

TOWN OF BRANFORD, FLORIDA

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2020

TOWN OF BRANFORD, FLORIDA

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2020

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TOWN OF BRANFORD, FLORIDA

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2020

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INTRODUCTORY SECTION

TOWN OF BRANFORD, FLORIDA

LIST OF PRINCIPAL OFFICIALS

September 30, 2020

Mayor	Mickey Dempsey
Council President	Ken Saunders
Vice President	Alice Childress
Council Member	Matt Burns
Council Member	Charlie Daniel
Town Clerk	Donna Hardin

FINANCIAL SECTION



Powell & Jones
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
And Members of the Town Council
Town of Branford, Florida

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Branford, Florida, (The Town) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Branford, Florida's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Branford, Florida as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 9 - 13 and 41 - 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

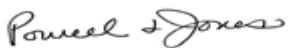
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Branford, Florida's basic financial statements. The schedule of expenditure of federal awards and state financial assistance is presented for purposes of additional analysis, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards and state financial assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2021, on our consideration of the Town of Branford, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Branford, Florida's internal control over financial reporting and compliance.



POWELL & JONES
Certified Public Accountants
June 8, 2021

TOWN OF BRANFORD, FLORIDA Management's Discussion and Analysis

This discussion and analysis is intended to be an easily readable analysis of the Town of Branford (Town) financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

Report Layout

The Town has implemented Governmental Accounting Standards Board (GASB) Statement 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. This statement requires governmental entities to report finances in accordance with specific guidelines. Among those guidelines are the components of this section dealing with management's discussion and analysis. Besides this Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, notes to the financial statements, and supplementary information. The first several statements are highly condensed and present a government-wide view of the Town's finances. Within this view, all Town operations are categorized as applicable, and reported as either governmental or business-type activities. Governmental activities include basic services such as fire control, public works, parks and recreation, community development and general governmental administration. The Town's water, sewer, and solid waste management services are reported as business-type activities. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the Town.

Basic Financial Statements

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets the Town owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. For the first time, governmental activities reflect capital assets including infrastructure and long-term liabilities. Business-type activities have long been reported capital assets and long-term liabilities. Also, for the first time, governmental activities are reported on the accrual basis of accounting.
- The Statement of Activities focuses on gross and net costs of the Town's programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on governmental and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The Town's has one major governmental fund, the General Fund. A budgetary comparison is presented for this fund. Statements for the Town's proprietary fund follows the governmental funds and include net position, revenue, expenses and changes in net position, and cash flows.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Town's financial condition.

The MD&A is intended to serve as an introduction to the Town's basic financial statements and to explain the significant changes in financial position and differences in operation between the current and prior years.

Town as a Whole

Government-wide Financial Statements

A condensed version of the Statement of Net Position at September 30, 2020 and 2019, follows:

Net Position at September 30, 2020 and 2019

	Governmental Activities	Business-type Activities	Total Government	
			2020	2019
Assets				
Current assets:				
Cash and cash equivalents	\$ 711,566	\$ 498,953	\$ 1,210,519	\$ 881,762
Other current assets	67,537	47,811	115,348	311,991
Capital assets, net	2,994,765	2,801,244	5,796,009	5,760,119
Total assets	<u>3,773,868</u>	<u>3,348,008</u>	<u>7,121,876</u>	<u>6,953,872</u>
Liabilities				
Current liabilities	73,941	95,110	169,051	181,906
Long-term debt outstanding	206,522	215,708	422,230	408,459
Total liabilities	<u>280,463</u>	<u>310,818</u>	<u>591,281</u>	<u>590,365</u>
Net position				
Invested in capital assets, net of related debt	2,732,285	2,801,244	5,533,529	5,436,488
Restricted	593,635	-	593,635	557,171
Unrestricted	167,485	235,946	403,431	369,848
Total net position	<u>\$ 3,493,405</u>	<u>\$ 3,037,190</u>	<u>\$ 6,530,595</u>	<u>\$ 6,363,507</u>

86% of the Town's net position reflect its investment in capital assets (land, buildings, infrastructure, and equipment), less any related outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position of \$593,635 consist of earmarked funds for recreation, infrastructure, and other purposes. The remaining balance of unrestricted net position of \$403,431 may be used to meet the Town's ongoing obligations to citizens and creditors.

The Town's net position increased by \$167,088 or 2.6% over the year.

The following schedule provides a summary of the changes in net position.

A condensed version of the Statement of Activities follows:

Change in Net Position

For the Fiscal Years Ended September 30, 2020 and 2019

	Governmental Activities	Business-type Activities	Total Government	
			2020	2019
Revenues				
Program revenues				
Charges for services	\$ 19,133	\$ 432,213	\$ 451,346	\$ 447,523
Grants and contributions	351,811	44,505	396,316	360,296
General revenues				
Taxes	306,153	83,867	390,020	342,388
Franchise fees	73,895	-	73,895	76,220
Licenses	3,652	-	3,652	2,967
State shared revenues	63,047	-	63,047	62,391
Interest and other	38,887	307	39,194	42,838
Total revenues	<u>856,578</u>	<u>560,892</u>	<u>1,417,470</u>	<u>1,334,623</u>
Expenses				
General government	230,446	-	230,446	263,940
Public safety	89,443	-	89,443	88,253
Physical environment	86,570	-	86,570	98,276
Economic environment	67,400	-	67,400	-
Transportation	47,327	-	47,327	52,438
Human services	-	-	-	500
Culture/recreation	173,653	-	173,653	190,689
Water, sewer, and garbage services	-	555,544	555,544	548,302
Loss on disposal of assets	-	-	-	-
Transfers out	-	-	-	-
Total expenses	<u>694,839</u>	<u>555,544</u>	<u>1,250,383</u>	<u>1,242,398</u>
Excess of revenues over (under) expenses	161,739	5,348	167,086	92,224
Beginning net position	3,331,666	3,031,842	6,363,508	6,271,283
Ending net position	<u>\$ 3,493,405</u>	<u>\$ 3,037,190</u>	<u>\$6,530,594</u>	<u>\$6,363,507</u>

Governmental activities:

Grants and contributions provide 41% of the revenues for Governmental Activities, taxes provided 36%, while state shared revenues provided 5.7%. Most of the Governmental Activities resources were spent for General Government (33%), Physical Environment (12%), and Culture/Recreation (25%).

Business-type activities increased the Town's net position by \$5,348. Key elements of this increase are as follows:

- Operating expenses exceeded operating revenues by \$123,331, which included \$94,709 in depreciation.
- Non-operating revenues totaled \$128,679.
- The Town received \$44,505 in grant revenues for the fiscal year.

Budgetary Highlights

The Town operated within its budgetary limits in all funds during the current year.

Capital Assets and Debt Administration

Capital Assets

At September 30, 2020, the Town had \$5,796,009 invested in capital assets, including fire equipment, park and recreation facilities, buildings, roads, bridges and water and sewer facilities, or 1% more than 2019. The increase was primarily attributable to a project related to building a new boat ramp.

Capital Assets at September 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 267,735	\$ 267,735	\$ -	\$ -	\$ 267,735	\$ 267,735
Buildings and improvements	3,766,196	3,605,031	3,829,166	3,829,166	7,595,362	7,434,197
Construction in progress	10,420	10,420	817,230	731,643	827,650	742,063
Equipment	415,222	396,789	70,825	46,909	486,047	443,698
Subtotal	4,459,573	4,279,975	4,717,221	4,607,718	9,176,794	8,887,693
Accumulated depreciation	(1,464,808)	(1,306,306)	(1,915,977)	(1,821,267)	(3,380,785)	(3,127,573)
Capital assets, net	<u>\$2,994,765</u>	<u>\$2,973,669</u>	<u>\$2,801,244</u>	<u>\$2,786,451</u>	<u>\$5,796,009</u>	<u>\$5,760,120</u>

OTHER FINANCIAL INFORMATION

Economic Factors and Rates

- The current estimated unemployment rate for the Town was 3.4% which is the same approximate rate as the rate for Suwannee County.
- The estimated population for the Town in 2020 was 732 and is estimated to be approximately the same in 2021.
- The Town's ad valorem tax rate for 2019 was 6.000, which was the same rate as the prior year.

Financial Contact

The Town's financial statements are designed to present users (citizens, taxpayers, customers, and creditors) with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about the report or need additional financial information, please contact the Town Clerk at P.O. Box 577, Branford, Florida 32008.

BASIC FINANCIAL STATEMENTS

TOWN OF BRANFORD, FLORIDA

STATEMENT OF NET POSITION September 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 711,566	\$ 498,953	\$ 1,210,519
Accounts receivable, net	-	47,811	47,811
Due from state	11,218	-	11,218
Investments	56,319	-	56,319
Total current assets	<u>779,103</u>	<u>546,764</u>	<u>1,325,867</u>
Capital assets:			
Not being depreciated	278,155	817,230	1,095,385
Being depreciated	2,716,610	1,984,014	4,700,624
Capital assets, net of accumulated depreciation	<u>2,994,765</u>	<u>2,801,244</u>	<u>5,796,009</u>
Total noncurrent assets	<u>2,994,765</u>	<u>2,801,244</u>	<u>5,796,009</u>
Total assets	<u>3,773,868</u>	<u>3,348,008</u>	<u>7,121,876</u>
LIABILITIES			
Current liabilities			
Accounts payable	10,244	30,020	40,264
Accrued liabilities	874	556	1,430
Notes payable	62,687	-	62,687
Compensated absences	671	847	1,518
Customer deposits	1,000	63,687	64,687
State revolving fund loan payable	-	7,900	7,900
Total current liabilities	<u>75,476</u>	<u>103,010</u>	<u>178,486</u>
Non-current liabilities:			
Notes payable	199,793	-	199,793
Compensated absences	5,194	4,800	9,994
State revolving fund loan payable	-	203,008	203,008
Total long-term liabilities	<u>204,987</u>	<u>207,808</u>	<u>412,795</u>
Total liabilities	<u>280,463</u>	<u>310,818</u>	<u>591,281</u>
NET POSITION			
Invested in capital assets, net			
of related debt	2,732,285	2,801,244	5,533,529
Restricted for:			
Cemetery	133,468	-	133,468
Recreation	319,775	-	319,775
Infrastructure	39,753	-	39,753
Transportation	95,639	-	95,639
Fire Control	5,000	-	5,000
Unrestricted	167,485	235,946	403,431
Total net position	<u>\$ 3,493,405</u>	<u>\$ 3,037,190</u>	<u>\$ 6,530,595</u>

See notes to financial statements

TOWN OF BRANFORD, FLORIDA
GOVERNMENTAL FUND
BALANCE SHEET
September 30, 2020

	General Fund	CDBG Fund	Total
ASSETS			
Cash	\$ 704,891	\$ 6,675	\$ 711,566
Due from state	11,218	-	\$ 11,218
Investments	56,319	-	56,319
Total assets	\$ 772,428	\$ 6,675	\$ 779,103
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 3,644	\$ 6,600	\$ 10,244
Customer deposits	1,000	-	1,000
Accrued liabilities	874	-	874
Total liabilities	5,518	6,600	12,118
 FUND BALANCE			
Restricted for:			
Recreation	319,775	-	319,775
Infrastructure	39,753	75	39,828
Transportation	95,639	-	95,639
Assigned for:			
Cemetery	133,468	-	133,468
Fire Control	5,000	-	5,000
Unassigned	173,275	-	173,275
Total fund balance	766,910	75	766,985

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 funds.

Cost of capital assets	4,459,573
Accumulated depreciation	(1,464,808)
	2,994,765

Long-term liabilities, including compensated absences are not due and payable and therefore are not reported in the funds.

Net position of governmental activities	(268,345)
	\$ 3,493,405

See notes to financial statements.

TOWN OF BRANFORD, FLORIDA

GOVERNMENTAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended September 30, 2020

	General Fund	CDBG Fund	Total
REVENUES			
Taxes	\$ 380,048	\$ -	\$ 380,048
Licenses and permits	3,652	-	3,652
Intergovernmental revenue	350,593	67,400	417,993
Charges for services	19,133	-	19,133
Fines and forfeitures	967	-	967
Miscellaneous	34,785	-	34,785
Total revenues	789,178	67,400	856,578
EXPENDITURES			
Current expenditures			
General government	190,844	-	190,844
Public safety	84,356	-	84,356
Physical environment	57,552	-	57,552
Economic environment	-	67,400	67,400
Transportation	26,234	-	26,234
Culture/recreation	100,316	-	100,316
Capital outlay			
General government	4,427	-	4,427
Public safety	148,301	-	148,301
Physical environment	10,463	-	10,463
Culture/recreation	16,408	-	16,408
Debt Service			
Principal	61,134	-	61,134
Interest	8,263	-	8,263
Total expenditures	708,298	67,400	775,698
Excess of revenues over expenditures	80,880	-	80,880
Fund balance at beginning of year	686,030	75	686,105
Fund balance at end of year	\$ 766,910	\$ 75	\$ 766,985

See notes to financial statements

TOWN OF BRANFORD, FLORIDA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended September 30, 2020

Net change in fund balance - total governmental funds \$ 80,880

Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlay as expenditures.

However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense.

Expenditures for capital assets	179,599	
Less current year depreciation	<u>(158,502)</u>	
		21,097

Some expenses reported in the statement of activities do not
require the use of current financial resources, therefore, are
not reported as expenditures in governmental funds.

Payment of long-term debt	61,134
Net change in compensated absences	<u>(1,372)</u>

Change in net assets of governmental activities \$ 161,739

See notes to financial statements.

TOWN OF BRANFORD, FLORIDA

PROPRIETARY FUND

STATEMENT OF NET POSITION

September 30, 2020

	<u>Enterprise Fund</u>
ASSETS	
Current assets:	
Cash	\$ 498,953
Accounts receivable	52,180
Allowance for doubtful accounts	<u>(4,369)</u>
Total current assets	<u>546,764</u>
Fixed assets	
Depreciable	
Improvements other than buildings	3,829,166
Equipment	70,825
Non-depreciable	
Construction in progress	817,230
Allowance for depreciation	<u>(1,915,977)</u>
Total fixed assets	<u>2,801,244</u>
Total assets	<u>\$ 3,348,008</u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 30,020
Accrued compensated absences	847
Other accrued liabilities	556
Customer deposits	63,687
State revolving fund loan payable	<u>7,900</u>
Total current liabilities	<u>103,010</u>
Noncurrent liabilities	
Compensated absences	4,800
State revolving fund loan payable	<u>203,008</u>
Total noncurrent liabilities	<u>207,808</u>
Total liabilities	<u>310,818</u>
NET POSITION	
Invested in capital assets	2,801,244
Unrestricted	<u>235,946</u>
Total net position	<u>\$ 3,037,190</u>

See notes to financial statements.

TOWN OF BRANFORD, FLORIDA

**PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

For the Fiscal Year Ended September 30, 2020

	<u>Enterprise Fund</u>
OPERATING REVENUES	
Physical environment	
Water utility revenue	\$ 73,266
Garbage/solid waste revenue	195,072
Sewer utility revenue	159,960
Miscellaneous revenues	<u>3,915</u>
Total operating revenues	<u>432,213</u>
OPERATING EXPENSES	
Financial and administrative	
Personnel services	
Regular salaries	68,875
Payroll taxes and benefits	<u>31,200</u>
Total personnel services	<u>100,075</u>
Operating expenses	
Office supplies	2,474
Dues	757
Other current charges and obligations	<u>2,540</u>
Total operating expenses	<u>5,771</u>
Total financial and administrative	<u>105,846</u>
Water utility services	
Personnel services	
Regular salaries	11,652
Payroll taxes and benefits	<u>18,281</u>
Total personnel services	<u>29,933</u>
Operating expenses	
Depreciation	4,790
Professional services	12,131
Repair and maintenance	25,175
Other current charges and obligations	<u>16,026</u>
Total operating expenses	<u>58,122</u>
Total water utility services	<u>88,055</u>

(continued)

TOWN OF BRANFORD, FLORIDA

**PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

For the Fiscal Year Ended September 30, 2020

Garbage and solid waste services	
Operating expenses	
Other contractual services	159,891
	<hr/>
Total garbage and solid waste services	159,891
	<hr/>
Sewer services	
Personnel services	
Regular salaries	843
Payroll taxes and benefits	34,849
Total personnel services	35,692
	<hr/>
Operating expenses	
Depreciation	89,919
Utility services taxes	24,590
Repair and maintenance	29,043
Other current charges and obligations	22,508
Total operating expenses	166,060
	<hr/>
Total sewer services	201,752
	<hr/>
Total operating expenses	555,544
	<hr/>
Operating loss	(123,331)
	<hr/>
NONOPERATING REVENUES	
State revolving fund loan principal forgiveness	44,505
Utility services taxes	83,867
Interest on investments	307
	<hr/>
	128,679
	<hr/>
Change in net position	5,348
	<hr/>
Net position, beginning of year	3,031,842
Net position, end of year	\$ 3,037,190
	<hr/> <hr/>

See notes to financial statements.

TOWN OF BRANFORD, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Fiscal Year Ended September 30, 2020

	Enterprise Fund
Cash flows from operating activities	
Cash received from customers and users	\$ 434,774
Cash paid to suppliers	(280,882)
Cash paid to employees	(167,085)
Net cash used for operating activities	(13,193)
 Cash flows from non-capital financing activities	
Utility services tax	83,886
Acquisition of capital assets	(109,503)
Grant receipts	97,783
Net cash provided by non-capital financing activities	72,166
 Cash flows from investing activities	
Earnings on investments	307
Net cash provided by investing activities	307
 Net increase in cash	59,280
 Cash, October 1, 2019	439,673
Cash, September 30, 2020	\$ 498,953

(continued)

See notes to financial statements.

TOWN OF BRANFORD, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

For the Fiscal Year Ended September 30, 2020

**RECONCILIATION OF OPERATING LOSS TO NET CASH
USED FOR OPERATING ACTIVITIES**

	<u>Enterprise Fund</u>
Operating loss	<u>\$ (123,331)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	94,710
(Increase)/decrease in assets	
Accounts receivable	4,091
Due from others	-
Increase/(decrease) in liabilities	
Accounts payable	14,252
Accrued compensated absences	(814)
Other accrued liabilities	(169)
Allowance for bad debts	(402)
Customer deposit liability	(1,530)
Total adjustments	<u>110,138</u>
Net cash used for operating activities	<u>\$ (13,193)</u>

See notes to financial statements.

TOWN OF BRANFORD, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Branford (the Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting principles. Pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, are not applied in the preparation of the financial statements of the proprietary fund type in accordance with GASB Statement 20. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

In June, 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement 34-Basic Financial Statement and Management's Discussion and Analysis – for State and Local Governments. As provided by GASB 34, the Town has elected not to report retroactive infrastructure improvements in its financial statements due to the fact that its annual revenues are less than ten million. The Town has implemented all other applicable provisions of this Statement.

A. Reporting Entity - The Town of Branford, Florida is a municipal, political subdivision of the State of Florida created pursuant to the provisions of Chapter 165, *Florida Statutes*. The present Town of Branford was created and organized under Chapter 61-1899 of *Special Acts of Florida*. Accordingly, it is controlled by the Florida Constitution and various Florida Statutes as well as its own local charter, ordinances and policies. It is governed by an elected Mayor and Town Council.

In evaluating how to define the Town, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, management determined that no component units existed which should be included within the reporting entity.

B. Measurement Focus and Basis of Accounting - The basic financial statements of the Town are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

1. Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are 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. Likewise, the primary government is generally reported separately from any legally separate component unit for which the primary government is financially accountable.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and agency fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33 - Accounting and Financial Reporting for Nonexchange Transactions.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. As applicable, the Town also chooses to eliminate the indirect costs between governmental activities to avoid the "doubling up" effect.

2. Fund Financial Statements

The underlying accounting system of the Town is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the Town's governmental and proprietary funds are presented after the government-wide financial statements. These statements display information about major funds individually, and any nonmajor funds in the aggregate for governmental and enterprise funds.

Governmental Funds - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Franchise fees, licenses, sales taxes, gas taxes, operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the Town.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be measure of "available spendable resources." Governmental funds operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Any non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Non-current portions of other long-term receivables are offset by fund balance reserve accounts. Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary Funds - The Town's Water, Sewer and Solid Waste Enterprise Fund is a proprietary fund. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods and services are delivered. In the fund financial statements, proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position. The Town applies all GASB pronouncements as well as all FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins, issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, taxes, and investment earnings, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than as an expense.

C. Basis of Accounting - GASB Statement 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures, expenses of either fund category and the governmental and enterprise combined) for the determination of major funds. The Town has used GASB 34 minimum criteria for major fund determination. The Town has two major funds as follows:

1. **Governmental Major Fund:**
General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund.
2. **Proprietary Major Fund:**
Enterprise Fund - The Enterprise Fund accounts for the revenues, expenses, assets, and liabilities associated with the Town operated water, sewer, and solid waste disposal services.

Non-current Governmental Assets/Liabilities:

GASB Statement 34 requires non-current governmental assets, such as land and building, and noncurrent governmental liabilities, such as general obligation bonds and capital leases, be reported in the governmental activities column in the government-wide statement of net position.

D. Assets, Liabilities and Net Position or Equity

1. **Cash and Investments** - Cash includes amounts in demand deposits as well as short-term money market investment accounts. Investments, consisting of certificates of deposit, are stated at cost which approximates market value. All such deposits and investments are insured and collateralized as required by state law.
2. **Allowance for Doubtful Accounts** - As applicable year-to-year, the Town provides an allowance for Enterprise Fund accounts receivable that may become uncollectible. At September 30, 2020, there was an allowance for doubtful accounts for water, sewer, and garbage billings of \$4,369.
3. **Receivables and Payables** - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All receivables are shown net of an allowance for doubtful accounts. Any receivables in excess of 180 days would comprise the trade accounts receivable allowance for doubtful accounts.

4. **Inventories** - The costs of governmental and enterprise fund inventories are recorded as expenditures when purchased rather than when consumed. The actual amounts of any inventory type goods on hand at year end would not be material.
5. **Restricted Assets** - Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The “revenue bond current debt service” account is used to segregate resources accumulated for debt service payments over the next twelve months. The “revenue bond reserve” account is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account, and to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. The cash proceeds of enterprise fund customer deposits are also shown as restricted assets.
6. **Encumbrances** - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not utilized by the Town.
7. **Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, right-of-ways, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$500 or more and an estimated useful life in excess of one year. Except for roads and bridges constructed prior to October 1, 1981, assets are recorded at historical cost. Roads and bridges constructed prior to October 1, 1981 are generally not reported. Donated capital assets are recorded at estimated fair market value at the date of donations.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the Town, as well as of component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and improvements	10 - 50
Machinery and equipment	5 - 15
Street and related infrastructure	10 - 40

8. **Capitalization of Interest** - Interest related to borrowings are capitalized during the construction period. These costs are netted against applicable interest earnings on construction fund investments. During the current period, the Town did not have any capitalized interest.
9. **Deferred Revenues** - Deferred revenues reported in government-wide financial statements represent unearned revenues. The deferred revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred revenues reported in governmental fund financial statements represent unearned revenues

which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as deferred revenues.

10. Accrued Compensated Absences - The Town accrues accumulated unpaid vacation and sick leave when earned by the employee. The current portion is the amount estimated to be used in the following year. The non-current portion is the amount estimated to be used in subsequent fiscal years. Both the current and non-current estimated accrued compensated absences amounts for governmental funds are maintained separately and represent a reconciling item between the fund and government-wide presentation, as applicable year to year.

11. Fund Balances/Net position

A. Governmental Funds

As of September 30, 2020, fund balances of the governmental funds are classified as follows:

Non-spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purpose because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Town Council. The Town Council is the highest level of decision making authority for the Town. Commitments may be established, modified or rescinded only through ordinances or resolutions approved by the Town Council.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Town's general policy, only the Town Council may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

As of September 30, 2020, fund balances are composed of the following:

Restricted for:		
Recreation	\$	319,775
Infrastructure		39,828
Assigned for:		
Cemetery		133,468
Transportation		95,639
Fire control		5,000
Unassigned		173,275
	\$	<u>766,985</u>

When an expenditure is incurred for purposes to which both restricted and unrestricted fund balance is available, the Town considered restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town Council has provided otherwise in its commitment or assignment actions.

B. Proprietary Funds

Restrictions of equity show amounts that are not appropriated for expenditures or are legally restricted for specific uses.

As of September 30, 2020, net position is composed of the following:

	<u>Amount</u>
Invested in capital assets, net	\$2,801,244
Unrestricted	<u>235,946</u>
	<u>\$3,037,190</u>

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide State of Net Position.

“Total fund balances” of the Town’s governmental funds \$766,985 differs from “net position” of governmental activities \$3,493,405 reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental funds balance sheet.

Capital related items

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of these assets are reported as expenditures in governmental funds. However, the statement of net position included those capital assets among the assets of the Town as a whole.

Cost of capital assets	\$ 4,459,573
Accumulated depreciation	<u>(1,464,808)</u>
Total	<u>\$ 2,994,765</u>

Long-term debt transactions

Long-term liabilities applicable to the Town’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net position. Balance at September 30, 2019, was:

Notes payable	\$(262,480)
Compensated absences	<u>(5,865)</u>
	<u>\$ (268,345)</u>

TOWN OF BRANFORD, FLORIDA

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Differences Between the Governmental Fund Balance Sheet and the Statement of Net position

	Total Governmental Fund	Capital Related Items	Long-term Debt Transactions	Statement of Net Position
ASSETS				
Cash and cash equivalents	\$ 711,566	\$ -	\$ -	\$ 711,566
Due from other funds	-	-	-	-
Due from other governmental units	-	-	-	-
Investments	56,319	-	-	56,319
Capital assets - net	-	2,994,765	-	2,994,765
Total assets	\$ 779,103	\$ 2,994,765	\$ -	\$ 3,773,868
LIABILITIES AND FUND EQUITY				
Accounts payable	\$ 10,244	\$ -	\$ -	\$ 10,244
Accrued liabilities	874	-	-	874
Customer deposits	1,000	-	-	1,000
Notes payable	-	-	262,480	262,480
Accrued compensated absences	-	-	5,865	5,865
Total liabilities	12,118	-	268,345	280,463
Total fund balance	766,985	2,994,765	(268,345)	3,493,405
Total liabilities and fund balances/net position	\$ 779,103	\$ 2,994,765	\$ -	\$ 3,773,868

B. Explanation of Differences Between Governmental Fund Operating Statements and the Statement of Activities

The “net change in fund balances” for governmental funds \$80,880 differs from the “change in net position” for governmental activities \$161,739 reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net position decrease by the amount of depreciation expense charges for the year.

Capital outlay	\$ 179,599
Depreciation expense	(158,502)
Total	<u>\$ 21,097</u>

Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, are reported as expenditures in governmental funds.

Payment of long-term debt	\$ 61,134
Increase in compensated absences	(1,372)
	<u>\$ 59,762</u>

TOWN OF BRANFORD, FLORIDA

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

B. Explanation of Differences Between Government Fund Operating Statements and the Statement of Activities

	Total Governmental Fund	Capital Related Items	Long-term Debt Transactions	Statement of Activities
REVENUES				
Taxes	\$ 380,048	\$ -	\$ -	\$ 380,048
Licenses and permits	3,652	-	-	3,652
Intergovernmental	417,993	-	-	417,993
Charges for services	19,133	-	-	19,133
Fines and forfeitures	967	-	-	967
Interest	2,064	-	-	2,064
Miscellaneous	32,721	-	-	32,721
Total revenues	856,578	-	-	856,578
EXPENDITURES				
Current expenditures				
General government	190,844	29,967	1,372	222,183
Public safety	84,356	5,087	-	89,443
Physical environment	57,552	29,018	-	86,570
Economic environment	67,400	-	-	67,400
Transportation	26,234	21,093	-	47,327
Culture/recreation	100,316	73,337	-	173,653
Capital outlay				
General government	4,427	(4,427)	-	-
Public safety	148,301	(148,301)	-	-
Physical environment	10,463	(10,463)	-	-
Culture/recreation	16,408	(16,408)	-	-
Debt Service				
Principal	61,134	-	(61,134)	-
Interest	8,263	-	-	8,263
Total expenditures	775,698	(21,097)	(59,762)	694,839
Net change in fund balance	80,880	21,097	59,762	161,739
Fund balance at beginning of year	686,105	2,973,668	(328,107)	3,331,666
Fund balance at end of year	\$ 766,985	\$ 2,994,765	\$ (268,345)	\$ 3,493,405

NOTE 3. LEGAL COMPLIANCE–BUDGETS

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the Town Council develops a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to September 30, the budget is legally enacted by the Town Council through passage of an ordinance.
4. Any revision that alters the total expenditures of any fund or transfers budgeted amounts between departments within any fund must be approved by the Town Council.
5. Budgets for all Town funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the Town Council. Individual amendments were not material in relation to the original appropriations which were amended.

NOTE 4. PROPERTY TAX REVENUES

Taxable values for all property are established as of January 1, which is the date of lien, for the fiscal year starting October 1. Property tax revenues recognized for the 2019-2020 fiscal year were levied in October 2019. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount. All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to June 1; therefore, there were no material taxes receivable at fiscal year end.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities				
Capital assets:				
Non-depreciable				
Land	\$ 267,735	\$ -	\$ -	\$ 267,735
Construction in progress	10,420	-	-	10,420
Depreciable				
Buildings and improvements	924,800	148,301	-	1,073,101
Improvements other than buildings	2,680,231	12,863	-	2,693,094
Equipment and vehicles	396,789	18,434	-	415,223
Total capital assets	4,279,975	179,598	-	4,459,573
Less accumulated depreciation	(1,306,306)	(158,502)	-	(1,464,808)
Governmental activities capital assets, net	\$ 2,973,669	\$ 21,096	\$ -	\$ 2,994,765
Business-type activities:				
Non-depreciable				
Construction in progress	\$ 731,643	\$ 85,587	\$ -	\$ 817,230
Depreciable				
Buildings and improvements	3,829,166	-	-	3,829,166
Machinery and equipment	46,909	23,916	-	70,825
Total capital assets	4,607,718	109,503	-	4,717,221
Less accumulated depreciation	(1,821,268)	(94,709)	-	(1,915,977)
Business-type activities capital assets, net	\$ 2,786,450	\$ 14,794	\$ -	\$ 2,801,244

Depreciation expense was charged to functions/programs of the Town as follows:

Governmental activities:	
General government	\$ 29,967
Public safety	5,087
Physical environment	29,018
Transportation	21,093
Culture/recreation	73,337
Total depreciation expense - governmental activities	\$ 158,502
Business-type activities:	
Water utility	\$ 4,790
Sewer utility	89,919
Total depreciation expense - business-type activities	\$ 94,709

NOTE 6. RECEIVABLE AND PAYABLE BALANCES

Receivables

Receivables at September 30, 2020, were as follows:

	Accounts*	Due from State	Total Receivables
Governmental activities:			
General	\$ -	\$ 11,218	\$ 11,218
Business-type activities			
Enterprise	47,811	-	47,811
	<u>\$ 47,811</u>	<u>\$ 11,218</u>	<u>\$ 59,029</u>

*Net of allowance for bad debts of \$4,369.

Payables

Payables at September 30, 2020, were as follows:

	Vendors
Governmental activities:	
General	\$ 10,244
Business-type activities:	
Enterprise	30,020
	<u>\$ 40,264</u>

NOTE 7. LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Notes payable	\$ 323,144	\$ -	\$ (60,664)	\$ 262,480	\$ 62,687
Compensated absences	4,476	1,372	-	5,848	671
Total governmental activities	<u>\$ 327,620</u>	<u>\$ 1,372</u>	<u>\$ (60,664)</u>	<u>\$ 268,328</u>	<u>\$ 63,358</u>
Business-type Activities					
State revolving fund loan payment	143,086	67,822	-	\$ 210,908	7,900
Compensated absences	\$ 5,782	\$ 83	\$ -	\$ 5,865	\$ 969
Total business-type activities	<u>\$ 148,868</u>	<u>\$ 67,905</u>	<u>\$ -</u>	<u>\$ 216,773</u>	<u>\$ 8,869</u>

On February 8, 2017, the Town closed on a loan from Capital City Bank in the amount of \$235,000. The proceeds of this loan were used to purchase property for the construction of a new Town Hall. The Town is paying ten equal annual payments in the amount of \$26,999 at an interest rate of 2.57%, with the first payment due on February 8, 2018. Future debt service requirements are as follows:

YEAR	PRINCIPAL	INTEREST	TOTAL
2021	\$ 22,550	\$ 4,460	\$ 27,010
2022	23,138	3,861	26,999
2023	23,741	3,258	26,999
2024	24,360	2,639	26,999
2025	24,995	2,004	26,999
2026-2027	51,940	2,039	53,979
	<u>\$ 170,724</u>	<u>\$ 18,261</u>	<u>\$ 188,985</u>

On September 28, 2017, the Town closed on a loan from Capital City Bank for \$147,200. The proceeds of this loan were used to purchase property for the improvement of the Town park. The Town is paying five equal annual payments in the amount of \$31,634 at an interest rate of 2.41%, with the first payment due on September 28, 2018. Future debt service requirements are as follows:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2021	\$ 30,143	\$ 1,491	\$ 31,634
2022	30,873	754	31,627
	<u>\$ 61,016</u>	<u>\$ 2,245</u>	<u>\$ 63,261</u>

On November 2, 2017 the Town closed on a new loan from Capital City Bank for \$50,000. The proceeds from this loan were used to continue the renovation process on the recently acquired Town Hall building. The Town is paying five annual installments in the amount of \$10,764 at an interest rate of 2.47% with the first payment due on November 2, 2018. Future debt service requirements are as follows:

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2021	\$ 9,994	\$ 770	\$ 10,764
2022	10,245	519	10,764
2023	10,501	263	10,764
	<u>\$ 30,740</u>	<u>\$ 1,552</u>	<u>\$ 32,292</u>

In September 2018, the Town amended a clean water state revolving fund loan agreement with the Florida Department of Environmental Protection. Funds from the loan are purposed to be used by the Town to continue the building of an effluent water tank. The amendment increased the amount of the loan to \$599,433; the Department has agreed to forgive \$374,440 of the loan's principal, and \$11,989 of service fees have brought the amount that will be ultimately owed back to \$236,982. The department disburses amounts of the zero-interest loan as requested by the Town upon completion of tasks associated with the effluent water tank's construction. Beginning July 2019 the Town will remit 60 semi-annual payments in the amount of \$3,950 every July and January that will be completely applied to the amount owed. As of September 30, 2020, the Town had received \$116,214 with \$3,955 of principal forgiveness leaving a loan balance of \$210,908 on the books. The Town expects to draw the remaining funds of this agreement in the coming months. Future debt service requirements when funds are fully drawn are as follows:

<u>YEAR</u>	<u>PRINCIPAL</u>
2021	\$ 7,900
2022	7,900
2023	7,900
2024	7,900
2025	7,900
2025-2028	23,700
2029-2033	31,600
2034-2038	31,600
2039-2043	39,500
2044-2049	45,008
	<u>\$ 210,908</u>

NOTE 8. RETIREMENT SYSTEM

The Town maintains a "Money Purchase Pension Plan" for its full-time employees. The plan provides for 100 percent vesting after six years. This plan is fully funded by the Town and contributions approximate 13 percent of salaries. The plan is a defined contribution plan and is administered through a contractual arrangement. All full time employees are eligible to be included in the plan after one year of service, except elected officials. The contributions paid during the year totaled \$17,607. The Town reflects costs for the plan as contributions are paid.

Contributions in 2020, 2019, and 2018 were \$17,607, \$15,344, and \$13,714

NOTE 9. CONTINGENT LIABILITIES

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

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) was characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Country. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

NOTE 10. LONG-TERM CONTRACTS

Effective April 1, 2015, the Town extended a contract with Waste Pro of Florida for the residential and commercial collection of solid waste within the Town. The contract is for a five year term. The contract fees are payable monthly based upon a unit price schedule and actual units serviced. In the current year, \$159,891 was paid under the contract.

NOTE 11. RISK MANAGEMENT

The Town is exposed to various risks of loss related to theft of, damage to and destruction of assets; and injury or death on the job of all employees. These risks are primarily covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial or worker's compensation insurance coverage for the past three years. There has been no reduction in insurance coverage from the previous year.

NOTE 12. OTHER POST EMPLOYMENT BENEFITS

Pursuant to the provisions of section 112.8011, Florida Statutes, former employees and eligible dependents who retire from the Town, may continue to participate in the Town's fully insured health and hospitalization plan. These retirees are completely responsible for payment of their insurance premiums and the Town does not contribute toward this payment. Based upon prior experience, the assumed participation rate is zero percent and current insurance premiums are not affected by the requirements of section 112.8011, Florida Statutes. An actuarial projection with a zero assumed participation rate, which is consistent with actual results, would result in an Other Post Employment Benefit (OPEB) obligation of zero. Accordingly, there is no OPEB obligation recorded in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BRANFORD, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2020

	Budgeted Amounts Original & Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes			
Ad valorem taxes			
Current ad valorem taxes	\$ 137,820	\$ 141,512	\$ 3,692
Sales and use taxes			
County infrastructure surtax	73,750	71,132	(2,618)
Local option gas tax/ alternative fuel	31,000	31,163	163
Communications services tax	36,400	62,346	25,946
Franchise fees			
Electricity	70,000	73,895	3,895
Total taxes	<u>348,970</u>	<u>380,048</u>	<u>31,078</u>
Licenses and permits			
Professional and occupational	1,000	3,592	2,592
Other licenses and permits	-	60	60
Total licenses and permits	<u>1,000</u>	<u>3,652</u>	<u>2,652</u>
Intergovernmental revenue			
State grant	-	133,025	133,025
State shared revenues			
General government			
State revenue sharing	28,000	27,362	(638)
Mobile home licenses	400	202	(198)
Alcoholic beverage licenses	250	524	274
Local government half-cent sales tax	35,500	34,959	(541)
Grants from other local units			
Culture/recreation	151,386	151,386	-
Payments in lieu of taxes	1,800	3,135	1,335
Total intergovernmental revenue	<u>217,336</u>	<u>350,593</u>	<u>133,257</u>
Charges for services			
General government			
Zoning fees	1,000	-	(1,000)
Certification, copying, record search	200	39	(161)

(continued)

TOWN OF BRANFORD, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2020

	Budgeted Amounts Original & Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Charges for services (continued)			
Public safety			
Fire protection services	\$ 1,500	\$ 100	\$ (1,400)
Lighting & maintenance	13,748	15,690	1,942
Physical environment			
Other physical environment	100	600	500
Culture/recreation			
Farmers market fees	-	-	-
Civic center fees	5,000	2,704	(2,296)
Total charges for services	<u>21,548</u>	<u>19,133</u>	<u>(2,415)</u>
Fines and forfeitures			
Court cases			
Court fines	500	967	467
Miscellaneous			
Interest earnings			
Interest on investments	2,500	2,064	(436)
Cemetery			
Lot fees	8,000	26,800	18,800
Skate Park-donations/fundraiser			-
Other miscellaneous	2,500	5,921	3,421
Total miscellaneous	<u>13,000</u>	<u>34,785</u>	<u>21,785</u>
Total revenues	<u>602,354</u>	<u>789,178</u>	<u>186,824</u>
EXPENDITURES			
General government			
Legislative			
Personnel services	52,642	52,007	635
Operating expenses	3,000	1,678	1,322
Total legislative	<u>55,642</u>	<u>53,685</u>	<u>1,957</u>
Financial and administrative			
Personnel services	59,067	61,508	(2,441)
Operating expenses	28,000	19,481	8,519
Capital outlay	1,000	2,027	(1,027)
Total financial and administrative	<u>88,067</u>	<u>83,016</u>	<u>5,051</u>

(continued)

TOWN OF BRANFORD, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2020

	Budgeted Amounts Original & Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Legal counsel			
Operating expenses	\$ 21,000	\$ 6,395	\$ 14,605
Comprehensive planning			
Operating expenses	11,000	7,500	3,500
Other general government			
Operating expenses	20,000	42,275	(22,275)
Capital outlay	-	2,400	(2,400)
Debt service - principal	37,763	61,134	(23,371)
Debt service - interest	-	8,263	(8,263)
Total other general government	57,763	114,072	(56,309)
Total general government	233,472	264,668	(31,196)
Public safety			
Law enforcement			
Operating expenses	42,000	52,500	(10,500)
Fire control			
Operating expenses	27,850	31,639	(3,789)
Capital outlay	23,200	148,301	(125,101)
Total fire control	51,050	179,940	(128,890)
Code enforcement			
Operating expenses	5,000	217	4,783
Total code enforcement	5,000	217	4,783
Total public safety	98,050	232,657	(134,607)
Physical environment			
Other physical environment			
Personnel services	55,927	64,194	(8,267)
Operating expenses	5,000	3,236	1,764
Capital outlay	-	-	-
Total other physical environment	60,927	67,430	(6,503)
Cemetery			
Operating expenses	500	585	(85)
Total physical environment	61,427	68,015	(6,588)
Transportation			
Roads and streets			
Operating expenses	34,500	26,234	8,266
Capital outlay	18,625	-	18,625
Total roads and streets	53,125	26,234	26,891
Total transportation	53,125	26,234	26,891

(continued)

TOWN OF BRANFORD, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2020

	Budgeted Amounts Original & Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Human services			
Health			
Operating expenses	\$ 500	\$ -	\$ 500
Total human services	<u>500</u>	<u>-</u>	<u>500</u>
Culture/recreation			
Parks and recreation			
Personnel services	38,977	23,791	15,186
Operating expenses	38,775	42,563	(3,788)
Infrastructure improvements	-	16,408	(16,408)
Grants and aids	42,000	23,499	18,501
Capital outlay	-	10,463	(10,463)
Debt service	31,634	-	31,634
Total culture/recreation	<u>151,386</u>	<u>116,724</u>	<u>34,662</u>
Total expenditures	<u>597,960</u>	<u>708,298</u>	<u>(110,338)</u>
Excess of revenues over expenditures	4,394	80,880	76,486
Fund balances at beginning of year	686,105	686,105	-
Fund balances at end of year	<u>\$ 690,499</u>	<u>\$ 766,985</u>	<u>\$ (76,486)</u>

See notes to financial statements.

**TOWN OF BRANFORD, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2020**

I. Stewardship, Compliance, and Accountability

- A. Budgetary information.** The Town, in establishing its budgetary data reflected in the financial statements follows the procedures set out in Chapters 166 and 200, *Florida Statutes*. The Town prepares a tentative budget, which is used by the Town at a public workshop to prepare the budgets for the coming year. Public hearings are conducted to obtain taxpayer comments. Subsequently, these budgets are legally adopted through the passage of a resolution at an advertised public session. Such actions are recorded in the Town's minutes.

The budget is adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America (GAAP). The only exception to the GAAP basis is the Enterprise Fund, where depreciation is not budgeted for capital assets, while capital outlay expenditures are budgeted and are reclassified into fixed assets. These are then eliminated from the results of operations for financial reporting purposes in the Enterprise Fund. Estimated beginning fund balances are considered in the budgetary process, but are not included in the financial statements as budgeted revenues.

The annual budget serves as the legal authorization for expenditures. All budget amendments, which change the legally adopted total appropriation for a fund, are approved by the Town Council.

If during the fiscal year, additional revenue becomes available for appropriations in excess of those estimated in the budget, the Town Council, by resolution, may make supplemental appropriations for the year up to the amount of such excess.

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the Town Clerk submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted in August and September to obtain taxpayer comments.
3. Prior to November 1, the budget is legally enacted through passage of an ordinance.
4. The legal level of budgetary control is the department level; however, the Town Council may, by formal motion, transfer appropriations between departments and may use surplus revenues not appropriated in the budget for any municipal purpose.
5. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America for governmental fund types.

TOWN OF BRANFORD, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Fiscal Year Ended September 30, 2020

Federal Grantor/State Grantor/ Pass-Through Grantor/ Program Title	CSFA Number	Grantor Number	Program Award/Matching Amount	Received/ Reported Prior Year	Current Year Revenues	Current Year Expenditures
FEDERAL AWARDS						
Non-major programs						
<i>U.S. Department of Housing and Urban Development</i>						
Passed through the Florida Department						
of Economic Opportunity						
	14.228	18DBOL037102N16	\$ 600,000	\$ 5,000	\$ 67,400	\$ 67,400
U.S. Environmental Protection Agency						
Passed through the Florida Department of						
Environmental Protection						
Clean Water State Revolving Fund						
	66.458	WW610110	508,448	388,835	116,214	116,214
Total federal awards						
			<u>\$ 1,108,448</u>	<u>\$ 393,835</u>	<u>\$ 183,614</u>	<u>\$ 183,614</u>
STATE FINANCIAL ASSISTANCE						
<i>Florida Fish and Wildlife Conservation Commission</i>						
Florida Boating Improvement Program						
	77.066	15088	223,300	179,781	33,025	33,962
Total state financial assistance						
			<u>\$ 223,300</u>	<u>\$ 179,781</u>	<u>\$ 33,025</u>	<u>\$ 33,962</u>

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

TOWN OF BRANFORD, FLORIDA

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

For the Fiscal Year Ended September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying policies and presentation of the Schedule of Expenditures of Federal and State Financial Assistance of the Town of Branford, Florida, (the "Town") have been designed to conform to generally accepted accounting principles applicable to governmental units, including the reporting and compliance requirements of the Audits of States, Local Governments, and Non-Profit Organizations and Office of Management and Budget *Uniform Guidance*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*.

- **Reporting Entity**

This reporting entity consists of the Town of Branford, Florida. The Town includes a Schedule of Expenditures of Federal Awards and State Financial Assistance in the Compliance Section for the purpose of additional analysis.

- **Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus.

The modified accrual basis of accounting is followed in the Schedule of Expenditures of Federal Awards and State Financial Assistance. Under the modified accrual basis, revenues are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

COMPLIANCE SECTION

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

To the Mayor and Members
of the Town Council
Town of Branford, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Branford, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Branford, Florida's basic financial statements, and have issued our report thereon dated June 8, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Branford, Florida's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Branford, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Branford, Florida's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. However, we identified the following deficiency in internal control over financial reporting that we consider to be a significant deficiency in internal control over financial reporting.

Finding 2010-1 (Excess of second preceding year)

Financial Statement Preparation

A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. While your auditor can assist with the preparation of your financial statements and related footnotes, the financial statements are the responsibility of management. A deficiency in internal control exists when the government does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in instances where the Town of Branford, Florida is not capable of drafting the financial

statements and all required footnotes disclosures in accordance with generally accepted accounting principles. Possessing suitable skill, knowledge, or experience to oversee services an auditor provides in assisting with financial statement presentation requires a lower level of technical knowledge than the competence required to prepare the financial statements and disclosures.

MANAGEMENT'S RESPONSE

We agree with this finding. We are a very small government and have used our available resources to employ a competent bookkeeper who maintains excellent accounting records and provides accurate monthly financial reports prepared generally on the cash basis. We likewise have confidence in our audit firm to utilize these records and prepare annual financial statements in the required formats and with all associated note disclosures. Both the Mayor and Town Council review the annual financial reports and have the opportunity to ask the auditor any questions regarding the report prior to its formal presentation. The report is formally presented by the auditor at a scheduled meeting of the Town Council.

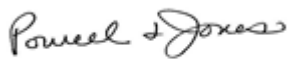
At this time, we do not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. We thus accept this required disclosure finding and will continue to monitor this situation in the future.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Branford, Florida's financial statements are free from 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



POWELL & JONES

Certified Public Accountants
June 8, 2021

**MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL**

To the Town Council
Town of Branford, Florida

We have audited the basic financial statements of the Town of Branford, Florida, as of and for the year ended September 30, 2020, and have issued our report thereon dated June 8, 2021.

We have issued our Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards dated June 8, 2021. Disclosures in that report should be considered in conjunction with this management letter.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and *Government Auditing Standards* issued by the Comptroller General of the United States. 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 the following be addressed in this letter.

PRIOR YEAR FINDINGS

There were no reportable findings in the prior year, applicable to the management letter.

CURRENT YEAR FINDINGS

There were no reportable findings during the current year, applicable to the management letter.

FINANCIAL COMPLIANCE MATTERS

Financial Emergency Status – We have determined that the Town of Branford, Florida did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*, that might result in a financial emergency.

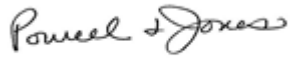
Financial Condition Assessment – As required by the *Rules of the Auditor General*, (Sections 10.554(1)(l)5.a and 10.556(7)), we applied financial condition assessment procedures. It is management’s responsibility to monitor the entity’s financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information they provided.

We noted no deteriorating financial conditions as defined by Rule 10.554(2)(f).

Our audit did not disclose any further items that would be required to be reported under the *Rules of the Auditor General*, Chapter 10.550.

CONCLUSION

We very much enjoyed the challenges and experiences associated with our audit of the Town. We appreciate the courtesy and helpful assistance afforded us by Town employees and officials in completing our audit and also the generally high quality of the Town's financial records and internal controls.

A handwritten signature in cursive script that reads "Powell & Jones". The signature is contained within a thin black rectangular border.

POWELL & JONES
Certified Public Accountants
June 8, 2021

INDEPENDENT ACCOUNTANT'S REPORT

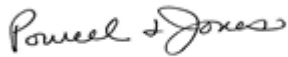
To the Town Council
Town of Branford, Florida

We have examined the Town of Branford, Florida's compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2020. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

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



POWELL & JONES
Certified Public Accountants
June 8, 2021

Communication with Those Charged with Governance

To the Town Council
Town of Branford, Florida

We have audited the financial statements of the Town of Branford, Florida for the year ended September 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive estimates affecting the Town's financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 8, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

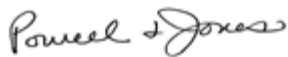
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Very truly yours,



POWELL & JONES
Certified Public Accountants
June 8, 2021