




Board of Municipal Utilities Sikeston, Missouri

Independent Auditor's Report and Financial Statements

May 31, 2024



**Board of Municipal Utilities
Sikeston, Missouri
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May 31, 2024**

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Independent Auditor's Report

To the Directors of the Board of Municipal
Utilities Sikeston, Missouri
Sikeston, Missouri

Opinion

We have audited the financial statements of the Board of Municipal Utilities Sikeston, Missouri (the "Board") as of and for the year ended May 31, 2024, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Board as of May 31, 2024, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension, and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The supplemental schedules as listed in the table of contents are presented for purposes of additional analysis and are 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. The 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Forvis Mazars, LLP

Springfield, Missouri
October 1, 2024

**Board of Municipal Utilities
Sikeston, Missouri
Management’s Discussion and Analysis
May 31, 2024**

The following discussion and analysis of the Board of Municipal Utilities Sikeston, Missouri’s (the “Board” or “Utility”) financial performance provides an overview of the Utility’s financial activities for the year ended May 31, 2024. This discussion and analysis should be read in conjunction with the Utility’s audited financial statements and accompanying notes.

Background

The Utility is a municipally owned and operated enterprise engaged in the generation, distribution, and sale of electric energy to retail and wholesale customers within the city limits of the City of Sikeston, Missouri (the “City”). The Utility’s primary asset is a 235 megawatt coal-fired generation station (Sikeston Power Station) located in the City. The Utility has contractual agreements with the Missouri cities of Carthage, Columbia, Fulton, and West Plains to sell certain amounts of wholesale electric energy. The agreements state that each city will purchase a specified entitlement share of power at 110% of its proportionate share of the monthly power costs as defined in the agreements. The agreements also state that each city will pay for the capacity to which it is entitled, whether or not available, and whether or not utilized. The total plant capacity allocated to these cities is 50% of the Sikeston Power Station. The remaining capacity of the Sikeston Power Station is primarily used to serve retail electric customers located in the City. The Utility also routinely enters into short-term contractual agreements with various other municipalities or third parties to sell electric energy. In August 2023 the Utility joined the Southwest Power Pool (SPP) Integrated Marketplace to buy and sell day-ahead energy and real-time energy. In August 2023 the Utility joined the Southwest Power Pool (SPP) Integrated Marketplace to buy and sell day-ahead energy and real-time energy. Excess generation not allocated by contracts is sold in the marketplace at prevailing market prices.

The Utility is managed by a bi-partisan board, which consists of four members appointed by the City council for a term of four years each. The board is responsible for establishing the Utility’s policies, rules, and regulations that govern the day-to-day operations of the utility system. The Utility functions as a separate unit of City government. The Utility prepares annual budgets, which are approved by the board. See *Note 1* to the financial statements for further information regarding the basis of accounting used.

Financial Statements

This report contains three basic financial statements and related notes. The *Balance Sheet* presents the Utility’s financial condition, assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at May 31, 2024. The *Statement of Revenues, Expenses, and Changes in Net Position* presents the Utility’s results of operations and changes in net position for the fiscal year ended May 31, 2024. The *Statement of Cash Flows* presents the Utility’s sources and uses of cash and cash equivalents for the fiscal year ended May 31, 2024. The *Notes to Financial Statements* are an integral part of the basic financial statements and contain information on accounting principles and other matters necessary for a more complete understanding of the Utility’s financial position. The Utility implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, in fiscal year 2024 and elected to present single-year financial statements as part of the implementation. Comparative 2023 financial information presented herein has therefore not been restated for the adoption of GASB 96.

**Board of Municipal Utilities
Sikeston, Missouri
Management's Discussion and Analysis
May 31, 2024**

Summary of Electric System Financial Position

	May 31,	
	<u>2024</u>	<u>2023</u>
ASSETS		
Property and plant and leased assets – net	\$ 62,190,416	\$ 47,704,969
Restricted and other assets	101,269	685,782
Current assets	<u>77,540,565</u>	<u>74,472,801</u>
Total assets	<u>139,832,250</u>	<u>122,863,552</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension and OPEB related	<u>5,945,325</u>	<u>4,440,950</u>
Total deferred outflows of resources	<u>5,945,325</u>	<u>4,440,950</u>
Total assets and deferred outflows of resources	<u><u>\$ 145,777,575</u></u>	<u><u>\$ 127,304,502</u></u>
NET POSITION		
Net investment in capital assets	\$ 49,474,459	\$ 43,264,718
Restricted for debt service	5,712,841	5,437,663
Restricted for net pension asset	-	611,752
Unrestricted	<u>60,168,802</u>	<u>54,948,045</u>
Total net position	<u>115,356,102</u>	<u>104,262,178</u>
LIABILITIES		
Net pension liability	1,139,258	-
Other postemployment benefit liability	3,099,933	3,270,999
Accrued compensated absences – noncurrent	960,806	1,061,283
Subscription liabilities	11,641	-
Leases payable	1,926,199	1,890,462
Current liabilities	<u>21,555,305</u>	<u>13,209,254</u>
Total liabilities	<u>28,693,142</u>	<u>19,431,998</u>
DEFERRED INFLOWS OF RESOURCES		
Pension and OPEB related	1,652,718	3,534,713
Leases	<u>75,613</u>	<u>75,613</u>
	<u>1,728,331</u>	<u>3,610,326</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 145,777,575</u></u>	<u><u>\$ 127,304,502</u></u>

**Board of Municipal Utilities
Sikeston, Missouri
Management's Discussion and Analysis
May 31, 2024**

Summary of the Electric System

Assets

Property and Plant and Leased Assets – Net

The Utility recorded approximately \$14,207,000 in property and plant additions during the year ended May 31, 2024, including construction in progress. The Sikeston Power Station had additions of approximately \$10,521,000 including the new Comstock substation, boiler improvements, and the new bottom ash handling system. The retail system had additions of approximately \$12,858,000 including breakers, transformers, and annual distribution system improvements. Additions to Construction in Progress totaled approximately \$18,466,000 and include a new bottom ash handling system and Comstock Substation at the Sikeston Power Station and the South Industrial Park Substation in the retail system. These additions were offset by the current year depreciation expense and the net leased asset adjustments.

Additional information on the Utility's capital assets can be found in *Note 3* of this report.

Restricted and Other Assets

During 2024, restricted assets decreased approximately \$585,000 due to a reduction of the net pension asset.

Current Assets

During 2024, the increase in current assets of approximately \$3,068,000 was attributed to an increase in cash of \$5,391,000, offset by a \$1,503,000 decrease in coal inventory and \$1,469,000 decrease in the intercompany receivables. Cash increased as a result of the collection of the prior year's true up which included higher outage and capital expenditures, as well as increased interest income.

Deferred Outflows of Resources

During 2024, the increase of approximately \$1,504,000 in deferred outflows of resources was a result of the pension and OPEB related deferred outflows of resources.

Liabilities

Total Liabilities

Total liabilities increased approximately \$9,261,000 as of May 31, 2024. The debt increased approximately \$9,200,000 with the short-term bonds for Comstock Substation. Accounts payable decreased \$1,805,000 as a result of the prior year's larger, extended power plant maintenance outage. Net pension liability increased \$1,139,000. Accruals and other liabilities increased \$728,000.

Deferred Inflows of Resources

During the year ended May 31, 2024, the decrease in deferred inflows of resources was a result of a decrease in the pension and OPEB related inflows of approximately \$1,882,000.

**Board of Municipal Utilities
Sikeston, Missouri
Management's Discussion and Analysis
May 31, 2024**

Summary of Electric Revenues, Expenses, and Changes in Net Position

	May 31,	
	2024	2023
Operating Revenues	\$ 88,165,919	\$ 87,125,549
Operating Expenses	79,584,223	67,929,832
Operating Income	8,581,696	19,195,717
Investment and Other Income	2,700,126	3,572,988
Interest Expense	(187,898)	(67,419)
Nonoperating Income (Expense), Net	2,512,228	3,505,569
Change in Net Position	\$ 11,093,924	\$ 22,701,286

Operating Revenues

During 2024 operating revenues increased approximately \$1,040,000. Wholesale revenues increased approximately \$1,466,000 from 2023, as contract sales increased and spot sales decreased. Retail revenues decreased by approximately \$425,000. Residential kWh sold were down 2.8%, Commercial kWh sold were down 7.6%, and Industrial kWh sold were up 12.4%.

Operating Expenses

Operating expenses increased approximately \$11,924,000 during 2024. Coal and other operations costs increased \$11,000,000 due to the extended outage in the prior year. More coal was used in the current year and the overall price increased \$1.03 per ton. Maintenance costs decreased \$2,437,000 due to a shorter outage in the current year. Purchased power costs decreased \$2,802,000, as joining the SPP Integrated Market contributed to a decrease in replacement power and administrative costs. Depreciation and amortization expense increased \$3,681,000 with the addition of new assets. General and administrative expenses increased \$1,587,000 with a change in accounting for employee benefits year over year.

Nonoperating Income (Expense), Net

During 2024, nonoperating income (expense), net decreased approximately \$993,000. Miscellaneous income decreased \$832,000 due to the GASB 87 reclassification of leases in the prior year and decreased \$289,000 due to the adjustment of Deferred Miners' Benefits in the current year. Investment income was \$290,000 higher due to increased balances and interest rates. Interest expense increased \$120,000 due to interest on the Comstock bond and Dozer lease.

**Board of Municipal Utilities
Sikeston, Missouri
Management's Discussion and Analysis
May 31, 2024**

Summary of Water & Sewer Combined Financial Position

	May 31,	
	2024	2023
ASSETS		
Property and plant and leased assets – net	\$ 36,002,249	\$ 31,515,299
Restricted and other assets	2,784,048	8,123,063
Current assets	7,803,983	9,471,833
Total assets	<u>46,590,280</u>	<u>49,110,195</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension and OPEB related	1,143,042	836,490
Total assets and deferred outflows of resources	<u>\$ 47,733,322</u>	<u>\$ 49,946,685</u>
NET POSITION		
Net investment in capital assets	\$ 6,207,752	\$ 1,703,939
Restricted for debt service	1,375,616	2,373,022
Restricted for net pension asset	-	125,307
Unrestricted	8,840,642	9,612,770
Total net position	<u>16,424,010</u>	<u>13,815,038</u>
LIABILITIES		
Long-term debt, net	24,228,778	28,168,002
Net pension liability	233,335	-
Other postemployment benefit liability	634,926	669,963
Accrued compensated absences – noncurrent	136,307	65,270
Leases payable	3,115,995	3,877,915
Current liabilities	2,621,463	2,627,863
Total liabilities	<u>30,970,804</u>	<u>35,409,013</u>
DEFERRED INFLOWS OF RESOURCES		
Pension and OPEB related	338,508	722,634
Total liabilities, deferred inflows of resources, and net position	<u>\$ 47,733,322</u>	<u>\$ 49,946,685</u>

**Board of Municipal Utilities
Sikeston, Missouri
Management's Discussion and Analysis
May 31, 2024**

Summary of Water and Sewer

Assets

Property and Plant and Leased Assets – Net

The Utility recorded approximately \$4,487,000 of plant and property additions during the year ended May 31, 2024, including Construction in Progress. The Water division had net additions of \$1,816,000 including the new Water Treatment Plant #4 and annual system improvements. The Sewer division had net additions of \$1,890,000 including South Wastewater Treatment Plant improvements, distribution system improvements, lift station rehabilitation, and other annual system improvements. The North Wastewater Treatment Plant had plant upgrades in the amount of \$3,064,000. These additions were offset by the current year depreciation expense and the net leased asset adjustments.

Additional information on the Utility's capital assets can be found in *Note 3* of this report.

Restricted Assets and Other Noncurrent Assets

During 2024, restricted assets and other noncurrent assets include nonoperational funds set aside for specific projects and funds decreased \$5,339,000 as the funds were used on the construction of Water Treatment Plant #4 and the North Wastewater Treatment Plant improvements.

Current Assets

During 2024, current assets decreased approximately \$1,668,000. Grants receivable decreased \$2,500,000 due to the receipt of ARPA grant funds. Cash decreased \$1,343,000 as the Sludge Cleanout Fund was used to clean out the North Wastewater Treatment Plant and operating cash was used on the Outer Road infrastructure and Headworks projects. These decreases were offset by a \$1,469,000 increase in intercompany accounts receivable and a \$699,000 increase in restricted assets.

Deferred Outflows of Resources

The 2024 increase of approximately \$307,000 in deferred outflows of resources was a result of the pension and OPEB related deferred outflows of resources.

Liabilities

Total Liabilities

Total liabilities decreased approximately \$4,438,000 as of May 31, 2024. Long-term debt decreased \$3,939,000 as funds were used to pay down debt on the North Wastewater Treatment Plant improvements and the reclassification of debt from long term to current. Accounts payable decreased \$631,000 due to routine payables fluctuations.

The Utility was able to establish and collect sufficient rates for the water system to meet the 110% debt service requirement for the year ended May 31, 2024. The water rates applied for the year ended May 31, 2024, covered 299% of aggregate debt service costs.

Additional information on the Utility's long-term debt can be found in *Note 4* of this report.

Deferred Inflows of Resources

During 2024, the deferred inflows of resources decreased approximately \$384,000 due to the decrease in the pension and OPEB related inflows.

**Board of Municipal Utilities
Sikeston, Missouri
Management's Discussion and Analysis
May 31, 2024**

Summary of Water & Sewer Revenues, Expenses, and Changes in Net Position

	May 31,	
	2024	2023
Operating Revenues	\$ 8,910,406	\$ 8,128,350
Operating Expenses	7,656,497	6,514,550
Operating Income	1,253,909	1,613,800
Investment and Other Income	2,345,251	3,855,936
Interest Expense	(990,188)	(739,929)
Nonoperating Income, Net	1,355,063	3,116,007
Change in Net Position	\$ 2,608,972	\$ 4,729,807

Operating Revenues

During 2024, consolidated water and sewer operating revenues increased approximately \$782,000 due to rate increases on both water and sewer. Water gallons sold were up 0.6% in fiscal 2024 compared to fiscal 2023. Sewer gallons treated were up 0.8 percent from fiscal 2023.

Operating Expenses

During 2024, consolidated water and sewer operating expenses increased approximately \$1,142,000. Depreciation and amortization expense increased \$674,000 due to the property and plant additions. General and administrative expense increased \$490,000 with a change in accounting for employee benefits year over year.

Nonoperating Income (Expense), Net

During 2024, nonoperating income, net decreased approximately \$1,761,000. Miscellaneous income decreased \$1,511,000 due to the decrease of \$2,500,000 related to the ARPA grant revenue offset by a \$1,146,000 GASB 87 lease reclassification. Customer sewer surcharges were \$577,000 lower than the prior year. Other miscellaneous income increased \$304,000. Investment income increased \$116,000. Interest expense was \$250,000 higher due to the new debt for the North Wastewater Treatment Plant.

**Board of Municipal Utilities
Sikeston, Missouri
Balance Sheet
May 31, 2024**

Assets and Deferred Outflows of Resources

Assets

Property and Plant and Leased Assets

Property and plant, at original cost	\$ 397,269,220
Accumulated depreciation	(332,183,906)
Leased assets	8,883,522
Accumulated amortization	<u>(2,575,136)</u>
	71,393,700
Construction work in progress	<u>26,798,965</u>
Total property and plant, net	<u>98,192,665</u>

Restricted Assets

Debt service account	1,227,827
Construction fund account	<u>2,514,758</u>
	3,742,585
Less amount required to meet current obligations	<u>(958,537)</u>
Total restricted assets	<u>2,784,048</u>

Other Noncurrent Assets

Subscription assets, net	27,239
Lease receivable	<u>74,030</u>
Total noncurrent assets	<u>101,269</u>

Current Assets

Cash and cash equivalents	54,346,728
Restricted assets – current	958,537
Accounts receivable, net	11,267,886
Coal inventories	10,468,126
Materials and supplies	7,472,726
Prepaid expenses and other assets	826,413
Lease receivable	<u>4,132</u>
Total current assets	<u>85,344,548</u>

Total assets	<u>186,422,530</u>
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Deferred Outflows of Resources

Pension related	6,616,820
Other postemployment benefits related	<u>471,547</u>
Total deferred outflows of resources	<u>7,088,367</u>

Total assets and deferred outflows of resources	<u>\$ 193,510,897</u>
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NET POSITION, LIABILITIES, AND DEFERRED INFLOWS OF RESOURCES

Net Position

Net investment in capital assets	\$ 55,682,211
Restricted for debt service	7,088,457
Unrestricted	69,009,444
Total net position	<u>131,780,112</u>

Long-Term Debt

	23,137,356
Add: Unamortized bond premium	<u>1,091,422</u>
Total long-term debt, net	<u>24,228,778</u>

Other Noncurrent Liabilities

Net pension liability	1,372,593
Total other postemployment benefit liability	3,734,859
Accrued compensated absences	1,097,113
Subscription liabilities	11,641
Leases payable	5,042,194
Total other noncurrent liabilities	<u>11,258,400</u>

Current Liabilities Payable from Restricted Assets

Current maturities of long-term debt	<u>958,537</u>
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Current Liabilities Payable from Unrestricted Assets

Accounts payable	8,875,307
Accrued interest payable	166,812
Current maturities of long-term debt	9,200,000
Leases payable	1,458,878
Customer deposits	810,673
Accrued mine shutdown costs	745,514
Other accruals	1,961,047
	<u>23,218,231</u>
Total current liabilities	<u>24,176,768</u>

Deferred Inflows of Resources

Pension related	663,227
Other postemployment benefits related	1,327,999
Leases	75,613
Total deferred outflows of resources	<u>2,066,839</u>

Total net position, liabilities, and deferred inflows of resources	<u>\$ 193,510,897</u>
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**Board of Municipal Utilities
Sikeston, Missouri
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended May 31, 2024**

Operating Revenues	
Retail	\$ 39,933,418
Wholesale	<u>57,142,907</u>
Total operating revenues	<u>97,076,325</u>
Operating Expenses	
Production and operations	57,809,620
Purchased power	4,164,414
Distribution costs	4,988,674
Depreciation and amortization	11,952,084
General and administrative	5,226,853
Pension expense	810,538
Other postemployment benefits expense	280,273
Donated services	1,093,508
Other operating expenses	<u>914,756</u>
Total operating expenses	<u>87,240,720</u>
Operating Income	<u>9,835,605</u>
Nonoperating Income (Expense)	
Investment income	2,364,547
Interest expense	(1,178,086)
Miscellaneous, net	<u>2,680,830</u>
Net nonoperating income (expense)	<u>3,867,291</u>
Increase in Net Position	13,702,896
Net Position	
Beginning of year	<u>118,077,216</u>
End of year	<u><u>\$ 131,780,112</u></u>

**Board of Municipal Utilities
Sikeston, Missouri
Statement of Cash Flows
Year Ended May 31, 2024**

Cash Flows from Operating Activities

Receipts from customers and others	\$ 99,062,381
Payments to suppliers	(66,364,684)
Payments to employees	(12,665,930)
Proceeds for mine shutdown	49,324

Net cash provided by operating activities	20,081,091
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Cash Flows from Investing Activities

Decrease in temporary investments maintained in debt service accounts	4,515,171
Interest received	2,364,547

Net cash provided by investing activities	6,879,718
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**Cash Flows from Capital and Related
Financing Activities**

Purchase of property and plant, net	(29,041,581)
Proceeds from issuance of long-term debt	9,200,000
Payment of long-term debt and lease obligations	(4,496,172)
Payments on subscription liabilities	(29,972)
Interest paid	(1,226,101)
Other nonoperating revenues	2,680,830

Net cash used in capital and related financing activities	(22,912,996)
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Change in cash and cash equivalents	4,047,813
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Cash and Cash Equivalents

Beginning of year	50,298,915
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End of year	\$ 54,346,728
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Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

The Board of Municipal Utilities Sikeston, Missouri (the “Board” or the “Utility”) is a municipally owned and operated enterprise engaged in the generation, distribution, and sale of electric energy to wholesale and retail customers, and the treatment, distribution, and sale of water and operation of a sanitary sewer system within the city limits of the city of Sikeston, Missouri (the “City”). The Board’s primary asset is a 235-megawatt coal-fired generation station (the “Sikeston Power Station”) located in the City. The Utility has contractual agreements (the “Agreements”) with the Missouri cities of Carthage, Columbia, Fulton, and West Plains to sell certain amounts of wholesale electric energy. The Agreements state that each city will purchase a specified entitlement share of power at 110% of its proportionate share of the monthly power costs as defined in the Agreements for various annual periods extending through the useful life of the plant. Additional capacity has been negotiated at 100% in certain agreements. The Agreements also state that each city will pay for the capacity to which it is entitled, whether or not available, and whether or not utilized. The total plant capacity allocated to these cities is 50% of the Sikeston Power Station. The remaining capacity of the Sikeston Power Station is primarily used to serve retail electric customers located in the City. The Board also routinely enters into short-term contractual agreements with various municipalities and other third parties to sell electric energy. In August 2023 the Utility joined the Southwest Power Pool (SPP) Integrated Marketplace to buy and sell day-ahead energy and real-time energy. In August 2023 the Utility joined the Southwest Power Pool (SPP) Integrated Marketplace to buy and sell day-ahead energy and real-time energy. Excess generation not allocated by contracts is sold in the marketplace at prevailing market prices.

The Utility is managed by a bipartisan board, which consists of four members appointed by the City council for a term of four years each. This board is responsible for establishing the Utility’s policies, rules, and regulations that govern the day-to-day operations of the utility system. The Utility functions as a separate unit of the City government.

Basis of Accounting and Presentation

The Utility is accounted for as a business-type entity. Significant interdepartment accounts, including interdepartment sales, have been eliminated. The Board accounts for its transactions on the economic resources measurement focus and uses the accrual basis of accounting under which revenues are recognized when earned and expenses are recorded when liabilities are incurred. The financial statements are prepared in accordance with generally accepted accounting principles and follow accounting guidance provided by the Governmental Accounting Standards Board (GASB) in the regulated operations provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements*, which permit certain entities with cost-based rates to defer certain costs or income that would otherwise be recognized when incurred to the extent that the rate-regulated entity is recovering or expects to recover such amounts in future rates charged to its customers.

This method includes the philosophy that debt service requirements, as opposed to depreciation or amortization, are a cost for rate making purposes. At May 31, 2024, there were no other regulatory assets or liabilities recorded. The Board’s accounting records generally follow the Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions which impact the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

**Board of Municipal Utilities
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Property and Plant

The costs of additions to and betterments of units of property and plant are capitalized. Maintenance and repairs, including replacement of minor items of property, are charged to expense as incurred. When units of depreciable property are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is recorded.

Depreciation

Provisions for depreciation of property and plant are charged to expense and credited to accumulated depreciation in accordance with a policy of providing for the retirement of depreciable property and plant over its expected useful life on a straight-line basis.

Lives of major classes of depreciable property are:

Class	Years
Buildings	40–50
Plant in service	4–40
Distribution systems	20–40
Trucks and autos	4
Railcars	14
Furniture, fixtures, and equipment	3–10
Telecommunications	3

Restricted Assets

Restricted assets consist of interest-bearing cash accounts and fixed income securities held at financial institutions. All investments are carried at fair value. Fair value is determined using quoted market prices.

Investment income includes dividend and interest income, realized and unrealized gains and losses on investments carried at other than fair value and the net change for the year in the fair value of investments carried at fair value.

Bond Discounts, Premiums, and Losses on Refunding

Premiums and discounts associated with bonds are deferred and amortized over the term of the related indebtedness and are shown in long-term debt. Losses incurred in conjunction with debt refunding are deferred and amortized over the term of the related indebtedness and are included in deferred outflows of resources.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Utility has defined cash and cash equivalents as all highly liquid investments that mature within 90 days. The carrying amount approximates fair value because of the short maturity of those instruments. Investments in restricted accounts are excluded from cash and cash equivalents. At May 31, 2024, cash equivalents consisted of money market funds held through financial institutions.

Accounts, Notes, and Other Receivables

An estimate is made for the provision for uncollectible accounts based on an analysis of the aging of accounts receivable and historical write-offs, net of recoveries. Additional amounts may be included based upon the credit risks of significant parties. The allowance totaled approximately \$185,000 as of May 31, 2024.

Coal Inventories and Materials and Supplies

The Board has an agreement with Western Fuels Association, Inc. (WFA) for the procurement of coal through December 31, 2025. Under the provisions of this agreement and related coal supply agreements, the Board is required to purchase a minimum of 600,000 tons of coal per year through December 31, 2026. The price of coal is based on costs incurred by WFA to acquire and supply the coal over the life of the agreement. The Utility has an agreement for delivery of this coal with the BNSF Railway Company which extends through December 31, 2025. The cost to deliver the coal is established through a base price, which is adjusted quarterly by indices set forth in the agreement. During each calendar year, there is a Minimum Annual Volume Requirement in the agreement which will not be less than 600,000 tons. Coal inventories and material and supplies are stated at the lower of average cost or market, cost being determined on the basis of moving average price.

Capital, Lease, and Subscription Asset Impairment

The Utility evaluates capital, lease, and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in service utility of a capital, lease, and subscription asset has occurred. No asset impairment was recognized during the year ended May 31, 2024.

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Change in Accounting Principle

In 2024, the Utility adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Under the standard, all long-term SBITAs will now be required to be recognized on the balance sheet as both a subscription asset and a subscription liability. The implementation of the Statement did not significantly impact the balance sheet as of June 1, 2023, when the standard was implemented. The Utility did not restate the prior year information and elected to present single year financial statements for fiscal year 2024.

Deferred Outflows and Inflows of Resources

The Utility reports the consumption of net assets that is applicable to a future reporting period as deferred outflows of resources in a separate section of its balance sheets. These outflows include unamortized loss related to debt refundings, as well as pension, and other postretirement related items.

The Utility reports an acquisition of net assets that is applicable to a future reporting period as deferred inflows of resources in a separate section of its balance sheets. These inflows include leases, pension, and other postretirement related items.

Net Position Classification

Net position is required to be classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- Net investment in capital assets – consists of capital assets and leased assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any debt that is attributable to those assets.
- Restricted – consists of those assets that have constraints placed upon their use imposed either by creditors (such as through debt covenants) or through laws, regulations, or constraints imposed by law through constitutional provisions or enabling legislation, reduced by any liabilities to be paid from these assets.
- Unrestricted – consists of the net amount of assets that do not meet the definition of restricted or net investment in capital assets.

Revenue and Fuel Costs

The Utility records revenue as services are rendered and includes an estimate for services delivered but unbilled at year-end. Wholesale revenue is recorded based upon monthly consumption billed at budgeted annual production costs and is adjusted annually to reflect actual production costs incurred. Fuel costs are expensed as the fuel is consumed.

Donated Services

The City is not charged by the Board for services rendered to the City. Such services include street lights, fire hydrants, and consumption of electricity and water by other City departments. The Utility is not currently required to pay franchise or property taxes to the City. Donated services totaled approximately \$1,094,000 for the year ended May 31, 2024.

Vacation and Sick Leave

Under the terms of the Utility's personnel policy, employees are granted vacation and sick leave. Supervisory and management employees accrue annual leave, which can be used for both vacation and sick leave. At the end of each calendar year, any employee's unused annual leave from that year will be accumulated, up to the maximum of 960 hours. In the event of termination, the employee is paid for 75% of accumulated annual leave. Full-time hourly employees have accrued vacation after one year of service and can rollover up to 40 hours of unused time to the next calendar year. Hourly employees also receive sick leave which can be accumulated up to the maximum 960 hours. In the event of termination, the employee will be paid for unused and unexpired accrued vacation leave and 40% of accumulated sick leave if the employee has ever reached 500 hours. The liabilities for accrued annual leave, sick leave, and vacation leave are presented as other liabilities in both the noncurrent and current portions of the accompanying balance sheet, representing the estimated amounts to be paid in future years to current employees for services rendered through the current year.

Agent Multiple Employer Defined Benefit Pension Plan

For purposes of measuring the net pension liability/(asset), deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Defined Benefit Other Postemployment Benefit Plan Non-Trusted Single – Employer

The Utility has a single-employer defined benefit other postemployment benefit (OPEB) plan, providing health insurance to retirees (the “OPEB Plan”). For purposes of measuring the total OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Risk Management

The Utility is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than employee health claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The Utility is self-insured for a portion of its exposure to risk of loss from employee health claims. Annual estimated provisions are accrued for the self-insured portion of employee health claims and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

Note 2. Deposits, Investments, and Investment Income

The Utility may maintain cash and investments in U.S. government securities and agencies, federal instrumentalities, repurchase agreements, commercial paper, money market mutual funds, and interest-bearing time deposits. At May 31, 2024, deposits of \$58,089,313 were held in cash and cash equivalents.

Custodial credit risk is the risk that in the event of a bank failure, a Utility’s deposits may not be returned to it. The Utility’s deposit policy for custodial risk requires compliance with the provision of the state law. State law requires collateralization of all deposits with federal insurance and other acceptable collateral in specific amounts. At May 31, 2024, none of the Utility’s bank balances were exposed to custodial credit risk.

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As of May 31, 2024, Sikeston Board of Municipal Utilities held cash and investments for restricted and designated purposes as follows:

Electric System

Designated funds	
Contingency fund investments	\$ 5,693,818
Operations and maintenance reserve	10,228,854
Retail rate stabilization	542,025
Mine shutdown costs	3,791,342
Total designated	<u>20,256,039</u>
Unrestricted and undesignated	<u>29,201,658</u>
 Total cash and cash equivalents	 <u><u>\$ 49,457,697</u></u>

Water & Sewer System

Debt service reserve account	\$ 1,227,827
Designated funds	
Operations and maintenance reserve	1,289,150
Lagoon sludge cleanout fund	446,854
Capital replacement reserve	150,094
Construction fund account	628,660
Total restricted and designated	<u>3,742,585</u>
Unrestricted and undesignated	<u>4,889,031</u>
 Total cash and cash equivalents	 <u><u>\$ 8,631,616</u></u>

**Board of Municipal Utilities
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Interest Rate Risk – Interest rate risk is the risk that the fair value of the Utility’s fixed income investments will decrease as a result of increases in interest rates. As of May 31, 2024, the Utility did not hold investments.

Credit Risk – Credit risk is the risk that the Utility will not recover its investment due to the inability of the counterparty to fulfill its obligations. As of May 31, 2024, the Utility did not have any investment in government agencies.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the Utility’s investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government are excluded from this requirement. The Utility purchases investments that carry the implicit backing of the U.S. government, but are not direct obligations of the U.S. government. As of May 31, 2024, the Utility did not have any investments in U.S. agency securities.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Utility will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. While the Utility’s investment policy does not directly address custodial credit risk, all investments held by the Utility or by an agent of the Utility are in the Utility’s name. As of May 31, 2024, the Utility did not hold investments.

Note 3. Capital Assets and Leased Assets

Capital asset and leased asset activity for the year ended May 31, 2024, is as follows:

Electric System

	Beginning Balance	Additions	Disposals	Transfers/ Adjustments	Ending Balance
Land	\$ 6,410,114	\$ -	\$ -	\$ -	\$ 6,410,114
Buildings	48,383,174	76,066	-	381,150	48,840,390
Plant in service	216,710,805	1,580,458	(1,546)	6,597,071	224,886,788
Distribution system	45,860,019	2,316,194	(5,051)	9,610,871	57,782,033
Trucks and autos	1,816,552	605,020	(168,414)	-	2,253,158
Railcars	6,092,589	-	-	-	6,092,589
Furniture, fixtures, and equipment	5,476,433	160,247	(13,801)	204,505	5,827,384
Telecommunications equipment	1,999,729	-	-	204,374	2,204,103
Construction in progress	15,090,420	18,465,988	-	(16,997,971)	16,558,437
	<u>347,839,835</u>	<u>23,203,973</u>	<u>(188,812)</u>	<u>-</u>	<u>370,854,996</u>
Less accumulated depreciation	<u>(302,384,424)</u>	<u>(8,996,966)</u>	<u>174,981</u>	<u>-</u>	<u>(311,206,409)</u>
	<u>\$ 45,455,411</u>	<u>\$ 14,207,007</u>	<u>\$ (13,831)</u>	<u>\$ -</u>	<u>\$ 59,648,587</u>
Leased assets	\$ 2,684,956	\$ 903,313	\$ -	\$ -	\$ 3,588,269
Less accumulated amortization	<u>(435,398)</u>	<u>(611,042)</u>	<u>-</u>	<u>-</u>	<u>(1,046,440)</u>
	<u>\$ 2,249,558</u>	<u>\$ 292,271</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,541,829</u>

**Board of Municipal Utilities
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Water and Sewer System

	Beginning Balance	Additions	Disposals	Transfers/ Adjustments	Ending Balance
Land	\$ 921,767	\$ -	\$ -	\$ -	\$ 921,767
Buildings	5,245,632	62,459	-	14,820,996	20,129,087
Plant in service	6,510,837	92,327	-	-	6,603,164
Distribution system	6,948,582	671,249	-	1,112,325	8,732,156
Trucks and autos	646,420	132,776	(16,887)	-	762,309
Furniture, fixtures, and equipment	5,591,292	346,886	(114,000)	-	5,824,178
Construction in progress	20,656,296	5,517,553	-	(15,933,321)	10,240,528
	<u>46,520,826</u>	<u>6,823,250</u>	<u>(130,887)</u>	<u>-</u>	<u>53,213,189</u>
Less accumulated depreciation	<u>(19,442,060)</u>	<u>(1,552,324)</u>	<u>16,887</u>	<u>-</u>	<u>(20,977,497)</u>
	<u>\$ 27,078,766</u>	<u>\$ 5,270,926</u>	<u>\$ (114,000)</u>	<u>\$ -</u>	<u>\$ 32,235,692</u>
Leased assets	\$ 5,181,254	\$ 113,999	\$ -	\$ -	\$ 5,295,253
Less accumulated amortization	<u>(744,721)</u>	<u>(783,975)</u>	<u>-</u>	<u>-</u>	<u>(1,528,696)</u>
	<u>\$ 4,436,533</u>	<u>\$ (669,976)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,766,557</u>
Total System Combined	<u>\$ 79,220,268</u>	<u>\$ 19,100,228</u>	<u>\$ (127,831)</u>	<u>\$ -</u>	<u>\$ 98,192,665</u>

Note 4. Long-Term Obligations

The Board's long-term indebtedness (excluding current maturities of long-term debt) as of May 31, 2024, is comprised of the following obligations.

Water and Sewer System

Water certificates of participation issued December 3, 2020, 2% to 5%, due in installments through September 1, 2050	\$ 17,575,000
2023 FSCB NWWTP Upgrades	<u>5,562,356</u>
Total System Combined	<u>\$ 23,137,356</u>

**Board of Municipal Utilities
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The summarized activity of the Board's long-term obligations (including current maturities of long-term debt) during the year ended May 31, 2024, is presented below:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>	<u>Amount Due in One Year</u>
Electric System					
2024 Comstock Bond	\$ -	\$ 9,200,000	\$ -	\$ 9,200,000	\$ 9,200,000
Total long-term debt	-	9,200,000	-	9,200,000	9,200,000
Other long-term liabilities					
Leases payable	2,281,069	903,313	561,226	2,623,156	696,957
Subscription liabilities	-	11,641	-	11,641	-
Accrued compensated absences	1,208,376	341,112	288,013	1,261,475	300,669
	<u>3,489,445</u>	<u>1,256,066</u>	<u>849,239</u>	<u>3,896,272</u>	<u>997,626</u>
Total long-term obligations	<u>\$ 3,489,445</u>	<u>\$ 10,456,066</u>	<u>\$ 849,239</u>	<u>\$ 13,096,272</u>	<u>\$ 10,197,626</u>
Water & Sewer System					
2020 Certificates of Participation	\$ 18,495,000	\$ -	\$ 260,000	\$ 18,235,000	\$ 660,000
2023 FSCB NWWTP Upgrades	8,800,000	-	2,939,107	5,860,893	298,537
Total long-term debt	<u>27,295,000</u>	<u>-</u>	<u>3,199,107</u>	<u>24,095,893</u>	<u>958,537</u>
Add: Unamortized premium	1,133,002	-	(41,580)	1,091,422	-
Total long-term debt	<u>28,428,002</u>	<u>-</u>	<u>3,240,687</u>	<u>25,187,315</u>	<u>958,537</u>
Other long-term liabilities					
Leases payable	4,613,755	-	735,839	3,877,916	761,921
Accrued compensated absences	172,229	52,589	43,065	181,753	45,446
	<u>4,785,984</u>	<u>52,589</u>	<u>778,904</u>	<u>4,059,669</u>	<u>807,367</u>
Total long-term obligations	<u>\$ 33,213,986</u>	<u>\$ 52,589</u>	<u>\$ 4,019,591</u>	<u>\$ 29,246,984</u>	<u>\$ 1,765,904</u>
Total System Combined	<u>\$ 36,703,431</u>	<u>\$ 10,508,655</u>	<u>\$ 4,868,830</u>	<u>\$ 42,343,256</u>	<u>\$ 11,963,530</u>

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On April 8, 2024, the Board of Municipal Utilities of the City of Sikeston, Missouri issued Series 2024 Special Obligation Bonds totaling \$9,200,000. The bonds accrue interest at the 30-day Prime Rate, but not exceeding 10%. Monthly interest payments are required beginning May 1, 2024. All unpaid principal interest is due in full at maturity of the bonds, April 1, 2025.

The debt service to maturity on the outstanding obligations as of May 31, 2024, is summarized in the following table:

Year Ending May 31,	Total to Be Paid	Debt	
		Principal	Interest
2025	\$ 10,962,174	\$ 10,158,537	\$ 803,637
2026	1,763,299	1,008,186	755,113
2027	1,767,549	1,063,555	703,994
2028	1,764,923	1,114,676	650,247
2029	1,765,424	1,171,590	593,834
2030–2051	24,194,707	18,779,349	5,415,358
	<u>\$ 42,218,076</u>	<u>\$ 33,295,893</u>	<u>\$ 8,922,183</u>

Note 5. Leases

The Utility engages in lease contracts, either as the lessor or the lessee, in the normal course of doing business.

Lease Receivable

The Utility leases fiber optic assets. Lease terms range from 10 to 25 years and expire 2032 through 2040. The lease receivable balance as of May 31, 2024, was \$78,162, of which \$4,132 is current and \$74,030 is long-term on the balance sheet. The Utility recognized revenue of \$6,402 and interest income of \$2,423 which is reported on the statement of revenues, expenses, and changes in net position. The leases were measured based upon the interest rates explicit per the contracts. There were no variable lease payments received in 2024.

Lease Payable

The Utility leases equipment from third parties. Lease terms range from 3 to 19 years and expire 2026 through 2030. The Utility has lease assets totaling \$8,883,522 with associated accumulated amortization of \$2,575,136 and lease payable totaling \$6,501,072 of which \$5,042,194 is shown as current and \$1,458,878 is shown as noncurrent, as of May 31, 2024, on the balance sheet. The leases were measured based upon the interest rates explicit per the contracts.

**Board of Municipal Utilities
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The following is a schedule by year of payments under the leases as of May 31, 2024:

Year Ending May 31,	Total to Be Paid	Principal	Interest
2025	\$ 1,646,801	\$ 1,458,878	\$ 187,923
2026	1,647,053	1,507,267	139,786
2027	1,463,236	1,371,145	92,091
2028	1,331,821	1,281,049	50,772
2029	809,443	794,876	14,567
Thereafter	90,996	87,857	3,139
	\$ 6,989,350	\$ 6,501,072	\$ 488,278

Note 6. Debt Service Requirements

Water System

The 2020 certificates of participation requires the Board to establish and collect sufficient rates for the Water System to meet the 110% of basic rent payments requirement. For the year ended May 31, 2024, the Water System covered 299% of basic rent payments. In the event revenues are not sufficient to make payments or meet the basic rents coverage ratio, the Board is to use funds from the Sewer System and other legally available funds of the Board. Management intends to increase rates as needed to meet all requirements.

Note 7. Pension and Benefit Plans

Defined Benefit Pension Plan

Plan Description

The Utility's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The Utility participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer defined benefit pension plan, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS' responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

**Board of Municipal Utilities
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Benefits Provided

LAGERS provides retirement, death, and disability benefits. Benefit provisions are adopted by the governing body of the Utility, within the options available in the state statutes governing LAGERS. All benefits vest after five years of credited service. Employees who retire on or after age 60 with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 and receive a reduced allowance.

	2024 Valuation
Benefit multiplier	2.0% for life
Final average salary	3 years
Member contributions	0%

Benefit terms provide for annual postretirement adjustments to each member’s retirement allowance subsequent to the member’s retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees Covered by Benefit Terms

At June 30, 2023, the measurement date for the total pension liability/(asset) at May 31, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	147
Inactive employees entitled to but not yet receiving benefits	11
Active employees	130
	288

Contributions

The Utility is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the Utility do not contribute to the pension. At May 31, 2024, the Utility’s contribution rate was 23.7% of annual covered payroll. Contributions by the Utility for the year ended May 31, 2024, were \$2,750,877.

Net Pension Liability/(Asset)

The Utility’s net pension liability/(asset) as of May 31, 2024, was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability/(asset) was determined by actuarial valuations as of February 28, 2023, rolled forward to June 30, 2023. The roll-forward of total pension liability from February 28, 2023, to June 30, 2023, reflects expected service costs and interest reduced by actual benefit payments and administrative expenses.

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Actuarial Assumptions

The total pension liability in the February 28, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% wage inflation; 2.25% price inflation
Salary increase	2.75% to 6.75%, including wage inflation
Investment rate of return	7.00%, net of investment expenses

The healthy retiree mortality tables, for postretirement mortality, were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for postretirement mortality, used in evaluating allowances to be paid were 115% of the PubNS-2010 Disabled Retiree Mortality Table for males and females. The preretirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire, and Public Safety groups.

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2023, valuation were based on the results of an actuarial experience study for the period March 1, 2016, through February 28, 2021.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses, and inflation) were developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Equity	39.00%	4.16%
Fixed income	28.00%	1.05%
Real assets	33.00%	2.09%

Discount Rate

At May 31, 2024, the discount rate used to measure the total pension liability/(asset) is 7.00%. The projection of cash flows used to determine the discount rate assumes that employer contributions will be made at the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability/(asset).

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Changes in the Net Pension (Asset) Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balances, May 31, 2023	\$ 81,418,392	\$ 82,155,451	\$ (737,059)
Changes for the year			
Service cost	1,215,397	-	1,215,397
Interest	5,574,004	-	5,574,004
Difference between expected and actual experience	1,702,941	-	1,702,941
Contributions – employer	-	2,730,600	(2,730,600)
Net investment income	-	2,926,014	(2,926,014)
Benefit payments, including refunds	(4,856,499)	(4,856,499)	-
Administrative expense	-	(44,136)	44,136
Other changes	-	770,212	(770,212)
Net changes	<u>3,635,843</u>	<u>1,526,191</u>	<u>2,109,652</u>
Balances, May 31, 2024	<u>\$ 85,054,235</u>	<u>\$ 83,681,642</u>	<u>\$ 1,372,593</u>

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following represents the net pension asset of the Utility, calculated using the discount rate of 7.00%, as well as what the Utility's net pension liability/(asset) would be using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	Current Single Discount		
	1% Decrease 6.00%	Rate Assumption 7.00%	1% Increase 8.00%
Total pension liability	\$ 95,523,022	\$ 85,054,235	\$ 76,239,858
Plan fiduciary net position	<u>83,681,629</u>	<u>83,681,642</u>	<u>83,681,629</u>
Net pension liability/(asset)	<u>\$ 11,841,393</u>	<u>\$ 1,372,593</u>	<u>\$ (7,441,771)</u>

**Board of Municipal Utilities
Sikeston, Missouri
Notes to Financial Statements
May 31, 2024**

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

For the year ended May 31, 2024, the Utility recognized pension expense of \$810,538. As of May 31, 2024, the Utility reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,902,145	\$ -
Changes of assumptions	-	663,227
Net difference between projected and actual earnings on pension plan investments	1,172,448	-
Contributions subsequent to the measurement date *	<u>2,542,227</u>	<u>-</u>
	<u>\$ 6,616,820</u>	<u>\$ 663,227</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a decrease in the net pension liability for the year ending May 31, 2025.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
2025	\$ 589,035
2026	(433,137)
2027	2,252,768
2028	987,708
2029	<u>14,992</u>
	<u>\$ 3,411,366</u>

Payable to the Pension Plan

At May 31, 2024, the Utility reported a payable of \$289,609 for the outstanding amount of contributions to the pension plan required for the year-end. This amount is included in other accruals on the balance sheet.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued LAGERS financial report.

Note 8. Other Postemployment Health Care Plan

Plan Description

The Utility currently provides postretirement health insurance benefits to all employees meeting certain criteria, and their spouses, in the form of a single-employer defined benefit other postemployment benefit (OPEB) plan. Benefit provisions are contained in the plan document and were established and can be amended by action of the Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Plan Description

The OPEB Plan provides medical and prescription drug benefits to eligible retirees and their spouses. Generally, if the employee is at least 60 and chooses to retire, these benefits are paid for the five-year period until the employee is eligible for Medicare. Neither active nor retired employees currently contribute premiums to this coverage.

The employees covered by the benefit terms at May 31, 2024, are:

Inactive employees or beneficiaries currently receiving benefits	15
Active employees	<u>133</u>
	<u><u>148</u></u>

Total OPEB Liability

The Utility’s total OPEB liability of \$3,734,859 was measured as of May 31, 2024, for the year then ended, and was determined by an actuarial valuation as of May 31, 2024, using census data from 2023.

The total OPEB liability in the May 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	3.00%
Discount rate	4.13%
Salary increase	3.00%
Health care cost trend rates	7.00% decreasing 0.25% per year ultimate rate of 4.0%

The discount rate used for the plan was the 20-year, tax-exempt municipal bond rate per the Bond Buyer 20-Bond GO Index, as there are no assets in the plan.

Mortality rates were based on the Pub-2010 generational scale MP-2020 to reflect the Society of Actuaries’ recent mortality study.

**Board of Municipal Utilities
Sikeston, Missouri
Notes to Financial Statements
May 31, 2024**

Changes in Total OPEB Liability

Changes in total OPEB liability for the year ended May 31, 2024, are:

Total OPEB liability, beginning of year	<u>\$ 3,940,962</u>
Changes for the year	
Service cost	189,051
Interest	146,014
Changes in assumptions or other inputs	(89,371)
Benefit payments	<u>(451,797)</u>
Net changes	<u>(206,103)</u>
Total OPEB liability, end of year	<u><u>\$ 3,734,859</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rates

The total OPEB liability of the Utility has been calculated using a discount rate of 4.13%. The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 3,960,000	\$ 3,734,859	\$ 3,524,000

The total OPEB liability of the Utility has been calculated using health care cost trend rates of 7.00%, decreasing to 4%. The following presents the total OPEB liability using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates.

	<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 3,418,000	\$ 3,734,859	\$ 4,101,000

**Board of Municipal Utilities
Sikeston, Missouri
Notes to Financial Statements
May 31, 2024**

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended May 31, 2024, the Utility recognized OPEB expense of \$280,273. At May 31, 2024, the Utility reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 844,907
Changes of assumptions and inputs	<u>471,547</u>	<u>483,092</u>
Total	<u>\$ 471,547</u>	<u>\$ 1,327,999</u>

Deferred outflows and inflows of resources at May 31, 2024, related to OPEB will be recognized in OPEB expense as follows:

Year Ended	
2025	\$ (54,792)
2026	(54,792)
2027	(54,792)
2028	(54,792)
2029	(54,792)
Thereafter	<u>(582,492)</u>
	<u>\$ (856,452)</u>

Note 9. Commitments and Contingencies

Coal Contracts

The Board has an agreement with Western Fuels Association, Inc. (WFA) for the procurement of coal through December 31, 2025. Under the provisions of this agreement and related coal supply agreements, the Board is required to purchase a minimum of 600,000 tons of coal per year through December 31, 2026. The price of coal is based on costs incurred by WFA to acquire and supply the coal over the life of the agreement. The Utility has an agreement for delivery of this coal with the BNSF Railway Company which extends through December 31, 2025. The cost to deliver the coal is established through a base price, which is adjusted quarterly by indices set forth in the agreement. During each calendar year, there is a Minimum Annual Volume Requirement in the agreement which will not be less than 600,000 tons. Coal inventories and material and supplies are stated at the lower of average cost or market, cost being determined on the basis of moving average price.

**Board of Municipal Utilities
Sikeston, Missouri
Notes to Financial Statements
May 31, 2024**

Wholesale Power Contracts

The Utility has contractual agreements with the Missouri cities of Carthage, Columbia, Fulton, and West Plains to sell certain amounts of wholesale electric energy. These agreements state that each city will purchase a specified entitlement share of power at 110% of its proportionate share of the monthly power costs as defined in each respective agreement, for various annual periods extending to the life of the plant. Additional capacity has been negotiated at 100% in certain agreements. The agreements also state that each city will pay for the capacity to which it is entitled, whether or not available, and whether or not utilized. The total plant capacity allocated to these cities is 50% of the Sikeston Power Station.

Obligations to Purchase Power

The Board has a purchased power agreement with the Southwestern Power Administration (SWPA) effective June 1, 2023, through April 30, 2038. This agreement is for 33.8 MW of Hydro Capacity & Energy. Under this agreement the Board purchases a minimum of 2,028 Mwhrs of peaking energy each month. The Board must also purchase 40,560 Mwhrs for the year. This purchase power agreement includes SWPA transmission for the delivery of the energy purchased. For the year ended May 31, 2024, the cost under this contract was approximately \$5,860,000.

Environmental Matters

The Utility is subject to various federal, state, and local laws and regulations with respect to air and water quality and with respect to hazardous and toxic materials and hazardous and other wastes, including their identification, transportation, disposal, record keeping and reporting, as well as remediation of contaminated sites and other environmental matters. The Board believes that the operations are in material compliance with present environmental laws and regulations.

Environmental requirements have changed frequently and become more stringent over time. The Board expects this trend to continue. While the Board is not in a position to accurately estimate compliance costs for any new requirements, any such costs are expected to be material.

Mine Shutdown Costs

The Utility indirectly holds a 50% beneficial interest in Brushy Creek Coal Company (BC). BC was the owner and operator of a coal mine and related equipment located in Illinois (the "BC Mine"). BC is owned by Western Fuels Illinois (WFI), a Wyoming mutual benefit nonprofit corporation that operates as a cooperative. The Class B (nonvoting) stock of WFI, representing the beneficial interest in WFI, is owned 50% by the Utility with the remaining 50% owned by the Unified Government of Wyandotte County, Kansas City, Kansas (Kansas City). The Class A (voting) stock is owned by Western Fuels Association (WFA), a Wyoming nonprofit corporation that operates as a cooperative. The Utility is a member of the WFA and has representation on the WFA board of directors. The WFI board of directors consists of one representative from each of the Utility, Kansas City, and WFA.

In December 1979, the Utility and Kansas City each entered into a separate coal supply agreement with WFI. Under the terms of this agreement, the Utility was obligated to purchase a minimum amount of coal from the BC Mine, which was operated first by an unaffiliated third party and then by BC. In November 1997, the agreement expired, and the mine ceased operations in 1999. Under this legacy contract, the Utility became responsible for 50% of the mine reclamation costs and 50% of the postretirement benefits for certain former mine workers. At May 31, 2024, the Utility has recorded a liability of approximately \$745,514, for the amount of the remaining estimated postretirement benefits and mine reclamation costs. The liability represents the Utility's 50% proportional share of the total estimated postretirement benefits and mine reclamation costs less amounts previously funded by the Utility to WFI. The Utility records mine shutdown costs related to costs of postretirement benefits, changes in the estimated mine reclamation costs, and administrative and other costs incurred by WFI management. With the changes to the estimated liabilities, there was a net decrease and increase, respectively, to the change in net position of approximately \$49,000 for the year ended May 31, 2024.

**Board of Municipal Utilities
Sikeston, Missouri
Notes to Financial Statements
May 31, 2024**

The amounts recorded for the Board's portion of the postretirement benefits and mine reclamation costs require significant judgment and involve several estimates. The Utility has recorded its estimated obligations for each of these items using information currently available to management. The estimates could change significantly over time. For the year ended May 31, 2024, the Utility paid \$240,000, to WFI to fund these obligations as well as administrative and other costs incurred by WFI. Total payments through May 31, 2024, from the Utility to WFI to fund these obligations and costs were approximately \$17,370,000. The Utility expects to fund approximately an additional \$240,000 during the year ending May 31, 2025. Once reclamation activities are complete, the Utility anticipates the property will be sold. Resources to be generated from this sale are not currently determinable.

Other Contingencies

The Board is involved in various claims and legal proceedings in which monetary damages and other relief is sought. The Board is vigorously contesting these claims; however, the resolution is not expected to occur quickly, and the ultimate outcome cannot presently be predicted. It is the opinion of management that the ultimate resolution of these claims, legal proceedings, and other contingencies, either individually or in the aggregate, will not materially affect the Board's financial position, results of operations, or liquidity.

Note 10. Significant Customers and Concentration of Credit Risk

For the year ended May 31, 2024, the Utility had four wholesale customers, which individually exceeded 10% of total wholesale revenues. Approximately 69% of the Electric System's wholesale revenue during the year ended May 31, 2024, was generated through sales to these customers, in the amount of approximately \$39,300,000. As of May 31, 2024, total receivables from these customers were approximately \$4,996,000. No other customer represented 10% or more of the Electric System revenue. The Electric System's receivables from retail customers are located in Sikeston, Missouri, and its wholesale receivable customers are located in the states of Missouri and Kansas.

Required Supplementary Information

**Board of Municipal Utilities
Sikeston, Missouri
Required Supplementary Information
Schedule of the Utility's Changes in Net Pension
Liability/(Asset) and Related Ratios
May 31, 2024**

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability									
Service cost	\$ 1,215,397	\$ 1,188,744	\$ 1,159,988	\$ 1,125,747	\$ 849,907	\$ 847,994	\$ 873,809	\$ 873,292	\$ 904,619
Interest on the total pension liability	5,574,004	5,316,093	5,411,074	5,209,357	4,373,266	4,354,113	4,379,975	3,977,456	3,972,670
Changes in benefit terms	-	-	-	-	8,340,500	-	-	-	-
Difference between expected and actual experience	1,702,941	1,727,772	292,289	470,670	1,692,356	(1,696,949)	(2,613,331)	1,568,808	(1,482,213)
Changes of assumptions	-	-	(1,446,783)	-	-	-	-	2,324,201	-
Benefit payments, including refunds	(4,856,499)	(4,275,836)	(3,971,721)	(4,106,513)	(3,620,465)	(2,876,413)	(3,088,843)	(3,291,663)	(3,334,919)
Net Change in Total Pension Liability	3,635,843	3,956,773	1,444,847	2,699,261	11,635,564	628,745	(448,390)	5,452,094	60,157
Total Pension Liability – Beginning	81,418,392	77,461,619	76,016,772	73,317,511	61,681,947	61,053,202	61,501,592	56,049,498	55,989,341
Total Pension Liability – Ending	85,054,235	81,418,392	77,461,619	76,016,772	73,317,511	61,681,947	61,053,202	61,501,592	56,049,498
Fiduciary Net Position									
Contributions – employer	2,730,600	2,454,762	2,328,945	2,246,565	1,839,197	1,354,898	1,303,671	1,331,286	1,556,587
Net investment income	2,926,014	60,587	17,994,275	873,315	4,706,011	7,023,038	6,368,340	(155,540)	1,170,694
Benefit payments, including refunds	(4,856,499)	(4,275,836)	(3,971,721)	(4,106,513)	(3,620,465)	(2,876,413)	(3,088,843)	(3,291,663)	(3,334,919)
Pension plan administrative expense	(44,136)	(31,816)	(29,059)	(37,232)	(33,192)	(22,790)	(22,164)	(22,371)	(24,605)
Other	770,212	668,982	243,069	(480,202)	541,515	(246,487)	(131,387)	(154,780)	(26,399)
Net Change in Plan Fiduciary Net Position	1,526,191	(1,123,321)	16,565,509	(1,504,067)	3,433,066	5,232,246	4,429,617	(2,293,068)	(658,642)
Fiduciary Net Position – Beginning	82,155,451	83,278,772	66,713,263	68,217,330	64,784,264	59,552,018	55,122,401	57,415,469	58,074,111
Fiduciary Net Position – Ending	83,681,642	82,155,451	83,278,772	66,713,263	68,217,330	64,784,264	59,552,018	55,122,401	57,415,469
Net Pension Liability/(Asset)	\$ 1,372,593	\$ (737,059)	\$ (5,817,153)	\$ 9,303,509	\$ 5,100,181	\$ (3,102,317)	\$ 1,501,184	\$ 6,379,191	\$ (1,365,971)
Fiduciary Net Position as a Percentage of Total Pension Liability	98.39%	100.91%	107.51%	87.76%	93.04%	105.03%	97.54%	89.63%	102.44%
Covered Payroll	\$ 10,815,847	\$ 10,714,872	\$ 10,566,156	\$ 10,288,736	\$ 10,156,627	\$ 9,882,465	\$ 10,022,113	\$ 10,341,075	\$ 10,006,457
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	12.69%	-6.88%	-55.05%	90.42%	50.22%	-31.39%	14.98%	61.69%	-13.65%

**Board of Municipal Utilities
Sikeston, Missouri
Required Supplementary Information
Schedule of the Utility's Changes in Net Pension
Liability/(Asset) and Related Ratios
May 31, 2024**

Notes to Schedule:

Benefit changes	There was no change in benefits for 2024.
Changes of assumptions	There were no changes to assumptions for the year ended May 31, 2024.

In accordance with GASB 68, information presented in this schedule was determined as of the measurement date (June 30) of the net pension liability/(asset).

This schedule presents the information available to the Utility and will include ten-year trend information once available.

**Board of Municipal Utilities
Sikeston, Missouri
Required Supplementary Information
Schedule of the Utility's Contributions
May 31, 2024**

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contribution in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contribution as Percentage of Covered Employee Payroll</u>
2015	\$ 1,600,817	\$ 1,568,368	\$ 32,449	\$ 10,816,330	14.50%
2016	1,337,169	1,337,169	-	9,832,127	13.60%
2017	1,251,364	1,251,363	1	10,010,902	12.50%
2018	1,473,479	1,353,195	120,284	10,023,667	13.50%
2019	1,823,102	1,823,102	-	10,735,500	16.98%
2020	2,243,606	2,243,606	-	10,435,378	21.50%
2021	2,317,959	2,317,959	-	10,781,204	21.50%
2022	2,469,478	2,447,721	21,757	10,878,757	22.50%
2023	2,644,721	2,644,721	-	11,350,734	23.30%
2024	2,812,451	2,812,451	-	11,866,882	23.70%

Notes to Schedule:

Valuation date February 28, 2023

Notes The roll-forward of total pension liability from February 28, 2023, to June 30, 2023, reflects expected service cost and interest reduced by actual benefit payments and administrative expenses.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal and modified terminal funding
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Multiple bases from 6 to 15 years
Asset valuation method	5-year smoothed market; 20% corridor
Inflation	2.75% wage inflation; 2.25% price inflation
Salary increases	2.75% to 6.75% including wage inflation
Investment rate of return	7.00%, net of investment expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition

**Board of Municipal Utilities
Sikeston, Missouri
Required Supplementary Information
Schedule of the Utility's Contributions
May 31, 2024**

Mortality

The healthy retiree mortality tables, for postretirement mortality, used in evaluating allowances to be paid were 115% of the PubG-2010 Retiree Mortality Table for males and females. The disabled retiree mortality tables, for postretirement mortality, used in evaluating allowances to be paid were 115% of the PubNS 2010 Disabled Retiree Mortality Table for males and females. The preretirement mortality tables used were 75% of the PubG-2010 Employee Mortality Table for males and females of General groups and 75% of the PubS-2010 Employee Mortality Table for males and females of Police, Fire, and Public Safety groups

Mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scale to the above described tables

Other information

None

**Board of Municipal Utilities
Sikeston, Missouri
Required Supplementary Information
Schedule of Changes in the Utility's Total OPEB Liability and Related Ratios
May 31, 2024**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total OPEB Liability			
Service cost	\$ 189,051	\$ 235,977	\$ 276,167
Interest	146,014	146,311	107,937
Differences between expected and actual experience	-	(435,034)	-
Changes in assumptions or other inputs	(89,371)	(188,268)	(393,982)
Benefit payments	<u>(451,797)</u>	<u>(424,263)</u>	<u>(239,215)</u>
Net Change in Total OPEB Liability	(206,103)	(665,277)	(249,093)
Total OPEB Liability – Beginning of Year	<u>3,940,962</u>	<u>4,606,239</u>	<u>4,855,332</u>
Total OPEB Liability – End of Year	<u>\$ 3,734,859</u>	<u>\$ 3,940,962</u>	<u>\$ 4,606,239</u>
Covered Payroll	\$ 19,399,000	\$ 18,834,176	\$ 10,699,115
Total OPEB Liability as a Percentage of Covered-Employee Payroll	19.25%	20.92%	43.05%

Notes to Schedule:

Benefit changes	There were no changes to benefit terms for the years ended May 31, 2024, 2023, and 2022.
Changes of assumptions	There was a change in the discount rate and health care cost trend rate for 2024 which had a net impact of \$(89,371). There was a change in the discount rate and health care cost trend rate for 2023 which had a net impact of \$(188,268). There was a change in the discount rate and health care cost trend rate for 2022 which had a net impact of \$(393,982).

This schedule is presented as of the measurement date for the fiscal year.

This schedule presents information available to the Utility and will include ten-year information once available.

Supplementary Information

**Board of Municipal Utilities
Sikeston, Missouri
Combining Balance Sheet
May 31, 2024**

Assets and Deferred Outflows of Resources

	<u>Electric System</u>	<u>Water and Sewer System</u>	<u>Combined</u>
Assets			
Property and Plant and Leased Assets			
Property and plant, at original cost	\$ 354,296,559	\$ 42,972,661	\$ 397,269,220
Accumulated depreciation	(311,206,409)	(20,977,497)	(332,183,906)
Leased assets	3,588,269	5,295,253	8,883,522
Accumulated amortization	(1,046,440)	(1,528,696)	(2,575,136)
	<u>45,631,979</u>	<u>25,761,721</u>	<u>71,393,700</u>
Construction work in progress	16,558,437	10,240,528	26,798,965
	<u>62,190,416</u>	<u>36,002,249</u>	<u>98,192,665</u>
Restricted Assets			
Debt service account	-	1,227,827	1,227,827
Construction fund account	-	2,514,758	2,514,758
	-	<u>3,742,585</u>	<u>3,742,585</u>
Less amount required to meet current obligations	-	(958,537)	(958,537)
	-	<u>2,784,048</u>	<u>2,784,048</u>
Other Noncurrent Assets			
Subscription assets, net	27,239	-	27,239
Lease receivable	74,030	-	74,030
Total other noncurrent assets	<u>101,269</u>	<u>-</u>	<u>101,269</u>
Current Assets			
Cash and cash equivalents	49,457,697	4,889,031	54,346,728
Restricted assets	-	958,537	958,537
Accounts receivable, net	10,029,995	1,237,891	11,267,886
Coal inventories	10,468,126	-	10,468,126
Materials and supplies	6,975,274	497,452	7,472,726
Prepaid expenses and other assets	584,680	241,733	826,413
Interdepartment due from (to)	20,661	(20,661)	-
Lease receivable	4,132	-	4,132
Total current assets	<u>77,540,565</u>	<u>7,803,983</u>	<u>85,344,548</u>
Total assets	<u>139,832,250</u>	<u>46,590,280</u>	<u>186,422,530</u>
Deferred Outflows of Resources			
Pension related	5,553,941	1,062,879	6,616,820
Other postemployment benefits related	391,384	80,163	471,547
Total deferred outflows of resources	<u>5,945,325</u>	<u>1,143,042</u>	<u>7,088,367</u>
Total assets and deferred outflows of resources	<u>\$ 145,777,575</u>	<u>\$ 47,733,322</u>	<u>\$ 193,510,897</u>

	Electric System	Water and Sewer System	Combined
Net Position			
Net investment in capital assets	\$ 49,474,459	\$ 6,207,752	\$ 55,682,211
Restricted for debt service	5,712,841	1,375,616	7,088,457
Unrestricted	<u>60,168,802</u>	<u>8,840,642</u>	<u>69,009,444</u>
Total net position	<u>115,356,102</u>	<u>16,424,010</u>	<u>131,780,112</u>
Long-Term Debt			
	-	23,137,356	23,137,356
Add: Unamortized bond premium	-	<u>1,091,422</u>	<u>1,091,422</u>
Total long-term debt, net	<u>-</u>	<u>24,228,778</u>	<u>24,228,778</u>
Other Noncurrent Liabilities			
Net pension liability	1,139,258	233,335	1,372,593
Total other postemployment benefit liability	3,099,933	634,926	3,734,859
Accrued compensated absences	960,806	136,307	1,097,113
Subscription liabilities	11,641	-	11,641
Leases payable	<u>1,926,199</u>	<u>3,115,995</u>	<u>5,042,194</u>
Total other noncurrent liabilities	<u>7,137,837</u>	<u>4,120,563</u>	<u>11,258,400</u>
Current Liabilities Payable from Restricted Assets			
Current maturities of long-term debt	<u>-</u>	<u>958,537</u>	<u>958,537</u>
Current Liabilities Payable from Unrestricted Assets			
Accounts payable	8,358,327	516,980	8,875,307
Accrued interest payable	19,023	147,789	166,812
Current maturities of long-term debt	9,200,000	-	9,200,000
Leases payable	696,957	761,921	1,458,878
Customer deposits	810,673	-	810,673
Accrued mine shutdown costs	745,514	-	745,514
Other accruals	<u>1,724,811</u>	<u>236,236</u>	<u>1,961,047</u>
	<u>21,555,305</u>	<u>1,662,926</u>	<u>23,218,231</u>
Total current liabilities	<u>21,555,305</u>	<u>2,621,463</u>	<u>24,176,768</u>
Deferred Inflows of Resources			
Pension related	550,479	112,748	663,227
Other postemployment benefits related	1,102,239	225,760	1,327,999
Leases	<u>75,613</u>	<u>-</u>	<u>75,613</u>
Total deferred inflows of resources	<u>1,728,331</u>	<u>338,508</u>	<u>2,066,839</u>
Total net position, liabilities, and deferred inflows of resources	<u>\$ 145,777,575</u>	<u>\$ 47,733,322</u>	<u>\$ 193,510,897</u>

**Board of Municipal Utilities
Sikeston, Missouri
Combining Statement of Revenues, Expenses, and Changes in Net Position
Year Ended May 31, 2024**

	<u>Electric System</u>	<u>Water and Sewer System</u>	<u>Combined</u>
Operating Revenues			
Retail	\$ 31,023,012	\$ 8,910,406	\$ 39,933,418
Wholesale	57,142,907	-	57,142,907
	<u>88,165,919</u>	<u>8,910,406</u>	<u>97,076,325</u>
Operating Expenses			
Production and operations	55,391,573	2,418,047	57,809,620
Purchased power	4,164,414	-	4,164,414
Distribution costs	3,643,142	1,345,532	4,988,674
Depreciation and amortization	9,615,785	2,336,299	11,952,084
General and administrative	4,427,869	798,984	5,226,853
Pension expense	672,747	137,791	810,538
Other postemployment benefits expense	232,627	47,646	280,273
Donated services	891,780	201,728	1,093,508
Other operating expenses	544,286	370,470	914,756
	<u>79,584,223</u>	<u>7,656,497</u>	<u>87,240,720</u>
Operating Income	<u>8,581,696</u>	<u>1,253,909</u>	<u>9,835,605</u>
Nonoperating Income (Expense)			
Investment income	1,869,665	494,882	2,364,547
Interest expense	(187,898)	(990,188)	(1,178,086)
Miscellaneous, net	830,461	1,850,369	2,680,830
	<u>2,512,228</u>	<u>1,355,063</u>	<u>3,867,291</u>
Change in Net Position	<u>11,093,924</u>	<u>2,608,972</u>	<u>13,702,896</u>
Net Position			
Beginning of year	<u>104,262,178</u>	<u>13,815,038</u>	<u>118,077,216</u>
End of year	<u>\$ 115,356,102</u>	<u>\$ 16,424,010</u>	<u>\$ 131,780,112</u>

**Board of Municipal Utilities
Sikeston, Missouri
Combining Statement of Cash Flows
Year Ended May 31, 2024**

	Electric System	Water and Sewer System	Combined
Cash Flows from Operating Activities			
Receipts from customers and others	\$ 87,721,991	\$ 11,340,390	\$ 99,062,381
Payments to suppliers	(60,656,681)	(5,708,003)	(66,364,684)
Payments to employees	(10,518,469)	(2,147,461)	(12,665,930)
Proceeds for mine shutdown	49,324	-	49,324
Net cash provided by operating activities	<u>16,596,165</u>	<u>3,484,926</u>	<u>20,081,091</u>
Cash Flows from Investing Activities			
Decrease (increase) in temporary investments maintained in debt service and construction accounts	-	4,515,171	4,515,171
Interest received	1,869,665	494,882	2,364,547
Net cash provided by investing activities	<u>1,869,665</u>	<u>5,010,053</u>	<u>6,879,718</u>
Cash Flows from Capital and Related Financing Activities			
Purchase of property and plant, net	(22,325,516)	(6,716,065)	(29,041,581)
Proceeds from the issuance of debt	9,200,000	-	9,200,000
Payment of long-term debt and capital lease obligations	(561,225)	(3,934,947)	(4,496,172)
Payments on subscription liabilities	(29,972)	-	(29,972)
Interest paid	(188,938)	(1,037,163)	(1,226,101)
Other nonoperating revenues	830,461	1,850,369	2,680,830
Net cash used in capital and related financing activities	<u>(13,075,190)</u>	<u>(9,837,806)</u>	<u>(22,912,996)</u>
Increase (decrease) in cash and cash equivalents	5,390,640	(1,342,827)	4,047,813
Cash and Cash Equivalents			
Beginning of year	<u>44,067,057</u>	<u>6,231,858</u>	<u>50,298,915</u>
End of year	<u>\$ 49,457,697</u>	<u>\$ 4,889,031</u>	<u>\$ 54,346,728</u>

**Board of Municipal Utilities
Sikeston, Missouri
Combining Statements of Cash Flows
Year Ended May 31, 2024**

	<u>Electric System</u>	<u>Water and Sewer System</u>	<u>Combined</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 8,581,696	\$ 1,253,909	\$ 9,835,605
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation and amortization	9,601,411	2,336,299	11,937,710
Mine shutdown proceeds	289,324	-	289,324
Payments for mine shutdown costs	(240,000)	-	(240,000)
Loss (gain) on disposal	34,772	(6,585)	28,187
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources			
(Increase) decrease in accounts receivable	(452,697)	2,429,984	1,977,287
(Increase) decrease in coal inventories	1,503,205	-	1,503,205
(Increase) decrease in materials and supplies	(437,998)	(52,264)	(490,262)
Decrease in notes and other receivables			-
(Increase) decrease in prepaid expenses and other assets	255,418	115,162	370,580
(Increase) decrease in deferred outflows related to pensions	(1,543,426)	(313,207)	(1,856,633)
(Increase) decrease in deferred outflows related to other postemployment benefits	39,051	6,655	45,706
(Increase) decrease in net pension asset	611,752	125,307	737,059
Increase (decrease) in accounts payable and accrued expenses	(2,225,005)	(755,184)	(2,980,189)
Increase (decrease) in customer deposits and other liabilities	23,143	-	23,143
Increase (decrease) in net pension liability	1,139,258	233,335	1,372,593
Interdepartment due from (to)	1,469,322	(1,469,322)	-
Increase (decrease) in total other postemployment liability	(171,066)	(35,037)	(206,103)
Increase (decrease) in deferred inflows related to pensions	(1,871,644)	(383,349)	(2,254,993)
Increase (decrease) in deferred inflows related to other postemployment benefits	(10,351)	(777)	(11,128)
Net cash provided by operating activities	<u>\$ 16,596,165</u>	<u>\$ 3,484,926</u>	<u>\$ 20,081,091</u>
Noncash Investing, Capital, and Financing Activities			
Amounts payable incurred for purchase of capital assets	\$ 892,801	\$ 100,599	\$ 993,400
Lease obligation incurred for lease assets	\$ 903,313	\$ -	\$ 903,313