

TOWN OF MICANOPY, FLORIDA
TABLE OF CONTENTS
September 30, 2022

	PAGE NO.
INTRODUCTORY SECTION	
List of Principal Officials	5
FINANCIAL SECTION	
Independent Auditor's Report	7 - 9
Management's Discussion and Analysis	10 - 14
Basic Financial Statements:	
<i>Government Wide Financial Statements:</i>	
Statement of Net Position	16
Statement of Activities	17
<i>Governmental Fund:</i>	
Balance Sheet	18
Statement of Revenues, Expenditures, and Changes in Fund Balances	19
Reconciliation of the Statement of Revenues, Expenditure, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
<i>Proprietary Fund:</i>	
Statement of Net Position	21
Statement of Revenues, Expenses, and Changes in Net Position	22
Statement of Cash Flows	23
Notes to Financial Statements	24-37

(continued)

TOWN OF MICANOPY, FLORIDA
TABLE OF CONTENTS
September 30, 2022

	PAGE NO.
Required Supplementary Information	
General Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	39 - 41
Notes to Required Supplementary Information	42
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 <i>Government Auditing Standards</i>	44 - 45
Management Letter	46 - 47
Independent Accountant's Report on Compliance with Section 218.415, <i>Florida Statutes</i>	48
Communication with Those Charged with Governance	49 - 50

INTRODUCTORY SECTION

TOWN OF MICANOPY, FLORIDA
LIST OF PRINCIPAL OFFICIALS
September 30, 2022

MAYOR

Ginny Mance

TOWN COMMISSIONERS

Troy Blakely

Judy Galloway

Mike Roberts

Jiana Williams

TOWN ADMINISTRATOR

Sara Owen

DEPUTY TOWN CLERK

Patty Polk

TOWN PUBLIC WORKS MANAGER

David Holton

TOWN FIRE RESCUE CHIEF

Jesse Modican

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Micanopy, Florida, (the "Town") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of expenditures of federal awards but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and

the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2023, on our consideration of the Town'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's internal control over financial reporting and compliance.



Powell and Jones CPA
Lake City, Florida
June 19, 2023

TOWN OF MICANOPY, FLORIDA
Management's Discussion and Analysis

This discussion and analysis are intended to be an easily readable analysis of the Town of Micanopy, Florida, (the "Town") financial activities based on currently known facts, decisions, or conditions. This analysis focuses on the current year's 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, 2022 and 2021, follows:

Net Position at September 30, 2022 and 2021

	Governmental	Business-type	Total Government	
	Activities	Activities	2022	2021
Cash and investments	\$ 2,315,472	\$ 192,613	\$2,508,085	\$2,263,549
Other assets	10,720	21,664	32,384	26,407
Capital assets	1,207,558	816,795	2,024,353	1,580,894
Total assets	<u>3,533,750</u>	<u>1,031,072</u>	<u>4,564,822</u>	<u>3,870,850</u>
Current liabilities	385,619	32,844	418,463	33,663
Long term liabilities	13,521	11,867	25,388	9,511
Total liabilities	<u>399,140</u>	<u>44,711</u>	<u>443,851</u>	<u>43,174</u>
Net position				
Invested in capital				
assets, net of related debt	1,207,558	816,795	2,024,353	1,580,893
Restricted	563,818	-	563,818	530,256
Unrestricted	1,363,234	169,566	1,532,799	1,716,526
Total net position	<u>\$ 3,134,610</u>	<u>\$ 986,361</u>	<u>\$4,120,970</u>	<u>\$3,827,675</u>

49% 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 14% 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, \$1,363,234 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, 2022 and 2021

	Governmental Activities	Business-type Activities	Total Government	
			2022	2021
Revenues				
Program revenues				
Charges for services	\$ 229,925	\$ 266,494	\$ 496,419	\$ 485,655
Grants	16,500	-	16,500	-
General revenues				
Taxes	454,763	-	454,763	448,727
State shared revenues	79,632	-	79,632	63,822
Other general revenues	54,720	247,605	302,325	138,321
Total revenues	835,540	514,099	1,349,639	1,136,525
Expenses				
General government	294,626	-	294,626	260,749
Public safety	326,510	-	326,510	234,104
Transportation	126,989	-	126,989	116,185
Culture and recreation	43,470	-	43,470	32,311
Water	-	264,748	264,748	243,445
Total expenses	791,595	264,748	1,056,343	886,794
Change in net position	43,945	249,351	293,296	249,731
Beginning net position	3,090,665	737,010	3,827,675	3,577,944
Ending net position	\$3,134,610	\$ 986,361	\$4,120,971	\$3,827,675

Governmental activities:

Taxes provided 54% of the revenues for Governmental Activities, while charges for services provided 28%. Most of the Governmental Activities resources are spent for General Government (37%) and Public Safety (41%).

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, 2022, total assets were \$2,326,192 and total liabilities were \$385,619. The ending fund balance was \$1,940,573, of which \$1,376,755 is unassigned.

During the year ended September 30, 2022, total expenditures of \$779,854 were exceeded by total revenues of \$835,540 by \$55,686.

Capital Assets and Debt Administration

Capital Assets

At September 30, 2022, the Town had \$2,024,353 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 \$443,460 over last year. This was primarily due to the increase in construction in progress.

Capital Assets at September 30, 2022 & 2021

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	\$ 701,643	\$ 701,643	\$ 20,770	\$ 20,770	\$ 722,413	\$ 722,413
Construction in progress	18,685	-	478,428	36,505	497,113	36,505
Buildings and improvements	1,154,177	1,143,677	662,576	646,076	1,816,753	1,789,753
Equipment	688,158	682,044	29,408	29,408	717,566	711,452
Subtotal	2,562,663	2,527,364	1,191,182	732,759	3,753,845	3,260,123
Accumulated depreciation	(1,355,105)	(1,318,365)	(374,387)	(360,865)	(1,729,492)	(1,679,230)
Capital assets, net	\$ 1,207,558	\$ 1,208,999	\$ 816,795	\$ 371,894	\$ 2,024,353	\$ 1,580,893

OTHER FINANCIAL INFORMATION

Economic Factors and Rates

- The current *unemployment rate* for Alachua County was 2.4%. This is a decrease from the prior year.
- The *population* of the Town in 2022 is estimated to be 656 by the University of Florida Bureau of Economic and Business Research.
- The *ad valorem tax millage rate* for the Town was 5.5260 in 2021 and 5.2281 in 2022.

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, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,526,763	\$ 164,563	\$ 1,691,326
Investments	788,709	-	788,709
Accounts receivable, net	10,720	21,664	32,384
Due from other governmental units	-	-	-
Prepaid expenses	-	-	-
Total current assets	<u>2,326,192</u>	<u>186,227</u>	<u>2,512,419</u>
Restricted assets			
Cash - customer deposits	-	28,050	28,050
Non-current assets			
Not being depreciated			
Capital assets, net	1,207,558	816,795	2,024,353
Total assets	<u>\$ 3,533,750</u>	<u>\$ 1,031,072</u>	<u>\$ 4,564,822</u>
LIABILITIES			
Current liabilities (payable from current assets)			
Accounts payable	\$ 15,763	\$ -	\$ 15,763
Accrued liabilities	15,464	4,794	20,258
Settlement liability	52,850	-	52,850
Total current liabilities (payable from current assets)	<u>385,619</u>	<u>4,794</u>	<u>390,413</u>
Current liabilities (payable from restricted assets)			
Deposits	-	28,050	28,050
Total current liabilities (payable from restricted assets)	<u>-</u>	<u>28,050</u>	<u>28,050</u>
Total current liabilities	<u>385,619</u>	<u>32,844</u>	<u>418,463</u>
Noncurrent liabilities			
Accrued compensated absences	13,521	11,867	25,388
Total noncurrent liabilities	<u>13,521</u>	<u>11,867</u>	<u>25,388</u>
Total liabilities	<u>399,140</u>	<u>44,711</u>	<u>443,851</u>
NET POSITION			
Net investment in capital assets	1,207,558	816,795	2,024,353
Restricted	563,818	-	563,818
Unrestricted	1,363,234	169,566	1,532,799
Total net position	<u>\$ 3,134,610</u>	<u>\$ 986,361</u>	<u>\$ 4,120,970</u>

See notes to financial statements.

TOWN OF MICANOPIY, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2022

Functions/programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 294,626	\$ -	\$ -	\$ -	\$ (294,626)	\$ -	\$ (294,626)
Public safety	326,510	229,925	-	-	(96,585)	-	(96,585)
Physical Environment	-	-	-	16,500	16,500	-	16,500
Transportation	126,989	-	-	-	(126,989)	-	(126,989)
Culture/recreation	43,470	-	-	-	(43,470)	-	(43,470)
Economic environment	-	-	-	-	-	-	-
Total governmental activities	791,595	229,925	-	16,500	(545,170)	-	(545,170)
Business-type activities							
Water utility	264,748	266,494	-	247,605	-	249,351	249,351
Total business-type activities	264,748	266,494	-	247,605	-	249,351	249,351
Total government	\$ 1,056,343	\$ 496,419	\$ -	\$ 264,105	\$ (545,170)	\$ 249,351	\$ (295,819)
General revenues							
Property taxes					187,548	-	187,548
Sales and use taxes					140,203	-	140,203
Franchise fees					42,860	-	42,860
Utility services tax					60,651	-	60,651
Communications surtax					23,501	-	23,501
Licenses and permits					5,660	-	5,660
State shared revenues					79,632	-	79,632
Interest					12,114	-	12,114
Fines and forfeitures					15,590	-	15,590
Miscellaneous					21,356	-	21,356
Total general revenues					589,115	-	589,115
Change in net assets					43,945	249,351	293,296
Net position at beginning of year					3,090,665	737,010	3,827,675
Net position at ending of year					\$ 3,134,610	\$ 986,361	\$ 4,120,971

See notes to financial statements.

TOWN OF MICANOPY, FLORIDA
GOVERNMENTAL FUND
BALANCE SHEET
September 30, 2022

		General Fund
ASSETS		
Cash	\$	1,526,763
Investments		788,709
Accounts receivable		10,720
Total assets	\$	2,326,192
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$	15,763
Accrued liabilities		15,464
Settlement liability		52,850
Deferred Revenue		301,542
Total liabilities		385,619
FUND BALANCES		
Restricted		294,551
Committed		78,389
Assigned		190,878
Unassigned		1,376,755
Total fund balances		1,940,573
Total liabilities and fund balance	\$	2,326,192
RECONCILIATION TO THE STATEMENT OF NET POSITION		
Total fund balance reported above	\$	1,940,573
Add capital assets not reported above:	2,562,663	
Less accumulated depreciation	<u>(1,355,105)</u>	1,207,558
Less liabilities not reported above:		
Compensated absences		<u>(13,521)</u>
Net position	\$	3,134,610

See notes to financial statements.

TOWN OF MICANOPY, FLORIDA
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended September 30, 2022

	<u>General Fund</u>
REVENUES	
Taxes	\$ 454,763
Licenses and permits	5,660
Intergovernmental revenue	79,632
Charges for services	229,925
Fines and forfeitures	15,590
Grant	16,500
Miscellaneous	33,470
Total revenues	<u>835,540</u>
 EXPENDITURES	
Current expenditures	
General government	282,056
Public safety	324,627
Capital outlay	18,685
Transportation	110,616
Capital outlay	9,909
Culture/recreation	23,461
Capital outlay	10,500
Total expenditures	<u>779,854</u>
 Excess of revenues over expenditures	 55,686
 Fund balances at beginning of year	 <u>1,884,887</u>
Fund balances at end of year	<u><u>\$ 1,940,573</u></u>

See notes to financial statements.

TOWN OF MICANOPY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2022

Net change in fund balances of the governmental fund \$ 55,686

Amounts reported for governmental activities in the

Statement of Activities are different because:

Government funds report capital outlay as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Expenditures for capital assets	39,094	
Less current year depreciation	<u>(40,535)</u>	(1,441)

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>(10,300)</u>
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Change in net position of governmental activities		<u>\$ 43,945</u>
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See notes to financial statements.

TOWN OF MICANOPY, FLORIDA
PROPRIETARY FUND
STATEMENT OF NET POSITION
September 30, 2022

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
ASSETS	
Current assets	
Cash	\$ 164,563
Accounts receivable	21,664
Total current assets	<u>186,227</u>
Restricted assets	
Cash - customer deposits	<u>28,050</u>
Noncurrent assets	
Capital assets, net	816,795
Total assets	<u>\$ 1,031,072</u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Current liabilities (payable from current assets)	
Accrued liabilities	\$ 4,794
Current liabilities (payable from restricted assets)	
Deposits	<u>28,050</u>
Total current liabilities	<u>32,844</u>
Long-term liabilities:	
Accrued compensated absences	<u>11,867</u>
Total liabilities	<u>44,711</u>
NET POSITION	
Net investment in capital assets	816,795
Unrestricted	<u>169,566</u>
Total net position	<u>986,361</u>
Total liabilities and net position	<u>\$ 1,031,072</u>

See notes to financial statements.

TOWN OF MICANOPY, FLORIDA
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended September 30, 2022

	Business-Type Activities Enterprise Fund
OPERATING REVENUES	
Physical environment	
Water utility	
Charges for services	\$ 266,494
Grant	247,605
Total operating revenues	514,099
 OPERATING EXPENSES	
Water utility	
Personnel services	99,272
Repair and maintenance	16,284
Contractual services	11,057
Operating supplies	105,114
Accounting and auditing	4,950
Depreciation	13,522
Utility services	4,059
Office supplies	4,412
Insurance	3,443
Communication services	2,635
Total operating expenses	264,748
Operating income	249,351
 Net position at beginning of year	 737,010
Net position at end of year	\$ 986,361

See notes to financial statements.

TOWN OF MICANOPY, FLORIDA
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended September 30, 2022

	Business-type Activities
	Enterprise Fund
Cash flows from operating activities	
Cash received from customers	\$ 271,132
Cash paid to employees and benefits	(89,951)
Cash paid to suppliers	(151,453)
Net cash provided by operating activities	29,728
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(458,423)
Grants	247,605
Net cash used for capital and related financing activities	(210,818)
Net change in cash	(181,090)
Cash at beginning of year	373,703
Cash at end of year	\$ 192,613
Reconciliation of increase in net position to net cash provided by operating activities	
Increase in net position	\$ 249,351
Adjustments to reconcile increase in net position to net cash provided by operating activities:	
Depreciation	13,522
Changes in assets and liabilities:	
Increase in accounts receivable	(4,243)
Increase in prepaid expenses	(500)
Decrease in accrued expenses	(3,745)
Increase in accounts payable	28,920
Decrease in customer deposits	(395)
Decrease in capital grant	(247,605)
Decrease in accrued compensated absences	(5,577)
Total adjustments	(219,623)
Net cash provided by operating activities	\$ 29,728

See notes to financial statements.

TOWN OF MICANOPY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
September 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Micanopy, Florida, (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 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 another 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 a 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 another 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 another 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, 2022, this allowance was \$3,229, 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, 2022.
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 is \$3,229 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 amount 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, 2022, 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, 2022, fund balances are composed of the following:

Restricted - Transportation	\$ 294,551
Committed - Wild Spaces	78,389
Assigned - Town Hall Renovations	84,700
Assigned - Fire Department Renovation	106,178
Unassigned	1,376,755
	<u>\$ 1,940,573</u>

When an expenditure is incurred for purposes to which both restricted and unrestricted fund balance is available, the Town considers 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, 2022, net position are composed of the following:

Invested in capital assets, net	\$ 816,795
Unrestricted	169,566
Total	<u>\$ 986,361</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 \$1,940,573 differs from “net position” of governmental activities \$3,134,610 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	\$ 2,562,663
Accumulated depreciation	(1,355,105)
Total	<u>\$ 1,207,558</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, 2022, were:

Compensated absences	<u>\$ (13,521)</u>
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TOWN OF MICANOPIY, FLORIDA

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

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

	Total Governmental Funds	Capital Related Items	Long-Term Debt Transactions	Statement of Net Assets
ASSETS				
Cash and cash equivalents	\$ 1,526,763	\$ -	-	\$ 1,526,763
Investments	788,709	-	-	788,709
Accounts receivable, net	10,720	-	-	10,720
Due from other governmental units	-	-	-	-
Prepaid expenses	-	-	-	-
Capital assets, net	-	1,207,558	-	1,207,558
Total assets	\$ 2,326,192	\$ 1,207,558	\$ -	\$ 3,533,750
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 15,763	-	-	\$ 15,763
Accrued liabilities	15,464	-	-	15,464
Deferred Revenue	301,542	-	-	301,542
Accrued compensated absences	-	-	13,521	13,521
Settlement liability	52,850	-	-	52,850
Total liabilities	385,619	-	13,521	399,140
Fund balances/net position	1,940,573	1,207,558	(13,521)	3,134,610
Total liabilities and fund balance/net position	\$ 2,326,192	\$ 1,207,558	\$ -	\$ 3,533,750

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

The "net change in fund balances" for governmental funds, \$55,686, differs from the "change in net position" for governmental activities, \$43,945, 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	39,094
Depreciation expense	(40,535)
Difference	<u>\$ (1,441)</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 increase in compensated absences	<u>\$ (10,300)</u>
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TOWN OF MICANOPIY, 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	\$ 454,763	\$ -	-	\$ 454,763
Licenses and permits	5,660	-	-	5,660
Intergovernmental	79,632	-	-	79,632
Charges for services	229,925	-	-	229,925
Fines and forfeitures	15,590	-	-	15,590
Miscellaneous	33,470	-	-	33,470
Total revenues	835,540	-	-	835,540
EXPENDITURES				
Current Expenditures				
General government	282,056	6,917	5,653	294,626
Public safety	324,627	1,883	-	326,510
Transportation	110,616	11,726	4,647	126,989
Culture/recreation	23,461	20,009	-	43,470
Capital Outlay				
General government	9,909	(9,909)	-	-
Public Safety	18,685	(18,685)	-	-
Culture/recreation	10,500	(10,500)	-	-
Total Expenditures	779,854	1,441	10,300	791,595
Excess of revenues over (under) expenditures	55,686	(1,441)	(10,300)	43,945
Net change in fund balance	55,686	(1,441)	(10,300)	43,945
Fund balance at beginning of year	1,884,887	1,208,999	(3,221)	3,090,665
Fund balances at end of year	\$ 1,940,573	\$ 1,207,558	\$ (13,521)	\$ 3,134,610

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, 2022

Business-type activities:	
Restricted cash representing utility customer deposits	<u>\$ 28,050</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 2021-2022 fiscal year were levied in October 2021. 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, 2022, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental activities:</u>				
Capital assets:				
Not being depreciated:				
Land	\$ 701,643	\$ -	\$ -	\$ 701,643
Construction in progress	-	18,685	-	18,685
Total non-depreciable capital assets	<u>701,643</u>	<u>18,685</u>	<u>-</u>	<u>720,328</u>
Being depreciated:				
Buildings and improvements	1,143,677	10,500	-	1,154,177
Equipment and vehicles	682,044	9,909	(3,795)	688,158
Total depreciable capital assets	<u>1,825,721</u>	<u>20,409</u>	<u>(3,795)</u>	<u>1,842,335</u>
Less accumulated				
depreciation	<u>(1,318,365)</u>	<u>(40,535)</u>	<u>3,795</u>	<u>(1,355,105)</u>
Total depreciable capital assets, net	<u>507,356</u>	<u>(20,126)</u>	<u>-</u>	<u>487,230</u>
Governmental activities capital assets, net	<u>\$ 1,208,999</u>	<u>\$ (1,441)</u>	<u>\$ -</u>	<u>\$ 1,207,558</u>
<u>Business-type activities:</u>				
Not being depreciated:				
Land	\$ 20,770	\$ -	\$ -	\$ 20,770
Construction in progress	36,505	441,923	-	478,428
Total non-depreciable capital assets	<u>57,275</u>	<u>441,923</u>	<u>-</u>	<u>499,198</u>
Being depreciated:				
Building and improvements	646,076	16,500	-	662,576
Equipment	29,408	-	-	29,408
Total depreciable capital assets	<u>675,484</u>	<u>16,500</u>	<u>-</u>	<u>691,984</u>
Total capital assets	<u>732,759</u>	<u>458,423</u>	<u>-</u>	<u>1,191,182</u>
Less accumulated				
depreciation	<u>(360,865)</u>	<u>(13,522)</u>	<u>-</u>	<u>(374,387)</u>
Total depreciable capital assets, net	<u>314,619</u>	<u>2,978</u>	<u>-</u>	<u>317,597</u>
Business-type activities: capital assets, net	<u>\$ 371,894</u>	<u>\$ 444,901</u>	<u>\$ -</u>	<u>\$ 816,795</u>

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

<u>Governmental activities:</u>	
General Government	\$ 6,917
Public Safety	1,883
Transportation	11,726
Culture/recreation	20,009
Total depreciation expense-governmental activities	<u>\$ 40,535</u>
<u>Business-type activities:</u>	
Water services	\$ 13,522
Total depreciation expense-business-type activities	<u>\$ 13,522</u>

NOTE 7. RECEIVABLE AND PAYABLE BALANCES

Receivables

Receivables at September 30, 2022, were as follows:

	Accounts	Due from other Governmental Units	Total Receivables
Governmental activities			
General fund	\$ -	\$ -	\$ -
Business-type activities			
Enterprise fund	21,664	-	21,664
	<u>\$ 21,664</u>	<u>\$ -</u>	<u>\$ 21,664</u>

Payables

Payables at September 30, 2022, were as follows:

	Accounts Payable	Accrued Liabilities	Total
Governmental activities			
General fund	\$ 15,763	\$ 15,464	\$ 31,227
Business-type activities			
Enterprise fund	-	4,794	4,794
	<u>\$ 15,763</u>	<u>\$ 20,258</u>	<u>\$ 36,021</u>

NOTE 8. LONG-TERM LIABILITIES

A summary of changes in long-term debt follows:

A. Governmental Activities

	Beginning Balance 2021	Additions	Deletions	Ending Balance 2022
Compenstated Absences	<u>\$ 3,221</u>	<u>\$ 10,300</u>	<u>\$ -</u>	<u>\$ 13,521</u>

B. Business-type Activities

	Beginning Balance 2021	Additions	Deletions	Ending Balance 2022
Compenstated Absences	<u>\$ 6,290</u>	<u>\$ 5,577</u>	<u>\$ -</u>	<u>\$ 11,867</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.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) was characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Country. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

There is one unasserted claim of note: Fire fighters from the Micanopy Fire Station could possibly sue the Town for non-payment of overtime worked as well as failure to pay minimum wage under the Fair Labor Standards Act (FLSA). The Town has settled FLSA suits filed by four firefighters in fiscal year 2022, with a fifth firefighter compensated due to threatened litigation. It is possible that additional firefighters will come forward with FLSA claims for the relevant period of time covered by the statute of limitations (3 years). These potential claims do not meet the criteria of recognition in Governmental Accounting Standards Board (GASB) Codification Section C50 because the amount of the potential claims are not determinable at this time.

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 June 19, 2023, 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 20, 2022

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes			
Ad valorem taxes			
Current ad valorem taxes	\$ 189,000	\$ 187,548	\$ (1,452)
Sales and use taxes			
Local option gas tax/alternative fuel	90,240	91,556	1,316
Discretionary sales tax	38,400	48,647	10,247
Utility service taxes			
Electricity	50,100	57,174	7,074
Water	13,200	-	(13,200)
Propane	3,575	3,477	(98)
Communication service tax	22,200	23,501	1,301
Franchise fees			
Electricity	41,520	42,860	1,340
Total taxes	<u>448,235</u>	<u>454,763</u>	<u>6,528</u>
Licenses and permits			
Professional and occupational	6,890	2,360	(4,530)
Zoning permits	1,500	2,550	1,050
Other licenses and permits	700	750	50
Total licenses and permits	<u>9,090</u>	<u>5,660</u>	<u>(3,430)</u>
State shared revenues			
General government			
State revenue sharing	22,188	30,965	8,777
Mobile home license	300	368	68
Alcoholic beverage licenses	200	441	241
Local government half-cent sales tax	37,800	47,858	10,058
Total intergovernmental revenue	<u>60,488</u>	<u>79,632</u>	<u>19,144</u>
Charges for services			
Public Safety			
Fire protection services	229,925	229,925	-
Physical environment			
Transportation	897	-	(897)
Total charges for services	<u>230,822</u>	<u>229,925</u>	<u>(897)</u>

(continued)

See notes to 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 20, 2022

	Budgeted Amounts Final	Actual Amounts	Final Budget Positive (Negative)
Fines and forfeitures			
Court cases	\$ 18,900	\$ 15,590	\$ (3,310)
Miscellaneous			
Interest earnings			
Interest on investments	20,000	12,114	(7,886)
Rents and royalties			
Library	7,600	16,622	9,022
Other miscellaneous			
Grant	-	16,500	16,500
Other miscellaneous	132,995	4,734	(128,261)
Total miscellaneous	<u>160,595</u>	<u>49,970</u>	<u>(110,625)</u>
Total revenues	<u>928,130</u>	<u>835,540</u>	<u>(92,590)</u>
EXPENDITURES			
General Government			
Legislative			
Personnel services	<u>28,159</u>	<u>27,490</u>	<u>669</u>
Financial and administrative			
Personnel services	84,478	76,672	7,806
Operating expenses	2,850	72,092	(69,242)
Total financial and administrative	<u>87,328</u>	<u>148,764</u>	<u>(61,436)</u>
Legal counsel			
Operating expenses	<u>25,500</u>	<u>29,854</u>	<u>(4,354)</u>
Other general government			
Operating expenses	68,513	75,948	(7,435)
Capital outlay	10,000	-	10,000
Total other general government	<u>78,513</u>	<u>75,948</u>	<u>2,565</u>
Total general government	<u>219,500</u>	<u>282,056</u>	<u>(62,556)</u>

(continued)

See notes to 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 20, 2022

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Public Safety			
Fire control			
Personnel services	\$ 223,773	\$ 214,558	\$ 9,215
Operating expenses	85,045	110,069	(25,024)
Capital outlay	-	18,685	(18,685)
Total fire control	<u>308,818</u>	<u>343,312</u>	<u>(34,494)</u>
Total public safety	<u>308,818</u>	<u>343,312</u>	<u>(34,494)</u>
Transportation			
Roads and streets			
Personnel services	74,207	78,981	(4,774)
Operating expenses	45,610	31,635	13,975
Capital outlay	-	9,909	(9,909)
Total transportation	<u>119,817</u>	<u>120,525</u>	<u>(708)</u>
Parks and recreation			
Operating expenses	14,700	23,461	(8,761)
Capital outlay	157,000	10,500	146,500
Total culture/recreation	<u>171,700</u>	<u>33,961</u>	<u>137,739</u>
Total expenditures	<u>819,835</u>	<u>779,854</u>	<u>39,981</u>
Excess of revenues over (under) expenditures	<u>108,295</u>	<u>55,686</u>	<u>(52,609)</u>
Net change in fund balances	108,295	55,686	(52,609)
Fund balance at beginning of year	1,881,523	1,884,887	3,364
Fund balance at end of year	<u>\$ 1,989,818</u>	<u>\$ 1,940,573</u>	<u>\$ (49,245)</u>

See notes to required supplementary information.

TOWN OF MICANOPY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended September 30, 2022

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, (the "Town") as of and for the year ended September 30, 2022, and the aggregate remaining fund information related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 19, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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.

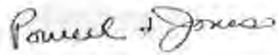
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Powell and Jones CPA
Lake City, Florida
June 19, 2023

MANAGEMENT LETTER

To the Mayor and
Members of the Town Commission
Town of 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, 2022, and have issued our report thereon dated June 19, 2023.

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 19, 2023. The 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

2022-1 Bank accounts

We recommend the Town operates separate bank accounts for each of its funds. We found during our audit cash was comingled between General Fund and Enterprise Fund with no clear distinction of the amount in each fund. We recommend the Town have separate bank accounts for each of the funds.

RECOMMENDATION:

We also discovered during our audit the water deposits were not kept in a separate bank account. We recommend the utility deposits are kept in a separate bank account.

FINANCIAL COMPLIANCE FINDINGS

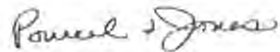
Financial Condition Assessment Procedures - As required by the *Rules of the Auditor General* (Section 10.556(8)), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part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



Powell and Jones CPA
Lake City, Florida
June 19, 2023

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

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

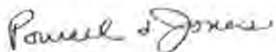
We have examined the Town of Micanopy, Florida's, (the "Town") compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2022.

Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on the Town'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'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's compliance with specified requirements.

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

This report is intended solely for the information and use of the Town 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 and Jones CPA
Lake City, Florida
June 19, 2023

Communication with Those Charged with Governance

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

We have audited the financial statements of the Town of Micanopy, Florida, (the "Town") for the year ended September 30, 2022. 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 are described Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2022. 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'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 June 19, 2023.

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 Commission and management of the Town and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Powell and Jones CPA
Lake City, Florida
June 19, 2023



Town of _____

Micanopy

Florida

September 30, 2023

Auditor General
State of Florida
401 Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

RE: Town of Micanopy – Explanation of Finding for 2021-2022fy Annual Report

Mr. Noonan,

The Town of Micanopy accepts the findings presented by the independent auditor, Powell & Jones, of customer deposit funds being comingled with other governmental operating funds. This has been a long-time practice of the Town of Micanopy as is using pooled cash method for the General and Enterprise Funds.

To correct this problem, the Town has opened individual, interest-bearing banking accounts at SouthState Bank for the enterprise and general funds and place customer deposits in a non-interested bearing account. This will bring the Town into compliance with the 2022 financial report findings and provide a clearer distinction for fund balances.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sara S. Owen".

Sara S. Owen, Town Administrator

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(352) 466-3121 Town Hall (352) 466-4912 Fax
townhall@micanopytown.com