

MICANOPY AREA COOPERATIVE
SCHOOL

AUDIT REPORT

JUNE 30, 2009

Audit Report
Micanopy Area Cooperative School
June 30, 2009

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Independent Auditors' Report

To the Board of Directors
Micanopy Area Cooperative School

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& Business Consultants

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We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Micanopy Area Cooperative School (the "School"), a component unit of the Alachua County District School Board, as of and for the year ended June 30, 2009, 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, each major fund and the aggregate remaining fund information of the School, as of June 30, 2009, 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 a report dated August 11, 2009 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 schedule 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

August 11, 2009
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, 2009. Please read it in conjunction with the School's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2009:

- The School's overall net assets increased by \$73,075.
- Total ending unrestricted net assets were \$279,267.
- The School had total expenses for the year of \$788,056, compared to revenues of \$861,131.

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 condition. 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 and Capital Projects Fund are considered to be major funds and, accordingly, are separately displayed. Data from the Special Revenue Fund is displayed as an other Governmental Fund.

CONDENSED FINANCIAL INFORMATION

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

	Net Assets	
	2009	2008
	<u>Governmental Activities</u>	<u>Governmental Activities</u>
Assets:		
Non-capital Assets	\$ 309,757	\$ 413,722
Capital Assets	660,946	529,847
Total Assets	<u>970,703</u>	<u>943,569</u>
Liabilities:		
Current Liabilities	49,595	11,168
Noncurrent Liabilities	87,414	171,782
Total Liabilities	<u>137,009</u>	<u>182,950</u>
Net Assets:		
Invested in Capital Assets, Net	554,427	375,065
Restricted	-	100,631
Unrestricted	279,267	284,923
Total Net Assets	<u>\$ 833,694</u>	<u>\$ 760,619</u>

Change in Net Assets

Program Revenues:		
Charges for Services	\$ 90,569	\$ 24,045
Operating Grants	20,373	30,521
Capital Grants & Contributions	59,164	72,388
General Revenues:		
Title I Grant	29,015	20,846
Florida Education Finance Program	630,273	700,848
Unrestricted Grants & Contributions	11,562	14,297
Miscellaneous	20,175	12,047
Total Revenues	<u>861,131</u>	<u>874,992</u>
Program Expenses:		
Instruction	499,739	455,467
Instructional Support Services	4,329	2,456
General Support	275,391	313,164
Community Services	-	1,351
Interest on Long-term Debt	8,597	601
Total Expenses	<u>788,056</u>	<u>773,039</u>
Change in Net Assets	73,075	101,953
Beginning Net Assets	760,619	658,666
Ending Net Assets	<u>\$ 833,694</u>	<u>\$ 760,619</u>

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated \$170,106 in program revenues and \$691,025 of general revenues, and incurred \$788,056 of program expenses. This resulted in a \$73,075 increase in net assets.

THE SCHOOL'S INDIVIDUAL FUNDS

General Fund

The General Fund's fund balance increased by \$30,269, from \$301,923 to \$332,192. This occurred due to conservative fiscal management.

Capital Projects Fund

The Capital Projects Fund's fund balance decreased by \$124,556, from \$100,631 to a deficit of \$23,925. This was due to construction of an addition to our facility.

BUDGETARY HIGHLIGHTS

Expenditures in the General Fund were kept within budgeted appropriations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The School purchased approximately \$11,000 of furniture, fixtures and equipment and improvements other than buildings during the year. The School also made approximately \$153,000 of building purchases for a new classroom addition 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 issued approximately \$145,000 of new long-term debt during the year to fund the new classroom addition. 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 Ms. Anne Thomson, Micanopy Area Cooperative School Principal, 802 N.W. Seminary Street, Micanopy, Florida 32667.

Statement of Net Assets
June 30, 2009
Micanopy Area Cooperative School

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 308,839
Other Assets	918
Capital Assets:	
Capital Assets, Not Depreciated	50,766
Depreciable Capital Assets, Net	<u>610,180</u>
 TOTAL ASSETS	 <u>970,703</u>
 <u>LIABILITIES</u>	
Accounts Payable	1,490
Long-term Liabilities:	
Due Within One Year	48,105
Due in More Than One Year	<u>87,414</u>
 TOTAL LIABILITIES	 <u>137,009</u>
 <u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	554,427
Unrestricted	<u>279,267</u>
 TOTAL NET ASSETS	 <u><u>\$ 833,694</u></u>

See accompanying notes.

Statement of Activities
For the Year Ended June 30, 2009
Micanopy Area Cooperative School

	PROGRAM REVENUES				
<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRI- BUTIONS</u>	<u>CAPITAL GRANTS AND CONTRI- BUTIONS</u>	<u>NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS</u>	
<u>FUNCTIONS/PROGRAMS</u>					
Instruction	\$ 499,739	\$ 49,729	\$ -	\$ -	\$ (450,010)
Instructional Support Services	4,329	-	-	-	(4,329)
General Support	275,391	40,840	20,373	59,164	(155,014)
Interest on Long-term Debt	<u>8,597</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,597)</u>
 TOTAL	 <u>\$ 788,056</u>	 <u>\$ 90,569</u>	 <u>\$ 20,373</u>	 <u>\$ 59,164</u>	 <u>(617,950)</u>
 GENERAL REVENUES:					
Title I Grant					29,015
Florida Education Finance Program					630,273
Unrestricted Grants and Contributions					11,562
Miscellaneous					<u>20,175</u>
 TOTAL GENERAL REVENUES					 <u>691,025</u>
 CHANGE IN NET ASSETS					 73,075
 NET ASSETS – Beginning of Year					 <u>760,619</u>
 NET ASSETS – End of Year					 <u>\$ 833,694</u>

See accompanying notes.

Balance Sheet – Governmental Funds
June 30, 2009
Micanopy Area Cooperative School

	<u>GENERAL</u> <u>FUND</u>	<u>CAPITAL</u> <u>PROJECTS</u> <u>FUND</u>	<u>OTHER</u> <u>GOVERNMENTAL</u> <u>FUND</u>	<u>TOTAL</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 308,839	\$ -	\$ -	\$ 308,839
Due From Other Funds	23,925	-	-	23,925
Other Assets	918	-	-	918
TOTAL ASSETS	\$ 333,682	\$ -	\$ -	\$ 333,682
 <u>LIABILITIES AND FUND</u> <u>BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 1,490	\$ -	\$ -	\$ 1,490
Due To Other Funds	-	23,925	-	23,925
TOTAL LIABILITIES	1,490	23,925	-	25,415
 <u>FUND BALANCES</u>				
Unreserved	332,192	(23,925)	-	308,267
TOTAL LIABILITIES AND FUND BALANCES	\$ 333,682	\$ -	\$ -	\$ 333,682

See accompanying notes.

Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
June 30, 2009
Micanopy Area Cooperative School

FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ 308,267

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 of Accumulated Depreciation 660,946

Long-term liabilities are not reported in the governmental funds.

Notes Payable (106,519)

Compensated Absences (29,000)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 833,694

See accompanying notes.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009
Micanopy Area Cooperative School

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>OTHER GOVERNMENTAL FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>REVENUES</u>				
Title I Grant	\$ -	\$ -	\$ 29,015	\$ 29,015
National School Lunch	20,373	-	-	20,373
Florida Education Finance Program	630,273	-	-	630,273
Public Education Capital Outlay	-	59,164	-	59,164
Other State Revenue	11,562	-	-	11,562
Gifts and Grants	717	-	-	717
Other Local Revenue	110,027	-	-	110,027
TOTAL REVENUES	<u>772,952</u>	<u>59,164</u>	<u>29,015</u>	<u>861,131</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	464,709	-	25,908	490,617
Instructional Support Services	1,222	-	3,107	4,329
General Support	226,752	-	-	226,752
Capital Outlay	-	176,860	-	176,860
Debt Service:				
Principal	50,000	143,481	-	193,481
Interest	-	8,597	-	8,597
TOTAL EXPENDITURES	<u>742,683</u>	<u>328,938</u>	<u>29,015</u>	<u>1,100,636</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	30,269	(269,774)	-	(239,505)
<u>OTHER FINANCING SOURCES</u>				
Debt Issuance	-	145,218	-	145,218
NET CHANGE IN FUND BALANCES	30,269	(124,556)	-	(94,287)
FUND BALANCES, July 1, 2008	<u>301,923</u>	<u>100,631</u>	<u>-</u>	<u>402,554</u>
FUND BALANCES, June 30, 2009	<u>\$ 332,192</u>	<u>\$ (23,925)</u>	<u>\$ -</u>	<u>\$ 308,267</u>

See accompanying notes.

**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, 2009
Micanopy Area Cooperative School**

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ (94,287)

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.

Acquisitions of Capital Assets	164,149
Current Year Depreciation Expense	(33,050)

The issuance of long-term debt provides current financial resources for governmental funds, but does not effect net assets of governmental activities.

Notes Payable	(145,218)
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Repayment of debt is an expenditure in the governmental funds, but the repayment does not effect net assets of governmental activities.

Principal Payments	193,481
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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.

Compensated Absences	<u>(12,000)</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 73,075</u></u>
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See accompanying notes.

Notes to Financial Statements
June 30, 2009
Micanopy Area Cooperative School

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Micanopy Area Cooperative School conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity

Micanopy Area Cooperative School, Inc. is a not-for-profit corporation organized in 1998 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 the Micanopy Area Cooperative School (the “School”). 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, 2017, 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 Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

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.

Notes to Financial Statements
June 30, 2009
Micanopy Area Cooperative School

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

In the accompanying fund financial statements, the General Fund and Capital Projects Fund are considered to be major funds and, therefore, are separately displayed. Since the Special Revenue Fund is not a major fund, data from this fund is displayed as an Other Governmental Fund.

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.

Notes to Financial Statements
June 30, 2009
Micanopy Area Cooperative School

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2009, approximately \$74,000 was held in excess of FDIC insurance coverage.

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>
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 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.

Notes to Financial Statements
June 30, 2009
Micanopy Area Cooperative School

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Compensated Absences

The School's personnel policies allow a limited accumulation and vesting of unused employee vacation and sick leave time.

The liability for 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.

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, 2009
Micanopy Area Cooperative School

NOTE 2 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance July 1, <u>2008</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2009</u>
Capital Assets Not Being Depreciated:				
Land	\$ 50,766	\$ -	\$ -	\$ 50,766
Construction in Progress	170,509	-	170,509	-
Total Capital Assets Not Being Depreciated	<u>221,275</u>	<u>-</u>	<u>170,509</u>	<u>50,766</u>
Capital Assets Being Depreciated:				
Buildings	306,423	323,690	-	630,113
Improvements Other Than Buildings	114,284	2,421	-	116,705
Furniture, Fixtures and Equipment	80,019	8,547	15,655	72,911
Total Capital Assets Being Depreciated	<u>500,726</u>	<u>334,658</u>	<u>15,655</u>	<u>819,729</u>
Accumulated Depreciation:				
Buildings	91,966	18,880	-	110,846
Improvements Other Than Buildings	33,673	7,854	-	41,527
Furniture, Fixtures and Equipment	66,515	6,316	15,655	57,176
Total Accumulated Depreciation	<u>192,154</u>	<u>33,050</u>	<u>15,655</u>	<u>209,549</u>
Net Capital Assets	<u>\$ 529,847</u>	<u>\$ 301,608</u>	<u>\$ 170,509</u>	<u>\$ 660,946</u>

Depreciation was charged to functions/programs as follows:

Instruction	\$ 5,122
General Support	<u>27,928</u>
Total	<u>\$ 33,050</u>

NOTE 3 – LONG-TERM LIABILITIES

The School has financed the construction of a classroom addition with an agreement with a financial institution with an interest rate of 6.45%.

Debt service payments are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 35,105	\$ 5,845	\$ 40,950
2011	37,438	3,512	40,950
2012	33,976	1,039	35,015
Total	<u>\$106,519</u>	<u>\$ 10,396</u>	<u>\$116,915</u>

Notes to Financial Statements
June 30, 2009
Micanopy Area Cooperative School

NOTE 3 – LONG-TERM LIABILITIES

Following is a summary of changes in long-term liabilities:

	Balance July 1, <u>2008</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2009</u>	Due Within <u>One Year</u>
Notes Payable	\$ 154,782	\$ 145,218	\$ 193,481	\$ 106,519	\$ 35,105
Compensated Absences	<u>17,000</u>	<u>26,000</u>	<u>14,000</u>	<u>29,000</u>	<u>13,000</u>
Total	<u>\$ 171,782</u>	<u>\$ 171,218</u>	<u>\$ 207,481</u>	<u>\$ 135,519</u>	<u>\$ 48,105</u>

NOTE 4 – INTERFUND BALANCES

At June 30, 2009, interfund balances are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 23,925	\$ -
Capital Projects Fund	<u>-</u>	<u>23,925</u>
Total	<u>\$ 23,925</u>	<u>\$ 23,925</u>

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

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 – EMPLOYEE RETIREMENT PLAN

The School made contributions on behalf of its employees to a 403(b) Tax-Sheltered Annuity Plan, a defined contribution pension plan. Employee contributions totaled approximately \$23,600. Employer contributions were five percent of each eligible employee's gross pay for the contract year and amounted to approximately \$6,700.

REQUIRED SUPPLEMENTARY INFORMATION

**Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2009
Micanopy Area Cooperative School**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	VARIANCE WITH FINAL <u>BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Florida Education Finance Program	\$ 695,922	\$ 633,540	\$ 630,273	\$ (3,267)
National School Lunch	50,000	39,600	20,373	(19,227)
Other State Revenue	9,860	11,562	11,562	-
Gifts and Grants	-	-	717	717
Other Local Revenue	38,637	47,387	110,027	62,640
TOTAL REVENUES	794,419	732,089	772,952	40,863
<u>EXPENDITURES</u>				
Current:				
Instruction	502,742	492,863	464,709	28,154
Instructional Support Services	3,741	1,871	1,222	649
General Support	263,660	239,478	226,752	12,726
Debt Service:				
Principal	-	50,000	50,000	-
TOTAL EXPENDITURES	770,143	784,212	742,683	41,529
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	24,276	(52,123)	30,269	82,392
FUND BALANCES, July 1, 2008	-	104,425	301,923	197,498
FUND BALANCES, June 30, 2009	\$ 24,276	\$ 52,302	\$ 332,192	\$ 279,890

Notes to Budgetary Comparison 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.

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



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Management Letter

To the Board of Directors
Micanopy Area Cooperative School

We have audited the financial statements of the Micanopy Area Cooperative School (the "School"), as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated August 11, 2009. We have also issued our report on internal control over financial reporting and on compliance and other matters/communication with those charged with governance. Those communications 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 or not corrective actions have been taken to address findings and recommendations made in the preceding audit. In that regard, finding 08-1 has been repeated in the accompanying Schedule of Findings as item 09-1.

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.

Also, as required by the Rules of the Auditor General, we applied financial condition assessment procedures, as of the end of the fiscal year, pursuant to Rule 10.855(10). 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 did not reveal evidence of "deteriorating financial condition" as that term is defined in Rule 10.854.

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 Board of Directors and 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.

Members:

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Florida Institute of
Certified Public Accountants

American Institute of
Certified Public Accountants

Horwath International

To the Board of Directors
Micanopy Area Cooperative 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

August 11, 2009
Gainesville, Florida



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American Institute of
Certified Public Accountants

Horwath International

To the Board of Directors
Micanopy Area Cooperative School

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Micanopy Area Cooperative School (the "School") as of and for the year ended June 30, 2009, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 11, 2009. 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.

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

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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 reliably in accordance with generally accepted accounting 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. We consider the deficiency described in the accompanying Schedule of Findings as item 09-1 to be a significant deficiency in internal control over financial reporting.

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 the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above 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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Communication with Those Charged with Governance

Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing that were previously communicated.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 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 during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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 sometimes 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 were no particularly sensitive estimates significantly affecting the financial statements.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are sometimes particularly sensitive because of their significance to financial statement users. There are no particularly sensitive disclosures significantly affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

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 financial statements or a determination of the type of auditor's opinion that may be expressed on the statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This report is intended solely for the information and use of the School's Board of Directors and 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

August 11, 2009
Gainesville, Florida

Micanopy Area Cooperative School
Schedule of Findings
For the Year Ended June 30, 2009

09-1 **Condition** – As part of the audit process, we proposed material adjustments to the School’s financial statements. These adjustments related to the issuance of debt. Our proposed adjustments were accepted by management, enabling the financial statements to be fairly presented in conformity with generally accepted accounting principles.

Recommendation – The School should improve internal controls relative to the financial reporting of debt financing.



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Director
Anne Thomson

August 11, 2009

Ms. Tavera Johnson
Davis, Monk & Company
4010 N.W. 25th Place
P.O. Box 13494
Gainesville, FL 32606

Dear Ms. Johnson,

In response to the Micanopy Area Cooperative School audit for the 2008 – 2009 school year, I have noted the suggestion made for improvement and will take the necessary steps to implement procedures that will improve our internal controls.

I would like to take this opportunity to thank you for the professionalism in which this audit was conducted. I appreciate all of your help and suggestion for improvement.

Thank you for all your time and effort in our behalf.

Sincerely,

Anne M. Thomson
Director