



Board of Municipal Utilities Sikeston, Missouri

Independent Auditor's Report and Financial Statements

May 31, 2025 and 2024



**Board of Municipal Utilities
Sikeston, Missouri
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May 31, 2025 and 2024**

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of the Board of Municipal Utilities Sikeston, Missouri (the "Board") as of and for the years ended May 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Board as of May 31, 2025 and 2024, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Forvis Mazars, LLP

**Springfield, Missouri
October 9, 2025**

**Board of Municipal Utilities
Sikeston, Missouri
Management's Discussion and Analysis
May 31, 2025 and 2024**

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, 2025 and 2024. This discussion and analysis should be read in conjunction with the Utility's audited financial statements and accompanying notes.

Background

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

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

Financial Statements

This report contains three basic financial statements and related notes. The *Balance Sheets* present the Utility's financial condition, assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at May 31, 2025 and 2024. The *Statements of Revenues, Expenses, and Changes in Net Position* present the Utility's results of operations and changes in net position for the fiscal years ended May 31, 2025 and 2024. The *Statements of Cash Flows* present the Utility's sources and uses of cash and cash equivalents for the fiscal years ended May 31, 2025 and 2024. The *Notes to Financial Statements* are an integral part of the basic financial statements and contain information on accounting principles and other matters necessary for a more complete understanding of the Utility's financial position.

**Board of Municipal Utilities
Sikeston, Missouri
Management's Discussion and Analysis
May 31, 2025 and 2024**

Summary of Electric System Financial Position

	May 31,		
	2025	2024	2023
ASSETS			
Property and plant and leased assets – net	\$ 63,467,430	\$ 62,190,416	\$ 47,704,969
Restricted and other assets	96,069	101,269	685,782
Current assets	79,271,305	77,540,565	74,472,801
Total assets	142,834,804	139,832,250	122,863,552
DEFERRED OUTFLOWS OF RESOURCES			
Pension and OPEB related	9,415,421	5,945,325	4,440,950
Total deferred outflows of resources	9,415,421	5,945,325	4,440,950
Total assets and deferred outflows of resources	\$ 152,250,225	\$ 145,777,575	\$ 127,304,502
NET POSITION			
Net investment in capital assets	\$ 51,889,859	\$ 49,474,459	\$ 43,264,718
Restricted for debt service	5,127,684	5,712,841	5,437,663
Restricted for net pension asset	-	-	611,752
Unrestricted	65,414,106	60,168,802	54,948,045
Total net position	122,431,649	115,356,102	104,262,178
LIABILITIES			
Net pension liability	4,873,890	1,139,258	-
Other postemployment benefit liability	3,784,280	3,099,933	3,270,999
Accrued compensated absences – noncurrent	1,064,776	960,806	1,061,283
Subscription liabilities	-	11,641	-
Leases payable	1,208,408	1,926,199	1,890,462
Current liabilities	17,459,089	21,555,305	13,209,254
Total liabilities	28,390,443	28,693,142	19,431,998
DEFERRED INFLOWS OF RESOURCES			
Pension and OPEB related	1,352,520	1,652,718	3,534,713
Leases	75,613	75,613	75,613
	1,428,133	1,728,331	3,610,326
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 152,250,225	\$ 145,777,575	\$ 127,304,502

**Board of Municipal Utilities
Sikeston, Missouri
Management's Discussion and Analysis
May 31, 2025 and 2024**

Summary of the Electric System

Assets

Property and Plant and Leased Assets – Net

The Utility recorded approximately \$11,897,000 in property and plant additions during the year ended May 31, 2025, including Construction in Progress. The Sikeston Power Station had additions of approximately \$3,678,000 including cooling tower and boiler improvements and ID fan rebuilds. The retail system had additions of approximately \$3,678,000 including 69kV reconductoring, breakers, transformers and annual distribution system improvements. Additions to Construction in Progress totaled approximately \$4,451,000 and includes the Comstock substation and Fly Ash Pond mitigation. These additions were offset by the current year depreciation expense and the net leased asset adjustments.

The Utility recorded approximately \$23,204,000 in property and plant additions during the year ended May 31, 2024, including Construction in Progress. The Sikeston Power Station had additions of approximately \$10,521,000 including the new Comstock substation, boiler improvements, and the new bottom ash handling system. The retail system had additions of approximately \$12,858,000 including breakers, transformers and annual distribution system improvements. Additions to Construction in Progress totaled approximately \$18,466,000 and include the South Industrial Park substation and the retail portion of the Comstock substation at the Sikeston Power Station. These additions were offset by the current year depreciation expense and the net leased asset adjustments.

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

Restricted and Other Assets

During 2025, restricted and other assets decreased approximately \$5,000 due to reduction in subscription assets.

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

Current Assets

During 2025, the increase in current assets of approximately \$1,731,000 was attributed to an increase in cash and cash equivalents of \$5,793,000 offset by \$5,930,000 decrease in wholesale receivables. Coal inventory contributed to the increase by \$1,266,000.

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

Deferred Outflows of Resources

During 2025, the increase of approximately \$3,470,000 in deferred outflows of resources was a result of the pension and OPEB related deferred outflows of resources.

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

**Board of Municipal Utilities
Sikeston, Missouri
Management's Discussion and Analysis
May 31, 2025 and 2024**

Liabilities

Total Liabilities

Total liabilities decreased approximately \$303,000 as of May 31, 2025. Net Pension Liability increased \$3,735,000 while Accounts Payable decreased \$3,975,000. Accruals and other liabilities decreased \$73,000.

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

Deferred Inflows of Resources

During the year ended May 31, 2025, the decrease in deferred inflows of resources was a result of a decrease in the pension and OPEB related inflows of approximately \$300,000.

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

**Board of Municipal Utilities
Sikeston, Missouri
Management's Discussion and Analysis
May 31, 2025 and 2024**

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

	May 31,		
	2025	2024	2023
Operating Revenues	\$ 84,291,714	\$ 88,165,919	\$ 87,125,549
Operating Expenses	80,778,249	79,584,223	67,929,832
Operating Income	3,513,465	8,581,696	19,195,717
Investment and Other Income	4,302,643	2,700,126	3,572,988
Interest Expense	(740,561)	(187,898)	(67,419)
Nonoperating Income (Expense), Net	3,562,082	2,512,228	3,505,569
Increase in Net Position	\$ 7,075,547	\$ 11,093,924	\$ 22,701,286

Operating Revenues

During 2025 operating revenues decreased approximately \$3,874,000. Wholesale revenues decreased approximately \$5,329,000 from lower billable capacity costs. Retail revenues increased by approximately \$1,455,000. Residential kWh sold were up 4.1%, Commercial kWh sold were up 2.7%, and Industrial kWh sold were up 11.6%. Revenues of \$887,000 were collected from participation in the SPP Transmission Congestion Rights auction.

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

Operating Expenses

Operating expenses increased approximately \$1,194,000 during 2025. Purchased power costs decreased \$1,738,000, as a result of a full year participating in the SPP Integrated. Retail distribution costs decreased \$827,000 with increased capitalization of system improvements. Depreciation and amortization expense increased \$719,000 with the addition of new assets. General and administrative expenses increased \$519,000 primarily from increased insurance claims. Noncash pension expense increased \$2,472,000 as a result of the difference in projected and actual earnings on pension plan investments.

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

**Board of Municipal Utilities
Sikeston, Missouri
Management's Discussion and Analysis
May 31, 2025 and 2024**

Nonoperating Income (Expense), Net

During 2025, nonoperating income (expense), net increased approximately \$1,050,000. Miscellaneous income increased \$826,000 mainly from the effect of the Deferred Miners Benefits adjustment and increased fly ash sales. Investment income was \$777,000 higher due to increased wholesale balances. Interest expense increased \$553,000 due to interest paid on the Comstock bond.

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

**Board of Municipal Utilities
Sikeston, Missouri
Management's Discussion and Analysis
May 31, 2025 and 2024**

Summary of Water & Sewer Combined Financial Position

		May 31,	
	2025	2024	2023
ASSETS			
Property and plant and leased assets – net	\$ 36,153,467	\$ 36,002,249	\$ 31,515,299
Restricted and other assets	1,997,065	2,784,048	8,123,063
Current assets	8,616,344	7,803,983	9,471,833
Total assets	46,766,876	46,590,280	49,110,195
DEFERRED OUTFLOWS OF RESOURCES			
Pension and OPEB related	1,873,761	1,143,042	836,490
Total assets and deferred outflows of resources	<u>\$ 48,640,637</u>	<u>\$ 47,733,322</u>	<u>\$ 49,946,685</u>
NET POSITION			
Net investment in capital assets	\$ 8,519,019	\$ 6,207,752	\$ 1,703,939
Restricted for debt service	884,329	1,375,616	2,373,022
Restricted for net pension asset	-	-	125,307
Unrestricted	8,700,927	8,840,642	9,612,770
Total net position	18,104,275	16,424,010	13,815,038
LIABILITIES			
Long-term debt, net	23,179,113	24,228,778	28,168,002
Net pension liability	998,255	233,335	-
Other postemployment benefit liability	775,093	634,926	669,963
Accrued compensated absences – noncurrent	122,119	136,310	65,270
Leases payable	2,326,516	3,115,995	3,877,915
Current liabilities	2,858,244	2,621,460	2,627,863
Total liabilities	30,259,340	30,970,804	35,409,013
DEFERRED INFLOWS OF RESOURCES			
Pension and OPEB related	277,022	338,508	722,634
Total liabilities, deferred inflows of resources, and net position	<u>\$ 48,640,637</u>	<u>\$ 47,733,322</u>	<u>\$ 49,946,685</u>

**Board of Municipal Utilities
Sikeston, Missouri
Management's Discussion and Analysis
May 31, 2025 and 2024**

Summary of Water and Sewer

Assets

Property and Plant and Leased Assets – Net

The Utility recorded approximately \$2,810,435 of plant and property additions during the year ended May 31, 2025, including Construction in Progress. The Water division had net additions of \$481,000 including the annual system improvements. The Sewer division had net additions of \$1,078,000 including the SWWTP air piping project, distribution system improvements, lift station rehabilitation, and other annual system improvements. The North Wastewater Treatment Plant had plant upgrades in the amount of \$9,769,000. These additions were offset by the current year depreciation expense and the net leased asset adjustments.

The Utility recorded approximately \$6,823,000 of plant and property additions during the year ended May 31, 2024, including Construction in Progress. The Water division had net additions of \$1,816,000 including the new Water Treatment Plant #4 and annual system improvements. The Sewer division had net additions of \$1,890,000 including South Wastewater Treatment Plant improvements, distribution system improvements, lift station rehabilitation, and other annual system improvements. The North Wastewater Treatment Plant had plant upgrades in the amount of \$3,064,000. These additions were offset by the current year depreciation expense and the net leased asset adjustments.

Restricted Assets and Other Noncurrent Assets

During 2025, restricted assets and other noncurrent assets include nonoperational funds set aside for specific projects and funds decreased \$787,000 as the funds were used for debt service of Water Treatment Plant #4 and the North Wastewater Treatment Plant improvements.

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

Current Assets

During 2025, current assets increased approximately \$812,000. Accounts Receivable increased \$339,000 and Prepaids by \$83,000. These increases were offset by a \$262,000 decrease in intercompany accounts receivable.

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

Deferred Outflows of Resources

The 2025 increase of approximately \$731,000 in deferred outflows of resources was a result of the pension and OPEB related deferred outflows of resources.

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

**Board of Municipal Utilities
Sikeston, Missouri
Management's Discussion and Analysis
May 31, 2025 and 2024**

Liabilities

Total Liabilities

Total liabilities decreased approximately \$711,000 as of May 31, 2025. Long term debt decreased \$1,050,000 as funds were used to pay down the debt. Net pension and OPEB non-current liabilities increased \$905,000.

The Utility was able to establish and collect sufficient rates for the water system to meet the 110% debt service requirement for the year ended May 31, 2025. The water rates applied for the year ended May 31, 2025 covered 168% of aggregate debt service costs.

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

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

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

Deferred Inflows of Resources

During 2025, the deferred inflows of resources decreased approximately \$61,000 due to the decrease in the pension and OPEB related inflows.

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

**Board of Municipal Utilities
Sikeston, Missouri
Management's Discussion and Analysis
May 31, 2025 and 2024**

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

		May 31,	
	2025	2024	2023
Operating Revenues	\$ 9,374,453	\$ 8,910,406	\$ 8,128,350
Operating Expenses	8,932,570	7,656,497	6,514,550
Operating Income	441,883	1,253,909	1,613,800
Investment and Other Income	2,125,264	2,345,251	3,855,936
Interest Expense	(886,882)	(990,188)	(739,929)
Nonoperating Income, Net	1,238,382	1,355,063	3,116,007
Change in Net Position	\$ 1,680,265	\$ 2,608,972	\$ 4,729,807

Operating Revenues

During 2025, consolidated water and sewer operating revenues increased approximately \$464,000 due to sewer rate increases in effect as of August 1, 2024. Water gallons sold were down 1.0% in fiscal 2025 compared to fiscal 2024. Sewer gallons treated were down 1.3% from fiscal 2024.

During 2024, consolidated water and sewer operating revenues increased approximately \$782,000 due to rate increases on both water and sewer effective August 1, 2023. Water gallons sold were up 0.6% in fiscal 2024 compared to fiscal 2023. Sewer gallons treated were up 0.8% from fiscal 2023.

Operating Expenses

During 2025, consolidated water and sewer operating expenses increased approximately \$1,276,000. NWWTP production costs increased \$239,000 as the plant was down for upgrades in the prior year and operating at full capacity in the current year. Depreciation and amortization expense increased \$307,000 due to the property and plant additions. General and administrative expenses increased \$276,000 primarily from increased insurance claims. Noncash pension expense increased \$464,000 as a result of the difference in projected and actual earnings on pension plan investments.

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

Nonoperating Income (Expense), Net

During 2025, nonoperating income, net decreased approximately \$117,000. Miscellaneous income decreased with lower sewer surcharges by \$490,000 than the prior year. The NWWTP miscellaneous income increased \$334,000. Interest income decreased \$105,000. Interest expense was \$103,000 lower due to paydown of debt.

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

**Board of Municipal Utilities
Sikeston, Missouri
Balance Sheets
May 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Property and Plant and Leased Assets		
Property and plant, at original cost	\$ 419,459,344	\$ 397,269,220
Accumulated depreciation	(343,523,287)	(332,183,906)
Leased assets	8,883,522	8,883,522
Accumulated amortization	(4,116,741)	(2,575,136)
	<u>80,702,838</u>	<u>71,393,700</u>
Construction work in progress	<u>18,918,059</u>	<u>26,798,965</u>
Total Property and Plant and Leased Assets, Net	<u>99,620,897</u>	<u>98,192,665</u>
Restricted Assets		
Debt service account	747,011	1,227,827
Construction fund account	<u>2,258,240</u>	<u>2,514,758</u>
	3,005,251	3,742,585
Less amount required to meet current obligations	<u>(1,008,186)</u>	<u>(958,537)</u>
Total Restricted Assets	<u>1,997,065</u>	<u>2,784,048</u>
Other Noncurrent Assets		
Subscription assets, net	22,039	27,239
Lease receivable	<u>74,030</u>	<u>74,030</u>
Total Other Noncurrent Assets	<u>96,069</u>	<u>101,269</u>
Current Assets		
Cash and cash equivalents	60,757,466	54,342,068
Restricted assets – current	1,008,186	958,537
Accounts receivable, net	5,677,154	11,272,546
Coal inventories	11,734,192	10,468,126
Materials and supplies	7,398,269	7,472,726
Prepaid expenses and other assets	1,308,250	826,413
Lease receivable	<u>4,132</u>	<u>4,132</u>
Total Current Assets	<u>87,887,649</u>	<u>85,344,548</u>
Total Assets	<u>189,601,680</u>	<u>186,422,530</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	10,014,536	6,616,820
Other postemployment benefits related	<u>1,274,646</u>	<u>471,547</u>
Total Deferred Outflows of Resources	<u>11,289,182</u>	<u>7,088,367</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 200,890,862</u></u>	<u><u>\$ 193,510,897</u></u>

**Board of Municipal Utilities
Sikeston, Missouri
Balance Sheets
May 31, 2025 and 2024**

(Continued)

	2025	2024
NET POSITION, LIABILITIES, AND DEFERRED		
INFLOWS OF RESOURCES		
Net investment in capital assets	\$ 60,408,878	\$ 55,682,211
Restricted for debt service	6,012,013	7,088,457
Unrestricted	74,115,033	69,009,444
Total Net Position	140,535,924	131,780,112
LIABILITIES		
Long-Term Debt	22,129,271	23,137,356
Add: Unamortized bond premium	1,049,842	1,091,422
Total Long-term Debt, Net	23,179,113	24,228,778
Other Noncurrent Liabilities		
Net pension liability	5,872,145	1,372,593
Total other postemployment benefit liability	4,559,373	3,734,859
Accrued compensated absences	1,186,895	1,097,113
Subscription liabilities	-	11,641
Leases payable	3,534,924	5,042,194
Total Other Noncurrent Liabilities	15,153,337	11,258,400
Current Liabilities Payable from Restricted Assets		
Current maturities of long-term debt	1,008,186	958,537
Current Liabilities Payable from Unrestricted Assets		
Accounts payable	5,075,172	8,875,307
Accrued interest payable	151,649	166,812
Current maturities of long-term debt	9,200,000	9,200,000
Leases payable	1,507,268	1,458,878
Customer deposits	839,659	810,673
Accrued mine shutdown costs	624,913	745,514
Other accruals	1,910,486	1,961,047
	19,309,147	23,218,231
Total Current Liabilities	20,317,333	24,176,768
DEFERRED INFLOWS OF RESOURCES		
Pension related	402,042	663,227
Other postemployment benefits related	1,227,500	1,327,999
Leases	75,613	75,613
Total Deferred Outflows of Resources	1,705,155	2,066,839
Total Net Position, Liabilities, and Deferred Inflows of Resources	\$ 200,890,862	\$ 193,510,897

**Board of Municipal Utilities
Sikeston, Missouri
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended May 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Operating Revenues		
Retail	\$ 41,852,374	\$ 39,933,418
Wholesale	<u>51,813,793</u>	<u>57,142,907</u>
Total Operating Revenues	<u>93,666,167</u>	<u>97,076,325</u>
Operating Expenses		
Production and operations	58,117,898	57,809,620
Purchased power	2,426,409	4,164,414
Distribution costs	4,323,083	4,988,674
Depreciation and amortization	12,978,394	11,952,084
General and administrative	5,997,042	5,226,853
Pension expense	3,789,354	810,538
Other postemployment benefits expense	333,875	280,273
Donated services	1,040,323	1,093,508
Other operating expenses	<u>704,441</u>	<u>914,756</u>
Total Operating Expenses	<u>89,710,819</u>	<u>87,240,720</u>
Operating Income	<u>3,955,348</u>	<u>9,835,605</u>
Nonoperating Income (Expense)		
Investment income	3,036,588	2,364,547
Interest expense	(1,627,443)	(1,178,086)
Miscellaneous, net	<u>3,391,319</u>	<u>2,680,830</u>
Net Nonoperating Income	<u>4,800,464</u>	<u>3,867,291</u>
Increase in Net Position	8,755,812	13,702,896
Net Position		
Beginning of year	<u>131,780,112</u>	<u>118,077,216</u>
End of year	<u><u>\$ 140,535,924</u></u>	<u><u>\$ 131,780,112</u></u>

**Board of Municipal Utilities
Sikeston, Missouri
Statements of Cash Flows
Years Ended May 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Receipts from customers and others	\$ 99,290,545	\$ 99,057,721
Payments to suppliers	(68,960,628)	(66,364,684)
Payments to employees	(13,202,938)	(12,665,930)
Proceeds (payments) for mine shutdown	(120,601)	49,324
	<u>17,006,378</u>	<u>20,076,431</u>
Net Cash Provided by Operating Activities		
Cash Flows from Investing Activities		
Decrease in temporary investments maintained in debt service accounts	737,334	4,515,171
Interest received	3,036,588	2,364,547
	<u>3,773,922</u>	<u>6,879,718</u>
Net Cash Provided by Investing Activities		
Cash Flows from Capital and Related Financing Activities		
Purchase of property and plant, net	(13,627,633)	(29,041,581)
Proceeds from issuance of long-term debt	-	9,200,000
Payment of long-term debt and lease obligations	(2,417,316)	(4,496,172)
Payments on subscription liabilities	(27,086)	(29,972)
Interest paid	(1,684,186)	(1,226,101)
Other nonoperating revenues	3,391,319	2,680,830
	<u>(14,364,902)</u>	<u>(22,912,996)</u>
Net Cash Used in Capital and Related Financing Activities		
Increase in Cash and Cash Equivalents	6,415,398	4,043,153
Cash and Cash Equivalents		
Beginning of year	<u>54,342,068</u>	<u>50,298,915</u>
End of year	<u><u>\$ 60,757,466</u></u>	<u><u>\$ 54,342,068</u></u>

**Board of Municipal Utilities
Sikeston, Missouri
Statements of Cash Flows
Years Ended May 31, 2025 and 2024**

(Continued)

	2025	2024
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 3,955,348	\$ 9,835,605
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	12,978,394	11,937,710
Mine shutdown proceeds	119,399	289,324
Payments for mine shutdown costs	(240,000)	(240,000)
Loss (gain) on disposal	(17,400)	28,187
Changes in assets, deferred outflows of resources, liabilities,		
Decrease in accounts receivable	5,595,392	1,972,627
(Increase) decrease in coal inventories	(1,266,066)	1,503,205
(Increase) decrease in materials and supplies	74,457	(490,262)
Decrease in notes and other receivables		
(Increase) decrease in prepaid expenses and other assets	(481,837)	370,580
Increase in deferred outflows related to pensions	(3,397,716)	(1,856,633)
(Increase) decrease in deferred outflows related to other postemployment benefits	(803,099)	45,706
Decrease in net pension asset	-	737,059
Decrease in accounts payable and accrued expenses	(4,501,862)	(2,980,189)
Increase in customer deposits and other liabilities	28,986	23,143
Decrease in net pension liability	4,499,552	1,372,593
Increase (decrease) in total postemployment benefit liability	824,514	(206,103)
Decrease in deferred inflows related to pensions	(261,185)	(2,254,993)
Decrease in deferred inflows related to other postemployment benefits	(100,499)	(11,128)
Net Cash Provided by Operating Activities	\$ 17,006,378	\$ 20,076,431
Noncash Investing, Capital, and Financing Activities		
Amounts payable incurred for purchases of capital assets	\$ 740,948	\$ 993,400
Lease obligation incurred for lease assets	\$ -	\$ 903,313

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

Nature of Operations and Reporting Entity

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

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

Basis of Accounting and Presentation

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

This method includes the philosophy that debt service requirements, as opposed to depreciation or amortization, are a cost for rate making purposes. At May 31, 2025 and 2024, there were no other regulatory assets or liabilities recorded. The Board's accounting records generally follow the Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission.

Use of Estimates

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

**Board of Municipal Utilities
Sikeston, Missouri
Notes to Financial Statements
May 31, 2025 and 2024**

Property and Plant

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

Depreciation

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

Lives of major classes of depreciable property are:

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

Restricted Assets

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

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

Bond Discounts, Premiums, and Losses on Refunding

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

Cash and Cash Equivalents

For purposes of reporting cash flows, the Utility has defined cash and cash equivalents as all highly liquid investments that mature within 90 days. The carrying amount approximates fair value because of the short maturity of those instruments. Investments in restricted accounts are excluded from cash and cash equivalents. At May 31, 2025 and 2024, cash equivalents consisted of money market funds held through financial institutions.

Accounts, Notes, and Other Receivables

An estimate is made for the provision for uncollectible accounts based on an analysis of the aging of accounts receivable and historical write-offs, net of recoveries. Additional amounts may be included based upon the credit risks of significant parties. The allowance totaled approximately \$258,000 and \$185,000 as of May 31, 2025 and 2024, 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, 2025. Under the provisions of this agreement and related coal supply agreements, the Board is required to purchase a minimum of 600,000 tons of coal per year through December 31, 2026. The price of coal is based on costs incurred by WFA to acquire and supply the coal over the life of the agreement. The Utility has an agreement for delivery of this coal with the BNSF Railway Company which extends through December 31, 2025. The cost to deliver the coal is established through a base price, which is adjusted quarterly by indices set forth in the agreement. During each calendar year, there is a Minimum Annual Volume Requirement in the agreement which will not be less than 600,000 tons. Coal inventories and material and supplies are stated at the lower of average cost or market, cost being determined on the basis of moving average price.

Capital, Lease, and Subscription Asset Impairment

Utility evaluates capital, lease, and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in service utility of a capital, lease, and subscription asset has occurred. No asset impairment was recognized during the years ended May 31, 2025 and 2024.

Lease Assets

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

Change in Accounting Principle

In June 2022, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 101, Compensated Absences. The new accounting guidance updates the recognition and measurement guidance for compensated absences under a unified model.

Specifically, the new standard clarifies that a liability should be recorded for compensated absences that are more likely than not to be paid or otherwise settled. Additionally, it amends certain existing disclosure requirements.

The Utility adopted this standard on June 1, 2023, by applying it retrospectively to the earliest period presented. There was no effect on beginning net position as of June 1, 2023.

Deferred Outflows and Inflows of Resources

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

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

Net Position Classification

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

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

Revenue and Fuel Costs

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

Donated Services

The City is not charged by the Board for services rendered to the City. Such services include street lights, fire hydrants, and consumption of electricity and water by other City departments. The Utility is not currently required to pay franchise or property taxes to the City. Donated services totaled approximately \$1,040,000 and \$1,094,000 for the years ended May 31, 2025 and 2024, respectively.

Compensated Absences

Under the terms of the Utility's personnel policy, employees are granted vacation and sick leave. Supervisory and management employees accrue annual leave, which can be used for both vacation and sick leave. At the end of each calendar year, any employee's unused annual leave from that year will be accumulated, up to the maximum of 960 hours. In the event of termination, the employee is paid for 75% of accumulated annual leave. Full-time hourly employees have accrued vacation after one year of service and can rollover up to 40 hours of unused time to the next calendar year. Hourly employees also receive sick leave which can be accumulated up to the maximum 960 hours. In the event of termination, the employee will be paid for unused and unexpired accrued vacation leave and 40% of accumulated sick leave if the employee has ever reached 500 hours. The liabilities for accrued annual leave, sick leave, and vacation leave are presented as other liabilities in both the noncurrent and current portions of the accompanying balance sheet, representing the estimated amounts that are more likely than not to be used or 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), deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

Risk Management

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

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

Note 2. Deposits, Investments, and Investment Income

Deposits

The Utility may maintain cash and investments in U.S. government securities and agencies, federal instrumentalities, repurchase agreements, commercial paper, money market mutual funds, and interest-bearing time deposits. At May 31, 2025 and 2024, deposits of \$63,762,717 and \$58,084,653, respectively, were held in cash and cash equivalents.

Custodial credit risk is the risk that in the event of a bank failure, a Utility’s deposits may not be returned to it. The Utility’s deposit policy for custodial risk requires compliance with the provision of the state law. State law requires collateralization of all deposits with federal insurance and other acceptable collateral in specific amounts. At May 31, 2025 and 2024, none of the Utility’s bank balances were exposed to custodial credit risk.

**Board of Municipal Utilities
Sikeston, Missouri
Notes to Financial Statements
May 31, 2025 and 2024**

As of May 31, 2025 and 2024, Sikeston Board of Municipal Utilities held cash and cash equivalents for restricted and designated purposes as follows:

	<u>2025</u>	<u>2024</u>
Electric System		
Designated funds		
Contingency fund investments	\$ 5,113,353	\$ 5,693,818
Operations and maintenance reserve	11,321,216	10,228,854
Retail rate stabilization	568,390	542,025
Mine shutdown costs	3,975,759	3,791,342
Total designated funds	<u>20,978,718</u>	<u>20,256,039</u>
Unrestricted and undesignated	<u>34,272,225</u>	<u>29,196,998</u>
 Total cash and cash equivalents	 <u><u>\$ 55,250,943</u></u>	 <u><u>\$ 49,453,037</u></u>
Water & Sewer System		
Debt service reserve account	\$ 747,011	\$ 1,227,827
Designated funds		
Operations and maintenance reserve	1,505,150	1,289,150
Force main construction costs		
Lagoon sludge cleanout fund	652,996	446,854
Capital replacement reserve	100,094	150,094
Construction fund account	-	628,660
Total restricted and designated	<u>3,005,251</u>	<u>3,742,585</u>
Unrestricted and undesignated	<u>5,506,523</u>	<u>4,889,031</u>
 Total cash and cash equivalents	 <u><u>\$ 8,511,774</u></u>	 <u><u>\$ 8,631,616</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. As of May 31, 2025 and 2024, the Utility did not hold investments.

Credit Risk – Credit risk is the risk that the Utility will not recover its investment due to the inability of the counterparty to fulfill its obligations. As of May 31, 2025 and 2024, the Utility did not have any investment in government agencies.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the Utility's investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government are excluded from this requirement. The Utility purchases investments that carry the implicit backing of the U.S. government, but are not direct obligations of the U.S. government. As of May 31, 2025 and 2024, the Utility did not have any investments in U.S. agency securities.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Utility will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. While the Utility's investment policy does not directly address custodial credit risk, all investments held by the Utility or by an agent of the Utility are in the Utility's name. As of May 31, 2025 and 2024, the Utility did not hold investments.

**Board of Municipal Utilities
Sikeston, Missouri
Notes to Financial Statements
May 31, 2025 and 2024**

Note 3. Capital Assets and Leased Assets

Capital asset and leased asset activity for the year ended May 31, 2025, is as follows:

	2025				
	Beginning Balance	Additions	Disposals	Transfers/ Adjustments	Ending Balance
Electric System					
Land	\$ 6,410,115	\$ -	\$ (220,000)	\$ -	\$ 6,190,115
Buildings	48,840,390	1,251,537	-	-	50,091,927
Plant in service	224,886,799	2,251,099	-	24,340	227,162,238
Distribution system	57,782,032	3,622,060	-	2,504,580	63,908,672
Trucks and autos	2,253,147	-	(37,047)	-	2,216,100
Railcars	6,092,589	-	-	-	6,092,589
Furniture, fixtures, and equipment	5,827,384	122,845	(39,717)	20,267	5,930,779
Telecommunications equipment	2,204,103	198,182	-	-	2,402,285
Construction in progress	16,558,437	4,451,483	(85,663)	(2,549,187)	18,375,070
	<u>370,854,996</u>	<u>11,897,206</u>	<u>(382,427)</u>	<u>-</u>	<u>382,369,775</u>
Less accumulated depreciation	<u>(311,206,409)</u>	<u>(9,574,820)</u>	<u>76,764</u>	<u>-</u>	<u>(320,704,465)</u>
Capital assets, net	<u>\$ 59,648,587</u>	<u>\$ 2,322,386</u>	<u>\$ (305,663)</u>	<u>\$ -</u>	<u>\$ 61,665,310</u>
Leased assets	\$ 3,588,269	\$ -	\$ -	\$ -	\$ 3,588,269
Less accumulated amortization	<u>(1,046,440)</u>	<u>(739,709)</u>	<u>-</u>	<u>-</u>	<u>(1,786,149)</u>
Leased assets, net	<u>\$ 2,541,829</u>	<u>\$ (739,709)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,802,120</u>
	2025				
	Beginning Balance	Additions	Disposals	Transfers/ Adjustments	Ending Balance
Water and Sewer System					
Land	\$ 921,767	\$ -	\$ -	\$ -	\$ 921,767
Buildings	20,129,087	66,781	-	-	20,195,868
Plant in service	6,603,164	272,846	-	10,859,303	17,735,313
Distribution system	8,732,156	936,182	-	21,343	9,689,681
Trucks and autos	762,309	155,686	-	-	917,995
Furniture, fixtures, and equipment	5,824,178	127,842	-	51,995	6,004,015
Construction in progress	10,240,528	1,251,098	(15,996)	(10,932,641)	542,989
	<u>53,213,189</u>	<u>2,810,435</u>	<u>(15,996)</u>	<u>-</u>	<u>56,007,628</u>
Less accumulated depreciation	<u>(20,977,497)</u>	<u>(1,841,325)</u>	<u>-</u>	<u>-</u>	<u>(22,818,822)</u>
Capital assets, net	<u>\$ 32,235,692</u>	<u>\$ 969,110</u>	<u>\$ (15,996)</u>	<u>\$ -</u>	<u>\$ 33,188,806</u>
Leased assets	\$ 5,295,253	\$ -	\$ -	\$ -	\$ 5,295,253
Less accumulated amortization	<u>(1,528,696)</u>	<u>(801,896)</u>	<u>-</u>	<u>-</u>	<u>(2,330,592)</u>
Leased assets, net	<u>\$ 3,766,557</u>	<u>\$ (801,896)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,964,661</u>
Total System Combined	<u>\$ 98,192,665</u>	<u>\$ 1,749,891</u>	<u>\$ (321,659)</u>	<u>\$ -</u>	<u>\$ 99,620,897</u>

**Board of Municipal Utilities
Sikeston, Missouri
Notes to Financial Statements
May 31, 2025 and 2024**

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

	2024				
	Beginning Balance	Additions	Disposals	Transfers/ Adjustments	Ending Balance
Electric System					
Land	\$ 6,410,115	\$ -	\$ -	\$ -	\$ 6,410,115
Buildings	48,383,174	76,066	-	381,150	48,840,390
Plant in service	216,710,816	1,580,458	(1,546)	6,597,071	224,886,799
Distribution system	45,860,018	2,316,194	(5,051)	9,610,871	57,782,032
Trucks and autos	1,816,541	605,020	(168,414)	-	2,253,147
Railcars	6,092,589	-	-	-	6,092,589
Furniture, fixtures, and equipment	5,476,433	160,247	(13,801)	204,505	5,827,384
Telecommunications equipment	1,999,729	-	-	204,374	2,204,103
Construction in progress	15,090,420	18,465,988	-	(16,997,971)	16,558,437
	347,839,835	23,203,973	(188,812)	-	370,854,996
Less accumulated depreciation	(302,384,424)	(8,996,966)	174,981	-	(311,206,409)
Capital assets, net	<u>\$ 45,455,411</u>	<u>\$ 14,207,007</u>	<u>\$ (13,831)</u>	<u>\$ -</u>	<u>\$ 59,648,587</u>
Leased assets	\$ 2,684,956	\$ 903,313	\$ -	\$ -	\$ 3,588,269
Less accumulated amortization	(435,398)	(611,042)	-	-	(1,046,440)
Leased assets, net	<u>\$ 2,249,558</u>	<u>\$ 292,271</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,541,829</u>
	2024				
	Beginning Balance	Additions	Disposals	Transfers/ Adjustments	Ending Balance
Water and Sewer System					
Land	\$ 921,767	\$ -	\$ -	\$ -	\$ 921,767
Buildings	5,245,632	62,459	-	14,820,996	20,129,087
Plant in service	6,510,837	92,327	-	-	6,603,164
Distribution system	6,948,582	671,249	-	1,112,325	8,732,156
Trucks and autos	646,420	132,776	(16,887)	-	762,309
Furniture, fixtures, and equipment	5,591,292	346,886	(114,000)	-	5,824,178
Construction in progress	20,656,296	5,517,553	-	(15,933,321)	10,240,528
	46,520,826	6,823,250	(130,887)	-	53,213,189
Less accumulated depreciation	(19,442,060)	(1,552,324)	16,887	-	(20,977,497)
Capital assets, net	<u>\$ 27,078,766</u>	<u>\$ 5,270,926</u>	<u>\$ (114,000)</u>	<u>\$ -</u>	<u>\$ 32,235,692</u>
Leased assets	\$ 5,181,254	\$ 113,999	\$ -	\$ -	\$ 5,295,253
Less accumulated amortization	(744,721)	(783,975)	-	-	(1,528,696)
Leased assets, net	<u>\$ 4,436,533</u>	<u>\$ (669,976)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,766,557</u>
Total System Combined	<u>\$ 79,220,268</u>	<u>\$ 19,100,228</u>	<u>\$ (127,831)</u>	<u>\$ -</u>	<u>\$ 98,192,665</u>

Note 4. Long-Term Obligations

The Board's long-term indebtedness (excluding current maturities of long-term debt) as of May 31, 2025 and 2024, is comprised of the following obligations.

	<u>2025</u>	<u>2024</u>
Water and Sewer System		
Water certificates of participation issued December 3, 2020, 2% to 5%, due in installments through September 1, 2050	\$ 16,880,000	\$ 17,575,000
2023 FSCB NWWTP Upgrades	<u>5,249,271</u>	<u>5,562,356</u>
	<u>22,129,271</u>	<u>23,137,356</u>
Total System Combined	<u><u>\$ 22,129,271</u></u>	<u><u>\$ 23,137,356</u></u>

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The summarized activity of the Board's long-term obligations (including current maturities of long-term debt) during the year ended May 31, 2025, is presented below:

	2025				
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due in One Year</u>
Electric System					
2024 Comstock Bond	\$ 9,200,000	\$ -	\$ -	\$ 9,200,000	\$ 9,200,000
Total long-term debt	9,200,000	-	-	9,200,000	9,200,000
Other long-term liabilities					
Leases payable	2,623,156	-	696,957	1,926,199	717,791
Subscription liabilities	11,641	-	11,641	-	-
Accrued compensated absences	1,261,475	274,950	231,865	1,304,560	239,784
	3,896,272	274,950	940,463	3,230,759	957,575
Total long-term obligations	<u>\$ 13,096,272</u>	<u>\$ 274,950</u>	<u>\$ 940,463</u>	<u>\$ 12,430,759</u>	<u>\$ 10,157,575</u>
Water & Sewer System					
2020 Certificates of Participation	\$ 18,235,000	\$ -	\$ 660,000	\$ 17,575,000	\$ 695,000
2023 FSCB NWWTP Upgrades	5,860,893	-	298,436	5,562,457	313,186
Total long-term debt	24,095,893	-	958,436	23,137,457	1,008,186
Add: Unamortized premium	1,091,422	-	(41,580)	1,049,842	-
Total long-term debt	25,187,315	-	1,000,016	24,187,299	1,008,186
Other long-term liabilities					
Leases payable	3,877,916	-	761,923	3,115,993	789,477
Accrued compensated absences	181,756	59,630	59,634	181,752	59,633
	4,059,672	59,630	833,198	3,286,104	849,110
Total long-term obligations	<u>\$ 29,246,987</u>	<u>\$ 59,630</u>	<u>\$ 1,833,214</u>	<u>\$ 27,473,403</u>	<u>\$ 1,857,296</u>
Total System Combined	<u>\$ 42,343,259</u>	<u>\$ 334,580</u>	<u>\$ 2,773,677</u>	<u>\$ 39,904,162</u>	<u>\$ 12,014,871</u>

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

	2024				
	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due in One Year
Electric System					
2024 Comstock Bond	\$ -	\$ 9,200,000	\$ -	\$ 9,200,000	\$ 9,200,000
Total long-term debt	-	9,200,000	-	9,200,000	9,200,000
Other long-term liabilities					
Leases payable	2,281,069	903,313	561,226	2,623,156	696,957
Subscription liabilities	-	11,641	-	11,641	-
Accrued compensated absences	1,208,376	341,112	288,013	1,261,475	300,669
	3,489,445	1,256,066	849,239	3,896,272	997,626
Total long-term obligations	\$ 3,489,445	\$ 10,456,066	\$ 849,239	\$ 13,096,272	\$ 10,197,626
Water & Sewer System					
2020 Certificates of Participation	\$ 18,495,000	\$ -	\$ 260,000	\$ 18,235,000	\$ 660,000
2023 FSCB NWWTP Upgrades	8,800,000	-	2,939,107	5,860,893	298,537
Total long-term debt	27,295,000	-	3,199,107	24,095,893	958,537
Add: Unamortized premium	1,133,002	-	(41,580)	1,091,422	-
Total long-term debt	28,428,002	-	3,240,687	25,187,315	958,537
Other long-term liabilities					
Leases payable	4,613,755	-	735,839	3,877,916	761,921
Accrued compensated absences	172,229	52,589	43,062	181,756	45,446
	4,785,984	52,589	778,901	4,059,672	807,367
Total long-term obligations	\$ 33,213,986	\$ 52,589	\$ 4,019,588	\$ 29,246,987	\$ 1,765,904
Total System Combined	\$ 36,703,431	\$ 10,508,655	\$ 4,868,827	\$ 42,343,259	\$ 11,963,530

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On April 8, 2024, the Board of Municipal Utilities of the City of Sikeston, Missouri issued Series 2024 Special Obligation Bonds totaling \$9,200,000. The bonds accrue interest at the 30-day Prime Rate, but not exceeding 10%. The rate at May 31, 2025 and 2024 was 7.5 percent and 8.5 percent, respectively. Monthly interest payments are required beginning May 1, 2024. All unpaid principal interest was due in full at maturity of the bonds, April 1, 2025. The bond agreement was amended extending the maturity date to April 1, 2026.

The debt service to maturity on the outstanding obligations as of May 31, 2025, is summarized in the following table:

	Total to Be Paid	Debt	
		Principal	Interest
Year Ending May 31,			
2026	\$ 10,963,299	\$ 10,208,186	\$ 755,113
2027	1,767,549	1,063,555	703,994
2028	1,764,923	1,114,676	650,247
2029	1,765,424	1,171,590	593,834
2030	1,762,575	1,219,334	543,241
2031–2051	22,432,233	17,560,116	4,872,117
	<u>\$ 40,456,003</u>	<u>\$ 32,337,457</u>	<u>\$ 8,118,546</u>

Note 5. Leases

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

Lease Receivable

The Utility leases fiber optic assets. Lease terms range from 10 to 25 years and expire 2032 through 2040. The lease receivable balance as of May 31, 2025 and 2024, was \$78,162 at each year end, of which \$4,132 is current and \$74,030 is long-term on the balance sheets. The leases were measured based upon the interest rates explicit per the contracts. There were no variable lease payments received during the years ended May 31, 2025 and 2024.

Leases Payable

The Utility leases equipment from third parties. Lease terms range from 3 to 19 years and expire 2026 through 2030. The Utility has lease assets totaling \$8,883,522 as of May 31, 2025 and 2024. As of May 31, 2025 and 2024 accumulated amortization of the lease assets totaled \$4,116,741 and \$2,575,136, respectively. As of May 31, 2025 and 2024, lease payable totaled \$5,042,192 and \$6,501,072, respectively, of which \$1,507,268 and \$1,458,878, respectively, is shown as current and \$3,534,924 and \$5,042,194, respectively, is shown as noncurrent on the balance sheets. The leases were measured based upon the interest rates explicit per the contracts.

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The following is a schedule by year of payments under the leases as of May 31, 2025:

<u>Year Ending May 31,</u>	<u>Total to Be Paid</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 1,647,054	\$ 1,507,268	\$ 139,786
2027	1,463,236	1,371,145	92,091
2028	1,331,821	1,281,049	50,772
2029	809,443	794,876	14,567
2030	90,993	87,854	3,139
	<u>\$ 5,342,547</u>	<u>\$ 5,042,192</u>	<u>\$ 300,355</u>

Note 6. Debt Service Requirements

Water System

The 2020 certificates of participation requires the Board to establish and collect sufficient rates for the Water System to meet the 110% of basic rent payments requirement. For the year ended May 31, 2025 and 2024, the Water System covered 168% and 299%, respectively, of basic rent payments. In the event revenues are not sufficient to make payments or meet the basic rents coverage ratio, the Board is to use funds from the Sewer System and other legally available funds of the Board. Management intends to increase rates as needed to meet all requirements.

Note 7. Pension and Benefit Plans

Defined Benefit Pension Plan

Plan Description

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

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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.

	<u>2025 Valuation</u>	<u>2024 Valuation</u>
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 postretirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees Covered by Benefit Terms

At June 30, 2024 and 2023, the measurement date for the total pension liability at May 31, 2025 and 2024, the following employees were covered by the benefit terms:

	<u>2025</u>	<u>2024</u>
Inactive employees or beneficiaries currently receiving benefits	150	147
Inactive employees entitled to but not yet receiving benefits	13	11
Active employees	<u>135</u>	<u>130</u>
	<u>298</u>	<u>288</u>

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, 2025 and 2024, the Utility's contribution rate was 24.1% and 23.7%, respectively, of annual covered payroll. Contributions by the Utility for the years ended May 31, 2025 and 2024, were \$2,976,360 and \$2,750,877, respectively.

Net Pension Liability

The Utility's net pension liability as of May 31, 2025 and 2024, was measured as of June 30, 2024 and 2023, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of February 29, 2024 and February 28, 2023, respectively, rolled forward to June 30, 2024 and 2023, respectively. The roll-forward of total pension liability from February 29, 2024 and February 28, 2023, to June 30, 2024 and 2023, reflects expected service costs and interest reduced by actual benefit payments and administrative expenses.

**Board of Municipal Utilities
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Notes to Financial Statements
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Actuarial Assumptions

The total pension liability in the February 29, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

The actuarial assumptions used in the February 28, 2024, valuation were based on the results of an actuarial experience study for the period March 1, 2016, through February 28, 2021.

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

Asset Class	Target Allocation	Expected Real Rate of Return
Alpha	5.00%	2.37%
Equity	39.00%	5.37%
Fixed income	23.00%	1.47%
Real assets	33.00%	3.45%
Strategic Assets	7.00%	3.46%
Cash/Leverage	-7.00%	-0.26%

Discount Rate

At both May 31, 2025 and 2024, the discount rate used to measure the total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumes that employer contributions will be made at the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

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May 31, 2025 and 2024**

Changes in the Net Pension Liability

	2025		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	(a)	(b)	(a) - (b)
Balances, May 31, 2024	\$ 85,054,235	\$ 83,681,642	\$ 1,372,593
Changes for the year			
Service cost	1,286,189	-	1,286,189
Interest	5,819,199	-	5,819,199
Difference between expected and actual experience	3,665,877	-	3,665,877
Changes of assumptions	-	-	-
Contributions – employer	-	2,802,779	(2,802,779)
Net investment income	-	4,261,426	(4,261,426)
Benefit payments, including refunds	(5,197,989)	(5,197,989)	-
Administrative expense	-	(39,462)	39,462
Other changes	-	(753,030)	753,030
Net changes	5,573,276	1,073,724	4,499,552
Balances, May 31, 2025	\$ 90,627,511	\$ 84,755,366	\$ 5,872,145

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

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Notes to Financial Statements
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Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	Current Single Discount		
	1% Decrease 6.00%	Rate Assumption 7.00%	1% Increase 8.00%
Total pension liability	\$ 101,808,983	\$ 90,627,511	\$ 81,220,992
Plan fiduciary net position	84,755,353	84,755,366	84,755,353
Net pension liability/(asset)	<u>\$ 17,053,630</u>	<u>\$ 5,872,145</u>	<u>\$ (3,534,361)</u>

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

For the year ended May 31, 2025, the Utility recognized pension expense of \$3,789,354. As of May 31, 2025, 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	\$ 4,821,494	\$ -
Changes of assumptions		402,042
Net difference between projected and actual earnings on pension plan investments	2,504,891	-
Contributions subsequent to the measurement date *	<u>2,688,151</u>	<u>-</u>
	<u>\$ 10,014,536</u>	<u>\$ 402,042</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a decrease in the net pension liability for the year ending May 31, 2026.

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

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

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

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

Year Ended	
2026	\$ 617,333
2027	3,303,238
2028	2,038,178
2029	965,594
	<u>\$ 6,924,343</u>

Payable to the Pension Plan

At May 31, 2025 and 2024, the Utility reported a payable of \$262,303 and \$289,609, 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 8. Other Postemployment Health Care Plan

Plan Description

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

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

The employees covered by the benefit terms at May 31, 2025 and 2024, are:

	2025	2024
Inactive employees or beneficiaries currently	14	15
Active employees	132	133
	146	148

Total OPEB Liability

The Utility’s total OPEB liability of \$4,559,373 and \$3,734,859 was measured as of May 31, 2025 and 2024, respectively, for the years then ended, and was determined by an actuarial valuation as of May 31, 2025 and 2024, using census data from 2025 and 2023, respectively.

The total OPEB liability in the May 31, 2025 and 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.6% for 2025, 3% for 2024
Discount rate	5.25% at May 31, 2025, 4.13% at May 31, 2024
Salary increase	3.00%
Health care cost trend rates	8.50% for 2025, decreasing 0.39% per year ultimate rate of 4.0%
	7.00% for 2024, decreasing 0.25% per year ultimate rate of 4.0%

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

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

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Changes in Total OPEB Liability

Changes in total OPEB liability for the years ended May 31, 2025 and 2024, are:

	<u>2025</u>	<u>2024</u>
Total OPEB liability, beginning of year	\$ 3,734,859	\$ 3,940,962
Changes for the year		
Service cost	184,499	189,051
Interest	153,342	146,014
Difference between expected and actual experience	734,504	-
Changes in assumptions or other inputs	165,128	(89,371)
Benefit payments	(412,959)	(451,797)
Net changes	824,514	(206,103)
Total OPEB liability, end of year	<u>\$ 4,559,373</u>	<u>\$ 3,734,859</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 5.25%. The following presents the May 31, 2025, total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	<u>2025</u>		
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 4,847,000	\$ 4,559,373	\$ 4,293,000

The total OPEB liability of the Utility has been calculated using health care cost trend rates of 8.50%, decreasing to 4%. The following presents the May 31, 2025, total OPEB liability using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates.

	<u>2025</u>		
	<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 4,183,000	\$ 4,559,373	\$ 4,994,000

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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, 2025 and 2024, the Utility recognized OPEB expense of and \$333,875 and \$280,273, respectively. At May 31, 2025 and 2024, the Utility reported deferred outflows and inflows of resources related to OPEB from the following sources:

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 693,008	\$ 779,454
Changes of assumptions and inputs	581,638	448,046
Total	<u>\$ 1,274,646</u>	<u>\$ 1,227,500</u>

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 844,907
Changes of assumptions and inputs	471,547	483,092
	<u>\$ 471,547</u>	<u>\$ 1,327,999</u>

Deferred outflows and inflows of resources at May 31, 2025, related to OPEB will be recognized in OPEB expense as follows:

Year Ended	
2026	\$ (3,966)
2027	(3,966)
2028	(3,966)
2029	(3,966)
2030	(3,966)
Thereafter	66,976
	<u>\$ 47,146</u>

Note 9. Commitments and Contingencies

Coal Contracts

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

Wholesale Power Contracts

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

Obligations to Purchase Power

The Board has a purchased power agreement with the Southwestern Power Administration (SWPA) effective June 1, 2023, through April 30, 2038. This agreement is for 33.8 MW of Hydro Capacity & Energy. Under this agreement the Board purchases a minimum of 2,028 Mwhrs of peaking energy each month. The Board must also purchase 40,560 Mwhrs for the year. This purchase power agreement includes SWPA transmission for the delivery of the energy purchased. For the years ended May 31, 2025 and 2024, the cost under this contract was approximately \$6,448,000 and \$5,860,000, respectively.

Environmental Matters

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

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

Mine Shutdown Costs

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

**Board of Municipal Utilities
Sikeston, Missouri
Notes to Financial Statements
May 31, 2025 and 2024**

In December 1979, the Utility and Kansas City each entered into a separate coal supply agreement with WFI. Under the terms of this agreement, the Utility was obligated to purchase a minimum amount of coal from the BC Mine, which was operated first by an unaffiliated third party and then by BC. In November 1997, the agreement expired, and the mine ceased operations in 1999. Under this legacy contract, the Utility became responsible for 50% of the mine reclamation costs and 50% of the postretirement benefits for certain former mine workers. At May 31, 2025 and 2024, the Utility has recorded a liability of approximately \$624,913 and \$745,514, respectively, for the amount of the remaining estimated postretirement benefits and mine reclamation costs. The liability represents the Utility's 50% proportional share of the total estimated postretirement benefits and mine reclamation costs less amounts previously funded by the Utility to WFI. The Utility records mine shutdown costs related to costs of postretirement benefits, changes in the estimated mine reclamation costs, and administrative and other costs incurred by WFI management. With the changes to the estimated liabilities, there was a net increase and decrease, respectively, to the change in net position of approximately \$121,000 and \$49,000, respectively, for the years ended May 31, 2025 and 2024. The amounts recorded for the Board's portion of the postretirement benefits and mine reclamation costs require significant judgment and involve several estimates. The Utility has recorded its estimated obligations for each of these items using information currently available to management. The estimates could change significantly over time. During each of the years ended May 31, 2025 and 2024, the Utility paid \$240,000, to WFI to fund these obligations as well as administrative and other costs incurred by WFI. Total payments through May 31, 2025 and 2024, from the Utility to WFI to fund these obligations and costs were approximately \$17,610,000 and \$17,370,000, respectively. The Utility expects to fund approximately an additional \$240,000 during the year ending May 31, 2026. Once reclamation activities are complete, the Utility anticipates the property will be sold. Resources to be generated from this sale are not currently determinable.

Other Contingencies

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

Note 10. Significant Customers and Concentration of Credit Risk

For the year ended May 31, 2025, the Utility had four wholesale customers, which individually exceeded 10% of total wholesale revenues. Approximately 87% of the Electric System's wholesale revenue during the year ended May 31, 2025, was generated through sales to these customers, in the amount of approximately \$42,217,000. As of May 31, 2025, there were no amounts due from these customers. No other customer represented 10% or more of the Electric System revenue. The Electric System's receivables from retail customers are located in Sikeston, Missouri, and its wholesale receivable customers are located in the state of Missouri.

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

Required Supplementary Information

**Board of Municipal Utilities
Sikeston, Missouri
Required Supplementary Information
Schedule of the Utility's Changes in Net Pension
Liability/(Asset) and Related Ratios
May 31, 2025**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service cost	\$ 1,286,189	\$ 1,215,397	\$ 1,188,744	\$ 1,159,988	\$ 1,125,747	\$ 849,907	\$ 847,994	\$ 873,809	\$ 873,292	\$ 904,619
Interest on the total pension liability	5,819,199	5,574,004	5,316,093	5,411,074	5,209,357	4,373,266	4,354,113	4,379,975	3,977,456	3,972,670
Changes in benefit terms	-	-	-	-	-	8,340,500	-	-	-	-
Difference between expected and actual experience	3,665,877	1,702,941	1,727,772	292,289	470,670	1,692,356	(1,696,949)	(2,613,331)	1,568,808	(1,482,213)
Changes of assumptions	-	-	-	(1,446,783)	-	-	-	-	2,324,201	-
Benefit payments, including refunds	(5,197,989)	(4,856,499)	(4,275,836)	(3,971,721)	(4,106,513)	(3,620,465)	(2,876,413)	(3,088,843)	(3,291,663)	(3,334,919)
Net Change in Total Pension Liability	5,573,276	3,635,843	3,956,773	1,444,847	2,699,261	11,635,564	628,745	(448,390)	5,452,094	60,157
Total Pension Liability – Beginning	85,054,235	81,418,392	77,461,619	76,016,772	73,317,511	61,681,947	61,053,202	61,501,592	56,049,498	55,989,341
Total Pension Liability – Ending	90,627,511	85,054,235	81,418,392	77,461,619	76,016,772	73,317,511	61,681,947	61,053,202	61,501,592	56,049,498
Fiduciary Net Position										
Contributions – employer	2,802,779	2,730,600	2,454,762	2,328,945	2,246,565	1,839,197	1,354,898	1,303,671	1,331,286	1,556,587
Net investment income	4,261,426	2,926,014	60,587	17,994,275	873,315	4,706,011	7,023,038	6,368,340	(155,540)	1,170,694
Benefit payments, including refunds	(5,197,989)	(4,856,499)	(4,275,836)	(3,971,721)	(4,106,513)	(3,620,465)	(2,876,413)	(3,088,843)	(3,291,663)	(3,334,919)
Pension plan administrative expense	(39,462)	(44,136)	(31,816)	(29,059)	(37,232)	(33,192)	(22,790)	(22,164)	(22,371)	(24,605)
Other	(753,030)	770,212	668,982	243,069	(480,202)	541,515	(246,487)	(131,387)	(154,780)	(26,399)
Net Change in Plan Fiduciary Net Position	1,073,724	1,526,191	(1,123,321)	16,565,509	(1,504,067)	3,433,066	5,232,246	4,429,617	(2,293,068)	(658,642)
Fiduciary Net Position – Beginning	83,681,642	82,155,451	83,278,772	66,713,263	68,217,330	64,784,264	59,552,018	55,122,401	57,415,469	58,074,111
Fiduciary Net Position – Ending	84,755,366	83,681,642	82,155,451	83,278,772	66,713,263	68,217,330	64,784,264	59,552,018	55,122,401	57,415,469
Net Pension Liability/(Asset)	<u>\$ 5,872,145</u>	<u>\$ 1,372,593</u>	<u>\$ (737,059)</u>	<u>\$ (5,817,153)</u>	<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	93.52%	98.39%	100.91%	107.51%	87.76%	93.04%	105.03%	97.54%	89.63%	102.44%
Covered Payroll	\$ 12,268,998	\$ 10,815,847	\$ 10,714,872	\$ 10,566,156	\$ 10,288,736	\$ 10,156,627	\$ 9,882,465	\$ 10,022,113	\$ 10,341,075	\$ 10,006,457
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	47.86%	12.69%	-6.88%	-55.05%	90.42%	50.22%	-31.39%	14.98%	61.69%	-13.65%

Notes to Schedule:

Benefit changes	There was no change in benefits for 2025 and 2024.
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Changes of assumptions	There were no changes to assumptions for the years ended May 31, 2025 and 2024.
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In accordance with GASB 68, information presented in this schedule was determined as of the measurement date (June 30) of the net pension liability/(asset).

**Board of Municipal Utilities
Sikeston, Missouri
Required Supplementary Information
Schedule of the Utility's Contributions
May 31, 2025**

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
2016	\$ 1,337,169	\$ 1,337,169	\$ -	\$ 9,832,127	13.60%
2017	1,251,364	1,251,363	1	10,010,902	12.50%
2018	1,473,479	1,353,195	120,284	10,023,667	13.50%
2019	1,823,102	1,823,102	-	10,735,500	16.98%
2020	2,243,606	2,243,606	-	10,435,378	21.50%
2021	2,317,959	2,317,959	-	10,781,204	21.50%
2022	2,469,478	2,447,721	21,757	10,878,757	22.50%
2023	2,644,721	2,644,721	-	11,351,149	23.30%
2024	2,812,451	2,812,451	-	11,866,882	23.70%
2025	2,948,606	2,948,606	-	12,234,879	24.10%

Notes to Schedule:

Valuation date February 29, 2024

Notes The roll-forward of total pension liability from February 29, 2024, to June 30, 2024, 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 5 to 15 years
Asset valuation method	5-year smoothed market; 20% corridor
Inflation	2.75% wage inflation; 2.25% price inflation
Salary increases	2.75% to 6.75% including wage inflation
Investment rate of return	7.00%, net of investment expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition

**Board of Municipal Utilities
Sikeston, Missouri
Required Supplementary Information
Schedule of the Utility's Contributions
May 31, 2025**

Mortality

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

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

Other information

None

**Board of Municipal Utilities
Sikeston, Missouri
Required Supplementary Information
Schedule of Changes in the Utility's Total OPEB Liability and Related Ratios
May 31, 2025**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB Liability					
Service cost	\$ 184,499	\$ 189,051	\$ 235,977	\$ 276,167	\$ 220,045
Interest	153,342	146,014	146,311	107,937	107,332
Differences between expected and actual experience	734,504	-	(435,034)	-	(532,471)
Changes in assumptions or other inputs	165,128	(89,371)	(188,268)	(393,982)	498,390
Benefit payments	<u>(412,959)</u>	<u>(451,797)</u>	<u>(424,263)</u>	<u>(239,215)</u>	<u>(374,016)</u>
Net Change in Total OPEB Liability	824,514	(206,103)	(665,277)	(249,093)	(80,720)
Total OPEB Liability – Beginning of Year	<u>3,734,859</u>	<u>3,940,962</u>	<u>4,606,239</u>	<u>4,855,332</u>	<u>4,936,052</u>
Total OPEB Liability – End of Year	<u>\$ 4,559,373</u>	<u>\$ 3,734,859</u>	<u>\$ 3,940,962</u>	<u>\$ 4,606,239</u>	<u>\$ 4,855,332</u>
Covered Payroll	\$ 9,042,691	\$ 19,399,000	\$ 18,834,176	\$ 10,699,115	\$ 10,566,305
Total OPEB Liability as a Percentage of Covered-Employee Payroll	50.42%	19.25%	20.92%	43.05%	45.95%

Notes to Schedule:

Benefit changes There were no changes to benefit terms for the years ended May 31, 2025, 2024, 2023, and 2022.

Changes of assumptions There was a change in the discount rate and health care cost trend rate for 2025 which had a net impact of \$165,128.

There was a change in the discount rate and health care cost trend rate for 2024 which had a net impact of \$(89,371).

There was a change in the discount rate and health care cost trend rate for 2023 which had a net impact of \$(188,268).

There was a change in the discount rate and health care cost trend rate for 2022 which had a net impact of \$(393,982).

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

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

Supplementary Information

**Board of Municipal Utilities
Sikeston, Missouri
Combining Balance Sheets
May 31, 2025 and 2024**

	May 31, 2025		
	Electric System	Water and Sewer System	Combined
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Property and Plant and Leased Assets			
Property and plant, at original cost	\$ 363,994,705	\$ 55,464,639	\$ 419,459,344
Accumulated depreciation	(320,704,465)	(22,818,822)	(343,523,287)
Leased assets	3,588,269	5,295,253	8,883,522
Accumulated amortization	(1,786,149)	(2,330,592)	(4,116,741)
	45,092,360	35,610,478	80,702,838
Construction work in progress	18,375,070	542,989	18,918,059
Total property and plant and leased assets, net	63,467,430	36,153,467	99,620,897
Restricted Assets			
Debt service account	-	747,011	747,011
Construction fund account	-	2,258,240	2,258,240
	-	3,005,251	3,005,251
Less amount required to meet current obligations	-	(1,008,186)	(1,008,186)
Total restricted assets	-	1,997,065	1,997,065
Other Noncurrent Assets			
Subscription assets, net	22,039	-	22,039
Lease receivable	74,030	-	74,030
Total other noncurrent assets	96,069	-	96,069
Current Assets			
Cash and cash equivalents	55,250,943	5,506,523	60,757,466
Restricted assets	-	1,008,186	1,008,186
Accounts receivable, net	4,100,401	1,576,753	5,677,154
Coal inventories	11,734,192	-	11,734,192
Materials and supplies	6,915,352	482,917	7,398,269
Prepaid expenses and other assets	983,132	325,118	1,308,250
Interdepartmental due from (to)	283,153	(283,153)	-
Lease receivable	4,132	-	4,132
Total current assets	79,271,305	8,616,344	87,887,649
Total assets	142,834,804	46,766,876	189,601,680
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	8,357,464	1,657,072	10,014,536
Other postemployment benefits related	1,057,957	216,689	1,274,646
Total deferred outflows of resources	9,415,421	1,873,761	11,289,182
Total Assets and Deferred Outflows of Resources	\$ 152,250,225	\$ 48,640,637	\$ 200,890,862

**Board of Municipal Utilities
Sikeston, Missouri
Combining Balance Sheets
May 31, 2025 and 2024**

(Continued)

	May 31, 2025		
	Electric System	Water and Sewer System	Combined
NET POSITION, LIABILITIES, AND DEFERRED			
INFLOWS OF RESOURCES			
Net investment in capital assets	\$ 51,889,859	\$ 8,519,019	\$ 60,408,878
Restricted for debt service	5,127,684	884,329	6,012,013
Unrestricted	65,414,106	8,700,927	74,115,033
Total net position	122,431,649	18,104,275	140,535,924
LIABILITIES			
Long-Term Debt	-	22,129,271	22,129,271
Add: Unamortized bond premium	-	1,049,842	1,049,842
Total long-term debt, net	-	23,179,113	23,179,113
Other Noncurrent Liabilities			
Net pension liability	4,873,890	998,255	5,872,145
Total other postemployment benefit liability	3,784,280	775,093	4,559,373
Accrued compensated absences	1,064,776	122,119	1,186,895
Subscription liabilities	-	-	-
Leases payable	1,208,408	2,326,516	3,534,924
Total other noncurrent liabilities	10,931,354	4,221,983	15,153,337
Current Liabilities Payable from Restricted Assets			
Current maturities of long-term debt	-	1,008,186	1,008,186
Current Liabilities Payable from Unrestricted Assets			
Accounts payable	4,393,496	681,676	5,075,172
Accrued interest payable	14,331	137,318	151,649
Current maturities of long-term debt	9,200,000	-	9,200,000
Leases payable	717,791	789,477	1,507,268
Customer deposits	839,659	-	839,659
Accrued mine shutdown costs	624,913	-	624,913
Other accruals	1,668,899	241,587	1,910,486
	17,459,089	1,850,058	19,309,147
Total current liabilities	17,459,089	2,858,244	20,317,333
DEFERRED INFLOWS OF RESOURCES			
Pension related	333,695	68,347	402,042
Other postemployment benefits related	1,018,825	208,675	1,227,500
Leases	75,613	-	75,613
Total deferred inflows of resources	1,428,133	277,022	1,705,155
Total Net Position, Liabilities, and Deferred Inflows of Resources	\$ 152,250,225	\$ 48,640,637	\$ 200,890,862

**Board of Municipal Utilities
Sikeston, Missouri
Combining Balance Sheets
May 31, 2025 and 2024**

	May 31, 2024		
	Electric System	Water and Sewer System	Combined
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Property and Plant and Leased Assets			
Property and plant, at original cost	\$ 354,296,559	\$ 42,972,661	\$ 397,269,220
Accumulated depreciation	(311,206,409)	(20,977,497)	(332,183,906)
Leased assets	3,588,269	5,295,253	8,883,522
Accumulated amortization	(1,046,440)	(1,528,696)	(2,575,136)
	45,631,979	25,761,721	71,393,700
Construction work in progress	16,558,437	10,240,528	26,798,965
Total property and plant and leased assets, net	62,190,416	36,002,249	98,192,665
Restricted Assets			
Debt service account	-	1,227,827	1,227,827
Construction fund account	-	2,514,758	2,514,758
	-	3,742,585	3,742,585
Less amount required to meet current obligations	-	(958,537)	(958,537)
Total restricted assets	-	2,784,048	2,784,048
Other Noncurrent Assets			
Subscription assets, net	27,239	-	27,239
Lease receivable	74,030	-	74,030
Total other noncurrent assets	101,269	-	101,269
Current Assets			
Cash and cash equivalents	49,453,037	4,889,031	54,342,068
Restricted assets	-	958,537	958,537
Accounts receivable, net	10,034,655	1,237,891	11,272,546
Coal inventories	10,468,126	-	10,468,126
Materials and supplies	6,975,274	497,452	7,472,726
Prepaid expenses and other assets	584,680	241,733	826,413
Interdepartmental due from (to)	20,661	(20,661)	-
Lease receivable	4,132	-	4,132
Total current assets	77,540,565	7,803,983	85,344,548
Total assets	139,832,250	46,590,280	186,422,530
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	5,553,941	1,062,879	6,616,820
Other postemployment benefits related	391,384	80,163	471,547
Total deferred outflows of resources	5,945,325	1,143,042	7,088,367
Total Assets and Deferred Outflows of Resources	\$ 145,777,575	\$ 47,733,322	\$ 193,510,897

**Board of Municipal Utilities
Sikeston, Missouri
Combining Balance Sheets
May 31, 2025 and 2024**

(Continued)

	May 31, 2024		
	Electric System	Water and Sewer System	Combined
NET POSITION, LIABILITIES, AND DEFERRED			
INFLOWS OF RESOURCES			
Net investment in capital assets	\$ 49,474,459	\$ 6,207,752	\$ 55,682,211
Restricted for debt service	5,712,841	1,375,616	7,088,457
Unrestricted	60,168,802	8,840,642	69,009,444
Total net position	115,356,102	16,424,010	131,780,112
LIABILITIES			
Long-Term Debt	-	23,137,356	23,137,356
Add: Unamortized bond premium	-	1,091,422	1,091,422
Total long-term debt, net	-	24,228,778	24,228,778
Other Noncurrent Liabilities			
Net pension liability	1,139,258	233,335	1,372,593
Total other postemployment benefit liability	3,099,933	634,926	3,734,859
Accrued compensated absences	960,806	136,310	1,097,116
Subscription liabilities	11,641	-	11,641
Leases payable	1,926,199	3,115,995	5,042,194
Total other noncurrent liabilities	7,137,837	4,120,566	11,258,403
Current Liabilities Payable from Restricted Assets			
Current maturities of long-term debt	-	958,537	958,537
Current Liabilities Payable from Unrestricted Assets			
Accounts payable	8,358,327	516,980	8,875,307
Accrued interest payable	19,023	147,789	166,812
Current maturities of long-term debt	9,200,000	-	9,200,000
Leases payable	696,957	761,921	1,458,878
Customer deposits	810,673	-	810,673
Accrued mine shutdown costs	745,514	-	745,514
Other accruals	1,724,811	236,233	1,961,044
	21,555,305	1,662,923	23,218,228
Total current liabilities	21,555,305	2,621,460	24,176,765
DEFERRED INFLOWS OF RESOURCES			
Pension related	550,479	112,748	663,227
Other postemployment benefits related	1,102,239	225,760	1,327,999
Leases	75,613	-	75,613
Total deferred inflows of resources	1,728,331	338,508	2,066,839
Total Net Position, Liabilities, and Deferred Inflows of Resources	\$ 145,777,575	\$ 47,733,322	\$ 193,510,897

Board of Municipal Utilities
Sikeston, Missouri
Combining Statements of Revenues, Expenses, and Changes in Net Position
Years Ended May 31, 2025 and 2024

	May 31, 2025		
	Electric System	Water and Sewer System	Combined
Operating Revenues			
Retail	\$ 32,477,921	\$ 9,374,453	\$ 41,852,374
Wholesale	51,813,793	-	51,813,793
Total operating revenues	84,291,714	9,374,453	93,666,167
Operating Expenses			
Production and operations	55,502,188	2,615,710	58,117,898
Purchased power	2,426,409	-	2,426,409
Distribution costs	2,816,118	1,506,965	4,323,083
Depreciation and amortization	10,335,173	2,643,221	12,978,394
General and administrative	4,957,397	1,039,645	5,997,042
Pension expense	3,145,164	644,190	3,789,354
Other postemployment benefits expense	277,116	56,759	333,875
Donated services	855,713	184,610	1,040,323
Other operating expenses	462,971	241,470	704,441
Total operating expenses	80,778,249	8,932,570	89,710,819
Operating Income	3,513,465	441,883	3,955,348
Nonoperating Income (Expense)			
Investment income	2,646,459	390,129	3,036,588
Interest expense	(740,561)	(886,882)	(1,627,443)
Miscellaneous, net	1,656,184	1,735,135	3,391,319
Net nonoperating income	3,562,082	1,238,382	4,800,464
Increase in Net Position	7,075,547	1,680,265	8,755,812
Net Position			
Beginning of year	115,356,102	16,424,010	131,780,112
End of year	\$ 122,431,649	\$ 18,104,275	\$ 140,535,924

Board of Municipal Utilities
Sikeston, Missouri
Combining Statements of Revenues, Expenses, and Changes in Net Position
Years Ended May 31, 2025 and 2024

	May 31, 2024		
	Electric System	Water and Sewer System	Combined
Operating Revenues			
Retail	\$ 31,023,012	\$ 8,910,406	\$ 39,933,418
Wholesale	57,142,907	-	57,142,907
Total operating revenues	88,165,919	8,910,406	97,076,325
Operating Expenses			
Production and operations	55,391,573	2,418,047	57,809,620
Purchased power	4,164,414	-	4,164,414
Distribution costs	3,643,142	1,345,532	4,988,674
Depreciation and amortization	9,615,785	2,336,299	11,952,084
General and administrative	4,427,869	798,984	5,226,853
Pension expense	672,747	137,791	810,538
Other postemployment benefits expense	232,627	47,646	280,273
Donated services	891,780	201,728	1,093,508
Other operating expenses	544,286	370,470	914,756
Total operating expenses	79,584,223	7,656,497	87,240,720
Operating Income	8,581,696	1,253,909	9,835,605
Nonoperating Income (Expense)			
Investment income	1,869,665	494,882	2,364,547
Interest expense	(187,898)	(990,188)	(1,178,086)
Miscellaneous, net	830,461	1,850,369	2,680,830
Net nonoperating income	2,512,228	1,355,063	3,867,291
Increase in Net Position	11,093,924	2,608,972	13,702,896
Net Position			
Beginning of year	104,262,178	13,815,038	118,077,216
End of year	\$ 115,356,102	\$ 16,424,010	\$ 131,780,112

**Board of Municipal Utilities
Sikeston, Missouri
Combining Statements of Cash Flows
Years Ended May 31, 2025 and 2024**

	May 31, 2025		
	Electric System	Water and Sewer System	Combined
Cash Flows from Operating Activities			
Receipts from customers and others	\$ 90,254,954	\$ 9,035,591	\$ 99,290,545
Payments to suppliers	(65,023,236)	(3,937,392)	(68,960,628)
Payments to employees	(11,023,788)	(2,179,150)	(13,202,938)
Proceeds (payments) for mine shutdown	(120,601)	-	(120,601)
Net cash provided by operating activities	14,087,329	2,919,049	17,006,378
Cash Flows from Investing Activities			
Decrease in temporary investments maintained in debt service and construction accounts	-	737,334	737,334
Interest received	2,646,459	390,129	3,036,588
Net cash provided by investing activities	2,646,459	1,127,463	3,773,922
Cash Flows from Capital and Related Financing Activities			
Purchase of property and plant, net	(11,122,770)	(2,504,863)	(13,627,633)
Proceeds from the issuance of debt	-	-	-
Payment of long-term debt and lease obligations	(696,957)	(1,720,359)	(2,417,316)
Payments on subscription liabilities	(27,086)	-	(27,086)
Interest paid	(745,253)	(938,933)	(1,684,186)
Other nonoperating revenues	1,656,184	1,735,135	3,391,319
Net cash used in capital and related financing activities	(10,935,882)	(3,429,020)	(14,364,902)
Increase (decrease) in cash and cash equivalents	5,797,906	617,492	6,415,398
Cash and Cash Equivalents			
Beginning of year	49,453,037	4,889,031	54,342,068
End of year	\$ 55,250,943	\$ 5,506,523	\$ 60,757,466

**Board of Municipal Utilities
Sikeston, Missouri
Combining Statements of Cash Flows
Years Ended May 31, 2025 and 2024**

(Continued)

	May 31, 2025		
	Electric System	Water and Sewer System	Combined
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 3,513,465	\$ 441,883	\$ 3,955,348
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation and amortization	10,335,173	2,643,221	12,978,394
Mine shutdown proceeds	119,399	-	119,399
Payments for mine shutdown costs	(240,000)	-	(240,000)
Loss (gain) on disposal	(17,400)	-	(17,400)
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources			
(Increase) decrease in accounts receivable	5,934,254	(338,862)	5,595,392
(Increase) decrease in coal inventories	(1,266,066)	-	(1,266,066)
(Increase) decrease in materials and supplies	59,922	14,535	74,457
(Increase) decrease in prepaid expenses and other assets	(398,452)	(83,385)	(481,837)
Decrease in deferred outflows related to pensions	(2,803,523)	(594,193)	(3,397,716)
(Increase) decrease in deferred outflows related to other postemployment benefits	(666,573)	(136,526)	(803,099)
Decrease in net pension asset	-	-	-
Increase (decrease) in accounts payable and accrued expenses	(4,368,145)	(133,717)	(4,501,862)
Increase in customer deposits and other liabilities	28,986	-	28,986
Increase in net pension liability	3,734,632	764,920	4,499,552
Interdepartmental due from (to)	(262,492)	262,492	-
Increase (decrease) in total other postemployment liability	684,347	140,167	824,514
Decrease in deferred inflows related to pensions	(216,784)	(44,401)	(261,185)
Decrease in deferred inflows related to other postemployment benefits	(83,414)	(17,085)	(100,499)
Net Cash Provided by Operating Activities	\$ 14,087,329	\$ 2,919,049	\$ 17,006,378
Noncash Investing, Capital, and Financing Activities			
Amounts payable incurred for purchase of capital assets	\$ 451,372	\$ 289,576	\$ 740,948
Lease obligation incurred for lease assets	\$ -	\$ -	\$ -

**Board of Municipal Utilities
Sikeston, Missouri
Combining Statements of Cash Flows
Years Ended May 31, 2025 and 2024**

	May 31, 2024		
	Electric System	Water and Sewer System	Combined
Cash Flows from Operating Activities			
Receipts from customers and others	\$ 87,717,331	\$ 11,340,390	\$ 99,057,721
Payments to suppliers	(60,656,681)	(5,708,003)	(66,364,684)
Payments to employees	(10,518,469)	(2,147,461)	(12,665,930)
Proceeds (payments) for mine shutdown	49,324	-	49,324
Net cash provided by operating activities	16,591,505	3,484,926	20,076,431
Cash Flows from Investing Activities			
Decrease in temporary investments maintained in debt service and construction accounts	-	4,515,171	4,515,171
Interest received	1,869,665	494,882	2,364,547
Net cash provided by investing activities	1,869,665	5,010,053	6,879,718
Cash Flows from Capital and Related Financing Activities			
Purchase of property and plant, net	(22,325,516)	(6,716,065)	(29,041,581)
Proceeds from the issuance of debt	9,200,000	-	9,200,000
Payment of long-term debt and lease obligations	(561,225)	(3,934,947)	(4,496,172)
Payments on subscription liabilities	(29,972)	-	(29,972)
Interest paid	(188,938)	(1,037,163)	(1,226,101)
Other nonoperating revenues	830,461	1,850,369	2,680,830
Net cash used in capital and related financing activities	(13,075,190)	(9,837,806)	(22,912,996)
Increase (decrease) in cash and cash equivalents	5,385,980	(1,342,827)	4,043,153
Cash and Cash Equivalents			
Beginning of year	44,067,057	6,231,858	50,298,915
End of year	\$ 49,453,037	\$ 4,889,031	\$ 54,342,068

**Board of Municipal Utilities
Sikeston, Missouri
Combining Statements of Cash Flows
Years Ended May 31, 2025 and 2024**

(Continued)

	May 31, 2024		
	Electric System	Water and Sewer System	Combined
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 8,581,696	\$ 1,253,909	\$ 9,835,605
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation and amortization	9,601,411	2,336,299	11,937,710
Mine shutdown proceeds	289,324	-	289,324
Payments for mine shutdown costs	(240,000)	-	(240,000)
Loss (gain) on disposal	34,772	(6,585)	28,187
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources			
(Increase) decrease in accounts receivable	(457,357)	2,429,984	1,972,627
(Increase) decrease in coal inventories	1,503,205	-	1,503,205
(Increase) decrease in materials and supplies	(437,998)	(52,264)	(490,262)
(Increase) decrease in prepaid expenses and other assets	255,418	115,162	370,580
Decrease in deferred outflows related to pensions	(1,543,426)	(313,207)	(1,856,633)
(Increase) decrease in deferred outflows related to other postemployment benefits	39,051	6,655	45,706
Decrease in net pension asset	611,752	125,307	737,059
Increase (decrease) in accounts payable and accrued expenses	(2,225,005)	(755,184)	(2,980,189)
Increase in customer deposits and other liabilities	23,143	-	23,143
Increase in net pension liability	1,139,258	233,335	1,372,593
Interdepartmental due from (to)	1,469,322	(1,469,322)	-
Increase (decrease) in total other postemployment liability	(171,066)	(35,037)	(206,103)
Decrease in deferred inflows related to pensions	(1,871,644)	(383,349)	(2,254,993)
Decrease in deferred inflows related to other postemployment benefits	(10,351)	(777)	(11,128)
Net Cash Provided by Operating Activities	\$ 16,591,505	\$ 3,484,926	\$ 20,076,431
Noncash Investing, Capital, and Financing Activities			
Amounts payable incurred for purchase of capital assets	\$ 892,801	\$ 100,599	\$ 993,400
Lease obligation incurred for lease assets	\$ 903,313	\$ -	\$ 903,313