



FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

For the Year Ended June 30, 2021

CITY OF BLACK JACK, MISSOURI
FINANCIAL REPORT

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INDEPENDENT AUDITOR'S REPORT

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, 2021, 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.

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, 2021 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

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2021 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.

Sikich LLP

St. Louis, Missouri
December 9, 2021

CITY OF BLACK JACK, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

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, 2021. 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 \$14,216,355.
- The cost of the governmental activities was \$2,492,038.
- As of the close of the current year, the governmental funds reported combined ending fund balances of \$7,535,247 an increase of \$1,155,948 in comparison to the prior year.
- At the end of the current fiscal year, the General Fund's unassigned fund balance was \$1,966,282 and the total fund balance was \$7,193,730.

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, 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, 2021**

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, 2021

CONDENSED FINANCIAL STATEMENTS

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

	June 30		2021 Change	
	2021	2020	Amount	Percent
ASSETS				
Current and other assets	\$ 7,686,228	6,568,394	1,117,834	17 %
Capital assets, net of depreciation	7,659,565	7,770,796	(111,231)	(1)
Total Assets	<u>15,345,793</u>	<u>14,339,190</u>	<u>1,006,603</u>	7
DEFERRED OUTFLOWS OF RESOURCES				
	<u>66,131</u>	<u>90,923</u>	<u>(24,792)</u>	(27)
LIABILITIES				
Current and other liabilities	160,031	200,562	(40,531)	(20)
Long-term liabilities	1,035,538	1,341,621	(306,083)	(23)
Total Liabilities	<u>1,195,569</u>	<u>1,542,183</u>	<u>(346,614)</u>	(22)
NET POSITION				
Net investment in capital assets	6,668,212	6,466,451	201,761	3
Restricted	5,390,610	5,026,740	363,870	7
Unrestricted	<u>2,157,533</u>	<u>1,394,739</u>	<u>762,794</u>	55
Total Net Position	<u>\$ 14,216,355</u>	<u>12,887,930</u>	<u>1,328,425</u>	10 %

**CITY OF BLACK JACK, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

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

	For The Years Ended June 30		2021 Change	
	2021	2020	Amount	Percent
REVENUES				
Program revenues:				
Charges for services	\$ 233,996	178,344	55,652	31 %
Grants and contributions	851,015	350,136	500,879	143
General revenues:				
Taxes	2,636,393	2,579,384	57,009	2
Licenses	7,569	18,233	(10,664)	(58)
Other	91,490	151,068	(59,578)	(39)
Total Revenues	<u>3,820,463</u>	<u>3,277,165</u>	<u>543,298</u>	17
EXPENSES				
Administration	776,003	839,799	(63,796)	(8)
Court clerk	59,920	57,340	2,580	4
Police	878,073	874,128	3,945	-
Public works	745,795	762,580	(16,785)	(2)
Interest on long-term debt	32,247	38,941	(6,694)	(17)
Total Expenses	<u>2,492,038</u>	<u>2,572,788</u>	<u>(80,750)</u>	(3)
CHANGE IN NET POSITION	1,328,425	704,377	624,048	89
NET POSITION, JULY 1	<u>12,887,930</u>	<u>12,183,553</u>	<u>704,377</u>	6
NET POSITION, JUNE 30	<u>\$ 14,216,355</u>	<u>12,887,930</u>	<u>1,328,425</u>	10 %

The City's property tax rates for debt service in 2020 - 2021 and 2019 - 2020 were \$0.447 and \$0.467 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 \$3,644,843 of fund balance for capital improvements, \$754,623 for road improvements, \$341,517 for debt service, \$199,431 for sewer lateral improvements, \$450,196 for public safety, \$44,695 nonspendable amounts for prepaid items, and \$133,660 assigned for subsequent years' budget. The amount of fund balance noted as nonspendable and assigned have been

**CITY OF BLACK JACK, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

set aside on the internal records of the City but is included in unrestricted net position of the government-wide financial statement. The remaining balance of the City's fund balance after subtracting the other amounts is \$1,966,282.

BUDGETARY HIGHLIGHTS

The City revised its budget during the fiscal year.

General Fund expenditures were \$10,054 or approximately 0.4% under budgeted expenditures of \$2,350,178. Overall General Fund expenditures were \$155,354 or 6.2% lower than the June 30, 2020 year-end total of \$2,495,478. General Fund revenues were \$3,489,353, which was \$52,996 above the budgeted amount of \$3,436,357. Overall General Fund revenues were \$555,098, approximately 18.9% more than the June 30, 2020 year-end total of \$2,934,255.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital assets. During the year ended June 30, 2021, the City invested \$210,747 in new capital assets. The balances were as follows:

	June 30	
	2021	2020
Capital assets, net of depreciation:		
Land	\$ 751,951	751,951
Buildings and improvements	1,635,636	1,729,943
Vehicles and equipment	251,934	289,966
Infrastructure	5,020,044	4,998,936
Total Capital Assets, Net	\$ 7,659,565	7,770,796

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

Long-term debt. At June 30, 2021, 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:

	For The Year Ended June 30, 2020			
	Balance June 30 2020	Additions	Reductions	Balance June 30 2021
Bonds payable	\$ 1,220,000	-	290,000	930,000

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, 2021**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For Fiscal Year 2022, we expect the revenue received by the City to decrease approximately 15% to 20%. The cause of the decrease is a decline in sales tax revenue due to the lingering effects of the current pandemic, and the elimination of the current method of use tax distribution. The use tax will be replaced in 2023 by the internet sales tax known as Wayfair. The City is also experiencing a reduction in municipal court revenue vs court expenses, due to legislation passed by the Missouri General Assembly in recent years. However, this inequity cannot continue and will have to be addressed this fiscal year. According to a front-page article in the St. Louis Post-Dispatch that compared the City of Black Jack to other municipalities, Black Jack had the lowest court revenue used to support the General Fund. The City also experienced a decrease of 295 residents per the 2020 CENSUS count. This will negatively affect all per capita based revenue sources that the City currently receives.

Now that we have addressed the not so pleasant news, we can turn to the positive results we expect in fiscal year 2022. We are hoping to use the American Rescue Plan Act (ARPA) funds received by the City to supplement the anticipated loss of revenue. That will minimize the effect of the expected decrease in revenue mentioned above.

We recently applied for and received an electronics recycling grant. In addition, we have received a Municipal Park Grant to develop the new, Norman C. McCourt Park, to be constructed on the lot adjacent to Black Jack city hall. The City is also experiencing a significant number of new homes being built. Three have been completed and two are currently under construction. There are an additional 53 homes in various stages of planning and approval.

As in past years, the City will:

- Continue our 3% utility tax rate on water, gas, electric, and phone bills.
- For the 52nd year, the city will not collect a "Real Estate" or "Personal Property Tax" that is used to support the General Fund. (The Real Estate and Personal Property Tax paid by residents is used to retire the voter approved "2004 - 2024 Street Bond Issue".)

The City is in a financially secure position and even with all the turmoil from the pandemic, we continue to move forward and serve the resident's needs today and plan for the future of the City.

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, 2021

ASSETS

Cash and investments	\$ 7,184,608
Taxes receivable	456,925
Prepaid items	44,695
Capital assets:	
Land	751,951
Other capital assets, net of depreciation	6,907,614
Total Assets	15,345,793

DEFERRED OUTFLOWS OF RESOURCES

Deferred charge on refunding	66,131
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LIABILITIES

Accounts and escrow payable	128,611
Accrued payroll and withheld items	22,370
Accrued interest payable	9,050
Noncurrent liabilities:	
Due within one year	311,046
Due in more than one year	724,492
Total Liabilities	1,195,569

NET POSITION

Net investment in capital assets	6,668,212
Restricted for:	
Capital improvements	3,644,843
Road improvements	754,623
Debt service	341,517
Sewer lateral improvements	199,431
Public safety	450,196
Unrestricted	2,157,533
Total Net Position	\$ 14,216,355

CITY OF BLACK JACK, MISSOURI
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

		Program Revenues			Net Revenues (Expenses) And Change In Net Position
	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	
FUNCTIONS/PROGRAMS					
Governmental Activities					
Administration	\$ 776,003	130,381	-	-	(645,622)
Court clerk	59,920	-	-	-	(59,920)
Police	878,073	45,639	476,514	-	(355,920)
Public works	745,795	57,976	374,501	-	(313,318)
Interest on long-term debt	32,247	-	-	-	(32,247)
Total Governmental Activities	\$ 2,492,038	233,996	851,015	-	(1,407,027)
General Revenues					
Taxes					2,636,393
Licenses					7,569
Investment income					2,197
Franchise					76,944
Other					12,349
Total General Revenues					2,735,452
CHANGE IN NET POSITION					1,328,425
NET POSITION, JULY 1					12,887,930
NET POSITION, JUNE 30					\$ 14,216,355

See notes to financial statements

CITY OF BLACK JACK, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Debt Service	Totals
ASSETS			
Cash and investments	\$ 6,846,756	337,852	7,184,608
Taxes receivable	453,260	3,665	456,925
Prepaid items	44,695	-	44,695
Total Assets	\$ 7,344,711	341,517	7,686,228
 LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts and escrow payable	\$ 128,611	-	128,611
Accrued payroll and withheld items	22,370	-	22,370
Total Liabilities	150,981	-	150,981
 Fund Balances			
Nonspendable - prepaid items	44,695	-	44,695
Restricted for:			
Capital improvements	3,644,843	-	3,644,843
Road improvements	754,623	-	754,623
Debt service	-	341,517	341,517
Sewer lateral improvements	199,431	-	199,431
Public safety	450,196	-	450,196
Assigned for:			
Subsequent years' budget	133,660	-	133,660
Unassigned	1,966,282	-	1,966,282
Total Fund Balances	7,193,730	341,517	7,535,247
Total Liabilities And Fund Balances	\$ 7,344,711	341,517	7,686,228

CITY OF BLACK JACK, MISSOURI
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Total Fund Balances - Governmental Funds	\$ 7,535,247
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 \$12,430,717 and the accumulated depreciation is \$4,771,152.	7,659,565
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Accrued interest payable	(9,050)
Compensated absences	(44,185)
Bonds payable and related amounts	(991,353)
Unamortized deferred charge on refunding	<u>66,131</u>
Total Net Position Of Governmental Activities	<u><u>\$ 14,216,355</u></u>

CITY OF BLACK JACK, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Totals</u>
REVENUES			
Taxes	\$ 2,381,954	331,383	2,713,337
Licenses	7,569	-	7,569
Intergovernmental	851,015	-	851,015
Other	132,478	-	132,478
False alarms	3,075	-	3,075
Fines and court costs	42,564	-	42,564
Inspections	35,736	-	35,736
Permits	22,240	-	22,240
Investment income	2,197	-	2,197
Zoning Fees	10,525	-	10,525
Total Revenues	<u>3,489,353</u>	<u>331,383</u>	<u>3,820,736</u>
EXPENDITURES			
Current:			
Administration	723,569	-	723,569
Court clerk	59,430	-	59,430
Police	878,073	-	878,073
Public works	468,301	-	468,301
Capital outlay	210,751	-	210,751
Debt service:			
Principal	-	290,000	290,000
Interest and fiscal charges	-	34,664	34,664
Total Expenditures	<u>2,340,124</u>	<u>324,664</u>	<u>2,664,788</u>
NET CHANGE IN FUND BALANCES	1,149,229	6,719	1,155,948
FUND BALANCES, JULY 1	<u>6,044,501</u>	<u>334,798</u>	<u>6,379,299</u>
FUND BALANCES, JUNE 30	<u><u>\$ 7,193,730</u></u>	<u><u>341,517</u></u>	<u><u>7,535,247</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, 2021

Net Change In Fund Balances - Governmental Funds \$ 1,155,948

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 depreciation (\$321,978) exceeded capital outlay over the the capitalization threshold (\$210,747) in the current year. (111,231)

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 payable	2,417
Bonds payable	290,000
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. (6,909)

Change In Net Position Of Governmental Activities \$ 1,328,425

CITY OF BLACK JACK, MISSOURI

NOTES TO FINANCIAL STATEMENTS

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

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. Investments

Investments are reported at fair value.

5. 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:

Assets	Years
Buildings and improvements	20 - 40
Vehicles and equipment	5 - 10
Infrastructure	40

CITY OF BLACK JACK, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. 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.

7. 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).

8. 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.

9. 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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. 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.

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.

11. 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.

NOTE B - CASH AND INVESTMENTS

1. Deposits

The City's bank deposits are secured by certain securities held by the City or its agent in the City's name. The value of the securities exceeds the total of the City's cash not insured by the Federal Deposit Insurance Corporation.

CITY OF BLACK JACK, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

2. Investments

As of June 30, 2021 the City had the following investments:

<u>Investments</u>	<u>Fair Value</u>	<u>Maturity Less Than One Year</u>	<u>Credit Risk</u>
Certificates of deposit - negotiable	\$ 3,084,929	3,084,929	Not rated

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.

Custodial Credit Risk is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The City does not have a custodial credit policy.

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 hierarchy 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 signifi-

CITY OF BLACK JACK, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE B - CASH AND INVESTMENTS (Continued)

3. Fair Value Measurements (Continued)

cant 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. The City only invests in negotiable certificates of deposit which are subject to the fair value classification Level 2.

NOTE C - CAPITAL ASSETS

Capital asset activity was as follows:

	For The Year Ended June 30, 2021			Balance June 30 2021
	Balance June 30 2020	Increases	Decreases	
Capital assets not being depreciated:				
Land	\$ 751,951	-	-	751,951
Capital assets being depreciated:				
Buildings and improvements	3,539,942	-	-	3,539,942
Vehicles and equipment	1,042,761	15,064	-	1,057,825
Infrastructure	6,885,316	195,683	-	7,080,999
Total Capital Assets Being Depreciated	11,468,019	210,747	-	11,678,766
Less - Accumulated depreciation for:				
Buildings and improvements	1,809,999	94,307	-	1,904,306
Vehicles and equipment	752,795	53,096	-	805,891
Infrastructure	1,886,380	174,575	-	2,060,955
Total Accumulated Depreciation	4,449,174	321,978	-	4,771,152
Total Capital Assets Being Depreciated, Net	7,018,845	(111,231)	-	6,907,614
Total Capital Assets, Net	\$ 7,770,796	(111,231)	-	7,659,565

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

	For The Year Ended June 30 2021
Administration	\$ 51,267
Public works	270,711
Total	\$ 321,978

CITY OF BLACK JACK, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE D - LONG-TERM DEBT

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

	June 30 2021
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>\$ 930,000</u>

The bond payments outstanding including interest payments are as follows:

For The Years Ending June 30	Principal	Interest	Total
2022	\$ 300,000	27,150	327,150
2023	310,000	18,900	328,900
2024	320,000	9,600	329,600
Total	\$ 930,000	55,650	985,650

A summary of the changes in long-term liabilities is as follows:

	For The Year Ended June 30, 2021			Amounts Due Within One Year	
	Balance June 30 2020	Additions	Reductions		Balance June 30 2021
	Bonds payable	\$ 1,220,000	-		290,000
Compensated absences	37,276	44,185	37,276	44,185	
Premium	84,345	-	22,992	61,353	
Total	\$ 1,341,621	44,185	350,268	1,035,538	

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

The terms of the bonds have certain optional redemption provisions which allow the City to redeem the bonds. The City is authorized to issue up to an additional \$2,000,000 in general obligation bonds as of June 30, 2021.

CITY OF BLACK JACK, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE E - INSURANCE

The City carries commercial insurance for its risks of loss, including property, workers' compensation, and public officials' liability insurance. Employee health insurance is provided by a third-party insurance company. 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 Voya. 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 \$19,813 for the year ended June 30, 2021.

NOTE G - 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, 2021 amounted to \$878,073. 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, 2021.

NOTE H - 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.

CITY OF BLACK JACK, MISSOURI
NOTES TO FINANCIAL STATEMENTS

NOTE I - FUTURE ACCOUNTING PRONOUNCEMENT

The Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The statements which might impact the City are as follows:

- GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.
- GASB Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with: 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This Statement: 1) defines a SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset--an intangible asset--and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and 4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES				
Taxes				
Capital improvement	\$ 386,750	458,300	470,804	12,504
Cigarette	14,500	13,900	13,586	(314)
Franchise	85,000	78,150	76,944	(1,206)
Public safety	342,000	363,920	375,813	11,893
Sales	990,000	958,650	987,786	29,136
Use	117,000	206,200	206,166	(34)
Utility	238,500	254,200	250,855	(3,345)
Total Taxes	<u>2,173,750</u>	<u>2,333,320</u>	<u>2,381,954</u>	<u>48,634</u>
Licenses	<u>6,900</u>	<u>7,600</u>	<u>7,569</u>	<u>(31)</u>
Intergovernmental				
Gasoline tax	139,000	178,850	183,165	4,315
Motor vehicle tax	59,500	111,775	112,649	874
County road and bridge tax	80,000	79,850	78,687	(1,163)
Grants	5,000	476,514	476,514	-
Total Intergovernmental	<u>283,500</u>	<u>846,989</u>	<u>851,015</u>	<u>4,026</u>
Other				
Miscellaneous	19,800	12,693	12,349	(344)
Rental	93,500	119,300	119,856	556
Sale of asset	-	-	273	273
Total Other	<u>113,300</u>	<u>131,993</u>	<u>132,478</u>	<u>485</u>
Charges for services				
False alarms	4,140	3,075	3,075	-
Fines and court costs	33,000	42,630	42,564	(66)
Inspections	35,000	35,750	35,736	(14)
Permits	16,000	22,275	22,240	(35)
Zoning	500	10,525	10,525	-
Total Charges For Services	<u>88,640</u>	<u>114,255</u>	<u>114,140</u>	<u>(115)</u>
Investment income	<u>35,000</u>	<u>2,200</u>	<u>2,197</u>	<u>(3)</u>
Total Revenues	<u>\$ 2,701,090</u>	<u>3,436,357</u>	<u>3,489,353</u>	<u>52,996</u>

CITY OF BLACK JACK, MISSOURI
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF
EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
EXPENDITURES				
Administration	\$ 752,070	741,285	733,688	(7,597)
Court clerk	61,193	59,485	59,430	(55)
Police	878,073	877,773	878,073	300
Public works	1,120,934	671,635	668,933	(2,702)
Total Expenditures	<u>\$ 2,812,270</u>	<u>2,350,178</u>	<u>2,340,124</u>	<u>(10,054)</u>

NOTES:

Budgets and Budgetary Accounting

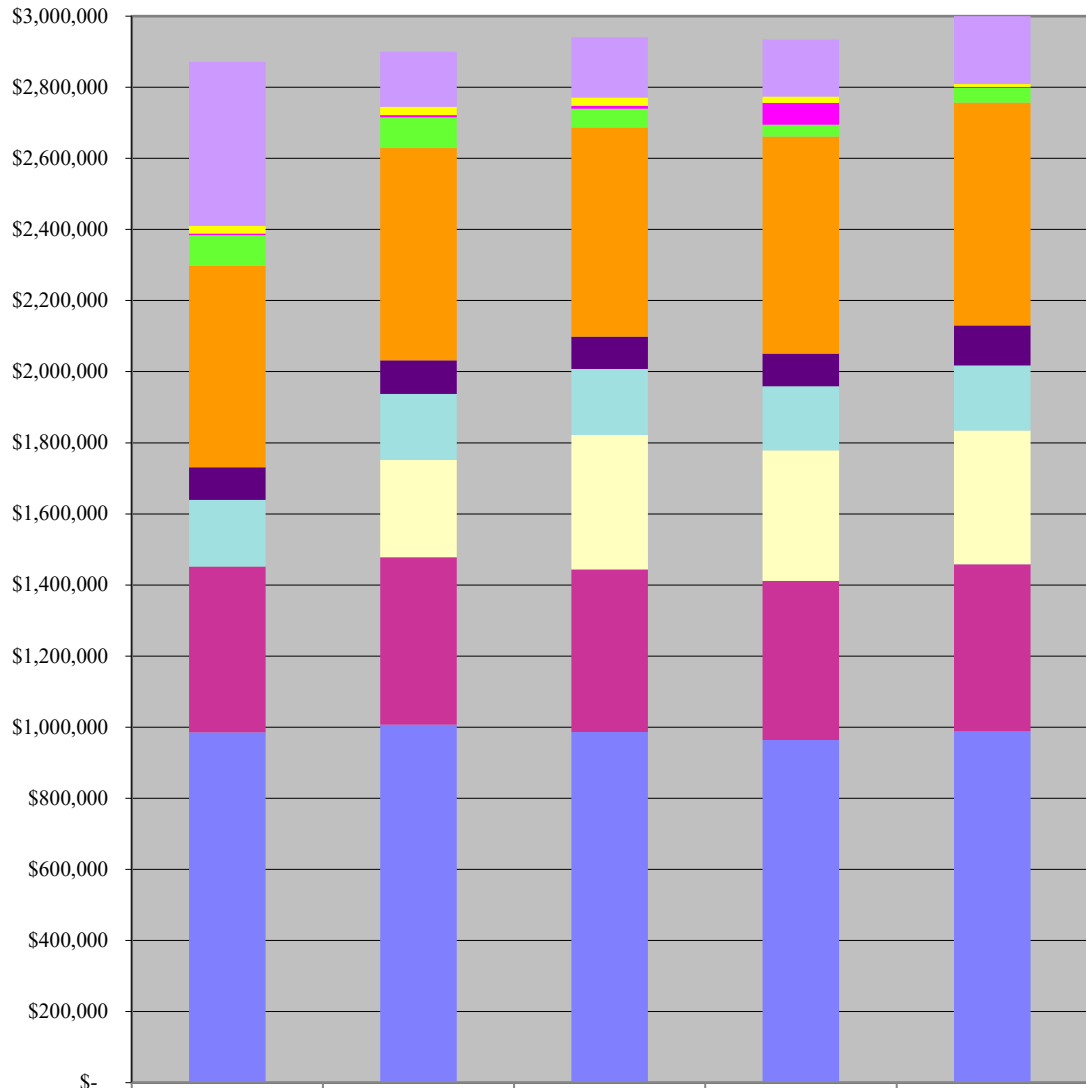
The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- 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.

STATISTICAL INFORMATION SECTION

CITY OF BLACK JACK, MISSOURI
STATISTICAL INFORMATION - GRAPHS

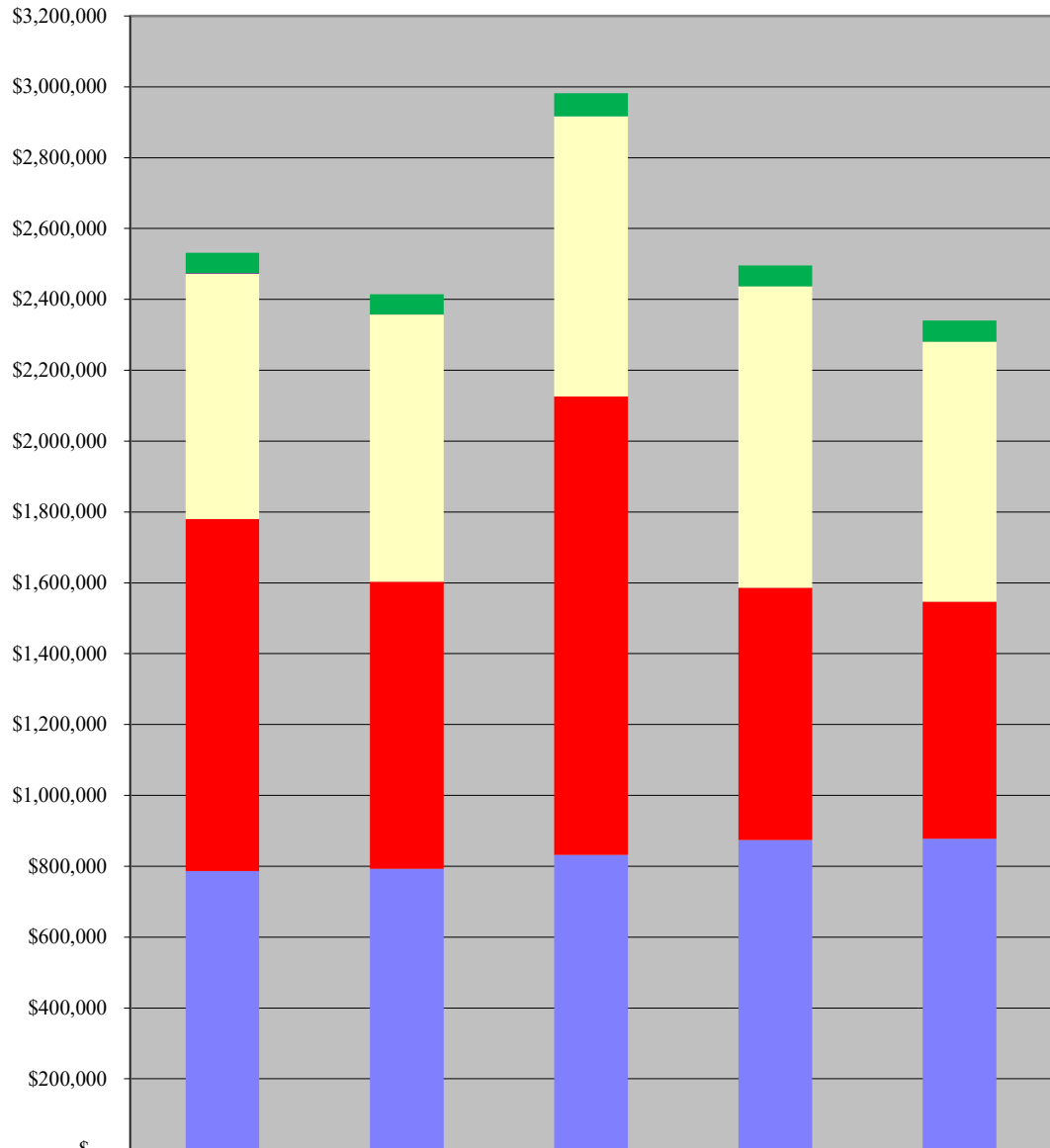
General Fund Revenues
For The Years Ended June 30



	2017	2018	2019	2020	2021
Other	461,172	154,768	169,581	159,865	680,568
Licenses	22,016	23,547	22,815	18,333	7,569
Investment income	4,291	5,873	8,454	61,096	2,197
Fines and court costs	86,069	86,055	52,631	33,156	42,564
Other taxes	566,834	597,756	588,272	611,224	626,238
Motor vehicle tax	91,401	93,953	91,201	91,730	112,649
Gasoline tax	187,819	185,475	185,782	179,738	183,165
Public safety tax	-	273,778	377,761	367,275	375,813
Capital improvement tax	466,331	471,299	457,773	448,290	470,804
Sales tax	985,375	1,007,106	986,232	963,548	987,786

CITY OF BLACK JACK, MISSOURI
STATISTICAL INFORMATION - GRAPHS

General Fund Expenditures
For The Years Ended June 30



	2017	2018	2019	2020	2021
■ Court clerk	56,963	57,168	65,382	58,167	59,430
■ Media	1,387	73	-	-	-
■ Administration	692,614	754,387	790,799	850,682	733,688
■ Public works/Code inspect.	993,511	810,294	1,293,088	712,501	668,933
■ Police	786,778	792,861	832,503	874,128	878,073

CITY OF BLACK JACK, MISSOURI
STATISTICAL 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:

<u>For The</u> <u>Years Ended</u> <u>December 31</u>	<u>Assessed</u> <u>Valuation</u>	<u>Percentage</u> <u>Of Change</u>
2020	\$ 75,125,817	(0.38%)
2019	75,413,842	12.13
2018	67,257,751	(0.55)
2017	67,631,739	5.09
2016	64,357,225	(0.25)

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, 2020:

	<u>Assessed</u> <u>Valuation</u>	<u>Assessment</u> <u>Ratio</u>	<u>Estimated</u> <u>Actual</u> <u>Valuation</u>
Real estate:			
Residential	\$ 58,747,440	19.00%	\$ 309,197,053
Agricultural	7,630	12.00	63,583
Commercial	3,095,810	32.00	9,674,406
State assessed	<u>2,061,005</u>	32.00	<u>6,440,641</u>
Total Real Estate	63,911,885		325,375,683
Personal property	<u>11,213,932</u>	33.33	<u>33,645,161</u>
Total	<u>\$ 75,125,817</u>		<u>\$ 359,020,844</u>

CITY OF BLACK JACK, MISSOURI
STATISTICAL 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:

For The Years Ended December 31	<u>Residential</u>	<u>Commercial</u>	<u>Agriculture</u>	<u>Personal Property</u>
2020	\$ 0.447	0.447	0.447	0.447
2019	0.467	0.467	0.467	0.467
2018	0.520	0.520	0.520	0.520
2017	0.519	0.519	0.519	0.519
2016	0.550	0.550	0.550	0.550

Property Tax Collection Record. The following table sets forth property tax collection information for the City for tax years 2016 through 2021.

For The Fiscal Year Ended June 30	Current Year Tax Levy	Current Taxes Collected By Due Date	Percent Of Current Taxes Collected	Delinquent Taxes Collected	Total Taxes Collected	Percent Of Total Taxes Collected*
2021	\$ 338,277	\$ 259,287	76.65%	\$ 41,863	\$ 301,150	89.02%
2020	351,565	271,464	77.22	40,959	312,423	88.87
2019	350,452	263,049	75.06	76,850	339,899	96.99
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

*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.