

MICANOPY MIDDLE  
CHARTER SCHOOL

AUDIT REPORT

JUNE 30, 2007

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AUDITOR GENERAL

**Audit Report  
Micanopy Middle Charter School  
June 30, 2007**

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## Independent Auditors' Report

To the Board of Directors  
Micanopy Middle Charter School

We have audited the accompanying financial statements of the governmental activities and each major fund of the Micanopy Middle Charter School (the "School"), a component unit of the Alachua County District School Board, as of and for the year ended June 30, 2007, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2007 on our consideration of the School'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis and the budgetary comparison schedules listed in the table of contents as "required supplementary information" are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Davis, Monk & Company*

October 8, 2007  
Gainesville, Florida

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2007. Please read it in conjunction with the School's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2007:

- The School's overall net assets increased \$21,133.
- Total ending unrestricted net assets were \$12,864.
- The School had total expenses for the year of \$436,197, compared to revenues of \$457,330.

### 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 Assets. 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 assets – 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 assets during the fiscal year. Over time, the increases or decreases in net assets 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.

- Governmental funds – These 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 difference between the fund financial statements and the government-wide financial statements.

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

## CONDENSED FINANCIAL INFORMATION

The following table presents condensed, government-wide comparative data about net assets and changes in net assets.

	Net Assets	
	2007 Governmental Activities	2006 Governmental Activities
Assets:		
Non-capital Assets	\$ 37,843	\$ 15,722
Capital Assets, Net	658,313	683,314
Total Assets	<u>696,156</u>	<u>699,036</u>
Liabilities:		
Current Liabilities	1,931	6,988
Long-Term Liabilities	427,650	446,606
Total Liabilities	<u>429,581</u>	<u>453,594</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	230,663	279,838
Restricted	23,048	-
Unrestricted	12,864	(34,396)
Total Net Assets	<u>\$ 266,575</u>	<u>\$ 245,442</u>
<b>Change in Net Assets</b>		
Program Revenues:		
Charges for Services	\$ 9,696	\$ 8,030
Restricted Grants & Contributions	50,268	24,475
General Revenues:		
Title I Grant	18,811	-
Florida Education Finance Program	371,584	263,344
Unrestricted Grants & Contributions	6,938	19,885
Unrestricted Investment Earnings	33	8
Total Revenues	<u>457,330</u>	<u>315,742</u>
Program Expenses:		
Instruction	175,050	128,799
General Support	261,147	254,076
Total Expenses	<u>436,197</u>	<u>382,875</u>
Change in Net Assets	21,133	(67,133)
Beginning Net Assets	245,442	312,575
Ending Net Assets	<u>\$ 266,575</u>	<u>\$ 245,442</u>

## **OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS**

### **Governmental Activities**

The governmental activities generated \$59,964 in program revenues and \$397,366 of general revenues, and incurred \$436,197 of program expenses. This resulted in a \$21,133 increase in net assets.

## **THE SCHOOL'S INDIVIDUAL FUNDS**

### **General Fund**

The General Fund's fund balance increased by \$24,731, to \$1,760.

### **Special Revenue Fund**

The Special Revenue Fund's fund balance was zero. There were \$18,843 in revenues and expenditures reported in this fund.

### **Capital Projects Fund**

The Capital Projects Fund's fund balance was \$23,048. Capital fund expenditures consist of expenditures related to the payment of debt service on the building used by the school.

## **BUDGETARY HIGHLIGHTS**

There were no significant changes in the budget during the year. Actual expenditures exceeded the budget in the General Fund by \$76,402.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

There was no significant capital asset activity during the year. 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 incurred no new debt during the year. Please refer to a note to the accompanying financial statements entitled *Long-Term Liabilities* for more detailed information about the School's long-term debt activity.

## **ECONOMIC FACTORS**

We are not currently 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 Mr. Bobby Johnson, MMS Director, Micanopy, Florida 32667.

**Statement of Net Assets**  
**June 30, 2007**  
**Micanopy Middle Charter School**

**ASSETS**

Cash and Cash Equivalents	\$	22,672
Due From Other Governments		3,667
Deposits		400
Debt Issuance Costs, Net of Accumulated Amortization of \$2,562		11,104
Capital Assets:		
Land		73,866
Depreciable Capital Assets, Net		584,447

TOTAL ASSETS		696,156
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**LIABILITIES**

Accounts Payable		1,931
Noncurrent Liabilities:		
Due Within One Year		20,377
Due in More Than One Year		407,273

TOTAL LIABILITIES		429,581
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**NET ASSETS**

Invested in Capital Assets, Net of Related Debt		230,663
Restricted for Public Education Capital Outlay		23,048
Unrestricted		12,864

TOTAL NET ASSETS		\$ 266,575
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The accompanying "Notes to Financial Statements"  
form an integral part of this statement.

**Statement of Activities**  
**For the Year Ended June 30, 2007**  
**Micanopy Middle Charter School**

	PROGRAM REVENUES				NET	
<u>EXPENSES</u>	<u>CHARGES FOR</u>	<u>OPERATING</u>	<u>CAPITAL</u>	<u>(EXPENSE)</u>	<u>REVENUE &amp;</u>	
<u>FUNCTIONS/PROGRAMS</u>	<u>SERVICES</u>	<u>GRANTS AND</u>	<u>GRANTS AND</u>	<u>CONTRIBUTIONS</u>	<u>CONTRIBUTIONS</u>	<u>NET ASSETS</u>
		<u>BUTIONS</u>	<u>BUTIONS</u>	<u>BUTIONS</u>	<u>BUTIONS</u>	
Instruction	\$ 175,050	\$ 6,099	\$ -	\$ -	\$ -	\$ (168,951)
General Support	228,703	3,597	-	50,268	-	(174,838)
Interest on Long-Term Debt	<u>32,444</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,444)</u>
<b>TOTAL</b>	<u>\$ 436,197</u>	<u>\$ 9,696</u>	<u>\$ -</u>	<u>\$ 50,268</u>	<u>-</u>	<u>(376,233)</u>
<b>GENERAL REVENUES:</b>						
Florida Education Finance Program						371,584
Title I Grant						18,811
Unrestricted Grants and Contributions						6,938
Unrestricted Investment Earnings						<u>33</u>
<b>TOTAL GENERAL REVENUES</b>						<u>397,366</u>
<b>CHANGE IN NET ASSETS</b>						21,133
<b>NET ASSETS – Beginning of Year</b>						<u>245,442</u>
<b>NET ASSETS – End of Year</b>						<u>\$ 266,575</u>

The accompanying "Notes to Financial Statements"  
form an integral part of this statement.

**Balance Sheet – Governmental Funds**  
**June 30, 2007**  
**Micanopy Middle Charter School**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 10,016	\$ -	\$ 12,656	\$ 22,672
Due from Other Funds	3,667	-	10,392	14,059
Due from Other Governments	-	3,667	-	3,667
Deposits	400	-	-	400
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 14,083</u>	<u>\$ 3,667</u>	<u>\$ 23,048</u>	<u>\$ 40,798</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 1,931	\$ -	\$ -	\$ 1,931
Due to Other Funds	10,392	3,667	-	14,059
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	12,323	3,667	-	15,990
<u>FUND BALANCES</u>				
Unreserved	1,760	-	23,048	24,808
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 14,083</u>	<u>\$ 3,667</u>	<u>\$ 23,048</u>	<u>\$ 40,798</u>

The accompanying "Notes to Financial Statements"  
form an integral part of this statement.

**Reconciliation of the Balance Sheet to the Statement of Net Assets  
Governmental Funds  
June 30, 2007  
Micanopy Middle Charter School**

FUND BALANCES -- TOTAL GOVERNMENTAL FUNDS	\$ 24,808
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not reported in the governmental funds.	
Capital Assets, Net	658,313
Long-term liabilities and related deferred charges are not reported in the governmental funds.	
Long-term Liabilities	(427,650)
Debt Issuance Costs, Net	<u>11,104</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 266,575</u>

The accompanying "Notes to Financial Statements"  
form an integral part of this statement.

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2007  
Micanopy Middle Charter School**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
<b><u>REVENUES</u></b>				
Florida Education Finance Program	\$ 371,584	\$ -	\$ -	\$ 371,584
Title I	-	18,811	-	18,811
Public Education Capital Outlay	-	-	50,268	50,268
Gifts and Grants	2,104	-	-	2,104
Other Local Revenue	14,531	32	-	14,563
	<u>388,219</u>	<u>18,843</u>	<u>50,268</u>	<u>457,330</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Instruction	157,075	17,975	-	175,050
General Support	201,230	868	-	202,098
Capital Outlay	-	-	267	267
Debt Service:				
Principal	-	-	18,956	18,956
Interest	687	-	31,757	32,444
	<u>358,992</u>	<u>18,843</u>	<u>50,980</u>	<u>428,815</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>29,227</u>	<u>-</u>	<u>(712)</u>	<u>28,515</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	-	4,496	-	4,496
Transfers Out	(4,496)	-	-	(4,496)
	<u>(4,496)</u>	<u>4,496</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	24,731	4,496	(712)	28,515
<b>FUND BALANCES, July 1, 2006</b>	<u>(22,971)</u>	<u>(4,496)</u>	<u>23,760</u>	<u>(3,707)</u>
<b>FUND BALANCES, June 30, 2007</b>	<u>\$ 1,760</u>	<u>\$ -</u>	<u>\$ 23,048</u>	<u>\$ 24,808</u>

The accompanying "Notes to Financial Statements"  
form an integral part of this statement.

**Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances to the Statement of Activities – Governmental Funds  
For the Year Ended June 30, 2007  
Micanopy Middle Charter School**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 28,515
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.	
Expenditures for Capital Assets	9,495
Current Year Depreciation Expense	(30,294)
Loss on Disposal of Capital Asset	(4,202)
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.	
Amortization of Debt Issuance Costs	(1,337)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment does not effect net assets of governmental activities.	
Principal Payments	18,956
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ 21,133

The accompanying "Notes to Financial Statements"  
form an integral part of this statement.

**Notes to Financial Statements**  
**June 30, 2007**  
**Micanopy Middle Charter School**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Micanopy Middle Charter School (the “School”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

**Reporting Entity**

Micanopy Middle Charter 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 began conducting business as the Micanopy Middle Charter School in the 2003 fiscal year. The governing body of the School is the not-for-profit corporation’s Board of Directors which is composed of five members.

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, 2012, and may be renewed every 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.

**Reporting Model**

The School follows GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

**Notes to Financial Statements**  
**June 30, 2007**  
**Micanopy Middle Charter School**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Government-wide Financial Statements**

The government-wide financial statements (the Statement of Net Assets 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 interfund activity has been eliminated from the government-wide financial statements.

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

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 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.

**Notes to Financial Statements**  
**June 30, 2007**  
**Micanopy Middle Charter School**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 nonmajor 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 recognized in the current fiscal period. Certain other revenue items are considered to be measurable and available only when cash is received.

Cash and Cash Equivalents

The School deposits its temporarily idle resources in financial institutions. At times, such deposits may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit. At June 30, 2007, deposits did not exceed FDIC insurance limits.

Debt Issuance Costs

In the government-wide financial statements, debt issuance costs are capitalized and amortized over the life of the debt.

Capital Assets and Depreciation

Capital assets are defined by the School as assets with an initial, individual cost of \$500 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 at the date of donation.

Land and construction-in-progress are not depreciated. Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Furniture, Fixtures and Equipment	5-10
Buildings	30
Improvements	5-15

**Notes to Financial Statements**  
**June 30, 2007**  
**Micanopy Middle Charter School**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 full-time equivalent (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 Education Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent 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 pays for employees' unused sick time at the end of the school year. No vacation time is accrued. Therefore, there is no compensated absence liability at year end.

Long-term Liabilities

All long-term debt and other long-term obligations are reported in the government-wide financial statements.

In the fund financial statements, long-term liabilities are not reported in the governmental funds because governmental funds use the current financial resources measurement focus.

Net Assets

Net assets represent the difference between assets and liabilities and are reported in three categories as hereafter described. Net assets *invested in capital assets, net of related debt*, represent capital assets, net of accumulated depreciation and any outstanding debt related to those assets. Net assets are reported as *restricted* when there are legal limitations imposed on their use by legislation, or external restrictions imposed by other governments, creditors, or grantors. *Unrestricted* net assets are net assets that do not meet the definitions of the classifications previously described.

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.

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.

**Notes to Financial Statements**  
**June 30, 2007**  
**Micanopy Middle Charter School**

**NOTE 2 – CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended June 30, 2007 was as follows:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
<b>Capital Assets:</b>				
Land	\$ 73,866	\$ -	\$ -	\$ 73,866
Buildings	589,973	-	-	589,973
Improvements	39,016	-	-	39,016
Furniture, Fixtures and Equipment	37,752	9,495	6,635	40,612
<b>Total</b>	<u>740,607</u>	<u>9,495</u>	<u>6,635</u>	<u>743,467</u>
<b>Accumulated Depreciation:</b>				
Buildings	39,332	19,666	-	58,998
Improvements	4,750	2,601	-	7,351
Furniture, Fixtures and Equipment	13,211	8,027	2,433	18,805
<b>Total</b>	<u>57,293</u>	<u>30,294</u>	<u>2,433</u>	<u>85,154</u>
<b>Net Capital Assets</b>	<u>\$ 683,314</u>	<u>\$ (20,799)</u>	<u>\$ 4,202</u>	<u>\$ 658,313</u>

Depreciation was charged to functions/programs as follows:

General Support	\$ 25,025
Instruction	<u>5,269</u>
Total	<u>\$ 30,294</u>

**NOTE 3 – LONG-TERM LIABILITIES**

At year end, the School's long-term liabilities consist of a note payable to a financial institution, bearing 7.25 percent interest. The note is secured by a mortgage on the real property.

A summary of changes in long-term liabilities follows:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007	Due Within One Year
Notes Payable	<u>\$ 446,606</u>	<u>\$ -</u>	<u>\$ 18,956</u>	<u>\$ 427,650</u>	<u>\$ 20,377</u>

**Notes to Financial Statements**  
**June 30, 2007**  
**Micanopy Middle Charter School**

**NOTE 3 – LONG-TERM LIABILITIES**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 20,377	\$ 30,337	\$ 50,714
2009	21,905	28,809	50,714
2010	23,547	27,167	50,714
2011	25,312	25,402	50,714
2012	27,209	23,505	50,714
2013-2016	<u>309,300</u>	<u>60,232</u>	<u>369,532</u>
<b>Total</b>	<b><u>\$ 427,650</u></b>	<b><u>\$ 195,452</u></b>	<b><u>\$ 623,102</u></b>

**NOTE 4 – INTERFUND BALANCES AND TRANSFERS**

<u>Due From</u>	<u>Due To</u>		<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	
General Fund	\$ -	\$ 10,392	\$ 10,392
Special Revenue Fund	<u>3,667</u>	<u>-</u>	<u>3,667</u>
<b>Total</b>	<b><u>\$ 3,667</u></b>	<b><u>\$ 10,392</u></b>	<b><u>\$ 14,059</u></b>

The interfund balances resulted from the normal course of operations and are expected to be paid within one year.

Interfund transfers of \$4,496 were made from the General Fund to the Special Revenue Fund. The interfund transfers were made in the normal course of operations and are consistent with the activities of the fund making the transfer.

**Notes to Financial Statements**  
**June 30, 2007**  
**Micanopy Middle Charter School**

**NOTE 5 – 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.

**NOTE 6 – SHORT-TERM LOAN**

The School borrowed \$9,842 during the year. The short-term loan was repaid within three months.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Budgetary Comparison Schedule – General Fund  
For the Year Ended June 30, 2007  
Micanopy Middle Charter School**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
<b><u>REVENUES</u></b>				
Florida Education Finance Program	\$ 363,460	\$ 360,315	\$ 371,584	\$ 11,269
Gifts and Grants	-	-	2,104	2,104
Other Local Revenue	3,600	12,000	14,531	2,531
<b>TOTAL REVENUES</b>	<b>367,060</b>	<b>372,315</b>	<b>388,219</b>	<b>15,904</b>
<b><u>EXPENDITURES</u></b>				
Current:				
Instruction	101,617	105,236	157,075	(51,839)
General Support	153,296	177,354	201,230	(23,876)
Debt Service:				
Interest	-	-	687	(687)
<b>TOTAL EXPENDITURES</b>	<b>254,913</b>	<b>282,590</b>	<b>358,992</b>	<b>(76,402)</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>112,147</b>	<b>89,725</b>	<b>29,227</b>	<b>(60,498)</b>
<b><u>OTHER FINANCING USES</u></b>				
Transfers Out	-	-	(4,496)	(4,496)
<b>NET CHANGE IN FUND BALANCES</b>	<b>112,147</b>	<b>89,725</b>	<b>24,731</b>	<b>(64,994)</b>
<b>FUND BALANCES, July 1, 2006</b>	<b>(2,464)</b>	<b>(2,464)</b>	<b>(22,971)</b>	<b>(20,507)</b>
<b>FUND BALANCES, June 30, 2007</b>	<b>\$ 109,683</b>	<b>\$ 87,261</b>	<b>\$ 1,760</b>	<b>\$ (85,501)</b>

Note to Schedule:

The budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Its preparation, adoption, and amendment is governed by the Board of Directors. The fund is the legal level of control.

**Budgetary Comparison Schedule – Special Revenue Fund  
For the Year Ended June 30, 2007  
Micanopy Middle Charter School**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	VARIANCE WITH FINAL BUDGET
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b><u>REVENUES</u></b>				
Title I Grant	\$ 27,911	\$ 27,911	\$ 18,811	\$ (9,100)
Other Local Revenue	-	-	32	32
<b>TOTAL REVENUES</b>	<u>27,911</u>	<u>27,911</u>	<u>18,843</u>	<u>(9,068)</u>
<b><u>EXPENDITURES</u></b>				
Instruction	27,911	27,911	17,975	9,936
General Support	-	-	868	(868)
<b>TOTAL EXPENDITURES</b>	<u>27,911</u>	<u>27,911</u>	<u>18,843</u>	<u>9,068</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	-	-	-
<b><u>OTHER FINANCING SOURCES</u></b>				
Transfers In	-	-	4,496	4,496
<b>NET CHANGE IN FUND BALANCES</b>	-	-	4,496	4,496
<b>FUND BALANCES, July 1, 2006</b>	<u>-</u>	<u>-</u>	<u>(4,496)</u>	<u>(4,496)</u>
<b>FUND BALANCES, June 30, 2007</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note to Schedule:

The budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Its preparation, adoption, and amendment is governed by the Board of Directors. The fund is the legal level of control.

**ADDITIONAL ELEMENTS REQUIRED BY THE  
RULES OF THE AUDITOR GENERAL**



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*Members:*

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Florida Institute of  
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American Institute of  
Certified Public Accountants

Horwath International

## Management Letter

To the Board of Directors  
Micanopy Middle Charter School

We have audited the financial statements of the Micanopy Middle Charter School (the "School"), as of and for the fiscal year ended June 30, 2007, and have issued our report thereon dated October 8, 2007. We have also issued our report on internal control over financial reporting and on compliance and other matters. 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.850, Rules of the Auditor General, which govern the conduct of charter school audits performed in the State of Florida and require that certain items be addressed in this letter.

### Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective action has been taken on all prior year findings.

### Financial Condition

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.503, Florida Statutes, "Determination of Financial Emergency". In connection with our audit, we determined that the School has not met one or more of the conditions described in Section 218.503(1), Florida Statutes.

We applied financial condition assessment procedures, as of the end of the fiscal year. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management. The application of such procedures revealed that the School's fiscal affairs should be closely monitored on an ongoing basis in order to help ensure the School's financial stability.

### Other Matters

Our audit did not reveal any other matters that we are required to include in this management letter.

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

To the Board of Directors  
Micanopy Middle Charter School

Page Two

Thank you and your staff 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 other matters.

*Davis, Monk & Company*

October 8, 2007  
Gainesville, Florida



## Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

To the Board of Directors  
Micanopy Middle Charter School

Certified Public Accountants  
& Business Consultants

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We have audited the financial statements of the governmental activities and each major fund of the Micanopy Middle Charter School (the "School") as of and for the year ended June 30, 2007, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 8, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliability in accordance with generally accepted accountings principles such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School's internal control.

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

### *Members:*

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American Institute of  
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Horwath International

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 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings as item 07-1.

The School's response to the finding identified in our audit is described in its accompanying response. We did not audit the School's response and, accordingly, we express no opinion on it.

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

*Davis, Monk & Company*

October 8, 2007  
Gainesville, Florida

**Schedule of Findings**  
**For the Year Ended June 30, 2007**  
**Micanopy Middle Charter School**

07-1 *Condition* — Actual revenues of the General Fund exceeded actual expenditures and transfers out by \$24,731. However, although the School adopted a budget as required by Section 1002.33(9)(i), Florida Statutes, actual expenditures of the General Fund exceeded budgeted expenditures by over \$76,000.

*Recommendation* — The School should establish procedures to ensure that the budget is prepared properly and amended during the year for unanticipated revenues and expenditures. The budget to actual position should be reviewed periodically to reduce the likelihood of budget over-expenditures and help ensure the School's financial stability.



# Micanopy Middle School



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P.O. Box 109 Micanopy, FL 32667 Telephone (352) 466-1090 Fax (352) 466-1030

October 10, 2007

Davis Monk & Co.  
4010 N. W. 25<sup>th</sup> Place  
Gainesville, FL 32604

To Whom It May Concern:

Micanopy Middle School would like to thank you for completing our financial audit for the fiscal year ending June 30, 2007. We appreciate the professional and courteous manner in which your staff worked with us this year.

We have taken note of your recommendation and will respond accordingly to rectify the discrepancy.

The school will have in place procedures to ensure the budget is amended during the year.

Sincerely,



Bobby Johnson