<b>(Total Expenditures)</b>	(536,559)
<b>Excess of Revenues Over Expenditures</b>	185,001
<b>Other Financing Sources (Uses)</b>	
Operating Transfers (out)	(48,731)
<b>Total Other Financing Sources (Uses)</b>	(48,731)
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	136,270
<b>Fund Balance, (As Restated) Beginning of Year</b>	170,592
<b>Fund Balance, End of Year</b>	\$ 306,862
<b>Net Change in Fund Balance - General Fund</b>	\$ 136,270
<b>Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:</b>	
The general fund reports capital outlays as expenditures. However, in the statement of activities, capital outlays are recorded as assets. This is the amount of capital outlay purchases in the current period.	123,143
Proceeds from long-term debt in the form of notes provides current financial resources to the general fund, while the repayment of the principal of long-term debt consumes the current financial resources of the general fund:	
Increase in Compensated Absences	(1,398)
Repayment of Principal of Long-term Debt	23,098
<b>Change in Net Assets of Governmental Activities</b>	\$ 281,113

See accompanying notes.



**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2005  
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>		
<b>Revenues</b>				
Taxes	\$ 179,403	\$ 179,403	\$ 266,705	\$ 87,302
Licenses and Permits	7,287	7,287	6,378	(909)
Intergovernmental Revenue	140,462	140,462	198,903	58,441
Charges for Services	110,883	110,883	130,845	19,962
Fines and Forfeitures	38,106	38,106	2,801	(35,305)
Miscellaneous Revenues	500	500	115,928	115,428
<b>Total Revenues</b>	<u>476,641</u>	<u>476,641</u>	<u>721,560</u>	<u>244,919</u>
<b>Expenditures</b>				
General Government	185,425	185,425	138,450	46,975
Public Safety	35,810	35,810	135,835	(100,025)
Physical Environment	101,500	101,500	97,546	3,954
Transportation	94,370	94,370	115,327	(20,957)
Human Services	1,500	1,500	276	1,224
Culture and Recreation	57,546	57,546	22,949	34,597
Debt Service:				
Principal	22,000	22,000	21,801	199
Interest	6,190	6,190	4,375	1,815
<b>(Total Expenditures)</b>	<u>(504,341)</u>	<u>(504,341)</u>	<u>(536,559)</u>	<u>(32,218)</u>
<b>Excess of Revenues Over Expenditures</b>	<u>(27,700)</u>	<u>(27,700)</u>	<u>185,001</u>	<u>212,701</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers (out)	0	0	(48,731)	(48,731)
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>(48,731)</u>	<u>(48,731)</u>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<u>(27,700)</u>	<u>(27,700)</u>	<u>136,270</u>	<u>163,970</u>
<b>Fund Balance, (As Restated)</b>				
Beginning of Year	<u>27,700</u>	<u>27,700</u>	<u>170,592</u>	<u>142,892</u>
<b>Fund Balance, End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 306,862</u>	<u>\$ 306,862</u>

See accompanying notes.

**STATEMENT OF NET ASSETS  
 PROPRIETARY FUND  
 SEPTEMBER 30, 2005  
 TOWN OF BRONSON, FLORIDA**

**Assets**

**Current Assets**

Cash	\$	45,720
Accounts Receivable		23,100
Due from Other Governments		0
Due from Other Funds		38,215
Inventory		27,416
<b>Total Current Assets</b>		134,451

**Restricted Assets**

Cash		18,026
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**Capital Assets**

Water Plant, Net		1,296,516
Sewer Plant, Net		1,788,924
<b>Total Capital Assets</b>		3,085,440

**Total Assets**

3,237,917

**Liabilities**

**Current Liabilities**

Accrued Compensated Absences		5,374
Due to Other Funds		105,895
<b>Total Current Liabilities</b>		111,269

**Payable from Restricted Assets**

Customer Deposits		18,026
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**Total Liabilities**

129,295

**Net Assets**

Invested in Capital Assets, Net of Related Debt		3,085,440
Unrestricted		23,182
<b>Total Net Assets</b>	\$	3,108,622

See accompanying notes.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
FUND NET ASSETS - PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2005  
TOWN OF BRONSON, FLORIDA**

<b>Operating Revenues</b>	
Charges for Services	\$ 192,268
<b>Total Operating Revenues</b>	<u>192,268</u>
<b>Operating Expenses</b>	
Personal Services	103,997
Materials, Supplies and Other Expenses	91,970
Depreciation and Amortization	142,719
<b>(Total Operating Expenses)</b>	<u>(338,686)</u>
<b>Operating (Loss)</b>	(146,418)
<b>Capital Contributions</b>	10,214
<b>Transfers in</b>	<u>48,731</u>
<b>Change in Net Assets</b>	(87,473)
<b>Net Assets, ( As Restated) Beginning of Year</b>	<u>3,196,095</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 3,108,622</u></u>

See accompanying notes.

**STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2005  
TOWN OF BRONSON, FLORIDA**

<b>Cash Flows from Operating Activities</b>	
Cash Received for Services	\$ 192,109
Cash Paid to Employees	(103,997)
Cash Paid to Suppliers	(75,974)
<b>Net Cash Provided by (Used in) Operating Activities</b>	12,138
 <b>Cash Flows from Noncapital Financing Activities</b>	
Transfer from Other Fund	48,731
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	(56,876)
Acquisition and Construction of Capital Assets	(56,876)
Capital Grants	10,214
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	(46,662)
<b>Net, Increase in Cash</b>	14,207
<b>Cash, (As Restated) Beginning of Year</b>	49,539
<b>Cash, End of Year</b>	\$ 63,746

**Reported as:**

Cash	\$ 45,720
Restricted Assets - Cash	18,026
<b>Total</b>	\$ 63,746

**Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities**

Operating Income (Loss)	\$ (146,418)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Depreciation	142,719
Accounts Receivable	(8,949)
Accounts Payable	(3,106)
Compensated Absences	1,008
Due to Other Funds	18,094
Customer Deposits	8,790
<b>Net Cash Provided by Operating Activities</b>	\$ 12,138

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 service, refuse collection, parks and recreation, streets, public safety and other general governmental activities.

In June 1999, GASB unanimously approved Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*. Certain of the significant changes in the statement include the following:

- Financial statements prepared using full accrual accounting for all of the Town’s activities.
- A change in the fund financial statements to focus on major funds.

These changes are reflected in the accompanying financial statements (including notes to financial statements). The Town has elected to implement the general provisions of the statement in the current year.

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.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary 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.

**NOTES TO FINANCIAL STATEMENTS**  
**TOWN OF BRONSON, FLORIDA**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Reporting Entity (Concluded)**

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 water and sewer fund as a major fund. This fund accounts for the activities of the Town's 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.

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 nonoperating 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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Proprietary Activities**

For proprietary activities, the Town applies all applicable GASB pronouncements. Additionally, the Town applies pronouncements issued on or before November 30, 1989, by the Financial Accounting Standards Board (FASB) and its predecessor bodies, unless those pronouncements conflict with or contradict GASB pronouncements. Pursuant to GASB Statement No. 20, the Town has elected not to apply all FASB statements and interpretations issued after November 30, 1989.

**Cash and Cash Equivalents**

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

**Receivables**

Customer accounts receivable are recorded at their net realizable value.

**NOTES TO FINANCIAL STATEMENTS**  
**TOWN OF BRONSON, FLORIDA**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Inventory**

Inventories 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. A physical inventory was not taken at September 30, 2005. The amount shown as inventory on September 30, 2005, represents the actual balance as of September 30, 2002.

**Encumbrances**

The Town does not utilize encumbrance accounting.

**Capital Assets**

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 depreciated using the straight-line method over their estimated useful lives as follows:

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

Contributed assets are recorded at fair market value at the date of contribution.

Capital assets used in governmental fund-type operations are reported in the statement of net assets rather than in the general fund balance sheet. All purchased fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date donated. No depreciation has been provided on governmental fund capital assets.

**Capitalized Interest During Construction**

No interest was capitalized during 2005.

**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 accrued compensated absences of employees of the water and sewer fund has been accrued in the proprietary fund.

A liability for accrued compensated absences of employees of the general fund has been accrued. Since this liability will not be liquidated with expendable available financial resources, the liability has been reported in the statement of net assets, rather than the general fund.

**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 deferred revenues. Grant revenues receivable are recorded when reimbursable expenditures on those grants have been incurred but not reimbursed.

**NOTES TO FINANCIAL STATEMENTS**  
**TOWN OF BRONSON, FLORIDA**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**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 an ordinance.
- Budgets are adopted on a basis consistent with generally accepted accounting principles. Appropriations lapse at the end of the year. Encumbrances are not recorded. The general fund budget presented was based upon the original budget adopted.

**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 state-wide. 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, 2005, was 3.20 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 millages 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.



**NOTES TO FINANCIAL STATEMENTS**  
**TOWN OF BRONSON, FLORIDA**  
*(Continued)*

**Note 1 - Summary of Significant Accounting Policies (Concluded)**

**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 various transactions between funds to comply with local ordinances and other legal restrictions. These transactions are reflected as operating transfers. Nonrecurring and nonroutine transfers of equity are reported as residual equity transfers.

**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 column of the statement of net assets.

**Use of Restricted Assets**

It is generally the policy of the Town to utilize restricted net assets before unrestricted net assets when possible.

**Note 2 - Cash and Time Deposits**

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.

Florida Statutes authorize the Town to invest in the following:

- Direct Obligations of, or Obligations Guaranteed by, the U.S. Government
- Interest-Bearing Time Deposits or Savings Accounts in Qualified Institutions
- Obligations of the Federal Farm Credit Banks
- Obligations of the Federal National Mortgage Association
- The Local Government Surplus Funds Trust Fund

Presently, all investments are limited to time deposits.

At year-end, the carrying amount of the Town's deposits was \$275,496 and the bank balances totaled \$307,775. These deposits were held at two banks and included checking and money market accounts. The investments in money market accounts are legally authorized under Section 166.261 of the Florida Statutes. All cash and time deposits are fully insured.

**NOTES TO FINANCIAL STATEMENTS**  
**TOWN OF BRONSON, FLORIDA**  
*(Continued)*

**Note 3 - Capital Assets**

**Governmental Activities**

A summary of changes in capital assets is presented below:

	<b>October 1, 2004</b>	<b>Additions</b>	<b>(Deletions)</b>	<b>September 30, 2005</b>
Land	\$ 249,290	\$ 20,838	\$ 0	\$ 270,128
Buildings	391,914	0	0	391,914
Streets and Roads	296,393	0	0	296,393
Vehicles	410,212	102,305	0	512,517
Furniture and Equipment	316,001	0	0	316,001
Recreation Park	<u>440,460</u>	<u>0</u>	<u>0</u>	<u>440,460</u>
<b>Total</b>	<u>\$ 2,104,270</u>	<u>\$ 123,143</u>	<u>\$ 0</u>	<u>\$ 2,227,413</u>

No depreciation expense or accumulated depreciation has been recorded for governmental activities - capital assets for the fiscal year ended September 30, 2005, because adequate supporting documentation and records were not available.

**Business -type Activities**

A summary of capital assets in the proprietary fund at September 30, 2005, is as follows:

	<b>Beginning Balance (As Restated)</b>	<b>Additions</b>	<b>(Deletions)</b>	<b>Ending Balance</b>
Capital Assets Not Being Depreciated:				
Land	<u>\$ 1,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,000</u>
Capital Assets Being Depreciated:				
Water System	2,234,404	0	0	2,234,404
Equipment	60,593	0	0	60,593
Sewer System	<u>1,809,332</u>	<u>56,876</u>	<u>0</u>	<u>1,866,208</u>
Total Capital Assets Being Depreciated	<u>4,104,329</u>	<u>56,876</u>	<u>0</u>	<u>4,161,205</u>
Less Accumulated Depreciated for:				
Water System	(874,841)	(76,379)	0	(951,220)
Equipment	(44,127)	(4,133)	0	(48,260)
Sewer System	<u>(15,078)</u>	<u>(62,207)</u>	<u>0</u>	<u>(77,285)</u>
Total Accumulated Depreciation	<u>(934,046)</u>	<u>(142,719)</u>	<u>0</u>	<u>(1,076,765)</u>
Total Being Depreciated, Net	<u>3,170,283</u>	<u>(85,843)</u>	<u>0</u>	<u>3,084,440</u>
<b>Business-type Activities Capital Assets, Net</b>	<u>\$ 3,171,283</u>	<u>\$ (85,843)</u>	<u>\$ 0</u>	<u>\$ 3,085,440</u>

**NOTES TO FINANCIAL STATEMENTS**  
**TOWN OF BRONSON, FLORIDA**  
*(Continued)*

**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 did not make a contribution to the plan during the current year.

**Note 5 - Long-term Debt**

A summary of changes in long-term debt follows:

	<u>Balance October 1, 2004</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Balance September 30, 2005</u>
<b>Governmental Activities</b>				
Note Payable to Capital City Bank; Due in Monthly Payments of \$1,308, Final Payment Due October 2006, at an Annual Interest Rate of 2.75%; Secured by Fire Truck	\$ 34,639	\$ 0	\$ (17,128)	\$ 17,511
Note Payable to Jack Hancock; Due in Monthly Payments of \$687, Commencing February 2000, Including Interest at a Rate of 10.00%; Secured by Land	33,964	0	(5,970)	27,994
Accrued Compensated Absences	<u>2,445</u>	<u>1,399</u>	<u>0</u>	<u>3,844</u>
<b>Total Governmental Activities</b>	<u>\$ 71,048</u>	<u>\$ 1,399</u>	<u>\$ (23,098)</u>	<u>\$ 49,349</u>

Interest expense during 2005 on long-term liabilities totaled \$4,375, none of which was capitalized.

**Maturities of Long-term Debt**

Maturities of long-term debt for years ending September 30, are as follows:

<u>Year</u>	<u>Amount</u>
2006	\$ 21,973
2007	7,533
2008	6,956
2009	7,684
2010	1,359
Thereafter (Including Compensated Absences)	3,844
<b>Total</b>	<u>\$ 49,349</u>

**NOTES TO FINANCIAL STATEMENTS**  
**TOWN OF BRONSON, FLORIDA**  
*(Continued)*

**Note 5 - Long-term Debt (Concluded)**

**Maturities of Long-term Debt (Concluded)**

Inasmuch as records kept for compensated absences relate only to hours earned, used, and available, the effect of changes in individual employee compensation rates and gross additions and deletions to the reported values of the liability for compensated absences cannot be reasonably determined. Accordingly, only the net change in the accumulated value of compensated absences is shown for the current fiscal year.

**Note 6 - Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. Insurance against losses are provided through the Florida League of Cities, Inc. for the following types of risk:

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

The Town's coverage for workers' compensation is under a retroactively rated policy. Premiums are accrued based on the ultimate cost to-date of the Town's experience for this type of risk.

**Note 7 - Other Disclosures**

The general fund reported total expenditures in excess of total appropriations of \$32,218. This resulted in part from the receipt of grant funds used to purchase a firetruck, which was not amended into the approved 2004-2005 budget.

The former Mayor and former Town Clerk were charged with grand theft. The former Mayor was convicted and agreed to make restitution to the Town in the amount of \$200,000. The former Town Clerk agreed to make restitution in the amount of \$5,000. An amount of \$100,000 in cash restitution was received from the former Mayor and an amount of \$5,000 in cash restitution was received from the former Town Clerk, these amounts were recorded in the accompanying financial statements. In addition, the former Mayor deeded over certain real property to the Town as part of his restitution

Interfund Receivables and Payable Balances are as follows:

	<b>Interfund Receivables</b>	<b>Interfund Payables</b>
General Fund	\$ 105,895	\$ 38,215
Water and Sewer Fund	38,215	105,895
<b>Total</b>	<b>\$ 144,110</b>	<b>\$ 144,110</b>

**NOTES TO FINANCIAL STATEMENTS**  
**TOWN OF BRONSON, FLORIDA**  
*(Concluded)*

**Note 8 - Restatements**

The general fund beginning fund balance was increased by \$3,106 to correct for prior years errors. In addition, the beginning net assets of the water and sewer fund was decreased by \$48,597 to correct for prior year errors.

An adjustment to correct an error and increase the beginning balance in the water system fixed assets of \$13,499 was made in fiscal year 2005. A prior period adjustment of \$62,096 was made to reduce the beginning cash balance in the water and sewer fund. This adjustment is reflected in the adjusted beginning cash balance in the proprietary fund cash flow statement.

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,  
ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED  
STATES; AND THE *RULES OF THE AUDITOR GENERAL OF  
THE STATE OF FLORIDA***

**DISCLAIMER OF OPINION REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN ENGAGEMENT TO AUDIT FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We were engaged to audit the financial statements of the Town of Bronson, Florida (the Town) as of and for the year ended September 30, 2005, as listed in the table of contents, and have issued our disclaimer of opinion on the financial statements dated January 16, 2009.

We were also engaged to audit the financial statements of the Town in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our disclaimer of opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The following reportable conditions were noted:

■ **Segregation of Duties**

*Condition*—Separation of certain accounting and administrative duties among employees, which was recommended as an effective internal control procedure was not considered possible because of the limited number of employees. We point this out to make the Town aware that separation of duties is desirable.

*Criteria*—Separation of incompatible duties provides increased assurance that errors or irregularities will not go undetected for long periods of time.

**Certified Public Accountants**

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MEMBERS OF AMERICAN AND FLORIDA INSTITUTES OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS PRIVATE COMPANIES AND S.E.C. PRACTICE SECTIONS

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

**DISCLAIMER OF OPINION REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN ENGAGEMENT TO AUDIT FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)**

**Internal Control Over Financial Reporting (Continued)**

■ **Segregation of Duties (Concluded)**

*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.

■ **Lack of Accounting Records and Supporting Documentation**

*Condition*—The following items were noted:

- a. No general ledger records of account activity were available during fiscal year 2004-2005.
- b. No documentation that bank accounts had been reconciled.
- c. Accounts receivable, accounts payable, payroll, inventory and fixed assets had not been properly recorded and reconciled.

*Criteria*—Adequate documentation must be maintained to support the Town's accounting records.

*Effect*—Lack of proper documentation and accounting records could lead to errors, irregularities and fraud that goes undetected. In addition, the Town Council does not have adequate financial information for decision making purposes.

*Recommendation*—The Town should develop a system of internal control that would require duplicate or back-up information that is stored off site. In addition, all of the accounts included in items b and c above need to be properly recorded and reconciled on a timely basis.

A *material weakness* is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions described above are material weaknesses.



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

**DISCLAIMER OF OPINION REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN ENGAGEMENT TO AUDIT FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(*Concluded*)**

**Internal Control Over Financial Reporting (*Concluded*)**

We noted other matters involving the internal control over financial reporting that we have reported to the Town Council in a separate letter dated January 16, 2009.

**Compliance**

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

Because of the inadequacy of accounting records and because adequate supporting documentation was not available for our audit, and because we were unable to satisfy ourselves as to the Town's compliance with laws, regulations, contracts and grant agreements by other auditing procedures we express no opinion on compliance.

The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*.

■ **Budget**

*Requirement*—The Town is required to adopt a budget each fiscal year pursuant to Section 166.241, Florida Statutes. The budget should be amended when the Town believes actual expenditures will exceed budgeted appropriations.

*Condition*—During the 2004-2005 fiscal year, the Town had expended funds in excess of budgeted appropriations in the general fund. The budget was not amended to include certain grant proceeds received and expended during fiscal year 2004-2005.

*Effect*—Lack of budgetary control could result in overspending of funds and departures from generally accepted accounting principles.

*Recommendation*—We recommend that the Town amend its budget, as deemed necessary, when it determines actual expenditures will be in excess of budgeted amounts of any individual fund.

This report is intended solely for the information and use of the Town Council, management, and the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

*Purvis, Gray and Company, LLP*

January 16, 2009  
Gainesville, Florida

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005  
TOWN OF BRONSON, FLORIDA**

**Grant Program**

	<u>Questioned Costs</u>						
<ul style="list-style-type: none"> <li>■ Department of Housing and Urban Development:               <ul style="list-style-type: none"> <li>● Community Development Block Grant - CFDA No. 14.228:                   <ul style="list-style-type: none"> <li>Grant Number 02-DB-89-05-48-02-E58</li> <li>Grant Number 02-DB-89-05-48-02-N03</li> </ul> </li> </ul> </li> </ul>	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"></td> <td style="text-align: right;">\$ 399,777</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">330,650</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$ 730,427</td> </tr> </table>		\$ 399,777		330,650		\$ 730,427
	\$ 399,777						
	330,650						
	\$ 730,427						

Because of the inadequacy of the accounting records and because adequate supporting documentation was not available during the fiscal year ended September 30, 2004, we have reported the above grant amounts as questioned costs.

**Finding Number: 2004-2**

*Condition*—Separation of certain accounting and administrative duties among employees, which was recommended as an effective internal control procedure was not considered possible because of the limited number of employees.

*Current Status*—During the fiscal year ended September 30, 2005, this condition continued to exist.

**Finding Number: 2004-3**

*Condition*—Lack of supporting documentation and records for fiscal year 2004. Bank accounts were not reconciled, certain invoices and other documentation not available for inspection, accounts receivable accounts payable, payroll, inventory, and fixed assets had not been recorded.

*Current Status*—Supporting invoices and documentation was provided for fiscal year September 30, 2005, transactions. A detailed general ledger of account activity for fiscal year 2005 was not available for inspection. Records were not available to document that bank accounts had been reconciled during fiscal year 2005.

# *Town of Bronson*

P.O. BOX 266  
660 EAST HATHAWAY AVENUE  
BRONSON, FLORIDA 32621  
TELEPHONE: 352-486-2354

Corrective Action Plan  
Town of Bronson  
In Accordance with OMB Circular A-133  
April 2009

In regards to the findings referenced in our 9/30/2005 audit conducted by the firm of Purvis, Gray & Company the Town of Bronson proposes the following changes to be implemented at the start of our new fiscal year 2008/2009. The reason for the delay in the completion of the annual audits, and the policy changes is due to the major fraud that was committed in the year 2003/2004. Records were being held by the FBI until the investigation was completed, and files were returned just within the last couple months. We have also had our Town Clerk resign in that time period. We have since hired her replacement and now can begin addressing these changes accordingly.

**In response to the finding Segregation of Duties:**

The town has designated that the daily deposits be calculated and remitted by either the Public Works director or the Deputy Town Clerk. The daily cash drawer is reconciled every night and balanced to the cash register tape. The Town Clerk then receives deposits and related documents to review and verify. Mail is opened by Deputy Clerk or Public Works Director and dated and distributed. Email is monitored by both the Public Works Director and the Town Clerk. Expenditures of more than \$300.00 (Fire Dept.) and \$500.00 (Town Clerk & Public works Director) or more are approved by the Mayor and or Council. Once product is received invoice is signed off by Dept. heads. Upon payment, checks are cut and signed by the Town Clerk and Mayor with detailed invoiced attached for last and final review. There are no large amounts of cash kept onsite, and Petty Cash is kept at a minimum \$100.00 and the cash drawer is kept at \$50.00.

Due to the small number of staff it is very difficult to separate all accounting and administrative duties completely, but feel these changes address the major issues in daily activity that we can efficiently address, to insure mistakes are caught and dealt with in a timely manner. All employees and elected officials have been instructed to pay close attention and not compromise the internal control structure.

Corrective Action Plan  
Town of Bronson  
In Accordance with OMB Circular A-133  
April 2009  
Page 2

**Lack of Accounting Records and Supporting Documentation:**

The computer financial records for the FYE 09/30/05 was corrupted and was reported to the auditors on Excel spreadsheets. The reconciliation of accounts was not complete by any means, but we made every effort to produce hard copy documentation. This problem will carry forward in the FYE 09/06 audit, but we are re-entering all transactions through our accounting software, and will have all reconciliations and supporting schedules complete to the best of our ability. This office has established various backup safe guards for the accounting records, through weekly and monthly schedules, and also performs backups on an external hard drive that is stored offsite so this problem does not happen again.

**In response to the finding - Budget:**

The town prepares a new fiscal budget annually that is brought to Council for approval. After said approval the budget will be entered into our accounting system so expenditures can be viewed and compared on a monthly basis. We will be able to monitor accounts for any overspending, and or discrepancies. We will also amend our budget accordingly when actual expenditures exceed budgeted amounts as voted by council. Computer accounting software will be updated as soon as possible, but no later than the next monthly council meeting, so an accurate financial picture will be available.

**In response to finding 2004-2**

As stated previously the separation of accounting and administrative duties among employees are difficult due to small staffing, as we prepare information for the auditors it is apparent that this office did not communicate well with the entire council on various levels, and several duties were solely handled by the previous Town Clerk. I can only assure the Auditors and the Auditors General Office that staff members are cross trained. The current procedural protocol is day to day postings and reporting's are a function of the Deputy Clerk and reconciliation and monthly schedules are preformed by the Town Clerk.

Corrective Action Plan  
Town of Bronson  
In Accordance with OMB Circular A-133  
April 2009  
Page 3

**In response to finding 2004-3**

Records in the Town Clerks office are being completely re-organized and updated so information can be accessed in a timely manner. A filing system is being created in the Clerks office, were in the past there seemed to be little to no structure.

Monthly minutes are now being taken by a court stenographer that we have contracted with, and original minutes are accepted by Council, signed by the Mayor and filed in chronological order by date. We will continue to operate like this until we can find and purchase a Talk to text recorder that fits our monthly meeting requirements, and at that point the Town Clerk will be responsible for producing the monthly minutes. This action will in time take place, but we will not be implementing this until all audits are completed.

Contracts will be accounted for properly and available upon request, and all expenditures related to those contracts will be available for review both in computer summary or hard copies.

A chart of accounts will be adopted immediately that is inline with the most current State Uniform Accounting System.

All balance sheet accounts, Bank Accounts, Accounts Receivable, Accounts Payable, Payroll, Inventory, and Fixed Assets will be properly recorded and reconciled to the General Ledger on a monthly basis with supporting documentation attached to the final monthly financial statements that are submitted to Council. Financial statements will be submitted to Council no later than 30 days following month end. This will give ample amount of time for bank statements to be received and any adjusting journal entries finalized. This procedure alone will help Council make a more informative decision.

Corrective Action Plan  
Town of Bronson  
In Accordance with OMB Circular A-133  
April 2009  
Page 4

**In response to Fraud Involving Town Funds:**

Currently there is only one employee that works for the Public works department that was here during the fraudulent activities of the former Mayor and Town Clerk. Due to the magnitude of the theft, the Town has greatly been affected not just monetarily, but in Trust which has adversely affected this community in growth and civility that we might never know the severity. Our office is making every effort to heed the auditors' findings and restructure accordingly. The flow of information between Council and the Clerks office has significantly improved and will continue to do so. It is only through correct financial reporting that I feel we can start to regain this lost ground.

**In response to Fixed Asset Inventory:**

All though fixed assets were not scheduled nor inventory of tangible property taken at the end of FYE 9/30/05 we will have a schedule of Fixed Assets for FYE 9/30/06, and will continue to refine and update on a monthly and yearly basis.

The Town has recently converted to a more desirable accounting software one that the Deputy Clerk and Town Clerk are very familiar with that will help in the separation of duties expressed by the Auditors.

The Town has implement an internal back-up procedure of all electronic data, either via through the use of CD's and/or external hard drive that will be kept offsite in a secure location such as a bank lock box.

Corrective Action Plan  
Town of Bronson  
In Accordance with OMB Circular A-133  
April 2009  
Page 5

In conclusion we look forward to finalizing this and all subsequent audits. It is this offices goal to be completely in compliance with the Auditor General office. We will make every effort to address all findings, it is important that the Auditors office understand that the current employees are fairly new to the Town and were hired within the past two years, and were not employed at the time the fraudulent activities were taking place. Collectively we can only hope that we can implement these changes in a timely manner, get the subsequent audits completed and submitted to the state, and start a rebuilding process that is positive.

A handwritten signature in cursive script, reading "Franklin Schuler", written over a horizontal line.

Franklin Schuler, Mayor  
Town of Bronson

**MANAGEMENT LETTER**

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

We were engaged to audit the financial statements of the Town of Bronson, Florida (the Town) as of and for the fiscal year ended September 30, 2005, and have issued our disclaimer of opinion report thereon dated January 16, 2009.

We have issued our disclaimer of opinion report on internal control over financial reporting and on compliance and other matters based on an engagement to audit financial statements performed in accordance with *Government Auditing Standards* dated January 16, 2009. Disclosures in that report, if any, should be considered in conjunction with this management letter.

We were engaged to audit the financial statements 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. Additionally, we were engaged to audit the financial statements in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the state of Florida and require that certain items be addressed in this letter.

The *Rules of the Auditor General* [Section 10.554(1)(h)1.], requires that we comment as to whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit. One finding from the preceding audit report is repeated as follows:

■ **Fraud Involving Town Funds**

The former Mayor and former Town Clerk were charged with converting Town funds to their personal use. These former Town officials made restitution to the Town during fiscal year September 30, 2005. In addition, subsequent to September 30, 2003, an additional investigation into this matter was conducted by the Federal Bureau of Investigation and other agencies.

We recommend that procedures be put in place to strengthen internal controls and separate incompatible duties to the extent possible with existing employees.

The *Rules of the Auditor General* [Section 10.554(1)(h)2.], requires that we determine whether the Town complied with Section 218.415, Florida Statutes, regarding investment of public funds. Our audit disclosed no matters requiring comment as outlined in Section 218.415, Florida Statutes.

**Certified Public Accountants**

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

**MANAGEMENT LETTER**  
*(Continued)*

The *Rules of the Auditor General* [Section 10.554(1)(h)3.], require that we address in the management letter any recommendations to improve the Town's financial management, accounting procedures, and internal controls. In connection with our audit, we noted the following recommendation:

■ **Fixed Asset Inventory**

The Town did not maintain complete detailed fixed asset records for assets it owns such as land, buildings, and tangible personal property. In addition, the Town did not perform an annual physical inventory of its tangible property during the fiscal year ended September 30, 2005.

We recommend that complete detailed fixed asset records be established for all fixed assets and that a physical inventory of all tangible property be conducted each year.

The *Rules of the Auditor General* [Section 10.554(1)(h)4,(a),(b),(c)], require disclosure in the management letter of the following matters that are clearly inconsequential: (a) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and were discovered within the scope of the audit: (b) improper or illegal expenditures discovered within the scope of the audit that may not materially affect the financial statements: (c) deficiencies in internal control that are not reportable conditions, including, but not limited to: (1) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); (2) failures to properly record financial transactions; and (3) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed no matters required to be disclosed by *Rules of the Auditor General* [Section 10.554(1)(h)4,(a),(b),(c)].

The *Rules of the Auditor General* [Section 10.554(1)(h)5.], also requires that the name or official title and legal authority for the government be disclosed in the 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.

As required by the *Rules of the Auditor General* [Section 10.554(1)(h)6.(a)], the scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, *Determination of Financial Emergency*. In connection with our audit, we determined that the Town did not meet any of the conditions described by Section 218.503(1), Florida Statutes.

As required by the *Rules of the Auditor General* [Section 10.554(1)(h)6.(b)], we determined that the financial report for the Town for the fiscal year ended September 30, 2005, filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2005.

The *Rules of the Auditor General* [Section 10.554(1)(h)6.(c)], requires that we disclose that we have applied financial condition assessment procedures pursuant to Rule 10.556(7). We applied financial condition assessment procedures to the Town.

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

**MANAGEMENT LETTER**  
*(Concluded)*

This management letter is intended solely for the information and use of the Town Council, management and the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

*Purvis, Gray and Company, LLP*

January 16, 2009  
Gainesville, Florida