



Board of Municipal Utilities Sikeston, Missouri

Independent Auditor's Report and Financial Statements

May 31, 2026 and 2025



**Board of Municipal Utilities
Sikeston, Missouri
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May 31, 2026 and 2025**

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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, 2026 and 2025, 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, 2026 and 2025, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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 audits were 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 6, 2026**

**Board of Municipal Utilities
Sikeston, Missouri
Management's Discussion and Analysis
May 31, 2026 and 2025**

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, 2026 and 2025. 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 began participating in the Southwest Power Pool (SPP) Integrated Marketplace and in 2025 began participating in the Midcontinent Independent System Operator 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. 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, 2026 and 2025. 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, 2026 and 2025. The *Statements of Cash Flows* present the Utility's sources and uses of cash and cash equivalents for the fiscal years ended May 31, 2026 and 2025. 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, 2026 and 2025**

Summary of Electric System Financial Position

		May 31,	
	2026	2025	2024
ASSETS			
Property and plant and leased assets – net	\$ 80,773,603	\$ 63,467,430	\$ 62,190,416
Restricted and other assets	1,741,166	96,069	101,269
Current assets	83,391,058	78,576,132	77,540,565
Total assets	165,905,827	142,139,631	139,832,250
DEFERRED OUTFLOWS OF RESOURCES			
Pension and OPEB related	10,794,059	9,415,421	5,945,325
Total deferred outflows of resources	10,794,059	9,415,421	5,945,325
Total assets and deferred outflows of resources	<u>\$ 176,699,886</u>	<u>\$ 151,555,052</u>	<u>\$ 145,777,575</u>
NET POSITION			
Net investment in capital assets	\$ 57,842,874	\$ 51,889,859	\$ 49,474,459
Restricted for debt service	7,084,640	5,127,684	5,712,841
Unrestricted	67,996,294	65,414,106	60,168,802
Total net position	132,923,808	122,431,649	115,356,102
LIABILITIES			
Net pension liability	5,486,586	4,873,890	1,139,258
Other postemployment benefit liability	3,848,472	3,784,280	3,099,933
Long-term debt, net	21,727,321	-	-
Accrued compensated absences – noncurrent	1,213,480	1,064,776	960,806
Subscription liabilities	-	-	11,641
Leases payable	655,143	1,208,408	1,926,199
Current liabilities	9,718,799	16,763,916	21,555,305
Total liabilities	42,649,801	27,695,270	28,693,142
DEFERRED INFLOWS OF RESOURCES			
Pension and OPEB related	1,052,323	1,352,520	1,652,718
Leases	73,954	75,613	75,613
	1,126,277	1,428,133	1,728,331
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 176,699,886</u>	<u>\$ 151,555,052</u>	<u>\$ 145,777,575</u>

**Board of Municipal Utilities
Sikeston, Missouri
Management's Discussion and Analysis
May 31, 2026 and 2025**

Summary of the Electric System

Assets

Property and Plant and Leased Assets – Net

The Utility recorded approximately \$29,518,000 in property and plant additions during the year ended May 31, 2026, including construction in progress. The Sikeston Power Station had additions of approximately \$20,675,000 including Comstock Substation, Fly Ash Pond mitigation, boiler feed pump replacement, turbine valves, cooling tower and boiler improvements. The retail system had additions of approximately \$9,450,000 including 69kV reconductoring, breakers, transformers and annual distribution system improvements. Construction in progress transfers to plant and property totaled \$36,813,000 that primarily included the Comstock substation. These additions were offset by the current year depreciation expense and the net leased asset adjustments.

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.

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

Restricted and Other Assets

During 2026, restricted and other assets increased approximately \$1,645,000 due to the addition of the debt service reserve account for the Certificates of Participation issued in 2026.

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

Current Assets

During 2026, the increase in current assets of approximately \$4,815,000 was attributed to an increase in wholesale receivables of \$9,100,000 offset by \$5,300,000 decrease in cash and cash equivalents and a decrease in intercompany receivables of \$283,000. A FEMA grant receivable of \$1,000,000 increase was recorded as the funds were obligated for reimbursement from the May 2024 tornado. The remaining current assets increased \$265,000.

During 2025, the increase in current assets of approximately \$1,036,000 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.

Deferred Outflows of Resources

During 2026, the increase of approximately \$1,380,000 in deferred outflows of resources was a result of the pension and OPEB related 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.

**Board of Municipal Utilities
Sikeston, Missouri
Management's Discussion and Analysis
May 31, 2026 and 2025**

Liabilities

Total Liabilities

Total liabilities increased approximately \$15,000,000 as of May 31, 2026. Long-term debt, net increased \$21,700,000 with the issuance of Certificates of Participation, Series 2026 and corresponding unamortized premium. Current liabilities decreased with the payoff of the Comstock bonds of \$9,200,000 by the Certificates of Participation debt but was offset with increased account payable of \$2,243,000. Other accruals and liabilities increased \$257,000.

Total liabilities decreased approximately \$998,000 as of May 31, 2025. Net pension liability increased \$3,735,000 while accounts payable decreased \$4,670,000. Accruals and other liabilities decreased \$73,000.

Deferred Inflows of Resources

During the year ended May 31, 2026, 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, 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.

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

		May 31,	
	2026	2025	2024
Operating Revenues	\$ 87,200,286	\$ 84,291,714	\$ 88,165,919
Operating Expenses	80,573,136	80,778,249	79,584,223
Operating Income	6,627,150	3,513,465	8,581,696
Investment and Other Income	4,695,728	4,302,643	2,700,126
Interest Expense	(830,719)	(740,561)	(187,898)
Nonoperating Income, Net	3,865,009	3,562,082	2,512,228
Increase in Net Position	\$ 10,492,159	\$ 7,075,547	\$ 11,093,924

Operating Revenues

During 2026 operating revenues increased approximately \$2,900,000. Wholesale revenues increased approximately \$3,056,000 from higher billable capacity costs. Retail revenues decreased by approximately \$147,000. Residential kWh sold were up 0.6%, Commercial kWh sold were up 5.0%, and Industrial kWh sold were down 4.3%. The remaining difference was due to the fact that no revenues were collected from participation in the SPP Transmission Congestion Rights auction this year.

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.

**Board of Municipal Utilities
Sikeston, Missouri
Management's Discussion and Analysis
May 31, 2026 and 2025**

Operating Expenses

Operating expenses decreased approximately \$205,000 during 2026. Operations costs at the Sikeston Power Station decreased \$6,200,000 primarily from lower coal usage. Purchased power costs increased \$4,700,000, as a result of participating in the SPP Integrated market and increased costs from Southwestern Power Administration. Retail distribution costs increased \$141,000. Depreciation and amortization expense increased \$1,750,000 with the addition of new assets. General and administrative expenses increased \$449,000 primarily from power supply plan costs. Pension related expenses decreased \$1,250,000 as a result of the difference in projected and actual earnings on pension plan investments.

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 market. 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.

Nonoperating Income (Expense), Net

During 2026, nonoperating income (expense), net increased approximately \$303,000. Miscellaneous income increased \$926,000 from the gain on the sale of part of the transmission line in the Comstock agreement of \$1,000,000 and FEMA grant revenue of approximately \$1,000,000, offset by a decrease of \$1,000,000 in other miscellaneous income. Investment income was \$535,000 lower due to decreased wholesale balances. Interest expense increased \$90,000 due to interest paid on the new debt.

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.

**Board of Municipal Utilities
Sikeston, Missouri
Management's Discussion and Analysis
May 31, 2026 and 2025**

Summary of Water & Sewer Combined Financial Position

	May 31,		
	2026	2025	2024
ASSETS			
Property and plant and leased assets – net	\$ 44,567,380	\$ 36,153,467	\$ 36,002,249
Restricted and other assets	2,553,098	1,997,065	2,784,048
Current assets	11,775,263	8,616,344	7,803,983
Total assets	58,895,741	46,766,876	46,590,280
DEFERRED OUTFLOWS OF RESOURCES			
Pension and OPEB related	2,121,308	1,873,761	1,143,042
Total assets and deferred outflows of resources	\$ 61,017,049	\$ 48,640,637	\$ 47,733,322
NET POSITION			
Net investment in capital assets	\$ 12,532,694	\$ 8,519,019	\$ 6,207,752
Restricted for debt service	910,387	884,329	1,375,616
Unrestricted	12,232,510	8,700,927	8,840,642
Total net position	25,675,591	18,104,275	16,424,010
LIABILITIES			
Long-term debt, net	27,614,153	23,179,113	24,228,778
Net pension liability	1,123,742	998,255	233,335
Other postemployment benefit liability	788,241	775,093	634,926
Accrued compensated absences – noncurrent	129,275	122,119	136,310
Leases payable	1,508,638	2,326,516	3,115,995
Current liabilities	3,961,874	2,858,244	2,621,460
Total liabilities	35,125,923	30,259,340	30,970,804
DEFERRED INFLOWS OF RESOURCES			
Pension and OPEB related	215,535	277,022	338,508
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 61,017,049	\$ 48,640,637	\$ 47,733,322

Summary of Water and Sewer

Assets

Property and Plant and Leased Assets – Net

The Utility recorded approximately \$11,585,000 of plant and property additions during the year ended May 31, 2026 including construction in progress. The Water division had net additions of \$6,969,000 including the Well Relocation project of \$4,700,000 not funded by the Utility along with the annual system improvements. The Sewer division had net additions of \$5,365,000 including the South Wastewater Treatment Plant Headworks project of \$5,037,000 and the annual system improvements. These additions were offset by the current year depreciation expense and the net leased asset adjustments.

**Board of Municipal Utilities
Sikeston, Missouri
Management's Discussion and Analysis
May 31, 2026 and 2025**

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.

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

Restricted Assets and Other Noncurrent Assets

During 2026 restricted assets and other noncurrent assets include nonoperational funds set aside for specific projects and funds increased \$556,000 as the funds were used for debt service of Water Treatment Plant #4 and the Well Relocation project not funded by the Utility.

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.

Current Assets

During 2026, current assets increased approximately \$3,200,000. Cash increased \$2,216,000 from the Headworks financing reimbursement of funds previously spent on lift stations along with water and sewer rate increases. A grant receivable was also recorded in the amount of \$473,000 for Headworks spending eligible for reimbursement. These increases also include a \$406,000 increase in intercompany accounts receivable.

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.

Deferred Outflows of Resources

The 2026 increase of approximately \$248,000 in deferred outflows of resources was a result of the pension and OPEB related 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.

Liabilities

Total Liabilities

Total liabilities increased approximately \$4,870,000 as of May 31, 2026. Long-term debt increased \$4,435,000 primarily from the addition of the Headworks financing. Net pension and OPEB non-current liabilities increased \$139,000.

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, 2026. The water rates applied for the year ended May 31, 2026 covered 628% of aggregate debt service costs. Refer to Note 4 for additional information on contributions in aid of construction revenue recorded in 2026.

**Board of Municipal Utilities
Sikeston, Missouri
Management's Discussion and Analysis
May 31, 2026 and 2025**

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.

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

Deferred Inflows of Resources

During 2026, the deferred inflows of resources decreased approximately \$61,000 due to the decrease in the pension and OPEB related inflows.

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

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

		May 31,	
	2026	2025	2024
Operating Revenues	\$ 10,410,760	\$ 9,374,453	\$ 8,910,406
Operating Expenses	9,122,680	8,932,570	7,656,497
Operating Income	1,288,080	441,883	1,253,909
Investment and Other Income	7,251,583	2,125,264	2,345,251
Interest Expense	(968,347)	(886,882)	(990,188)
Nonoperating Income, Net	6,283,236	1,238,382	1,355,063
Change in Net Position	\$ 7,571,316	\$ 1,680,265	\$ 2,608,972

Operating Revenues

During 2026, consolidated water and sewer operating revenues increased approximately \$1,036,000 due to water and sewer rate increases in effect as of September 1, 2025. Water gallons sold were up 3.3% in fiscal 2026 compared to fiscal 2025. Sewer gallons treated were down 1.7% from fiscal 2025.

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.

Operating Expenses

During 2026, consolidated water and sewer operating expenses increased approximately \$190,000. Production costs increased \$190,000 from both water and sewer divisions. Depreciation and amortization expense increased \$459,000 due to the property and plant additions. General and administrative expenses decreased \$202,000 primarily from health insurance. Noncash pension expense decreased \$257,000 as a result of the difference in projected and actual earnings on pension plan investments.

**Board of Municipal Utilities
Sikeston, Missouri
Management's Discussion and Analysis
May 31, 2026 and 2025**

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.

Nonoperating Income (Expense), Net

During 2026, nonoperating income, net increased approximately \$5,045,000. Miscellaneous income increased \$4,591,000 with the recording of reimbursements on the Well Relocation Project. Grant income was also recorded in the amount of \$473,000 for Headworks project spending eligible for reimbursement. Interest income decreased \$105,000. Interest expense was \$81,000 higher due to the Headworks lease.

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.

**Board of Municipal Utilities
Sikeston, Missouri
Balance Sheets
May 31, 2026 and 2025**

	2026	2025
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Property and Plant and Leased Assets		
Property and plant, at original cost	\$ 455,346,896	\$ 419,459,344
Accumulated depreciation	(343,884,742)	(343,523,287)
Leased assets	8,883,522	8,883,522
Accumulated amortization	(5,646,608)	(4,116,741)
	<u>114,699,068</u>	<u>80,702,838</u>
Construction work in progress	<u>10,641,915</u>	<u>18,918,059</u>
Total Property and Plant and Leased Assets, Net	<u>125,340,983</u>	<u>99,620,897</u>
Restricted Assets		
Debt service account	2,282,791	747,011
Construction fund account	<u>2,920,994</u>	<u>2,258,240</u>
	5,203,785	3,005,251
Less amount required to meet current obligations	<u>(1,063,554)</u>	<u>(1,008,186)</u>
Total Restricted Assets	<u>4,140,231</u>	<u>1,997,065</u>
Other Noncurrent Assets		
Subscription assets, net	78,171	22,039
Lease receivable	<u>75,862</u>	<u>74,030</u>
Total Other Noncurrent Assets	<u>154,033</u>	<u>96,069</u>
Current Assets		
Cash and cash equivalents	57,707,290	60,757,466
Restricted assets – current	1,063,554	1,008,186
Accounts receivable, net	14,141,268	4,981,981
Coal inventories	11,582,504	11,734,192
Materials and supplies	8,075,465	7,398,269
Prepaid expenses and other assets	978,951	1,308,250
Grants receivable	1,488,139	-
Lease receivable	<u>6,706</u>	<u>4,132</u>
Total Current Assets	<u>95,043,877</u>	<u>87,192,476</u>
Total Assets	<u>224,679,124</u>	<u>188,906,507</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	11,607,815	10,014,536
Other postemployment benefits related	<u>1,307,552</u>	<u>1,274,646</u>
Total Deferred Outflows of Resources	<u>12,915,367</u>	<u>11,289,182</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 237,594,491</u>	<u>\$ 200,195,689</u>

**Board of Municipal Utilities
Sikeston, Missouri
Balance Sheets
May 31, 2026 and 2025**

(Continued)

	2026	2025
NET POSITION, LIABILITIES, AND DEFERRED		
INFLOWS OF RESOURCES		
Net investment in capital assets	\$ 70,375,568	\$ 60,408,878
Restricted for debt service	7,995,027	6,012,013
Unrestricted	80,228,804	74,115,033
Total Net Position	158,599,399	140,535,924
Long-Term Debt	46,895,891	22,129,271
Add: Unamortized bond premium	2,445,583	1,049,842
Total Long-term Debt, Net	49,341,474	23,179,113
Other Noncurrent Liabilities		
Net pension liability	6,610,328	5,872,145
Total other postemployment benefit liability	4,636,713	4,559,373
Accrued compensated absences	1,342,755	1,186,895
Leases payable	2,163,781	3,534,924
Total Other Noncurrent Liabilities	14,753,577	15,153,337
Current Liabilities Payable from Restricted Assets		
Current maturities of long-term debt	1,063,554	1,008,186
Current Liabilities Payable from Unrestricted Assets		
Accounts payable	7,539,720	4,379,999
Accrued interest payable	469,821	151,649
Current maturities of long-term debt	-	9,200,000
Leases payable	1,371,145	1,507,268
Customer deposits	892,661	839,659
Accrued mine shutdown costs	377,189	624,913
Other accruals	1,844,139	1,910,486
	12,494,675	18,613,974
Total Current Liabilities	13,558,229	19,622,160
DEFERRED INFLOWS OF RESOURCES		
Pension related	140,857	402,042
Other postemployment benefits related	1,127,001	1,227,500
Leases	73,954	75,613
Total Deferred Inflows of Resources	1,341,812	1,705,155
Total Net Position, Liabilities, and Deferred Inflows of Resources	\$ 237,594,491	\$ 200,195,689

**Board of Municipal Utilities
Sikeston, Missouri
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended May 31, 2026 and 2025**

	2026	2025
Operating Revenues		
Retail	\$ 42,741,519	\$ 41,852,374
Wholesale	54,869,527	51,813,793
Total Operating Revenues	97,611,046	93,666,167
Operating Expenses		
Production and operations	52,152,650	58,117,898
Purchased power	7,139,735	2,426,409
Distribution costs	4,453,634	4,323,083
Depreciation and amortization	15,187,526	12,978,394
General and administrative	6,244,403	5,997,042
Pension expense	2,279,830	3,789,354
Other post-employment benefits expense	427,912	333,875
Donated services	1,102,054	1,040,323
Other operating expenses	708,072	704,441
Total Operating Expenses	89,695,816	89,710,819
Operating Income	7,915,230	3,955,348
Nonoperating Income (Expense)		
Investment income	2,564,891	3,036,588
Interest expense	(1,799,066)	(1,627,443)
Federal grants and contracts	1,476,905	-
Gain on disposal of property and plant	1,000,000	-
Contributions in aid of construction	4,707,565	-
Miscellaneous, net	2,197,950	3,391,319
Net Nonoperating Income	10,148,245	4,800,464
Increase in Net Position	18,063,475	8,755,812
Net Position		
Beginning of year	140,535,924	131,780,112
End of year	<u>\$ 158,599,399</u>	<u>\$ 140,535,924</u>

**Board of Municipal Utilities
Sikeston, Missouri
Statements of Cash Flows
Years Ended May 31, 2026 and 2025**

	2026	2025
Cash Flows from Operating Activities		
Receipts from customers and others	\$ 88,498,696	\$ 99,985,718
Payments to suppliers	(59,268,794)	(69,655,801)
Payments to employees	(13,684,143)	(13,202,938)
Payments for mine shutdown	(247,724)	(120,601)
Net Cash Provided by Operating Activities	15,298,035	17,006,378
Cash Flows from Investing Activities		
Decrease (increase) in temporary investments maintained in debt service accounts	(2,195,341)	737,334
Interest received	2,561,698	3,036,588
Net Cash Provided by Investing Activities	366,357	3,773,922
Cash Flows from Capital and Related Financing Activities		
Purchase of property and plant, net	(40,564,551)	(13,627,633)
Proceeds from issuance of long-term debt	27,279,277	-
Payment of long-term debt and lease obligations	(11,715,453)	(2,417,316)
Payments on subscription liabilities	(73,867)	(27,086)
Interest paid	(1,534,255)	(1,684,186)
Proceeds from the sale of property and plant	1,000,000	-
Contributions in aid of construction	4,707,565	-
Other nonoperating revenues	2,186,716	3,391,319
Net Cash Used in Capital and Related Financing Activities	(18,714,568)	(14,364,902)
Increase (Decrease) in Cash and Cash Equivalents	(3,050,176)	6,415,398
Cash and Cash Equivalents		
Beginning of year	60,757,466	54,342,068
End of year	\$ 57,707,290	\$ 60,757,466

**Board of Municipal Utilities
Sikeston, Missouri
Statements of Cash Flows
Years Ended May 31, 2026 and 2025**

(Continued)

	2026	2025
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 7,915,230	\$ 3,955,348
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	15,187,526	12,978,394
Mine shutdown proceeds	-	119,399
Payments for mine shutdown costs	(247,724)	(240,000)
Gain on disposal	(35,600)	(17,400)
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources		
(Increase) decrease in accounts receivable	(9,165,352)	4,899,919
(Increase) decrease in coal inventories	151,688	(1,266,066)
(Increase) decrease in materials and supplies	(677,196)	74,457
(Increase) decrease in prepaid expenses and other assets	329,299	(481,837)
(Increase) decrease in deferred outflows related to pensions	(1,593,279)	(3,397,716)
(Increase) decrease in deferred outflows related to other postemployment benefits	(32,906)	(803,099)
Increase (decrease) in accounts payable and accrued expenses	2,959,508	(3,806,389)
Increase (decrease) in customer deposits and other liabilities	53,002	28,986
Increase (decrease) in net pension liability	738,183	4,499,552
Increase (decrease) in total post-employment benefit liability	77,340	824,514
Increase (decrease) in deferred inflows related to pensions	(261,185)	(261,185)
Increase (decrease) in deferred inflows related to other postemployment benefits	(100,499)	(100,499)
Net Cash Provided by Operating Activities	\$ 15,298,035	\$ 17,006,378
Noncash Investing, Capital, and Financing Activities		
Amounts payable incurred for purchases of capital assets	\$ 1,030,674	\$ 740,948

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 began participating in the Southwest Power Pool (SPP) Integrated Marketplace and in 2025 began participating in the Midcontinent Independent System Operator 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 interdepartmental accounts, including interdepartmental 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 30, 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, 2026 and 2025, there were no 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, 2026 and 2025**

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

Investment income includes dividend and interest income, realized and unrealized gains and losses on investments and cash equivalents 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, 2026 and 2025, cash equivalents consisted of money market funds held through financial institutions.

Accounts Receivable

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 \$222,000 and \$258,000 as of May 31, 2026 and 2025, respectively.

Lease Receivable

The Utility is a lessor for noncancellable leases of fiber optic assets and recognizes a related lease receivable and a deferred inflow of resources. At the commencement of a lease, the Utility initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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, 2028. Under the provisions of this agreement and related coal supply agreements, the Board is required to purchase a minimum tonnage in each calendar year. 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, 2030. 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 in 2026, 500,000 tons in 2027, 400,000 tons in 2028, 300,000 tons in 2029, and no volume requirement in 2030. Coal inventories and material and supplies are stated at the lower of average cost or market, cost being determined on the basis of moving average price.

Capital, Lease, and Subscription Asset Impairment

The Utility evaluates capital, lease, and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in service utility of a capital, lease, and subscription asset has occurred. No asset impairment was recognized during the years ended May 31, 2026 and 2025.

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.

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at, and certain prepayments made before, the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

Change in Accounting Principle

In 2023, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 102, *Certain Risk Disclosures* effective for fiscal years beginning after June 15, 2024. The new accounting guidance clarifies the definitions for a concentration and a constraint, and it provides disclosure requirements for concentrations and constraints that are determined to have a risk of substantial impact. The Utility adopted this standard during fiscal year 2026. There was no effect on beginning net position.

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 pension and other postemployment benefit 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 postemployment benefit 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 \$1,102,000 and \$1,040,000 for the years ended May 31, 2026 and 2025, respectively.

Compensated Absences

Under the terms of the Utility's personnel policy, which was revised effective January 1, 2026, 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 85% 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 50% 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.

Revisions

Certain immaterial revisions have been made to the 2025 financial statements for accounts receivable and accounts payable. These revisions did not have a significant impact on the financial statement line items impacted.

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, 2026 and 2025, deposits of \$61,307,091 and \$63,762,717, 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 depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies, or instrumentalities of the state of Missouri; bonds of any city, county, school district, or special road district of the state of Missouri; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

At May 31, 2026 and 2025, 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, 2026 and 2025**

As of May 31, 2026 and 2025, the Utility held cash and cash equivalents and investments for restricted and designated purposes as follows:

	2026	2025
Electric System		
Debt service reserve account - restricted	\$ 1,606,933	\$ -
Designated funds		
Contingency fund investments	5,014,818	5,113,353
Operations and maintenance reserve	3,760,009	11,321,216
Retail rate stabilization	591,347	568,390
Mine shutdown costs	3,987,623	3,975,759
Total designated funds	14,960,730	20,978,718
Unrestricted and undesignated	36,631,462	34,272,225
 Total cash and cash equivalents and investments	<u><u>\$ 51,592,192</u></u>	<u><u>\$ 55,250,943</u></u>
Water & Sewer System		
Debt service reserve account - restricted	\$ 675,858	\$ 747,011
Restricted funds		
Operations and maintenance reserve	1,185,150	1,505,150
Force main construction costs		
Lagoon sludge cleanout fund	862,308	652,996
Capital replacement reserve	130,094	100,094
Well relocation	743,442	-
Total restricted	3,596,852	3,005,251
Unrestricted and undesignated	7,722,031	5,506,523
 Total cash and cash equivalents and investments	<u><u>\$ 11,318,883</u></u>	<u><u>\$ 8,511,774</u></u>

Investments

The Utility may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds and equity securities.

At May 31, 2026 the Utility had the following investments and maturities:

	2026				
	Fair Value	Maturities in Years			
		Less than 1	1-5	6-10	More than 10
U.S. Treasury obligations	<u><u>\$ 1,603,984</u></u>	<u><u>\$ 1,603,984</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**Board of Municipal Utilities
Sikeston, Missouri
Notes to Financial Statements
May 31, 2026 and 2025**

As of May 31, 2025, the Utility did not hold any investments.

Interest Rate Risk – Interest rate risk is the risk that the fair value of the Utility's fixed income investments will decrease as a result of increases in interest rates. The Utility minimizes the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by managing the duration of the portfolio in a manner which satisfies the anticipated liquidity needs of the Utility.

Credit Risk – Credit risk is the risk that the Utility will not recover its investment due to the inability of the counterparty to fulfill its obligations. As a means of limiting credit risk, the Utility permits investments in U.S. government-backed securities with a minimum rating of "AA" by Standard and Poor's Corporation and an "Aa" by Moody's Investors Services. As of May 31, 2026, the Utility's investment in government agencies was assigned long-term ratings of Aaa by Moody's Investors Services and AA+ by Standard and Poor's. As of May 31, 2025, the Utility did not have any investments in U.S. agency securities.

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, 2026, as reported at fair value, the Utility's U.S. agency securities consisted of \$1,603,984 in U.S. Treasury notes. As of May 31, 2025, 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.

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the statements of net position as follows:

	<u>2026</u>	<u>2025</u>
Carrying value		
Deposits - cash and cash equivalents	\$ 61,307,091	\$ 63,762,717
Investments - restricted assets	1,603,984	-
	<u>\$ 62,911,075</u>	<u>\$ 63,762,717</u>

Note 3. Disclosures About Fair Value of Investments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at May 31, 2026:

Asset Class	2026			
	Total Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
U.S. Treasury obligations	\$ 1,603,984	\$ 1,603,984	\$ -	\$ -

As of May 31, 2025, the Utility did not hold any investments.

Investments

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

**Board of Municipal Utilities
Sikeston, Missouri
Notes to Financial Statements
May 31, 2026 and 2025**

Note 4. Capital Assets and Leased Assets

Capital asset and leased asset activity for the year ended May 31, 2026, is as follows:

	2026				
	Beginning Balance	Additions	Disposals	Transfers/ Adjustments	Ending Balance
Electric System					
Land	\$ 6,190,115	\$ 127,126	\$ -	\$ -	\$ 6,317,241
Buildings	50,091,927	66,400	(152,273)	1,215,168	51,221,222
Plant in service	227,162,238	1,676,243	(10,144,151)	15,494,981	234,189,311
Distribution system	63,908,672	7,621,125	(2,763,018)	19,848,415	88,615,194
Trucks and autos	2,216,100	533,592	(162,308)	-	2,587,384
Railcars	6,092,589	-	-	-	6,092,589
Furniture, fixtures, and equipment	5,930,779	324,127	-	106,679	6,361,585
Telecommunications equipment	2,402,285	-	-	147,739	2,550,024
Construction in progress	18,375,070	19,169,472	-	(36,812,982)	731,560
	<u>382,369,775</u>	<u>29,518,085</u>	<u>(13,221,750)</u>	<u>-</u>	<u>398,666,110</u>
Less accumulated depreciation	<u>(320,704,465)</u>	<u>(11,400,882)</u>	<u>13,147,223</u>	<u>-</u>	<u>(318,958,124)</u>
Capital assets, net	<u>\$ 61,665,310</u>	<u>\$ 18,117,203</u>	<u>\$ (74,527)</u>	<u>\$ -</u>	<u>\$ 79,707,986</u>
Leased assets	\$ 3,588,269	\$ -	\$ -	\$ -	\$ 3,588,269
Less accumulated amortization	<u>(1,786,149)</u>	<u>(736,503)</u>	<u>-</u>	<u>-</u>	<u>(2,522,652)</u>
Leased assets, net	<u>\$ 1,802,120</u>	<u>\$ (736,503)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,065,617</u>
	2026				
	Beginning Balance	Additions	Disposals	Transfers/ Adjustments	Ending Balance
Water and Sewer System					
Land	\$ 921,767	\$ -	\$ -	\$ -	\$ 921,767
Buildings	20,195,868	204,822	(147,064)	-	20,253,626
Plant in service	17,735,313	376,573	-	31,262	18,143,148
Distribution system	9,689,681	278,772	-	360,795	10,329,248
Trucks and autos	917,995	94,279	(123,143)	-	889,131
Furniture, fixtures, and equipment	6,004,015	723,895	-	147,516	6,875,426
Construction in progress	542,989	9,906,939	-	(539,573)	9,910,355
	<u>56,007,628</u>	<u>11,585,280</u>	<u>(270,207)</u>	<u>-</u>	<u>67,322,701</u>
Less accumulated depreciation	<u>(22,818,822)</u>	<u>(2,308,886)</u>	<u>201,090</u>	<u>-</u>	<u>(24,926,618)</u>
Capital assets, net	<u>\$ 33,188,806</u>	<u>\$ 9,276,394</u>	<u>\$ (69,117)</u>	<u>\$ -</u>	<u>\$ 42,396,083</u>
Leased assets	\$ 5,295,253	\$ -	\$ -	\$ -	\$ 5,295,253
Less accumulated amortization	<u>(2,330,592)</u>	<u>(793,364)</u>	<u>-</u>	<u>-</u>	<u>(3,123,956)</u>
Leased assets, net	<u>\$ 2,964,661</u>	<u>\$ (793,364)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,171,297</u>
Total System Combined	<u>\$ 99,620,897</u>	<u>\$ 25,863,730</u>	<u>\$ (143,644)</u>	<u>\$ -</u>	<u>\$ 125,340,983</u>

**Board of Municipal Utilities
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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
	370,854,996	11,897,206	(382,427)	-	382,369,775
Less accumulated depreciation	(311,206,409)	(9,574,820)	76,764	-	(320,704,465)
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	(1,046,440)	(739,709)	-	-	(1,786,149)
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
	53,213,189	2,810,435	(15,996)	-	56,007,628
Less accumulated depreciation	(20,977,497)	(1,841,325)	-	-	(22,818,822)
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	(1,528,696)	(801,896)	-	-	(2,330,592)
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
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Contributions in Aid of Construction

During fiscal year 2026, the Board continued construction of replacement water supply wells and related infrastructure associated with a water system improvement project. Under the terms of a funding agreement, the Board received reimbursement and funding for eligible project costs. As a result, the Board recognized \$4,707,565 contributions in aid of construction revenue, which is reported as nonoperating revenue in the accompanying statement of revenues, expenses, and changes in net position. The Board may receive additional funding for eligible costs incurred in future periods pursuant to the agreement.

Note 5. Long-Term Obligations

The Board's long-term indebtedness (excluding current maturities of long-term debt) as of May 31, 2026 and 2025, is comprised of the following obligations.

	<u>2026</u>	<u>2025</u>
Electric System		
Electric certificates of participation issued March 10, 2026, 5%, due in installments through September 1, 2046	<u>\$ 20,290,000</u>	<u>\$ -</u>
Water and Sewer System		
Water certificates of participation issued December 3, 2020, 2% to 5%, due in installments through September 1, 2050	16,145,000	16,880,000
2026 Southern Bank Headworks	5,540,175	-
2023 FSCB NWWTP Upgrades	<u>4,920,716</u>	<u>5,249,271</u>
	<u>26,605,891</u>	<u>22,129,271</u>
Total System Combined	<u><u>\$ 46,895,891</u></u>	<u><u>\$ 22,129,271</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, 2026, is presented below:

	2026				
	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due in One Year
Electric System					
2026 Certificates of Participation	\$ -	\$ 20,290,000	\$ -	\$ 20,290,000	\$ -
2024 Comstock Bond	9,200,000	-	9,200,000	-	-
Total long-term debt	9,200,000	20,290,000	9,200,000	20,290,000	-
Add: Unamortized premium	-	1,449,102	(11,781)	1,437,321	-
Total long-term debt	9,200,000	21,739,102	9,188,219	21,727,321	-
Other long-term liabilities					
Leases payable	1,926,199	-	717,791	1,208,408	553,265
Accrued compensated absences	1,304,560	230,924	156,539	1,378,945	165,465
	3,230,759	230,924	874,330	2,587,353	718,730
Total long-term obligations	<u>\$ 12,430,759</u>	<u>\$ 21,970,026</u>	<u>\$ 10,062,549</u>	<u>\$ 24,314,674</u>	<u>\$ 718,730</u>
Water & Sewer System					
2020 Certificates of Participation	\$ 17,575,000	\$ -	\$ 695,000	\$ 16,880,000	\$ 735,000
2026 Southern Bank Headworks	-	5,540,175	-	5,540,175	-
2023 FSCB NWWTP Upgrades	5,562,457	-	313,187	5,249,270	328,554
Total long-term debt	23,137,457	5,540,175	1,008,187	27,669,445	1,063,554
Add: Unamortized premium	1,049,842	-	(41,580)	1,008,262	-
Total long-term debt	24,187,299	5,540,175	966,607	28,677,707	1,063,554
Other long-term liabilities					
Leases payable	3,115,993	-	789,475	2,326,518	817,880
Accrued compensated absences	181,752	38,736	46,617	173,871	44,596
	3,297,745	38,736	836,092	2,500,389	862,476
Total long-term obligations	<u>\$ 27,485,044</u>	<u>\$ 5,578,911</u>	<u>\$ 1,802,699</u>	<u>\$ 31,178,096</u>	<u>\$ 1,926,030</u>
Total System Combined	<u>\$ 39,915,803</u>	<u>\$ 27,548,937</u>	<u>\$ 11,865,248</u>	<u>\$ 55,492,770</u>	<u>\$ 2,644,760</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				
	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	2,623,156	-	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	\$ 13,096,272	\$ 274,950	\$ 940,463	\$ 12,430,759	\$ 10,157,575
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	821,557	3,297,745	849,110
Total long-term obligations	\$ 29,246,987	\$ 59,630	\$ 1,821,573	\$ 27,485,044	\$ 1,857,296
Total System Combined	\$ 42,343,259	\$ 334,580	\$ 2,762,036	\$ 39,915,803	\$ 12,014,871

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May 31, 2026 and 2025**

2024 Comstock Bond

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 accrued interest at the 30-day Prime Rate, but not exceeding 10%. The bonds were paid in full in March 2026. The rate at May 31, 2025 was 7.5 percent. Monthly interest payments were required beginning May 1, 2024. All unpaid principal and interest was due in full at maturity of the bonds, April 1, 2026, at which time all unpaid principal and interest was paid in full.

2026 Certificates of Participation

On March 10, 2026, the Board of Municipal Utilities of the City of Sikeston, Missouri issued \$20,290,000 Series 2026 Certificates of Participation to finance electric system capital improvements. The certificates bear interest at 5.00%, with semiannual interest payments beginning September 1, 2026. Annual principal payments are due beginning September 1, 2027, with final maturity on September 1, 2046.

2020 Certificates of Participation

On December 3, 2020, the Board of Municipal Utilities of the City of Sikeston, Missouri issued \$18,980,000 Series 2020 Certificates of Participation to finance water system capital improvements. The certificates bear interest at 5.00%, with semiannual interest payments beginning March 1, 2021. Annual principal payments were due beginning September 1, 2021, with final maturity on September 1, 2050.

2023 FSCB NWWTP Upgrades

On July 21, 2022, the Board of Municipal Utilities of the City of Sikeston, Missouri entered into a financing arrangement with First State Community Bank in an amount not to exceed \$8,800,000 to finance improvements to the North Wastewater Treatment Plant. The agreement is structured as a draw-down financing under which advances are made as project costs are incurred. The obligation accrues interest at 4.80% and provides for monthly interest payments beginning September 1, 2022. Principal payments began July 1, 2023 and are payable monthly thereafter. All unpaid principal and interest are due at maturity of the agreement, June 1, 2038.

The debt service to maturity on the outstanding obligations as of May 31, 2026, is summarized in the following table:

Year Ending May 31,	Total to Be Paid	Debt	
		Principal	Interest
2027	\$ 2,756,686	\$ 1,063,554	\$ 1,693,132
2028	3,369,298	1,719,676	1,649,622
2029	3,368,799	1,806,590	1,562,209
2030	3,368,325	1,889,334	1,478,991
2031	3,362,874	1,957,947	1,404,927
2032–2051	46,351,609	33,982,169	12,369,440
	<u>\$ 62,577,591</u>	<u>\$ 42,419,270</u>	<u>\$ 20,158,321</u>

2026 Southern Bank Headworks

On June 3, 2025, the Board of Municipal Utilities of the City of Sikeston, Missouri entered into a financing arrangement with Southern Bank in an amount not to exceed \$15,930,000 to finance the acquisition and installation of equipment and improvements for the Utility's sewer system headworks project. The agreement is structured as a draw-down financing under which advances are made as project costs are incurred. As of May 31, 2026, advances totaling \$5,540,175 had been made. Interest accrues on outstanding advances at 4.80%. Interest only payments are required through 2028, and the amount of future principal payments will depend on the total amount borrowed. The future maturities are not included in the table above.

Note 6. 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, 2026 and 2025, was \$82,568 and \$78,162, respectively, of which \$6,706 and \$4,132, respectively, is current and \$75,862 and \$74,030, respectively, is long-term on the balance sheets. The leases were measured based upon the interest rates explicit per the contracts. Revenue recognized under lease contracts during the years ended May 31, 2026 and 2025 were \$3,208 and \$0, respectively, which includes both lease revenue and interest. There were no variable lease payments received during the years ended May 31, 2026 and 2025.

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, 2026 and 2025. As of May 31, 2026 and 2025 accumulated amortization of the lease assets totaled \$5,646,608 and \$4,116,741, respectively. As of May 31, 2026 and 2025, lease payable totaled \$3,534,926 and \$5,042,192, respectively, of which \$1,371,145 and \$1,507,268, respectively, is shown as current and \$2,163,781 and \$3,534,924, respectively, is shown as noncurrent on the balance sheets. The leases were measured based upon the interest rates explicit per the contracts.

The following is a schedule by year of payments under the leases as of May 31, 2026:

Year Ending May 31,	Total to Be Paid	Principal	Interest
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	90,995	87,856	3,139
	<u>\$ 3,695,495</u>	<u>\$ 3,534,926</u>	<u>\$ 160,569</u>

Note 7. 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, 2026 and 2025, the Water System covered 628% and 168%, respectively, of basic rent payments. See *Note 4* regarding contributions in aid of construction recognized in 2026, which contributed to the increase in the Water System debt service coverage ratio. In the event revenues are not sufficient to make payments or meet the basic rents coverage ratio, the Board is to use funds from the Sewer System and other legally available funds of the Board. Management intends to increase rates as needed to meet all requirements.

Note 8. Pension and Benefit Plans

Defined Benefit Pension Plan

Plan Description

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

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 five 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 five years of credited service and after attaining age 55 and receive a reduced allowance.

	<u>2026 Valuation</u>	<u>2025 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, 2025 and 2024, the measurement date for the total pension liability at May 31, 2026 and 2025, the following employees were covered by the benefit terms:

	<u>2026</u>	<u>2025</u>
Inactive employees or beneficiaries currently receiving benefits	154	150
Inactive employees entitled to but not yet receiving benefits	16	13
Active employees	129	135
	<u>299</u>	<u>298</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, 2026 and 2025, the Utility's contribution rate was 25.1% and 24.1%, respectively, of annual covered payroll. Contributions by the Utility for the years ended May 31, 2026 and 2025, were \$3,406,373 and \$2,976,360, respectively.

Net Pension Liability

The Utility's net pension liability as of May 31, 2026 and 2025, was measured as of June 30, 2025 and 2024, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of February 28, 2025 and February 29, 2024, respectively, rolled forward to June 30, 2025 and 2024, respectively. The roll-forward of total pension liability from February 28, 2025 and February 29, 2024, to June 30, 2025 and 2024, reflects expected service costs and interest reduced by actual benefit payments and administrative expenses.

Actuarial Assumptions

The total pension liability in the February 28, 2025, 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, 2025, 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:

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Asset Class	Target Allocation	Expected Real Rate of Return
Alpha	5.00%	1.76%
Equity	39.00%	3.39%
Fixed income	23.00%	3.54%
Real assets	33.00%	2.68%
Strategic Assets	7.00%	2.83%
Cash/Leverage	-7.00%	-0.86%

Discount Rate

At both May 31, 2026 and 2025, 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.

Changes in the Net Pension Liability

	2026 Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances, May 31, 2025	\$ 90,627,511	\$ 84,755,366	\$ 5,872,145
Changes for the year			
Service cost	1,411,658	-	1,411,658
Interest	6,185,348	-	6,185,348
Difference between expected and actual experience	1,972,067	-	1,972,067
Changes of assumptions	-	-	-
Contributions – employer	-	3,012,472	(3,012,472)
Net investment income	-	5,208,547	(5,208,547)
Benefit payments, including refunds	(6,020,397)	(6,020,397)	-
Administrative expense	-	(38,368)	38,368
Other changes	-	648,239	(648,239)
Net changes	3,548,676	2,810,493	738,183
Balances, May 31, 2026	\$ 94,176,187	\$ 87,565,859	\$ 6,610,328

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	2025 Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (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

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	\$ 105,710,056	\$ 94,176,187	\$ 84,489,612
Plan fiduciary net position	87,565,847	87,565,859	87,565,847
Net pension liability/(asset)	\$ 18,144,209	\$ 6,610,328	\$ (3,076,235)

**Board of Municipal Utilities
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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

For the year ended May 31, 2026, the Utility recognized pension expense of \$2,279,830. As of May 31, 2026, 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	\$ 4,874,290	\$ -
Changes of assumptions	-	140,857
Net difference between projected and actual earnings on pension plan investments	3,661,734	-
Contributions subsequent to the measurement date *	3,071,791	-
	<u>\$ 11,607,815</u>	<u>\$ 140,857</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, 2027.

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 *	2,688,151	-
	<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.

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

Year Ended	
2027	\$ 3,828,963
2028	2,563,903
2029	1,491,318
2030	510,983
	<u>\$ 8,395,167</u>

Payable to the Pension Plan

At May 31, 2026 and 2025, the Utility reported a payable of \$254,762 and \$262,303, respectively, for the outstanding amount of contributions to the pension plan required for the year-end. This amount is included in other accruals on the balance sheet.

Pension Plan Fiduciary Net Position

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

Note 9. Other Postemployment Health Care Plan

Plan Description

The Utility currently provides 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*.

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, 2026 and 2025, are:

	2026	2025
Inactive employees or beneficiaries currently	14	14
Active employees	132	132
	146	146

Total OPEB Liability

The Utility’s total OPEB liability of \$4,636,713 and \$4,559,373 was measured as of May 31, 2026 and 2025, respectively, for the years then ended, and was determined by an actuarial valuation as of May 31, 2026 and 2025, using census data from 2025.

The total OPEB liability in the May 31, 2026 and 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.60%
Discount rate	4.77% at May 31, 2026, 5.25% at May 31, 2025
Salary increase	3.00%
Health care cost trend rates	8.50%, decreasing 0.39% per year ultimate rate of 4.0%

**Board of Municipal Utilities
Sikeston, Missouri
Notes to Financial Statements
May 31, 2026 and 2025**

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.

Changes in Total OPEB Liability

Changes in total OPEB liability for the years ended May 31, 2026 and 2025, are:

	2026	2025
Total OPEB liability, beginning of year	\$ 4,559,373	\$ 3,734,859
Changes for the year		
Service cost	187,614	184,499
Interest	236,513	153,342
Difference between expected and actual experience	-	734,504
Changes in assumptions or other inputs	137,189	165,128
Benefit payments	(483,976)	(412,959)
Net changes	77,340	824,514
Total OPEB liability, end of year	\$ 4,636,713	\$ 4,559,373

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

The total OPEB liability of the Utility has been calculated using a discount rate of 4.77%. The following presents the May 31, 2026, total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	2026		
	1% Decrease	Current Discount Rate	1% Increase
Total OPEB liability	\$ 4,930,000	\$ 4,636,713	\$ 4,366,000

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, 2026, total OPEB liability using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates.

	2026		
	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
Total OPEB liability	\$ 4,255,000	\$ 4,636,713	\$ 5,079,000

**Board of Municipal Utilities
Sikeston, Missouri
Notes to Financial Statements
May 31, 2026 and 2025**

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

For the years ended May 31, 2026 and 2025, the Utility recognized OPEB expense of \$427,912 and \$333,875, respectively. At May 31, 2026 and 2025, the Utility reported deferred outflows and inflows of resources related to OPEB from the following sources:

	2026	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 651,510	\$ 714,000
Changes of assumptions and inputs	656,042	413,001
Total	<u>\$ 1,307,552</u>	<u>\$ 1,127,001</u>

	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>

Deferred outflows and inflows of resources at May 31, 2026, related to OPEB will be recognized in OPEB expense as follows:

Year Ended	
2027	\$ 3,785
2028	3,785
2029	3,785
2030	3,784
2031	2,141
Thereafter	163,271
	<u>\$ 180,551</u>

Note 10. Commitments and Contingencies

Coal Contracts

The Board has an agreement with Western Fuels Association, Inc. (WFA) for the procurement of coal through December 31, 2028. Under the provisions of this agreement and related coal supply agreements, the Board is required to purchase a minimum tonnage in each calendar year. 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, 2030. 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 in 2026, 500,000 tons in 2027, 400,000 tons in 2028, 300,000 tons in 2029, and no volume requirement in 2030. 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, 2026 and 2025, the cost under this contract was approximately \$3,501,000 and \$6,448,000, 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.

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, 2026 and 2025, the Utility has recorded a liability of approximately \$377,189 and \$624,913, 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 \$248,000 and \$121,000, respectively, for the years ended May 31, 2026 and 2025. 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, 2026 and 2025, 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, 2026 and 2025, from the Utility to WFI to fund these obligations and costs were approximately \$17,850,000 and \$17,610,000, respectively. Reclamation activities are complete and the property was sold in June 2026. Proceeds related to the sale are expected to be received by November 2026.

Other Contingencies

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

Note 11. Significant Customers and Concentration of Credit Risk

For the year ended May 31, 2026, the Utility had four wholesale customers, which individually exceeded 10% of total wholesale revenues. Approximately 84% of the Electric System's wholesale revenue during the year ended May 31, 2026, was generated through sales to these customers, in the amount of approximately \$46,022,000. As of May 31, 2026, total receivables from these customers were approximately \$6,688,000. 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 state of Missouri.

**Board of Municipal Utilities
Sikeston, Missouri
Notes to Financial Statements
May 31, 2026 and 2025**

For the year ended May 31, 2025, the Utility had four wholesale customers, which individually exceeded 10% of total wholesale revenues. Approximately 81% 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.

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, 2026**

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total Pension Liability										
Service cost	\$ 1,411,658	\$ 1,286,189	\$ 1,215,397	\$ 1,188,744	\$ 1,159,988	\$ 1,125,747	\$ 849,907	\$ 847,994	\$ 873,809	\$ 873,292
Interest on the total pension liability	6,185,348	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
Changes in benefit terms	-	-	-	-	-	-	8,340,500	-	-	-
Difference between expected and actual experience	1,972,067	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
Changes of assumptions	-	-	-	-	(1,446,783)	-	-	-	-	2,324,201
Benefit payments, including refunds	(6,020,397)	(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)
Net Change in Total Pension Liability	3,548,676	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
Total Pension Liability – Beginning	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
Total Pension Liability – Ending	94,176,187	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
Fiduciary Net Position										
Contributions – employer	3,012,472	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
Net investment income	5,208,547	4,261,426	2,926,014	60,587	17,994,275	873,315	4,706,011	7,023,038	6,368,340	(155,540)
Benefit payments, including refunds	(6,020,397)	(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)
Pension plan administrative expense	(38,368)	(39,462)	(44,136)	(31,816)	(29,059)	(37,232)	(33,192)	(22,790)	(22,164)	(22,371)
Other	648,239	(753,030)	770,212	668,982	243,069	(480,202)	541,515	(246,487)	(131,387)	(154,780)
Net Change in Plan Fiduciary Net Position	2,810,493	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)
Fiduciary Net Position – Beginning	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
Fiduciary Net Position – Ending	87,565,859	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
Net Pension Liability/(Asset)	\$ 6,610,328	\$ 5,872,145	\$ 1,372,593	\$ (737,059)	\$ (5,817,153)	\$ 9,303,509	\$ 5,100,181	\$ (3,102,317)	\$ 1,501,184	\$ 6,379,191
Fiduciary Net Position as a Percentage of Total Pension Liability	92.98%	93.52%	98.39%	100.91%	107.51%	87.76%	93.04%	105.03%	97.54%	89.63%
Covered Payroll	\$ 12,405,483	\$ 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
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	53.29%	47.86%	12.69%	-6.88%	-55.05%	90.42%	50.22%	-31.39%	14.98%	61.69%

Notes to Schedule:

Benefit changes	There was no change in benefits for 2026 and 2025.
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Changes of assumptions	There were no changes to assumptions for the years ended May 31, 2026 and 2025.
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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, 2026**

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
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	2,644,817	2,644,817	-	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%
2026	3,409,660	3,396,130	13,530	13,530,397	25.10%

Notes to Schedule:

Valuation date February 28, 2025

Notes The roll-forward of total pension liability from February 28, 2025 to June 30, 2025, 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, 2026**

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, 2026**

	2026	2025	2024	2023	2022	2021
Total OPEB Liability						
Service cost	\$ 187,614	\$ 184,499	\$ 189,051	\$ 235,977	\$ 276,167	\$ 220,045
Interest	236,513	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	137,189	165,128	(89,371)	(188,268)	(393,982)	498,390
Benefit payments	(483,976)	(412,959)	(451,797)	(424,263)	(239,215)	(374,016)
Net Change in Total OPEB Liability	77,340	824,514	(206,103)	(665,277)	(249,093)	(80,720)
Total OPEB Liability – Beginning of Year	4,559,373	3,734,859	3,940,962	4,606,239	4,855,332	4,936,052
Total OPEB Liability – End of Year	<u>\$ 4,636,713</u>	<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	\$ 9,314,000	\$ 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	49.78%	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, 2026, 2025, 2024, 2023, and 2022.
Changes of assumptions	There was a change in the discount rate for 2026 which had a net impact of \$27,741. 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, 2026 and 2025**

	May 31, 2026		
	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	\$ 397,934,550	\$ 57,412,346	\$ 455,346,896
Accumulated depreciation	(318,958,124)	(24,926,618)	(343,884,742)
Leased assets	3,588,269	5,295,253	8,883,522
Accumulated amortization	(2,522,652)	(3,123,956)	(5,646,608)
	80,042,043	34,657,025	114,699,068
Construction work in progress	731,560	9,910,355	10,641,915
Total property and plant and leased assets, net	80,773,603	44,567,380	125,340,983
Restricted Assets			
Debt service account	1,606,933	675,858	2,282,791
Construction fund account	-	2,920,994	2,920,994
	1,606,933	3,596,852	5,203,785
Less amount required to meet current obligations	-	(1,063,554)	(1,063,554)
Total restricted assets	1,606,933	2,533,298	4,140,231
Other Noncurrent Assets			
Subscription assets, net	58,371	19,800	78,171
Lease receivable	75,862	-	75,862
Total other noncurrent assets	134,233	19,800	154,033
Current Assets			
Cash and cash equivalents	49,985,259	7,722,031	57,707,290
Restricted assets	-	1,063,554	1,063,554
Accounts receivable, net	12,488,654	1,652,614	14,141,268
Coal inventories	11,582,504	-	11,582,504
Materials and supplies	7,576,276	499,189	8,075,465
Prepaid expenses and other assets	736,204	242,747	978,951
Interdepartmental due from (to)	(122,444)	122,444	-
Grants receivable	1,015,455	472,684	1,488,139
Lease receivable	6,706	-	6,706
Total current assets	83,268,614	11,775,263	95,043,877
Total assets	165,783,383	58,895,741	224,679,124
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	9,708,790	1,899,025	11,607,815
Other postemployment benefits related	1,085,269	222,283	1,307,552
Total deferred outflows of resources	10,794,059	2,121,308	12,915,367
Total Assets and Deferred Outflows of Resources	\$ 176,577,442	\$ 61,017,049	\$ 237,594,491

**Board of Municipal Utilities
Sikeston, Missouri
Combining Balance Sheets
May 31, 2026 and 2025**

(Continued)

	May 31, 2026		
	Electric System	Water and Sewer System	Combined
NET POSITION, LIABILITIES, AND DEFERRED			
INFLOWS OF RESOURCES			
Net investment in capital assets	\$ 57,842,874	\$ 12,532,694	\$ 70,375,568
Restricted for debt service	7,084,640	910,387	7,995,027
Unrestricted	67,996,294	12,232,510	80,228,804
Total net position	132,923,808	25,675,591	158,599,399
LIABILITIES			
Long-Term Debt	20,290,000	26,605,891	46,895,891
Add: Unamortized bond premium	1,437,321	1,008,262	2,445,583
Total long-term debt, net	21,727,321	27,614,153	49,341,474
Other Noncurrent Liabilities			
Net pension liability	5,486,586	1,123,742	6,610,328
Total other postemployment benefit liability	3,848,472	788,241	4,636,713
Accrued compensated absences	1,213,480	129,275	1,342,755
Leases payable	655,143	1,508,638	2,163,781
Total other noncurrent liabilities	11,203,681	3,549,896	14,753,577
Current Liabilities Payable from Restricted Assets			
Current maturities of long-term debt	-	1,063,554	1,063,554
Current Liabilities Payable from Unrestricted Assets			
Accounts payable	5,941,752	1,597,968	7,539,720
Accrued interest payable	235,292	234,529	469,821
Current maturities of long-term debt	-	-	-
Leases payable	553,265	817,880	1,371,145
Customer deposits	892,661	-	892,661
Accrued mine shutdown costs	377,189	-	377,189
Other accruals	1,596,196	247,943	1,844,139
	9,596,355	2,898,320	12,494,675
Total current liabilities	9,596,355	3,961,874	13,558,229
DEFERRED INFLOWS OF RESOURCES			
Pension related	116,912	23,945	140,857
Other postemployment benefits related	935,411	191,590	1,127,001
Leases	73,954	-	73,954
Total deferred inflows of resources	1,126,277	215,535	1,341,812
Total Net Position, Liabilities, and Deferred Inflows of Resources	\$ 176,577,442	\$ 61,017,049	\$ 237,594,491

**Board of Municipal Utilities
Sikeston, Missouri
Combining Balance Sheets
May 31, 2026 and 2025**

	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	3,405,228	1,576,753	4,981,981
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)	-
Grant receivables	-	-	-
Lease receivable	4,132	-	4,132
Total current assets	78,576,132	8,616,344	87,192,476
Total assets	142,139,631	46,766,876	188,906,507
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	\$ 151,555,052	\$ 48,640,637	\$ 200,195,689

**Board of Municipal Utilities
Sikeston, Missouri
Combining Balance Sheets
May 31, 2026 and 2025**

(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
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	3,698,323	681,676	4,379,999
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
	16,763,916	1,850,058	18,613,974
Total current liabilities	16,763,916	2,858,244	19,622,160
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	\$ 151,555,052	\$ 48,640,637	\$ 200,195,689

**Board of Municipal Utilities
Sikeston, Missouri
Combining Statements of Revenues, Expenses, and Changes in Net Position
Years Ended May 31, 2026 and 2025**

	May 31, 2026		
	Electric System	Water and Sewer System	Combined
Operating Revenues			
Retail	\$ 32,330,759	\$ 10,410,760	\$ 42,741,519
Wholesale	54,869,527	-	54,869,527
Total operating revenues	87,200,286	10,410,760	97,611,046
Operating Expenses			
Production and operations	49,339,018	2,813,632	52,152,650
Purchased power	7,139,735	-	7,139,735
Distribution costs	2,957,407	1,496,227	4,453,634
Depreciation and amortization	12,085,249	3,102,277	15,187,526
General and administrative	5,406,550	837,853	6,244,403
Pension expense	1,892,259	387,571	2,279,830
Other postemployment benefits expense	355,167	72,745	427,912
Donated services	921,383	180,671	1,102,054
Other operating expenses	476,368	231,704	708,072
Total operating expenses	80,573,136	9,122,680	89,695,816
Operating Income	6,627,150	1,288,080	7,915,230
Nonoperating Income (Expense)			
Investment income	2,111,798	453,093	2,564,891
Interest expense	(830,719)	(968,347)	(1,799,066)
Federal grants and contracts	1,004,221	472,684	1,476,905
Gain on disposal of property and plant	1,000,000	-	1,000,000
Contributions in aid of construction	-	4,707,565	4,707,565
Miscellaneous, net	579,709	1,618,241	2,197,950
Net nonoperating income	3,865,009	6,283,236	10,148,245
Increase in Net Position	10,492,159	7,571,316	18,063,475
Net Position			
Beginning of year	122,431,649	18,104,275	140,535,924
End of year	\$ 132,923,808	\$ 25,675,591	\$ 158,599,399

**Board of Municipal Utilities
Sikeston, Missouri
Combining Statements of Revenues, Expenses, and Changes in Net Position
Years Ended May 31, 2026 and 2025**

(Continued)

	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)
Federal grants and contracts	-	-	-
Gain on disposal of property and plant	-	-	-
Contributions in aid of construction	-	-	-
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 Cash Flows
Years Ended May 31, 2026 and 2025**

	May 31, 2026		
	Electric System	Water and Sewer System	Combined
Cash Flows from Operating Activities			
Receipts from customers and others	\$ 78,163,797	\$ 10,334,899	\$ 88,498,696
Payments to suppliers	(55,198,795)	(4,069,999)	(59,268,794)
Payments to employees	(11,391,448)	(2,292,695)	(13,684,143)
Payments for mine shutdown	(247,724)	-	(247,724)
Net cash provided by operating activities	11,325,830	3,972,205	15,298,035
Cash Flows from Investing Activities			
Increase in temporary investments maintained in debt service and construction accounts	(1,603,740)	(591,601)	(2,195,341)
Interest received	2,108,605	453,093	2,561,698
Net cash provided by (used in) investing activities	504,865	(138,508)	366,357
Cash Flows from Capital and Related Financing Activities			
Purchase of property and plant, net	(29,810,559)	(10,753,992)	(40,564,551)
Proceeds from the issuance of debt	21,739,102	5,540,175	27,279,277
Payment of long-term debt and lease obligations	(9,917,791)	(1,797,662)	(11,715,453)
Payments on subscription liabilities	(54,067)	(19,800)	(73,867)
Interest paid	(621,539)	(912,716)	(1,534,255)
Contributions in aid of construction	-	4,707,565	4,707,565
Proceeds from the sale of property and plant	1,000,000	-	1,000,000
Other nonoperating revenues	568,475	1,618,241	2,186,716
Net cash used in capital and related financing activities	(17,096,379)	(1,618,189)	(18,714,568)
Increase (decrease) in cash and cash equivalents	(5,265,684)	2,215,508	(3,050,176)
Cash and Cash Equivalents			
Beginning of year	55,250,943	5,506,523	60,757,466
End of year	\$ 49,985,259	\$ 7,722,031	\$ 57,707,290

**Board of Municipal Utilities
Sikeston, Missouri
Combining Statements of Cash Flows
Years Ended May 31, 2026 and 2025**

(Continued)

	May 31, 2026		
	Electric System	Water and Sewer System	Combined
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 6,627,150	\$ 1,288,080	\$ 7,915,230
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation and amortization	12,085,249	3,102,277	15,187,526
Mine shutdown proceeds	-	-	-
Payments for mine shutdown costs	(247,724)	-	(247,724)
Gain on disposal	(14,500)	(21,100)	(35,600)
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources			
(Increase) decrease in accounts receivable	(9,089,491)	(75,861)	(9,165,352)
(Increase) decrease in coal inventories	151,688	-	151,688
(Increase) decrease in materials and supplies	(660,924)	(16,272)	(677,196)
(Increase) decrease in prepaid expenses and other assets	246,928	82,371	329,299
(Increase) decrease in deferred outflows related to pensions	(1,351,326)	(241,953)	(1,593,279)
(Increase) decrease in deferred outflows related to other postemployment benefits	(27,312)	(5,594)	(32,906)
Increase (decrease) in accounts payable and accrued expenses	2,770,802	188,706	2,959,508
Increase (decrease) in customer deposits and other liabilities	53,002	-	53,002
Increase (decrease) in net pension liability	612,696	125,487	738,183
Interdepartmental due from (to)	405,597	(405,597)	-
Increase (decrease) in total other postemployment liability	64,192	13,148	77,340
Increase (decrease) in deferred inflows related to pensions	(216,783)	(44,402)	(261,185)
Increase (decrease) in deferred inflows related to other postemployment benefits	(83,414)	(17,085)	(100,499)
Net Cash Provided by Operating Activities	\$ 11,325,830	\$ 3,972,205	\$ 15,298,035
Noncash Investing, Capital, and Financing Activities			
Amounts payable incurred for purchase of capital assets	\$ -	\$ 1,030,674	\$ 1,030,674

**Board of Municipal Utilities
Sikeston, Missouri
Combining Statements of Cash Flows
Years Ended May 31, 2026 and 2025**

	May 31, 2025		
	Electric System	Water and Sewer System	Combined
Cash Flows from Operating Activities			
Receipts from customers and others	\$ 90,950,127	\$ 9,035,591	\$ 99,985,718
Payments to suppliers	(65,718,409)	(3,937,392)	(69,655,801)
Payments to employees	(11,023,788)	(2,179,150)	(13,202,938)
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)
Contributions in aid of construction	-	-	-
Proceeds from the sale of property and plant	-	-	-
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 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, 2026 and 2025**

(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)
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	5,238,781	(338,862)	4,899,919
(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)
(Increase) 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)
Increase (decrease) in accounts payable and accrued expenses	(3,672,672)	(133,717)	(3,806,389)
Increase (decrease) in customer deposits and other liabilities	28,986	-	28,986
Increase (decrease) 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
Increase (decrease) in deferred inflows related to pensions	(216,784)	(44,401)	(261,185)
Increase (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