

City of Jacob City, Florida
Financial Statements
And
Independent Auditors' Report
September 30, 2020

Vance CPA, LLC
Certified Public Accountants
219-B Avenue E • Apalachicola, FL 32320
Tel. (706) 278-1221 Fax (706)272-1085

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JACOB CITY, FLORIDA**

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Jacob City
Jacob City, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund, of Jacob City, Florida, (the "City"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of Jacob City, Florida, as of September 30, 2020, and the respective changes in financial position, and the respective budgetary comparison for the general fund, and the water fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statement, 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 June 29, 2020, on our consideration of the Jacob City, Florida'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 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 Jacob City, Florida's internal control over financial reporting and compliance.

Vance CPA LLC

Apalachicola, Fl.
June 29, 2021

Vance CPA LLC

**City of Jacob City
Management's Discussion and Analysis
September 30, 2020**

Management is pleased to offer the following assessment of the operations of the City of Jacob for the year ending September 30, 2020.

There were no significant business challenges during the fiscal year ended September 30, 2020.

Financial Highlights

The assets of the City of Jacob exceeded its liabilities at September 30, 2020 by \$2,060,758 (net position). Of this amount \$27,368, (unrestricted net position), exists to meet ongoing obligations.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to basic financial statements which are comprised of three components. These three components consist of the government-wide financial statements, the fund financial statements, and the notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements consist of the Statement of Net Position and Statement of Activities. These statements combine and consolidate governmental fund current resources with capital assets and long-term obligations. These statements are presented on the full accrual basis of accounting and are intended to report the activity of the City in a manner similar to a private-sector business. The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The Statement of Activities presents information showing how net position changed during this fiscal year. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. This statement separates program revenue between grants and other revenue, which shows the extent to which the City is dependent on operating grants.

Fund Financial Statements

The fund financial statements consist of the Balance Sheet of the governmental funds as well as the Statement Revenues, Expenditures and Changes in Fund Balance of the governmental funds. The City maintains two governmental funds, the General Fund, and the Water Fund. The fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near term financing requirements.

City of Jacob City
Management's Discussion and Analysis
September 30, 2020 (Continued)

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Condensed Financial Statements

	Net Position	
	2020	2019
Current assets	\$ 82,641	\$ 34,599
Capital assets, net	2,280,465	2,366,732
Other Noncurrent assets	<u>10,925</u>	<u>10,845</u>
Total assets	<u>2,374,031</u>	<u>2,412,176</u>
Current liabilities	57,646	5,944
Long-term liabilities	<u>255,627</u>	<u>261,522</u>
Total Liabilities	<u>313,273</u>	<u>267,466</u>
Net Position	<u>\$2,060,758</u>	<u>\$2,144,710</u>
	Changes Net Position	
	2020	2019
Revenues		
Program Revenues		
Charges for Services	\$ 53,846	\$ 53,176
Operating Grants and Contributions	805,738	286,597
General Revenues:		
Property Taxes	15,717	11,712
Other Taxes	75,706	73,595
Other	<u>15,427</u>	<u>26,464</u>
Total Revenues	<u>966,434</u>	<u>451,544</u>
Expenses		
General Government	99,796	66,136
Physical Environment	933,376	404,678
Human Services	9,942	45,090
Cultural and Recreation	<u>7,272</u>	<u>13,391</u>
Total Expenses	<u>1,050,386</u>	<u>529,295</u>
Changes in Net Position	(83,952)	(77,751)
Net Position, Beginning of Year	<u>2,144,710</u>	<u>2,222,461</u>
Net Position, End of Year	<u>\$2,060,758</u>	<u>\$2,144,710</u>

City of Jacob City
Management's Discussion and Analysis
September 30, 2020 (Continued)

Financial Analysis of the City of Jacob City

Net Position: For the year ended September 30, 2020, the City's net position decreased by \$83,952 from fiscal year 2019. This increase primarily resulted from the depreciation of capital assets.

Capital Assets: Depreciation expense of \$86,267 was recognized in the Statement of Net Position. Capital assets include miscellaneous equipment with an original cost of \$500 or more. See additional information on the City's capital assets in Note 5 of the financial statements.

Governmental Funds: As of September 30, 2020, the City's governmental funds reported combined ending fund balances of \$38,293, of which \$8,429 was restricted for debt service. This was a decrease of \$2,685 from the previous years fund balance of \$40,978.

Budget Variances: Neither fund experienced revenues and expenditures significantly over budget, with exception of grant budgets wherein the projects were not completed during the year.

Request for Information:

This report is designed to provide a general overview of the City of Jacob's finances for all those with an interest in their finances. Questions concerning any of the information in this report or requests for additional information should be addressed as follows:

City of Jacob
4490 Jackson Road
Cottdale, Florida 32431

STATEMENT OF NET POSITION

CITY OF JACOB CITY, FLORIDA

For the Year Ended September 30, 2020

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash	\$ 20,091
Accounts Receivable	4,957
Due from Other Governments	<u>57,593</u>
Total Current Assets	<u>82,641</u>
Noncurrent Assets	
Restricted Cash	10,925
Capital Assets:	
Nondepreciable	20,200
Depreciable, net	<u>2,260,265</u>
Total Noncurrent Assets	<u>2,291,390</u>
Total Assets	<u>2,374,031</u>
Liabilities Deferred Inflows And Net Position	
Current liabilities:	
Accounts Payable	52,646
Current portion of long-term debt	<u>5,000</u>
Total Current Liabilities	<u>57,646</u>
Noncurrent liabilities:	
Loan payable	253,000
Utility Deposits Payable	<u>2,627</u>
Total Noncurrent Liabilities	<u>255,627</u>
Total Liabilities	<u>313,273</u>
Net Position	
Net investment in capital assets	2,022,465
Restricted for Debt Services	10,925
Unrestricted	<u>27,368</u>
Total Net Position	<u>\$2,060,758</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF ACTIVITIES

CITY OF JACOB CITY, FLORIDA

For the Year Ended September 30, 2020

<u>Function/Program Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses)</u>
		<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenues and Changes to Net Position</u>
					<u>Total Governmental Activities</u>
Governmental Activities:					
General Government	\$ 99,796	\$ —	\$ —	\$ —	\$ (99,796)
Physical Environment	933,376	52,703	805,638	—	(75,035)
Human Services	9,942	—	—	—	(9,942)
Cultural and Recreation	<u>7,272</u>	<u>1,143</u>	<u>100</u>	<u>—</u>	<u>(6,029)</u>
Total Governmental Activities	<u>\$1,050,386</u>	<u>\$ 53,846</u>	<u>\$ 805,738</u>	<u>\$ —</u>	<u>(190,802)</u>

General Revenues

Taxes:	
Property Taxes	15,717
Franchise Fees	13,677
Infrastructure Surtax	26,452
Communication Tax	2,194
Sales Taxes	13,923
State Shared	19,460
Investment	95
Miscellaneous	<u>15,332</u>
Total General Revenue	<u>106,850</u>
Change in Net Position	<u>(83,952)</u>
Net position – beginning of year	<u>2,144,710</u>
Net position – end of year	<u>\$2,060,758</u>

The accompanying notes are an integral part of these financial statements.

BALANCE SHEET – GOVERNMENTAL FUNDS

CITY OF JACOB CITY, FLORIDA

For the Year Ended September 30, 2020

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
Assets			
Cash	\$ 13,604	\$ 6,487	\$ 20,091
Restricted Cash	—	10,925	10,925
Accounts Receivable	—	4,957	4,957
Due from Other Governments	<u>57,593</u>	<u>—</u>	<u>57,593</u>
Total Assets	<u>71,197</u>	<u>22,369</u>	<u>93,566</u>
Liabilities Deferred Inflows And Fund Balances			
Liabilities:			
Accounts payable	52,258	388	52,646
Utility Deposits Payable	<u>—</u>	<u>2,627</u>	<u>2,627</u>
Total Liabilities	<u>52,258</u>	<u>3,015</u>	<u>55,273</u>
Fund Balances:			
Restricted for:			
Debt Service	—	10,925	10,925
Committed for:			
Utility Services	—	8,429	8,429
Unassigned	<u>18,939</u>	<u>—</u>	<u>18,939</u>
Total Fund Balances	<u>18,939</u>	<u>19,354</u>	<u>38,293</u>
Total Liabilities Deferred Inflows and Fund Balances	<u>\$ 71,197</u>	<u>\$ 22,369</u>	<u>\$ 93,566</u>

The accompanying notes are an integral part of these financial statements.

**RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION**

CITY OF JACOB CITY, FLORIDA

For the Year Ended September 30, 2020

Fund Balance – Total governmental Funds		\$ 38,293
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		(258,000)
Capital assets used in governmental activities are not financial resources And, therefore, are not reported in the governmental funds.		
Land	\$ 20,200	
Other capital Assets	3,290,521	
(Accumulated Depreciation)	<u>(1,030,256)</u>	<u>2,280,465</u>
Net Position of Governmental Funds		<u>\$2,060,758</u>

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**

CITY OF JACOB CITY, FLORIDA

For the Year Ended September 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes	\$ 58,040	\$ —	\$ 58,040
Intergovernmental Revenues	839,021	—	839,021
Charges for Services	1,143	52,703	53,846
Miscellaneous Revenues	<u>15,527</u>	<u>—</u>	<u>15,527</u>
Total Revenues	<u>913,731</u>	<u>52,703</u>	<u>966,434</u>
Expenditures			
Current:			
General Government	98,364	—	98,364
Physical Environment	805,638	40,345	845,983
Cultural and Recreation	7,272	—	7,272
Debt Service:			
Principal	413,572	5,000	418,572
Interest	<u>1,980</u>	<u>10,520</u>	<u>12,500</u>
Total Expenditures	<u>1,326,826</u>	<u>55,865</u>	<u>1,382,691</u>
Excess (deficiency) of revenues over expenditures	<u>(413,095)</u>	<u>(3,162)</u>	<u>(416,257)</u>
Other Financing Sources (Uses)			
Debt proceeds	<u>413,572</u>	<u>—</u>	<u>413,572</u>
Total Other Financing Sources (Uses)	<u>413,572</u>	<u>—</u>	<u>413,572</u>
Net change in Fund Balance	477	(3,162)	(2,685)
Fund Balances, beginning of year	<u>18,462</u>	<u>22,516</u>	<u>40,978</u>
Fund Balances, end of year	<u>\$ 18,939</u>	<u>\$ 19,354</u>	<u>\$ 38,293</u>

The accompanying notes are an integral part of these financial statements.

**RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

CITY OF JACOB CITY, FLORIDA

For the Year Ended September 30, 2020

Net Changes in Fund Balances – Total Governmental Funds	\$ (2,685)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	418,572
Governmental Funds report capital outlay as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Depreciation Expense	(86,267)
Debt proceeds are shown as revenue in the funds but not in the statement of activities	<u>(413,572)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (83,952)</u></u>

The accompanying notes are an integral part of these financial statements.

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

CITY OF JACOB CITY, FLORIDA

For the Year Ended September 30, 2020

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final
	<u>Original</u>	<u>Final</u>		Budget Positive (Negative)
Revenues:				
Taxes	\$ 26,106	\$ 26,106	\$ 58,040	\$ 31,934
Intergovernmental Revenues	498,290	498,290	839,021	340,731
Charges for services	1,700	1,700	1,143	(557)
Miscellaneous Revenues	<u>4,100</u>	<u>4,100</u>	<u>15,527</u>	<u>11,427</u>
Total revenues	<u>530,196</u>	<u>530,196</u>	<u>913,731</u>	<u>383,535</u>
Expenditures:				
Current:				
General Government	86,589	86,589	98,364	(11,775)
Physical Environment	441,313	441,313	805,638	(364,325)
Culture and recreation	4,900	4,900	7,272	(2,372)
Principal	—	413,572	413,572	—
Interest Expense	<u>—</u>	<u>1,980</u>	<u>1,980</u>	<u>—</u>
Total Expenditures	<u>532,802</u>	<u>948,354</u>	<u>1,326,826</u>	<u>(378,472)</u>
Excess (deficiency) of revenues over expenditures	<u>(2,606)</u>	<u>(418,158)</u>	<u>(413,095)</u>	<u>5,063</u>
Other Financing Sources (Uses)				
Debt proceeds	<u>—</u>	<u>413,572</u>	<u>413,572</u>	<u>—</u>
Total Other Financing Sources (Uses)	<u>—</u>	<u>413,572</u>	<u>413,572</u>	<u>—</u>
Net Change in Fund Balances	(2,606)	(4,586)	477	5,063
Fund balances - beginning	<u>18,462</u>	<u>18,462</u>	<u>18,462</u>	<u>—</u>
Fund balances - ending	<u>\$ 15,856</u>	<u>\$ 13,876</u>	<u>\$ 18,939</u>	<u>\$ 5,063</u>

The accompanying notes are an integral part of these financial statements.

**BUDGETARY COMPARISON SCHEDULE
WATER FUND**

CITY OF JACOB CITY, FLORIDA

For the Year Ended September 30, 2020

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final
	<u>Original</u>	<u>Final</u>		Budget Positive (Negative)
Revenues:				
Charges for services	\$ 49,000	\$ 49,000	\$ 52,703	\$ 3,703
Miscellaneous Revenues	<u>200</u>	<u>200</u>	<u>—</u>	<u>(200)</u>
Total revenues	<u>49,200</u>	<u>49,200</u>	<u>52,703</u>	<u>3,503</u>
Expenditures:				
Current:				
Physical Environment	37,180	37,180	40,345	3,165
Debt Service	<u>15,520</u>	<u>15,520</u>	<u>15,520</u>	<u>—</u>
Total Expenditures	<u>52,700</u>	<u>52,700</u>	<u>55,865</u>	<u>(3,165)</u>
Net Change in Fund Balances	(3,500)	(3,500)	(3,162)	338
Fund balances - beginning	<u>22,516</u>	<u>22,516</u>	<u>22,516</u>	<u>—</u>
Fund balances - ending	<u>\$ 19,016</u>	<u>\$ 19,016</u>	<u>\$ 19,354</u>	<u>\$ 338</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS CITY OF JACOB CITY, FLORIDA

For the Year Ended September 30, 2020

Note 1 – Reporting Entity

The City of Jacob City, Florida, (the City), is a political subdivision of the State of Florida located in Jackson City, Florida. The City was established in 1983, Laws of Florida 83-434.

The City is a Florida municipality governed by an elected five-member City Council. The City provides water services to its citizens and other general governmental services.

Generally accepted accounting principles require that these financial statements include all entities for which the City is considered to be financially accountable (component units). There were no separate legal entities identified that required inclusion as a component unit within the City's financial statements. The City did not participate in any joint ventures during in the 2019-2020 fiscal year.

Note 2 - Summary of Significant Accounting Policies

The accounting policies of the City conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. There are no component units or fiduciary funds.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include grants that are restricted to meeting the capital requirements of particular function or segment. Other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for the governmental funds. The City reports two governmental funds: (1) general fund; and (2) special revenue fund.

Basis of Presentation

■ General Fund

To account for all financial resources not properly accounted for in another fund.

■ Special Revenue Funds

To account for revenues derived from specific source purposes. The City uses this fund to account for the activities of the water system.

**NOTES TO THE FINANCIAL STATEMENTS
CITY OF JACOB CITY, FLORIDA**

For the Year Ended September 30, 2020

Note 2 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resource 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 the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both available and measurable (flow of current financial resources measurement focus). The basis of accounting determines when transactions and economic events are reflected in the financial statements, and measurement focus identifies which transactions and events should be recorded.

Revenues are measurable when they are subject to reasonable estimation, while the available criterion is satisfied when revenues are collectible during the period and actual collection will occur either: a) during the current period; or b) after the end of the period, but in time to pay fund liabilities. For this purpose, the City considers revenues to be available if they are collected within sixty days of end of the current fiscal year. Generally, federal grant revenues are recorded as revenues when they are susceptible to accrual and conditions of the grant have been satisfied. Expenditures, if measurable, are recorded when they have used or are expected to use current expendable financial resources.

Classification of Revenues

The City classifies its revenues as operating or nonoperating according to the following criteria:

- **Operating Revenues** – include activities that have the characteristics of exchange transactions, such as water sales.
- **Nonoperating Revenues** - include activities that have the characteristics on nonexchange transactions, such as revenues from ad valorem taxes.

Property Taxes

Ad valorem property tax revenue is recognized in the fiscal year in which the taxes are both measurable and available. Uncollected taxes are not accrued because such amounts are not measurable and available as of the balance sheet date. Taxes are billed and collected for the City by the City Tax Collector according to Florida Statutes under the following calendar:

Lien Date:	January 1
Levy Date:	October 1
Due Date:	November 1
Delinquency Date:	April 1

**NOTES TO THE FINANCIAL STATEMENTS
CITY OF JACOB CITY, FLORIDA**

For the Year Ended September 30, 2020

Note 2 - Summary of Significant Accounting Policies (Continued)

The City levied a property tax millage of 3.9879 mills during the 2019-2020 fiscal year. The City is legally authorized to levy a property tax millage of up to 10 mills annually.

Receivables

Receivables are deemed fully collectible; therefore, allowance for uncollectible accounts has not been recorded.

Accumulated Unpaid Vacation and Sick Pay

No liability existed as of September 30, 2020

Encumbrances

The City does not use the encumbrance method of accounting.

Budget

An annual budget was adopted for the governmental funds. Budgeted amounts presented in the accompanying financial statements are prepared on the same basis of accounting as described above for governmental fund types. All appropriations lapse at the close of the fiscal year to the extent that they have not been expended.

The City's procedures for preparing and adopting the annual budget are as follows:

- The City's Mayor is responsible for preparing a proposed operating budget for the upcoming year, prior to September 30, which includes estimated revenues and proposed expenditures.
- Public hearings are held to obtain public comments and suggestions. The budget is enacted through passage of a resolution.
- Florida Statutes stipulate that the fund is the legal level of budgetary control.
- Budget amendments are approved by the City Council.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities columns in the government-wide financial statements. Property and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Park	40 years
Machinery and equipment	5 – 10 years
Water System	40 years
Sheds, Landscaping and Other Property Improvements	15 years

**NOTES TO THE FINANCIAL STATEMENTS
CITY OF JACOB CITY, FLORIDA**

For the Year Ended September 30, 2020

Note 3 – Cash Deposits

Chapter 280 of the Florida Statutes requires, in general, that all public deposits (including those of the City) be made in qualified public depositories within the state of Florida.

All of the City’s cash deposits at September 30, 2020, were held by qualified public depositories within the state of Florida, and were fully insured.

The following is a summary of the carrying amounts and bank balances at September 30, 2020, for each fund.

	<u>Carrying Amount</u>	<u>Bank Balance</u>
General Fund	\$ 13,604	\$ 13,604
Special Revenue Funds	6,487	6,487
	<u>\$ 20,091</u>	<u>\$ 20,091</u>

Note 4 – Pension Plan

The City has one full-time employee and does not participate or contribute to any pension plan.

**NOTES TO THE FINANCIAL STATEMENTS
CITY OF JACOB CITY, FLORIDA**

For the Year Ended September 30, 2020

Note 5 – Capital Assets

Capital asset activity for the year ended September 30, 2020, was as follows:

	<u>Balance 10/01/19</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 09/30/20</u>
Capital assets not being depreciated				
Land	\$ 20,200	\$ —	\$ —	\$ 20,200
Total capital assets not being depreciated	<u>20,200</u>	<u>—</u>	<u>—</u>	<u>20,200</u>
Capital assets being depreciated:				
City Hall	57,267	—	—	57,267
Equipment	23,511	—	—	23,511
Water System	2,924,985	—	—	2,924,985
Parks and Recreation Facilities	284,758	—	—	284,758
Total capital assets being depreciated	<u>3,290,521</u>	<u>—</u>	<u>—</u>	<u>3,290,521</u>
Less accumulated depreciation for:				
Buildings	(35,797)	(1,432)	—	(37,229)
Equipment	(16,054)	(1,093)	—	(17,147)
Water System	(768,334)	(74,121)	—	(842,455)
Parks and Recreation	(123,804)	(9,621)	—	(133,425)
Total accumulated depreciation	<u>(943,989)</u>	<u>(86,267)</u>	<u>—</u>	<u>(1,030,256)</u>
Total capital assets being depreciated, net	<u>2,346,532</u>	<u>(86,267)</u>	<u>—</u>	<u>2,260,265</u>
Governmental activities capital assets, net	<u>\$ 2,366,732</u>	<u>\$ (86,267)</u>	<u>\$ —</u>	<u>\$ 2,280,465</u>

Depreciation expense was charged to functions as follows:

General Government	\$ 1,432
Physical Environment	74,893
Culture and Recreation	9,942
Total Depreciation Expense	<u>\$ 86,267</u>

**NOTES TO THE FINANCIAL STATEMENTS
CITY OF JACOB CITY, FLORIDA**

For the Year Ended September 30, 2020

Note 6 – Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance through the Florida League of Cities, Inc. Insurance against losses are provided for the following types of risk:

- Workers’ Compensation
- General Liability
- Real and Personal Property Damage
- Public Officials’ Liability

The City’s coverage for workers’ compensation is under a retrospectively rated policy. Premiums are accrued based on the ultimate cost to-date of the City’s experience for this type of risk.

Note 7 – Commitments and Contingencies

Grants

The City participated in a grant program in prior years for the rehabilitation of the City’s water system. This program is subject to program compliance audits by the grantor or its representatives. In management’s opinion, there are no material instances of noncompliance relating to this grant.

Note 8 – Long-Term Debt

On February 25, 2010 the City borrowed \$300,000 from the United States Department of Agriculture for improvements to the water system. The note bears a 4% interest rate. The loan is payable in annual principal and interest payments for forty years.

Long-term debt activity for the year ended September 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
USDA Loan	\$ 263,000	\$ —	\$ (5,000)	\$ 258,000

**NOTES TO THE FINANCIAL STATEMENTS
CITY OF JACOB CITY, FLORIDA**

For the Year Ended September 30, 2020

Note 89 – Long-Term Debt (continued)

Principal and interest requirements for the loan are as follows:

<u>For Fiscal Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 5,000	\$ 10,320	\$ 15,520
2022	5,000	10,120	15,120
2023	5,000	9,920	14,920
2024	5,000	9,720	14,720
2025	6,000	9,520	15,520
2026	6,000	9,280	15,280
2027	6,000	9,040	15,040
2028	6,000	8,800	14,800
2029	7,000	8,560	15,560
2030	7,000	8,280	15,280
2031	7,000	8,000	15,000
2032	7,000	7,720	14,720
2033	8,000	7,440	15,440
2034	8,000	7,120	15,120
2035	8,000	6,800	14,800
2036	9,000	6,480	15,480
2037	9,000	6,120	15,120
2038	9,000	5,760	14,760
2039	10,000	5,400	15,400
2040	10,000	5,000	15,000
2041	11,000	4,600	15,600
2042	11,000	4,160	15,160
2043	11,000	3,720	14,720
2044	12,000	3,280	15,280
2045	12,000	2,800	14,800
2046	13,000	2,320	15,320
2047	13,000	1,800	14,800
2048	14,000	1,280	15,280
2049	18,000	720	18,720
	<u>\$ 258,000</u>	<u>\$ 173,080</u>	<u>\$ 431,080</u>

Note 9 – Subsequent Events

The City evaluated subsequent events through June 29, 2021, the date which the financial statements were available to be issued.

**NOTES TO THE FINANCIAL STATEMENTS
CITY OF JACOB CITY, FLORIDA**

For the Year Ended September 30, 2020

Note 9 – Subsequent Events - (Continued)

Subsequent to the date of September 30, 2019, the World Health Organization, declared a health emergency on January 30, 2020 response to Covid-19 coronavirus pandemic and on March 11, 2020 declared a global pandemic. As growing concerns about the virus and its affects on the health and well being of citizens and the cities ability to respond and advisories from the state and federal levels of government. The governor of the state of Florida issued executive orders closing restaurants, bars and short term rentals in the State in order to limit the spread of the virus and established a set of guidelines for reopening commerce. The effects of the coronavirus are not known as of the date of the audited financial statements.

Note 10 – Fund Balance Classification

Governmental funds report fund balances as either spendable or non-spendable. Spendable fund balances are further classified as restricted, committed, assigned or unassigned depending upon the extent to which there are external or internal constraints on the spending of these fund balances.

Non-spendable fund balance: Amounts that are not in spendable form or that are legally or contractually required to be maintained intact. Items that are not spendable also include inventories, prepaid amounts and long term portions of loans and notes receivable, as well as property held for resale.

Spendable fund balance:

- Restricted fund balance – Amounts that can be spent only for specific purposes through restrictions placed upon them by external resource providers such as creditors, grantors, or contributors; or imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance – Amounts that can be spent only for specific purposes determined by the City’s highest decision making authority, the City Council. Commitments may be modified or removed only by the City Council through the same formal action that created the original commitment.
- Assigned fund balance – Amounts that are intended to be spent for specific purposes as determined by the City Council, but that are neither restricted nor committed to the specific purpose.
- Unassigned fund balance – Unassigned fund balance is the residual classification for the City’s general fund. Amounts in this classification are spendable but have not been deemed restricted, committed or assigned. Unassigned fund balance may also include negative balances for any governmental fund whose expenditures have exceeded the amounts restricted, committed or assigned for those specific purposes.

COMPLIANCE SECTION

Vance CPA LLC

Certified Public Accountant

219-B Avenue E

Apalachicola, FL 32320

(706) 278-1221 • Fax (706) 272-1085

INDEPENDENT AUDITOR'S REPORT ON INVESTMENT COMPLIANCE

Honorable Mayor and City Council
City of Jacob City
Jacob City, Florida

We have examined the City of Jacob City, Florida's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2020. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

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

Vance CPA LLC

Vance CPA LLC

Apalachicola, Fl.
June 29, 2021

Vance CPA LLC

Certified Public Accountant

219-B Avenue E

Apalachicola, FL 32320

(706) 278-1221 • Fax (706) 272-1085

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor and City Council
City of Jacob City
Jacob City, Florida

We have audited the financial statements of the City of Jacob City, Florida as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 29, 2021.

Auditor's 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 Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 29, 2021, 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. No findings or recommendations were present in preceding annual financial audit report.

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 statement. This information is disclosed in the notes to the financial statements.

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether or not the City of Jacob City, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the City of Jacob City, Florida was not in a state of financial emergency, as it did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management’s responsibility to monitor the City of Jacob City’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.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

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

Purpose of this Letter

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

Apalachicola, FL
June 29, 2021

Vance CPA LLC

Vance CPA LLC

Vance CPA LLC

Certified Public Accountant

219-B Avenue E

Apalachicola, FL 32320

(706) 278-1221 • Fax (706) 272-1085

INDEPENDENT AUDITOR'S 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

Honorable Mayor and City Council
City of Jacob City
Jacob City, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of Jacob City, Florida, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Jacob City Florida's basic financial statements and have issued our report thereon dated June 29, 2021.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control limitations, during our audit we did not identify and deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jacob City Florida'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 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*.

Jacob City Florida's Response to Findings

Jacob City Florida's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Jacob City Florida's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vance CPA LLC

Apalachicola, Fl.
June 29, 2021

Vance CPA LLC

JACOB CITY, FLORIDA

**SUMMARY SCHEDULE OF AUDIT FINDINGS AND RESPONSES
SEPTEMBER 30, 2020**

None Noted

JACOB CITY, FLORIDA

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
SEPTEMBER 30, 2020**

None Noted