

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**TOWN OF BRONSON
BRONSON, FLORIDA**

SEPTEMBER 30, 2006

**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
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**TOWN OF BRONSON
BRONSON, FLORIDA**

SEPTEMBER 30, 2006

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INDEPENDENT AUDITORS' REPORT

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

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, 2006, as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 3 to the financial statements, management has not recorded depreciation expense and accumulated depreciation on certain capital assets of governmental activities because adequate supporting records were not available. Accounting principles generally accepted in the United States of America require that those capital assets be depreciated, which would decrease the assets and net assets and increase the expenses of governmental activities. The amount by which this departure would affect the assets, net assets, and expenses of governmental activities is not reasonably determinable.

We did not observe the taking of the physical inventories of business-type activities and the proprietary fund at September 30, 2005 and September 30, 2006, since those dates were prior to the time we were engaged as auditors for the Town. We were unable to satisfy ourselves about inventory quantities by means of other auditing procedures.

In our opinion, because of the effects of the matter discussed in the third paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of the Town as of September 30, 2006, or the changes in financial position thereof for the year then ended.

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to observe the physical inventories taken as of September 30, 2005 and 2006, for business-type activities and the proprietary fund, as described in the fourth paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the proprietary fund of the Town as of September 30, 2006, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund of the Town as of September 30, 2006, and the respective changes in financial position, and the respective budgetary comparison for the general fund for the year ended, in conformity with accounting principles generally accepted in the United States of America.

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 report dated June 5, 2009, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Purvis, Gray and Company, LLP

June 5, 2009
Gainesville, Florida

STATEMENT OF NET ASSETS
SEPTEMBER 30, 2006
TOWN OF BRONSON, FLORIDA

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash	\$ 447,063	\$ 36,293	\$ 483,356
Accounts Receivable	5,525	29,847	35,372
Due from Other Governments	38,757	0	38,757
Internal Balances	81,199	(81,199)	0
Inventory	0	27,416	27,416
Total Current Assets	572,544	12,357	584,901
Restricted Assets			
Cash	0	19,726	19,726
Capital Assets			
Land	270,128	0	270,128
Buildings	391,914	0	391,914
Improvements Other Than Buildings	6,745	0	6,745
Streets and Roads	309,602	0	309,602
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	1,216,084	1,216,084
Sewer Plant, Net	0	1,750,629	1,750,629
Total Capital Assets	2,247,367	2,966,713	5,214,080
Total Assets	2,819,911	2,998,796	5,818,707
Liabilities			
Current Liabilities			
Accounts Payable and Accrued Expenses	17,102	0	17,102
Accrued Compensated Absences	0	5,475	5,475
Notes Payable	10,926	0	10,926
Total Current Liabilities	28,028	5,475	33,503
Payable from Restricted Assets			
Customer Deposits	0	19,726	19,726
Noncurrent Liabilities			
Accrued Compensated Absences	1,293	0	1,293
Notes Payable, Long-term	15,998	0	15,998
Total Noncurrent Liabilities	17,291	0	17,291
Total Liabilities	45,319	25,201	70,520
Net Assets			
Invested in Capital Assets, Net of Related Debt	2,220,443	2,966,713	5,187,156
Unrestricted	554,149	6,882	561,031
Total Net Assets	\$ 2,774,592	\$ 2,973,595	\$ 5,748,187

See accompanying notes.

STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2006
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
Governmental Activities							
General Government	\$ 167,473	\$ 19,712	\$ 0	\$ 0	\$ (147,761)	\$ 0	\$ (147,761)
Public Safety	54,780	68,700	0	0	13,920	0	13,920
Physical Environment	106,237	107,894	0	0	1,657	0	1,657
Transportation	21,281	0	15,345	0	(5,936)	0	(5,936)
Human Services	624	0	0	0	(624)	0	(624)
Culture and Recreation	12,569	1,200	0	15,000	3,631	0	3,631
Interest on Long-term Debt	1,690	0	0	0	(1,690)	0	(1,690)
Total Governmental Activities	<u>364,654</u>	<u>197,506</u>	<u>15,345</u>	<u>15,000</u>	<u>(136,803)</u>	<u>0</u>	<u>(136,803)</u>
Business-type Activities							
Water and Sewer Utility	350,914	215,887	0	0	0	(135,027)	(135,027)
Total Primary Government	<u>\$ 715,568</u>	<u>\$ 413,393</u>	<u>\$ 15,345</u>	<u>\$ 15,000</u>	<u>(136,803)</u>	<u>(135,027)</u>	<u>(271,830)</u>
General Revenues							
Taxes:							
Property Taxes					75,355	0	75,355
Franchise and Utility Taxes					102,432	0	102,432
Discretionary and Half-cent Sales Tax					121,977	0	121,977
Other State Revenues					63,771	0	63,771
Investment Earnings					368	0	368
Miscellaneous					62,565	0	62,565
Total General Revenues and Transfers					<u>426,468</u>	<u>0</u>	<u>426,468</u>
Change in Net Assets					289,665	(135,027)	154,638
Net Assets, Beginning of Year					2,484,927	3,108,622	5,593,549
Net Assets, End of Year					<u>\$ 2,774,592</u>	<u>\$ 2,973,595</u>	<u>\$ 5,748,187</u>

See accompanying notes.

**BALANCE SHEET
GENERAL FUND
SEPTEMBER 30, 2006
TOWN OF BRONSON, FLORIDA**

Assets

Cash	\$ 447,063
Accounts Receivable	5,525
Due from Other Governments	38,757
Due from Other Funds	119,414
	119,414

Total Assets	610,759
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Liabilities and Fund Balance

Liabilities

Accounts Payable and Accrued Expenses	17,102
Accrued Compensated Absences	
Due to Other Funds	38,215
	38,215

Total Liabilities	55,317
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Fund Balance

Reserved	0
Unreserved	555,442
	555,442

Total Fund Balance	555,442
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Total Liabilities and Fund Balance	\$ 610,759
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Fund Balance - General Fund	\$ 555,442
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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.	2,247,367
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the general fund.	(28,217)
	(28,217)

Net Assets of Governmental Activities	\$ 2,774,592
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See accompanying notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006
TOWN OF BRONSON, FLORIDA**

Revenues	
Taxes	\$ 289,959
Licenses and Permits	15,229
Intergovernmental Revenue	105,361
Charges for Services	188,312
Fines and Forfeitures	4,483
Miscellaneous Revenues	1,892
Total Revenues	605,236
Expenditures	
Current:	
General Government	173,396
Public Safety	58,153
Physical Environment	106,237
Transportation	34,490
Human Services	624
Culture and Recreation	12,569
Debt Service:	
Principal	18,580
Interest	1,690
(Total Expenditures)	(405,739)
Excess of Revenues Over Expenditures	199,497
Other Financing Sources (Uses)	
Proceeds from Sale of Fixed Assets	49,083
Total Other Financing Sources (Uses)	49,083
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	248,580
Fund Balance, Beginning of Year	306,862
Fund Balance, End of Year	\$ 555,442
Net Change in Fund Balance - General Fund	\$ 248,580
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. This is the amount of capital outlay purchases in the current period.	19,954
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:	
Decrease in Compensated Absences	2,551
Repayment of Principal of Long-term Debt	18,580
Change in Net Assets of Governmental Activities	\$ 289,665

See accompanying notes.

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006
TOWN OF BRONSON, FLORIDA**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 194,700	\$ 194,700	\$ 289,959	\$ 95,259
Licenses and Permits	8,000	8,000	15,229	7,229
Intergovernmental Revenue	152,525	152,525	105,361	(47,164)
Charges for Services	109,027	109,027	188,312	79,285
Fines and Forfeitures	3,500	3,500	4,483	983
Miscellaneous Revenues	7,553	7,553	1,892	(5,661)
Total Revenues	<u>475,305</u>	<u>475,305</u>	<u>605,236</u>	<u>129,931</u>
Expenditures				
General Government	263,314	263,314	173,396	89,918
Public Safety	70,105	70,105	58,153	11,952
Physical Environment	108,500	108,500	106,237	2,263
Transportation	91,500	91,500	34,490	57,010
Human Services	1,500	1,500	624	876
Culture and Recreation	54,796	54,796	12,569	42,227
Debt Service:				
Principal	22,707	22,707	18,580	4,127
Interest	3,883	3,883	1,690	2,193
(Total Expenditures)	<u>(616,305)</u>	<u>(616,305)</u>	<u>(405,739)</u>	<u>210,566</u>
Excess of Revenues Over Expenditures	<u>(141,000)</u>	<u>(141,000)</u>	<u>199,497</u>	<u>340,497</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Fixed Assets	0	0	49,083	49,083
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>49,083</u>	<u>49,083</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>(141,000)</u>	<u>(141,000)</u>	<u>248,580</u>	<u>389,580</u>
Fund Balance, Beginning of Year	<u>141,000</u>	<u>141,000</u>	<u>306,862</u>	<u>165,862</u>
Fund Balance, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 555,442</u>	<u>\$ 555,442</u>

See accompanying notes.

**STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 SEPTEMBER 30, 2006
 TOWN OF BRONSON, FLORIDA**

Assets

Current Assets

Cash	\$ 36,293
Accounts Receivable	29,847
Due from Other Funds	38,215
Inventory	27,416
Total Current Assets	<u>131,771</u>

Restricted Assets

Cash	<u>19,726</u>
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Capital Assets

Water Plant, Net	1,216,084
Sewer Plant, Net	1,750,629
Total Capital Assets	<u>2,966,713</u>

Total Assets	<u>3,118,210</u>
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Liabilities

Current Liabilities

Accrued Compensated Absences	5,475
Due to Other Funds	119,414
Total Current Liabilities	<u>124,889</u>

Payable from Restricted Assets

Customer Deposits	<u>19,726</u>
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Total Liabilities	<u>144,615</u>
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Net Assets

Invested in Capital Assets, Net of Related Debt	2,966,713
Unrestricted	6,882
Total Net Assets	<u>\$ 2,973,595</u>

See accompanying notes.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET ASSETS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006
TOWN OF BRONSON, FLORIDA**

Operating Revenues	
Charges for Services	\$ 213,904
Other Operating Revenues	1,983
Total Operating Revenues	<u>215,887</u>
Operating Expenses	
Personal Services	117,413
Materials, Supplies and Other Expenses	90,037
Depreciation and Amortization	143,464
(Total Operating Expenses)	<u>(350,914)</u>
Operating (Loss)	<u>(135,027)</u>
Change in Net Assets	(135,027)
Net Assets, Beginning of Year	<u>3,108,622</u>
Net Assets, End of Year	<u><u>\$ 2,973,595</u></u>

See accompanying notes.

**STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006
TOWN OF BRONSON, FLORIDA**

Cash Flows from Operating Activities	
Cash Received from Customers	\$ 208,857
Cash Paid to Employees	(117,312)
Cash Paid to Suppliers	(76,518)
Other Operating Receipts	1,983
Net Cash Provided by (Used in) Operating Activities	17,010
Net Cash Provided by (Used in) Capital and Related Financing Activities	
Acquisition and Construction of Capital Assets	(24,737)
Net (Decrease) in Cash	(7,727)
Cash, Beginning of Year	63,746
Cash, End of Year	\$ 56,019
<u>Reported as</u>	
Cash	\$ 36,293
Restricted Assets - Cash	19,726
Total	\$ 56,019
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</u>	
Operating (Loss)	\$ (135,027)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Depreciation	143,464
(Increase) in Accounts Receivable	(6,747)
Increase in Compensated Absences	101
Increase in Due to Other Funds	13,519
Increase in Customer Deposits	1,700
Net Cash Provided by Operating Activities	\$ 17,010

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.

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 and reduced by an allowance for uncollectible accounts of \$2,426.

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, 2006. The amount shown as inventory on September 30, 2006, represents the actual balance as of September 30, 2002. No subsidiary records of inventory items on hand at September 30, 2006 were maintained.

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 2006.

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, 2006, 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 \$ 503,082 and the bank balances totaled \$533,142. 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:

	October 1, 2005	Additions	(Deletions)	September 30, 2006
Land	\$ 270,128	\$ 0	\$ 0	\$ 270,128
Buildings	391,914	0	0	391,914
Improvements Other than Buildings	0	6,745	0	6,745
Streets and Roads	296,393	13,209	0	309,602
Vehicles	512,517	0	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>
Total	<u>\$ 2,227,413</u>	<u>\$ 19,954</u>	<u>\$ 0</u>	<u>\$ 2,247,367</u>

No depreciation expense or accumulated depreciation has been recorded for governmental activities—capital assets for the fiscal year ended September 30, 2006, because adequate supporting documentation and records were not available.

Business -type Activities

A summary of capital assets in the proprietary fund at September 30, 2006, is as follows:

	Beginning Balance	Additions	(Deletions)	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 1,000	\$ 0	\$ 0	\$ 1,000
Capital Assets Being Depreciated:				
Water System	2,234,404	0	0	2,234,404
Equipment	60,593	0	0	60,593
Sewer System	<u>1,866,208</u>	<u>24,737</u>	<u>0</u>	<u>1,890,945</u>
Total Capital Assets Being Depreciated	<u>4,161,205</u>	<u>24,737</u>	<u>0</u>	<u>4,185,942</u>
Less Accumulated Depreciated for:				
Water System	(951,220)	(76,380)	0	(1,027,600)
Equipment	(48,260)	(4,053)	0	(52,313)
Sewer System	<u>(77,285)</u>	<u>(63,031)</u>	<u>0</u>	<u>(140,316)</u>
Total Accumulated Depreciation	<u>(1,076,765)</u>	<u>(143,464)</u>	<u>0</u>	<u>(1,220,229)</u>
Total Being Depreciated, Net	<u>3,084,440</u>	<u>(118,727)</u>	<u>0</u>	<u>2,965,713</u>
Business-type Activities Capital Assets, Net	<u>\$ 3,085,440</u>	<u>\$ (118,727)</u>	<u>\$ 0</u>	<u>\$ 2,966,713</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 made a contribution of \$23,773 to the plan during fiscal year 2006. This represented the Town's contribution for fiscal year 2002 through fiscal year 2005.

Note 5 - Long-term Debt

A summary of changes in long-term debt follows:

	Balance October 1, 2005	Additions	(Deletions)	Balance September 30, 2006
Governmental Activities				
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	\$ 17,511	\$ 0	\$ (16,275)	\$ 1,236
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	27,994	0	(2,306)	25,688
Accrued Compensated Absences	3,844	0	(2,551)	1,293
Total Governmental Activities	\$ 49,349	\$ 0	\$ (21,132)	\$ 28,217

Interest expense during 2006 on long-term liabilities totaled \$1,690, none of which was capitalized.

Maturities of Long-term Debt

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

Year	Amount
2007	\$ 10,926
2008	6,956
2009	7,684
2010	1,358
Compensated Absences	1,293
Total	\$ 28,217

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.

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

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 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 prior year. 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:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 119,414	\$ 38,215
Water and Sewer Fund	<u>38,215</u>	<u>119,414</u>
Total	<u>\$ 157,629</u>	<u>\$ 157,629</u>

**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***

**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 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, 2006, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 5, 2009. The report on governmental activities was adverse because depreciation expense and accumulated depreciation were not recorded for certain capital assets. Also, the report on business-type activities and the proprietary fund was qualified because we did not observe the taking of physical inventories and were unable to satisfy ourselves about inventory quantities by other means. We conducted our audit in accordance with 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.

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 opinions 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 initiate, record, process, 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

**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
(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. Accounts receivable, accounts payable, and cemetery receipts had not been properly recorded and reconciled. Examples of payroll records not provided included a missing quarterly 941 report as well as documentation for approval of bonuses.
- b. Inventory and capital assets records had not been updated and had not been reconciled to supporting subsidiary records.

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 a and b 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 consider the reportable conditions described above to be material weaknesses.

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

**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
(Concluded)**

Internal Control Over Financial Reporting (Concluded)

We noted certain additional matters that we have reported to the Town Council in a separate letter dated June 5, 2009.

Compliance and Other Matters

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. 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.

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

June 5, 2009
Gainesville, Florida

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2006
TOWN OF BRONSON, FLORIDA**

Grant Program

	<u>Questioned Costs</u>						
<ul style="list-style-type: none"> ■ Department of Housing and Urban Development: <ul style="list-style-type: none"> ● Community Development Block Grant - CFDA No. 14.228: <ul style="list-style-type: none"> Grant Number 02-DB-89-05-48-02-E58 Grant Number 02-DB-89-05-48-02-N03 	<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, 2006, 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, 2006 transactions, except that accounts receivable, accounts payable, and cemetery receipts had not been recorded. In addition, inventory and capital asset records had not been updated and reconciled to supporting subsidiary records.

MANAGEMENT LETTER

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

We have audited the financial statements of the Town of Bronson, Florida (the Town), as of and for the fiscal year ended September 30, 2006, and have issued our report thereon dated June 5, 2009. The report on governmental activities was adverse because depreciation expense and accumulated depreciation were not recorded for certain capital assets. Also, the report on business-type activities and the proprietary fund was qualified because we did not observe the taking of physical inventories and were unable to satisfy ourselves about inventory quantities by other means.

We conducted our audit in accordance with United States generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our report on internal control over financial reporting and on compliance and other matters. Disclosures in that report, which is dated June 5, 2009, should be considered in conjunction with this management letter.

Additionally, our audit was conducted 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.], require that we address in the management letter, if not already addressed in the auditors' report on compliance and internal control, whether or not recommendations made in the preceding annual financial audit report have been corrected. The following items from the preceding audit report are 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.

The Town has strengthened internal controls and has apparently separated incompatible duties to the extent possible with existing employees. However, we want to remind you that the risk of fraud occurring will always exist. Accordingly, financial operations should always be closely monitored.

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

MANAGEMENT LETTER
(Continued)

■ **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, 2006.

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)2.], require 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.

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:

■ **Water Deposits**

A detailed subsidiary ledger or listing for customer deposits was not maintained. Therefore, the amount recorded in the general ledger was not supported by a detailed listing of deposits.

We recommend that a subsidiary ledger for water deposits be maintained and that deposits be reconciled to the general ledger account on a regular basis.

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 not 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 require 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.

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

MANAGEMENT LETTER
(Concluded)

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, 2006, 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, 2006.

The *Rules of the Auditor General* [Section 10.554(1)(h)6.(c)], require 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. 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 the review of financial information provided by same.

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

June 5, 2009
Gainesville, Florida

Corrective Action Plan & Management Response
Town of Bronson
In Accordance with OMB Circular A-133
August 2009

In regards to the findings referenced in our 9/30/2006 audit conducted by the firm of Purvis, Gray & Company the Town of Bronson has implemented the following changes 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 by our previous Mayor and Town Clerk. Records were being held by the FBI until the investigation was completed, and files were returned in the latter months of 2008. During that same time period the prior Town Clerk resigned, but after hiring her replacement we have made it a priority to get the past audits completed and the Town compliant.

In response to the finding Segregation of Duties:

Daily deposits are calculated and reconciled and remitted to the bank by either the Public Works director or the Deputy Town Clerk. Mail is opened by Deputy Clerk or Public Works Director and date stamped and distributed. Email is monitored by both the Public Works Director and the Town Clerk. Expenditures of more than \$300.00 for general and water fund and \$500.00 for fire department are brought before the Mayor and or Council for approval. All invoices are reviewed and signed by Dept. heads before going to Accts. Payable. Expenditures are processed by the Deputy Clerk and then forwarded on to the Town Clerk and Mayor for final approval and signature. The Town Clerk reconciles all bank accounts and General Journals for all funds. 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 concerns of the auditors so that 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 & Management Response
Town of Bronson
In Accordance with OMB Circular A-133
August 2009

Lack of Accounting Records and Supporting Documentation:

We continue to re-post all prior year transactions in our new accounting software so we will have a very good consistent audit trail and history of all transactions. Due to the nature of the audits being behind and personnel changes it is very difficult to re-create supporting documentation, but the town is learning through each audit process and will have all necessary records and supporting documents for the fiscal year end September 30, 2009. Sometimes items that were missing in one year's audit like that of the missing 941 quarterly report (05/06) were discovered in the next year's audit (06/07), and the issue is more of how things were filed than lack of.

This office has implemented several internal controls regarding back-up procedures, with the purchase of external hard drives on both main computers and back-ups scheduled to be run on a daily basis on all computers. Flash drives are also utilized for contact information and e-mails.

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 & Management Response
Town of Bronson
In Accordance with OMB Circular A-133
August 2009

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.

As previously stated it is very hard to go back and re-create supporting documentation. It is this office's goal that all 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 as of FYE September 30, 2009. 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.

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 through correct financial reporting and annual audits that will allow us to monitor these offices activities more consistently.

Corrective Action Plan & Management Response
Town of Bronson
In Accordance with OMB Circular A-133
August 2009

In response to Fixed Asset Inventory:

All though fixed assets were not scheduled nor inventory of tangible property taken at the end of FYE 9/30/06 we will have a schedule of Fixed Assets for FYE 9/30/09, 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.


In response to Water Deposits:

Although our water billing system has the ability to keep track of customer deposits, it does not have a way to go back and print out a report for the audit period in question. With that being said as of September 30, 2009 we will run a report showing all deposits on file to date, and reconcile to make that our subsidiary ledger going forward and will be run on a monthly basis.

In conclusion we look forward to finalizing this years audit and the remaining 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.



Franklin Schuler, Mayor
Town of Bronson



Kelli Brettel, Town Clerk
Town of Bronson