

Town of Bascom, Florida

ANNUAL FINANCIAL REPORT

September 30, 2022

Town of Bascom, Florida, Florida

September 30, 2022

MAYOR

Billy James

COUNCIL MEMBERS

Lori Anderson
Lana Trowell
Tony Pelham

TOWN CLERK

Crystal Martin

AUDITORS

Grimsley & Associates, P.A.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

GRIMSLEY & ASSOCIATES

Professional Association

Certified Public Accountants

MEMBER
FLORIDA INSTITUTE AND
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

OWEN W. GRIMSLEY, C.P.A.

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Town Council
Town of Bascom, Florida
Bascom, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Bascom, Florida, Florida as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Bascom, Florida's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Bascom, Florida, as of September 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Bascom, Florida, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Bascom, Florida's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Bascom, Florida's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Bascom, Florida's ability to continue as a going concern for a reasonable period of time.

Honorable Mayor and Town Council
Town of Bascom
Bascom, Florida
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We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 4-7 and 24 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2023, on our consideration of the Town of Bascom, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Bascom, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Bascom, Florida's internal control over financial reporting and compliance.

Grimsley & Associates

Marianna, Florida
November 8, 2023

Grimsley & Associates, P.A.
Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Bascom, Florida
Management's Discussion and Analysis
Year Ended September 30, 2022

The Town of Bascom's (the "Town") discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

Since the Management Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Town's financial statement.

Financial Highlights

The assets of the Town of Bascom, Florida exceeded its liabilities at September 30, 2022 by \$366,443 (net position). Of this amount, \$154,599 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.

As of September 30, 2022 the Town of Bascom, Florida's governmental fund reported an ending fund balance of \$154,599, of this amount \$154,599 is unassigned.

Using This Annual Report

The financial statement's focus is on both the Town as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the Town's accountability.

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements, which are comprised of three components: 1) government-wide financial statement, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements

Government-wide financial statements provide both long-term and short-term information about the Town's overall financial conditions. Changes in the Town's financial position may be measured over time by increases and decreases in the Statement of Net Position. Information on how the Town's net assets changed during the fiscal year is presented in the Statement of Activities.

Town of Bascom, Florida
Management's Discussion and Analysis
Year Ended September 30, 2022

Fund financial statements

Fund financial statements focus on individual parts of the Town, reporting the Town's operations in more detail than the government-wide financial statements. Fund Financial statements include the statements for governmental funds.

Notes to the financial statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Refer to Note 2 of the financial statements for more detailed information on the elements of the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by approximately \$366,443 at the close of the fiscal year ended September 30, 2022.

CONDENSED STATEMENT OF NET POSITION

	Governmental		Totals	
	Activities			
	2022	2021	2022	2021
Current and other assets	\$ 156,161	\$ -	\$ 156,161	\$ -
Non-current assets	211,844	-	211,844	-
Total Assets	368,005	-	368,005	-
Current and other liabilities	1,562	-	1,562	-
Long Term Liabilities	-	-	-	-
Total liabilities	1,562	-	1,562	-
Invested in capital assets, net of related debt	211,844	-	211,844	-
Unrestricted	154,599	-	154,599	-
Total net position	\$ 366,443	\$ -	\$ 366,443	\$ -

Town of Bascom, Florida
Management's Discussion and Analysis
Year Ended September 30, 2022

Statement of Activities

The following table reflects the condensed Statement of Activities for the current year:

CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities		Totals	
	2022	2021	2022	2021
Revenues				
Program Revenues				
Charges for services	\$ 6,114	\$ -	\$ 6,114	\$ -
Operating grants and contributions	-	-	-	-
Capital grants and contributions	72,598	-	72,598	-
Property taxes	-	-	-	-
Other taxes	44,131	-	44,131	-
Interest and investment earnings	-	-	-	-
Miscellaneous	744	-	744	-
Total revenues	123,587	-	123,587	-
Expenses				
Program activities:				
General government	45,073	-	45,073	-
Public Safety	573	-	-	-
Highways and streets	7,110	-	7,110	-
Culture and recreation	11,362	-	11,362	-
Business-type activities	-	-	-	-
Total expenses	64,118	-	64,118	-
Change in net assets	59,469	-	59,469	-
Net assets - beginning	306,974	-	2,508,696	-
Net assets - ending	\$ 366,443	\$ -	\$ 2,568,165	\$ -

Financial Analysis of the Town's Funds

This section provides an analysis of the balances and transactions of individual funds. As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

General Fund Budgetary Highlights

There were no differences between the original and final budget of the Town.

Town of Bascom, Florida
Management's Discussion and Analysis
Year Ended September 30, 2022

Capital Assets and Long-Term Debt

Detailed information about the Town's capital assets can be obtained in Notes of the Town's financial statements.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all of those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town of Bascom, Florida, P.O. Box 98, Bascom, Florida 32423.

FINANCIAL STATEMENTS

Town of Bascom, Florida
Statement of Net Position
September 30, 2022

	Primary Government	
	Governmental	
	<u>Activities</u>	<u>Total</u>
ASSETS		
Cash and Cash Equivalents	41,314	\$ 41,314
Certificates of Deposit	112,096	112,096
Accounts Receivable	858	858
Due from other Governments	1,893	1,893
Capital Assets:		
Land, Improvements, and Construction In Progress	45,344	45,344
Other Capital Assets, Net of Depreciation	166,500	166,500
Total Capital Assets	211,844	211,844
Total Assets	368,005	368,005
LIABILITIES		
Accounts Payable and Accrued Expenses	1,562	1,562
Total Liabilities	1,562	1,562
NET POSITION		
Invested in Capital Assets, Net of Related Debt	211,844	211,844
Unrestricted	154,599	154,599
Total Net Position	\$ 366,443	\$ 366,443

The notes to the financial statements are an integral part of this statement.

Town of Bascom, Florida
Statement of Activities
For the Year Ending September 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>	
					<u>Governmental Activities</u>	<u>Total</u>
Governmental Activities:						
General Government	\$ 45,073	\$ 14	\$ -	-	\$ (45,059)	\$ (45,059)
Public Safety	573	-	-	-	(573)	(573)
Transportation	7,110	-	-	-	(7,110)	(7,110)
Culture/Recreation	11,362	6,100	-	72,598	67,336	67,336
Total governmental activities	64,118	6,114	-	72,598	14,594	14,594
 Total primary government	\$ 64,118	\$ 6,114	\$ -	\$ 72,598	14,594	14,594
 General Revenues:						
Taxes:						
Taxes - Other					44,131	44,131
Miscellaneous					744	744
Total General Revenues and Transfers					44,875	44,875
Change in Net Position					59,469	59,469
Net Position - beginning					306,974	306,974
Net Position - ending					\$ 366,443	\$ 366,443

The notes to the financial statements are an integral part of this statement.

Town of Bascom, Florida
Balance Sheet
Governmental Funds
September 30, 2022

	General Fund	Total Governmental Funds
ASSETS		
Cash	\$ 41,314	\$ 41,314
Certificates of Deposit	112,096	112,096
Accounts Receivable	858	858
Due from other Governments	1,893	1,893
Total Assets	<u>\$ 156,161</u>	<u>\$ 156,161</u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable and Accrued Expenses	\$ 1,562	\$ 1,562
Total Liabilities	<u>1,562</u>	<u>1,562</u>
Fund Balances:		
Unassigned	<u>154,599</u>	<u>154,599</u>
Total Fund Balances	<u>154,599</u>	<u>154,599</u>
Total Liabilities, Deferred Inflows of Resources & Fund Balances	<u>\$ 156,161</u>	<u>\$ 156,161</u>

The notes to the financial statements are an integral part of this statement.

Town of Bascom, Florida
Reconciliation of Balance Sheet
To the Statement of Net Position
September 30, 2022

Total Fund Balances - Total Governmental Fund \$ 154,599

Amounts reported for governmental activities in
the Statement of Net Position are different
because:

Capital assets used in governmental activities
are not financial resources and therefore are
not reported in the funds.

211,844

Total Net Position

\$ 366,443

The notes to the financial statements are an integral part of this statement.

Town of Bascom, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ending September 30, 2022

	General Fund	Total Governmental Funds
REVENUES		
Taxes	\$ 21,271	\$ 21,271
Permits, Fees and Licenses	3,714	3,714
Intergovernmental Revenues	92,294	92,294
Charges for Services	6,114	6,114
Miscellaneous Revenues	194	194
Total Revenues	123,587	123,587
EXPENDITURES		
Current:		
General Government	41,082	41,082
Transportation	7,110	7,110
Culture/Recreation	3,483	3,483
Capital Outlay	80,895	80,895
Total Expenditures	132,570	132,570
Excess (deficiency) of revenues over expenditures	(8,983)	(8,983)
Net Change in Fund Balances	(8,983)	(8,983)
Fund Balances - beginning	163,582	163,582
Fund Balances - ending	\$ 154,599	\$ 154,599

The notes to the financial statements are an integral part of this statement.

Town of Bascom, Florida
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ending September 30, 2022

Net Change in Fund Balances - Total Governmental Funds	\$	(8,983)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay \$80,895 exceeded depreciation \$12,443.		<u>68,452</u>
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Change in Net Position of Governmental Activities	\$	<u>59,469</u>
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The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

Town of Bascom, Florida
Notes to Financial Statements
September 30, 2022

NOTE 1 – REPORTING ENTITY

The Town of Bascom, Florida (the “Town”) is a political subdivision of the State of Florida located in Jackson County, Florida. The Town was established in 1961, by an Act of the Florida legislature in Section 134 of the Act.

The Town is a Florida municipality governed by an elected five-member Town Council. The Town provides general government services.

As outlined in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, the Financial reporting entity consists of the primary government, and its component units, for which the primary government is considered to be financially accountable.

As required by generally accepted accounting principles, the accompanying financial statements present the Town as a primary government. A primary government is financially accountable for the organizations that made up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of the organization’s governing body and either it is able to impose its will on that organization or there is potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The primary government may also be financially accountable for governmental organizations that fiscally depend on it. In applying the above criteria, management has determined that there are no component units to be included within the reporting entity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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. Likewise, the primary government is reported separately from certain legally separate component units, if any, for which the primary government is financially accountable. 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 operation or capital requirements of a particular function or segment.

Town of Bascom, Florida
Notes to Financial Statements
September 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Government-wide and Fund Financial Statements - continued

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided from governmental funds. The Town has no proprietary funds.

The Town reports the following major governmental fund:

General 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. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. All of the current operating expenditures of the Town are financed through revenues received by the General Fund.

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. 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 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. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgements are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the governmental funds. Insurance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Town of Bascom, Florida
Notes to Financial Statements
September 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Budgets and Budgetary Accounting

General governmental revenue and expenditures accounted for in budgetary funds are controlled by a budgetary accounting system in accordance with various legal requirements which govern the Town's operations. Budgets are monitored at varying levels of classification detail; however, expenditures cannot legally exceed total appropriations at the individual fund level. All budget changes that affect the total of a fund's budget must be approved by the Town Council.

The budgetary information presented for the General Fund is prepared on the modified accrual basis. Encumbrances are not recorded. Unexpended items at year-end must be re-appropriated in the subsequent year.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

Investments

Investments consist of those certificates of deposit made locally in commercial banks with a maturity date greater than three months of the date acquired by the government. As the certificates of deposit are non-negotiable, they are recorded at cost which approximates fair value.

Receivables

All accounts receivable are deemed by management to be fully collectible; therefore, an allowance for doubtful account has not been established.

Due from (to) Other Funds

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."

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, right of ways, stormwater system, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements.

Town of Bascom, Florida
Notes to Financial Statements
September 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Capital Assets - Continued

Property, plant, and equipment with initial, individual costs that exceed \$1,000 and estimated useful lives of over one year are recorded as capital assets. Roads, bridges, and sidewalks are capitalized when their initial costs exceed \$25,000 and possess estimated useful lives of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extended its useful life are not capitalized.

GASB Statement No. 34 requires the Town to report and depreciate new infrastructure assets effective October 1, 2003. The retroactive reporting of infrastructure is not required by the Town. These infrastructure assets are likely to be the largest asset class of the Town. Neither their historical cost nor related depreciation has historically been reported in the financial statements.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives.

Assets	Years
Buildings	40
Improvements other than buildings	15
Machinery and equipment	5-10
Infrastructure	25

Major outlays for capital assets and improvements are capitalized as projects are constructed. For assets constructed with governmental fund resources, interest during construction is not capitalized.

Compensated Absences

The town has no employees. There is no personnel policy that addresses the issue of vacation or sick pay. No amounts have been accrued as of September 30, 2022.

Town of Bascom, Florida
Notes to Financial Statements
September 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Designations of Fund Equity

For governmental funds, fund balances should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on specific purposes for which amount in those funds can be spent.

- Nonspendable Fund Balance – amounts cannot be spent because either they are not in a spendable form or legally or contractually required to be maintained intact.
- Restricted Fund Balance – amounts that are restricted for specific purposes.
- Committed Fund Balance – amounts can only be used for specific purposes pursuant to constrains imposed by formal action of the government’s highest level of decision-making authority.
- Assigned Fund Balance – amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned Fund Balance – amounts that are not otherwise reserved or designated.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classification, fund balance is generally depleted in order of restricted, committed, assigned and unassigned. At September 30, 2022 the Town has no Nonspendable, Restricted, Committed or Assigned Fund Balances.

Use of Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Use of Restricted Assets

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

Long-term Obligations

In the government-wide financial statement long-term obligations are reported as liabilities.

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditors’ Report which is the date the financial statements were available to be issued.

Town of Bascom, Florida
Notes to Financial Statements
September 30, 2022

NOTE 3 – CASH AND INVESTMENTS

At September 30, 2022, the carrying amount of the Town’s cash and cash equivalents and investments in certificates of deposit was \$153,410 and the bank balance was \$154,184. The bank balance was covered by federal depositor insurance and, for the amount in excess of such federal depository insurance, by the State of Florida’s Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act Requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

Credit Risk

At September 30, 2022, the Town did not hold any deposits or investment that were considered to have credit risk.

Interest Rate Risk

At September 30, 2022, the Town did not hold any investments that were considered to have interest rate risk.

Custodial Credit Risk

At September 30, 2022, the Town did not hold any deposits or investments that were considered to have custodial credit risk.

Concentration of Credit Risk

At September 30, 2022, the Town did not hold any investments that were considered to have concentration of credit risk.

Foreign Currency Risk

At September 30, 2022, the Town did not hold any investments that were considered to have foreign currency risk.

The Town invested funds in three certificates of deposit with six to twelve month maturities. At September 30, 2022, the carrying value of these funds was \$112,096 which approximates fair value. The certificates of deposit are considered investments and reported as “certificates of deposit” on the statement of net position at September 30, 2022.

Town of Bascom, Florida
Notes to Financial Statements
September 30, 2022

NOTE 3 – CASH AND INVESTMENTS – Continued

Fair Value Measurement and Application

Governmental entities are required to record investment at fair value unless exception applies and disclose the fair value measurement and hierarchy. Paragraph 69 of GASB 72 list several investments that should be measured as described in GASB Statement 31 which includes investments in nonparticipating interest-earning investment contracts (certificates of deposit) and money market investments that have a maturity at the time of purchase of one year or less. At September 30, 2022, the Town’s investment consisted of non-negotiable certificates of deposit which are recorded at cost and are excluded from fair value measurement.

The Town’s depositories are banks or savings institutions designated by the State Treasurer as qualified public depositories. Chapter 280, Florida Statutes “Florida Security for Public Deposit Act” provides procedures for public depositories to ensure monies in banks and savings institutions are collateralized with the Treasurer as an agent for the public entities. All Town cash consists of checking accounts and interest-bearing time deposits in a local bank.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at September 30, 2022:

	General	Total
Trade Accounts	858	\$ 858
Accounts Receivable	\$ 858	\$ 858

No allowances for uncollectible accounts are considered necessary.

Accounts receivable arise primarily from utility franchise fees of the Town of Bascom, Florida. The Town grants credit to customers, substantially all of whom are local residents.

NOTE 5 – DUE FROM OTHER GOVERNMENTS

Due from other governments consists of funds earned as of September 30, 2022 but not year received by the Town. The majority of these amounts were received in October and November 2022.

Town of Bascom, Florida
Notes to Financial Statements
September 30, 2022

NOTE 6 – CAPITAL ASSETS

Governmental asset activity for the year ending September 30, 2022 was as follows:

	Beginning			Ending
	<u>Balance</u>	<u>Increases</u>	<u>Deletions</u>	<u>Balances</u>
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 13,244	\$ -	\$ -	\$ 13,244
Construction in Progress	<u>-</u>	<u>32,100</u>	<u>-</u>	<u>32,100</u>
Total capital assets not being depreciated:	<u>\$ 13,244</u>	<u>\$ 32,100</u>	<u>\$ -</u>	<u>\$ 45,344</u>
Capital assets, being depreciated:				
Buildings	123,153	15,000	-	138,153
Improvements other than buildings	142,495	-	-	142,495
Equipment	<u>-</u>	<u>33,795</u>	<u>-</u>	<u>33,795</u>
Total capital assets being depreciated:	<u>265,648</u>	<u>48,795</u>	<u>-</u>	<u>314,443</u>
Buildings	(57,127)	(3,173)	-	(60,300)
Improvements other than buildings	(78,372)	(7,125)	-	(85,497)
Equipment	<u>-</u>	<u>(2,146)</u>	<u>-</u>	<u>(2,146)</u>
Total accumulated depreciation	<u>(135,499)</u>	<u>(12,444)</u>	<u>-</u>	<u>(147,943)</u>
Total Governmental Capital Assets	<u>\$ 130,149</u>	<u>\$ 68,451</u>	<u>\$ -</u>	<u>\$ 211,844</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 3,992
Public Safety	573
Culture/Recreation	<u>7,879</u>
Total governmental depreciation expense	<u>\$ 12,444</u>

Town of Bascom, Florida
Notes to Financial Statements
September 30, 2022

NOTE 7 – FUND BALANCE

Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.

Spendable fund balances are classified based on a hierarchy of the Town’s ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. For the year ended September 30, 2022, the Town reports net assets as committed and unassigned. Restricted net assets have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws, or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Assigned net assets have constraints placed on the use of resources by the Town’s intent to use the resources for a specific purpose. Unassigned fund balances have not been restricted, committed, or assigned to specific purposes within the general fund.

Spendable fund balances are classified based on a hierarchy of the Town’s ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. For the year ended September 30, 2022, the Town reports net assets as unassigned. Restricted net assets have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Assigned net assets have constraints placed on the use of resources by the Town’s intent to use the resources for a specific purpose. Unassigned fund balances have not been restricted, committed, or assigned to specific purposes within the general fund. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned and unassigned.

NOTE 8 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to sorts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and/or the public; or damage to property of others; and natural disasters for which the town carries commercial insurance. Insurance against losses are provided for the following types of risk:

- Workers’ compensation and employer’s liability
- General and automobile liability
- Real and personal property damage

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

Town of Bascom, Florida
Notes to Financial Statements
September 30, 2022

NOTE 9 – LITIGATION AND CONTINGENT LIABILITIES

Litigation:

The Town had no litigation ongoing at year end.

Intergovernmental Grants:

Amounts received or receivable from grantors are subject to audit and adjustments by the grantor agencies, principally federal and state governments. 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 City expects such amounts to be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
Town of Bascom, Florida
Budgetary Comparison Schedule – General Fund
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts
	Original	Final	(GAAP Basis)
REVENUES			
Taxes	\$ 15,500	\$ 15,500	\$ 21,271
Permits, Fees and Licenses	2,700	2,700	3,714
Intergovernmental Revenues	1,084,400	1,084,400	92,294
Charges for Services	3,015	3,015	6,114
Miscellaneous Revenues	32,635	32,635	194
Total Revenues	1,138,250	1,138,250	123,587
EXPENDITURES			
Current:			
General Government	58,750	58,750	41,082
Transportation	6,500	6,500	7,110
Culture/Recreation	100,000	100,000	3,483
Capital Outlay	973,000	973,000	80,895
Total Expenditures	1,138,250	1,138,250	132,570
Excess (deficiency) of revenues over expenditures	-	-	(8,983)
Net Change in Fund Balances	-	-	(8,983)
Fund Balances - beginning	163,582	163,582	163,582
Fund Balances - ending	\$ 163,582	\$ 163,582	\$ 154,599

Note: This schedule is prepared on the modified accrual basis of accounting.

The notes to the financial statements are an integral part of this statement.

GRIMSLEY & ASSOCIATES

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OWEN W. GRIMSLEY, C.P.A.

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

Honorable Mayor and Town Council
Town of Bascom
Bascom, Florida

We have examined Town of Bascom, Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2022. Management is responsible for Town of Bascom, Florida's compliance with those requirements. Our responsibility is to express an opinion on Town of Bascom, Florida's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town of Bascom, Florida complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town of Bascom, Florida complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion.

Our examination does not provide a legal determination on Town of Bascom, Florida's compliance with specified requirements.

In our opinion, Town of Bascom, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

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

Grimsley & Associates

Marianna, Florida
November 8, 2023

Grimsley and Associates, P.A.
Certified Public Accountants

GRIMSLEY & ASSOCIATES

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OWEN W. GRIMSLEY, C.P.A.

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

Honorable Mayor and Town Council
Town of Bascom
Bascom, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audit 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 Bascom, Florida, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Bascom, Florida's basic financial statements and have issued our report thereon dated November 8, 2023.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

Honorable Mayor and Town Council
Town of Bascom
Bascom, Florida

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings as item 2022-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings as item 2022-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Bascom, 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*.

Town's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Bascom, Florida's response to the findings identified in our audit and described in the accompanying Management's Response. The Town of Bascom, Florida's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Grimsley & Associates

Marianna, Florida
November 8, 2023

Grimsley and Associates, P.A.
Certified Public Accountants

Town of Bascom, Florida
Schedule of Findings
For the Year Ended September 30, 2022

2022-001

Criteria – An entity’s system of internal control over financial reporting should include controls over the prevention, detection, and correction of misstatements in the audited financial statements.

Condition – The Town relies on the external auditor to assist with preparing and explaining financial statements in conformity with generally accepted accounting principles.

Effect – The fact the Town does not have someone on staff to prepare the financial statements in accordance with generally accepted accounting principles and to record complex accounting transactions results in a material weakness under professional standards.

Cause – The Town has a capable individual providing bookkeeping services; however, the Town does not have an individual on staff with accounting education and experience to properly record more complex accounting transactions and prepare financial statements in accordance with generally accepted accounting principles.

Recommendation – We understand the cost-benefit of hiring someone with this experience is not practical, therefore, we recommend the Town continue to request outside assistance in recording more complex transactions.

2022-002

Criteria – Custody of assets, record keeping and recording of assets should have adequate separation.

Condition – Due to the size of the organization, proper separation of duties may not be feasible.

Effect – Internal controls lack proper checks and balances due to the size of the organization.

Cause – This is a small bookkeeping system.

Recommendation – Management should remain very active and involved in the day-to-day operations. Controls should be established to provide checks and balances.

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OWEN W. GRIMSLEY, C.P.A.

INDEPENDENT AUDITOR'S REPORT TO TOWN MANAGEMENT

Honorable Mayor and Town Council
Town of Bascom
Bascom, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Bascom, Florida, Florida as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated November 8, 2023.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Schedule of Findings; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated November 8, 2023, should be considered in conjunction with this management letter.

Honorable Mayor and Town Council
Town of Bascom
Bascom, Florida

Prior Audit Findings

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

Prior Year Findings and Recommendations

The management letter items are as follows:

None

The schedule of findings items are as follows:

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2020-21 FY Finding #	2019-20 FY Finding #
2022-001	N/A	N/A
2022-002	N/A	N/A

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town of Bascom, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the Town of Bascom, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Honorable Mayor and Town Council
Town of Bascom
Bascom, Florida

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Town of Bascom, Florida. It is management's responsibility to monitor the Town of Bascom, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrant the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Mayor and Town Council, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Grimsley & Associates

Marianna, Florida
November 8, 2023

Grimsley and Associates, P.A.
Certified Public Accountants

Town of Bascom

4969 Basswood Road – Bascom, Florida 32423

(850) 569-2007 Fax (850)569-2007

November 9, 2023

Auditor General

Claude Pepper Building Room 401

11 West Madison Street

Tallahassee, FL 32399

Re: Audit for Fiscal Year 2021-2022

In accordance with the requirements of the Auditor General, we are submitting the following responses to the independent auditor's findings in their audit of our financial statements for the year end September 2022.

Independent Auditor's report on Internal Control over Financial Reporting and on Compliance and other matters.

Current Year' Comments:

2022-002-Segregation of Duties – Mayor and Town Council will continue to be active and involved in the day-to-day operation of the town's finances.

2022-001-Internal Accounting Control – The Town of Bascom does not consider it cost effective to prepare financial statements in accordance with generally accepted accounting principles or maintain internal staff effective to develop and maintain a system of internal accounting control sufficient to.

Sincerely,



Chrystal Bryan Martin

Town Clerk