TOWN OF MICANOPY, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2025

Principal Officials as of September 30, 2025:

TOWN COMMISSION
Jiana Williams, Mayor
Judy Galloway
David Massey
Kevin Putansu
Ken Wessberg

TOWN ADMINISTRATOR
Sara Samario

TOWN OF MICANOPY, FLORIDA
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Compliance Section

JAMESMOORE

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Town Commission,
Town of Micanopy, Florida:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Micanopy, Florida, (the Town), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2026, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Gainesville, Florida
August 27, 2026

This discussion and analysis of the Town of Micanopy financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2025. Please read it in conjunction with the Town's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2025:

- The Town's overall net position increased by $270,888. Net position of business-type activities increased by $13,603, while net position of governmental activities increased by $257,285.
- Total ending unrestricted net position was $2,456,287.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

In these statements, the Town's activities are divided as follows:

- Governmental activities – Most of the Town's basic services are reported here, including administration, public safety, road and bridge, and maintenance. Taxes and charges for services finance most of these activities.

- Business-type activities – These activities are financed in whole or in part by fees charged to external parties for good or services. The activities of the water and solid waste utility systems are reported as business-type activities.

Fund Financial Statements

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

- Governmental funds – The General Fund is the Town's only governmental fund. This fund is 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.
- Proprietary funds – The Utility Fund is the Town's only proprietary fund. Proprietary funds are reported using the accrual basis of accounting and, accordingly, there is a correlation between the amounts reported in the fund financial statements and the amounts reported in the government-wide financial statements.

CONDENSED FINANCIAL INFORMATION The following tables present condensed, government-wide comparative data about net position and changes in net position.

	2025		
	Governmental Activities	Business-type Activities	Total
Current and other assets	$ 2,455,388	$ 439,600	$ 2,894,988
Capital assets	1,630,863	894,850	2,525,713
Total assets	4,086,251	1,334,450	5,420,701
Long-term liabilities outstanding	10,235	47,192	57,427
Other liabilities	206,927	61,964	268,891
Total liabilities	217,162	109,156	326,318
Net investment in capital assets	1,630,863	857,350	2,488,213
Restricted	149,883	-	149,883
Unrestricted	2,088,343	367,944	2,456,287
Total net position	$ 3,869,089	$ 1,225,294	$ 5,094,383

	2024		
	Governmental Activities	Business-type Activities	Total
Current and other assets	2,458,806	414,421	$ 2,873,227
Capital assets	1,412,891	930,288	2,343,179
Total assets	3,871,697	1,344,709	5,216,406
Long-term liabilities outstanding	8,214	7,910	16,124
Other liabilities	251,679	125,108	376,787
Total liabilities	259,893	133,018	392,911
Net position:			
Net investment in capital assets	$ 1,412,891	930,288	2,343,179
Restricted	190,208	-	190,208
Unrestricted	2,008,705	281,403	2,290,108
Total net position	$ 3,611,804	$ 1,211,691	$ 4,823,495

	2025		
	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	$ 40,001	$ 294,637	$ 334,638
Grants and contributions	217,503	37,500	255,003
General revenues:			
Property taxes	239,304	-	239,304
Intergovernmental and other	538,551	11,093	549,644
Total revenues	1,035,359	343,230	1,378,589
Expenses:			
General government	432,209	-	432,209
Public safety	144,233	-	144,233
Transportation	167,436	-	167,436
Culture and recreation	34,196	-	34,196
Water	-	219,679	219,679
Solid Waste	-	109,948	109,948
Total expenses	778,074	329,627	1,107,701
Change in net position	257,285	13,603	270,888
Net position, beginning of year as restated	3,611,804	1,211,691	4,823,495
Net position end of year	$ 3,869,089	$ 1,225,294	$ 5,094,383

	2024		
	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	$ -	$ 288,743	$ 288,743
Grants	75,000	-	75,000
General revenues:			
Property taxes	223,617	-	223,617
Intergovernmental and other	554,516	13,306	567,822
Total revenues	853,133	302,049	1,155,182
Expenses:			
General government	316,596	-	316,596
Public safety	149,852	-	149,852
Transportation	151,608	-	151,608
Culture and recreation	44,282	-	44,282
Water	-	214,239	214,239
Solid Waste	-	118,897	118,897
Total expenses	662,338	333,136	995,474
Change in net position	190,795	(31,087)	159,708
Net position, beginning of year	3,421,009	1,242,778	4,663,787
Net position end of year	$ 3,611,804	$ 1,211,691	$ 4,823,495

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The net position of the Town's Governmental Activities increased by $257,285. Total program revenues are reported at $257,504 primarily from grant income. General revenues totaled $777,855, which was consistent with the prior year. Total program expenses are reported at $778,074 an increase of $115,736 from the prior year mainly due to an increase in maintenance for remediation of the town hall and professional fees related to a vulnerability assessment.

Business-type Activities

Revenues of the Utility Fund were reported at $343,230, an increase of $41,181 from the prior year, primarily due to $37,500 of capital grant revenue and, to a lesser extent, increased water revenues resulting from rate increases. Total expenses were $329,627 including $35,438 in depreciation. Overall, the Utility Fund's net position increase by $13,603, reflecting stable operations with no major system repair projects undertaken during 2025.

THE TOWN'S INDIVIDUAL FUNDS

General Fund - The General Fund's cash position decreased slightly and reflects cash and investments of $2,520,064 compared with $2,562,992 in the prior year. The General Fund also reflects a receivable balance of $13,197 and amounts due from other governments of 80,065. Liabilities in the General Fund include total accounts payable reported at $89,966. Fund balance is reported at $2,255,873 which reflects an increase of $42,798.

Utility Fund - The Utility Fund's financial position reflects little change. The unrestricted cash position is slightly increased and is reported at $217,959. Total assets in the Utility fund are reported at $1,334,450. Total liabilities decreased by $23,862 from the prior year, primarily due to lower accounts payable and accrued liabilities, which more than offset the addition of a $37,500 loan. Total net position is recorded at $1,225,294 which is an increase of $13,603 from the prior year.

BUDGETARY HIGHLIGHTS

There were no changes between the original and final budgets for the General Fund.

Revenues of the General Fund were less than budgeted amounts by $2,934,675 primarily due to grant funded projects that were budgeted but not yet started during 2025. General Fund expenditures were less than budgeted amounts by $2,977,473 as grant-related capital project costs were not incurred during the fiscal year.

CAPITAL ASSETS

Capital Assets

During the year, the Town invested $276,216 in capital outlay, including facility improvements and equipment replacements. Capital assets for governmental activities totaled $1,630,863 (net of depreciation). The Utility Fund reported $75,000 in construction in progress related to a planned water system improvement. Additional information regarding the Town's capital assets is provided in Note 5 to the financial statements.

ECONOMIC FACTORS

We are not currently aware of any conditions that are expected to have a significant effect on the Town's financial position or results of operations. The Town continues to maintain a stable revenue base and sufficient reserves to meet ongoing obligations.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Town Administrator at P.O. Box 137, Micanopy, Florida 32667, or by calling (352)466-3121.

TOWN OF MICANOPY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 770,029	$ 217,959	$ 987,988
Investments	1,750,035	-	1,750,035
Receivables	13,197	33,793	46,990
Internal balances	(157,938)	157,938	-
Due from other governments	80,065	-	80,065
Restricted assets:			
Cash and cash equivalents	-	29,910	29,910
Capital assets:			
Non-depreciable	894,168	95,770	989,938
Depreciable, net	736,695	799,080	1,535,775
Total assets	$ 4,086,251	$ 1,334,450	$ 5,420,701
LIABILITIES			
Accounts payable and accrued liabilities	$ 89,966	$ 22,661	$ 112,627
Customer deposits	-	29,910	29,910
Unearned revenue	109,549	1,728	111,277
Accrued interest payable	-	647	647
Noncurrent liabilities:			
Due within one year:			
Compensated absences	7,412	7,018	14,430
Due in more than one year:			
Notes payable	-	37,500	37,500
Compensated absences	10,235	9,692	19,927
Total liabilities	$ 217,162	$ 109,156	$ 326,318
NET POSITION			
Net investment in capital assets	$ 1,630,863	$ 857,350	$ 2,488,213
Restricted for:			
Wild spaces	131,794	-	131,794
Other infrastructure tax	18,089	-	18,089
Unrestricted	2,088,343	367,944	2,456,287
Total net position	$ 3,869,089	$ 1,225,294	$ 5,094,383

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF MICANOPY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Governmental activities:							
General government	$ 432,209	$ 7,241	$ 156,498	$ -	$ (268,470)	$ -	$ (268,470)
Public safety	144,233	25,058	-	-	(119,175)	-	(119,175)
Transportation	167,436	-	61,005	-	(106,431)	-	(106,431)
Culture and recreation	34,196	7,702	-	-	(26,494)	-	(26,494)
Total governmental activities	778,074	40,001	217,503	-	(520,570)	-	(520,570)
Business-type activities:							
Water Utility	219,679	182,945	-	37,500	-	766	766
Solid Waste Utility	109,948	111,692	-	-	-	1,744	1,744
Total business-type activities	329,627	294,637	-	37,500	-	2,510	2,510
Total primary government	$ 1,107,701	$ 334,638	$ 217,503	$ 37,500	(520,570)	2,510	(518,060)
General revenues:							
Property taxes					239,304	-	239,304
Sales and use taxes					48,570	-	48,570
Franchise fees					56,283	-	56,283
Utility taxes					76,031	-	76,031
Communications surtax					33,597	-	33,597
Licenses and permits					7,250	-	7,250
State revenue sharing					120,708	-	120,708
Investment earnings (loss)					80,016	11,093	91,109
Miscellaneous revenues					116,096	-	116,096
Total general revenues					777,855	11,093	788,948
Change in net position					257,285	13,603	270,888
Net position - beginning					3,611,804	1,211,691	4,823,495
Net position - ending					$ 3,869,089	$ 1,225,294	$ 5,094,383

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF MICANOPY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General Fund
ASSETS	
Cash and cash equivalents	$ 770,029
Investments	1,750,035
Receivables	13,197
Due from other governments	80,065
Total assets	$ 2,613,326
LIABILITIES	
Accounts payable and accrued liabilities	89,966
Unearned revenue	109,549
Due to other funds	157,938
Total liabilities	357,453
FUND BALANCES	
Restricted for:	
Wild spaces	131,794
Other infrastructure tax	18,089
Assigned to:	
Town hall renovation	84,700
Fire station renovation	106,178
Unassigned	1,915,112
Total fund balances	2,255,873
Total liabilities and fund balances	$ 2,613,326

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF MICANOPY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Fund balances - total governmental funds		$ 2,255,873
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Total governmental capital assets	2,779,089	
Less: accumulated depreciation	(1,148,226)	1,630,863
Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities and other long-term liabilities consist of the following:		
Compensated absences	(17,647)	
		(17,647)
Net position of governmental activities		$ 3,869,089

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF MICANOPY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund
Revenues	
Taxes	$ 514,790
Licenses and permits	7,030
Intergovernmental	278,626
Fines and forfeitures	25,058
Investment income	80,016
Miscellaneous	129,839
Total revenues	1,035,359
Expenditures	
Current:	
General government	413,648
Public safety	135,015
Transportation	132,877
Economic environment	7,259
Culture and recreation	27,546
Capital outlay	276,216
Total expenditures	992,561
Excess (deficiency) of revenues over expenditures	42,798
Net change in fund balances	42,798
Fund balances, beginning of year	2,213,075
Fund balances, end of year	$ 2,255,873

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF MICANOPY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Net change in fund balances - total governmental funds	$	42,798
Differences in amounts reported for governmental activities in the statement of activities are:		
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.		
Capital outlay expenditures		276,216
Depreciation expense		(58,244)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. These adjustments are as follows:		
Change in compensated absences liability		(3,485)
Change in net position of governmental activities	$	257,285

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF MICANOPY, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025

	Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 217,959
Restricted cash	29,910
Accounts receivable	33,793
Due from other funds	157,938
Total current assets	439,600
Noncurrent assets:	
Capital assets:	
Land	20,770
Buildings	1,229,035
Equipment	50,746
Construction in progress	75,000
Accumulated depreciation	(480,701)
Total noncurrent assets	894,850
Total assets	$ 1,334,450
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	$ 22,661
Deposits - payable from restricted cash	29,910
Unearned revenue	1,728
Accrued interest payable	647
Compensated absences	7,018
Total current liabilities	61,964
Noncurrent liabilities:	
Notes payable	37,500
Compensated absences	9,692
Total noncurrent liabilities	47,192
Total liabilities	$ 109,156
NET POSITION	
Net investment in capital assets	$ 857,350
Unrestricted	367,944
Total net position	$ 1,225,294

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF MICANOPY, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Enterprise Fund
Operating revenues	
Water utility:	
Charges for services	$ 182,945
Solid waste utility:	
Charges for services	111,692
Total operating revenues	294,637
Operating expenses	
Water utility:	
Personnel services	111,664
Operating expenses	71,930
Solid waste utility:	
Operating expenses	109,948
Depreciation	35,438
Total operating expenses	328,980
Operating income (loss)	(34,343)
Nonoperating revenues (expenses)	
Interest earnings	11,093
Interest expense	(647)
Total nonoperating revenues (expenses)	10,446
Income (loss) before capital contributions and transfers	(23,897)
Capital grants	37,500
Change in net position	13,603
Net position, beginning of year	1,211,691
Net position, end of year	$ 1,225,294

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF MICANOPY, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Enterprise Fund
Cash flows from operating activities	
Cash received from customers	$ 307,683
Cash paid to employees	(108,592)
Cash paid to suppliers	(245,484)
Net cash provided by (used in) operating activities	(46,393)
Cash flows from noncapital financing activities	
Interfund loans	(3,040)
Net cash provided by (used in) noncapital financing activities	(3,040)
Cash flows from capital and related financing activities	
Capital grants	37,500
Proceeds from issuance of long-term debt	37,500
Net cash provided by (used in) capital and related financing activities	75,000
Cash flows from investing activities	
Interest received	11,093
Net cash provided by (used in) investing activities	11,093
Net change in cash and cash equivalents	36,660
Cash and cash equivalents, beginning of year	211,209
Cash and cash equivalents, end of year	$ 247,869
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	$ (34,343)
Adjustments to reconcile net operating income to net cash provided by (used in) operating activities:	
Depreciation	35,438
Changes in assets and liabilities:	
Accounts receivable	13,455
Due from other governments	1,066
Accounts payable and accrued liabilities	(63,606)
Deposits	1,342
Unearned revenue	(2,817)
Compensated absences	3,072
Net cash provided by (used in) operating activities	$ (46,393)
Cash and cash equivalents classified as:	
Unrestricted	$ 217,959
Restricted	29,910
Total cash and cash equivalents	$ 247,869

The accompanying notes to financial statements are an integral part of this statement.

(1) **Summary of Significant Accounting Policies:**

The financial statements of the Town of Micanopy, Florida (the Town), have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. The following is a summary of the Town's significant accounting policies:

(a) **Reporting entity**—The Town is a political subdivision of the State of Florida, created under the provisions of Chapter 165, *Florida Statutes*. The Town was established under Chapter 24723 (Special Acts of 1947) of the Florida Legislature. The present Town of Micanopy was created and governed under the Charter of the Town of Micanopy, effective January 1, 1983. Accordingly, it is controlled by the Florida Constitution and various Florida Statutes as well as its own local charter, ordinances, and policies. It is governed by an elected Commission, which appoints the mayor. Pursuant to the Town's charter, the Administrator is also appointed by the Commission.

The accompanying financial statements present the financial position, results of operations, and cash flows of the applicable funds governed by the Town Commission of the Town, the reporting entity of government for which the Town Commission is considered to be financially accountable. In evaluating the Town as a reporting entity, management has addressed all potential component units that may or may not fall within the Town's oversight and control, and thus, be included in the Town's financial statements. No such entities or component units have been identified.

(b) **Government-wide and fund financial statements**—The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the Town. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees charged to external parties as their primary revenues.

Generally, internal interfund activity has been eliminated from the government-wide financial statements. However, charges between the Town's water system and other governmental functions are not eliminated because elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The Statement of Net Position reports the Town's financial position as of the end of the fiscal year. In this statement, the Town's net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. 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 charges for services that are directly related to a given function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. General revenues include taxes and other revenues not properly included among program revenues.

(c) **Measurement focus and basis of accounting**—The government-wide financial statements are reported using the e*conomic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

(1) **Summary of Significant Accounting Policies:** (Continued)

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 government considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and pensions, are recorded only when payment is due.

Taxes, intergovernmental revenue, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

(d) **Financial statement presentation**—The financial transactions of the Town are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB Codification sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The Town reports the following major governmental fund:

> The ***General Fund*** accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the Town other than proprietary fund activities are financed through revenues received by the General Fund.

The Town reports the following major proprietary fund:

> The ***Utility Fund*** accounts for the financial activities of the Town's water and solid waste utility systems, including the pumping, treatment, and distribution of potable water and the collection and disposal of solid waste.

(e) **Budgets and budgetary accounting**—Annual budgets for all governmental and proprietary funds were adopted in compliance with Florida law. The basis on which the budgets are prepared is consistent with the basis of accounting utilized by the various fund types. The governmental funds' budgets are prepared on the modified accrual basis of accounting. The proprietary funds' budgets are prepared on a full accrual basis of accounting.

(f) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

(1) **Summary of Significant Accounting Policies:** (Continued)

(g) **Deposits and investments**—The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are generally reported at fair value in accordance with applicable accounting standards. Nonparticipating interest-earning investment contracts, including nonnegotiable certificates of deposit whose redemption terms are not affected by market rates, are reported using a cost-based measure.

(h) **Receivables and payables**—Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends. Utility operating sales are generally recognized on the basis of cycle billings rendered quarterly. Unbilled accounts receivable are accrued by the Town at year-end to recognize the sales revenues earned through the end of the fiscal year. All unpaid property taxes receivable at year end are at least 180 days past due, at which time the applicable property is subject to lien, and penalties and interest are assessed.

(i) **Capital assets**—Capital assets include property, plant, equipment and infrastructure assets. The terms general capital assets and general infrastructure assets relate only to the assets associated with governmental activities, whereas the terms capital assets and infrastructure assets relate to all such assets belonging to the Town.

Capital assets are defined by the Town as assets with an initial individual cost of $5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost, if purchased or constructed. Contributed assets, including donations and easements or other intangible rights of use, are recorded at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are only capitalized if they meet the dollar threshold above for capitalization. Maintenance and repairs of capital assets are charged to operating expenses.

Depreciation is reported for the primary government using the straight-line method calculated on a service-life basis to amortize the cost of the asset over their estimated economic useful lives, which are as follows:

Assets	Years
Buildings and improvements	10 – 40 years
Machinery and equipment	5 years
Street and related infrastructure	20 – 40 years

(j) **Compensated absences**— The Town's personnel policies allow for accumulation of unused vacation and sick leave when earned by the employee and attributable to services already rendered that is more likely than not to be used or otherwise paid or settled. The liability is measured at current pay rates. The Town adopted GASB Statement No. 101 *Compensated Absences*, effective October 1, 2024. Implementation did not affect beginning net position, current-year results, or fund balance.

(1) **Summary of Significant Accounting Policies:** (Continued)

(k) **Property Taxes**—The Alachua County Tax Collector bills and collects property taxes for the Town. In governmental funds, property tax revenues are recognized when levied, to the extent that they result in current receivables.

Valuation Date:	January 1, 2024
Levy Date:	October 1, 2024
Due Date:	March 31, 2025
Lien Date:	January 1, 2025

(l) **Long-term obligations**—In the government-wide financial statements and proprietary fund financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Debt issuance costs are expensed when paid.

(m) **Fund equity**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as the fund balance of the permanent fund which was restricted in perpetuity by referendum.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation (i.e. when the government assesses, levies, charges, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by ordinance of the Town Commission are reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – Fund balance amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balance, except for stabilization arrangements. Assignments can be made by the Town Commission or a body or official to which the Town Commission has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

(1) **Summary of Significant Accounting Policies:** (Continued)

For spendable resources, it is the Town's policy to use its resources in the following order as needed to fund expenses: restricted, committed, assigned, unassigned.

(n) **Impact fees**—The Town has not adopted any ordinances or resolutions to levy impact fees in accordance with Section 163.31801, Florida Statutes.

(o) **Net position flow assumption**—Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the Town's policy to consider restricted net position to have been used before unrestricted net position is applied.

(p) **Risk disclosures**—The Town implemented GASB Statement No. 102, *Certain Risk Disclosures*, during the year ended September 30, 2025. Management evaluated the Town's concentrations and constraints and determined that no additional disclosures were required based on conditions existing through the date the financial statements were available to be issued.

(2) **Reconciliation of Government-Wide and Fund Financial Statements:**

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**—Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

(3) **Deposits and Investments:**

The Town's deposits consisted of legally authorized demand deposits and certificates of deposit. The institutions in which these deposits are kept are certified as Qualified Public Depositories under the Florida Public Deposits Act. Therefore, in addition to applicable Federal Depository Insurance Corporation (FDIC) insurance, these balances on deposit at September 30, 2025, are insured or collateralized through the Bureau of Collateral Management, Florida Department of Financial Services.

State statutes authorize the Town to invest excess funds in time deposits, obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States Government, commercial paper, corporate bonds, repurchase agreements and/or the State Board of Administration (SBA) Local-Government Surplus Trust Fund Investment Pool or other investment vehicles authorized by local ordinance. At September 30, 2025, investments consisted of certificates of deposit that were fully secured under State law.

(4) Interfund Balances and Transfers

The interfund balances resulted primarily from the normal course of operations and are expected to be repaid within one year. No interfund transfers occurred during the fiscal year ended September 30, 2025. At September 30, 2025, the Town had the following interfund balances:

Receivable Funds	Amount	Payable Funds
Utility Fund	$ 157,938	General Fund

(5) Capital Assets:

Capital asset activity for the fiscal year ended September 30, 2025, is as follows:

Governmental activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 701,643	$ 170,868	$ -	$ 872,511
Construction in progress	-	21,657	-	21,657
Total assets not being depreciated	701,643	192,525	-	894,168
Capital assets being depreciated:				
Building and improvements	1,293,283	38,133	-	1,331,416
Equipment and vehicles	507,947	45,558	-	553,505
Total assets being depreciated	1,801,230	83,691	-	1,884,921
Less: accumulated depreciation	(1,089,982)	(58,244)	-	(1,148,226)
Total capital assets being depreciated, net	711,248	25,447	-	736,695
Governmental activities capital assets, net	$ 1,412,891	$ 217,972	$ -	$ 1,630,863

Business-type activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 20,770	$ -	$ -	$ 20,770
Construction in Progress	75,000	-	-	75,000
Total assets not being depreciated	95,770	-	-	95,770
Capital assets being depreciated:				
Buildings and improvements	1,229,035	-	-	1,229,035
Equipment and vehicles	50,746	-	-	50,746
Total assets being depreciated	1,279,781	-	-	1,279,781
Less: accumulated depreciation	(445,263)	(35,438)	-	(480,701)
Total capital assets being depreciated, net	834,518	(35,438)	-	799,080
Business-type activities capital assets, net	$ 930,288	$ (35,438)	$ -	$ 894,850

(5) **Capital Assets:** (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:		
General governmental	$	7,817
Public safety		9,218
Transportation		34,559
Culture and recreation		6,650
Total depreciation expense - governmental activities	$	58,244
Business-type activities:		
Water utility	$	35,438
Total depreciation expense - business-type activities	$	35,438

(6) **Long-Term Debt:**

For the fiscal year ended September 30, 2025, a summary of the long-term liability transactions for the Town is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	$ 14,162	$ 3,485	$ -	$ 17,647	$ 7,412
Business-type activities:					
State revolving fund loan	$ -	$ 37,500	$ -	$ 37,500	$ -
Compensated absences	13,638	3,072	-	16,710	7,018
Business-type activities - Total long-term liabilities	$ 13,638	$ 40,572	$ -	$ 54,210	$ 7,018

The change in compensated absences is presented as a net change.

Long-term obligations of the Town's business-type activities at September 30, 2025, consist of the following:

Drinking Water State Revolving Fund (DWSRF) loan payable to the Florida Department of Environmental Protection, interest at 1.76%, secured by pledged revenues of the Town's water utility system. The outstanding principal of $37,500 at year end is scheduled to mature in the fiscal year ending September 30, 2027. Additional draws are available under the agreement. No principal or interest payments were required during 2025; therefore, the related debt-service coverage requirement was not applicable.	$	37,500
Total long-term debt, business-type activities	$	37,500

The Town entered into a Drinking Water State Revolving Fund loan agreement with the Florida Department of Environmental Protection to finance improvements to the Town's water utility system. During fiscal year 2025, the Town received $75,000 under the agreement, consisting of $37,500 of repayable loan proceeds and $37,500 of principal forgiveness.

(7) Risk Management:

The Town is exposed to various risks of loss, including torts; theft, damage, or destruction of assets; errors and omissions; and natural disasters. The Town maintains commercial insurance coverage for these risks. Settled claims have not exceeded coverage in any of the past three fiscal years, and coverage did not significantly decrease from the prior year.

The Town participates in the Florida League of Cities Self Insurance Fund (the "Fund"), a public entity risk pool currently operating as a common risk management and insurance program for member towns. The Town pays an annual premium to the Fund for its coverage. The premiums are designed to fund the liability risks assumed by the Fund and are based on certain actual exposures of each member.

(8) Recent Accounting Pronouncements:

The Governmental Accounting Standards Board ("GASB") has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the Town's financial statements:

> GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter.
>
> GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB Statement No. 104 requires governments to disclose separate information about specific types of capital assets and establishes criteria for identifying and reporting capital assets held for sale. The objective of GASB 104 is to enhance transparency and improve the usefulness of financial statements for stakeholders by providing more detailed information on these assets. The provisions are effective for fiscal years beginning after June 15, 2025.
>
> GASB issued Statement No. 105, *Subsequent Events*, in December 2025. GASB 105 clarifies the subsequent events time frame and establishes accounting and disclosure requirements for recognized and nonrecognized subsequent events. The provisions are effective for fiscal years beginning after June 15, 2026.

TOWN OF MICANOPY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance with Final Budget**
REVENUES				
Taxes	$ 481,284	$ 481,284	$ 514,790	$ 33,506
Licenses and permits	7,900	7,900	7,030	(870)
Intergovernmental	3,392,800	3,392,800	278,626	(3,114,174)
Fines and forfeitures	14,000	14,000	25,058	11,058
Investment income	65,000	65,000	80,016	15,016
Miscellaneous	9,050	9,050	129,839	120,789
Total revenues	3,970,034	3,970,034	1,035,359	(2,934,675)
Expenditures				
Current:				
General government	298,115	298,115	413,648	(115,533)
Public safety	135,000	135,000	135,015	(15)
Transportation	180,019	180,019	132,877	47,142
Economic environment	16,000	16,000	7,259	8,741
Culture and recreation	26,900	26,900	27,546	(646)
Capital outlay	3,314,000	3,314,000	276,216	3,037,784
Total expenditures	3,970,034	3,970,034	992,561	2,977,473
Excess (deficiency) of revenues over expenditures	-	-	42,798	42,798
Net change in fund balances	-	-	42,798	42,798
Fund balances, beginning of year, as restated	2,213,075	2,213,075	2,213,075	-
Fund balances, end of year	$ 2,213,075	$ 2,213,075	$ 2,255,873	$ 42,798

The accompanying notes to the schedule of revenues, expenditures and changes in fund balance budget to actual are an integral part of this schedule.

TOWN OF MICANOPY, FLORIDA
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
SEPTEMBER 30, 2025

The Town adopts an annual budget for the General Fund. The Town generally follows these procedures in establishing the budgetary data reflected in the schedule:

1. Prior to September 1, the Town Administrator submits to the Town Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

2. A public hearing is conducted to obtain taxpayer comments.

3. Prior to September 30, the budget is legally enacted through passage of an ordinance.

4. Any revision that alters the expenditures of any fund must be approved by the Town Commission. The fund is the legal level of control.

The budget amounts presented in the accompanying financial schedule were prepared on a basis that does not materially differ from the modified accrual basis of accounting.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Town Commission,
Town of Micanopy, Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Micanopy, Florida, (the Town) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated August 27, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, as described below, that we consider to be a material weakness.

2025-001 – Reconciliation of Account Balances and Accruals

During the audit of the Town's financial statements, we identified several significant year-end accounting and financial reporting matters that required adjustment to properly present the financial statements in accordance with U.S. GAAP. These included adjustments related to grant revenue recognition, unbilled utility receivables, compensated absences, interfund balances, accrued payables and interest, and State Revolving Fund debt. These matters indicate that the year-end financial close and review process did not identify all significant accruals, classifications, and accounting requirements before the financial statements were prepared. The matters identified are consistent with the material weakness reported in the prior year and indicate that the underlying deficiency in the financial reporting process has not been fully remediated. We recommend that the Town strengthen its year-end close procedures by performing a documented review of significant account balances, grant agreements, financing arrangements, interfund activity, accruals, and unusual transactions to ensure they are properly recognized and classified before the audit. We also recommend that management perform a final review of the trial balance and supporting reconciliations to ensure all significant year-end accounting matters have been addressed prior to preparation of the financial statements.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

Town's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the finding identified in our audit and described previously. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

James Moore & Co., P.L.

Gainesville, Florida
August 27, 2026

JAMESMOORE

INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA OFFICE OF THE AUDITOR GENERAL

To the Honorable Mayor and Town Commission,
Town of Micanopy, Florida:

Report on the Financial Statements

We have audited the financial statements of the Town of Micanopy, Florida, as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated August 27, 2026.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated August 27, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report, except as noted below under the heading Prior Year Findings and Recommendations.

Prior Year Findings and Recommendations

2024-001 – Reconciliation of Account Balances and Accruals – Repeated as 2025-001

2024-002 – Public Depositor Annual Report – Corrective action taken.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority for the primary government of the reporting entity is disclosed in Note 1 of the basic financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Town. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we had no such recommendations.

Property Assessed Clean Energy (PACE) Programs

The following items have been provided to us to comply with state reporting requirements and have not been audited by us. We did not audit the following information within this section, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this data.

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the Town did not have a property assessed clean energy (PACE) program that finances qualifying improvements authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within the Town's geographical boundaries during the fiscal year under audit.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units; therefore, we noted no special district component units that failed to provide the necessary information, nor is any specific special district information required to be reported.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and State granting agencies, the Town Commission, management, and others within the Town and is not intended to be and should not be used by anyone other than these specified parties.

James Moore & Co., P.L.

Gainesville, Florida
August 27, 2026

JAMESMOORE

INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

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

We have examined the Town of Micanopy, Florida's (the Town) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies* (the Statute), for the year ended September 30, 2025. The Town's management is responsible for the compliance with those requirements. Our responsibility is to obtain reasonable assurance by evaluating the Town's compliance with the Statute for the year ended September 30, 2025, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we obtain reasonable assurance by evaluating the Town's compliance with the Statute for the year ended September 30, 2025, and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of the Town's compliance with those requirements for the year then ended, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks that the Town was not in compliance with the aforementioned requirements, in all material respects, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

In our opinion, the Town of Micanopy, Florida complied, with the aforementioned Statute, for the year ended September 30, 2025, in all material respects.

James Moore & Co., P.L.

Gainesville, Florida
August 27, 2026

Town of
Micanopy
Florida

AUDITEE'S RESPONSE TO:
Independent Auditors' Management Letter
August 27, 2026

2025-001 Reconciliations of Account Balances and Accruals

RESPONSE to 2025-001: Reconciliation of Account Balances and Accruals:

Management will continue to strengthen its year-end financial close and review procedures, including review of significant account balances, grants, financing arrangements, interfund activity, accruals, and other nonroutine transactions. Management will also perform a final review of the trial balance and supporting schedules prior to preparation of the financial statements to help ensure significant year-end accounting and classification matters are identified and addressed before the audit.