

A decorative border of colored pencils surrounds the text. The pencils are arranged in a rectangular frame, with colors including yellow, blue, red, green, and brown. At the bottom right, a blue pencil holder contains several pencils of various colors.

Micanopy Area Cooperative School, Inc.

A Component Unit of the Alachua County District School Board

Financial Statements
And
Independent Auditors' Report

June 30, 2016

KATTELL AND COMPANY, P.L.

A professional accounting firm serving the nonprofit community.

808-B NW 16th Avenue
Gainesville, Florida 32601

(352) 395-6565

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS

JUNE 30, 2016

MICANOPY AREA COOPERATIVE SCHOOL, INC.

A Component Unit of the Alachua County District School Board

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808-B NW 16th Avenue Gainesville, Florida 32601 TEL: 352-395-6565 FAX: 352-395-6636 www.kattell.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Micanopy Area Cooperative School, Inc.

October 4, 2016

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Micanopy Area Cooperative School, Inc. (the School), a component unit of the Alachua County District School Board, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School'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 the 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.

Auditors' 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 required 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.

Opinions. In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School as of June 30, 2016, and the respective changes in financial position thereof 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 management's discussion and analysis and the budgetary comparison schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2016, on our consideration of the School's internal control over financial reporting (internal control) 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 and compliance and the results of that testing, and not to provide an opinion on internal control or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance.

Kattell and Company, P.L.

Management's Discussion and Analysis

June 30, 2016

Micanopy Area Cooperative School, Inc.

A Component Unit of the Alachua County District School Board

This discussion and analysis of the School's financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the School's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2016:

- The School's overall net position increased by approximately \$207,000, which is 16%.
- Unrestricted net position at June 30, 2016, was \$122,546.
- The School had total expenses for the year of approximately \$1,288,000, compared to revenues of approximately \$1,495,000.
- The School served 177 and 156 students in the school years ending in 2016 and 2015, respectively, in grades K through 5. The School also provides VPK services and served 25 and 26 students in the school years ending in 2016 and 2015, respectively.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual report contains government-wide financial statements that report on the School's activities as a whole and fund financial statements that report on the School's individual funds.

Government-wide Financial Statements

The first financial statement is the Statement of Net Position. This statement includes all of the School's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are recorded, regardless of when cash is received or paid. Net position – the difference between assets and liabilities – can be used to measure the School's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net position during the fiscal year. Over time, the increases or decreases in net position are useful indicators of whether the School's financial health is improving or deteriorating. However, other non-financial factors, such as enrollment levels or changes in state funding, must also be considered when assessing the overall health of the School.

In these statements, all of the School's activities are considered to be governmental activities. The School has no business-type activities, which are generally financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the School's funds.

The School maintains three individual governmental funds, the General Fund, Special Revenue Fund and Capital Projects Fund. These funds are considered to be major funds and, accordingly, they are separately displayed.

Governmental funds are accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the governmental fund's financial position. A reconciliation is provided with these statements, which helps to explain the differences between the fund financial statements and the government-wide financial statements.

Management's Discussion and Analysis

June 30, 2016

Micanopy Area Cooperative School, Inc.

A Component Unit of the Alachua County District School Board

CONDENSED FINANCIAL INFORMATION

The following table presents condensed, government-wide current year and prior year data about net position and changes in net position.

	2016 Governmental Activities	2015 Governmental Activities
Net Position		
Assets:		
Non-capital Assets	\$ 386,613	\$ 480,353
Capital Assets, Net	1,492,408	884,020
Total Assets	<u>1,879,021</u>	<u>1,364,373</u>
Liabilities:		
Current Liabilities	240,818	79,923
Noncurrent Liabilities	167,753	20,815
Total Liabilities	<u>408,571</u>	<u>100,738</u>
Net Position:		
Net Investment in Capital Assets	1,347,904	884,020
Unrestricted	122,546	379,615
Total Net Position	<u>\$ 1,470,450</u>	<u>\$ 1,263,635</u>
Change in Net Position		
Program Revenues:		
Charges for Services	\$ 63,392	\$ 61,300
Operating Grants	103,844	101,660
Capital Grants & Contributions	53,911	55,863
General Revenues:		
Title I Grant	46,253	38,311
Title II Grant	1,377	1,923
Florida Education Finance Program	1,158,117	999,202
Other State Revenues	18,041	16,255
Other Local Revenues	49,908	55,196
Unrestricted Investment Earnings	412	472
Total Revenues	<u>1,495,255</u>	<u>1,330,182</u>
Program Expenses:		
Instruction	817,569	771,655
Instructional Support Services	57,759	34,245
General Support	384,721	367,402
Community services	16,436	20,015
Maintenance of Plant	7,105	9,405
Interest on Long Term Debt	4,850	--
Total Expenses	<u>1,288,440</u>	<u>1,202,722</u>
Change in Net Position	206,815	127,460
Beginning Net Position	1,263,635	1,136,175
Ending Net Position	<u>\$ 1,470,450</u>	<u>\$ 1,263,635</u>

Management's Discussion and Analysis

June 30, 2016

Micanopy Area Cooperative School, Inc.

A Component Unit of the Alachua County School Board

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities. The governmental activities generated \$221,147 in program revenues and \$1,274,108 of general revenues, and incurred \$1,288,440 of program expenses. This resulted in a \$206,815 increase in net position.

THE SCHOOL'S INDIVIDUAL FUNDS

General Fund. The fund balance of the General Fund has decreased by \$254,635, from \$400,430 to \$145,795.

Special Revenue Fund. The fund balance of the Special Revenue Fund remained the same at \$0 which means that all grant funds were spent during the year. This is expected due to the nature of the Title I grant funds.

Capital Projects Fund. The fund balance of the Capital Projects Fund remained at \$0. All revenues for the year were expended on eligible costs.

BUDGETARY HIGHLIGHTS

General Fund. The School amended the original budget primarily to reflect the costs of the campus expansion project.. There were no differences between the final budget and actual amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The School incurred costs related to campus expansion including new classrooms and a cafeteria. Please refer to a note to the accompanying financial statements entitled *Capital Assets and Depreciation* for more detailed information about the School's capital asset activity.

Debt Administration. The School obtained debt to pay costs associated with the campus expansion. Please refer to a note to the accompanying financial statements entitled *Long-Term Liabilities* for more detailed information about the School's capital asset activity.

ECONOMIC FACTORS

The School currently is not aware of any conditions that are expected to have a significant effect on the School's financial position or results of operations.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the School's finances and to show the School's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Brenda Maynard (Director), Micanopy Area Cooperative School, 802 N.W. Seminary Avenue, Micanopy Florida 32667.

Statement of Net Position
June 30, 2016
Micanopy Area Cooperative School, Inc.
A Component Unit of the Alachua County District School Board

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 340,003
Grants Receivable	19,379
Prepaid Expenses	27,231
Capital Assets:	
Non-Depreciable Capital Assets	513,354
Depreciable Capital Assets, Net	979,054
Total Assets	1,879,021
Liabilities	
Accounts Payable	232,420
Salaries Payable	8,398
Long-Term Liabilities:	
Due Within One Year	26,043
Due in More Than One Year	141,710
Total Liabilities	408,571
Net Position	
Net Investment in Capital Assets	1,347,904
Unrestricted	122,546
Total Net Position	\$ 1,470,450

See accompanying notes.

Statement of Activities
For the Year Ended June 30, 2016
Micanopy Area Cooperative School, Inc.
A Component Unit of the Alachua County District School Board

	Program Revenues				Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs:					
Governmental Activities:					
Instruction	\$ (817,569)	\$ 38,146	\$ 58,690	\$ --	\$ (720,733)
Instructional Support Services	(57,759)	--	--	--	(57,759)
General Support	(384,721)	25,246	45,154	53,911	(260,410)
Community Service	(16,436)	--	--	--	(16,436)
Maintenance of Plant	(7,105)	--	--	--	(7,105)
Interest on Long-Term Debt	(4,850)	--	--	--	(4,850)
Total	<u>\$ (1,288,440)</u>	<u>\$ 63,392</u>	<u>\$ 103,844</u>	<u>\$ 53,911</u>	<u>(1,067,293)</u>

General Revenues:

Federal through State:	
Title I Grant	46,253
Title II Grant	1,377
State Revenue:	
Florida Education Finance Program	1,158,117
Other State Revenues	18,041
Other Local Revenues	49,908
Unrestricted Investment Earnings	412
Total General Revenues	<u>1,274,108</u>
Change in Net Position	206,815
Net Position – Beginning of Year	<u>1,263,635</u>
Net Position – End of Year	<u>\$ 1,470,450</u>

See accompanying notes.

Balance Sheet – Governmental Funds
June 30, 2016
Micanopy Area Cooperative School, Inc.
A Component Unit of the Alachua County District School Board

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash	\$ 340,003	\$ --	\$ --	\$ 340,003
Grants Receivable	19,379	--	--	19,379
Prepaid Expenses	27,231	--	--	27,231
Total Assets	\$ 386,613	\$ --	\$ --	\$ 386,613
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	\$ 232,420	\$ --	\$ --	\$ 232,420
Salaries Payable	8,398	--	--	8,398
Total Liabilities	240,818	--	--	240,818
Fund Balances:				
Non Spendable - Prepays	27,231	--	--	27,231
Unassigned	118,564	--	--	118,564
Total Fund Balances	145,795	--	--	145,795
Total Liabilities and Fund Balances	\$ 386,613	\$ --	\$ --	\$ 386,613

See accompanying notes.

**Reconciliation of the Balance Sheet to the Statement of Net Position -
Governmental Funds**

June 30, 2016

Micanopy Area Cooperative School, Inc.
A Component Unit of the Alachua County District School Board

Fund Balances – Total Governmental Funds	\$ 145,795
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Amounts reported for Governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not reported in the governmental funds.

Capital Assets – Net of Accumulated Depreciation	1,492,408
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Long-term liabilities are not reported in the governmental funds.

Compensated Absences	(23,249)
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Loan Payable	<u>(144,504)</u>
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Net Position of Governmental Activities	<u><u>\$ 1,470,450</u></u>
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See accompanying notes.

**Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds**

For the Year Ended June 30, 2016

Micanopy Area Cooperative School, Inc.

A Component Unit of the Alachua County District School Board

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Revenues				
Federal through State:				
Title I Grant	\$ --	\$ 46,253	\$ --	\$ 46,253
Title II Grant	--	1,377	--	1,377
National School Lunch	45,154	--	--	45,154
State Revenue:				
Florida Education Finance Program	1,158,117	--	--	1,158,117
Public Education Capital Outlay	--	--	53,911	53,911
Voluntary Prekindergarten	58,690	--	--	58,690
Other State Revenues	18,041	--	--	18,041
Local Revenue:				
Meal Service Revenue	25,246	--	--	25,246
Other Local Revenues	88,466	--	--	88,466
Total Revenues	<u>1,393,714</u>	<u>47,630</u>	<u>53,911</u>	<u>1,495,255</u>
Expenditures				
Expenditures:				
Current:				
Instruction	776,767	40,242	--	817,009
Instructional Support Services	50,371	7,388	--	57,759
General Support	991,235	--	--	991,235
Community Services	16,436	--	--	16,436
Maintenance of Plant	7,105	--	--	7,105
Debt Service:				
Principal	109,120	--	53,911	163,031
Interest	4,850	--	--	4,850
Total Expenditures	<u>1,955,884</u>	<u>47,630</u>	<u>53,911</u>	<u>2,057,425</u>
Excess of Revenues Over/(Under) Expenditures	(562,170)	--	--	(562,170)
Other Financing Sources (Uses)				
Debt Issuance	307,535	--	--	307,535
Net Change in Fund Balance	(254,635)	--	--	(254,635)
Fund Balances, July 1, 2015	<u>400,430</u>	<u>--</u>	<u>--</u>	<u>400,430</u>
Fund Balances, June 30, 2016	<u>\$ 145,795</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 145,795</u>

See accompanying notes.

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance to the Statement of Activities - Governmental Funds**
For the Year Ended June 30, 2016
Micanopy Area Cooperative School, Inc.
A Component Unit of the Alachua County District School Board

Excess of Revenues over Expenditures – Total Governmental Funds \$ (254,635)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Current Year Expenditures for Capital Assets	664,060
Current Year Depreciation Expense	(55,672)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Net change in Compensated Absences	(2,434)
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Issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position. Repayment of principal is an expenditure in governmental funds, but reduces long-term liabilities in the Statement of Net Position.

Current Year Issuance of Long-Term Debt	(307,535)
Current Year Principal Payments	<u>163,031</u>

Change in Net Position of Governmental Activities \$ 206,815

See accompanying notes.

Notes to the Financial Statements

June 30, 2016

Micanopy Area Cooperative School, Inc.

A Component Unit of the Alachua County District School Board.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Micanopy Area Cooperative School, Inc. conform to generally accepted accounting principles as applicable to governments. The more significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Reporting Entity

Micanopy Area Cooperative School, Inc. is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The not-for-profit corporation conducts business as Micanopy Area Cooperative School (the School). The governing body of the School is the not-for-profit corporation's Board of Directors.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the Alachua County District School Board (the District). The current charter is effective until June 30, 2026, and may be renewed up to an additional 10 years provided that a program review demonstrates that certain criteria addressed in Section 1002.33(7), Florida Statutes, have been successfully accomplished. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. Pursuant to Section 1002.33(8)(e), Florida Statutes, the charter school contract provides that in the event the School is dissolved or terminated, any unencumbered funds and all School property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

Criteria for determining if other entities are potential component units of the School which should be reported with the School's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provide for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

Government-wide Financial Statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the School. Governmental activities are reported separately from business-type activities, which rely on fees charged to external parties as their primary revenues. The School has no business-type activities.

Any internal inter-fund activity has been eliminated from the government-wide financial statements.

The Statement of Net Position reports the School's financial position as of the end of the fiscal year. In this statement, the School's net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position.

Notes to the Financial Statements

June 30, 2016

Micanopy Area Cooperative School, Inc.

A Component Unit of the Alachua County District School Board.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide Financial Statements (concluded)

The Statement of Activities is displayed using a net-cost format and reports the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services that are directly related to a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The financial transactions of the School are reported in individual funds in the fund financial statements. The governmental fund statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The following funds are used by the School:

GOVERNMENTAL FUNDS

General Fund – The General Fund is the general operating fund of the School. It is used to account for all financial resources, except those associated with grants that are restricted to specified uses.

Special Revenue Fund – The Special Revenue Fund is used to account for financial resources associated with Title I grants that are restricted to operational uses.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources associated with grants that are restricted to capital uses.

In the accompanying fund financial statements, the General Fund, Special Revenue Fund and Capital Projects Fund are all considered to be major funds and, therefore, are separately displayed. The School has no non-major funds.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School 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 the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Most revenues are considered to be susceptible to accrual and have been measured in the current fiscal period. Certain other items are considered to be measurable and available only when cash is received.

Notes to the Financial Statements

June 30, 2016

Micanopy Area Cooperative School, Inc.

A Component Unit of the Alachua County District School Board.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash consists of deposits in financial institutions. Such deposits qualify as public deposits and are insured by Florida's Public Deposits Program as defined in Section 280.02, Florida Statutes. The School has no policy regarding deposit custodial credit risk.

Capital Assets and Depreciation

Capital assets are defined by the School as assets with an initial, individual cost of \$3,000 or more and an estimated useful life of more than one year. These assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value on the date of donation.

Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	5 – 30
Improvements	5 – 30
Furniture, Fixtures and Equipment	5 – 10

Revenue Sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Florida Statutes the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Educational Finance Program and the actual weighted FTE students reported by the School during the designated FTE student survey periods. The School also receives other financial assistance. This assistance is generally based on applications submitted to and approved by the granting agency.

Compensated Absences

The School's personnel policies allow a limited accumulation and vesting of unused employee vacation and sick leave. The liability of compensated absences is accrued when incurred in the government-wide financial statements. In the fund financial statements, a liability for compensated absences is reported to the extent that the liability will be liquidated with expendable available financial resources. Compensated absences are liquidated from the General Fund.

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Long-term liabilities are not reported in the governmental funds because governmental funds use the current financial resources measurement focus.

Notes to the Financial Statements

June 30, 2016

Micanopy Area Cooperative School, Inc.

A Component Unit of the Alachua County District School Board.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position

Net position represents the difference between assets and liabilities and is reported in three categories as hereafter described. *Net investment in capital assets* represents capital assets, net of accumulated depreciation and any outstanding debt related to those assets. Net position is reported as *restricted* when there are legal limitations imposed on their use by legislation, or external restrictions imposed by other governments, creditors, or grantors. The balance of the net position is reported as *unrestricted*.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Balance Classifications

Governmental funds report separate classifications of fund balance.

Non-Spendable. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted. The restricted fund balance is defined as having restrictions (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed. Committed fund balance is defined as amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School's Board of Directors.

Assigned. Assigned fund balance is defined as amounts that are constrained by the intent of the School's Board of Directors to be used for specific purposes, but are neither restricted nor committed. The School has given the authority to assign fund balance to the School's Director. Assigned fund balance includes spendable fund balance amounts established by the Director that are intended to be used for specific purposes that are neither considered restricted nor committed. Assignment of fund balance may be (a) made for a specific purpose that is narrower than the general purposes of the government itself; and/or (b) used to reflect the appropriation of a portion of existing unassigned fund balance to eliminate a projected deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues. Assigned fund balance shall reflect management's intended use of resources as set forth each year by the Director. Assigned fund balance may or may not be appropriated for expenditure in the subsequent year depending on the timing of the project/reserve for which it was assigned.

Unassigned. Unassigned fund balance is the residual classification for the general fund.

It is the policy of the School that they will use restricted resources to the extent which they are available, then committed resources, followed by assigned resources. Once these are consumed, the School will then use unassigned resources. The School does not have a formal policy requiring a minimum fund balance.

Notes to the Financial Statements

June 30, 2016

Micanopy Area Cooperative School, Inc.

A Component Unit of the Alachua County District School Board

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

NOTE 2 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital Assets not Being Depreciated:				
Land	\$ 50,056	\$ --	\$ --	\$ 50,056
Construction in Progress	125,144	338,154	--	463,298
Capital Assets Being Depreciated:				
Buildings	904,771	311,806	--	1,216,577
Improvements other than Buildings	158,917	14,100	(13,882)	159,135
Furniture, Fixtures & Equipment	15,171	--	--	15,171
Total Capital Assets	1,254,059	664,060	(13,882)	1,904,237
Accumulated Depreciation:				
Buildings	267,784	43,597	--	311,381
Improvements other than Buildings	90,295	10,785	(13,882)	87,198
Furniture, Fixtures & Equipment	11,960	1,290	--	13,250
Total Accumulated Depreciation	370,039	55,672	(13,882)	411,829
Net Capital Assets	\$ 884,020	\$ 608,388	\$ --	\$ 1,492,408

Depreciation was charged to functions/programs as follows:

Instruction	\$ 560
General Support	55,112
Total	\$ 55,672

NOTE 3 – RISK MANAGEMENT

The School is exposed to various risks of loss, including general liability, personal injury, workers compensation, and errors and omissions. To manage its risks, the School has purchased commercial insurance. Settled claims resulting from these risks have not exceeded commercial coverage in the current and previous two years.

Notes to the Financial Statements

June 30, 2016

Micanopy Area Cooperative School, Inc.

A Component Unit of the Alachua County District School Board

NOTE 4 – LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Balance June 30, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2016</u>	Amount Due <u>In 1 Year</u>
Compensated Absences	\$ 20,815	\$ 19,000	\$ 16,566	\$ 23,249	\$ 9,300
Ameris Bank Loan #1	--	163,031	163,031	--	--
Ameris Bank Loan #2	--	144,504	--	144,504	16,743
	<u>\$ 20,815</u>	<u>\$ 326,535</u>	<u>\$ 179,597</u>	<u>\$ 167,753</u>	<u>\$ 26,043</u>

In June, 2015, the School entered into a debt agreement for up to \$200,000 to add classrooms to the campus. In April, 2016, the School paid off the previous debt and entered into a construction loan for up to \$771,287 to add a modular building and build a cafetorium on campus. The new agreement is amortized over 240 months with an interest rate of 4.15% and a maturity date of April 2026. The School is required to make interest only payments until the project is completed and start repayment of debt in November 2016. The School expects to use the full amount of the loan. At this time, monthly payments will be \$4,735 and the future debt service on this note will be:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 16,743	\$ 21,137	\$ 37,880
2018	25,998	30,822	56,820
2019	27,097	29,723	56,820
2020	28,243	28,577	56,820
2021	29,438	27,382	56,820
2022-2026	643,768	113,817	757,585
Total	<u>\$ 771,287</u>	<u>\$ 251,458</u>	<u>\$ 1,022,745</u>

NOTE 5 – EMPLOYEE RETIREMENT PLAN

The School made contributions on behalf of its employees to a defined contribution 403(b) Tax-Sheltered Annuity Plan, managed by The Legend Group. The employer matches employee contributions up to five percent of each eligible employee's gross pay for the contract year. The Board of Directors has the authority to amend or terminate the plan, although it has not expressed an intention to do so.

<u>Year Ended June 30</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>
2014	\$ 14,795	\$ 12,846
2015	\$ 13,372	\$ 12,422
2016	\$ 15,725	\$ 14,428

NOTE 6 – COMMITMENTS/SUBSEQUENT EVENTS

As of June 30, 2016, the School had entered into contracts related to the purchase of a modular unit and construction of a Cafetorium. The contracts totaled approximately \$714,000, of which \$362,605 had been recorded as expenditures at June 30, 2016, leaving a balance of approximately \$432,000 at June 30, 2016.

Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2016
Micanopy Area Cooperative School, Inc.
A Component Unit of the Alachua County District School Board

	BUDGETED AMOUNTS		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Federal through State:				
National School Lunch	\$ 50,000	\$ 45,154	\$ 45,154	\$ --
State Revenue:				
Florida Education Finance Program	1,145,584	1,158,117	1,158,117	--
Voluntary Prekindergarten	50,000	58,690	58,690	--
Other State Revenues	--	18,041	18,041	--
Local Revenue:				
Meal Service Revenue	--	25,246	25,246	--
Other Local Revenue	15,000	88,466	88,466	--
Total Revenues	1,260,584	1,393,714	1,393,714	--
Expenditures and Changes in Fund Balances				
Expenditures:				
Current:				
Instruction	785,496	776,767	776,767	--
Instructional Support Services	33,816	50,371	50,371	--
General Support	427,622	991,235	991,235	--
Community Services	1,150	16,436	16,436	--
Maintenance of Plant	12,500	7,105	7,105	--
Debt Service				
Principal	--	109,120	109,120	--
Interest	--	4,850	4,850	--
Total Expenditures	1,260,584	1,955,884	1,955,884	--
Excess of Revenues Over/(Under) Expenditures	--	(562,170)	(562,170)	--
Other Financing Sources (Uses)				
Debt Issuance	--	307,535	307,535	--
Net Change in Fund Balance	--	(254,635)	(254,635)	--
Fund Balances, July 1, 2015	--	400,430	400,430	--
Fund Balances, June 30, 2016	\$ --	\$ 145,795	\$ 145,795	\$ --

Note to Schedule:

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors. The fund is the legal level of control.

Budgetary Comparison Schedule – Special Revenue Fund
For the Year Ended June 30, 2016
Micanopy Area Cooperative School, Inc.
A Component Unit of the Alachua County District School Board

	<u>BUDGETED AMOUNTS</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Federal through State:				
Title I Grant	\$ 42,489	\$ 46,253	\$ 46,253	\$ --
Title II Grant	--	1,377	1,377	--
Total Revenues	42,489	47,630	47,630	--
Expenditures and Changes in Fund Balances				
Expenditures:				
Current:				
Instructional	42,489	40,242	40,242	--
Instructional Support Services	--	7,388	7,388	--
Total Expenditures	42,489	47,630	47,630	--
Excess of Revenues Over (Under)Expenditures	--	--	--	--
Fund Balances, July 1, 2015	--	--	--	--
Fund Balances, June 30, 2016	\$ --	\$ --	\$ --	\$ --

Note to Schedule:

An annual budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors. The fund is the legal level of control.

Kattell and Company, P.L.

Certified Public Accountants Serving the Nonprofit Community

808-B NW 16th Avenue Gainesville, Florida 32601 TEL: 352-395-6565 FAX: 352-395-6636 www.kattell.com

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

October 4, 2016

To the Board of Directors
Micanopy Area Cooperative School, Inc.

We have audited the financial statements of Micanopy Area Cooperative School, Inc. (the School) for the year ended June 30, 2016, and have issued our report thereon dated October 4, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated June 18, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Accounting Policies. Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the School 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. 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 estimates that are particularly sensitive.

Disclosures. There are no disclosures that are particularly sensitive.

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 are no uncorrected misstatements. Management has reviewed and approved a proposed adjustment that decreased fund balance of the general fund by \$122,539. This adjustment is reflected in the accompanying financial statements.

Our Working Relationship with Management

Difficulties Encountered in Performing the Audit. We encountered no difficulties in dealing with management in performing and completing 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.

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 School'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.

Consultations Prior to Engagement. 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 School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of management and the Board of Directors of the School and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Kattell and Company, P.L.

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MANAGEMENT LETTER

To the Board of Directors,
Micanopy Area Cooperative School, Inc.

October 4, 2016

Report on the Financial Statements. We have audited the financial statements of Micanopy Area Cooperative School, Inc. (the School), as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated October 4, 2016.

Auditors' Responsibility. 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; and Chapter 10.850, Rules of the Auditor General.

Other Reports and Schedules. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Schedule of Findings. Disclosures in that report and schedule, which are dated October 4, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings. Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. In that regard, there were no uncorrected findings from prior years.

Official Title. Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity. The official title of the entity is Micanopy Area Cooperative School, Inc.

Financial Condition. Section 10.854(1)(e)2., Rules of the Auditor General requires that we report the results of our determination as to whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Transparency. Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require that we report the results of our determination as to whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

Other Matters. Section 10.854(1)(e)3, Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations. Section 10.854(1)(e)4, Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter. Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the local district school board, the Board of Directors and management of the School, and is not intended to be and should not be used by anyone other than these specified parties.

* * * * *

Thank you for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or any other matters.

Kattell and Company, P.L.

Kattell and Company, P.L.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

To the Board of Directors,
Micanopy Area Cooperative School, Inc.

We have audited, 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, the financial statements of the governmental activities and each major fund of Micanopy Area Cooperative School, Inc. (the School) as of and for the year ended June 30, 2016, and the related notes to financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 4, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School'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 School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings as 2016-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

School's Response to Finding

The School's response to the finding identified in our audit is described in the accompanying letter from the School. The School's response was not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

* * * * *

As required by the Rules of the Auditor General of the State of Florida, we noted certain matters that we reported to management of the School in the management letter dated October 4, 2016.

Kattell and Company, P.L.

October 4, 2016

Schedule of Findings

June 30, 2016

Micanopy Area Cooperative School, Inc.

A Component Unit of the Alachua County District School Board

Material Weakness

2016-001 Controls Over Disbursements

Finding. The School paid a vendor twice for the same invoice in the amount of \$42,000.

Effect. The overpayment was identified and a credit was issued and offset future amounts due.

Recommendation. The School should consider whether controls over disbursements are sufficient to reduce the risk of duplicate payments to an acceptable level.



Micanopy Area Cooperative School

802 NW Seminary Ave., Micanopy, FL 32667
Phone 352-466-0990 Fax 352-466-4090
maynardb@macschool.us
www.macschool.us

Director
Brenda Maynard

October 4, 2016

Mr. Stephen Kattell
Kattell and Company, P.L.
808-B NW 16th Avenue
Gainesville, FL 32601

Dear Mr. Kattell,

I have reviewed the 2015-2016 audit for Micanopy Area Cooperative School and have noted the suggested recommendations for improvement.

Finding 2016-001 was an error caught immediately after payment. We will take the necessary steps to improve our processes for the future.

I appreciate the professionalism and collaborative manner in which this audit was conducted. Thank you for your time and effort.

Sincerely,

A handwritten signature in cursive script that reads "Brenda Maynard".

Brenda Maynard
Director

Micanopy Area Cooperative School Established in 1997
Designated a High Performing Charter School by the State of Florida August 9, 2011