

**Board of Municipal Utilities
Sikeston, Missouri**

Independent Auditor's Report and Financial Statements

May 31, 2021 and 2020

Board of Municipal Utilities
Sikeston, Missouri
May 31, 2021 and 2020

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the Board of Municipal Utilities of Sikeston, Missouri (the "Utility") as of and for the years ended May 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Utility's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board of Municipal Utilities of Sikeston, Missouri as of May 31, 2021 and 2020, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Utility's basic financial statements. The combining financial statements 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.

The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BKD, LLP

Springfield, Missouri
September 3, 2021

Board of Municipal Utilities
Sikeston, Missouri
Management's Discussion and Analysis
May 31, 2021 and 2020

The following discussion and analysis of the Board of Municipal Utilities of Sikeston, Missouri's (the "Board" or "Utility") financial performance provides an overview of the Utility's financial activities for the years ended May 31, 2021 and 2020. 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, and the treatment, distribution, and sale of water and operation of sanitary sewer system 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 percent of its proportionate share of the monthly power costs (including debt service costs related to the revenue bond issue) as defined in the agreements, for various annual periods extending to June 1, 2022. 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 percent 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. Excess generation not sold to retail or wholesale customers is sold on the "spot" market 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, 2021 and 2020. 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 years ended May 31, 2021 and 2020. The *Statement of Cash Flows* presents the Utility's sources and uses of cash and cash equivalents for the fiscal years ended May 31, 2021 and 2020. 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in fiscal year 2019. Statement No. 75 requires a liability, deferred inflows/outflows, and related expenses to be reported on the face of the financial statements.

Board of Municipal Utilities
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Summary of Electric System Financial Position

	2021	May 31, 2020	2019
Assets			
Property and plant – net	\$ 37,765,565	\$ 50,249,061	\$ 59,534,069
Restricted and other assets	12,004,093	14,244,552	16,734,317
Current assets	68,069,764	58,119,187	57,450,687
Total assets	<u>117,839,422</u>	<u>122,612,800</u>	<u>133,719,073</u>
Deferred Outflows of Resources			
Unamortized loss on debt refundings	2,034,305	3,941,285	5,744,273
Pension and OPEB related	5,340,515	4,067,323	3,033,866
Total deferred outflows of resources	<u>7,374,820</u>	<u>8,008,608</u>	<u>8,778,139</u>
Total assets and deferred outflows of resources	<u>\$ 125,214,242</u>	<u>\$ 130,621,408</u>	<u>\$ 142,497,212</u>
Net Position			
Net investment in capital assets	\$ 8,252,362	\$ 8,253,165	\$ 5,574,417
Restricted	25,866,119	27,456,113	26,747,179
Unrestricted	37,508,206	29,333,204	34,461,719
Total net position	<u>71,626,687</u>	<u>65,042,482</u>	<u>66,783,315</u>
Liabilities			
Long-term debt, net	17,685,478	32,725,615	47,116,141
Net pension liability	7,721,916	4,233,153	-
Total other postemployment benefit liability	4,029,925	4,096,923	4,240,865
Accrued compensated absences – noncurrent	1,004,175	945,850	873,000
Current liabilities	21,363,035	19,888,923	19,338,790
Total liabilities	<u>51,804,529</u>	<u>61,890,464</u>	<u>71,568,796</u>
Deferred Inflows of Resources			
Pension and OPEB related	1,783,026	3,688,462	4,145,101
Total liabilities, deferred inflows of resources, and net position	<u>\$ 125,214,242</u>	<u>\$ 130,621,408</u>	<u>\$ 142,497,212</u>

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Summary of the Electric System

Assets

Property and Plant – Net

The Utility recorded approximately \$5,921,000 in property and plant additions during the year ended May 31, 2021. The Sikeston Power Station had additions of approximately \$5,494,000 including approximately \$1,105,000 for SWPA substation upgrades, \$1,069,000 for feedwater heaters, \$825,000 for cooling tower upgrades, and \$549,000 for DCS controls upgrades. Other major capital expenditures include a fan rotor rebuild, conveyor belt replacement, and turbine valve inspection. The retail system had additions of approximately \$3,334,000 including approximately \$2,115,000 for AMI meter replacement, \$396,000 for a vacuum truck, and \$286,000 for fiber upgrades. Approximately \$4,302,000 of projects in construction in process were completed during the year and were moved to plant and property. Depreciation expense of approximately \$17,665,000 was recorded during the year ended May 31, 2021.

The Utility recorded approximately \$6,480,000 in property and plant additions during the year ended May 31, 2020. The Sikeston Power Station had additions of approximately \$2,640,000 including approximately \$909,000 for boiler upgrades, \$352,000 for a fan rebuild, and \$200,000 for lab equipment and controls upgrades. Other major capital expenditures include structure and electrical improvements, purchase of a telehandler, 161kv pole replacement, loader, and truck improvements. The retail system had additions of approximately \$1,248,000 including substation improvements, breaker replacement, warehouse generator, backyard machine, and annual additions of transformers, meters, and poles. Retail had \$2,326,000 in construction in process including \$1,633,000 for the Advanced Metering Infrastructure (AMI) project and \$642,000 for a substation transformer. Depreciation expense of approximately \$15,724,000 was recorded during the year ended May 31, 2020.

Additional information on the Utility's capital assets can be found in *Note 4* of this report.

Restricted and Other Assets

During 2021, restricted and other assets decreased approximately \$2,240,000 due to a decrease in the debt service account of \$1,193,000, a decrease in the debt service reserve of \$710,000 and a decrease in the current portion of long-term debt of \$337,000.

During 2020, restricted and other assets decreased approximately \$2,490,000 due to the pension asset of \$2,575,000 in 2019 moving to a liability in 2020 in the amount of \$4,233,000. This decrease was offset by an increase in the debt service account of \$377,000, which was offset by an increase in the current portion of long-term debt of \$326,000.

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Current Assets

During 2021, the increase in current assets of approximately \$9,951,000 was attributed to an increase in cash of \$11,834,000 off set with a decrease in coal inventory of approximately \$3,535,000. The increase in cash and cash equivalents was a result of higher market sales at the Sikeston Power Station including a significant winter weather event that also affected retail revenues. Accounts receivable, net increased approximately \$967,000 and materials and supplies inventory increased approximately \$310,000. The remaining current assets were relatively flat when compared to the prior year.

During 2020, the increase in current assets of approximately \$669,000 was attributed to an increase in coal inventory of approximately \$4,341,000 offset by a decrease in cash and cash equivalents of approximately \$3,697,000. The decrease in cash and cash equivalents was a result of lower market sales at the Sikeston Power Station. Accounts receivable, net decreased approximately \$736,000 and materials and supplies inventory increased approximately \$502,000. The remaining current assets were relatively flat when compared to the prior year.

Deferred Outflows of Resources

During 2021, the decrease of approximately \$634,000 in deferred outflows of resources was a result of a decrease in the unamortized loss on debt refundings of approximately \$1,907,000 offset with an increase of approximately \$1,273,000 in the pension and OPEB related deferred outflows of resources.

During 2020, the decrease of approximately \$770,000 in deferred outflows of resources was a result of a decrease in the unamortized loss on debt refundings of approximately \$1,803,000 offset with an increase of approximately \$1,033,000 in the pension and OPEB related deferred outflows of resources.

Liabilities

Long-Term Debt, Net

The long-term debt reduction in the current fiscal year ended May 31, 2021, of approximately \$15,040,000 was due to the scheduled payment due 2022 in the amount of approximately \$13,150,000 of current bond maturities on the 2012 Revenue Bonds. Long-term debt was also decreased by unamortized premiums of approximately \$1,195,000 and approximately \$712,000 in scheduled lease payments in 2022. The long-term balance at May 31, 2021, reflects the remaining obligations on the 2012 Revenue Bonds and future capital lease obligations. The debt maturities on the capital lease obligations vary over the next seven years and 2012 Revenue Bonds are due June 1, 2022.

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The long-term debt reduction in the current fiscal year ended May 31, 2020, of approximately \$14,391,000 was due to the scheduled payment due 2021 in the amount of approximately \$12,525,000 of current bond maturities on the 2012 Revenue Bonds. Long-term debt was also decreased by unamortized premiums of approximately \$1,195,000 and approximately \$687,000 in scheduled lease payments in 2021. The long-term balance at May 31, 2020, reflects the remaining obligations on the 2012 Revenue Bonds and future capital lease obligations. The debt maturities on the capital lease obligations vary over the next eight years and 2012 Revenue Bonds are due June 1, 2022.

Since the bond refunding in 2012, the Board is required to annually submit information to the Fitch Rating Agency (Fitch) for review of the bond rating.

In January 2021, Fitch did not change the rating. It remains at BBB+, with a stable outlook.

The Utility was able to establish and collect sufficient rates for the electric system to meet the 110 percent debt service requirement for the years ended May 31, 2021 and 2020. The electric rates applied for years ended May 31, 2021 and 2020, covered 183 percent and 116 percent (152 percent adjusted for other noncash adjustments) respectively, of aggregate debt service costs.

Additional information on the Utility's long-term debt can be found in *Note 5* of this report.

Current Liabilities

Current liabilities increased approximately \$1,474,000 as of May 31, 2021. The current portion of long-term debt increased approximately \$650,000. Accounts payable increased approximately \$1,022,000 and accrued interest payable decreased approximately \$313,000. The remaining current liability accounts were relatively flat over the prior year.

Current liabilities increased approximately \$550,000 at May 31, 2020. The current portion of long-term debt increased approximately \$624,000. Other liabilities offsetting each other were an accounts payable increase of approximately \$258,000 and a decrease in accrued interest payable of approximately \$298,000. The increase in other current liabilities of approximately \$85,000 was offset with a decrease in deferred miners benefits of approximately \$172,000. The remaining current liability accounts were relatively flat over the prior year.

At May 31, 2021 and 2020, the Utility has recorded a liability of \$1,243,000 and \$1,228,000, respectively, for the amount of the remaining estimated post-retirement benefits and mine reclamation costs associated with Brushy Creek which represents its 50 percent share of the total estimated costs. The liability increased over the prior year by approximately \$15,000 due to the actuarial estimate of the post-retirement benefit obligation. The amount of funding by the Board was \$300,000 for the year ended May 31, 2020, and \$240,000 for the year ended May 31, 2021, for administrative costs incurred by Western Fuels-Illinois, Inc. (WFI) (see *Note 10* to the Utility's financial statements).

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Other Noncurrent Liabilities

During the year ended May 31, 2021, the increase in other noncurrent liabilities of approximately \$3,480,000 was the increase in the net pension liability of approximately \$3,489,000 offset with the decrease in the total OPEB liability of approximately \$67,000.

During the year ended May 31, 2020, the increase in other noncurrent liabilities of approximately \$4,162,000 was the increase in the net pension liability of approximately \$4,233,000 offset with the decrease in the total OPEB liability of approximately \$144,000.

Deferred Inflows of Resources

During the year ended May 31, 2021, the decrease in deferred inflows of resources was a result of a decrease in the net of pension and OPEB related inflows of approximately \$1,905,000.

During the year ended May 31, 2020, the decrease in deferred inflows of resources was a result of a decrease in the pension related inflows of approximately \$457,000.

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

	2021	May 31, 2020	2019
Operating Revenues	\$ 90,101,823	\$ 80,472,505	\$ 83,790,855
Operating Expenses	82,007,812	81,569,687	75,835,110
Operating Income (Loss)	8,094,011	(1,097,182)	7,955,745
Investment and Other Income	729,203	2,140,541	1,829,028
Interest Expense	(2,239,009)	(2,784,192)	(3,304,958)
Nonoperating Income (Expense), Net	(1,509,806)	(643,651)	(1,475,930)
Change in Net Position	\$ 6,584,205	\$ (1,740,833)	\$ 6,479,815

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Operating Revenues

During 2021 operating revenues increased approximately \$9,629,000. A significant winter weather event affected retail and wholesale revenues. Retail revenues increased approximately \$3,327,000. Residential kWh sold were up 1.0 percent, Commercial kWh sold were up 1.0 percent and Industrial kWh sold were up 6.8 percent. Retail rate increases went into effect on October 1, 2020. Wholesale revenues increased approximately \$6,302,000 from 2020 with increases in spot and short-term contract sales. The Utility will routinely execute physical sales in the wholesale “spot” market of generated electricity that is not purchased by retail or wholesale customers.

During 2020 operating revenues decreased approximately \$3,318,000. Retail revenues increased approximately \$343,000. Residential kWh sold were down 6.1 percent, Commercial kWh sold were down 4.9 percent and Industrial kWh sold were up 2.0 percent. Retail rate increases went into effect on October 1, 2019. As a result of the pandemic, the Board voted to rebate each Residential and Small General Service customer \$50 for two consecutive months for April and May 2020. These rebates totaled \$839,000 in 2020. Wholesale revenues decreased approximately \$3,661,000 from 2019 with decreases in spot and short-term contract sales. Spot sales were down due to lower generation and the market price was also lower than the previous year. The Utility will routinely execute physical sales in the wholesale “spot” market of generated electricity that is not purchased by retail or wholesale customers.

Operating Expenses

Operating expenses increased approximately \$438,000 during 2021. The largest decrease in operating expenses was due to the decrease in the pension expense of approximately \$5,074,000 from favorable changes in the plan activity. Offsetting this decrease was the increase in the Sikeston Power Station operating expenses of approximately \$1,459,000. Maintenance costs of the Power Station increased approximately \$436,000 due to additional maintenance on the boiler. Sikeston Power Station purchased power increased approximately \$1,216,000. Retail operating expense increased approximately \$740,000 for the write off of undepreciated meters which were replaced with AMI. Depreciation expense increased approximately \$1,942,000 in 2021. The remaining expenses showed less significant increases from the prior year.

Operating expenses increased approximately \$5,735,000 during 2020. The largest increase in operating expenses was due to the increase in the pension expense of approximately \$6,211,000 from unfavorable changes in the plan activity. Offsetting this increase was the decrease in the Sikeston Power Station operating expenses of approximately \$3,514,000. Maintenance costs of the Power Station increased approximately \$986,000 due to additional maintenance on the boiler. Depreciation expense increased approximately \$856,000 in 2020. The remaining expenses showed less significant increases from the prior year.

During both 2021 and 2020 more supplemental hydro power was available from Southwestern Power Administration lowering the purchased power costs of the retail system. See *Note 10* of this report.

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Deferred Mine Shutdown Costs

During 2021, the Utility recorded an increase to change in net position of approximately \$127,000 associated with the mine shutdown during the year as payments and changes in estimated liabilities were made for the remaining post-retirement benefits and mine reclamation costs associated with Brushy Creek mine (see *Note 10* to the Utility's financial statements).

During 2020, the Utility recorded a decrease to change in net position of approximately \$82,000 associated with the mine shutdown during the year as payments and changes in estimated liabilities were made for the remaining post-retirement benefits and mine reclamation costs associated with Brushy Creek mine (see *Note 10* to the Utility's financial statements).

Nonoperating Income (Expense), Net

During 2021 nonoperating income (expense), net increased by approximately \$866,000 due to lower investment income of approximately \$953,000 in the current year as a result of lower interest earned on investments. Interest expense decreased by approximately \$545,000 due to the reduction in long-term debt as scheduled bond payments were made. Miscellaneous, net decreased by approximately \$458,000 mainly due to an insurance settlement of approximately \$405,000 received in the prior year.

During 2020 nonoperating income (expense), net decreased by approximately \$832,000 due to lower interest expense of approximately \$521,000 in the current year due to the reduction in long-term debt as scheduled bond payments were made. Investment and other income increased by approximately \$312,000 mainly as a result of higher interest earned on investments.

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Summary of Water & Sewer Combined Financial Position

	2021	May 31, 2020	2019
Assets			
Property and plant - net	\$ 18,220,273	\$ 14,919,097	\$ 9,716,467
Restricted and other assets	10,939,515	-	527,395
Current assets	5,931,779	5,581,366	2,914,351
Total assets	<u>35,091,567</u>	<u>20,500,463</u>	<u>13,158,213</u>
Deferred Outflows of Resources			
Pension and OPEB related	1,090,133	819,834	623,384
Total assets and deferred outflows of resources	<u>\$ 36,181,700</u>	<u>\$ 21,320,297</u>	<u>\$ 13,781,597</u>
Net Position			
Net investment in capital assets	\$ (6,950,144)	\$ 4,135,526	\$ 5,506,096
Restricted	10,917,665	143,332	56,046
Unrestricted	3,026,144	2,488,951	1,638,587
Total net position	<u>6,993,665</u>	<u>6,767,809</u>	<u>7,200,729</u>
Liabilities			
Long-term debt, net	24,866,529	10,788,515	3,825,160
Net pension liability	1,581,593	867,028	-
Total other postemployment benefit liability	825,407	839,129	868,612
Accrued compensated absences - noncurrent	197,055	162,537	152,854
Current liabilities	1,352,252	1,139,811	885,245
Total liabilities	<u>28,822,836</u>	<u>13,797,020</u>	<u>5,731,871</u>
Deferred Inflows of Resources			
Pension and OPEB related	365,199	755,468	848,997
Total liabilities, deferred inflows of resources, and net position	<u>\$ 36,181,700</u>	<u>\$ 21,320,297</u>	<u>\$ 13,781,597</u>

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Summary of Water and Sewer

Assets

Property and Plant – Net

The Utility recorded approximately \$5,421,000 of plant and property additions during the year ended May 31, 2021. These additions included approximately \$2,635,000 for the Advanced Metering Infrastructure (AMI) project, approximately \$3,073,000 for development of the future Water Treatment Plant #4, upgrades to the North Wastewater Treatment Plant of approximately \$2,800,000, approximately \$320,000 to upgrade Crowe Street lift station. Approximately \$5,805,000 of projects in construction in process were completed during the year and were moved to plant and property. Current year depreciation expense was approximately \$1,518,000.

The Utility recorded approximately \$6,277,000 of plant and property additions during the year ended May 31, 2020. These additions included approximately \$1,873,000 for the Advanced Metering Infrastructure (AMI) project, approximately \$1,468,000 for development of the future Water Treatment Plant #4, upgrades to the North WasteWater Treatment Plant of approximately \$1,541,000, approximately \$911,000 for water tank painting and distribution system improvements of approximately \$146,000. Current year depreciation expense was approximately \$1,074,000.

Additional information on the Utility's capital assets can be found in *Note 4* of this report.

Restricted Assets and Other Noncurrent Assets

Restricted assets and others include nonoperational funds set aside for specific projects and other miscellaneous assets. The creation of the construction and debt service funds for Water Treatment Plant #4 increased restricted assets by \$10,940,000.

Restricted assets and others include nonoperational funds set aside for specific projects and other miscellaneous assets. The pension asset in 2019 moving to a liability in 2020 decreased other assets \$527,000.

Current Assets

During 2021, the increase in current assets of approximately \$350,000 consists primarily of the increase of approximately \$112,000 in inventory and the increase of approximately \$179,000 in prepaid expenses and other assets. The remaining current asset accounts were relatively flat when compared to the prior year.

During 2020, the increase in current assets of approximately \$2,667,000 consists primarily of the increase of approximately \$2,334,000 in cash. This increase includes approximately \$1,000,000 in prior year expenses reimbursed with current year financing. The remaining current asset accounts were relatively flat when compared to the prior year.

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Deferred Outflows of Resources

The 2021 increase of approximately \$270,000 in deferred outflows of resources was a result of an increase of the pension related deferred outflows of resources of approximately \$188,000 and the increase in the postretirement benefits deferred outflows of resources of approximately \$82,000.

The 2020 increase of approximately \$196,000 in deferred outflows of resources was a result of an increase in the pension related deferred outflows of resources of approximately \$180,000 and the increase in the postretirement benefits deferred outflows of resources of approximately \$16,000.

Liabilities

Long-Term Debt, Net

Long-term debt increased in 2021 by approximately \$14,078,000 as a result of the increased debt for the new Water Treatment plant #4, AMI, and water tank painting of approximately \$13,507,000 and the related unamortized premium of \$1,216,000. These are offset with the scheduled payments of current leases. The debt maturities on the capital lease obligations vary over the next 10 years.

On December 1, 2020, \$18,980,000 in Certificates of Participation were issued to finance the construction of Water Treatment Plant #4 and pay off two short term leases. A bond premium of approximately \$1,237,000 and debt issue costs of \$415,000 were recorded in relation to the financing. The final lease expiration date is September 1, 2050.

Long-term debt increased in 2020 by approximately \$6,963,000 including new capital leases for the North Wastewater Treatment plant upgrades and two leases in the Water Department for projects including the new Water Treatment plant #4, AMI, and water tank painting. These are offset with the scheduled payments of current leases. The debt maturities on the capital lease obligations vary over the next 10 years.

Additional information on the Utility's long-term debt can be found in *Note 5* of this report.

Current Liabilities

Current liabilities increased approximately \$212,000 from 2020 to 2021 due to the increase in current long-term debt of approximately \$256,000. The remaining current liability accounts were relatively flat when compared to the prior year.

Current liabilities increased approximately \$255,000 from 2019 to 2020 due to the increase in current long-term debt of approximately \$239,000, an increase of approximately \$50,000 in accrued interest and an increase of approximately \$32,000 in other accruals offset with a decrease of accounts payable of approximately \$66,000.

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Other Noncurrent Liabilities

During 2021, the other noncurrent liabilities increased approximately \$735,000 due to the increase of approximately \$715,000 in the net pension liability. The remaining noncurrent liabilities were relatively flat when compared to the prior year.

During 2020, the other noncurrent liabilities increased approximately \$847,000 due to the increase of approximately \$867,000 in the net pension liability offset with the decrease of approximately \$29,000 in the postretirement benefit liability.

Deferred Inflows of Resources

For the year ended May 31, 2021, the decrease in deferred inflows of resources was a result of a decrease in the pension related inflows of \$481,000 offset with an increase of \$91,000 in deferred inflows related to OPEB.

For the year ended May 31, 2020, the decrease in deferred inflows of resources was a result of a decrease in the pension related inflows of \$94,000.

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

	2021	May 31, 2020	2019
Operating Revenues	\$ 6,366,544	\$ 5,625,388	\$ 5,215,030
Operating Expenses	<u>6,626,935</u>	<u>6,599,393</u>	<u>5,375,416</u>
Operating Loss	<u>(260,391)</u>	<u>(974,005)</u>	<u>(160,386)</u>
Investment and Other Income	924,431	836,653	528,798
Interest Expense	<u>(438,184)</u>	<u>(295,568)</u>	<u>(151,169)</u>
Nonoperating Income (Expense), Net	<u>486,247</u>	<u>541,085</u>	<u>377,629</u>
Change in Net Position	<u><u>\$ 225,856</u></u>	<u><u>\$ (432,920)</u></u>	<u><u>\$ 217,243</u></u>

Board of Municipal Utilities
Sikeston, Missouri
Management's Discussion and Analysis
May 31, 2021 and 2020

Operating Revenues

During 2021, consolidated water and sewer operating revenues increased approximately \$741,000. Water revenues increased in fiscal 2021 by approximately \$542,000 compared to fiscal 2020. Water gallons sold were up 5.8 percent in fiscal 2021 compared to fiscal 2020. Sewer revenues increased approximately \$199,000. Sewer gallons treated were up 1.7 percent from fiscal 2020. Rate increases for both water and sewer departments went into effect January 1, 2021.

During 2020, consolidated water and sewer operating revenues increased approximately \$410,000. Water revenues increased in fiscal 2020 by approximately \$215,000 compared to fiscal 2019. Water gallons sold were down 4.3 percent in fiscal 2020 compared to fiscal 2019. Sewer revenues increased approximately \$196,000. Sewer gallons treated were down 1.7 percent from fiscal 2019. Rate increases for both water and sewer departments went into effect January 1, 2020.

Operating Expenses

During 2021, consolidated water and sewer operating expenses increased approximately \$28,000. The largest decrease in operating expenses was due to the decrease in the pension expense of approximately \$1,052,000 from favorable changes in plan activity. Offsetting this decrease was the increase in depreciation of approximately \$444,000 and the increase in other operating expenses of approximately \$600,000 for the write off of undepreciated meters which were replaced with AMI. The remaining current asset accounts were relatively flat when compared to the prior year.

During 2020, consolidated water and sewer operating expenses increased approximately \$1,224,000. This increase was from the increase in the pension expense of approximately \$1,259,000 with the change in the pension plan.

Nonoperating Income (Expense), Net

During 2021, nonoperating income, net decreased approximately \$55,000. The increase was mainly due to the increase in miscellaneous income of approximately \$144,000 for reimbursement lease payments on the North Wastewater Treatment plant offset by increased interest expense of approximately \$143,000. A decrease in investment income of approximately \$56,000 was due to lower interest rates.

During 2020, nonoperating income, net increased approximately \$163,000. The increase was mainly due to the increase in miscellaneous income of approximately \$253,000 for reimbursement lease payments on the North Wastewater Treatment plant offset by increased interest expense of approximately \$144,000.

Board of Municipal Utilities
Sikeston, Missouri
Balance Sheets
May 31, 2021 and 2020

Assets and Deferred Outflows of Resources

	<u>2021</u>	<u>2020</u>
Assets		
Property and Plant		
Property and plant, at original cost	\$ 370,354,303	\$ 361,860,911
Accumulated depreciation	(320,313,731)	(306,561,087)
	<u>50,040,572</u>	<u>55,299,824</u>
Construction work in progress	5,945,266	9,868,334
	<u>55,985,838</u>	<u>65,168,158</u>
Restricted Assets		
Debt service reserve account	14,004,897	14,715,096
Debt service account	13,099,456	13,728,017
Construction fund account	10,375,156	-
	<u>37,479,509</u>	<u>28,443,113</u>
Less amount required to meet current obligations	(14,535,901)	(14,198,561)
	<u>22,943,608</u>	<u>14,244,552</u>
Current Assets		
Cash and cash equivalents	42,343,975	30,426,605
Restricted assets - current	14,535,901	14,198,561
Accounts receivable, net	7,310,628	6,376,493
Coal inventories	2,846,967	6,382,388
Materials and supplies	5,963,271	5,541,057
Prepaid expenses and other assets	1,000,801	775,449
	<u>74,001,543</u>	<u>63,700,553</u>
Total current assets	<u>74,001,543</u>	<u>63,700,553</u>
Total assets	<u>152,930,989</u>	<u>143,113,263</u>
Deferred Outflows of Resources		
Unamortized loss on debt refundings	2,034,305	3,941,285
Pension related	5,770,333	4,711,885
Other postemployment benefits related	660,315	175,272
	<u>8,464,953</u>	<u>8,828,442</u>
Total deferred outflows of resources	<u>8,464,953</u>	<u>8,828,442</u>
Total assets and deferred outflows of resources	<u>\$ 161,395,942</u>	<u>\$ 151,941,705</u>

Net Position, Liabilities, and Deferred Inflows of Resources

	<u>2021</u>	<u>2020</u>
Net Position		
Net investment in capital assets	\$ 1,302,218	\$ 12,388,691
Restricted	36,783,784	27,599,445
Unrestricted	<u>40,534,350</u>	<u>31,822,155</u>
Total net position	<u>78,620,352</u>	<u>71,810,291</u>
Long-Term Debt	40,158,673	41,158,846
Add: Unamortized bond premium	2,410,601	2,388,919
Less: Unamortized bond discount	<u>(17,267)</u>	<u>(33,635)</u>
Total long-term debt, net	<u>42,552,007</u>	<u>43,514,130</u>
Other Noncurrent Liabilities		
Net pension liability	9,303,509	5,100,181
Total other postemployment benefit liability	4,855,332	4,936,052
Accrued compensated absences	<u>1,201,230</u>	<u>1,108,387</u>
Total other noncurrent liabilities	<u>15,360,071</u>	<u>11,144,620</u>
Current Liabilities Payable from Restricted Assets		
Current maturities of long-term debt	13,862,026	13,211,561
Accrued interest payable	<u>673,875</u>	<u>987,000</u>
	<u>14,535,901</u>	<u>14,198,561</u>
Current Liabilities Payable from Unrestricted Assets		
Accounts payable	3,422,836	2,397,927
Current maturities of long-term debt	880,520	624,109
Accrued interest payable	21,850	50,473
Customer deposits	739,950	695,221
Accrued mine shutdown costs	1,242,943	1,227,768
Other accruals	<u>1,871,287</u>	<u>1,834,675</u>
	<u>8,179,386</u>	<u>6,830,173</u>
Total current liabilities	<u>22,715,287</u>	<u>21,028,734</u>
Deferred Inflows of Resources		
Pension related	1,615,753	4,443,930
Other postemployment benefits related	<u>532,472</u>	<u>-</u>
Total deferred outflows of resources	<u>2,148,225</u>	<u>4,443,930</u>
Total net position, liabilities, and deferred inflows of resources	<u>\$ 161,395,942</u>	<u>\$ 151,941,705</u>

Board of Municipal Utilities
Sikeston, Missouri
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended May 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Retail	\$ 37,350,201	\$ 33,282,039
Wholesale	59,118,166	52,815,854
	<u>96,468,367</u>	<u>86,097,893</u>
Operating Expenses		
Production and operations	45,488,155	43,529,062
Purchased power	7,650,862	6,723,989
Distribution costs	2,972,751	3,231,202
Depreciation	19,183,345	16,797,685
General and administrative	6,769,021	6,755,515
Pension expense	2,636,816	8,762,770
Other post-employment benefits expense	340,722	370,828
Donated services	1,132,300	1,041,461
Mine shutdown costs	255,175	128,185
Other operating expenses	2,205,600	828,383
	<u>88,634,747</u>	<u>88,169,080</u>
Operating Income (Loss)	<u>7,833,620</u>	<u>(2,071,187)</u>
Nonoperating Income (Expense)		
Investment income (loss)	(36,892)	972,160
Interest expense	(2,677,193)	(3,079,760)
Miscellaneous, net	1,690,526	2,005,034
	<u>(1,023,559)</u>	<u>(102,566)</u>
Increase (Decrease) in Net Position	6,810,061	(2,173,753)
Net Position		
Beginning of year	<u>71,810,291</u>	<u>73,984,044</u>
End of year	<u>\$ 78,620,352</u>	<u>\$ 71,810,291</u>

Board of Municipal Utilities
Sikeston, Missouri
Statements of Cash Flows
Years Ended May 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Receipts from customers and others	\$ 95,578,961	\$ 86,779,872
Payments to suppliers	(54,562,184)	(59,329,983)
Payments to employees	(9,539,969)	(10,178,208)
Payments for mine shutdown costs	(240,000)	(300,000)
Net cash provided by operating activities	31,236,808	16,971,681
Cash Flows from Investing Activities		
Decrease (increase) in temporary investments maintained in debt service accounts	(9,283,322)	(410,809)
Interest received	210,034	972,160
Net cash provided by (used in) investing activities	(9,073,288)	561,351
Cash Flows from Capital and Related Financing Activities		
Purchase of property and plant, net	(10,769,468)	(12,681,700)
Proceeds from issuance of long-term debt	14,979,325	7,787,630
Payment of long-term debt and capital lease obligations	(13,835,670)	(13,173,161)
Interest paid	(2,310,863)	(2,703,388)
Other nonoperating revenues	1,690,526	2,005,034
Net cash used in capital and related financing activities	(10,246,150)	(18,765,585)
Change in cash and cash equivalents	11,917,370	(1,232,553)
Cash and Cash Equivalents		
Beginning of year	30,426,605	31,659,158
End of year	\$ 42,343,975	\$ 30,426,605

Board of Municipal Utilities
Sikeston, Missouri
Statements of Cash Flows
Years Ended May 31, 2021 and 2020

	2021	2020
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating income (loss)	\$ 7,833,620	\$ (2,071,187)
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	19,183,345	16,797,685
Mine shutdown costs	255,175	128,185
Payments for mine shutdown costs	(240,000)	(300,000)
Loss on disposal	1,340,058	-
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources		
(Increase) decrease in accounts receivable	(934,135)	628,005
(Increase) decrease in coal inventories	3,535,421	(4,340,835)
(Increase) decrease in materials and supplies	(422,214)	(514,574)
(Increase) decrease in prepaid expenses and other assets	(225,352)	(15,012)
(Increase) decrease in deferred outflows related to pensions	(1,058,448)	(1,134,009)
(Increase) decrease in deferred outflows related to other postemployment benefits	(485,043)	(95,898)
(Increase) decrease in net pension asset	-	3,102,317
Increase (decrease) in accounts payable and accrued expenses	582,749	356,442
Increase (decrease) in customer deposits and other liabilities	44,729	53,974
Increase (decrease) in net pension liability	4,203,328	5,100,181
Increase (decrease) in total postemployment benefit liability	(80,720)	(173,425)
Increase (decrease) in deferred inflows related to pensions	(2,828,177)	(550,168)
(Increase) decrease in deferred inflows related to other postemployment benefits	532,472	-
Net cash provided by operating activities	\$ 31,236,808	\$ 16,971,681
Noncash Investing, Capital, and Financing Activities		
Amounts payable incurred for purchases of capital assets	\$ 571,615	\$ 33,607
Payment of long-term debt obligations with proceeds from issuance of long-term debt	\$ 6,147,908	\$ -
Net decrease in fair value of investments	\$ 246,926	\$ -

Board of Municipal Utilities
Sikeston, Missouri
Notes to Financial Statements
May 31, 2021 and 2020

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

The Board of Municipal Utilities of 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 percent of its proportionate share of the monthly power costs (including debt service costs related to the revenue bond issue) as defined in the Agreements for various annual periods extending through the useful life of the plant. Additional capacity has been negotiated at 100 percent 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 percent 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. Excess generation not sold to retail or wholesale customers is sold on the “spot” market 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. 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.

Board of Municipal Utilities
Sikeston, Missouri
Notes to Financial Statements
May 31, 2021 and 2020

This method includes the philosophy that debt service requirements, as opposed to depreciation or amortization, are a cost for rate making purposes. During 2020, the Utility recorded a regulatory asset for the debt issuance costs related to the certificates of participation, which is included in prepaid expenses and other assets on the Balance Sheet. At May 31, 2021, and 2020, 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.

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 except for the original cost of the Sikeston Power Station.

The Utility uses the sinking fund method of depreciation for the original cost of the Sikeston Power Station. Depreciation is based on the annual principal and interest requirements on the Electric System Revenue Bonds. At May 31, 2021 and 2020, the original cost of the Sikeston Power Station less retirements was approximately \$184,091,000 and accumulated depreciation was approximately \$180,815,000 and \$171,622,000, respectively.

Depreciation on additions to the Sikeston Power Station is charged to expense in the period that the related revenue is recognized. Otherwise, purchased property and plant are recorded at cost. Property and plant other than the Sikeston Power Station are depreciated over their estimated useful lives, ranging from 3 to 50 years, using the straight-line method.

Board of Municipal Utilities
Sikeston, Missouri
Notes to Financial Statements
May 31, 2021 and 2020

Lives of major classes of depreciable property other than the Sikeston Power Station 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.

In accordance with the bond ordinance, certain bond proceeds have been deposited in restricted accounts for the purposes of payment of revenue bond principal and interest.

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, 2021 and 2020, cash equivalents consisted of money market funds held through financial institutions.

Board of Municipal Utilities
Sikeston, Missouri
Notes to Financial Statements
May 31, 2021 and 2020

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 \$194,000 and \$134,000 as of May 31, 2021 and 2020, respectively.

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, 2024. 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, 2024. 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, 2022. 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.

Deferred Outflows and Inflows of Resources

The Utility reports the consumption of net position that is applicable to a future reporting period as deferred outflows of resources in a separate section of its balance sheet. 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 position that is applicable to a future reporting period as deferred inflows of resources in a separate section of its balance sheet. These inflows include 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, net of accumulated depreciation, 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.

Board of Municipal Utilities
Sikeston, Missouri
Notes to Financial Statements
May 31, 2021 and 2020

- 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 (including debt service and excluding depreciation) 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 \$882,000 and \$791,000 for the years ended May 31, 2021 and 2020, respectively.

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 percent 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 percent 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 sheets, 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.

Board of Municipal Utilities
Sikeston, Missouri
Notes to Financial Statements
May 31, 2021 and 2020

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 maintains cash and investments in direct obligations, in U.S. government securities and agencies, federal instrumentalities, repurchase agreements, commercial paper, money market mutual funds, and interest-bearing time deposits or savings accounts as designated by the bond ordinance.

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, 2021 and 2020, none of the Utility’s bank balances were exposed to custodial credit risk.

Sikeston Board of Municipal Utilities’ investment portfolio includes securities that are either insured or registered, or for which the securities are held by Sikeston Board of Municipal Utilities’ agents in Sikeston Board of Municipal Utilities’ name.

Board of Municipal Utilities
Sikeston, Missouri
Notes to Financial Statements
May 31, 2021 and 2020

The following represents Sikeston Board of Municipal Utilities' total deposits and investments at May 31, 2021 and 2020:

	2021	2020
Electric System		
U.S. government agency obligations	\$ 24,161,000	\$ 18,329,000
Deposits	40,200,850	36,101,910
Total deposits and investments	<u>64,361,850</u>	<u>54,430,910</u>
Water and Sewer System		
Deposits	<u>15,461,634</u>	<u>4,438,808</u>
Total deposits and investments	<u>15,461,634</u>	<u>4,438,808</u>
 Total system combined	 <u><u>\$ 79,823,484</u></u>	 <u><u>\$ 58,869,718</u></u>

Deposits and investments are included in the following balance sheet accounts at May 31, 2021 and 2020:

	2021	2020
Electric System		
Debt service reserve account	\$ 14,004,897	\$ 14,715,096
Debt service account	12,535,097	13,728,017
Cash and cash equivalents	<u>37,821,856</u>	<u>25,987,797</u>
	<u>64,361,850</u>	<u>54,430,910</u>
Water and Sewer System		
Construction fund account	10,375,156	-
Debt service account	564,359	-
Cash and cash equivalents	<u>4,522,119</u>	<u>4,438,808</u>
	<u>15,461,634</u>	<u>4,438,808</u>
 Total system combined	 <u><u>\$ 79,823,484</u></u>	 <u><u>\$ 58,869,718</u></u>

Board of Municipal Utilities
Sikeston, Missouri
Notes to Financial Statements
May 31, 2021 and 2020

As of May 31, 2021 and 2020, Sikeston Board of Municipal Utilities held cash and investments for restricted and designated purposes as follows:

	2021	2020
Electric System		
Debt service reserve account – revenue bonds	\$ 14,004,897	\$ 14,715,096
Debt service account – revenue bonds	12,535,097	13,728,017
Designated funds		
Contingency fund investments	5,251,702	5,247,190
Operations and maintenance reserve	14,766,150	7,738,424
Retail rate stabilization	493,704	493,280
Mine shutdown costs	3,453,347	3,450,379
Total restricted and designated	<u>50,504,897</u>	<u>45,372,386</u>
Unrestricted and undesignated	<u>13,856,953</u>	<u>9,058,524</u>
 Total cash, cash equivalents, and investments	 <u><u>\$ 64,361,850</u></u>	 <u><u>\$ 54,430,910</u></u>
Water & Sewer System		
Designated funds		
Capital replacement reserve	\$ 223,805	\$ 193,805
Operations and maintenance reserve	1,758,819	1,756,358
Lagoon sludge cleanout fund	510,417	335,417
Construction fund sewer treatment plant improvements	12,289	629,054
Construction fund account	10,375,156	-
Debt service reserve	564,359	-
Total restricted and designated	<u>13,444,845</u>	<u>2,914,634</u>
Unrestricted and undesignated	<u>2,016,789</u>	<u>1,524,174</u>
 Total cash and cash equivalents	 <u><u>\$ 15,461,634</u></u>	 <u><u>\$ 4,438,808</u></u>

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. The bond ordinance has no formal policy for interest rate risk.

Board of Municipal Utilities
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As of May 31, 2021, the Utility’s investment portfolio matures as follows:

Investment Type	Fair Value	Investment Maturities			
		1 year	Less than 5 years	10 years	More than 10 years
U.S. government agency obligations	\$ 24,161,000	\$ 24,161,000	\$ -	\$ -	\$ -

As of May 31, 2020, the Utility’s investment portfolio matures as follows:

Investment Type	Fair Value	Investment Maturities			
		1 year	Less than 5 years	10 years	More than 10 years
U.S. government agency obligations	\$ 18,329,000	\$ 18,329,000	\$ -	\$ -	\$ -

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 a means of limiting credit risk, the Utilities’ bond ordinance permits investments in U.S. government-backed securities with a minimum rating of “AA” by Standard and Poor’s Corporation and an “Aa” by Moody’s Investors Services. As of May 31, 2021, the Utility’s investment in government agencies was assigned long-term ratings of Aaa by Moody’s Investors Services and AA+ by Standard and Poor’s.

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, 2021, as reported at fair value, the Utility’s U.S. agency securities consisted of \$24,161,000 in U.S. Treasury notes. As of May 31, 2020, as reported at fair value, the Utility’s U.S. agency securities consisted of \$15,923,000 in Federal Home Loan Bank (FHLB) discount notes and \$2,406,000 in U.S. Treasury notes.

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.

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Note 3: Disclosure About the Fair Value of Investments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in an active market for identical assets or liabilities and the lowest priority to unobservable inputs. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The three levels of fair value hierarchy defined in GASB Statement No. 72 are as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. The Utility currently does not have Level 1 assets or liabilities.

Level 2 – Pricing inputs are other than quoted market prices in the active markets included in Level 1, which are either directly or indirectly observable for the asset or liability as of the reporting date. Level 2 inputs include the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; or
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 2 assets primarily include U.S. Treasury, federal agency securities, and other U.S. government secured mortgage bonds, held in the Utility funds and certain investments in current assets.

Level 3 – Pricing inputs include significant inputs that are unobservable and cannot be corroborated by market data. Level 3 assets and liabilities are valued based on internally developed models and assumptions or methodologies using significant unobservable inputs. The Utility currently does not have Level 3 assets or liabilities.

The Utility performs an analysis annually to determine the appropriate hierarchy level classification of the assets and liabilities that are included within the scope of GASB Statement No. 72. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to their fair value measurement.

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Recurring Measurements

The following table presents the fair value measurement of assets recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which fair value measurements fall at May 31, 2021.

	2021			Total
	Level 1	Level 2	Level 3	
Investments by Fair Value Level				
U.S. government agency securities	\$ -	\$ 24,161,000	\$ -	\$ 24,161,000
	<u>\$ -</u>	<u>\$ 24,161,000</u>	<u>\$ -</u>	<u>\$ 24,161,000</u>

The following table presents the fair value measurement of assets recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which fair value measurements fall at May 31, 2020.

	2020			Total
	Level 1	Level 2	Level 3	
Investments by Fair Value Level				
U.S. government agency securities	\$ -	\$ 18,329,000	\$ -	\$ 18,329,000
	<u>\$ -</u>	<u>\$ 18,329,000</u>	<u>\$ -</u>	<u>\$ 18,329,000</u>

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

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Note 4: Capital Assets

Capital asset activity for the year ended May 31, 2021, is as follows:

Electric System

	Beginning Balance	Additions	2021		Ending Balance
			Disposals	Transfers/ Adjustments	
Land	\$ 6,417,709	\$ -	\$ -	\$ -	\$ 6,417,709
Buildings	46,131,111	933,942	(4,909)	-	47,060,144
Plant in service	208,482,977	2,564,897	-	606,099	211,653,973
Distribution system	42,226,319	356,836	(3,217,640)	3,220,636	42,586,151
Trucks and autos	1,820,066	125,196	(359,088)	-	1,586,174
Railcars	11,672,689	-	-	-	11,672,689
Furniture, fixtures, and equipment	5,242,856	545,237	(696,607)	188,770	5,280,256
Telecommunications equipment	1,739,260	-	(363,653)	286,352	1,661,959
Capitalized interest	9,003,901	-	-	-	9,003,901
Construction in progress	3,738,814	1,395,310	-	(4,301,857)	832,267
	<u>336,475,702</u>	<u>5,921,418</u>	<u>(4,641,897)</u>	<u>-</u>	<u>337,755,223</u>
Less - accumulated depreciation	<u>(286,226,641)</u>	<u>(17,665,320)</u>	<u>3,902,303</u>	<u>-</u>	<u>(299,989,658)</u>
	<u>\$ 50,249,061</u>	<u>\$ (11,743,902)</u>	<u>\$ (739,594)</u>	<u>\$ -</u>	<u>\$ 37,765,565</u>

Water and Sewer System

	Beginning Balance	Additions	2021		Ending Balance
			Disposals	Transfers/ Adjustments	
Land	\$ 921,767	\$ -	\$ -	\$ -	\$ 921,767
Buildings	4,922,760	86,249	(1,636)	-	5,007,373
Plant in service	10,866,066	96,747	-	2,798,983	13,761,796
Distribution system	7,638,959	136,022	-	370,957	8,145,938
Trucks and autos	527,123	172,279	(40,794)	-	658,608
Furniture, fixtures, and equipment	4,236,355	141,315	(2,088,022)	2,635,224	4,924,872
Capitalized interest	10,993	-	-	-	10,993
Construction in progress	6,129,520	4,788,643	-	(5,805,164)	5,112,999
	<u>35,253,543</u>	<u>5,421,255</u>	<u>(2,130,452)</u>	<u>-</u>	<u>38,544,346</u>
Less - accumulated depreciation	<u>(20,334,446)</u>	<u>(1,518,026)</u>	<u>1,528,399</u>	<u>-</u>	<u>(20,324,073)</u>
	<u>\$ 14,919,097</u>	<u>\$ 3,903,229</u>	<u>\$ (602,053)</u>	<u>\$ -</u>	<u>\$ 18,220,273</u>
Total System Combined	<u>\$ 65,168,158</u>	<u>\$ (7,840,673)</u>	<u>\$ (1,341,647)</u>	<u>\$ -</u>	<u>\$ 55,985,838</u>

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Capital asset activity for the year ended May 31, 2020, is as follows:

Electric System

	2020				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers/ Adjustments	
Land	\$ 6,417,709	\$ -	\$ -	\$ -	\$ 6,417,709
Buildings	45,819,416	311,695	-	-	46,131,111
Plant in service	206,520,664	1,962,313	-	-	208,482,977
Distribution system	41,632,599	593,720	-	-	42,226,319
Trucks and autos	1,375,305	444,761	-	-	1,820,066
Railcars	11,672,689	-	-	-	11,672,689
Furniture, fixtures, and equipment	4,667,574	575,282	-	-	5,242,856
Telecommunications equipment	1,739,260	-	-	-	1,739,260
Capitalized interest	9,003,901	-	-	-	9,003,901
Construction in progress	1,187,867	2,591,994	(41,047)	-	3,738,814
	<u>330,036,984</u>	<u>6,479,765</u>	<u>(41,047)</u>	<u>-</u>	<u>336,475,702</u>
Less - accumulated depreciation	<u>(270,502,915)</u>	<u>(15,723,726)</u>	<u>-</u>	<u>-</u>	<u>(286,226,641)</u>
	<u>\$ 59,534,069</u>	<u>\$ (9,243,961)</u>	<u>\$ (41,047)</u>	<u>\$ -</u>	<u>\$ 50,249,061</u>

Water and Sewer System

	2020				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers/ Adjustments	
Land	\$ 919,783	\$ 1,984	\$ -	\$ -	\$ 921,767
Buildings	4,922,760	-	-	-	4,922,760
Plant in service	10,746,270	119,796	-	-	10,866,066
Distribution system	7,557,533	81,426	-	-	7,638,959
Trucks and autos	460,493	66,630	-	-	527,123
Furniture, fixtures, and equipment	3,160,437	1,075,918	-	-	4,236,355
Capitalized interest	10,993	-	-	-	10,993
Construction in progress	1,198,685	4,930,835	-	-	6,129,520
	<u>28,976,954</u>	<u>6,276,589</u>	<u>-</u>	<u>-</u>	<u>35,253,543</u>
Less - accumulated depreciation	<u>(19,260,487)</u>	<u>(1,073,959)</u>	<u>-</u>	<u>-</u>	<u>(20,334,446)</u>
	<u>\$ 9,716,467</u>	<u>\$ 5,202,630</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,919,097</u>
Total System Combined	<u>\$ 69,250,536</u>	<u>\$ (4,041,331)</u>	<u>\$ (41,047)</u>	<u>\$ -</u>	<u>\$ 65,168,158</u>

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Note 5: Long-Term Obligations

The Board's long-term indebtedness (excluding current maturities of long-term debt and unamortized bond discounts, and premiums) as of May 31, 2021 and 2020, is comprised of the following obligations.

	2021	2020
Electric System		
Electric revenue bonds, issued July 19, 2012, 3% to 5% due in installments through June 1, 2022	\$ 13,805,000	\$ 26,955,000
Capital lease obligations	2,703,306	3,415,331
	16,508,306	30,370,331
Water and Sewer System		
Water certificates of participation issued December 3, 2020, 2% to 5%, due in installments through September 1, 2050	18,745,000	
Capital lease obligations	4,905,367	10,788,515
	23,650,367	10,788,515
Total System Combined	\$ 40,158,673	\$ 41,158,846

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The summarized activity of the Board's long-term debt (including current maturities of long-term debt) during the year ended May 31, 2021, is presented below:

	2021				
	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due in One Year
Electric System					
2012 Revenue Bonds	\$ 39,480,000	\$ -	\$ 12,525,000	\$ 26,955,000	\$ 13,150,000
2009 Train Car Capital Lease	3,142,813	-	311,243	2,831,570	325,676
2013 Train Car Capital Lease	959,079	-	375,317	583,762	386,350
	43,581,892	-	13,211,560	30,370,332	13,862,026
Add: Unamortized premium	2,388,919	-	(1,194,480)	1,194,439	-
Less: Unamortized discount	(33,635)	-	16,368	(17,267)	-
Total long-term debt	45,937,176	-	14,389,672	31,547,504	13,862,026
Other long-term liabilities					
Accrued compensated absences	1,054,273	87,725	54,174	1,087,824	83,649
Total long-term obligations	\$ 46,991,449	\$ 87,725	\$ 14,443,846	\$ 32,635,328	\$ 13,945,675
Water & Sewer System					
2014 Sewer Improvements Lease	\$ 2,440,025	\$ -	\$ 261,860	\$ 2,178,165	\$ 270,581
2017 Sewer Force Main Project	1,385,134	-	136,835	1,248,299	141,928
2020 Sewer Lagoon Upgrades	2,349,835	-	225,412	2,124,423	233,011
2019 Water Financing	4,478,615	321,385	4,800,000	-	-
2020 Water Financing	759,015	588,893	1,347,908	-	-
2020 Certificates of Participation	-	18,980,000	-	18,980,000	235,000
Total long-term debt	11,412,624	19,890,278	6,772,015	24,530,887	880,520
Add: Unamortized premium	-	1,236,952	(20,790)	1,216,162	-
Total long-term debt	11,412,624	21,127,230	6,792,805	25,747,049	880,520
Other long-term liabilities					
Accrued compensated absences	181,454	35,076	7,334	209,196	12,141
Total long-term obligations	\$ 11,594,078	\$ 21,162,306	\$ 6,800,139	\$ 25,956,245	\$ 892,661
Total System Combined	\$ 58,585,527	\$ 21,250,031	\$ 21,243,985	\$ 58,591,573	\$ 14,838,336

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The summarized activity of the Board's long-term debt (including current maturities of long-term debt) during the year ended May 31, 2020, is presented below:

	2020				
	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due in One Year
Electric System					
2012 Revenue Bonds	\$ 51,405,000	\$ -	\$ 11,925,000	\$ 39,480,000	\$ 12,525,000
2009 Train Car Capital Lease	3,440,999	-	298,186	3,142,813	311,244
2013 Train Car Capital Lease	1,323,678	-	364,599	959,079	375,317
	<u>56,169,677</u>	-	<u>12,587,785</u>	<u>43,581,892</u>	<u>13,211,561</u>
Add: Unamortized premium	3,583,399	-	(1,194,480)	2,388,919	-
Less: Unamortized discount	(49,151)	-	15,516	(33,635)	-
	<u>59,703,925</u>	-	<u>13,766,749</u>	<u>45,937,176</u>	<u>13,211,561</u>
Total long-term debt					
Other long-term liabilities					
Accrued compensated absences	977,992	116,380	40,099	1,054,273	108,423
	<u>977,992</u>	<u>116,380</u>	<u>40,099</u>	<u>1,054,273</u>	<u>108,423</u>
Total long-term obligations	<u>\$ 60,681,917</u>	<u>\$ 116,380</u>	<u>\$ 13,806,848</u>	<u>\$ 46,991,449</u>	<u>\$ 13,319,984</u>
Water & Sewer System					
2014 Sewer Improvements Lease	\$ 2,693,449	\$ -	\$ 253,424	\$ 2,440,025	\$ 261,862
2017 Sewer Force Main Project	1,516,921	-	131,787	1,385,134	136,835
2020 Sewer Lagoon Upgrades	-	2,550,000	200,165	2,349,835	225,412
2019 Water Financing	-	4,478,615	-	4,478,615	-
2020 Water Financing	-	759,015	-	759,015	-
	<u>4,210,370</u>	<u>7,787,630</u>	<u>585,376</u>	<u>11,412,624</u>	<u>624,109</u>
Total long-term debt					
Other long-term liabilities					
Accrued compensated absences	171,047	17,020	6,613	181,454	18,917
	<u>171,047</u>	<u>17,020</u>	<u>6,613</u>	<u>181,454</u>	<u>18,917</u>
Total long-term obligations	<u>\$ 4,381,417</u>	<u>\$ 7,804,650</u>	<u>\$ 591,989</u>	<u>\$ 11,594,078</u>	<u>\$ 643,026</u>
Total System Combined	<u>\$ 65,063,334</u>	<u>\$ 7,921,030</u>	<u>\$ 14,398,837</u>	<u>\$ 58,585,527</u>	<u>\$ 13,963,010</u>

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On September 4, 2012, \$85,760,000 of the 1996 Series Electric System Revenue Bonds were refunded with the proceeds from the issuance of the \$73,620,000 2012 Series Electric Refunding Bonds. A bond premium of approximately \$12,000,000 and debt issuance costs of \$498,000 were recorded in relation to the refunding. The remaining balance of the original loss on refunding of \$932,000 is included on the Utility's balance sheets in deferred outflows of resources. The amount is being amortized over the life of the bonds. At May 31, 2021 and 2020, \$26,955,000 and \$39,480,000, respectively, of these bonds remains outstanding.

Interest payments on the 2012 Bonds are due semiannually on June 1 and December 1 at interest rates ranging from 3.0 percent to 5.0 percent. The first principal payment was due on June 1, 2017, and then principal payments are due annually on June 1 through 2022.

The estimated fair value of the electric revenue bonds outstanding at May 31, 2021 and 2020, is approximately \$27,523,000 and \$41,149,000, respectively. Fair value, which was obtained from a broker, was estimated by calculating market premiums or discounts to face values for the issues based on rates currently available for debt with similar terms.

The debt service to maturity on the outstanding bonds and obligations as of May 31, 2021, is summarized in the following tables:

	Total to Be Paid	Electric System Bonds		Capital Leases	
		Principal	Interest	Principal	Interest
Year Ending May 31,					
2022	\$ 15,017,951	\$ 13,150,000	\$ 1,019,000	\$ 712,026	\$ 136,925
2023	14,798,782	13,805,000	345,125	537,781	110,876
2024	448,362	-	-	355,720	92,642
2025	448,362	-	-	371,540	76,822
2026	448,363	-	-	388,526	59,837
2027 - 2030	1,120,923	-	-	1,049,739	71,184
	<u>\$ 32,282,743</u>	<u>\$ 26,955,000</u>	<u>\$ 1,364,125</u>	<u>\$ 3,415,332</u>	<u>\$ 548,286</u>

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	Total to Be Paid	Water and Sewer System COPS		Capital Leases	
		Principal	Interest	Principal	Interest
Year Ending May 31,					
2022	\$ 1,634,665	\$ 235,000	\$ 576,700	\$ 645,520	\$ 177,445
2023	1,637,830	250,000	564,575	667,667	155,588
2024	1,635,091	260,000	551,825	690,491	132,775
2025	2,012,091	660,000	528,825	714,269	108,997
2026	2,012,216	695,000	494,950	737,780	84,486
2027 - 2051	24,740,844	16,880,000	5,664,827	2,095,160	100,857
	<u>\$ 33,672,737</u>	<u>\$ 18,980,000</u>	<u>\$ 8,381,702</u>	<u>\$ 5,550,887</u>	<u>\$ 760,148</u>

Note 6: Lease Obligations

The Board maintains capital leases for aluminum coal railcars and a vacuum truck with interest rates varying from 1.4 percent to 4.4 percent due through 2028, and for sewer and water treatment plant equipment with interest rates varying from 2.25 percent to 3.32 percent due through 2050. Property and equipment include the following property under capital lease:

	<u>2021</u>	<u>2020</u>
Equipment and construction in process	\$ 36,480,834	\$ 22,738,464
Less accumulated depreciation	<u>9,036,334</u>	<u>7,492,027</u>
	<u>\$ 27,444,500</u>	<u>\$ 15,246,437</u>

These amounts are included in the respective property and plant classification within *Note 4* and the future minimum lease payments are included in the schedule of debt maturities in *Note 5*.

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Note 7: Bond Ordinance and Debt Service Requirements

Electric System

On February 23, 1978, the City enacted the Electric System Revenue Bond Ordinance. The bond ordinance was supplemented by the 1992, 1996, and 2012 Series Revenue Bond Ordinances. The ordinance, as updated, provides, among other things, the following:

- a. The bonds will not constitute a general obligation of the City nor an indebtedness of the City.
- b. The bonds will be payable solely from and secured solely by a pledge of the (i) proceeds of the bonds, (ii) the revenues derived by the City from the ownership and operation of the Electric System, and (iii) all funds established under the ordinance.
- c. The Utility will at all times establish and collect rates for the sale of output of the Electric System to provide revenue sufficient to cover operation and maintenance expenses, 110 percent of aggregate debt service costs, required deposits into accounts established by the ordinance, and all other charges payable from revenues.
- d. The Utility shall keep proper books of records and accounts relating to the Electric System in accordance with the FERC Uniform System of Accounts prescribed for Class A and Class B Public Utilities and Licensees.

In accordance with the bond ordinance, certain bond proceeds have been deposited in restricted accounts maintained by a Trustee, The Bank of New York Mellon Trust Company, N.A. (the "Trustee"). The ordinance, as updated, provides, among other things, that the accounts be operated in the following manner:

- a. Debt service account – for payment of Electric System revenue bond principal and interest.
- b. Debt service reserve account – for payment of Electric System revenue bond principal and interest to the extent funds are not available in the debt service account. This account reserves for the greatest amount of aggregate debt service for any year.

In addition to the Trustee-maintained accounts established by the bond ordinance, certain other unrestricted accounts are to be maintained and operated by the Utility in accordance with the ordinance including the following:

- a. Reserve account – for the deposit of all Electric System revenues.
- b. General reserve account – for the deposit of all unexpended monies originally deposited in the revenue account.
- c. Contingency fund – for payment of major renewals, replacements, repairs, additions, betterments, improvements, decommissionings, and disposals and also payment of extraordinary operation and maintenance costs or any unusual loss or damage to prevent a loss of revenues.

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The bond ordinance requires the Board to establish and collect sufficient rates for the Electric System to meet the 110 percent of aggregate debt service costs requirement. For the years ended May 31, 2021 and 2020, the Electric System covered 183 percent and 116 percent, respectively, of aggregate debt service costs. In the event revenues are not sufficient to make payments or meet the debt service coverage ratio, the Board is to pay funds into the Revenue Fund to meet such criterion. Management intends to increase rates as needed to meet all bond ordinance 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 percent of basic rent payments requirement. For the year ended May 31, 2021, the Water System covered 886 percent 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 8: 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.

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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.

	2021 Valuation	2020 Valuation
Benefit multiplier	2.0% for life	2.0% for life
Final average salary	3 years	3 years
Member contributions	0%	0%

Benefit terms provide for annual post-retirement 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 percent per year. During the measurement year ended May 31, 2021, the Utility changed its benefit multiplier from 1.5 percent for life, plus .50 percent to age 65 to 2.0 percent for life. This change resulted in an increase in the net pension liability of \$8,340,500 in 2020.

Employees Covered by Benefit Terms

At June 30, 2021 and 2020, measurement dates for the net pension liability/(asset) at May 31, 2021 and 2020, respectively, the following employees were covered by the benefit terms:

	2021	2020
Inactive employees or beneficiaries currently receiving benefits	133	128
Inactive employees entitled to but not yet receiving benefits	5	6
Active employees	138	141
	276	275

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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, 2021 and 2020, the Utility's contribution rate was 21.5 percent of annual covered payroll, for both years. Contributions by the Utility for the years ended May 31, 2021 and 2020, were \$2,320,116 and \$2,243,606, respectively.

Net Pension Liability/(Asset)

The Utility's net pension liability/(asset) as of May 31, 2021 and 2020, was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability/(asset) was determined by actuarial valuations as of February 29, 2020 and February 28, 2019, respectively, rolled forward to June 30, 2020 and 2019, respectively. The roll-forward of total pension liability from February 29, 2020 and February 28, 2019, to June 30, 2020 and 2019, respectively, reflects expected service costs and interest reduced by actual benefit payments and administrative expenses.

Actuarial Assumptions

The total pension liability in the February 28, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.50% price inflation
Salary increase	3.25% to 6.55%, including wage inflation
Investment rate of return	7.25%, net of investment expenses

The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 29, 2020, valuation were based on the results of an actuarial experience study for the period March 1, 2010, through February 28, 2015.

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The total pension liability in the February 28, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.50% price inflation
Salary increase	3.25% to 6.55%, including wage inflation
Investment rate of return	7.25%, net of investment expenses

The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The actuarial assumptions used in the February 28, 2019, valuation were based on the results of an actuarial experience study for the period March 1, 2010, through February 28, 2015.

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
Alpha	15.00%	3.67%
Equity	35.00%	4.78%
Fixed income	31.00%	1.41%
Real assets	36.00%	3.29%
Strategic assets	8.00%	5.25%
Cash	10.00%	0.00%
Leverage	-35.00%	-0.29%

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Discount Rate

The discount rate used to measure the total pension liability is 7.25 percent. 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.

Changes in the Net Pension Liability/(Asset)

	2021		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances, May 31, 2020	\$ 73,317,511	\$ 68,217,330	\$ 5,100,181
Changes for the year			
Service cost	1,125,747	-	1,125,747
Interest	5,209,357	-	5,209,357
Difference between expected and actual experience	470,670	-	470,670
Contributions – employer	-	2,246,565	(2,246,565)
Net investment income	-	873,315	(873,315)
Benefit payments, including refunds	(4,106,513)	(4,106,513)	-
Administrative expense	-	(37,232)	37,232
Other changes	-	(480,202)	480,202
Net changes	<u>2,699,261</u>	<u>(1,504,067)</u>	<u>4,203,328</u>
Balances, May 31, 2021	<u>\$ 76,016,772</u>	<u>\$ 66,713,263</u>	<u>\$ 9,303,509</u>

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	2020		
	Increase (Decrease)		
	Total Pension	Plan	Net Pension
	Liability	Fiduciary	Liability/
(a)	Net Position	(Asset)	
(a)	(b)	(a) - (b)	
Balances, May 31, 2019	\$ 61,681,947	\$ 64,784,264	\$ (3,102,317)
Changes for the year			
Service cost	849,907	-	849,907
Interest	4,373,266	-	4,373,266
Changes of benefit terms	8,340,500	-	8,340,500
actual experience	1,692,356	-	1,692,356
Contributions – employer	-	1,839,197	(1,839,197)
Net investment income	-	4,706,011	(4,706,011)
Benefit payments, including refunds	(3,620,465)	(3,620,465)	-
Administrative expense	-	(33,192)	33,192
Other changes	-	541,515	(541,515)
Net changes	<u>11,635,564</u>	<u>3,433,066</u>	<u>8,202,498</u>
Balances, May 31, 2020	<u>\$ 73,317,511</u>	<u>\$ 68,217,330</u>	<u>\$ 5,100,181</u>

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following represents the net pension liability/(asset) of the Utility, calculated using the discount rate of 7.25 percent, as well as what the Utility’s net pension liability/(asset) would be using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate.

	Current Single Discount		
	1%	Rate	1%
	Decrease	Assumption	Increase
	6.25%	7.25%	8.25%
Total pension liability	\$ 85,866,582	\$ 76,016,772	\$ 67,777,520
Plan fiduciary net position	<u>66,713,263</u>	<u>66,713,263</u>	<u>66,713,263</u>
Net pension liability/(asset)	<u>\$ 19,153,319</u>	<u>\$ 9,303,509</u>	<u>\$ 1,064,257</u>

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

For the year ended May 31, 2021, the Utility recognized pension expense of \$2,636,816. As of May 31, 2021, the Utility reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,710,974	\$ 1,615,753
Changes of assumptions	343,121	-
Net difference between projected and actual earnings on pension plan investments	1,561,599	-
Contributions subsequent to the measurement date *	2,154,639	-
	\$ 5,770,333	\$ 1,615,753

*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, 2022.

For the year ended May 31, 2020, the Utility recognized pension expense of \$8,762,770. As of May 31, 2020, the Utility reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,891,459	\$ 2,610,762
Changes of assumptions	739,337	-
Net difference between projected and actual earnings on pension plan investments	-	1,833,168
Contributions subsequent to the measurement date *	2,081,089	-
	\$ 4,711,885	\$ 4,443,930

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date was recognized as a reduction in the net pension liability for the year ending May 31, 2021.

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

Year ended	
2022	\$ (62,711)
2023	1,998
2024	934,872
2025	1,073,977
2026	<u>51,805</u>
	<u>\$ 1,999,941</u>

Payable to the Pension Plan

At May 31, 2021 and 2020, the Utility reported a payable of \$224,407 and \$274,965, respectively, 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 9: Other Postemployment Health Care Plan

Plan Description

The Utility currently provides post-retirement 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.

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.

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The employees covered by the benefit terms at May 31, 2021 and 2020, are:

	2021	2020
Inactive employees or beneficiaries currently receiving benefits	14	23
Active employees	141	133
	155	156

Total OPEB Liability

The Utility’s total OPEB liability of \$4,855,332 and \$4,936,052 was measured as of May 31, 2021 and 2020, respectively, for the years then ended, and was determined by an actuarial valuation as of May 31, 2021 and 2020, using census data from 2021 and 2019, respectively.

The total OPEB liability in the May 31, 2021 and 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	3.00%
Discount rate	2.20% at May 31, 2021, 2.16% at May 31, 2020
Salary increase	3.00%
Health care cost trend rates	7.0% for 2021, decreasing 0.25% per year ultimate rate of 4.0% 6.0% for 2020, decreasing 0.5% per year to an ultimate rate of 4.5% for 2023 and later years

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 in 2021 were based on the Pub-2010 generational scale MP-2020 to reflect the Society of Actuaries’ recent mortality study.

Mortality rates in 2020 were based on the RP-2014 generational table scaled using MP-2018 and applied on a gender-specific basis.

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Changes in Total OPEB Liability

Changes in total OPEB liability for the years ended May 31, 2021 and 2020, are:

	<u>2021</u>	<u>2020</u>
Total OPEB liability, beginning of year	\$ 4,936,052	\$ 5,109,477
Changes for the year		
Service cost	220,045	180,888
Interest	107,332	174,457
Difference between expected and actual experience	(532,471)	-
Changes in assumptions or other inputs	498,390	111,380
Benefit payments	<u>(374,016)</u>	<u>(640,150)</u>
Net changes	<u>(80,720)</u>	<u>(173,425)</u>
Total OPEB liability, end of year	<u>\$ 4,855,332</u>	<u>\$ 4,936,052</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 2.20 percent. The following presents the total OPEB liability using a discount rate 1 percent higher and 1 percent lower than the current discount rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 5,180,000	\$ 4,855,332	\$ 4,549,000

The total OPEB liability of the Utility has been calculated using health care cost trend rates of 7.0 percent. The following presents the total OPEB liability using health care cost trend rates 1 percent higher and 1 percent 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	\$ 4,372,000	\$ 4,855,332	\$ 5,420,000

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

For the years ended May 31, 2021 and 2020, the Utility recognized OPEB expense of \$340,722 and \$370,828, respectively. At May 31, 2021 and 2020, the Utility reported deferred outflows of resources related to OPEB from the following source:

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 532,472
Changes of assumptions and inputs	660,315	-
Total	\$ 660,315	\$ 532,472

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions and inputs	\$ 175,272	\$ -
	\$ 175,272	\$ -

Deferred outflows of resources at May 31, 2021, related to OPEB will be recognized in OPEB expense as follows:

Year ended	
2022	\$ 13,345
2023	13,345
2024	13,345
2025	13,345
2026	13,345
Thereafter	61,118
	\$ 127,843

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May 31, 2021 and 2020

Note 10: Commitments and Contingencies

Coal Contracts

The Board has an agreement with Western Fuels Association, Inc. (WFA) for the procurement of coal through December 31, 2024. 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, 2024. 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, 2022. 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.

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 percent of its proportionate share of the monthly power costs (including debt service costs related to the revenue bond issue) as defined in each respective agreement, for various annual periods extending to June 1, 2022. Additional capacity has been negotiated at 100 percent 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 percent of the Sikeston Power Station.

Obligations to Purchase Power

The Board has a purchased power agreement with the Southwestern Power Administration (SWPA) effective September 1, 2016, through September 30, 2023. This agreement is for 33.8 mWh's of Hydro Capacity & Energy. Under this agreement the Board purchases a minimum of 2,028 mWh's of peaking energy each month. The Board must also purchase a minimum of 40,560 mWh's for the year. This purchase power agreement includes SWPA transmission for the delivery of the energy purchased. For the years ended May 31, 2021 and 2020, the cost under this contract was approximately \$4,767,000 and \$5,043,000, respectively.

Board of Municipal Utilities
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May 31, 2021 and 2020

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 percent 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 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 percent by the Utility with the remaining 50 percent 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 percent of the mine reclamation costs and 50 percent of the post-retirement benefits for certain former mine workers. At May 31, 2021 and 2020, the Utility has recorded a liability of approximately \$1,243,000 and \$1,228,000, respectively, for the amount of the remaining estimated post-retirement benefits and mine reclamation costs. The liability represents the Utility’s 50 percent proportional share of the total estimated post-retirement benefits and mine reclamation costs less amounts previously funded by the Utility to WFI. The Utility records mine shutdown costs related to costs of post-retirement 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 increase and decrease, respectively, to the change in net position of approximately \$15,000 and \$172,000 for the years ended May 31, 2021 and 2020, respectively. The amounts recorded for the Board’s portion of the post-retirement 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

Board of Municipal Utilities
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May 31, 2021 and 2020

significantly over time. For the years ended May 31, 2021 and 2020, the Utility paid \$240,000 and \$300,000, respectively, to WFI to fund these obligations as well as administrative and other costs incurred by WFI. Total payments through May 31, 2021 and 2020, from the Utility to WFI to fund these obligations and costs were approximately \$16,650,000 and \$16,410,000, respectively. The Utility expects to fund approximately an additional \$240,000 during the year ending May 31, 2022. 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 11: Significant Customers and Concentration of Credit Risk

For the year ended May 31, 2021, the Utility had four wholesale customers, which individually exceeded 10 percent of total revenues. Approximately 74 percent of the Electric System's wholesale revenue during the year ended May 31, 2021, was generated through sales to these customers, in the amount of approximately \$43,997,000. As of May 31, 2021, total receivables due from these customers were approximately \$2,685,000. No other customer represented 10 percent 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.

For the year ended May 31, 2020, the Utility had four wholesale customers, which individually exceeded 10 percent of total revenues. Approximately 83 percent of the Electric System's wholesale revenue during the year ended May 31, 2020, was generated through sales to these customers, in the amount of approximately \$43,577,000. As of May 31, 2020, total receivables due from these customers were approximately \$2,685,000. No other customer represented 10 percent 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.

Note 12: Subsequent Events

Subsequent events have been evaluated through September 3, 2021, which is the date the financial statements were issued.

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, 2021

	2021	2020	2019	2018	2017	2016
Total Pension Liability						
Service cost	\$ 1,125,747	\$ 849,907	\$ 847,994	\$ 873,809	\$ 873,292	\$ 904,619
Interest on the total pension liability	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	470,670	1,692,356	(1,696,949)	(2,613,331)	1,568,808	(1,482,213)
Changes of assumptions	-	-	-	-	2,324,201	-
Benefit payments, including refunds	<u>(4,106,513)</u>	<u>(3,620,465)</u>	<u>(2,876,413)</u>	<u>(3,088,843)</u>	<u>(3,291,663)</u>	<u>(3,334,919)</u>
Net Change in Total Pension Liability	2,699,261	11,635,564	628,745	(448,390)	5,452,094	60,157
Total Pension Liability – Beginning	<u>73,317,511</u>	<u>61,681,947</u>	<u>61,053,202</u>	<u>61,501,592</u>	<u>56,049,498</u>	<u>55,989,341</u>
Total Pension Liability – Ending	<u>76,016,772</u>	<u>73,317,511</u>	<u>61,681,947</u>	<u>61,053,202</u>	<u>61,501,592</u>	<u>56,049,498</u>
Fiduciary Net Position						
Contributions – employer	2,246,565	1,839,197	1,354,898	1,303,671	1,331,286	1,556,587
Net investment income	873,315	4,706,011	7,023,038	6,368,340	(155,540)	1,170,694
Benefit payments, including refunds	(4,106,513)	(3,620,465)	(2,876,413)	(3,088,843)	(3,291,663)	(3,334,919)
Pension plan administrative expense	(37,232)	(33,192)	(22,790)	(22,164)	(22,371)	(24,605)
Other	<u>(480,202)</u>	<u>541,515</u>	<u>(246,487)</u>	<u>(131,387)</u>	<u>(154,780)</u>	<u>(26,399)</u>
Net Change in Plan Fiduciary Net Position	(1,504,067)	3,433,066	5,232,246	4,429,617	(2,293,068)	(658,642)
Fiduciary Net Position – Beginning	<u>68,217,330</u>	<u>64,784,264</u>	<u>59,552,018</u>	<u>55,122,401</u>	<u>57,415,469</u>	<u>58,074,111</u>
Fiduciary Net Position – Ending	<u>66,713,263</u>	<u>68,217,330</u>	<u>64,784,264</u>	<u>59,552,018</u>	<u>55,122,401</u>	<u>57,415,469</u>
Net Pension Liability/(Asset)	<u>\$ 9,303,509</u>	<u>\$ 5,100,181</u>	<u>\$ (3,102,317)</u>	<u>\$ 1,501,184</u>	<u>\$ 6,379,191</u>	<u>\$ (1,365,971)</u>
Fiduciary Net Position as a Percentage of Total Pension Liability	87.76%	93.04%	105.03%	97.54%	89.63%	102.44%
Covered Payroll	\$ 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	90.42%	50.22%	-31.39%	14.98%	61.69%	-13.65%

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Schedule of the Utility's Contributions
May 31, 2021**

Fiscal Year	Actuarially Determined Contribution	Contribution in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contribution as Percentage of Covered Employee Payroll
2012	\$ 1,316,564	\$ 1,238,545	\$ 78,019	\$ 9,752,321	12.70%
2013	1,414,376	1,345,622	68,754	9,822,054	13.70%
2014	1,374,676	1,374,676	-	10,182,782	13.50%
2015	1,600,817	1,568,368	32,449	10,816,330	14.50%
2016	1,336,434	1,336,435	(1)	9,826,726	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%

Notes to Schedule:

Valuation date February 29, 2020

Notes The roll-forward of total pension liability from February 29, 2020, to June 30, 2020, 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 9 to 18 years
Asset valuation method	5-year smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.50% price inflation
Salary increases	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, 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, 2021**

Mortality

The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Other information

None

Other Information

Board of Municipal Utilities
Sikeston, Missouri
Combining Balance Sheets
May 31, 2021 and 2020

Assets and Deferred Outflows of Resources

	May 31, 2021		Combined
	Electric System	Water and Sewer System	
Assets			
Property and Plant			
Property and plant, at original cost	\$ 336,922,956	\$ 33,431,347	\$ 370,354,303
Accumulated depreciation	(299,989,658)	(20,324,073)	(320,313,731)
	<u>36,933,298</u>	<u>13,107,274</u>	<u>50,040,572</u>
Construction work in progress	832,267	5,112,999	5,945,266
Total property and plant, net	<u>37,765,565</u>	<u>18,220,273</u>	<u>55,985,838</u>
Restricted Assets			
Debt service reserve account	14,004,897	-	14,004,897
Debt service account	12,535,097	564,359	13,099,456
Construction fund account	-	10,375,156	10,375,156
	<u>26,539,994</u>	<u>10,939,515</u>	<u>37,479,509</u>
Less amount required to meet current obligations	<u>(14,535,901)</u>	<u>-</u>	<u>(14,535,901)</u>
Total restricted assets	<u>12,004,093</u>	<u>10,939,515</u>	<u>22,943,608</u>
Current Assets			
Cash and cash equivalents	37,821,856	4,522,119	42,343,975
Restricted assets - current	14,535,901	-	14,535,901
Accounts receivable, net	6,591,710	718,918	7,310,628
Coal inventories	2,846,967	-	2,846,967
Materials and supplies	5,518,142	445,129	5,963,271
Prepaid expenses and other assets	703,882	296,919	1,000,801
Interdepartment due from (to)	51,306	(51,306)	-
Total current assets	<u>68,069,764</u>	<u>5,931,779</u>	<u>74,001,543</u>
Total assets	<u>117,839,422</u>	<u>35,091,567</u>	<u>152,930,989</u>
Deferred Outflows of Resources			
Unamortized loss on debt refundings	2,034,305	-	2,034,305
Pension related	4,792,454	977,879	5,770,333
Other postemployment benefits related	548,061	112,254	660,315
Total deferred outflows of resources	<u>7,374,820</u>	<u>1,090,133</u>	<u>8,464,953</u>
Total assets and deferred outflows of resources	<u>\$ 125,214,242</u>	<u>\$ 36,181,700</u>	<u>\$ 161,395,942</u>

Electric System	May 31, 2020	
	Water and Sewer System	Combined
\$ 332,736,888	\$ 29,124,023	\$ 361,860,911
(286,226,641)	(20,334,446)	(306,561,087)
<u>46,510,247</u>	<u>8,789,577</u>	<u>55,299,824</u>
3,738,814	6,129,520	9,868,334
<u>50,249,061</u>	<u>14,919,097</u>	<u>65,168,158</u>
14,715,096	-	14,715,096
13,728,017	-	13,728,017
<u>28,443,113</u>	<u>-</u>	<u>28,443,113</u>
(14,198,561)	-	(14,198,561)
<u>14,244,552</u>	<u>-</u>	<u>14,244,552</u>
25,987,797	4,438,808	30,426,605
14,198,561	-	14,198,561
5,624,564	751,929	6,376,493
6,382,388	-	6,382,388
5,208,147	332,910	5,541,057
657,281	118,168	775,449
60,449	(60,449)	-
<u>58,119,187</u>	<u>5,581,366</u>	<u>63,700,553</u>
<u>122,612,800</u>	<u>20,500,463</u>	<u>143,113,263</u>
3,941,285	-	3,941,285
3,921,848	790,037	4,711,885
145,475	29,797	175,272
<u>8,008,608</u>	<u>819,834</u>	<u>8,828,442</u>
<u>\$ 130,621,408</u>	<u>\$ 21,320,297</u>	<u>\$ 151,941,705</u>

Board of Municipal Utilities
Sikeston, Missouri
Combining Balance Sheets
May 31, 2021 and 2020

Net Position, Liabilities, and Deferred Inflows of Resources

	Electric System	May 31, 2021 Water and Sewer System	Combined
Net Position			
Net investment in capital assets	\$ 8,252,362	\$ (6,950,144)	\$ 1,302,218
Restricted	25,866,119	10,917,665	36,783,784
Unrestricted	37,508,206	3,026,144	40,534,350
Total net position	<u>71,626,687</u>	<u>6,993,665</u>	<u>78,620,352</u>
Long-Term Debt	16,508,306	23,650,367	40,158,673
Add: Unamortized bond premium	1,194,439	1,216,162	2,410,601
Less: Unamortized bond discount	(17,267)	-	(17,267)
Total long-term debt, net	<u>17,685,478</u>	<u>24,866,529</u>	<u>42,552,007</u>
Other Noncurrent Liabilities			
Net pension liability	7,721,916	1,581,593	9,303,509
Total other postemployment benefit liability	4,029,925	825,407	4,855,332
Accrued compensated absences	1,004,175	197,055	1,201,230
Total other noncurrent liabilities	<u>12,756,016</u>	<u>2,604,055</u>	<u>15,360,071</u>
Current Liabilities Payable from Restricted Assets			
Current maturities of long-term debt	13,862,026	-	13,862,026
Accrued interest payable	673,875	-	673,875
	<u>14,535,901</u>	<u>-</u>	<u>14,535,901</u>
Current Liabilities Payable from Unrestricted Assets			
Accounts payable	3,191,308	231,528	3,422,836
Current maturities of long-term debt	-	880,520	880,520
Accrued interest payable	-	21,850	21,850
Customer deposits	739,950	-	739,950
Accrued mine shutdown costs	1,242,943	-	1,242,943
Other accruals	1,652,933	218,354	1,871,287
	<u>6,827,134</u>	<u>1,352,252</u>	<u>8,179,386</u>
Total current liabilities	<u>21,363,035</u>	<u>1,352,252</u>	<u>22,715,287</u>
Deferred Inflows of Resources			
Pension related	1,341,075	274,678	1,615,753
Other postemployment benefits related	441,951	90,521	532,472
Total deferred inflows of resources	<u>1,783,026</u>	<u>365,199</u>	<u>2,148,225</u>
Total net position, liabilities, and deferred inflows of resources	<u>\$ 125,214,242</u>	<u>\$ 36,181,700</u>	<u>\$ 161,395,942</u>

May 31, 2020		
Electric System	Water and Sewer System	Combined
\$ 8,253,165	\$ 4,135,526	\$ 12,388,691
27,456,113	143,332	27,599,445
29,333,204	2,488,951	31,822,155
<u>65,042,482</u>	<u>6,767,809</u>	<u>71,810,291</u>
30,370,331	10,788,515	41,158,846
2,388,919	-	2,388,919
(33,635)	-	(33,635)
<u>32,725,615</u>	<u>10,788,515</u>	<u>43,514,130</u>
4,233,153	867,028	5,100,181
4,096,923	839,129	4,936,052
945,850	162,537	1,108,387
<u>9,275,926</u>	<u>1,868,694</u>	<u>11,144,620</u>
13,211,561	-	13,211,561
987,000	-	987,000
<u>14,198,561</u>	<u>-</u>	<u>14,198,561</u>
2,169,378	228,549	2,397,927
-	624,109	624,109
-	50,473	50,473
695,221	-	695,221
1,227,768	-	1,227,768
1,597,995	236,680	1,834,675
<u>5,690,362</u>	<u>1,139,811</u>	<u>6,830,173</u>
<u>19,888,923</u>	<u>1,139,811</u>	<u>21,028,734</u>
3,688,462	755,468	4,443,930
-	-	-
<u>3,688,462</u>	<u>755,468</u>	<u>4,443,930</u>
<u>\$ 130,621,408</u>	<u>\$ 21,320,297</u>	<u>\$ 151,941,705</u>

**Board of Municipal Utilities
Sikeston, Missouri**

**Combining Statements of Revenues, Expenses, and Changes in Net Position
Years Ended May 31, 2021 and 2020**

	Electric System	May 31, 2021 Water and Sewer System	Combined
Operating Revenues			
Retail	\$ 30,983,657	\$ 6,366,544	\$ 37,350,201
Wholesale	59,118,166	-	59,118,166
Total operating revenues	<u>90,101,823</u>	<u>6,366,544</u>	<u>96,468,367</u>
Operating Expenses			
Production and operations	43,828,721	1,659,434	45,488,155
Purchased power	7,650,862	-	7,650,862
Distribution costs	2,072,733	900,018	2,972,751
Depreciation	17,665,320	1,518,025	19,183,345
General and administrative	5,623,227	1,145,794	6,769,021
Pension expense	2,197,498	439,318	2,636,816
Other post-employment benefits expense	282,799	57,923	340,722
Donated services	990,774	141,526	1,132,300
Mine shutdown costs	255,175	-	255,175
Other operating expenses	1,440,703	764,897	2,205,600
Total operating expenses	<u>82,007,812</u>	<u>6,626,935</u>	<u>88,634,747</u>
Operating Income (Loss)	<u>8,094,011</u>	<u>(260,391)</u>	<u>7,833,620</u>
Nonoperating Income (Expense)			
Investment income (loss)	(34,452)	(2,440)	(36,892)
Interest expense	(2,239,009)	(438,184)	(2,677,193)
Miscellaneous, net	763,655	926,871	1,690,526
Net nonoperating income (expense)	<u>(1,509,806)</u>	<u>486,247</u>	<u>(1,023,559)</u>
Change in Net Position	6,584,205	225,856	6,810,061
Net Position			
Beginning of year	<u>65,042,482</u>	<u>6,767,809</u>	<u>71,810,291</u>
End of year	<u>\$ 71,626,687</u>	<u>\$ 6,993,665</u>	<u>\$ 78,620,352</u>

May 31, 2020		
Electric System	Water and Sewer System	Combined
\$ 27,656,651	\$ 5,625,388	\$ 33,282,039
<u>52,815,854</u>	<u>-</u>	<u>52,815,854</u>
<u>80,472,505</u>	<u>5,625,388</u>	<u>86,097,893</u>
41,933,554	1,595,508	43,529,062
6,723,989	-	6,723,989
2,370,355	860,847	3,231,202
15,723,726	1,073,959	16,797,685
5,559,937	1,195,578	6,755,515
7,271,372	1,491,398	8,762,770
307,787	63,041	370,828
910,886	130,575	1,041,461
128,185	-	128,185
<u>639,896</u>	<u>188,487</u>	<u>828,383</u>
<u>81,569,687</u>	<u>6,599,393</u>	<u>88,169,080</u>
<u>(1,097,182)</u>	<u>(974,005)</u>	<u>(2,071,187)</u>
918,883	53,277	972,160
(2,784,192)	(295,568)	(3,079,760)
<u>1,221,658</u>	<u>783,376</u>	<u>2,005,034</u>
<u>(643,651)</u>	<u>541,085</u>	<u>(102,566)</u>
(1,740,833)	(432,920)	(2,173,753)
<u>66,783,315</u>	<u>7,200,729</u>	<u>73,984,044</u>
<u>\$ 65,042,482</u>	<u>\$ 6,767,809</u>	<u>\$ 71,810,291</u>

Board of Municipal Utilities
Sikeston, Missouri
Combining Statements of Cash Flows
Years Ended May 31, 2021 and 2020

	Electric System	May 31, 2021 Water and Sewer System	Combined
Cash Flows from Operating Activities			
Receipts from customers and others	\$ 89,179,406	\$ 6,399,555	\$ 95,578,961
Payments to suppliers	(51,503,132)	(3,059,052)	(54,562,184)
Payments to employees	(7,843,976)	(1,695,993)	(9,539,969)
Payments for mine shutdown costs	(240,000)	-	(240,000)
	<u>29,592,298</u>	<u>1,644,510</u>	<u>31,236,808</u>
Net cash provided by operating activities			
	<u>29,592,298</u>	<u>1,644,510</u>	<u>31,236,808</u>
Cash Flows from Investing Activities			
Decrease (increase) in temporary investments maintained in debt service accounts	1,684,203	(10,967,525)	(9,283,322)
Interest received	184,464	25,570	210,034
	<u>1,868,667</u>	<u>(10,941,955)</u>	<u>(9,073,288)</u>
Net cash provided by (used in) investing activities			
	<u>1,868,667</u>	<u>(10,941,955)</u>	<u>(9,073,288)</u>
Cash Flows from Capital and Related Financing Activities			
Purchase of property and plant, net	(5,355,735)	(5,413,733)	(10,769,468)
Proceeds from the issuance of debt	-	14,979,325	14,979,325
Payment of long-term debt and capital lease obligations	(13,211,560)	(624,110)	(13,835,670)
Interest paid	(1,823,266)	(487,597)	(2,310,863)
Other nonoperating revenues	763,655	926,871	1,690,526
	<u>(19,626,906)</u>	<u>9,380,756</u>	<u>(10,246,150)</u>
Net cash provided by (used in) capital and related financing activities			
	<u>(19,626,906)</u>	<u>9,380,756</u>	<u>(10,246,150)</u>
Increase (decrease) in cash and cash equivalents			
	11,834,059	83,311	11,917,370
Cash and Cash Equivalents			
Beginning of year	<u>25,987,797</u>	<u>4,438,808</u>	<u>30,426,605</u>
End of year	<u>\$ 37,821,856</u>	<u>\$ 4,522,119</u>	<u>\$ 42,343,975</u>

May 31, 2020		
Electric System	Water and Sewer System	Combined
\$ 81,262,470	\$ 5,517,402	\$ 86,779,872
(56,426,272)	(2,903,711)	(59,329,983)
(8,511,327)	(1,666,881)	(10,178,208)
(300,000)	-	(300,000)
<u>16,024,871</u>	<u>946,810</u>	<u>16,971,681</u>
(410,809)	-	(410,809)
918,883	53,277	972,160
<u>508,074</u>	<u>53,277</u>	<u>561,351</u>
(6,405,111)	(6,276,589)	(12,681,700)
-	7,787,630	7,787,630
(12,587,785)	(585,376)	(13,173,161)
(2,458,293)	(245,095)	(2,703,388)
1,221,658	783,376	2,005,034
<u>(20,229,531)</u>	<u>1,463,946</u>	<u>(18,765,585)</u>
(3,696,586)	2,464,033	(1,232,553)
<u>29,684,383</u>	<u>1,974,775</u>	<u>31,659,158</u>
<u>\$ 25,987,797</u>	<u>\$ 4,438,808</u>	<u>\$ 30,426,605</u>

Board of Municipal Utilities
Sikeston, Missouri
Combining Statements of Cash Flows
Years Ended May 31, 2021 and 2020

	Electric System	May 31, 2021 Water and Sewer System	Combined
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	\$ 8,094,011	\$ (260,391)	\$ 7,833,620
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	17,665,320	1,518,025	19,183,345
Mine shutdown costs	255,175	-	255,175
Payments for mine shutdown costs	(240,000)	-	(240,000)
Loss on disposal	739,594	600,464	1,340,058
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources			
(Increase) decrease in accounts receivable	(967,146)	33,011	(934,135)
(Increase) decrease in coal inventories	3,535,421	-	3,535,421
(Increase) decrease in materials and supplies	(309,995)	(112,219)	(422,214)
(Increase) decrease in prepaid expenses and other assets	(46,601)	(178,751)	(225,352)
(Increase) decrease in deferred outflows related to pensions	(870,606)	(187,842)	(1,058,448)
(Increase) decrease in deferred outflows related to other postemployment benefits	(402,586)	(82,457)	(485,043)
(Increase) decrease in net pension asset	-	-	-
Increase (decrease) in accounts payable and accrued expenses	569,510	13,239	582,749
Increase (decrease) in customer deposits and other liabilities	44,729	-	44,729
Increase (decrease) in net pension liability	3,488,763	714,565	4,203,328
Interdepartment due from (to)	9,143	(9,143)	-
Increase (decrease) in total other postemployment liability	(66,998)	(13,722)	(80,720)
Increase (decrease) in deferred inflows related to pensions	(2,347,387)	(480,790)	(2,828,177)
Increase (decrease) in deferred inflows related to other postemployment benefits	441,951	90,521	532,472
Net cash provided by operating activities	<u>\$ 29,592,298</u>	<u>\$ 1,644,510</u>	<u>\$ 31,236,808</u>
Noncash Investing, Capital, and Financing Activities			
Amounts payable incurred for purchase of capital assets	\$ 565,683	\$ 5,932	\$ 571,615
Payment of long-term debt obligations with proceeds from issuance of long-term debt	\$ -	\$ 6,147,908	\$ 6,147,908
Net decrease in fair value of investments	\$ 218,916	\$ 28,010	\$ 246,926

May 31, 2020		
Electric System	Water and Sewer System	Combined
\$ (1,097,182)	\$ (974,005)	\$ (2,071,187)
15,723,726	1,073,959	16,797,685
128,185	-	128,185
(300,000)	-	(300,000)
-	-	-
735,991	(107,986)	628,005
(4,340,835)	-	(4,340,835)
(501,748)	(12,826)	(514,574)
(4,721)	(10,291)	(15,012)
(953,862)	(180,147)	(1,134,009)
(79,595)	(16,303)	(95,898)
2,574,922	527,395	3,102,317
381,565	(25,123)	356,442
53,974	-	53,974
4,233,153	867,028	5,100,181
71,879	(71,879)	-
(143,942)	(29,483)	(173,425)
(456,639)	(93,529)	(550,168)
-	-	-
<u>\$ 16,024,871</u>	<u>\$ 946,810</u>	<u>\$ 16,971,681</u>
\$ 33,607	\$ -	\$ 33,607
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -