

TOWN OF MICANOPY, FLORIDA

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2013

TOWN OF MICANOPY, FLORIDA

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2013

TABLE OF CONTENTS

	PAGE NO.
INTRODUCTORY SECTION	
List of Principal Officials	5
FINANCIAL SECTION	
Independent Auditor's Report	7 - 8
Management's Discussion and Analysis	9 - 13
Basic Financial Statements	
Statement of Net Position	15
Statement of Activities	16
Governmental Funds	
Balance Sheet	17
Statement of Revenues, Expenditures and Changes in Fund Balances	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Proprietary Fund	
Statement of Net Position	20
Statement of Revenues, Expenses and Changes in Net Position	21
Statement of Cash Flows	22
Notes to Financial Statements	23 - 37
REQUIRED SUPPLEMENTARY INFORMATION	
General Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	39 - 41
Notes to Required Supplementary Information	42

TOWN OF MICANOPY, FLORIDA

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2013

TABLE OF CONTENTS
(continued)

	PAGE NO.
COMPLIANCE SECTION	
Schedule of Expenditures of Federal Awards	44
Notes to Schedule of Expenditures of Federal Awards	45
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 <i>Government Auditing Standards</i>	46 - 47
Management Letter	48 - 49

INTRODUCTORY SECTION

TOWN OF MICANOPY, FLORIDA

LIST OF PRINCIPAL OFFICIALS

September 30, 2013

MAYOR	Richard Shutterly
TOWN COMMISSIONERS	Joseph Aufmuth Michael Berkowitz Jason Huddleston Virginia Mance
TOWN ADMINISTRATOR	Charles Kelley
TOWN WATER CLERK	Patty Polk
TOWN PUBLIC WORKS MANAGER	David Holton
TOWN WATER UTILITY MECHANIC	Raul Gonzales
TOWN SPECIAL PROJECTS CLERK	Jennifer Cialona
TOWN FIRE RESCUE CHIEF	Jessie Modican

FINANCIAL SECTION



Powell & Jones
Certified Public Accountants

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Marian Jones Powell, CPA

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To the Mayor and Members
of the Town Commission
Town of Micanopy, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Micanopy, Florida, (the Town) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 opinions.

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 and the aggregate remaining fund information of the Town of Micanopy, Florida, as of September 30, 2013, and the respective changes in financial position and where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

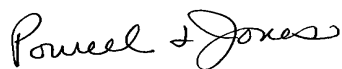
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2014, on our consideration of the Town of Micanopy, 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 the Town of Micanopy, Florida's internal control over financial reporting and compliance.



POWELL & JONES
Certified Public Accountants
June 24, 2014

TOWN OF MICANOPY, FLORIDA
Management's Discussion and Analysis

This discussion and analysis is intended to be an easily readable analysis of the Town of Micanopy (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 implemented Government 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 these 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 and reported as either governmental or business-type activities. Governmental activities include basic services such as fire control, public works, parks and recreation, library, community development and general governmental administration. The Town's water 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. Governmental activities reflect capital assets including infrastructure and long-term liabilities. Business-type activities have long reported capital assets and long-term liabilities. Also, 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 major governmental fund is presented in its own column. A budgetary comparison is presented for the governmental fund. Statements for the Town's proprietary fund follow 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 the financial position and differences in operations 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, 2013, follows:

Net Position at September 30, 2013 and 2012

	Governmental	Business-type	Total Government	
	Activities	Activities	2013	2012
Cash and investments	\$ 1,297,476	\$ 26,920	\$ 1,324,396	\$ 1,219,401
Internal balances	(323,502)	323,502	-	-
Other assets	61,374	23,675	85,049	371,671
Capital assets	1,157,797	75,669	1,233,466	1,293,427
Total assets	2,193,145	449,766	2,642,911	2,884,499
Current liabilities	24,707	28,829	53,536	335,385
Long term liabilities	13,709	2,823	16,532	26,756
Total liabilities	38,416	31,652	70,068	362,141
Net position				
Invested in capital				
assets, net of related debt	1,157,797	75,669	1,233,466	1,293,427
Restricted	246,708	-	246,708	148,494
Unrestricted	750,224	342,445	1,092,669	1,080,437
Total net position	\$ 2,154,729	\$ 418,114	\$ 2,572,843	\$ 2,522,358

48% 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.

An additional 10% of the Town's net position represent resources that are dedicated or subject to restriction on how they may be used. The remaining balance of unrestricted net position, \$1,092,669 may be used to meet the Town's ongoing obligations to citizens and creditors.

The following schedule provides a summary of the changes in net position. The increase in Governmental Activities net position is due primarily to the ongoing revenues exceeding expenses. The increase during the year through Business-type Activities net position is due to ongoing revenues exceeding expenses.

A condensed version of the Statement of Activities follows:

Changes in Net Position
For the Fiscal Years Ended September 30, 2013 and 2012

	Governmental	Business-type	Total Government	
	Activities	Activities	2013	2012
Revenues				
Program revenues				
Charges for services	\$ 194,940	\$ 150,606	\$ 345,546	\$ 344,303
Grants and contributions	-	-	-	469,297
General revenues				
Taxes	405,452	-	405,452	400,590
State shared revenues	59,631	-	59,631	53,281
Other general revenues	33,930	-	33,930	36,603
Total revenues	<u>693,953</u>	<u>150,606</u>	<u>844,559</u>	<u>1,304,074</u>
Expenses				
General government	284,040	-	284,040	245,921
Public safety	248,805	-	248,805	268,256
Transportation	93,064	-	93,064	80,927
Culture/Recreation	55,951	-	55,951	9,478
Economic environment	-	-	-	471,697
Interest on long-term debt	-	-	-	1,280
Water	-	112,214	112,214	111,746
Total expenses	<u>681,860</u>	<u>112,214</u>	<u>794,074</u>	<u>1,189,305</u>
Change in net position	12,093	38,392	50,485	29,510
Beginning net position	<u>2,142,636</u>	<u>379,722</u>	<u>2,522,358</u>	<u>2,492,848</u>
Ending net position	<u>\$ 2,154,729</u>	<u>\$ 418,114</u>	<u>\$ 2,572,843</u>	<u>\$ 2,522,358</u>

Taxes provided 58% of the revenues for Governmental Activities, while charges for services provided 28%. Most of the Governmental Activities resources are spent for General Government (41%) and Public Safety (36%).

FUND FINANCIAL INFORMATION

Governmental Funds

General Fund

The Town's General Fund is the main operating fund of the Town. It is used to account for all governmental financial resources that are not restricted by State or Federal laws, Town Ordinances or other externally imposed requirements. As of September 30, 2013, total assets were \$1,358,850 and total liabilities were \$348,209. The ending fund balance was \$1,010,641, \$763,933 of which is unassigned.

During the year ended September 30, 2013, total revenues of \$693,953 exceeded total expenditures of \$622,786, by \$71,167.

Capital Assets and Debt Administration

Capital Assets

At September 30, 2013, the Town had \$1,233,466 invested in capital assets, including fire equipment, park and recreation facilities, buildings, roads, and water facilities and lines. This amount represents a net decrease of \$59,961 over last year. The decrease was due mainly to depreciation expense.

Capital Assets at September 30, 2013 & 2012

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$ 701,643	\$ 701,643	\$ 20,770	\$ 20,770	\$ 722,413	\$ 722,413
Buildings and improvements	765,625	765,625	327,941	314,282	1,093,566	1,079,907
Equipment	628,853	620,031	29,407	29,407	658,260	649,438
Subtotal	2,096,121	2,087,299	378,118	364,459	2,474,239	2,451,758
Accumulated depreciation	(938,324)	(861,184)	(302,449)	(297,147)	(1,240,773)	(1,158,331)
Capital assets, net	<u>\$ 1,157,797</u>	<u>\$ 1,226,115</u>	<u>\$ 75,669</u>	<u>\$ 67,312</u>	<u>\$ 1,233,466</u>	<u>\$ 1,293,427</u>

OTHER FINANCIAL INFORMATION

Economic Factors and Next Year's Budgets

- The current *unemployment rate* for Alachua County was 6.5%. This is lower than the prior year.
- The official *population* for the Town in 2013 was 609, and is estimated to be approximately the same in 2014.
- The *ad valorem tax millage rate* for the Town was 8.0 mills in 2013.

REQUEST FOR INFORMATION

This financial report is designed to present users with a general overview of the Town's finances and to demonstrate the Town's accountability. Questions concerning this report or requests for additional information should be addressed to the Town Administrator, P. O. Box 137, Micapony, Florida 32667, or by calling (352) 466-3121.

BASIC FINANCIAL STATEMENTS

TOWN OF MICANOPY, FLORIDA
STATEMENT OF NET POSITION
September 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 663,258	\$ -	\$ 663,258
Accounts receivable-net	20,598	23,675	44,273
Due from other funds	-	323,502	323,502
Due from other governmental units	40,776	-	40,776
Investments	634,218	-	634,218
Total current assets	<u>1,358,850</u>	<u>347,177</u>	<u>1,706,027</u>
Restricted assets			
Cash	-	26,920	26,920
Total restricted assets	<u>-</u>	<u>26,920</u>	<u>26,920</u>
Non-current assets			
Capital assets, net	1,157,797	75,669	1,233,466
Total non-current assets	<u>1,157,797</u>	<u>75,669</u>	<u>1,233,466</u>
Total assets	<u>\$ 2,516,647</u>	<u>\$ 449,766</u>	<u>\$ 2,966,413</u>
LIABILITIES			
Current liabilities (payable from current assets)			
Accounts payable	\$ 22,427	\$ 1,909	\$ 24,336
Deferred revenue	2,280	-	2,280
Due to other funds	323,502	-	323,502
Total current liabilities (payable from current assets)	<u>348,209</u>	<u>1,909</u>	<u>350,118</u>
Current liabilities (payable from restricted assets)			
Deposits	-	26,920	26,920
Total current liabilities (payable from restricted assets)	<u>-</u>	<u>26,920</u>	<u>26,920</u>
Total current liabilities	<u>348,209</u>	<u>28,829</u>	<u>377,038</u>
Noncurrent liabilities			
Accrued compensated absences	13,709	2,823	16,532
Total noncurrent liabilities	<u>13,709</u>	<u>2,823</u>	<u>16,532</u>
Total liabilities	<u>361,918</u>	<u>31,652</u>	<u>393,570</u>
NET POSITION			
Invested in capital assets, net of related debt	1,157,797	75,669	1,233,466
Restricted for:			
Transportation	174,761	-	174,761
Unrestricted	822,171	342,445	1,164,616
Total net position	<u>2,154,729</u>	<u>418,114</u>	<u>2,572,843</u>
Total liabilities and net position	<u>\$ 2,516,647</u>	<u>\$ 449,766</u>	<u>\$ 2,966,413</u>

See notes to financial statements.

TOWN OF MICANOPY, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General Government	\$ 284,040	\$ 21,354	\$ -	\$ -	\$ (262,686)	\$ -	\$ (262,686)
Public Safety	248,805	145,000	5,700	-	(98,105)	-	(98,105)
Physical Environment	-	25,994	-	-	25,994	-	25,994
Transportation	93,064	-	-	-	(93,064)	-	(93,064)
Culture/Recreation	55,951	2,592	-	-	(53,359)	-	(53,359)
Economic environment	-	-	-	-	-	-	-
Total governmental activities	<u>681,860</u>	<u>194,940</u>	<u>5,700</u>	<u>-</u>	<u>(481,220)</u>	<u>-</u>	<u>(481,220)</u>
Business-type activities							
Water utility	112,214	150,606	-	-	-	38,392	38,392
Interest on long-term debt	-	-	-	-	-	-	-
Total business-type activities	<u>112,214</u>	<u>150,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,392</u>	<u>38,392</u>
Total government	<u>\$ 794,074</u>	<u>\$ 345,546</u>	<u>\$ -</u>	<u>-</u>	<u>(481,220)</u>	<u>38,392</u>	<u>(442,828)</u>
		General revenues					
		Property taxes			213,179	-	213,179
		Sales and use taxes			101,610	-	101,610
		Franchise fees			31,741	-	31,741
		Utility services tax			40,967	-	40,967
		Communications surtax			17,955	-	17,955
		Licenses and permits			10,380	-	10,380
		State shared revenues			53,931	-	53,931
		Interest			3,463	-	3,463
		Miscellaneous			20,087	-	20,087
		Total general revenues			<u>493,313</u>	<u>-</u>	<u>493,313</u>
		Change in net assets			12,093	38,392	50,485
		Net position - beginning			2,142,636	379,722	2,522,358
		Net position - ending			<u>\$ 2,154,729</u>	<u>\$ 418,114</u>	<u>\$ 2,572,843</u>

See notes to financial statements

TOWN OF MICANOPIY, FLORIDA
GOVERNMENTAL FUND
BALANCE SHEET
September 30, 2013

		General Fund
ASSETS		
Cash	\$	663,258
Accounts receivable		20,598
Due from other governmental units		40,776
Investments		634,218
Total assets		<u>\$ 1,358,850</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$	22,427
Due to other funds		323,502
Deferred revenue		2,280
Total liabilities		<u>348,209</u>
FUND BALANCES		
Restricted		
Transportation		174,761
Unassigned		835,880
Total fund balance		<u>1,010,641</u>
Total liabilities and fund balance		<u>\$ 1,358,850</u>
RECONCILIATION TO THE STATEMENT OF NET POSITION		
Total fund balance reported above		1,010,641
Add capital assets not reported above:	\$	2,096,121
Less accumulated depreciation	<u>(938,324)</u>	1,157,797
Less liabilities not reported above:		
Compensated absences		<u>(13,709)</u>
Net position		<u>\$ 2,154,729</u>

See notes to financial statements.

TOWN OF MICANOPY, FLORIDA
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended September 30, 2013

	General Fund
REVENUES	
Taxes	\$ 405,452
Licenses and permits	10,380
Intergovernmental revenue	59,631
Charges for services	173,586
Fines and forfeitures	21,354
Miscellaneous	23,550
Total revenues	693,953
 EXPENDITURES	
Current Expenditures	
General government	284,156
Public safety	223,811
Transportation	80,093
Culture/recreation	25,904
Capital Outlay	
General government	8,822
Total expenditures	622,786
 Excess of revenues over expenditures	 71,167
 Fund balances at beginning of year	 939,474
Fund balances at end of year	\$ 1,010,641

See notes to financial statements.

TOWN OF MICANOPY, FLORIDA

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

For the Fiscal Year Ended September 30, 2013

Net change in fund balances - total governmental funds		\$ 71,167
Expenses on the Statement of Activities not included in the governmental funds statement:		
Depreciation expense	\$ (77,140)	
Expenditures for capital assets	8,822	
Decrease in compensated absence liability	<u>9,244</u>	
		<u>(59,074)</u>
Change in net position reported on the Statement of Activities		<u>\$ 12,093</u>

See notes to financial statements.

TOWN OF MICANOPY, FLORIDA
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 September 30, 2013

	Business-Type Activities Enterprise Fund <u>Water</u>
ASSETS	
Current assets	
Cash	\$ -
Accounts receivable	23,675
Due from other funds	<u>323,502</u>
Total current assets	<u>347,177</u>
Noncurrent assets:	
Restricted assets	
Cash	<u>26,920</u>
Fixed assets	
Land	20,770
Buildings/Improvements	327,941
Equipment	29,407
Accumulated depreciation	<u>(302,449)</u>
Total fixed assets	<u>75,669</u>
Total noncurrent assets	<u>102,589</u>
Total assets	<u>\$ 449,766</u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Current liabilities (payable from current assets)	
Accounts payable	1,909
Total current liabilities (payable from current assets)	<u>1,909</u>
Current liabilities (payable from restricted assets)	
Deposits	<u>26,920</u>
Total current liabilities (payable from restricted assets)	<u>26,920</u>
Total current liabilities	<u>28,829</u>
Long-term liabilities:	
Accrued compensated leave	<u>2,823</u>
Total long term liabilities	<u>2,823</u>
Total liabilities	<u>31,652</u>
NET POSITION	
Invested in capital assets, net of related debt	75,669
Unrestricted	<u>342,445</u>
Total net position	<u>418,114</u>
Total liabilities and net position	<u>\$ 449,766</u>

See notes to financial statements.

TOWN OF MICANOPY, FLORIDA
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 For the Fiscal Year Ended September 30, 2013

	Business-Type Activities Enterprise Fund <u>Water</u>
OPERATING REVENUES	
Physical environment	
Water utility revenue	
Operating income	\$ 150,606
Total operating revenues	<u>150,606</u>
OPERATING EXPENSES	23,796
Water utility services	
Personnel services	
Regular salaries	45,253
FICA	3,761
Life and health insurance	2,209
Total personnel services	<u>51,223</u>
Operating expenses	
Accounting and auditing	4,720
Other contractual services	8,040
Depreciation	5,302
Communication services	745
Utility services	4,709
Repair and maintenance	17,585
Vehicle expenses	448
Other current charges and obligations	2,175
Office supplies	1,906
Operating supplies	15,361
Total operating expenses	<u>60,991</u>
Total operating expenses	<u>112,214</u>
Operating income	<u>38,392</u>
Increase in net position	38,392
Net position beginning of year	379,722
Net position end of year	<u>\$ 418,114</u>

See notes to financial statements.

TOWN OF MICANOPY, FLORIDA
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 For the Fiscal Year Ended September 30, 2013

	Business-Type Activities Enterprise Fund <u>Water</u>
OPERATING REVENUES	
Physical environment	
Water utility revenue	
Operating income	\$ 150,606
Total operating revenues	<u>150,606</u>
OPERATING EXPENSES	23,796
Water utility services	
Personnel services	
Regular salaries	45,253
FICA	3,761
Life and health insurance	2,209
Total personnel services	<u>51,223</u>
Operating expenses	
Accounting and auditing	4,720
Other contractual services	8,040
Depreciation	5,302
Communication services	745
Utility services	4,709
Repair and maintenance	17,585
Vehicle expenses	448
Other current charges and obligations	2,175
Office supplies	1,906
Operating supplies	15,361
Total operating expenses	<u>60,991</u>
Total operating expenses	<u>112,214</u>
Operating income	<u>38,392</u>
Increase in net position	38,392
Net position beginning of year	379,722
Net position end of year	<u>\$ 418,114</u>

See notes to financial statements.

TOWN OF MICANOPY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Micanopy (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 of the applicable provisions of this Statement.

A. Reporting Entity - The Town of Micanopy, Florida is a municipal, political subdivision of the State of Florida created under the provisions of Chapter 165, *Florida Statutes*. The Town was established under Chapter 24723 (Special Acts of 1947) of the Florida Legislature. The present Town of Micanopy was created and is governed under the Charter of the Town of Micanopy effective January 1, 1983. 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 Commission, which appoints the Mayor. Pursuant to the Town's charter, the Clerk is also appointed by the Commission.

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 potential 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 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 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 (special assessments) 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 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 operation 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 at year end.

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 supply and contracted solid waste disposal services.
3. 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 - The Town periodically provides an allowance for Enterprise Fund accounts receivable that may become uncollectible. At September 30, 2013, this allowance was \$0, based upon current anticipation of full collectability. No other allowances for doubtful accounts are maintained since other fund accounts receivable are considered collectible as reported at September 30, 2013.
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. There were no allowances for doubtful accounts at year end.

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.
6. Fixed Assets - General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets accounts. All purchased fixed assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.
7. 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.
8. 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 \$5,000 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 component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and improvements	10-40
Machinery and equipment	5
Street and related infrastructure	20-40

9. Capitalization of Interest - Interest related to bond issues 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.
10. 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.
11. 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.
12. Proprietary Activity Accounting and Financial Reporting - The Town applies all applicable Government Accounting Standards (GASB) pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements; Financial Accounting Standards (FASB) Statements and Interpretations. Accounting Principles Board (APB) Opinion and Account Research Bulletins (ARB's).
13. Fund Balances/ Net Position

A. Governmental Funds

As of September 30, 2013, 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 Commission. The Town Commission 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 Commission.

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 Commission may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

As of September 30, 2013, fund balances are composed of the following:

Restricted - Transportation	\$ 174,761
Restricted - Wild Spaces	71,947
Unassigned	763,933
	<u>\$ 1,010,641</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 Commission 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, 2013, net position are composed of the following:

	<u>Amount</u>
Invested in capital assets, net	\$ 75,669
Unrestricted	342,445
	<u>\$418,114</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 Statement of Net Position .

"Total fund balances" of the Town's governmental funds \$1,010,641 differs from "net position" of governmental activities \$2,154,729 reported in the statement of net position. This difference primarily results from the long-term economical focus of the statement of net position versus the current financial resources focus of the governmental fund 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	\$ 2,096,121
Accumulated depreciation	<u>(938,324)</u>
Total	<u>\$ 1,157,797</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. Balances at September 30, 2013, were:

Compensated absences	<u>\$ 13,709</u>
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TOWN OF MICANOPY, FLORIDA
NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

	Total Governmental Funds	Capital Related Items	Long-Term Debt Transactions	Statement of Net Assets
ASSETS				
Cash and cash equivalents	\$ 1,297,476	\$ -	\$ -	\$ 1,297,476
Accounts receivable	20,598	-	-	20,598
Due from other governmental units	40,776	-	-	40,776
Capital assets - net	-	1,157,797	-	1,157,797
Total assets	<u>\$ 1,358,850</u>	<u>\$ 1,157,797</u>	<u>\$ -</u>	<u>\$ 2,516,647</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 22,427	\$ -	\$ -	\$ 22,427
Due to other funds	323,502	-	-	323,502
Accrued compensated absences	-	-	13,709	13,709
Deferred revenue	2,280	-	-	2,280
Total liabilities	<u>348,209</u>	<u>-</u>	<u>13,709</u>	<u>361,918</u>
Fund balances/net position	<u>1,010,641</u>	<u>1,157,797</u>	<u>(13,709)</u>	<u>2,154,729</u>
Total liabilities and fund balance/net position	<u>\$ 1,358,850</u>	<u>\$ 1,157,797</u>	<u>\$ -</u>	<u>\$ 2,516,647</u>

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

The "net change in fund balances" for governmental funds, \$71,167, differs from the "change in net position" for governmental activities, \$12,093, 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	\$ 8,822
Depreciation expense	<u>(77,140)</u>
Difference	<u><u>\$ (68,318)</u></u>

Long-term debt transactions

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.

Net change in compensated absences	<u><u>\$ 9,244</u></u>
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TOWN OF MICANOPY, 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 Funds	Capital Related Items	Long-Term Debt Transactions	Statement of Activities
REVENUES				
Taxes	\$ 405,452	\$ -	\$ -	\$ 405,452
Licenses and permits	10,380	-	-	10,380
Intergovernmental	59,631	-	-	59,631
Charges for services	173,586	-	-	173,586
Fines and forfeitures	21,354	-	-	21,354
Miscellaneous	23,550	-	-	23,550
Total revenues	<u>693,953</u>	<u>-</u>	<u>-</u>	<u>693,953</u>
EXPENDITURES				
Current Expenditures				
General government	284,156	3,633	(3,749)	284,040
Public safety	223,811	24,994	-	248,805
Transportation	80,093	16,990	(4,019)	93,064
Culture/recreation	25,904	31,523	(1,476)	55,951
Economic environment	-	-	-	-
Capital Outlay				
General government	8,822	(8,822)	-	-
Total Expenditures	<u>622,786</u>	<u>68,318</u>	<u>(9,244)</u>	<u>681,860</u>
Excess of revenues over (under) expenditures	<u>71,167</u>	<u>(68,318)</u>	<u>9,244</u>	<u>12,093</u>
Net change in fund balance	71,167	(68,318)	9,244	12,093
Fund balance at beginning of year	939,474	1,226,115	(22,953)	2,142,636
Fund balances at end of year	<u>\$ 1,010,641</u>	<u>\$ 1,157,797</u>	<u>\$ (13,709)</u>	<u>\$ 2,154,729</u>

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 Administrator submits to the Commission 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 through passage of a resolution .
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 Commission.
5. Budgets for all 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 Commission. Formal budget amendments were made during the year.

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits. The bank balances of the Town deposits were fully insured by federal depository insurance or pledged collateral under state law.

Investments. Under state law, the Town is allowed to invest surplus funds in guaranteed obligations of the U.S. government, interest bearing accounts of financial institutions which are legally secured, and the Local Government Surplus Funds Trust Fund. At year end, all investments consisted of a bank money market account and U.S. Treasury Bills which were fully insured or collateralized. These investments are classified as Category 1 in accordance with GASB Standard No. 3, "Deposits with Financial Institutions, Investments, and Reserve Repurchase Agreements."

Schedule of Investments at September 30, 2013

Governmental activities:	
U.S. Treasury Securities	<u>\$ 634,218</u>

Schedule of Restricted Cash at September 30, 2013

Business-type activities:	
Restricted cash representing utility customer deposits	<u>\$ 26,920</u>

NOTE 5. 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 2012-2013 fiscal year were

levied in October 2012. 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 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental activities:</u>				
Capital assets:				
Land	\$ 701,643	\$ -	\$ -	\$ 701,643
Buildings and improvements	765,625	-	-	765,625
Equipment and vehicles	620,031	8,822	-	628,853
Total capital assets	2,087,299	8,822	-	2,096,121
Less accumulated depreciation	(861,184)	(77,140)	-	(938,324)
Governmental activities capital assets, net	<u>\$ (861,184)</u>	<u>\$ (68,318)</u>	<u>\$ -</u>	<u>\$ 1,157,797</u>
<u>Business-type activities:</u>				
Land	\$ 20,770	\$ -	\$ -	\$ 20,770
Building and improvements	314,282	13,659	-	327,941
Equipment	29,407	-	-	29,407
Total capital assets	364,459	13,659	-	378,118
Less accumulated depreciation	(297,147)	(5,302)	-	(302,449)
Business-type activities capital assets, net	<u>\$ 67,312</u>	<u>\$ 8,357</u>	<u>\$ -</u>	<u>\$ 75,669</u>

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

Governmental activities:	
General Government	\$ 3,633
Public Safety	24,994
Transportation	16,990
Culture/recreation	31,523
Total depreciation expense-governmental activities	<u>\$ 77,140</u>
Business-type activities:	
Water services	\$ 5,302
Total depreciation expense-business-type activities	<u>\$ 5,302</u>

NOTE 7. INTERFUND RECEIVABLES/PAYABLES

The following is a schedule of interfund receivables and payables at September 30, 2013:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ -	\$ 323,502
Enterprise	323,502	-
	<u>\$ 323,502</u>	<u>\$ 323,502</u>

NOTE 8. RECEIVABLE AND PAYABLE BALANCES

Receivables

Receivables at September 30, 2013, were as follows:

	<u>Accounts</u>	<u>Due from Other Governmental Units</u>	<u>Total Receivables</u>
Governmental activities:			
General Fund	\$ 20,598	\$ 40,776	\$ 61,374
Business-type activities:			
Enterprise Fund	23,675	-	23,675
	<u>\$ 44,273</u>	<u>\$ 40,776</u>	<u>\$ 85,049</u>

Payables

Payables at September 30, 2013, were as follows:

	<u>Vendors</u>
Governmental activities:	
General Fund	\$ 22,427
Enterprise Fund	1,909
	<u>\$ 24,336</u>

NOTE 9. LONG-TERM LIABILITIES

A. Governmental Activities

A summary of changes in general long term debt follows:

	Balance October 2012	Additions	Reductions	Balance September 2013
Compensated absences	<u>\$ 22,953</u>	<u>\$ -</u>	<u>\$ (9,244)</u>	<u>\$ 13,709</u>

Business-type Activities – Long Term Debt

Compensated absences payable at September 30, 2012	\$	3,803
Deductions		<u>(980)</u>
Compensated absences payable at September 30, 2013	\$	<u>2,823</u>

NOTE 10. RETIREMENT PLAN

The Town does not participate in or have any liability for a retirement plan for its elected officials or employees.

NOTE 11. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the 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 agencies cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

NOTE 12. 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 workers' compensation insurance coverages for the past three years. There has been no reduction in insurance coverage from the previous year.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF MICANOPY, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2013

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes			
Ad valorem taxes			
Current ad valorem taxes	\$ 205,200	\$ 213,179	\$ 7,979
Sales and use taxes			
Local option gas tax/alternative fuel	102,000	101,610	(390)
Franchise fees			
Electricity	30,000	31,741	1,741
Utility service taxes			
Electricity	30,000	38,347	8,347
Propane	1,500	2,620	1,120
Communication service tax	18,000	17,955	(45)
Total taxes	<u>386,700</u>	<u>405,452</u>	<u>18,752</u>
Licenses and permits			
Professional and occupational	8,400	7,830	(570)
Zoning permits	600	1,800	1,200
Other licenses and permits	180	750	570
Total licenses and permits	<u>9,180</u>	<u>10,380</u>	<u>1,200</u>
Intergovernmental revenue			
Federal grants			
Public safety			
Fire Assistance Program	-	5,700	5,700
State shared revenues			
General government			
State revenue sharing	18,000	22,088	4,088
Mobile home license	300	172	(128)
Alcoholic beverage licenses	120	514	394
Local government half-cent sales tax	30,000	31,157	1,157
Total intergovernmental revenue	<u>48,420</u>	<u>59,631</u>	<u>11,211</u>
Charges for services			
Public Safety			
Fire protection services	144,000	145,000	1,000
Physical environment			
Garbage/solid waste revenue	20,400	25,994	5,594
Culture and recreation			
Festival events	2,100	2,536	436
Recreational fees	7,800	56	(7,744)
Total charges for services	<u>174,300</u>	<u>173,586</u>	<u>(714)</u>
(continued)			

TOWN OF MICANOPY, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2013

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Fines and forfeitures			
Court cases	\$ 3,000	\$ 21,354	\$ 18,354
Miscellaneous			
Interest earnings			
Interest on investments	1,800	3,463	1,663
Rents and Royalties			
Library	2,400	9,137	6,737
Other miscellaneous			
Other miscellaneous	2,640	10,950	8,310
Total miscellaneous	<u>6,840</u>	<u>23,550</u>	<u>16,710</u>
Total revenues	<u>628,440</u>	<u>693,953</u>	<u>65,513</u>
EXPENDITURES			
General Government			
Legislative			
Personnel services	<u>20,292</u>	<u>19,120</u>	<u>1,172</u>
Executive			
Personnel services	<u>57,804</u>	<u>49,680</u>	<u>8,124</u>
Financial and administrative			
Personnel services	53,424	76,170	(22,746)
Operating expenses	<u>25,380</u>	<u>20,200</u>	<u>5,180</u>
Total financial and administrative	<u>78,804</u>	<u>96,370</u>	<u>(17,566)</u>
Legal counsel			
Operating expenses	<u>27,000</u>	<u>21,000</u>	<u>6,000</u>
General government (continued)			
Comprehensive planning			
Operating expenses	<u>-</u>	<u>7,263</u>	<u>(7,263)</u>
Other general government			
Operating expenses	79,392	89,723	(10,331)
Capital outlay	12,600	8,822	3,778
Grants and aids	600	1,000	(400)
Total other general government	<u>92,592</u>	<u>99,545</u>	<u>(6,953)</u>
Total general government	<u>276,492</u>	<u>292,978</u>	<u>(16,486)</u>

(continued)

TOWN OF MICANOPY, FLORIDA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended September 30, 2013

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Public Safety			
Fire control			
Personnel services	\$ 166,680	\$ 153,901	\$ 12,779
Operating expenses	58,920	69,910	(10,990)
Total fire control	<u>225,600</u>	<u>223,811</u>	<u>1,789</u>
Total public safety	<u>225,600</u>	<u>223,811</u>	<u>1,789</u>
Transportation			
Roads and streets			
Personnel services	50,568	45,911	4,657
Operating expenses	54,660	34,182	20,478
Capital outlay	-	-	-
Total transportation	<u>105,228</u>	<u>80,093</u>	<u>25,135</u>
Parks and recreation			
Personnel services	-	6,934	(6,934)
Operating expenses	21,120	18,970	2,150
Total culture/recreation	<u>21,120</u>	<u>25,904</u>	<u>(4,784)</u>
Total expenditures	<u>628,440</u>	<u>622,786</u>	<u>5,654</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>71,167</u>	<u>71,167</u>
Net change in fund balances	-	71,167	71,167
Fund balance at beginning of year	939,474	939,474	-
Fund balance at end of year	<u>\$ 939,474</u>	<u>\$ 1,010,641</u>	<u>\$ 71,167</u>

See notes to financial statements.

TOWN OF MICANOPY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended September 30, 2013

A. Budgetary Information:

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at fiscal year end.

The Town generally follows these procedures in establishing the budgetary data for the general fund as reflected in the financial statements.:

The Town generally follows these procedures in establishing the budgetary data for the general fund as reflected in the financial statements:

1. Prior to September 30, the Town Administrator submits to the Town Commission a proposed operating budget for the fiscal year commencing the following October. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted following preliminary examination and revision of the proposed operating budget by the Town Commission .
3. After public hearings and necessary revisions have been completed, the budget is approved.
4. The legal level of budgetary control is the function level.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

COMPLIANCE SECTION

TOWN OF MICANOPY, FLORIDA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Fiscal Year Ended September 30, 2013

<u>GRANTOR PROGRAM TITLE</u>	<u>CFDA #</u>	<u>Contract Number</u>	<u>Award Amount</u>	<u>Received in Prior Years</u>	<u>2013</u>	
					<u>Revenue Received or Receivable</u>	<u>Expenditures</u>
FEDERAL AWARDS						
Non-major Programs						
U.S. Department of Agriculture						
Passed through the Florida Department of						
Agriculture and Consumer Services						
Cooperative Forestry Assistance						
VFA Grant	10.664	11DB-L4-03-11-02-H12	\$ 5,700	\$ -	\$ 5,700	\$ 5,700
Total Federal Awards			<u>\$ 5,700</u>	<u>\$ -</u>	<u>\$ 5,700</u>	<u>\$ 5,700</u>

See notes to schedule of expenditures of federal awards.

TOWN OF MICANOPY, FLORIDA

Notes to Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended September 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and presentation of the Schedule of Expenditures of Federal Awards of the Town of Micanopy, Florida, (the "Town") have been designed to conform to generally accepted accounting principles as applicable to governmental units, including the reporting and compliance requirements of the Audits of States, Local Governments, and Non-Profit Organizations.

A. Reporting Entity

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

B. 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. 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.

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 Commission
Town of Micanopy, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Micanopy, Florida, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Micanopy, Florida's basic financial statements, and have issued our report thereon dated June 25, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Micanopy, 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 Micanopy, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Micanopy, 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, we noted the following significant deficiencies:

Finding 2011-1 (included in 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 exists when the Town does not have the expertise necessary to prevent, detect, and correct misstatements. A deficiency in internal control exists in instances where the Town is not capable of drafting the financial statements and all required footnote 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 preparing 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 staff and the Town Commission 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 Commission.

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 Micanopy, 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 24, 2014

MANAGEMENT LETTER

To the Town Commission
Town of Micanopy
Micanopy, Florida

We have audited the basic financial statements of the Town of Micanopy, Florida (the Town) as of and for the year ended September 30, 2013, and have issued our report thereon dated June 24, 2014.

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 *Government Auditing Standards* dated June 24, 2014. 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.

CURRENT YEAR FINDINGS

There were no reportable findings in the current year.

FINANCIAL COMPLIANCE FINDINGS

Annual Local Government Financial Report - The Financial Report filed with the Department of Financial Services pursuant to Section 218.32(1)(a), *Florida Statutes*, is in agreement with the accompanying financial report on the Town of Micanopy, Florida, for the year ended September 30, 2013.

Investment of Public Funds - The Town complied with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the fiscal year.

Financial Condition Assessment Procedures - As required by the *Rules of the Auditor General* (Section 10.544(1)(i)(7)(c) 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.

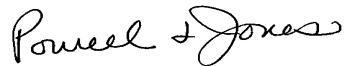
Financial Emergency Status – We have determined that the Town did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*, that might result in a financial emergency.

We noted no deteriorating financial conditions as defined by Rule 10.544(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 this year's audit of the Town. We appreciate the helpful assistance and courtesy afforded us by all Town employees and look forward to working with you in the future.



POWELL & JONES
Certified Public Accountants
June 24, 2014



Town of Micanopy

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Town Hall: 352-466-3121 • Fax: 352-466-4912
townhall@micanopytown.com

June 30, 2014

David W. Martin, CPA
Florida Auditor General
Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

RE: Town of Micanopy Audit F/Y 2012-2013
Finding F/Y 2011-1 Financial Statement Preparation

To Whom It May Concern,

The Town of Micanopy agrees with the F/Y 2012-2013 audit report finding referenced above. We are a very small municipal 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. Both staff and the Town Commission review the annual financial report 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 Commission.

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 that required disclosure finding and will continue to monitor this situation in the future.

As noted in the Management Letter of the current and prior year audit reports, there were no other reportable findings.

Sincerely,

Debbie Gonano
Town Administrator