



**Hochschild, Bloom & Company LLP**  
Certified Public Accountants  
Consultants and Advisors

November 13, 2018

Honorable Mayor and City Council  
**CITY OF BLACK JACK, MISSOURI**

We have audited the financial statements of the governmental activities, and each major fund, of the **CITY OF BLACK JACK, MISSOURI** (the City) for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, *Government Auditing Standards*), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 7, 2015. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Matters**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimate of depreciation expense of its depreciable capital assets (including infrastructure assets) is based upon management's assumptions regarding the useful lives of these assets.

Management makes various other accounting estimates related to investments, long-term debt, and donations. These estimates are based on market value and historical experience.

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We evaluated the key factors and the assumptions used to develop the above estimates and determined they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

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

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We found no such misstatements considered to be material, either individually or in the aggregate. Refer to the attached schedule labeled Adjusting Journal Entries for a summary of adjustments.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 13, 2018.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

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

In planning and performing our audit of the financial statements of the City as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we do not express an opinion on the effectiveness of the internal control. Per our independent auditor's report, we applied limited procedures to the supplemental information.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during the audit we became aware of a certain comment for management.

The attachment that accompanies this letter entitled "Schedule of Management Comment and Recommendation" summarizes our comment and suggestion regarding this matter. This letter does not affect our report dated November 13, 2018 on the financial statements. We will review the status of this comment during our next audit engagement. We have already discussed this comment and recommendation with various personnel.

#### **Other Matters**

We applied certain limited procedures to the management's discussion and analysis and the required supplemental information (RSI), as listed in the table of contents of the financial report that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on other supplemental information as listed in the table of contents, of the financial statements but are not RSI. With respect to this supplemental information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplemental information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

#### **Restriction on Use**

This information is intended solely for the information and use of management and the City Council, and is not intended to be and should not be used by anyone other than these specified parties.

*Hochschild, Bloom + Company LLP*  
CERTIFIED PUBLIC ACCOUNTANTS  
Chesterfield, Missouri

**CITY OF BLACK JACK, MISSOURI**  
**ADJUSTING JOURNAL ENTRIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
<b>Adjusting Journal Entries JE # 1</b>			
To record Prior Year General Fund Accruals			
100-1500	Taxes Receivable	357,885.00	
100-1520	Grant Receivable	306,627.00	
100-1600	Prepaid Expenses	30,536.00	
100-3900	Fund Balance - Unreserved	2,998,169.00	
100-2500	Accounts Payable		65,567.00
100-2600	Accrued Payroll		20,518.00
100-3901	Fund Balance - Res for Prepays		30,536.00
100-3902	Fund Balance - Res for Sewer Lateral		252,743.00
100-3903	Fund Balance - Res for Capital Improvements		3,121,203.00
100-3904	Fund Balance - Res for Road Improvements		202,650.00
<b>Total</b>		<b><u>3,693,217.00</u></b>	<b><u>3,693,217.00</u></b>
<b>Adjusting Journal Entries JE # 2</b>			
To record Prior Year Debt Service taxes receivable			
500-1500	Taxes Receivable	4,882.00	
500-1110	Retained Earnings		4,882.00
<b>Total</b>		<b><u>4,882.00</u></b>	<b><u>4,882.00</u></b>
<b>Adjusting Journal Entries JE # 3</b>			
To reverse Prior Year accrued payroll			
100-2600	Accrued Payroll	20,518.00	
100-5021	Administration (new)		7,262.00
100-5035	Public Works		11,838.00
100-5050	Media Department		15.00
100-5060	Court Clerk Department		1,403.00
<b>Total</b>		<b><u>20,518.00</u></b>	<b><u>20,518.00</u></b>
<b>Adjusting Journal Entries JE # 4</b>			
To reverse Prior Year prepaid expense			
100-3901	Fund Balance - Res for Prepays	30,536.00	
100-5021	Administration (new)	30,536.00	
100-1600	Prepaid Expenses		30,536.00
100-3900	Fund Balance - Unreserved		30,536.00
<b>Total</b>		<b><u>61,072.00</u></b>	<b><u>61,072.00</u></b>

**CITY OF BLACK JACK, MISSOURI**  
**ADJUSTING JOURNAL ENTRIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
<b>Adjusting Journal Entries JE # 5</b>			
To reverse Prior Year accounts payable			
100-2500	Accounts Payable	65,462.00	
100-5021	Administration (new)	105.00	
100-5010	Police		65,567.00
<b>Total</b>		<b><u>65,567.00</u></b>	<b><u>65,567.00</u></b>
<b>Adjusting Journal Entries JE # 6</b>			
To reverse Prior Year receivable for park grant			
100-4172	Park Grant Revenue	306,627.00	
100-1520	Grant Receivable		306,627.00
<b>Total</b>		<b><u>306,627.00</u></b>	<b><u>306,627.00</u></b>
<b>Adjusting Journal Entries JE # 7</b>			
To record change in revenue accruals			
100-1500	Taxes Receivable	86,514.00	
100-4030	Gasoline Tax Revenue	209.00	
100-4040	Motor Vehicle Tax Revenue	14.00	
100-4050	County Road & Bridge Tax Revenue	345.00	
100-4070	Cigarette Tax Revenue	306.00	
100-4130	Franchise Fees	831.00	
500-5115	Residential Bond Tax	1,622.00	
100-4010	Sales Tax Revenue		7,354.00
100-4020	Capital Improvement Tax Revenue		1,228.00
100-4060	Use Tax Revenue		3,440.00
100-4085	Public Safety		66,163.00
100-4095	Utility Tax Revenue		1,831.00
100-4100	Rental Income		8,203.00
500-1500	Taxes Receivable		1,622.00
<b>Total</b>		<b><u>89,841.00</u></b>	<b><u>89,841.00</u></b>
<b>Adjusting Journal Entries JE # 8</b>			
To record Current Year accounts payable			
100-5010	Police	66,072.00	
100-2500	Accounts Payable		66,072.00
<b>Total</b>		<b><u>66,072.00</u></b>	<b><u>66,072.00</u></b>

**CITY OF BLACK JACK, MISSOURI**  
**ADJUSTING JOURNAL ENTRIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
<b>Adjusting Journal Entries JE # 9</b>			
To record payroll accrual			
100-5021	Administration (new)	7,400.00	
100-5035	Public Works	10,812.00	
100-5060	Court Clerk Department	1,402.00	
100-2600	Accrued Payroll		19,614.00
<b>Total</b>		<b><u>19,614.00</u></b>	<b><u>19,614.00</u></b>
<b>Adjusting Journal Entries JE # 10</b>			
To record Current Year pre-paid insurance			
100-1600	Prepaid Expenses	32,303.00	
100-3900	Fund Balance - Unreserved	32,303.00	
100-3901	Fund Balance - Res for Prepaids		32,303.00
100-5021	Administration (new)		32,303.00
<b>Total</b>		<b><u>64,606.00</u></b>	<b><u>64,606.00</u></b>
<b>Adjusting Journal Entries JE # 11</b>			
To record change in restricted fund balance			
100-3900	Fund Balance - Unreserved	718,581.00	
100-3902	Fund Balance - Res for Sewer Lateral	13,907.00	
100-3903	Fund Balance - Res for Capital Improvements		391,996.00
100-3904	Fund Balance - Res for Road Improvements		66,714.00
100-3905	Fund Balance - Res for Public Safety		273,778.00
<b>Total</b>		<b><u>732,488.00</u></b>	<b><u>732,488.00</u></b>

**CITY OF BLACK JACK, MISSOURI**  
**SCHEDULE OF MANAGEMENT COMMENT**  
**AND RECOMMENDATION**

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**Finding for the year ended June 30, 2018:**

**1. COMMENT**

We noted the City's accounting procedures manual contains various policies and procedures but certain procedures including cash receipts and payroll sections could be enhanced to provide more detail regarding specific steps in performing the various tasks. In further documenting these procedures, the City could consider additional control procedures for cash deposits, such as further segregation of duties for the cash receipts and deposits function.

**RECOMMENDATION**

We recommend the City review and revise the accounting procedures manual and consider the benefit of additional procedures to improve controls.

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**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**

November 13, 2018

Honorable Mayor and City Council  
**CITY OF BLACK JACK, MISSOURI**

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 the **CITY OF BLACK JACK, MISSOURI** (the City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 13, 2018.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the City'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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City'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.

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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. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 the City'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*.

#### **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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hochschild, Bloom + Company LLP*

**CERTIFIED PUBLIC ACCOUNTANTS**

*Chesterfield, Missouri*



**FINANCIAL REPORT**  
(Audited)

Year Ended June 30, 2018

**CITY OF BLACK JACK, MISSOURI**  
**FINANCIAL REPORT**

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## **INDEPENDENT AUDITOR'S REPORT**

November 13, 2018

Honorable Mayor and City Council  
**CITY OF BLACK JACK, MISSOURI**

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities and each major fund of the **CITY OF BLACK JACK, MISSOURI** (the City), as of and for the year ended June 30, 2018, 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 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 of 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.

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In making those risk assessments, the auditor considers internal control relevant to the City'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 City'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 the City as of June 30, 2018 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information, as listed in the table of contents, 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 supplemental 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2018 on our consideration of the City'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 the City's internal control over financial reporting and compliance.

*Hochschild, Bloom + Company LLP*

CERTIFIED PUBLIC ACCOUNTANTS

*Chesterfield, Missouri*

**CITY OF BLACK JACK, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

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This management's discussion and analysis (MD&A) is intended to be an overview of the City of Black Jack, Missouri's (the City) financial activities for the fiscal year ended June 30, 2018. It should be read in conjunction with the City's financial statements (attached).

**FINANCIAL HIGHLIGHTS**

- On a government-wide basis the total assets and deferred outflows exceeded its liabilities for the most recent fiscal year by \$11,482,372.
- The cost of the governmental activities was \$2,409,477.
- As of the close of the current year, the governmental funds reported combined ending fund balances of \$5,955,489 an increase of \$462,086 in comparison to the prior year.
- At the end of the current fiscal year, the General Fund's unassigned fund balance was \$1,319,514 and the total fund balance was \$5,646,994.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The MD&A is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains required supplemental information and other supplemental information.

**Government-wide financial statements.** The first set of financial statements are the government-wide statements which report information about the City as a whole using accounting methods similar to those used by a private-sector business. The two government-wide statements, statement of net position and statement of activities, report the net position and how it has changed.

The statement of net position presents information on all of the assets, deferred outflows, and liabilities, with the difference between them reported as net position. Over time increases and decreases in net position may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating. The statement of net position also provides information on investment in capital assets, unrestricted, and restricted amounts.

The statement of activities presents information showing how the net position changed during the most recent fiscal year. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of timing of related cash flows.

The statement of activities presents the various functions of the City and the degree by which they are supported by charges for services, federal and state grants, tax revenues, and investment income.

The governmental activities of the City include administration, court clerk, media, police, and public works. The City does not have any business-type activities.

**CITY OF BLACK JACK, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**Fund financial statements.** The second set of statements are fund financial statements, which provide information about groupings of related accounts which are used to maintain control over resources for specific activities or objectives. The City uses fund accounting to demonstrate compliance with finance-related legal requirements. The fund financial statements provide more detailed information about the City's most significant funds -- not the City as a whole.

**Governmental funds.** Governmental funds tell how general governmental services were financed in the short-term as well as what financial resources remain available for future spending to finance City programs.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the government-wide governmental activities.

The City maintains individual governmental funds according to their type (General and Debt Service Funds). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and Debt Service Fund, which are considered to be major funds.

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

**Required supplemental information.** In addition to the basic financial statements and notes to financial statements, this report presents required supplemental information concerning the City's budgetary comparisons for the General Fund.

**Other supplemental information.** The graphs provide additional information for the General Fund.

**CITY OF BLACK JACK, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**CONDENSED FINANCIAL STATEMENTS**

A condensed version of the statement of net position compared to the prior year follows:

	<u>June 30</u>		<u>2018 Change</u>	
	<u>2018</u>	<u>2017</u>	<u>Amount</u>	<u>Percent</u>
<b>ASSETS</b>				
Current and other assets	\$ 6,041,942	5,577,926	464,016	8 %
Capital assets, net of depreciation	7,330,212	7,213,121	117,091	2
Total Assets	<u>13,372,154</u>	<u>12,791,047</u>	<u>581,107</u>	5
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	<u>140,507</u>	<u>165,299</u>	<u>(24,792)</u>	(15)
<b>LIABILITIES</b>				
Current and other liabilities	100,057	100,877	(820)	(1)
Long-term liabilities	1,930,232	2,202,616	(272,384)	(12)
Total Liabilities	<u>2,030,289</u>	<u>2,303,493</u>	<u>(273,204)</u>	(12)
<b>NET POSITION</b>				
Net investment in capital assets	5,564,652	5,203,251	361,401	7
Restricted	4,603,672	3,907,832	695,840	18
Unrestricted	1,314,048	1,541,770	(227,722)	(15)
Total Net Position	<u>\$ 11,482,372</u>	<u>10,652,853</u>	<u>829,519</u>	8 %

A condensed version of the statement of activities compared to the prior year follows:

**CITY OF BLACK JACK, MISSOURI**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>For The Years</b>		<b>2018 Change</b>	
	<b>Ended June 30</b>		<b>Amount</b>	<b>Percent</b>
	<b>2018</b>	<b>2017</b>		
<b>REVENUES</b>				
Program revenues:				
Charges for services	\$ 118,379	121,919	(3,540)	(3) %
Grants and contributions	356,778	663,005	(306,227)	(46)
General revenues:				
Taxes	2,527,521	2,190,688	336,833	15
Licenses	23,547	22,016	1,531	7
Other	212,771	211,406	1,365	1
Total Revenues	<u>3,238,996</u>	<u>3,209,034</u>	<u>29,962</u>	1
<b>EXPENSES</b>				
Administration	733,290	689,373	43,917	6
Court clerk	57,005	58,318	(1,313)	(2)
Media	1,066	3,395	(2,329)	(69)
Police	792,861	786,778	6,083	1
Public works	747,302	695,042	52,260	8
Interest on long-term debt	77,953	86,108	(8,155)	(9)
Total Expenses	<u>2,409,477</u>	<u>2,319,014</u>	<u>90,463</u>	4
<b>CHANGE IN NET POSITION</b>	829,519	890,020	(60,501)	(7)
<b>NET POSITION, JULY 1</b>	<u>10,652,853</u>	<u>9,762,833</u>	<u>890,020</u>	9
<b>NET POSITION, JUNE 30</b>	<u>\$ 11,482,372</u>	<u>10,652,853</u>	<u>829,519</u>	8 %

The City's property tax rates for debt service in 2017 - 2018 and 2016 - 2017 were \$0.519 and \$0.550 per \$100 of assessed valuation.

You can think of the City's net position (the difference between assets, deferred outflows, and liabilities) as one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors such as changes in the City's property tax base, the amount of snow during the winter seasons, etc., to assess the overall health of the City.

**Governmental funds.** The City has restricted \$3,513,199 of fund balance for capital improvements, \$269,364 for road improvements, \$308,495 for debt service, \$238,836 for sewer lateral improvements, \$273,778 for public safety, and \$32,303 nonspendable amounts for prepaid items. The amount of fund balance reserved for prepaid items has been set aside on the internal records of the City, but is included

**CITY OF BLACK JACK, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

in unrestricted net position of the government-wide financial statement. The remaining balance of the City's fund balance after subtracting the amounts restricted is \$1,319,514.

**BUDGETARY HIGHLIGHTS**

The City revised its budget during the fiscal year.

General Fund expenditures were \$68,278 or 2.8% below budgeted expenditures of \$2,483,061. Overall General Fund expenditures were \$116,470 or 4.6% lower than the June 30, 2017 year-end total of \$2,531,253. General Fund revenues were \$2,899,610, which was \$220,865 below the budgeted amount of \$3,120,475. Overall General Fund revenues were \$28,302 or 1.0% above the June 30, 2017 year-end total of \$2,871,308.

**CAPITAL ASSETS AND LONG-TERM DEBT**

**Capital assets.** During the year ended June 30, 2018, the City invested \$416,170 in new capital assets. The balances were as follows:

	<b>June 30</b>	
	<b>2018</b>	<b>2017</b>
Capital assets, net of depreciation:		
Land	\$ 751,951	751,951
Buildings and improvements	1,806,757	1,817,981
Vehicles and equipment	328,968	323,179
Infrastructure	4,442,536	4,320,010
Total Capital Assets, Net	\$ 7,330,212	7,213,121

Additional information on the City's capital assets can be found in Note C of this report.

**Long-term debt.** At June 30, 2018, the City had general obligation bonds which are recorded as government-wide liabilities. The change in the City's long-term bonds were as follows:

	<b>For The Year Ended June 30, 2018</b>			<b>Balance June 30 2018</b>
	<b>Balance June 30 2017</b>	<b>Additions</b>	<b>Reductions</b>	
Bonds payable	\$ 1,874,990	-	275,000	1,599,990

Additional information on the City's long-term debt can be found in Note D of this report.

**CITY OF BLACK JACK, MISSOURI  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

For 2019, with the recent strengthening in the economy we are projecting a growth in revenue of 2½% to 3% for 2019. This slow but continued growth in revenue will help the City to remain a financially stable community. Most of our revenue sources have rebounded to exceed prerecession lows.

During the fiscal year, the City is working to update our infrastructure. We have completed approximately 85% of the street overlay project we started in 2005. We have completed the work in phases to keep within our budget and to not increase our debt. In addition, we have improved our municipal park using a combination of City funds and park grants. This year we are planning additional improvements as additional grants become available.

With the passage of Proposition "P" the City received a new revenue source to fund "Public Safety" related projects. The original intent of Proposition "P" was to provide for an increase in wages for Police and Public Safety workers. The City used the funds we received for our Police Service contract with the St. Louis County. To keep the public informed on the use of these funds we set up a separate revenue and expenditure account for the receipt and distribution of the funds.

The residents voted to allow the City Council to set the tax rate to 7% on water, gas, electric, and telephone bills. However, for 2019 the rate will remain at only 3% as in past years. Currently, we do not feel any additional funds are necessary. In addition, the City Council has waived the annual \$28 sewer lateral fee for the sixth consecutive year for the residents participating in the program, which was approved by the voters in 2010. The program is sufficiently funded and no additional revenue is required. The City does not have a "Property Tax" that is used to fund the General Revenue account of the City. The only City "Property Tax" the residents of the City pay is a tax to fund our debt service (Street Bond Issue passed by voters in 2004). The bonds will be fully paid off in 2024.

The City of Black Jack is financially secure, and we look forward to 2019.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our residents and taxpayers with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the City Clerk's office at 12500 Old Jamestown Road, Black Jack, MO 63033 or telephone at 314-355-0400.

**CITY OF BLACK JACK, MISSOURI**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

**ASSETS**

Cash and investments	\$ 5,561,980
Taxes receivable	447,659
Prepaid items	32,303
Capital assets:	
Land	751,951
Other capital assets, net of depreciation	6,578,261
Total Assets	13,372,154

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred charge on refunding	140,507
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**LIABILITIES**

Accounts payable	66,569
Accrued payroll and withheld items	19,884
Accrued interest payable	13,604
Noncurrent liabilities:	
Due within one year	276,779
Due in more than one year	1,653,453
Total Liabilities	2,030,289

**NET POSITION**

Net investment in capital assets	5,564,652
Restricted for:	
Capital improvements	3,513,199
Road improvements	269,364
Debt service	308,495
Sewer lateral improvements	238,836
Public safety	273,778
Unrestricted	1,314,048
Total Net Position	\$ 11,482,372

**CITY OF BLACK JACK, MISSOURI**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Expenses	Program Revenues			Net Revenues (Expenses) And Change In Net Position
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	
<b>FUNCTIONS/PROGRAMS</b>					
<b>Governmental Activities</b>					
Administration	\$ 733,290	-	-	-	(733,290)
Court clerk	57,005	-	-	-	(57,005)
Media	1,066	-	-	-	(1,066)
Police	792,861	86,055	-	-	(706,806)
Public works	747,302	32,324	356,778	-	(358,200)
Interest on long-term debt	77,953	-	-	-	(77,953)
Total Governmental Activities	<u>\$ 2,409,477</u>	<u>118,379</u>	<u>356,778</u>	<u>-</u>	<u>(1,934,320)</u>

**General Revenues**

Taxes	2,527,521
Licenses	23,547
Investment income	5,873
Franchise	84,454
Rental	109,309
Other	13,135
Total General Revenues	<u>2,763,839</u>

**CHANGE IN NET POSITION**

NET POSITION, JULY 1	829,519
NET POSITION, JUNE 30	<u>10,652,853</u>
	<u>\$ 11,482,372</u>

See notes to financial statements

**CITY OF BLACK JACK, MISSOURI**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

	<b>General</b>	<b>Debt Service</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and investments	\$ 5,256,745	305,235	5,561,980
Taxes receivable	444,399	3,260	447,659
Prepaid items	32,303	-	32,303
	<b>\$ 5,733,447</b>	<b>308,495</b>	<b>6,041,942</b>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 66,569	-	66,569
Accrued payroll and withheld items	19,884	-	19,884
Total Liabilities	86,453	-	86,453
 <b>Fund Balances</b>			
Nonspendable - prepaid items	32,303	-	32,303
Restricted for:			
Capital improvements	3,513,199	-	3,513,199
Road improvements	269,364	-	269,364
Debt service	-	308,495	308,495
Sewer lateral improvements	238,836	-	238,836
Public safety	273,778	-	273,778
Unassigned	1,319,514	-	1,319,514
Total Fund Balances	5,646,994	308,495	5,955,489
Total Liabilities And Fund Balances	<b>\$ 5,733,447</b>	<b>308,495</b>	<b>6,041,942</b>

**CITY OF BLACK JACK, MISSOURI**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

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Total Fund Balances - Governmental Funds	\$ 5,955,489
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$11,314,262 and the accumulated depreciation is \$3,984,050.	7,330,212
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Accrued interest payable	(13,604)
Compensated absences	(24,165)
Bonds payable and related amounts	(1,906,067)
Unamortized deferred charge on refunding	<u>140,507</u>
Total Net Position Of Governmental Activities	<u><u>\$ 11,482,372</u></u>

**CITY OF BLACK JACK, MISSOURI**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>General</u>	<u>Debt Service</u>	<u>Totals</u>
<b>REVENUES</b>			
Taxes	\$ 2,629,367	339,386	2,968,753
Licenses	23,547	-	23,547
Miscellaneous	13,135	-	13,135
Rental	109,309	-	109,309
Fines and court costs	86,055	-	86,055
Inspections	32,324	-	32,324
Investment income	5,873	-	5,873
Total Revenues	<u>2,899,610</u>	<u>339,386</u>	<u>3,238,996</u>
<b>EXPENDITURES</b>			
Current:			
Administration	678,836	-	678,836
Court clerk	57,168	-	57,168
Media	73	-	73
Police	792,861	-	792,861
Public works	469,675	-	469,675
Capital outlay	416,170	37,799	453,969
Debt service:			
Principal	-	275,000	275,000
Interest and fiscal charges	-	49,328	49,328
Total Expenditures	<u>2,414,783</u>	<u>362,127</u>	<u>2,776,910</u>
<b>NET CHANGE IN FUND BALANCES</b>	484,827	(22,741)	462,086
FUND BALANCES, JULY 1	<u>5,162,167</u>	<u>331,236</u>	<u>5,493,403</u>
<b>FUND BALANCES, JUNE 30</b>	<u><u>\$ 5,646,994</u></u>	<u><u>308,495</u></u>	<u><u>5,955,489</u></u>

**CITY OF BLACK JACK, MISSOURI**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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Net Change In Fund Balances - Governmental Funds \$ 462,086

Amounts reported for governmental activities in the statement of activities are different because:

The governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay over the capitalization threshold (\$416,170) exceeded depreciation (\$299,079) in the current year. 117,091

Under the modified accrual basis of accounting used in the governmental funds financial statements, 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 of accounting, expenses and liabilities are reported regardless of when financial resources are available. The net change of these items are:

Interest accretion	(28,890)
Bonds payable	275,000
Amortization	(1,800)

Compensated absences reduce net position on the statement of activities, but do not require the use of current finance resource and, therefore, are not reported as expenditures in the governmental funds. 3,282

Some expenses reported in the statement of activities do not require the use of current finance resource and, therefore, are not reported as expenditures in the governmental funds:

Decrease in accrued interest on bonds	2,750
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Change In Net Position Of Governmental Activities \$ 829,519

# CITY OF BLACK JACK, MISSOURI

## NOTES TO FINANCIAL STATEMENTS

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **CITY OF BLACK JACK, MISSOURI** (the City) operates under a Mayor-City Council form of government and provides various services including legislative, public safety (police only), streets, public improvements, planning and zoning, and general administrative services. The more significant accounting policies consistently applied by the City in the preparation of the accompanying financial statements are summarized below:

**1. Reporting Entity**

The financial statements of the City include the financial activities of the City and any component units, entities which are financially accountable to the City. The City does not currently have any component units.

**2. 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 activities of the primary government. 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: 1) charges to those directly relating to the function or segment and 2) grants that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds.

**3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligible requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available. Revenues are considered to be measurable and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**CITY OF BLACK JACK, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Taxes, franchise taxes, licenses, 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 City.

The City reports the following major funds:

**General Fund** -- This fund is the general operating fund of the City. Revenues in this fund are derived from taxes, fees, and other sources.

**Debt Service Fund** -- This fund is used to account for the servicing of the general long-term debt of the City.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**4. Capital Assets**

Capital assets, which include buildings and improvements, vehicles and equipment, and infrastructure, are reported in the governmental activities of the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,500 and an estimated useful life greater than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. The City has elected not to report major general infrastructure assets retroactively.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's life are not capitalized.

Depreciation is being computed on the straight-line method, using asset lives as follows:

<b>Assets</b>	<b>Years</b>
Buildings and improvements	20 - 40
Vehicles and equipment	5 - 10
Infrastructure	40

**CITY OF BLACK JACK, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**5. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased.

**6. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation. The liability for these compensated absences is recorded as a liability in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability when payment is due (i.e., matured).

**7. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City does not currently have any deferred inflows.

**8. Fund Balance Policies**

The fund balance amounts are reported in the following applicable categories listed from the most restrictive to the least restrictive:

**Nonspendable** -- The portion of fund balance that is not in a spendable form or is required to be maintained intact.

**Restricted** -- The portion of fund balance that is subject to external restrictions and constrained to specific purposes imposed by agreement, through constitutional provisions, or by enabling legislation.

**CITY OF BLACK JACK, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**8. Fund Balance Policies (Continued)**

**Committed** -- The portion of fund balance with constraints or limitations by formal action (ordinance) of the City Council, the highest level of decision-making authority.

**Assigned** -- The portion of fund balance that the City intends to use for a specific purpose as determined by the applicable City officials to which the City Council has designated authority.

**Unassigned** -- Amounts that are available for any purpose; these positive amounts are reported only in the General Fund.

When both restricted and unrestricted resources are available, the City will spend the most restricted dollars before the least restricted.

The fund balance of the City's General Fund has been accumulated to provide stability and flexibility to respond to unexpected adversity and/or opportunities. The target is to maintain a rolling beginning fund balance of not less than 8% of annual operating expenditures for the current fiscal year. Should the balance fall below 4%, the City will identify a plan to restore the fund balance to its targeted amount as part of the budget proposal.

**9. Use of Estimates**

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

**10. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental fund types. There were no encumbrances outstanding at year-end.

**NOTE B - CASH AND INVESTMENTS**

**1. Deposits**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's bank deposits are required by state law to

**CITY OF BLACK JACK, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE B - CASH AND INVESTMENTS (Continued)**

**1. Deposits (Continued)**

be secured by the deposit of certain securities specified at RSMo 30.270 with the City or trustee institution. The value of the securities must amount to the total of the City's cash not insured by the Federal Deposit Insurance Corporation (FDIC).

As of June 30, 2018, the City's bank balances were entirely secured or collateralized with securities held by the City or by its agent in the City's name.

**2. Investments**

As of June 30, 2018 the City had the following investments:

<u>Investments</u>	<u>Fair Value</u>	<u>Maturity Less Than One Year</u>	<u>Credit Risk</u>
Insured cash sweep	<u>\$ 2,365,667</u>	<u>2,365,667</u>	N/A

**Investments Policies**

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City minimizes credit risk by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business and diversifying the portfolio to reduce potential losses on individual securities.

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing primarily in shorter term securities.

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City minimizes concentration of credit risk by diversifying the investment portfolio.

State statutes authorize the City to invest in obligations of the U.S. Treasury, federal agencies, certain commercial paper, repurchase agreements, bankers' acceptances, and time deposits.

**3. Fair Value Measurements**

The City classifies its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierar-

**CITY OF BLACK JACK, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE B - CASH AND INVESTMENTS (Continued)**

**3. Fair Value Measurements (Continued)**

chy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are prices quoted in active markets for those securities; Level 2 inputs are significant other observable inputs using a matrix pricing technique; and Level 3 inputs are significant unobservable inputs. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The inputs and methodologies used for valuing investment securities are not necessarily an indication of risk associated with investing in those securities.

All investments are Level 1 at June 30, 2018.

**NOTE C - CAPITAL ASSETS**

Capital asset activity was as follows:

	<b>For The Year Ended June 30, 2018</b>			
	<b>Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance</b>
	<b>June 30</b>			<b>2018</b>
	<b>2017</b>			<b>2018</b>
Capital assets not being depreciated:				
Land	\$ 751,951	-	-	751,951
Capital assets being depreciated:				
Buildings and improvements	3,352,991	78,067	-	3,431,058
Vehicles and equipment	1,101,382	68,931	39,615	1,130,698
Infrastructure	5,731,383	269,172	-	6,000,555
Total Capital Assets Being Depreciated	<u>10,185,756</u>	<u>416,170</u>	<u>39,615</u>	<u>10,562,311</u>
Less - Accumulated depreciation for:				
Buildings and improvements	1,535,010	89,291	-	1,624,301
Vehicles and equipment	778,203	63,142	39,615	801,730
Infrastructure	1,411,373	146,646	-	1,558,019
Total Accumulated Depreciation	<u>3,724,586</u>	<u>299,079</u>	<u>39,615</u>	<u>3,984,050</u>
Total Capital Assets Being Depreciated, Net	<u>6,461,170</u>	<u>117,091</u>	<u>-</u>	<u>6,578,261</u>
Total Capital Assets, Net	<u>\$ 7,213,121</u>	<u>117,091</u>	<u>-</u>	<u>7,330,212</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

**CITY OF BLACK JACK, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE C - CAPITAL ASSETS (Continued)**

	<b>For The Year Ended June 30 2018</b>
Administration	\$ 54,466
Media	993
Public works	<u>243,620</u>
Total	<u>\$ 299,079</u>

**NOTE D - LONG-TERM DEBT**

Long-term debt of governmental activities consisted of the following:

	<b>June 30 2018</b>
Series 2012, \$2,739,990 general obligation refunding bonds for refunding a portion of the Series 2004 general obligation bonds, 1% to 3%, due in installments through March 2024.	<u>\$ 1,599,990</u>

The bond payments outstanding including interest payments are as follows:

<b>For The Years Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2019	\$ 94,990	40,813	135,803
2020	285,000	40,812	325,812
2021	290,000	34,400	324,400
2022	300,000	27,150	327,150
2023	310,000	18,900	328,900
2024	<u>320,000</u>	<u>9,600</u>	<u>329,600</u>
Total	<u>\$ 1,599,990</u>	<u>171,675</u>	<u>1,771,665</u>

In addition, total compounded interest due March 2019 is scheduled to be \$195,011. A summary of the changes in long-term liabilities is as follows:

**CITY OF BLACK JACK, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE D - LONG-TERM DEBT (Continued)**

	<u>For The Year Ended June 30, 2018</u>			<u>Balance June 30 2018</u>	<u>Amounts Due Within One Year</u>
	<u>Balance June 30 2017</u>	<u>Additions</u>	<u>Reductions</u>		
Bonds payable	\$ 1,874,990	-	275,000	1,599,990	94,990
Compensated absences	27,447	24,165	27,447	24,165	6,041
Series 2012 capital appreciation - interest accretion due March 2019	146,858	28,890	-	175,748	175,748
Premium	153,321	-	22,992	130,329	-
Total	<u>\$ 2,202,616</u>	<u>53,055</u>	<u>325,439</u>	<u>1,930,232</u>	<u>276,779</u>

The bonds payable are to be liquidated by the Debt Service Fund. Compensated absences are generally liquidated by the General Fund.

The City is authorized to issue up to an additional \$2,000,000 in general obligation bonds as of June 30, 2018.

**NOTE E - INSURANCE**

The City carries commercial insurance for its risks of loss, including property, workers' compensation, and public officials' liability insurance. Claims have not exceeded coverage during any of the last three years.

**NOTE F - DEFINED CONTRIBUTION PLAN**

The City has a defined contribution retirement plan funded through Aetna. The plan was established by an ordinance of the City Council through a plan agreement dated April 1998. All full-time employees are eligible to participate in the plan after one year of service. Pursuant to the plan's provisions, the City is obligated to contribute 6½% of each eligible employees' covered wages. An amendment effective December 12, 2010 changes the eligibility requirement to 30 days of service as well as changing the City's contribution to 4½% of each employee's covered wages. Contributions are fully vested immediately. Contributions to the plan amounted to \$15,211 for the year ended June 30, 2018.

**NOTE G - DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan through Aetna created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The City makes no contributions toward this plan. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency and is held in trust for the exclusive benefit of the employees.

**CITY OF BLACK JACK, MISSOURI**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE H - COMMITMENTS AND CONTINGENCIES**

The City has contracted with the St. Louis County Police Department to provide services. Payments for services for the year ended June 30, 2018 amounted to \$792,861. This amount is adjusted annually when both parties agree that special circumstances arise which require additional related costs. The current contract will expire June 30, 2019.

At June 30, 2018, the City has construction commitments of \$817,611 for road and building projects.

The City is subject to various lawsuits. Although the outcome of these lawsuits is not presently determinable, the City believes the resolution of these matters will not have a material adverse effect on the financial condition of the City.

**NOTE I - PROPERTY TAXES**

Property taxes are levied in October of each year on the assessed value as of the prior January 1 for all property located in the City. Property taxes attach as an enforceable lien on property as of January 1 and are due upon receipt of billing and become delinquent after December 31.

Real estate taxes are billed and collected by St. Louis County and remitted by the County to the City. Property tax revenue is recognized to the extent it is collected within the current period or expected to be collected within 60 days after year-end and is deferred on the fund financial statements if significant, and recognized as revenue in the government-wide financial statements.

**NOTE J - RESTRICTED NET POSITION**

The government-wide statement of net position reports \$4,603,672 in restricted net position, of which \$4,295,177 is restricted by enabling legislation.

**CITY OF BLACK JACK, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION**

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**REQUIRED SUPPLEMENTAL INFORMATION SECTION**

**CITY OF BLACK JACK, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE**  
**OF REVENUE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>REVENUES</b>				
<b>Taxes</b>				
Capital improvement	\$ 471,000	470,100	471,299	1,199
Cigarette	19,000	16,250	15,934	(316)
County road and bridge	90,000	77,725	77,350	(375)
Franchise	100,000	85,300	84,454	(846)
Gasoline	185,000	185,700	185,475	(225)
Motor vehicle	88,000	94,025	93,953	(72)
Public Safety	60,000	207,625	273,778	66,153
Sales	1,000,000	999,800	1,007,106	7,306
Use	95,000	127,800	131,236	3,436
Utility	300,000	287,000	288,782	1,782
Total Taxes	<u>2,408,000</u>	<u>2,551,325</u>	<u>2,629,367</u>	<u>78,042</u>
<b>Licenses</b>	<u>20,500</u>	<u>23,100</u>	<u>23,547</u>	<u>447</u>
<b>Other</b>				
Miscellaneous	25,300	12,600	13,135	535
Rental	104,000	103,375	109,309	5,934
Grants	342,560	306,650	-	(306,650)
Total Other	<u>471,860</u>	<u>422,625</u>	<u>122,444</u>	<u>(300,181)</u>
<b>Charges for services</b>				
False alarms	5,500	6,100	-	(6,100)
Fines and court costs	77,500	85,525	86,055	530
Inspections	24,000	26,275	32,324	6,049
Permits	500	500	-	(500)
Total Charges For Services	<u>107,500</u>	<u>118,400</u>	<u>118,379</u>	<u>(21)</u>
<b>Investment income</b>	<u>4,000</u>	<u>5,025</u>	<u>5,873</u>	<u>848</u>
Total Revenues	<u>\$ 3,011,860</u>	<u>3,120,475</u>	<u>2,899,610</u>	<u>(220,865)</u>

**CITY OF BLACK JACK, MISSOURI**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF**  
**EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>EXPENDITURES</b>				
Administration	\$ 730,055	751,200	754,387	3,187
Court clerk	58,163	57,438	57,168	(270)
Media	5,995	5,895	73	(5,822)
Police	792,861	792,861	792,861	-
Public works	<u>1,271,077</u>	<u>875,667</u>	<u>810,294</u>	<u>(65,373)</u>
Total Expenditures	<u>\$ 2,858,151</u>	<u>2,483,061</u>	<u>2,414,783</u>	<u>(68,278)</u>

**NOTES:**

**Budgets and Budgetary Accounting**

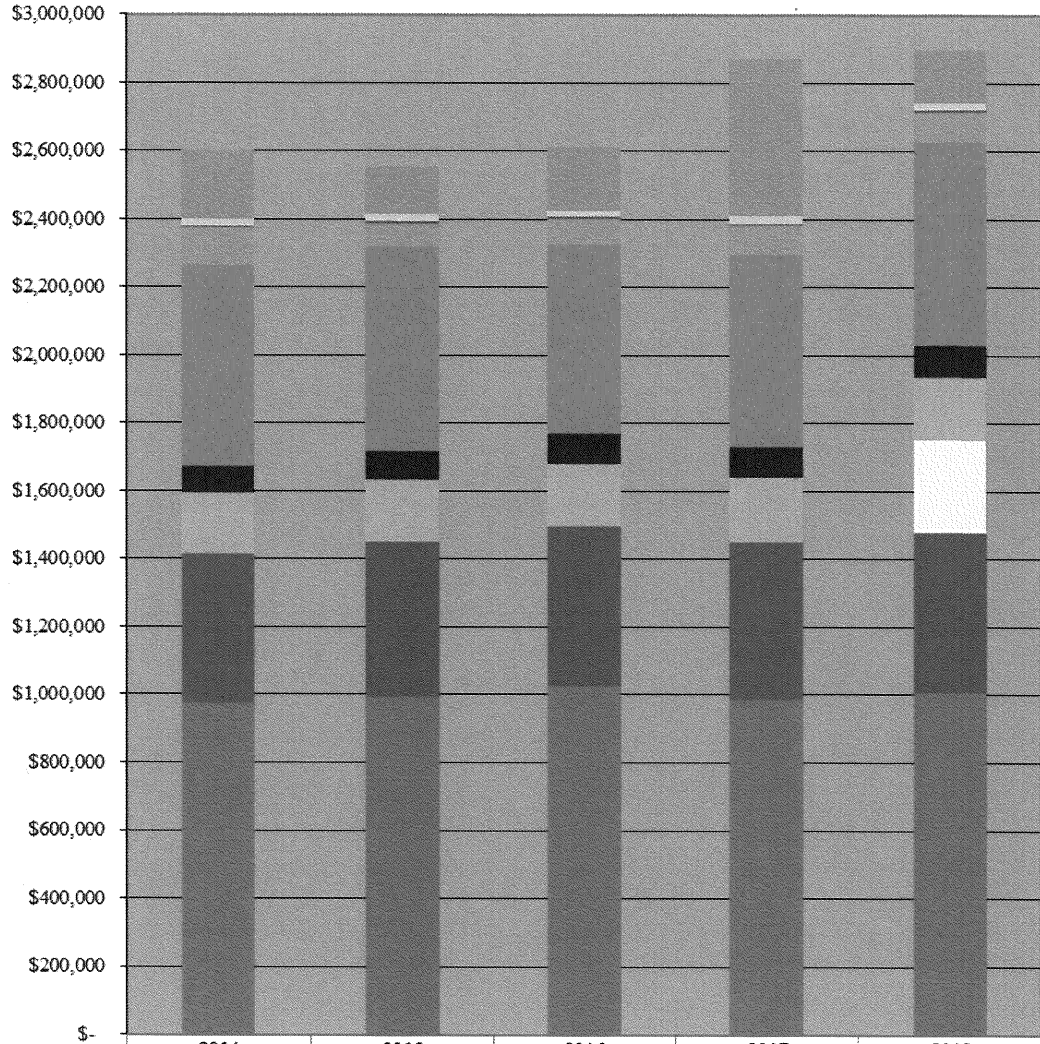
The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a. Public meetings are held to obtain taxpayer comments.
- b. Prior to July 1, the budget is adopted by the City Council.
- c. Budgets are adopted for the General Fund on a basis generally consistent with accounting principles generally accepted in the United States of America, except that the capital outlay and related other financing source is not budgeted for initial capital leases. Expenditures modified for some year-end accrual may not legally exceed budgeted appropriations at the department level.
- d. Budget amendments must be approved by the City Council.
- e. Appropriations lapse at year-end.

**OTHER SUPPLEMENTAL INFORMATION SECTION**

**CITY OF BLACK JACK, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - GRAPHS**

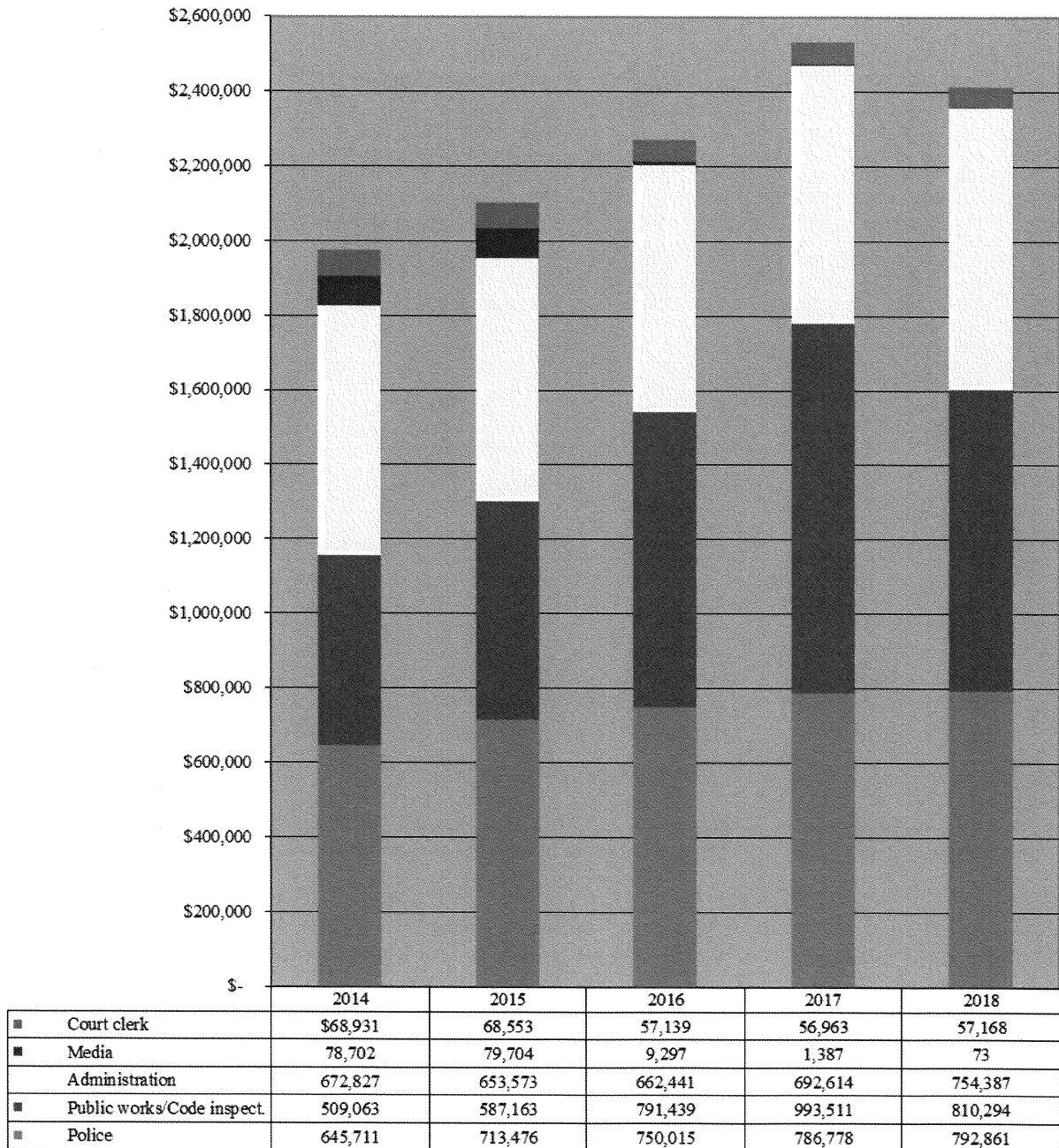
**General Fund Revenues**  
**For The Years Ended June 30**



	2014	2015	2016	2017	2018
■ Other	\$201,231	141,445	185,306	461,172	154,768
○ Licenses and permits	21,386	22,483	19,812	22,016	23,547
■ Investment income	3,733	4,370	4,527	4,291	5,873
■ Fines and court costs	110,868	69,561	75,436	86,069	86,055
■ Other taxes	590,665	600,248	556,198	566,834	597,756
■ Motor vehicle tax	80,929	85,438	88,823	91,401	93,953
■ Gasoline tax	176,702	183,320	184,147	187,819	185,475
Public safety tax	-	-	-	-	273,778
■ Capital improvement tax	442,125	456,885	474,456	466,331	471,299
■ Sales tax	973,628	992,316	1,023,583	985,375	1,007,106

**CITY OF BLACK JACK, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION - GRAPHS**

**General Fund Expenditures**  
**For The Years Ended June 30**



**CITY OF BLACK JACK, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION -**  
**ASSESSED VALUATION SCHEDULES**

*History of Property Valuations.* The total assessed valuation of all taxable tangible property situated in the City, including state and locally assessed railroad and utility property, according to the assessments of January 1 in each of the following years, finalized as of December 31, has been as follows:

<b>For The Years Ended December 31</b>	<b>Assessed Valuation</b>	<b>Percentage Of Change</b>
2017	\$ 67,631,739	(0.95%)
2016	64,357,225	(0.25)
2015	64,517,641	2.32
2014	63,053,446	(0.17)
2013	63,160,860	(5.22)

*Current Assessed and Estimated Actual Valuation.* The total assessed valuation of all taxable tangible property situated in the City, including state and locally assessed railroad and utility property, according to the assessments of January 1, 2017:

	<b>Assessed Valuation</b>	<b>Assessment Ratio</b>	<b>Estimated Actual Valuation</b>
Real estate:			
Residential	\$ 52,483,390	19.00%	\$ 276,228,368
Agricultural	7,570	12.00	63,083
Commercial	2,584,980	32.00	8,078,063
State assessed	<u>1,860,815</u>	32.00	<u>5,815,047</u>
Total Real Estate	56,936,755		290,184,561
Personal property	<u>10,694,984</u>	33.33	<u>32,084,952</u>
Total	<u>\$ 67,631,739</u>		<u>\$ 322,269,513</u>

**CITY OF BLACK JACK, MISSOURI**  
**OTHER SUPPLEMENTAL INFORMATION -**  
**PROPERTY TAX LEVIES AND COLLECTIONS SCHEDULES**

*Property Tax Levies.* The following table shows the City's tax levies (per \$100 of assessed valuation) for each of the last five years:

<b>For The Years Ended December 31</b>	<b><u>Residential</u></b>	<b><u>Commercial</u></b>	<b><u>Agriculture</u></b>	<b><u>Personal Property</u></b>
2017	\$ 0.519	0.519	0.519	0.519
2016	0.550	0.550	0.550	0.550
2015	0.541	0.541	0.541	0.541
2014	0.565	0.565	0.565	0.565
2013	0.490	0.490	0.490	0.490

*Property Tax Collection Record.* The following table sets forth property tax collection information for the City for tax years 2012 through 2018.

<b>For The Fiscal Year Ended June 30</b>	<b>Current Year Tax Levy</b>	<b>Current Taxes Collected By Due Date</b>	<b>Percent Of Current Taxes Collected</b>	<b>Delinquent Taxes Collected</b>	<b>Total Taxes Collected</b>	<b>Percent Of Total Taxes Collected*</b>
2018	\$350,563	\$263,494	75.16%	\$77,513	\$341,007	97.27%
2017	353,779	299,909	84.77	54,234	354,143	100.10
2016	348,469	284,474	81.64	69,602	354,076	101.61
2015	356,011	279,178	78.42	74,910	354,088	99.46
2014	309,800	239,176	77.20	83,329	322,505	104.10

\*Delinquent taxes are shown in the year payment is actually received, which may cause the percentage of current and delinquent taxes collected to exceed 100%. Current and Delinquent Taxes Collected also includes the current year's protested taxes which have been released.