

MICANOPY AREA COOPERATIVE
SCHOOL

AUDIT REPORT

JUNE 30, 2006

Audit Report
Micanopy Area Cooperative School
June 30, 2006

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Independent Auditors' Report

To the Board of Directors
Micanopy Area Cooperative School

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, 2006, 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, 2006, 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 July 28, 2006 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.

July 28, 2006
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, 2006. Please read it in conjunction with the School's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2006:

- The School's overall net assets increased by \$11,592.
- Total ending unrestricted net assets were approximately \$204,643.
- The School had total expenses for the year of about \$754,000, compared to revenues of approximately \$766,000.

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

	<u>2006</u>	<u>2005</u>
	Governmental Activities	Governmental Activities
Assets:		
Non-capital Assets	\$ 207,881	\$ 180,620
Capital Assets	373,862	388,671
Total Assets	<u>581,743</u>	<u>569,291</u>
Liabilities:		
Current Liabilities	<u>3,238</u>	<u>2,478</u>
Net Assets:		
Invested in Capital Assets, Net	373,762	388,671
Restricted	-	109,463
Unrestricted	<u>204,643</u>	<u>68,679</u>
Total Net Assets	<u>\$ 578,405</u>	<u>\$ 566,813</u>

Change in Net Assets

Program Revenues:		
Charges for Services	\$ 20,598	\$ 24,341
Operating Grants	30,482	29,466
Capital Grants & Contributions	46,761	49,119
General Revenues:		
Title 1 Grant	23,484	32,248
Florida Education Finance Program	629,728	574,381
Other State Revenues	4,953	13,591
Unrestricted Grants & Contributions	8,156	12,500
Miscellaneous	<u>1,586</u>	<u>6</u>
Total Revenues	<u>765,748</u>	<u>735,652</u>
Program Expenses:		
Instruction	441,307	444,770
Instructional Support Services	3,754	3,387
General Support	303,883	284,365
Community Services	<u>5,212</u>	<u>4,668</u>
Total Expenses	<u>754,156</u>	<u>737,190</u>
Change in Net Assets	11,592	(1,538)
Beginning Net Assets	<u>566,813</u>	<u>568,351</u>
Ending Net Assets	<u>\$ 578,405</u>	<u>\$ 566,813</u>

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated \$97,841 in program revenues and \$667,907 of general revenues, and incurred \$754,156 of program expenses. This resulted in a \$11,592 increase in net assets.

THE SCHOOL'S INDIVIDUAL FUNDS

General Fund

The General Fund's fund balance increased by \$62,925, from \$68,679 to \$131,604. This occurred because of an increase in student enrollment resulting in more FTE dollars without a significant increase in overhead costs.

Special Revenue Fund

The Special Revenue Fund's fund balance decreased by \$68,872, from \$91,358 to \$22,486. This fund category consists of Title 1 grant funds and remaining balances from prior years for the Learn and Serve Grant and Challenge Grants.

Capital Projects Fund

The Capital Projects Fund's fund balance decreased by \$14,313, from \$18,105 to \$3,792. This fund consists of accumulated PECO and SIT money from state sources, and two gifts that carried forward designated for technology improvements. The Micanopy Area Cooperative School owns all of its buildings. Operating costs and other expenditures were made that were authorized under Capital Outlay legislation. Many of the costs were paid by available funds and subsequently requests for reimbursement were made from the School Board of Alachua County to replenish those funds. The decrease in fund balance occurred primarily because the School made substantial renovations and improvements to its facilities and used some of its prior year's accumulated grant funding.

BUDGETARY HIGHLIGHTS

Expenditures in the General Fund were kept within budgeted appropriation.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The School performed a large amount of repairs and renovations to its buildings 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.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Debt Administration

The School has no long-term debt and no new debt was issued during the year.

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. Carlton Landry, MACS Principal, 802 N.W. Seminary Street, Micanopy, Florida 32667.

Statement of Net Assets
June 30, 2006
Micanopy Area Cooperative School

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 154,578
Deposits	470
Due From Other Governments	52,833
Capital Assets:	
Capital Assets, Not Depreciated	52,093
Depreciable Capital Assets, Net	<u>321,669</u>
TOTAL ASSETS	<u>581,643</u>
 <u>LIABILITIES</u>	
Accounts Payable	<u>3,238</u>
 <u>NET ASSETS</u>	
Invested in Capital Assets	373,762
Unrestricted	<u>204,643</u>
TOTAL NET ASSETS	<u><u>\$ 578,405</u></u>

See accompanying notes.

Statement of Activities
For the Year Ended June 30, 2006
Micanopy Area Cooperative School

	<u>PROGRAM REVENUES</u>				NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRI- BUTIONS</u>	<u>CAPITAL GRANTS AND CONTRI- BUTIONS</u>	
<u>FUNCTIONS/PROGRAMS</u>					
Instruction	\$ 441,307	\$ -	\$ -	\$ -	\$ (441,307)
Instructional Support Services	3,754	-	-	-	(3,754)
General Support	303,883	20,598	30,482	46,761	(206,042)
Community Services	<u>5,212</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,212)</u>
 TOTAL	 <u>\$ 754,156</u>	 <u>\$ 20,598</u>	 <u>\$ 30,482</u>	 <u>\$ 46,761</u>	 <u>(656,315)</u>
 GENERAL REVENUES:					
					23,484
Title 1 Grant					629,728
Florida Education Finance Program					<u>14,695</u>
Unrestricted Grants and Contributions					
 TOTAL GENERAL REVENUES					 <u>667,907</u>
 CHANGE IN NET ASSETS					 11,592
 NET ASSETS – Beginning of Year					 <u>566,813</u>
 NET ASSETS – End of Year					 <u>\$ 578,405</u>

See accompanying notes.

Balance Sheet – Governmental Funds
June 30, 2006
Micanopy Area Cooperative School

	GENERAL FUND	CAPITAL PROJECTS FUND	OTHER GOVERNMENTAL FUND	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 134,065	\$ 19,556	\$ 957	\$ 154,578
Other Assets	777	-	377	1,154
Due From Other Governments	-	49,691	2,458	52,149
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 134,842</u>	<u>\$ 69,247</u>	<u>\$ 3,792</u>	<u>\$ 207,881</u>
 <u>LIABILITIES AND FUND</u>				
<u>BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 3,238	\$ -	\$ -	\$ 3,238
Deferred Revenue	-	46,761	-	46,761
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	3,238	46,761	-	49,999
 <u>FUND BALANCES</u>				
Unreserved	<u>131,604</u>	<u>22,486</u>	<u>3,792</u>	<u>157,882</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 134,842</u>	<u>\$ 69,247</u>	<u>\$ 3,792</u>	<u>\$ 207,881</u>

See accompanying notes.

Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
June 30, 2006
Micanopy Area Cooperative School

FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ 157,882

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 373,762

Deferred revenues in the Statement of Net Assets differs from the amount reported in the governmental funds.

46,761

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 578,405

See accompanying notes.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2006
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>REVENUES</u>				
Title 1 Grant	\$ -	\$ -	\$ 23,484	\$ 23,484
National School Lunch	30,482	-	-	30,482
Florida Education Finance Program	629,728	-	-	629,728
Other State Revenue	735	580	3,638	4,953
Gifts and Grants	8,006	150	-	8,156
Other Local Revenue	<u>22,184</u>	<u>-</u>	<u>-</u>	<u>22,184</u>
TOTAL REVENUES	<u>691,135</u>	<u>730</u>	<u>27,122</u>	<u>718,987</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	395,991	823	34,233	431,047
Instructional Support Services	1,628	-	786	2,414
General Support	228,031	68,779	3,764	300,574
Community Services	<u>2,560</u>	<u>-</u>	<u>2,652</u>	<u>5,212</u>
TOTAL EXPENDITURES	<u>628,210</u>	<u>69,602</u>	<u>41,435</u>	<u>739,247</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	62,925	(68,872)	(14,313)	(20,260)
FUND BALANCES, July 1, 2005	<u>68,679</u>	<u>91,358</u>	<u>18,105</u>	<u>178,142</u>
FUND BALANCES, June 30, 2006	<u>\$ 131,604</u>	<u>\$ 22,486</u>	<u>\$ 3,792</u>	<u>\$ 157,882</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, 2006
Micanopy Area Cooperative School**

EXCESS OF REVENUES UNDER EXPENDITURES – TOTAL GOVERNMENTAL FUNDS \$ (20,260)

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	16,327
Current Year Depreciation Expense	(31,236)

Some revenues are deferred in the governmental funds, but recognized in the Statement of Activities.

46,761

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 11,592

See accompanying notes.

Notes to Financial Statements
June 30, 2006
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 six 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, 2010, 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.

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.

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, 2005, approximately \$66,500 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.

Compensated Absences

The School does not pay for employees' unused sick and vacation time and unused time does not accumulate. Therefore, no compensated absence liability is recorded

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

NOTE 2 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2006 was as follows:

	Balance July 1, <u>2005</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2006</u>
Capital Assets Not Being Depreciated:				
Land	\$ 35,766	\$ 15,000	\$ -	\$ 50,766
Construction in Progress	-	1,327	-	1,327
Total Capital Assets Not Being Depreciated	<u>35,766</u>	<u>16,327</u>	<u>-</u>	<u>52,093</u>
Capital Assets Being Depreciated:				
Buildings	306,423	-	-	306,423
Improvements Other Than Buildings	85,793	-	-	85,793
Furniture, Fixtures and Equipment	76,419	-	-	76,419
Total Capital Assets Being Depreciated	<u>468,635</u>	<u>-</u>	<u>-</u>	<u>468,635</u>
Accumulated Depreciation:				
Buildings	58,890	11,446	-	70,336
Improvements Other Than Buildings	12,733	6,898	-	19,631
Furniture, Fixtures and Equipment	44,107	12,892	-	56,999
Total Accumulated Depreciation	<u>115,730</u>	<u>31,236</u>	<u>-</u>	<u>146,966</u>
Net Capital Assets	<u>\$ 388,671</u>	<u>\$ (14,909)</u>	<u>\$ -</u>	<u>\$ 373,762</u>

Notes to Financial Statements
June 30, 2006
Micanopy Area Cooperative School

NOTE 2 – CAPITAL ASSETS AND DEPRECIATION

Depreciation was charged to functions/programs as follows:

Instruction	\$ 10,261
Instructional Support Services	1,340
General Support	<u>19,635</u>
Total	<u><u>\$ 31,236</u></u>

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.

NOTE 4 – 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 \$13,718 and employer contributions were five percent of each employee's gross pay for the contract year, and amounted to \$10,676.

REQUIRED SUPPLEMENTARY INFORMATION

**Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2006
Micanopy Area Cooperative School**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	VARIANCE WITH FINAL BUDGET
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Florida Education Finance Program	\$ 588,657	\$ 624,122	\$ 629,728	\$ 5,606
National School Lunch	25,000	25,000	30,482	5,482
Other State Revenue	1,110	1,110	735	(375)
Gifts and Grants	-	-	8,006	8,006
Other Local Revenue	43,920	45,917	22,184	(23,733)
TOTAL REVENUES	658,687	696,149	691,135	(5,014)
<u>EXPENDITURES</u>				
Current:				
Instruction	385,290	404,929	395,991	8,938
Instructional Support Services	3,741	2,000	1,628	372
General Support	242,162	248,882	228,031	20,851
Community Services	-	-	2,560	(2,560)
TOTAL EXPENDITURES	631,193	655,811	628,210	27,601
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	27,494	40,338	62,925	22,587
FUND BALANCES, July 1, 2005	9,403	33,205	68,679	35,474
FUND BALANCES, June 30, 2006	\$ 36,897	\$ 73,543	\$ 131,604	\$ 58,061

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**

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, 2006, and have issued our report thereon dated July 28, 2006. 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 or not corrective actions have been taken to address significant findings and recommendations made in the preceding audit. There were no findings in the prior audit.

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.

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.

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.

July 28, 2006
Gainesville, Florida

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

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, 2006, which collectively comprise the School's basic financial statements and have issued our report thereon dated July 28, 2006. 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 in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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*.

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.

July 28, 2006
Gainesville, Florida