

**TOWN OF MICANOPY, FLORIDA**

**ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended September 30, 2015**

**TOWN OF MICANOPY, FLORIDA**

**ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended September 30, 2015

**TABLE OF CONTENTS**

	<b>PAGE NO.</b>
<b>INTRODUCTORY SECTION</b>	
List of Principal Officials	5
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	7 - 8
Management's Discussion and Analysis	9 - 13
<b>Basic Financial Statements</b>	
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 - 36
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
General Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	38 - 40
Notes to Required Supplementary Information	41

**TOWN OF MICANOPY, FLORIDA**

**ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended September 30, 2015

**TABLE OF CONTENTS**  
(continued)

	<b>PAGE NO.</b>
<b>COMPLIANCE SECTION</b>	
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>	43 - 44
Management Letter	45 - 46
Independent Accountant's Report	47
Communication with Those Charged with Governance	48 - 49

## **INTRODUCTORY SECTION**

**TOWN OF MICANOPY, FLORIDA**

**LIST OF PRINCIPAL OFFICIALS**

**September 30, 2015**

**MAYOR**

**Virginia Mance**

**TOWN COMMISSIONERS**

**Joseph Aufmuth**

**Michael Berkowitz**

**Michael Roberts**

**Richard Shutterly**

**TOWN ADMINISTRATOR**

**Deborah Gonano**

**DEPUTY TOWN CLERK**

**Patty Polk**

**TOWN PUBLIC WORKS MANAGER**

**David Holton**

**TOWN FIRE RESCUE CHIEF**

**Jesse Modican**

## **FINANCIAL SECTION**



Richard C. Powell, Jr., CPA  
Marian Jones Powell, CPA

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Lake City, Florida 32025  
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Fax: 386 / 719-5504  
admin@powellandjonescpa.com

## **INDEPENDENT AUDITOR'S REPORT**

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, 2015, 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, each major fund and the aggregate remaining fund information of the Town of Micanopy, Florida, as of September 30, 2015, 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.

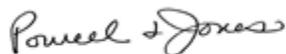
### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 – 13 and budgetary comparison information on pages 38 - 40 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 December 4, 2015, 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  
December 4, 2015

**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, solid waste management, library, community development and general governmental administration. The Town's water 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 fund and includes 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, 2015, follows:

#### Net Position at September 30, 2015 and 2014

	Governmental	Business-type	Total Government	
	Activities	Activities	2015	2014
Cash and investments	\$ 1,042,674	\$ 442,670	\$ 1,485,344	\$ 1,429,063
Other assets	21,735	23,127	44,862	44,481
Capital assets	1,202,177	80,839	1,283,016	1,234,994
<b>Total assets</b>	<b>2,266,586</b>	<b>546,636</b>	<b>2,813,222</b>	<b>2,708,538</b>
Current liabilities	13,033	35,736	48,769	29,722
Long term liabilities	4,475	5,071	9,546	6,117
<b>Total liabilities</b>	<b>17,508</b>	<b>40,807</b>	<b>58,315</b>	<b>35,839</b>
<b>Net position</b>				
Invested in capital assets	1,202,177	80,839	1,283,016	1,234,994
Restricted/assigned	143,962	-	143,962	236,115
Unrestricted	902,939	424,990	1,327,929	1,201,590
<b>Total net position</b>	<b>\$ 2,249,078</b>	<b>\$ 505,829</b>	<b>\$ 2,754,907</b>	<b>\$ 2,672,699</b>

47% 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.

An additional 5% 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, \$1,327,929 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, 2015 and 2014**

	Governmental Activities	Business-type Activities	Total Government	
			2015	2014
<b>Revenues</b>				
<b>Program revenues</b>				
Charges for services	\$ 169,148	\$ 159,021	\$ 328,169	\$ 351,748
<b>General revenues</b>				
Taxes	368,904	-	368,904	413,275
State shared revenues	56,888	-	56,888	55,294
Other general revenues	32,280	-	32,280	34,917
<b>Total revenues</b>	<b>627,220</b>	<b>159,021</b>	<b>786,241</b>	<b>855,234</b>
<b>Expenses</b>				
General government	202,255	-	202,255	226,785
Public safety	232,683	-	232,683	266,737
Transportation	117,658	-	117,658	104,309
Culture/Recreation	44,755	-	44,755	51,340
Water	-	106,682	106,682	106,207
<b>Total expenses</b>	<b>597,351</b>	<b>106,682</b>	<b>704,033</b>	<b>755,378</b>
Change in net position	29,869	52,339	82,208	99,858
Beginning net position	2,219,209	453,490	2,672,699	2,572,841
Ending net position	<u>\$ 2,249,078</u>	<u>\$ 505,829</u>	<u>\$ 2,754,907</u>	<u>\$ 2,672,699</u>

Taxes provided 47% of the revenues for Governmental Activities, while charges for services provided 42%. Most of the Governmental Activities resources are spent for General Government (29%) and Public Safety (33%).

## 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, 2015, total assets were \$1,064,409 and total liabilities were \$13,033. The ending fund balance was \$1,051,376, \$907,414 of which is unassigned.

During the year ended September 30, 2015, total expenditures of \$650,870 exceeded total revenues of \$627,220, by \$23,650.

### Capital Assets and Debt Administration

#### Capital Assets

At September 30, 2015, the Town had \$1,283,016 invested in capital assets, including fire equipment, park and recreation facilities, buildings, roads, and water facilities and lines. This amount represents a net increase of \$48,022 over last year. The increase was due mainly to investing in new capital assets.

#### Capital Assets at September 30, 2015 & 2014

	Governmental		Business-type		Totals	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Land	\$ 701,643	\$ 701,643	\$ 20,770	\$ 20,770	\$ 722,413	\$ 722,413
Buildings and improvements	941,300	828,712	345,071	345,071	1,286,371	1,173,783
Equipment	639,248	631,748	29,408	29,408	668,656	661,156
Subtotal	2,282,191	2,162,103	395,249	395,249	2,677,440	2,557,352
Accumulated depreciation	(1,080,014)	(1,014,107)	(314,410)	(308,251)	(1,394,424)	(1,322,358)
Capital assets, net	\$ 1,202,177	\$ 1,147,996	\$ 80,839	\$ 86,998	\$ 1,283,016	\$ 1,234,994

## **OTHER FINANCIAL INFORMATION**

### **Economic Factors and Next Year's Budgets**

- The current *unemployment rate* for Alachua County was 4.5%. This is lower than the prior year.
- The official *population* for the Town in 2015 was 609, and is estimated to be approximately the same in 2016.
- The *ad valorem tax millage rate* for the Town was 6.0 mills in 2015.

### **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, Micanopy, Florida 32667, or by calling (352) 466-3121.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF MICANOPY, FLORIDA**  
**STATEMENT OF NET POSITION**  
September 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 309,935	\$ 416,040	\$ 725,975
Accounts receivable-net	8,885	22,799	31,684
Due from other governmental units	1,281	-	1,281
Investments	732,739	-	732,739
Prepaid expenses	11,569	328	11,897
<b>Total current assets</b>	<u>1,064,409</u>	<u>439,167</u>	<u>1,503,576</u>
<b>Restricted assets</b>			
Cash	-	26,630	26,630
<b>Total restricted assets</b>	<u>-</u>	<u>26,630</u>	<u>26,630</u>
<b>Non-current assets</b>			
Capital assets, net	1,202,177	80,839	1,283,016
<b>Total non-current assets</b>	<u>1,202,177</u>	<u>80,839</u>	<u>1,283,016</u>
<b>Total assets</b>	<u>\$ 2,266,586</u>	<u>\$ 546,636</u>	<u>\$ 2,813,222</u>
<b>LIABILITIES</b>			
<b>Current liabilities (payable from current assets)</b>			
Accrued liabilities	\$ 9,730	\$ 2,101	\$ 11,831
Accounts payable	3,303	7,005	10,308
<b>Total current liabilities (payable from current assets)</b>	<u>13,033</u>	<u>9,106</u>	<u>22,139</u>
<b>Current liabilities (payable from restricted assets)</b>			
Accrued interest payable	-	-	-
Deposits	-	26,630	26,630
Bonds payable-current portion	-	-	-
<b>Total current liabilities (payable from restricted assets)</b>	<u>-</u>	<u>26,630</u>	<u>26,630</u>
<b>Total current liabilities</b>	<u>13,033</u>	<u>35,736</u>	<u>48,769</u>
<b>Noncurrent liabilities</b>			
Accrued compensated absences	4,475	5,071	9,546
Bonds payable	-	-	-
<b>Total noncurrent liabilities</b>	<u>4,475</u>	<u>5,071</u>	<u>9,546</u>
<b>Total liabilities</b>	<u>17,508</u>	<u>40,807</u>	<u>58,315</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	1,202,177	80,839	1,283,016
<b>Restricted for:</b>			
Debt service	-	-	-
Transportation	60,645	-	60,645
Capital projects	-	-	-
<b>Assigned for:</b>			
Wild spaces	53,317	-	53,317
Town hall renovation	30,000	-	30,000
<b>Unrestricted</b>	<u>902,939</u>	<u>424,990</u>	<u>1,327,929</u>
<b>Total net position</b>	<u>2,249,078</u>	<u>505,829</u>	<u>2,754,907</u>
<b>Total liabilities and net position</b>	<u>\$ 2,266,586</u>	<u>\$ 546,636</u>	<u>\$ 2,813,222</u>

See notes to financial statements.



**TOWN OF MICANOPY, FLORIDA**

**GOVERNMENTAL FUND  
BALANCE SHEET**

For the Fiscal Year Ended September 30, 2015

	<b>General Fund</b>
<b>ASSETS</b>	
Cash	\$ 309,935
Accounts receivable	8,885
Due from other governmental units	1,281
Investments	732,739
Prepaid expenses	11,569
<b>Total assets</b>	<b>\$ 1,064,409</b>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accrued liabilities	\$ 9,730
Accounts payable	3,303
<b>Total liabilities</b>	<b>13,033</b>
<b>FUND BALANCES</b>	
Restricted	
Transportation	60,645
Assigned	
Wild spaces	53,317
Town hall renovation	30,000
Unassigned	907,414
<b>Total fund balance</b>	<b>1,051,376</b>
<b>Total liabilities and fund balance</b>	<b>\$ 1,064,409</b>
<b>RECONCILIATION TO THE STATEMENT OF NET POSITION</b>	
Total fund balance reported above	1,051,376
Add capital assets not reported above:	\$ 2,282,191
Less accumulated depreciation	<u>(1,080,014)</u>
	1,202,177
Less liabilities not reported above:	
Compensated absences	<u>(4,475)</u>
<b>Net position</b>	<b>\$ 2,249,078</b>

See notes to financial statements.

**TOWN OF MICANOPY, FLORIDA**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**

For the Fiscal Year Ended September 30, 2015

	<b>General Fund</b>
<b>REVENUES</b>	
Taxes	\$ 368,904
Licenses and permits	7,820
Intergovernmental revenue	56,888
Charges for services	154,962
Fines and forfeitures	14,186
Miscellaneous	24,460
<b>Total revenues</b>	<b>627,220</b>
<b>EXPENDITURES</b>	
<b>Current Expenditures</b>	
General government	195,252
Public safety	222,360
Transportation	96,228
Culture/recreation	16,942
<b>Capital Outlay</b>	
Transportation	103,523
Culture/recreation	16,565
<b>Total expenditures</b>	<b>650,870</b>
<b>Deficit of revenues under expenditures</b>	<b>(23,650)</b>
<b>Fund balances at beginning of year</b>	<b>1,075,026</b>
<b>Fund balances at end of year</b>	<b>\$ 1,051,376</b>

See notes to financial statements.

**TOWN OF MICANOPY, FLORIDA**

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

**For the Fiscal Year Ended September 30, 2015**

Net change in fund balances - governmental fund		\$ (23,650)
Expenses on the Statement of Activities not included in the governmental funds statement:		
Depreciation expense	(65,907)	
Expenditures for capital assets	120,088	
Increase in compensated absence liability	<u>(662)</u>	
		<u>53,519</u>
Change in net position reported on the Statement of Activities		<u><u>\$ 29,869</u></u>

See notes to financial statements.

**TOWN OF MICANOPY, FLORIDA**  
**PROPRIETARY FUND**  
**STATEMENT OF NET POSITION**  
For the Fiscal Year Ended September 30, 2015

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash	\$ 416,040
Accounts receivable	22,799
Prepaid expenses	328
<b>Total current assets</b>	<u>439,167</u>
<b>Noncurrent assets:</b>	
<b>Restricted assets</b>	
Cash	<u>26,630</u>
<b>Fixed assets</b>	
Land	20,770
Buildings/Improvements	345,071
Equipment	29,408
Accumulated depreciation	(314,410)
<b>Total fixed assets</b>	<u>80,839</u>
<b>Total noncurrent assets</b>	<u>107,469</u>
<b>Total assets</b>	<u>\$ 546,636</u>
<b>LIABILITIES AND NET POSITION</b>	
<b>LIABILITIES</b>	
<b>Current liabilities:</b>	
Due to other funds	<u>-</u>
<b>Total current liabilities</b>	<u>-</u>
<b>Current liabilities (payable from current assets)</b>	
Accrued liabilities	2,101
Accounts payable	7,005
<b>Total current liabilities (payable from current assets)</b>	<u>9,106</u>
<b>Current liabilities (payable from restricted assets)</b>	
Accrued interest payable	-
Deposits	26,630
Serial bonds payable, current	-
<b>Total current liabilities (payable from restricted assets)</b>	<u>26,630</u>
<b>Total current liabilities</b>	<u>35,736</u>
<b>Long-term liabilities:</b>	
Accrued compensated leave	5,071
Serial bonds payable	-
<b>Total long term liabilities</b>	<u>5,071</u>
<b>Total liabilities</b>	<u>40,807</u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	80,839
Restricted for debt service	-
Unrestricted	424,990
<b>Total net position</b>	<u>505,829</u>
<b>Total liabilities and net position</b>	<u>\$ 546,636</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, 2015

	<b>Business-Type Activities Enterprise Fund</b>
<b>OPERATING REVENUES</b>	
Physical environment	
Water utility revenue	
Operating income	<b>\$ 159,021</b>
<b>Total operating revenues</b>	<b><u>159,021</u></b>
<b>OPERATING EXPENSES</b>	
Water utility services	
Personnel services	
Regular salaries	54,734
FICA	4,361
Life and health insurance	5,033
<b>Total personnel services</b>	<b><u>64,128</u></b>
Operating expenses	
Accounting and auditing	4,872
Other contractual services	7,912
Depreciation	6,159
Communication services	143
Utility services	3,973
Repair and maintenance	10,205
Office supplies	3,470
Operating supplies	5,820
<b>Total operating expenses</b>	<b><u>42,554</u></b>
<b>Total operating expenses</b>	<b><u>106,682</u></b>
<b>Operating income</b>	<b><u>52,339</u></b>
<b>Increase in net position</b>	<b>52,339</b>
<b>Net position beginning of year</b>	<b>453,490</b>
<b>Net position end of year</b>	<b><u><u>\$ 505,829</u></u></b>

See notes to financial statements.

**TOWN OF MICANOPY, FLORIDA**

**PROPRIETARY FUND**

**STATEMENT OF CASH FLOWS**

For the Fiscal Year Ended September 30, 2015

	<u>Business-type Activities</u> <u>Enterprise Fund</u>
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 157,703
Cash paid to employees and benefits	(59,260)
Cash paid to suppliers	(28,294)
Net cash provided by operating activities	<u>70,149</u>
<b>Non Capital Financing Activities</b>	
Repayment of interfund receivable	<u>345,586</u>
Net change in cash	415,735
Cash, October 1, 2014	<u>26,935</u>
Cash, September 30, 2015	<u><u>\$ 442,670</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 52,339
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	6,159
Increase in accounts receivable	(1,013)
Decrease in prepaid expenses	1,206
Increase in accounts payable	6,895
Decrease in customer deposits	(305)
Increase in accrued compensated absences	2,767
Increase in accrued liabilities	2,101
Total adjustments	<u>17,810</u>
Net cash provided by operating activities	<u><u>\$ 70,149</u></u>

See notes to financial statements.

## TOWN OF MICANOPY, FLORIDA

### NOTES TO FINANCIAL STATEMENTS

September 30, 2015

#### 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) 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 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.

**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, 2015, 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, 2015.

**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. **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.
6. **Encumbrances** - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not utilized by the Town.
7. **Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, right-of-ways, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$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

8. **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.

9. **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).

10. **Fund Balances/Net Position**

A. **Governmental Funds**

As of September 30, 2015, 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, 2015, fund balances are composed of the following:

Restricted - Transportation	\$	60,645
Assigned - Wild Spaces		53,317
Assigned - Town Hall Renovations		30,000
Unassigned		907,414
	\$	<u>1,051,376</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, 2015, net position are composed of the following:

	<u>Amount</u>
Invested in capital assets, net	\$ 80,839
Unrestricted	<u>424,990</u>
	<u><u>\$505,829</u></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 \$1,051,376 differs from “net position” of governmental activities \$2,249,078 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	\$ 2,282,191
Accumulated depreciation	<u>(1,080,014)</u>
Total	<u><u>\$ 1,202,177</u></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, 2015, were:

Compensated absences	<u><u>\$ 4,475</u></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 Position**

	Total Governmental Funds	Capital Related Items	Long-Term Debt Transactions	Statement of Net Assets
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,042,674	\$ -	\$ -	\$ 1,042,674
Accounts receivable	8,885	-	-	8,885
Due from other governmental units	1,281	-	-	1,281
Prepaid expenses	11,569	-	-	11,569
Capital assets - net	-	1,202,177	-	1,202,177
<b>Total assets</b>	<b>\$ 1,064,409</b>	<b>\$ 1,202,177</b>	<b>\$ -</b>	<b>\$ 2,266,586</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accrued liabilities	\$ 9,730			9,730
Accounts payable	3,303	-	-	3,303
Accrued compensated absences	-	-	4,475	4,475
<b>Total liabilities</b>	<b>3,303</b>	<b>-</b>	<b>4,475</b>	<b>17,508</b>
 Fund balances/net position	 <b>1,051,376</b>	 <b>1,202,177</b>	 <b>(4,475)</b>	 <b>2,249,078</b>
 <b>Total liabilities and fund balance/net position</b>	 <b>\$ 1,064,409</b>	 <b>\$ 1,202,177</b>	 <b>\$ -</b>	 <b>\$ 2,266,586</b>

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

The “net change in fund balances” for governmental funds, \$(23,650), differs from the “change in net position” for governmental activities, \$29,869, 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	\$ 120,088
Depreciation expense	(65,907)
Difference	<u>\$ 54,181</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>\$ (662)</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
<b>REVENUES</b>				
Taxes	\$ 368,904	\$ -	\$ -	\$ 368,904
Licenses and permits	7,820	-	-	7,820
Intergovernmental	56,888	-	-	56,888
Charges for services	154,962	-	-	154,962
Fines and forfeitures	14,186	-	-	14,186
Miscellaneous	24,460	-	-	24,460
<b>Total revenues</b>	<b>627,220</b>	<b>-</b>	<b>-</b>	<b>627,220</b>
<b>EXPENDITURES</b>				
<b>Current Expenditures</b>				
General government	195,252	6,249	754	202,255
Public safety	222,360	10,415	(92)	232,683
Transportation	96,228	21,430	-	117,658
Culture/recreation	16,942	27,813	-	44,755
<b>Capital Outlay</b>				
Transportation	103,523	(103,523)	-	-
Culture/recreation	16,565	(16,565)	-	-
<b>Total Expenditures</b>	<b>650,870</b>	<b>(54,181)</b>	<b>662</b>	<b>597,351</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(23,650)</b>	<b>54,181</b>	<b>(662)</b>	<b>29,869</b>
<b>Net change in fund balance</b>	<b>(23,650)</b>	<b>54,181</b>	<b>(662)</b>	<b>29,869</b>
<b>Fund balance at beginning of year</b>	<b>1,075,026</b>	<b>1,147,996</b>	<b>(3,813)</b>	<b>2,219,209</b>
<b>Fund balances at end of year</b>	<b>\$ 1,051,376</b>	<b>\$ 1,202,177</b>	<b>\$ (4,475)</b>	<b>\$ 2,249,078</b>

### 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, investments consisted of a certificate of deposit that was fully secured under State law.

#### Schedule of Restricted Cash at September 30, 2015

Business-type activities:

Restricted cash representing utility customer deposits	<u>\$ 26,630</u>
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### 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 2014-2015 fiscal year were levied in October 2014. 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, 2015, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental activities:</b>				
<b>Capital assets:</b>				
Land	\$ 701,643	\$ -	\$ -	\$ 701,643
Buildings and improvements	828,712	112,588	-	941,300
Equipment and vehicles	631,748	7,500	-	639,248
Total capital assets	<u>2,162,103</u>	<u>120,088</u>	-	<u>2,282,191</u>
Less accumulated depreciation	<u>(1,014,107)</u>	<u>(65,907)</u>	-	<u>(1,080,014)</u>
Governmental activities capital assets, net	<u><u>\$ 1,147,996</u></u>	<u><u>\$ 54,181</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,202,177</u></u>
<b>Business-type activities:</b>				
Land	\$ 20,770	\$ -	\$ -	\$ 20,770
Building and improvements	345,071	-	-	345,071
Equipment	29,408	-	-	29,408
Total capital assets	<u>395,248</u>	<u>-</u>	<u>-</u>	<u>395,248</u>
Less accumulated depreciation	<u>(308,250)</u>	<u>(6,159)</u>	-	<u>(314,409)</u>
Business-type activities capital assets, net	<u><u>\$ 86,998</u></u>	<u><u>\$ (6,159)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 80,839</u></u>

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

<b>Governmental activities:</b>	
General Government	\$ 6,249
Public Safety	10,415
Transportation	21,430
Culture/recreation	27,813
Total depreciation expense-governmental activities	<u><u>\$ 65,907</u></u>
<b>Business-type activities:</b>	
Water services	\$ 6,159
Total depreciation expense-business-type activities	<u><u>\$ 6,159</u></u>

**NOTE 7. RECEIVABLE AND PAYABLE BALANCES**

**Receivables**

Receivables at September 30, 2015, were as follows:

	<u>Accounts</u>	<u>Due from Other Governmental Units</u>	<u>Total Receivables</u>
Governmental activities:			
General Fund	\$ 8,885	\$ 1,281	\$ 10,166
Business-type activities:			
Enterprise Fund	22,799	-	22,799
	<u>\$ 31,684</u>	<u>\$ 1,281</u>	<u>\$ 32,965</u>

**Payables**

Payables at September 30, 2015, were as follows:

	<u>Vendors</u>	<u>Accrued Liabilities</u>	<u>Total</u>
Governmental activities:			
General Fund	\$ 3,303	\$ 9,730	\$ 13,033
Business activities:			
Enterprise Fund	7,005	2,101	9,106
	<u>\$ 10,308</u>	<u>\$ 11,831</u>	<u>\$ 22,139</u>

**NOTE 8. LONG-TERM LIABILITIES**

**A. Governmental Activities**

A summary of changes in general long term debt follows:

	Balance October 2014	Additions	Reductions	Balance September 2015
Compensated absences	<u>\$ 3,813</u>	<u>\$ 662</u>	<u>\$ -</u>	<u>\$ 4,475</u>

**Business-type Activities - Long Term Debt**

Compensated absences payable at December 30, 2014	\$ 2,304
Additions	2,767
Compensated absences payable at December 30, 2015	<u>\$ 5,071</u>

**NOTE 9. RETIREMENT PLAN**

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

**NOTE 10. 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 11. RISK MANAGEMENT**

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

**NOTE 12. SUBSEQUENT EVENTS**

In preparing these financial statements, the Commission has evaluated events and transactions for potential recognition or disclosure through December 4, 2015, the date the financial statements were available to be issued.

**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, 2015

	<u>Budgeted Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
<b>Taxes</b>			
<b>Ad valorem taxes</b>			
Current ad valorem taxes	\$ 161,234	\$ 163,624	\$ 2,390
<b>Sales and use taxes</b>			
Local option gas tax/alternative fuel	103,930	110,980	7,050
Infrastructure surtax	-	-	-
<b>Franchise fees</b>			
Electricity	32,530	34,474	1,944
CATV	-	-	-
<b>Utility service taxes</b>			
Electricity	37,700	40,214	2,514
Propane	3,255	2,133	(1,122)
<b>Communication service tax</b>	14,860	17,479	2,619
<b>Total taxes</b>	<u>353,509</u>	<u>368,904</u>	<u>15,395</u>
<b>Licenses and permits</b>			
Professional and occupational	5,640	5,520	(120)
Zoning permits	1,800	1,350	(450)
Other licenses and permits	500	950	450
<b>Total licenses and permits</b>	<u>7,940</u>	<u>7,820</u>	<u>(120)</u>
<b>Intergovernmental revenue</b>			
<b>Federal grants</b>			
Public safety			
Fire Assistance Program	-	-	-
<b>State shared revenues</b>			
<b>General government</b>			
State revenue sharing	21,650	22,058	408
Mobile home license	100	603	503
Alcoholic beverage licenses	1,280	294	(986)
Local government half-cent sales tax	32,780	33,933	1,153
<b>Total intergovernmental revenue</b>	<u>55,810</u>	<u>56,888</u>	<u>1,078</u>
<b>Charges for services</b>			
<b>Public Safety</b>			
Fire protection services	145,000	145,000	-
<b>Physical environment</b>			
Garbage/solid waste revenue	-	5,999	5,999
<b>Transportation</b>			
Paving special assessments	1,761	3,963	2,202
<b>Culture and recreation</b>			
Festival events	-	-	-
Recreational fees	-	-	-
<b>Total charges for services</b>	<u>146,761</u>	<u>154,962</u>	<u>8,201</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, 2015

	<b>Budgeted Amounts Final</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Fines and forfeitures</b>			
<b>Court cases</b>	<b>\$ 34,800</b>	<b>\$ 14,186</b>	<b>\$ (20,614)</b>
<b>Miscellaneous</b>			
<b>Interest earnings</b>			
Interest on investments	10,100	10,051	(49)
<b>Rents and Royalties</b>			
Library	7,600	8,505	905
<b>Other miscellaneous</b>			
Other miscellaneous	1,585	5,904	4,319
<b>Total miscellaneous</b>	<b>19,285</b>	<b>24,460</b>	<b>5,175</b>
<b>Total revenues</b>	<b>618,105</b>	<b>627,220</b>	<b>9,115</b>
<b>EXPENDITURES</b>			
<b>General Government</b>			
<b>Legislative</b>			
Personnel services	21,104	20,994	110
<b>Financial and administrative</b>			
Personnel services	66,210	70,749	(4,539)
Operating expenses	19,440	17,473	1,967
<b>Total financial and administrative</b>	<b>85,650</b>	<b>88,222</b>	<b>(2,572)</b>
<b>Legal counsel</b>			
Operating expenses	21,000	22,467	(1,467)
<b>Other general government</b>			
Operating expenses	74,894	63,569	11,325
Capital outlay	30,000	-	30,000
Grants and aids	-	-	-
<b>Total other general government</b>	<b>104,894</b>	<b>63,569</b>	<b>41,325</b>
<b>Total general government</b>	<b>232,648</b>	<b>195,252</b>	<b>37,396</b>

(continued)

**TOWN OF MICANOPY, FLORIDA**

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**

	<b>Budgeted Amounts Final</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Public Safety</b>			
<b>Fire control</b>			
Personnel services	\$ 180,159	\$ 181,826	\$ (1,667)
Operating expenses	47,665	40,534	7,131
Capital outlay	-	-	-
<b>Total fire control</b>	<u>227,824</u>	<u>222,360</u>	<u>5,464</u>
<b>Total public safety</b>	<u>227,824</u>	<u>222,360</u>	<u>5,464</u>
<b>Transportation</b>			
<b>Roads and streets</b>			
Personnel services	60,597	61,026	(429)
Operating expenses	42,400	35,202	7,198
Capital outlay	96,469	103,523	(7,054)
<b>Total transportation</b>	<u>199,466</u>	<u>199,751</u>	<u>(285)</u>
<b>Parks and recreation</b>			
Operating expenses	14,800	16,942	(2,142)
Capital outlay	-	16,565	(16,565)
<b>Total culture/recreation</b>	<u>14,800</u>	<u>33,507</u>	<u>(18,707)</u>
<b>Total expenditures</b>	<u>674,738</u>	<u>650,870</u>	<u>23,868</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(56,633)</u>	<u>(23,650)</u>	<u>32,983</u>
<b>Net change in fund balances</b>	(56,633)	(23,650)	32,983
<b>Fund balance at beginning of year</b>	1,075,026	1,075,026	-
<b>Fund balance at end of year</b>	<u>\$ 1,018,393</u>	<u>\$ 1,051,376</u>	<u>\$ 32,983</u>

See notes to financial statements.

**TOWN OF MICANOPY, FLORIDA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended September 30, 2015**

**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**

**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, 2015, 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 December 4, 2015.

**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 general 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.***

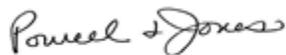
***At this time, we do not believe it would be a justifiable expense to employ another accountant on either a part-time or full-time basis to prepare the annual financial statements. We thus accept this required disclosure finding and will continue to monitor this situation in the future.***

#### **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  
December 4, 2015

## 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, 2015, and have issued our report thereon dated December 4, 2015.

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 December 4, 2015. 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, 2015.

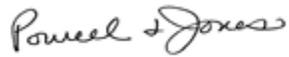
Financial Condition Assessment Procedures - As required by the *Rules of the Auditor General* (Section 10.556(8)), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part 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.

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.

A handwritten signature in cursive script that reads "Powell & Jones".

**POWELL & JONES**  
Certified Public Accountants  
December 4, 2015

## INDEPENDENT ACCOUNTANT'S REPORT

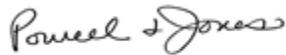
To the Town Commission  
Town of Micanopy, Florida

We have examined the Town of Micanopy, Florida's compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2015. Management is responsible for the Town of Micanopy, Florida's compliance with those requirements. Our responsibility is to express an opinion on the Town of Micanopy, 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 and, accordingly, included examining, on a test basis, evidence about the Town of Micanopy, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town of Micanopy, Florida's compliance with specified requirements.

In our opinion, the Town of Micanopy, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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



**POWELL & JONES**  
Certified Public Accountants  
December 4, 2015

## **Communication with Those Charged with Governance**

To the Town Commission  
Town of Micanopy, Florida

We have audited the financial statements of the Town of Micanopy, Florida for the year ended September 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Micanopy, Florida are described Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2015. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

#### ***Difficulties Encountered in Performing the Audit***

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

#### ***Corrected and Uncorrected Misstatements***

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

#### ***Disagreements with Management***

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

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 4, 2015.

### *Management Consultations with Other Independent Accountants*

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

### *Other Audit Findings or Issues*

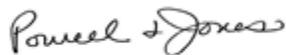
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses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

### Other Information in Documents Containing Audited Financial Statements

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

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

Very truly yours,



**POWELL & JONES**  
**Certified Public Accountants**  
**December 4, 2015**