

TOWN OF MICANOPY, FLORIDA

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2018

TOWN OF MICANOPY, FLORIDA
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2018

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TOWN OF MICANOPY, FLORIDA

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2018

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INTRODUCTORY SECTION

TOWN OF MICANOPY, FLORIDA

LIST OF PRINCIPAL OFFICIALS

September 30, 2018

MAYOR

Tim Parker

TOWN COMMISSIONERS

Joseph Aufmuth

Virginia Mance

Troy Blakely

Michael Roberts

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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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, each major fund and the aggregate remaining fund information of the Town of Micanopy, Florida. (the Town) as of and for the year ended September 30, 2018, 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.

Florida Institute of Certified Public Accountants • American Institute of Certified Public Accountants

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, 2018, 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.

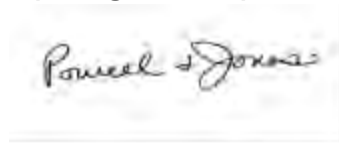
Other Matters

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 - 41 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 November 12, 2018, 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
November 12, 2018

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 include net position, revenue, expenses and changes in net position, and cash flows.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Town's financial condition.

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

Town as a Whole

Government-wide Financial Statements

A condensed version of the Statement of Net Position at September 30, 2018 and 2017, follows:

Net Position at September 30, 2018 and 2017

	Governmental	Business-type	Total Government	
	Activities	Activities	2018	2017
Cash and investments	\$ 1,401,188	\$ 317,800	\$ 1,718,988	\$ 1,838,090
Other assets	12,559	20,937	33,496	40,307
Capital assets	1,117,662	287,099	1,404,761	1,220,705
Total assets	2,531,409	625,836	3,157,245	3,099,102
Current liabilities	13,813	29,001	42,814	88,546
Long term liabilities	7,946	5,163	13,109	11,671
Total liabilities	21,759	34,164	55,923	100,217
Net position				
Invested in capital				
assets, net of related debt	1,117,662	287,099	1,404,761	1,220,705
Restricted	413,994	-	413,994	360,348
Unrestricted	977,994	304,573	1,282,567	1,417,832
Total net position	\$ 2,509,650	\$ 591,672	\$ 3,101,322	\$ 2,998,885

45% of the Town's net position reflects 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 13% 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, \$1,282,567 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, 2018 and 2017**

	Governmental Activities	Business-type Activities	Total Government	
			2018	2017
Revenues				
Program revenues				
Charges for services	\$ 181,000	\$ 138,215	\$ 319,215	\$ 327,550
General revenues				
Taxes	426,029	-	426,029	402,720
State shared revenues	60,127	-	60,127	58,923
Other general revenues	80,319	-	80,319	38,073
Total revenues	747,475	138,215	885,690	827,266
Expenses				
General government	254,502	-	254,502	188,972
Public safety	245,713	-	245,713	252,870
Transportation	126,187	-	126,187	120,748
Culture/Recreation	34,762	-	34,762	32,075
Water	-	122,089	122,089	111,139
Total expenses	661,164	122,089	783,253	705,804
Change in net position	86,311	16,126	102,437	121,462
Beginning net position	2,423,339	575,546	2,998,885	2,877,423
Ending net position	\$ 2,509,650	\$ 591,672	\$ 3,101,322	\$ 2,998,885

Taxes provided 48% of the revenues for Governmental Activities, while charges for services provided 36%. Most of the Governmental Activities resources are spent for General Government (32%) and Public Safety (31%).

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. As of September 30, 2018, total assets were \$1,413,747 and total liabilities were \$13,813. The ending fund balance was \$1,399,934, \$985,940 of which is unassigned.

During the year ended September 30, 2018, total expenditures of \$640,751 were exceeded by total revenues of \$747,475, by \$106,724.

Capital Assets and Debt Administration

Capital Assets

At September 30, 2018, the Town had \$1,404,761 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 \$184,056 over last year. The decrease was primarily due to depreciation.

Capital Assets at September 30, 2018 & 2017

	Governmental		Business-type		Totals	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Land	\$ 701,643	\$ 701,643	\$ 20,770	\$ 20,770	\$ 722,413	\$ 722,413
Buildings and improvements	984,586	966,197	569,775	345,071	1,554,361	1,311,268
Construction in progress	-	-	-	12,040	-	12,040
Equipment	650,828	644,548	29,408	29,408	680,236	673,956
Subtotal	2,337,057	2,312,388	619,953	407,289	2,957,010	2,719,677
Accumulated depreciation	(1,219,395)	(1,174,908)	(332,854)	(324,064)	(1,552,249)	(1,498,972)
Capital assets, net	<u>\$ 1,117,662</u>	<u>\$ 1,137,480</u>	<u>\$ 287,099</u>	<u>\$ 83,225</u>	<u>\$ 1,404,761</u>	<u>\$ 1,220,705</u>

OTHER FINANCIAL INFORMATION

Economic Factors and Next Year's Budgets

- The current *unemployment rate* for Alachua County was 3.0%. This is lower than the prior year.
- The *population* of the Town in 2018 is estimated to be 605 by the University of Florida Bureau of Economic and Business Research (BEBR).
- The *ad valorem tax millage rate* for the Town was 5.8114 and 5.9463 mills for the 2017 and 2018 tax years, respectively.

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, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 384,416	\$ 291,260	\$ 675,676
Accounts receivable-net	8,652	20,937	29,589
Due from other governmental units	1,228	-	1,228
Investments	1,016,772	-	1,016,772
Prepaid expenses	2,679	-	2,679
Total current assets	1,413,747	312,197	1,725,944
Restricted assets			
Cash	-	26,540	26,540
Total restricted assets	-	26,540	26,540
Non-current assets			
Capital assets, net	1,117,662	287,099	1,404,761
Total non-current assets	1,117,662	287,099	1,404,761
Total assets	\$ 2,531,409	\$ 625,836	\$ 3,157,245
LIABILITIES			
Current liabilities (payable from current assets)			
Accounts payable	\$ 2,272	\$ -	\$ 2,272
Accrued liabilities	11,541	2,461	14,002
Deferred revenue	-	-	-
Total current liabilities (payable from current assets)	13,813	2,461	16,274
Current liabilities (payable from restricted assets)			
Deposits	-	26,540	26,540
Total current liabilities (payable from restricted assets)	-	26,540	26,540
Total current liabilities	13,813	29,001	42,814
Noncurrent liabilities			
Accrued compensated absences	7,946	5,163	13,109
Total noncurrent liabilities	7,946	5,163	13,109
Total liabilities	21,759	34,164	55,923
NET POSITION			
Net investment in capital assets	1,117,662	287,099	1,404,761
Restricted for:			
Debt service	-	-	-
Transportation	241,863	-	241,863
Capital projects	-	-	-
Committed for:			
Wild spaces	57,431	-	57,431
Assigned for:			
Town hall renovation	84,700	-	84,700
Fire department renovation	30,000	-	30,000
Unrestricted	977,994	304,573	1,282,567
Total net position	2,509,650	591,672	3,101,322
Total liabilities and net position	\$ 2,531,409	\$ 625,836	\$ 3,157,245

TOWN OF MICANOPY, FLORIDA

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General Government	\$ 254,502	\$ -	\$ -	\$ -	\$ (254,502)	\$ -	\$ (254,502)
Public Safety	245,713	175,000	-	-	(70,713)	-	(70,713)
Physical Environment	-	6,000	-	-	6,000	-	6,000
Transportation	126,187	-	-	-	(126,187)	-	(126,187)
Culture/Recreation	34,762	-	-	-	(34,762)	-	(34,762)
Total governmental activities	661,164	181,000	-	-	(480,164)	-	(480,164)
Business-type activities							
Water utility	122,089	138,215	-	-	-	16,126	16,126
Total business-type activities	122,089	138,215	-	-	-	16,126	16,126
Total government	\$ 783,253	\$ 319,215	\$ -	-	(480,164)	16,126	(464,038)
General revenues							
Property taxes					161,038	-	161,038
Sales and use taxes					157,037	-	157,037
Franchise fees					33,634	-	33,634
Utility services tax					56,793	-	56,793
Communications surtax					17,527	-	17,527
Licenses and permits					9,110	-	9,110
State shared revenues					60,127	-	60,127
Interest					18,084	-	18,084
Fines and forfeitures					2,126	-	2,126
Miscellaneous					50,999	-	50,999
Total general revenues					566,475	-	566,475
Change in net assets					86,311	16,126	102,437
Net position - beginning					2,423,339	575,546	2,998,885
Net position - ending					\$ 2,509,650	\$ 591,672	\$ 3,101,322

TOWN OF MICANOPY, FLORIDA

**GOVERNMENTAL FUND
BALANCE SHEET**

September 30, 2018

			<u>General Fund</u>
ASSETS			
Cash	\$		384,416
Investments			1,016,772
Accounts receivable			8,652
Due from other governmental units			1,228
Prepaid expenses			2,679
Total assets			<u><u>\$ 1,413,747</u></u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$		2,272
Accrued liabilities			11,541
Unearned income			-
Total liabilities			<u>13,813</u>
 FUND BALANCES			
Restricted			
Transportation			241,863
Committed			
Wild spaces			57,431
Assigned			
Town hall renovation			84,700
Fire department renovation			30,000
Unassigned			985,940
Total fund balance			<u>1,399,934</u>
Total liabilities and fund balance			<u><u>\$ 1,413,747</u></u>
 RECONCILIATION TO THE STATEMENT OF NET POSITION			
Total fund balance reported above			1,399,934
Add capital assets not reported above:	\$	2,337,057	
Less accumulated depreciation		<u>(1,219,395)</u>	1,117,662
Less liabilities not reported above:			
Compensated absences			<u>(7,946)</u>
Net position			<u><u>\$ 2,509,650</u></u>

TOWN OF MICANOPY, FLORIDA

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

For the Fiscal Year Ended September 30, 2018

	General Fund
REVENUES	
Taxes	\$ 426,029
Licenses and permits	9,110
Intergovernmental revenue	60,127
Charges for services	181,000
Fines and forfeitures	2,126
Miscellaneous	69,083
Total revenues	<u>747,475</u>
EXPENDITURES	
Current expenditures	
General government	248,593
Public safety	245,713
Transportation	113,093
Culture/recreation	8,683
Capital outlay	
Culture/recreation	18,389
Total expenditures	<u>640,751</u>
 Surplus of revenues over expenditures	 106,724
 Fund balances at beginning of year	 <u>1,293,210</u>
Fund balances at end of year	<u>\$ 1,399,934</u>

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, 2018

Net change in fund balances - total governmental funds		\$ 106,724
Expenses on the Statement of Activities not included in the governmental funds statement:		
Depreciation expense	\$ (44,487)	
Expenditures for capital assets	24,669	
Increase in compensated absence liability	(595)	
		<u>(20,413)</u>
Change in net position reported on the Statement of Activities		<u><u>\$ 86,311</u></u>

TOWN OF MICANOPY, FLORIDA

**PROPRIETARY FUND
STATEMENT OF NET POSITION
September 30, 2018**

	<u>Business-Type Activities Enterprise Fund</u>
ASSETS	
Current assets	
Cash	\$ 291,260
Accounts receivable	20,937
Total current assets	<u>312,197</u>
Noncurrent assets:	
Restricted assets	
Cash	<u>26,540</u>
Fixed assets	
Land	20,770
Buildings/Improvements	569,775
Construction in progress	-
Equipment	29,408
Accumulated depreciation	<u>(332,854)</u>
Total fixed assets	<u>287,099</u>
Total noncurrent assets	<u>313,639</u>
Total assets	<u>\$ 625,836</u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Current liabilities (payable from current assets)	
Accounts payable	-
Accrued liabilities	2,461
Total current liabilities (payable from current assets)	<u>2,461</u>
Current liabilities (payable from restricted assets)	
Deposits	<u>26,540</u>
Total current liabilities (payable from restricted assets)	<u>26,540</u>
Total current liabilities	<u>29,001</u>
Long-term liabilities:	
Accrued compensated leave	<u>5,163</u>
Total long term liabilities	<u>5,163</u>
Total liabilities	<u>34,164</u>
NET POSITION	
Net investment in capital assets	287,099
Unrestricted	304,573
Total net position	<u>591,672</u>
Total liabilities and net position	<u>\$ 625,836</u>

TOWN OF MICANOPY, FLORIDA

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

For the Fiscal Year Ended September 30, 2018

	<u>Business-Type Activities Enterprise Fund</u>
OPERATING REVENUES	
Physical environment	
Water utility revenue	
Operating income	\$ 138,215
Total operating revenues	<u>138,215</u>
OPERATING EXPENSES	
Water utility services	
Personnel services	
Regular salaries	59,719
FICA	4,521
Life and health insurance	6,116
Total personnel services	<u>70,356</u>
Operating expenses	
Repair and maintenance	12,582
Contractual services	8,782
Operating supplies	5,084
Accounting and auditing	4,950
Depreciation	8,790
Utility services	3,794
Office supplies	2,834
Insurance	4,775
Communication services	142
Total operating expenses	<u>51,733</u>
Total operating expenses	<u>122,089</u>
Increase in net position	16,126
Net position beginning of year	575,546
Net position end of year	<u>\$ 591,672</u>

See notes to financial statements.

TOWN OF MICANOPY, FLORIDA

PROPRIETARY FUND
STATEMENT OF CASH FLOWS

For the Fiscal Year Ended September 30, 2018

	<u>Business-type Activities</u> <u>Enterprise Fund</u>
Cash flows from operating activities	
Cash received from customers	\$ 139,058
Cash paid to employees and benefits	(69,624)
Cash paid to suppliers	(53,233)
Net cash provided by operating activities	<u>16,201</u>
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(212,664)
Net cash used for capital and related financing activities	<u>(212,664)</u>
Net change in cash	(196,463)
Cash, October 1, 2017	514,263
Cash, September 30, 2018	<u>\$ 317,800</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income (loss)	\$ 16,126
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	8,790
Changes in assets and liabilities:	
Decrease in accounts receivable	28
Decrease in accrued expenses	(111)
Decrease in accounts payable	(10,290)
Increase in customer deposits	815
Increase in accrued compensated absences	843
Total adjustments	<u>75</u>
Net cash provided by operating activities	<u>\$ 16,201</u>

TOWN OF MICANOPY, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

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, 2018, 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, 2018.

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:

Assets	Years
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, 2018, 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, 2018, fund balances are composed of the following:

Restricted - Transportation	\$ 241,863
Committed - Wild Spaces	57,431
Assigned - Town Hall Renovations	84,700
Assigned - Fire Department Renovation	30,000
Unassigned	985,940
	<u>\$ 1,399,934</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, 2018, net position are composed of the following:

	<u>Amount</u>
Invested in capital assets, net	\$287,099
Unrestricted	<u>304,573</u>
	<u>\$591,672</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 \$1,398,859 differs from “net position” of governmental activities \$2,508,575 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	\$ 2,337,057
Accumulated depreciation	<u>(1,219,395)</u>
Total	<u>\$ 1,117,662</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, 2018, were:

Compensated absences	<u>\$ 7,946</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	\$ 384,416	\$ -	-	\$ 384,416
Investments	1,016,772	-	-	1,016,772
Accounts receivable	8,652	-	-	8,652
Due from other governmental units	1,228	-	-	1,228
Prepaid expenses	2,679	-	-	2,679
Capital assets - net	-	1,117,662	-	1,117,662
Total assets	\$ 1,413,747	\$ 1,117,662	-	\$ 2,531,409
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,272	\$ -	-	\$ 2,272
Accrued liabilities	11,541	-	-	11,541
Unearned income	-	-	-	-
Accrued compensated absences	-	-	7,946	7,946
Total liabilities	13,813	-	7,946	21,759
Fund balances/net position	1,399,934	1,117,662	(7,946)	2,509,650
Total liabilities and fund balance/net position	\$ 1,413,747	\$ 1,117,662	-	\$ 2,531,409

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

The “net change in fund balances” for governmental funds, \$105,648, differs from the “change in net position” for governmental activities, \$91,516, 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	\$ 24,669
Depreciation expense	<u>(44,487)</u>
Difference	<u>\$ (19,818)</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>\$ (595)</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	\$ 426,029	\$ -	\$ -	\$ 426,029
Licenses and permits	9,110	-	-	9,110
Intergovernmental	60,127	-	-	60,127
Charges for services	181,000	-	-	181,000
Fines and forfeitures	2,126	-	-	2,126
Miscellaneous	69,083	-	-	69,083
Total revenues	<u>747,475</u>	<u>-</u>	<u>-</u>	<u>747,475</u>
EXPENDITURES				
Current Expenditures				
General government	248,593	5,346	563	254,502
Public safety	245,713	-	-	245,713
Transportation	113,093	13,062	32	126,187
Culture/recreation	8,683	26,079	-	34,762
Capital Outlay	-	-	-	-
General government	6,280	(6,280)	-	-
Transportation	18,389	(18,389)	-	-
Culture/recreation	-	-	-	-
Total Expenditures	<u>640,751</u>	<u>19,818</u>	<u>595</u>	<u>661,164</u>
Excess of revenues over (under) expenditures	<u>106,724</u>	<u>(19,818)</u>	<u>(595)</u>	<u>86,311</u>
Net change in fund balance	106,724	(19,818)	(595)	86,311
Fund balance at beginning of year	1,293,210	1,137,480	(7,351)	2,423,339
Fund balances at end of year	<u>\$ 1,399,934</u>	<u>\$ 1,117,662</u>	<u>\$ (7,946)</u>	<u>\$ 2,509,650</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, investments consisted of certificates of deposit that were fully secured under State law.

Schedule of Restricted Cash at September 30, 2018

Business-type activities:	
Restricted cash representing utility customer deposits	<u>\$ 26,540</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 2017-2019 fiscal year were levied in October 2017. 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, 2018, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets:				
Land	\$ 701,643	\$ -	\$ -	\$ 701,643
Buildings and improvements	966,197	18,389	-	984,586
Equipment and vehicles	644,548	6,280	-	650,828
Total capital assets	2,312,388	24,669	-	2,337,057
Less accumulated depreciation	(1,174,908)	(44,487)	-	(1,219,395)
Governmental activities capital assets, net	<u>\$ 1,137,480</u>	<u>\$ (19,818)</u>	<u>\$ -</u>	<u>\$ 1,117,662</u>
Business-type activities:				
Land	\$ 20,770	\$ -	\$ -	\$ 20,770
Building and improvements	345,071	224,704	-	569,775
Construction in progress	12,040	-	(12,040)	-
Equipment	29,408	-	-	29,408
Total capital assets	407,289	224,704	(12,040)	619,953
Less accumulated depreciation	(324,064)	(8,790)	-	(332,854)
Business-type activities: capital assets, net	<u>\$ 83,225</u>	<u>\$ 215,914</u>	<u>\$ (12,040)</u>	<u>\$ 287,099</u>

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

Governmental activities:	
General Government	\$ 5,346
Transportation	13,062
Culture/recreation	26,079
Total depreciation expense-governmental activities	<u>\$ 44,487</u>
Business-type activities:	
Water services	\$ 8,790
Total depreciation expense-business-type activities	<u>\$ 8,790</u>

NOTE 7. RECEIVABLE AND PAYABLE BALANCES

Receivables

Receivables at September 30, 2018, were as follows:

	<u>Accounts</u>	<u>Due from Other Governmental Units</u>	<u>Total Receivables</u>
Governmental activities:			
General Fund	\$ 8,652	\$ 1,228	\$ 9,880
Business-type activities:			
Enterprise Fund	<u>20,937</u>	<u>-</u>	<u>20,937</u>
	<u>\$ 29,589</u>	<u>\$ 1,228</u>	<u>\$ 30,817</u>

Payables

Payables at September 30, 2018, were as follows:

	<u>Vendors</u>	<u>Accrued Liabilities</u>	<u>Total</u>
Governmental activities:			
General Fund	\$ 2,272	\$ 11,541	\$ 13,813
Business activities:			
Enterprise Fund	<u>-</u>	<u>2,461</u>	<u>2,461</u>
	<u>\$ 2,272</u>	<u>\$ 14,002</u>	<u>\$ 16,274</u>

NOTE 8. LONG-TERM LIABILITIES

A. Governmental Activities

A summary of changes in general long term debt follows:

	<u>Balance September 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance September 2018</u>
Compensated absences	<u>\$ 7,351</u>	<u>\$ 5,623</u>	<u>\$ (5,028)</u>	<u>\$ 7,946</u>

B. Business-type Activities

	<u>Balance September 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance September 2018</u>
Compensated absences	<u>\$ 4,320</u>	<u>\$ 3,520</u>	<u>\$ (2,677)</u>	<u>\$ 5,163</u>

NOTE 9. RETIREMENT PLAN

The Town does not contribute to or have any liability for a retirement plan for its elected officials or employees. Employees can elect to contribute to a Florida Municipal Pension Trust Fund 457(b) plan through salary withholdings.

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 November 12, 2018, 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, 2018

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes			
Ad valorem taxes			
Current ad valorem taxes	\$ 158,555	\$ 161,038	\$ 2,483
Sales and use taxes			
Local option gas tax/alternative fuel	120,600	120,333	(267)
Discretionary sales tax	34,800	36,704	1,904
Utility service taxes			
Electricity	38,120	39,914	1,794
Water	13,620	12,684	(936)
Propane	3,235	4,195	960
Communication service tax	15,000	17,527	2,527
Franchise fees			
Electricity	30,200	33,634	3,434
Total taxes	<u>414,130</u>	<u>426,029</u>	<u>11,899</u>
Licenses and permits			
Professional and occupational	5,650	5,410	(240)
Zoning permits	1,800	2,750	950
Other licenses and permits	700	950	250
Total licenses and permits	<u>8,150</u>	<u>9,110</u>	<u>960</u>
State shared revenues			
General government			
State revenue sharing	22,099	22,296	197
Mobile home license	275	705	430
Alcoholic beverage licenses	343	343	-
Local government half-cent sales tax	36,300	36,783	483
Total intergovernmental revenue	<u>59,017</u>	<u>60,127</u>	<u>1,110</u>
Charges for services			
Public Safety			
Fire protection services	175,000	175,000	-
Physical environment			
Garbage/solid waste revenue	4,992	6,000	1,008
Transportation			
Paving special assessments	1,541	-	(1,541)
Total charges for services	<u>181,533</u>	<u>181,000</u>	<u>(533)</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, 2018

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Fines and forfeitures			
Court cases	\$ 5,100	\$ 2,126	\$ (2,974)
Miscellaneous			
Interest earnings			
Interest on investments	17,178	18,084	906
Rents and royalties			
Library	8,000	7,992	(8)
Other miscellaneous			
Other miscellaneous	1,825	43,007	41,182
Total miscellaneous	27,003	69,083	42,080
Total revenues	694,933	747,475	52,542
EXPENDITURES			
General Government			
Legislative			
Personnel services	22,343	22,353	(10)
Financial and administrative			
Personnel services	79,832	84,442	(4,610)
Operating expenses	16,580	16,851	(271)
Total financial and administrative	96,412	101,293	(4,881)
Legal counsel			
Operating expenses	25,200	27,058	(1,858)
Other general government			
Operating expenses	66,803	97,889	(31,086)
Total other general government	66,803	97,889	(31,086)
Total general government	210,758	248,593	(37,835)

(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, 2018

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Public Safety			
Fire control			
Personnel services	\$ 182,098	\$ 174,738	\$ 7,360
Operating expenses	76,547	70,975	5,572
Total fire control	<u>258,645</u>	<u>245,713</u>	<u>12,932</u>
Total public safety	<u>258,645</u>	<u>245,713</u>	<u>12,932</u>
Transportation			
Roads and streets			
Personnel services	68,872	72,419	(3,547)
Operating expenses	48,091	40,674	7,417
Capital outlay	-	6,280	(6,280)
Total transportation	<u>116,963</u>	<u>119,373</u>	<u>(2,410)</u>
Parks and recreation			
Personnel services	-	-	-
Operating expenses	11,300	8,683	2,617
Capital outlay	-	18,389	(18,389)
Total culture/recreation	<u>11,300</u>	<u>27,072</u>	<u>(15,772)</u>
Total expenditures	<u>597,666</u>	<u>640,751</u>	<u>(43,085)</u>
Excess of revenues over (under) expenditures	<u>97,267</u>	<u>106,724</u>	<u>9,457</u>
Net change in fund balances	97,267	106,724	9,457
Fund balance at beginning of year	1,157,515	1,293,210	135,695
Fund balance at end of year	<u>\$ 1,254,782</u>	<u>\$ 1,399,934</u>	<u>\$ 145,152</u>

See notes to financial statements.

TOWN OF MICANOPY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended September 30, 2018

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:

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, each major fund and the aggregate remaining fund information of the Town of Micanopy, Florida, as of and for the year ended September 30, 2018, and the aggregate remaining fund information 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 November 12, 2018.

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, material weaknesses may exist that have not been identified.

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.

A handwritten signature in cursive script that reads "Powell & Jones". The signature is written in dark ink on a light-colored background.

POWELL & JONES
Certified Public Accountants
November 12, 2018

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, 2018, and have issued our report thereon dated November 12, 2018.

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 November 12, 2018. 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, 2018.

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 rectangular box containing a handwritten signature in cursive script that reads "Powell & Jones".

POWELL & JONES
Certified Public Accountants
November 12, 2018

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, 2018. 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, 2018.

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
November 12, 2018

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, 2018. 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 2018. 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 November 12, 2018.

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

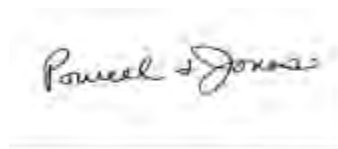
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses 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
November 12, 2018