

TOWN OF MICANOPY, FLORIDA

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2012

TOWN OF MICANOPY, FLORIDA

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2012

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TOWN OF MICANOPY, FLORIDA

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2012

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INTRODUCTORY SECTION

TOWN OF MICANOPY, FLORIDA

LIST OF PRINCIPAL OFFICIALS

September 30, 2012

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

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

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The Honorable Mayor
and Town Commission
Town of Micanopy, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major funds, and the aggregate remaining fund information of the Town of Micanopy, Florida, (Town) as of and for the year ended September 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Micanopy, Florida's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

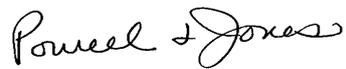
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the major funds, and the aggregate remaining fund information of the Town of Micanopy, Florida, as of September 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2013, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information presented for the major governmental funds and required supplementary information, as listed in the table of

contents, 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 assurance.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of expenditures of federal awards listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements of the Town of Micanopy, Florida. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.



POWELL & JONES
Certified Public Accountants
June 20, 2013

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 Assets 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 assets, revenue, expenses and changes in net assets, 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 Assets at September 30, 2012, follows:

Net Assets at September 30, 2012 and 2011

	Governmental	Business-type	Total Government	
	Activities	Activities	2012	2011
Cash and investments	\$ 1,193,221	\$ 26,180	\$ 1,219,401	\$ 1,119,496
Other assets	55,458	316,213	371,671	364,370
Capital assets	1,226,115	67,312	1,293,427	1,367,752
Total assets	<u>2,474,794</u>	<u>409,705</u>	<u>2,884,499</u>	<u>2,851,618</u>
Current liabilities	309,205	26,180	335,385	311,964
Long term liabilities	22,953	3,803	26,756	46,806
Total liabilities	<u>332,158</u>	<u>29,983</u>	<u>362,141</u>	<u>358,770</u>
Net assets				
Invested in capital				
assets, net of related debt	1,226,115	67,312	1,293,427	1,343,752
Restricted	148,494	-	148,494	154,725
Unrestricted	768,027	312,410	1,080,437	994,371
Total net assets	<u>\$ 2,142,636</u>	<u>\$ 379,722</u>	<u>\$ 2,522,358</u>	<u>\$ 2,492,848</u>

51% of the Town's net assets 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 1% of the Town's net assets represent resources that are dedicated or subject to restriction on how they may be used. The remaining balance of unrestricted net assets, \$1,080,437, 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 assets. The increase in Governmental Activities net assets is due primarily to the ongoing revenues exceeding expenses. The increase during the year through Business-type Activities net assets is due to ongoing revenues exceeding expenses.

A condensed version of the Statement of Activities follows:

Changes in Net Assets
For the Fiscal Years Ended September 30, 2012 & 2011

	Governmental	Business-type	Total Government	
	Activities	Activities	2012	2011
Revenues				
Program revenues				
Charges for services	\$ 192,831	\$ 151,472	\$ 344,303	\$ 345,128
Grants and contributions	469,297	-	469,297	109,557
General revenues				
Taxes	400,590	-	400,590	425,611
State shared revenues	53,281	-	53,281	53,616
Other general revenues	36,603	-	36,603	61,999
Total revenues	<u>1,152,602</u>	<u>151,472</u>	<u>1,304,074</u>	<u>995,911</u>
Expenses				
General government	245,921	-	245,921	256,457
Public safety	268,256	-	268,256	235,781
Transportation	80,927	-	80,927	101,505
Culture/Recreation	94,738	-	94,738	101,924
Economic environment	471,697	-	471,697	109,557
Interest on long-term debt	-	1,280	1,280	1,400
Water	-	111,745	111,745	105,461
Total expenses	<u>1,161,539</u>	<u>113,025</u>	<u>1,274,564</u>	<u>912,085</u>
Change in net assets	(8,937)	38,447	29,510	83,826
Beginning net assets	2,151,573	341,275	2,492,848	2,409,022
Ending net assets	<u>\$ 2,142,636</u>	<u>\$ 379,722</u>	<u>\$ 2,522,358</u>	<u>\$ 2,492,848</u>

Taxes provided 35% of the revenues for Governmental Activities, while charges for services provided 17%. Most of the Governmental Activities resources are spent for General Government (21%) and Public Safety (23%).

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, 2012, total assets were \$1,248,679 and total liabilities were \$309,205. The ending fund balance was \$939,474, \$790,980 of which is unassigned.

During the year ended September 30, 2012, total revenues of \$1,152,602 exceeded total expenditures of \$1,092,449, by \$60,153.

During the fiscal year, the Town amended the General Fund budget, increasing revenues \$238,147 and increasing expenditures \$166,854.

Capital Assets and Debt Administration

Capital Assets

At September 30, 2012, the Town had \$1,293,427 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 \$74,325 over last year. The decrease was due mainly to depreciation expense.

Capital Assets at September 30, 2012 & 2011

	Governmental		Business-type		Totals	
	Activities		Activities		2012	2011
	2012	2011	2012	2011	2012	2011
Land	\$ 701,643	\$ 701,643	\$ 20,770	\$ 20,770	\$ 722,413	\$ 722,413
Buildings and improvements	765,625	765,625	314,282	314,282	1,079,907	1,079,907
Equipment	620,031	611,281	29,407	29,407	649,438	640,688
Subtotal	2,087,299	2,078,549	364,459	364,459	2,451,758	2,443,008
Accumulated depreciation	(861,184)	(782,728)	(297,147)	(292,528)	(1,158,331)	(1,075,256)
Capital assets, net	<u>\$ 1,226,115</u>	<u>\$ 1,295,821</u>	<u>\$ 67,312</u>	<u>\$ 71,931</u>	<u>\$ 1,293,427</u>	<u>\$ 1,367,752</u>

Debt Outstanding

At year-end, the Town had \$0 in bonds and notes outstanding versus \$24,000 last year, a decrease of \$24,000.

Debt Outstanding at September 30, 2012 & 2011

	Governmental		Business-type		Totals	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Revenue bonds	\$ -	\$ -	\$ -	\$ 24,000	\$ -	\$ 24,000

More detailed information on the Town long-term liabilities is presented in the notes to the financial statements.

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 2012 was 638, and is estimated to be approximately the same in 2013.
- The *ad valorem tax millage rate* for the Town was 8.0 mills in 2012.

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 ASSETS
September 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 561,850	\$ -	\$ 561,850
Accounts receivable-net	16,623	22,174	38,797
Due from other funds	-	294,039	294,039
Due from other governmental units	38,835	-	38,835
Investments	631,371	-	631,371
Total current assets	<u>1,248,679</u>	<u>316,213</u>	<u>1,564,892</u>
Restricted assets			
Cash	-	26,180	26,180
Non-current assets			
Capital assets, net	1,226,115	67,312	1,293,427
Total assets	<u>\$ 2,474,794</u>	<u>\$ 409,705</u>	<u>\$ 2,884,499</u>
LIABILITIES			
Current liabilities (payable from current assets)			
Accounts payable	\$ 13,531	\$ -	\$ 13,531
Deferred revenue	1,635	-	1,635
Due to other funds	294,039	-	294,039
Total current liabilities (payable from current assets)	<u>309,205</u>	<u>-</u>	<u>309,205</u>
Current liabilities (payable from restricted assets)			
Deposits	-	26,180	26,180
Total current liabilities (payable from restricted assets)	<u>-</u>	<u>26,180</u>	<u>26,180</u>
Total current liabilities	<u>309,205</u>	<u>26,180</u>	<u>335,385</u>
Noncurrent liabilities			
Accrued compensated absences	22,953	3,803	26,756
Total noncurrent liabilities	<u>22,953</u>	<u>3,803</u>	<u>26,756</u>
Total liabilities	<u>332,158</u>	<u>29,983</u>	<u>362,141</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,226,115	67,312	1,293,427
Restricted for:			
Transportation	148,494	-	148,494
Unrestricted	768,027	312,410	1,080,437
Total net assets	<u>2,142,636</u>	<u>379,722</u>	<u>2,522,358</u>
Total liabilities and net assets	<u>\$ 2,474,794</u>	<u>\$ 409,705</u>	<u>\$ 2,884,499</u>

See notes to financial statements.

TOWN OF MICANOPIY, FLORIDA

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General Government	\$ 245,921	\$ 10,999	\$ -	\$ -	\$ (234,922)	\$ -	\$ (234,922)
Public Safety	268,256	145,000	-	-	(123,256)	-	(123,256)
Physical Environment	-	25,300	-	-	25,300	-	25,300
Transportation	80,927	-	-	-	(80,927)	-	(80,927)
Culture/Recreation	94,738	11,532	-	-	(83,206)	-	(83,206)
Economic environment	471,697	-	-	469,297	(2,400)	-	(2,400)
Total governmental activities	<u>1,161,539</u>	<u>192,831</u>	<u>-</u>	<u>469,297</u>	<u>(499,411)</u>	<u>-</u>	<u>(499,411)</u>
Business-type activities							
Water utility	111,745	151,472	-	-	-	39,727	39,727
Interest on long-term debt	1,280	-	-	-	-	(1,280)	(1,280)
Total business-type activities	<u>113,025</u>	<u>151,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,447</u>	<u>38,447</u>
Total government	<u>\$ 1,274,564</u>	<u>\$ 344,303</u>	<u>\$ -</u>	<u>469,297</u>	<u>(499,411)</u>	<u>38,447</u>	<u>(460,964)</u>
		General revenues					
		Property taxes			212,219	-	212,219
		Sales and use taxes			102,828	-	102,828
		Franchise fees			29,231	-	29,231
		Utility services tax			36,922	-	36,922
		Communications surtax			19,390	-	19,390
		Licenses and permits			12,800	-	12,800
		State shared revenues			53,281	-	53,281
		Interest			2,189	-	2,189
		Miscellaneous			21,614	-	21,614
		Total general revenues			<u>490,474</u>	<u>-</u>	<u>490,474</u>
		Change in net assets			(8,937)	38,447	29,510
		Net assets - beginning			2,151,573	341,275	2,492,848
		Net assets - ending			<u>\$ 2,142,636</u>	<u>\$ 379,722</u>	<u>\$ 2,522,358</u>

See notes to financial statements

TOWN OF MICANOPIY, FLORIDA

GOVERNMENTAL FUNDS
BALANCE SHEET

September 30, 2012

	General Fund
ASSETS	
Cash	\$ 561,850
Accounts receivable	16,623
Due from other governmental units	38,835
Investments	631,371
Total assets	<u>\$ 1,248,679</u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable	\$ 13,531
Due to other funds	294,039
Deferred revenue	1,635
Total liabilities	<u>309,205</u>
FUND BALANCES	
Restricted	
Transportation	148,494
Unassigned	790,980
Total fund balances	<u>939,474</u>
Total liabilities and fund balance	<u>\$ 1,248,679</u>
RECONCILIATION TO THE STATEMENT OF NET ASSETS	
Total fund balance reported above	939,474
Add capital assets not reported above:	\$ 2,087,299
Less accumulated depreciation	<u>(861,184)</u>
	1,226,115
Less liabilities not reported above:	
Compensated absences	<u>(22,953)</u>
Net assets	<u>\$ 2,142,636</u>

See notes to financial statements.

TOWN OF MICANOPIY, FLORIDA

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

For the Fiscal Year Ended September 30, 2012

	General Fund
REVENUES	
Taxes	\$ 400,590
Licenses and permits	12,800
Intergovernmental revenue	522,578
Charges for services	181,832
Fines and forfeitures	10,999
Miscellaneous	23,803
Total revenues	<u>1,152,602</u>
EXPENDITURES	
Current Expenditures	
General government	245,157
Public safety	240,181
Transportation	63,773
Culture/recreation	62,891
Economic environmnet	471,697
Capital Outlay	
Transportation	8,750
Total expenditures	<u>1,092,449</u>
Excess of revenues over expenditures	60,153
Fund balances at beginning of year	879,321
Fund balances at end of year	<u>\$ 939,474</u>

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, 2012

Net change in fund balances - total governmental funds		\$ 60,153
Expenses on the Statement of Activities not included in the governmental funds statement:		
Depreciation expense	\$ (78,456)	
Expenditures for capital assets	8,750	
Increase in compensated absence liability	<u>616</u>	
		<u>(69,090)</u>
Change in net assets reported on the Statement of Activities		<u>\$ (8,937)</u>

See notes to financial statements.

TOWN OF MICANOPY, FLORIDA

PROPRIETARY FUND

STATEMENT OF NET ASSETS

September 30, 2012

	Business-Type Activities Enterprise Fund <u>Water</u>
ASSETS	
Current assets	
Cash	\$ -
Accounts receivable	22,174
Due from other funds	<u>294,039</u>
Total current assets	<u>316,213</u>
Noncurrent assets:	
Restricted assets	
Cash	<u>26,180</u>
Fixed assets	
Land	20,770
Buildings/Improvements	314,282
Equipment	29,407
Accumulated depreciation	<u>(297,147)</u>
Total fixed assets	<u>67,312</u>
Total noncurrent assets	<u>93,492</u>
Total assets	<u>\$ 409,705</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Current liabilities (payable from restricted assets)	
Deposits	<u>26,180</u>
Total current liabilities (payable from restricted assets)	<u>26,180</u>
Total current liabilities	<u>26,180</u>
Long-term liabilities:	
Accrued compensated leave	<u>3,803</u>
Total long term liabilities	<u>3,803</u>
Total liabilities	<u>29,983</u>
NET ASSETS	
Invested in capital assets, net of related debt	67,312
Unrestricted	<u>312,410</u>
Total net assets	<u>379,722</u>
Total liabilities and net assets	<u>\$ 409,705</u>

See notes to financial statements.

TOWN OF MICANOPY, FLORIDA

PROPRIETARY FUND.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Fiscal Year Ended September 30, 2012

	Business-Type Activities Enterprise Fund <u>Water</u>
OPERATING REVENUES	
Physical environment	
Water utility revenue	
Operating income	\$ 151,472
Total operating revenues	<u>151,472</u>
OPERATING EXPENSES	
Water utility services	
Personnel services	
Regular salaries	48,270
FICA	4,236
Life and health insurance	3,601
Total personnel services	<u>56,107</u>
Operating expenses	
Accounting and auditing	4,627
Other contractual services	7,500
Depreciation	4,619
Communication services	566
Utility services	3,913
Repair and maintenance	20,002
Vehicle expenses	3,676
Other current charges and obligations	2,865
Office supplies	2,126
Operating supplies	5,744
Total operating expenses	<u>55,638</u>
Total operating expenses	<u>111,745</u>
Operating income	<u>39,727</u>
NONOPERATING EXPENSES	
Water utility services	
Debt service	
Interest expense	1,280
Total nonoperating expenses	<u>1,280</u>
Increase in net assets	38,447
Net assets beginning of year	341,275
Net assets end of year	<u>\$ 379,722</u>

See notes to financial statements.

TOWN OF MICANOPY, FLORIDA

PROPRIETARY FUND

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended September 30, 2012

	Business-type Activities Enterprise Fund
	<u>Water</u>
Cash flows from operating activities	
Cash received from customers	\$ 155,416
Cash paid to employees and benefits	(55,541)
Cash paid to suppliers	(51,019)
Net cash provided by operating activities	<u>48,856</u>
 Non Capital Financing Activities	
Cash operating loans to/from other funds	<u>(34,041)</u>
 Cash flows from capital financing activities	
Interest payments - bonds	(1,280)
Principal payments - bonds	(24,000)
Net cash flows used for capital financing activities	<u>(25,280)</u>
 Net change in cash	(10,465)
 Cash, October 1, 2011	<u>36,645</u>
 Cash, September 30, 2012	<u>\$ 26,180</u>
 Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 39,727
 Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	4,619
Decrease in accounts receivable	3,209
Increase in customer deposits	735
Increase in accrued compensated absences	566
Total adjustments	<u>9,129</u>
Net cash provided by operating activities	<u>\$ 48,856</u>

See notes to financial statements.

TOWN OF MICANOPY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2012

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 assets. 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 assets.

D. Assets, Liabilities and Net Assets 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, 2012, this allowance was \$0, based upon current anticipation of full collectibility. No other allowances for doubtful accounts are maintained since other fund accounts receivable are considered collectible as reported at September 30, 2012.
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 Assets

A. Governmental Funds

As of September 30, 2012, 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, 2012, fund balances are composed of the following:

Restricted	\$148,494
Unassigned	<u>790,980</u>
	<u>\$939,474</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, 2012, net assets are composed of the following:

	<u>Amount</u>
Invested in capital assets, net	\$ 67,312
Unrestricted	<u>312,410</u>
	<u>\$379,722</u>

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

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

"Total fund balances" of the Town's governmental funds \$939,474 differs from "net assets" of governmental activities \$2,142,636 reported in the statement of net assets. This difference primarily results from the long-term economical focus of the statement of net assets 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 assets included those capital assets among the assets of the Town as a whole.

Cost of capital assets	\$ 2,087,299
Accumulated depreciation	<u>(861,184)</u>
Total	<u>\$ 1,226,115</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 assets. Balances at September 30, 2012, were:

Compensated absences	<u>\$ 22,953</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	\$ 1,193,221	\$ -	\$ -	\$ 1,193,221
Accounts receivable	16,623	-	-	16,623
Due from other governmental units	38,835	-	-	38,835
Capital assets - net	-	1,226,115	-	1,226,115
Total assets	<u>\$ 1,248,679</u>	<u>\$ 1,226,115</u>	<u>\$ -</u>	<u>\$ 2,474,794</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 13,531	\$ -	\$ -	\$ 13,531
Due to other funds	294,039	-	-	294,039
Accrued compensated absences	-	-	22,953	22,953
Deferred revenue	1,635	-	-	1,635
Total liabilities	<u>309,205</u>	<u>-</u>	<u>22,953</u>	<u>332,158</u>
Fund balances/net assets	<u>939,474</u>	<u>1,226,115</u>	<u>(22,953)</u>	<u>2,142,636</u>
Total liabilities and fund balance/net assets	<u>\$ 1,248,679</u>	<u>\$ 1,226,115</u>	<u>\$ -</u>	<u>\$ 2,474,794</u>

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

The "net change in fund balances" for governmental funds, \$60,153, differs from the "change in net assets" for governmental activities, \$(8,937), 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 assets decrease by the amount of depreciation expense charges for the year.

Capital outlay	\$ 8,750
Depreciation expense	<u>(78,456)</u>
Difference	<u>\$ (69,706)</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>\$ (616)</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	\$ 400,590	\$ -	\$ -	\$ 400,590
Licenses and permits	12,800	-	-	12,800
Intergovernmental	522,578	-	-	522,578
Charges for services	181,832	-	-	181,832
Fines and forfeitures	10,999	-	-	10,999
Miscellaneous	23,803	-	-	23,803
Total revenues	<u>1,152,602</u>	<u>-</u>	<u>-</u>	<u>1,152,602</u>
EXPENDITURES				
Current Expenditures				
General government	245,157	1,868	(1,104)	245,921
Public safety	240,181	28,075	-	268,256
Transportation	63,773	16,990	164	80,927
Culture/recreation	62,891	31,523	324	94,738
Economic environment	471,697	-	-	471,697
Capital Outlay				
Transportation	8,750	(8,750)	-	-
Total Expenditures	<u>1,092,449</u>	<u>69,706</u>	<u>(616)</u>	<u>1,161,539</u>
Excess of revenues over (under) expenditures	<u>60,153</u>	<u>(69,706)</u>	<u>616</u>	<u>(8,937)</u>
Net change in fund balance	60,153	(69,706)	616	(8,937)
Fund balance at beginning of year	<u>879,321</u>	<u>1,295,821</u>	<u>(23,569)</u>	<u>2,151,573</u>
Fund balances at end of year	<u>\$ 939,474</u>	<u>\$ 1,226,115</u>	<u>\$ (22,953)</u>	<u>\$ 2,142,636</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, 2012

Governmental activities:	
U.S. Treasury Securities	<u>\$ 631,371</u>

Schedule of Restricted Cash at September 30, 2012

Business-type activities:	
Restricted cash representing utility customer deposits	<u>\$ 26,180</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 2011-2012 fiscal year were

levied in October 2011. 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, 2012, 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	611,281	8,750	-	620,031
Total capital assets	2,078,549	8,750	-	2,087,299
Less accumulated depreciation	(782,728)	(78,456)	-	(861,184)
Governmental activities capital assets, net	<u>\$ 1,295,821</u>	<u>\$ (69,706)</u>	<u>\$ -</u>	<u>\$ 1,226,115</u>
<u>Business-type activities:</u>				
Land	\$ 20,770	\$ -	\$ -	\$ 20,770
Building and improvements	314,282	-	-	314,282
Equipment	29,407	-	-	29,407
Total capital assets	364,459	-	-	364,459
Less accumulated depreciation	(292,528)	(4,619)	-	(297,147)
Business-type activities capital assets, net	<u>\$ 71,931</u>	<u>\$ (4,619)</u>	<u>\$ -</u>	<u>\$ 67,312</u>

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

Governmental activities:	
General Government	\$ 1,868
Public Safety	28,075
Transportation	16,990
Culture/recreation	31,523
Total depreciation expense-governmental activities	<u>\$ 78,456</u>
Business-type activities:	
Water services	\$ 4,619
Total depreciation expense-business-type activities	<u>\$ 4,619</u>

NOTE 7. INTERFUND RECEIVABLES/PAYABLES

The following is a schedule of interfund receivables and payables at September 30, 2012:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ -	\$ 294,039
Enterprise	294,039	-
	<u>\$ 294,039</u>	<u>\$ 294,039</u>

NOTE 8. RECEIVABLE AND PAYABLE BALANCES

Receivables

Receivables at September 30, 2012, were as follows:

	<u>Accounts</u>	<u>Due from Other Governmental Units</u>	<u>Total Receivables</u>
Governmental activities:			
General Fund	\$ 16,623	\$ 38,835	\$ 55,458
Business-type activities:			
Enterprise Fund	22,174	-	22,174
	<u>\$ 38,797</u>	<u>\$ 38,835</u>	<u>\$ 77,632</u>

Payables

Payables at September 30, 2012, were as follows:

	<u>Vendors</u>
Governmental activities:	
General Fund	<u>\$ 13,531</u>

NOTE 9. LONG-TERM LIABILITIES

A. Governmental Activities

A summary of changes in general long term debt follows:

	Balance October 2011	Additions	Reductions	Balance September 2012
Compensated absences	<u>\$ 23,569</u>	<u>\$ -</u>	<u>\$ (616)</u>	<u>\$ 22,953</u>

B. Business-type Activities - Long Term Debt

The Town has issued bonds through the Farmers Home Administration, now titled USDA-Rural Development, where the income derived from the constructed assets is pledged to pay debt service. The enterprise fund revenue bonds were paid at September 30, 2012.

Schedule of changes in proprietary fund long-term debt follows:

Bonds payable at September 30, 2011	\$ 24,000
Retired during year	<u>(24,000)</u>
Bonds payable at September 30, 2012	<u><u>\$ -</u></u>
Compensated absences payable at September 30, 2011	\$ 3,237
Additions	<u>566</u>
Compensated absences payable at September 30, 2012	<u><u>\$ 3,803</u></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, 2012

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes				
Ad valorem taxes				
Current ad valorem taxes	\$ 208,000	\$ 212,219	\$ 212,219	\$ -
Sales and use taxes				
Local option gas tax/alternative fuel	74,000	102,828	102,828	-
Franchise fees				
Electricity	30,000	29,027	29,201	174
CATV	-	30	30	-
Utility service taxes				
Electricity	30,000	34,682	34,311	(371)
Propane	1,500	2,612	2,611	(1)
Communication service tax	21,600	19,390	19,390	-
Total taxes	<u>365,100</u>	<u>400,788</u>	<u>400,590</u>	<u>(198)</u>
Licenses and permits				
Professional and occupational	8,400	2,230	10,400	8,170
Zoning permits	600	1,700	1,700	-
Other licenses and permits	120	700	700	-
Total licenses and permits	<u>9,120</u>	<u>4,630</u>	<u>12,800</u>	<u>8,170</u>
Intergovernmental revenue				
State grants				
Economic environment				
CDBG	300,000	491,013	469,297	(21,716)
State shared revenues				
General government				
State revenue sharing	18,000	22,562	22,562	-
Mobile home license	360	232	232	-
Alcoholic beverage licenses	120	147	147	-
Local government half-cent sales tax	29,520	30,220	30,340	120
Total intergovernmental revenue	<u>348,000</u>	<u>544,174</u>	<u>522,578</u>	<u>(21,596)</u>
Charges for services				
Public Safety				
Fire protection services	144,000	145,000	145,000	-
Physical environment				
Garbage/solid waste revenue	21,108	11,335	25,300	13,965
Culture and recreation				
Festival events	2,400	2,261	2,261	-
Recreational fees	13,800	9,271	9,271	-
Total charges for services	<u>181,308</u>	<u>167,867</u>	<u>181,832</u>	<u>13,965</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, 2012

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Fines and forfeitures				
Court cases	\$ 3,000	\$ 10,999	\$ 10,999	\$ -
Miscellaneous				
Interest earnings				
Interest on investments	1,800	2,093	2,189	96
Rents and Royalties				
Library	2,400	9,649	9,649	-
Other miscellaneous				
Other miscellaneous	2,640	11,315	11,965	650
Total miscellaneous	6,840	23,057	23,803	746
Total revenues	913,368	1,151,515	1,152,602	1,087
EXPENDITURES				
General Government				
Legislative				
Personnel services	20,292	19,380	19,380	-
Executive				
Personnel services	54,144	49,680	49,680	-
Financial and administrative				
Personnel services	19,068	64,377	61,539	2,838
Operating expenses	24,780	19,785	19,785	-
Total financial and administrative	43,848	84,162	81,324	2,838
Legal counsel				
Operating expenses	27,000	21,000	21,000	-
General government (continued)				
Comprehensive planning				
Operating expenses	-	13,443	13,443	-
Other general government				
Operating expenses	72,480	62,740	59,330	3,410
Grants and aids	600	1,000	1,000	-
Total other general government	73,080	63,740	60,330	3,410
Total general government	218,364	251,405	245,157	6,248

(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, 2012

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Public Safety				
Fire control				
Personnel services	\$ 166,680	\$ 151,917	\$ 151,917	\$ -
Operating expenses	51,420	88,264	88,264	-
Total fire control	<u>218,100</u>	<u>240,181</u>	<u>240,181</u>	<u>-</u>
Total public safety	<u>218,100</u>	<u>240,181</u>	<u>240,181</u>	<u>-</u>
Transportation				
Roads and streets				
Personnel services	50,568	34,555	34,554	1
Operating expenses	54,660	29,219	29,219	-
Capital outlay	-	8,750	8,750	-
Total transportation	<u>105,228</u>	<u>72,524</u>	<u>72,523</u>	<u>1</u>
Parks and recreation				
Personnel services	38,016	34,596	34,596	-
Operating expenses	30,660	25,036	28,295	(3,259)
Total culture/recreation	<u>68,676</u>	<u>59,632</u>	<u>62,891</u>	<u>(3,259)</u>
Economic environment				
CDBG grant				
Operating expenses	303,000	456,480	471,697	(15,217)
Total economic environment	<u>303,000</u>	<u>456,480</u>	<u>471,697</u>	<u>(15,217)</u>
Total expenditures	<u>913,368</u>	<u>1,080,222</u>	<u>1,092,449</u>	<u>(12,227)</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>71,293</u>	<u>60,153</u>	<u>(11,140)</u>
Net change in fund balances	-	71,293	60,153	(11,140)
Fund balance at beginning of year	<u>879,321</u>	<u>879,321</u>	<u>879,321</u>	<u>-</u>
Fund balance at end of year	<u>\$ 879,321</u>	<u>\$ 950,614</u>	<u>\$ 939,474</u>	<u>\$ (11,140)</u>

See notes to financial statements.

COMPLIANCE SECTION

TOWN OF MICANOPY, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended September 30, 2012

<u>GRANTOR PROGRAM TITLE</u>	<u>CFDA #</u>	<u>Contract Number</u>	<u>Award Amount</u>	<u>Received in Prior Years</u>	<u>2012</u>	
					<u>Revenue Received or Receivable</u>	<u>Expenditures</u>
FEDERAL AWARDS						
Non-major Programs						
U.S. Department of Housing and Urban Development						
Passed through the Florida Department of						
Economic Opportunity						
Florida Small Cities Community Development						
Block Grant Program, Housing Rehabilitation	14.228	11DB-L4-03-11-02-H12	\$ 600,000	\$ 109,557	\$ 469,297	\$ 469,297
Total Federal Awards			<u>\$ 600,000</u>	<u>\$ 109,557</u>	<u>\$ 469,297</u>	<u>\$ 469,297</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, 2012

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 Town Commission
Town of Micanopy, Florida

We have audited the basic financial statements of the Town of Micanopy, Florida, as of and for the year ended September 30, 2012, and have issued our report thereon dated June 20, 2013. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Micanopy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Micanopy, Florida's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified the following deficiency in internal control over financial reporting that we consider to be a significant deficiency in internal control over financial reporting.

Finding 2011-1

Financial Statement Preparation

A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. While your auditor can assist with the preparation of your financial statements and related footnotes, the financial statements are the responsibility of

management. A deficiency in internal control exists when the 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 to prepare the financial statements and disclosures.

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.

MANAGEMENT'S RESPONSE

2011-1
Financial Statement Preparation

We agree with this finding. We are a very small government and have used our available resources to employ a competent administrator 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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Micanopy, Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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*.

This report is intended solely for the information and use of management and the Town Commission, the Auditor General of the State of Florida, and federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



POWELL & JONES
June 20, 2013

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, 2012, and have issued our report thereon dated June 20, 2013.

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 20, 2013. 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, 2012.

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 - Nothing came to our attention that caused us to believe that the Town had met 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.

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

POWELL & JONES
Certified Public Accountants
June 20, 2013