

CITY OF SIKESTON, MISSOURI
Sikeston, Missouri

For the Year Ended June 30, 2022

ANNUAL FINANCIAL REPORT

BEUSSINK, HEY, ROE & STRODER, L.L.C.

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council

City of Sikeston, Missouri

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Sikeston, Missouri, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Sikeston, Missouri as of June 30, 2022, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 City of Sikeston, Missouri and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 opinions. 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 City of Sikeston, Missouri'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 City of Sikeston, Missouri'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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sikeston, Missouri's basic financial statements. The accompanying budgetary comparison information, combining fund financial statements, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information, combining fund financial statements, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Sikeston, Missouri's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Sikeston, Missouri's internal control over financial reporting and compliance.

BEUSSINK, HEY, ROE & STRODER, L.L.C.

Beussink, Hey, Roe & Stroder, L.L.C.

Cape Girardeau, Missouri
January 10, 2023

BASIC FINANCIAL STATEMENTS

CITY OF SIKESTON, MISSOURIGOVERNMENT-WIDE
STATEMENT OF NET POSITION - MODIFIED CASH BASIS

June 30, 2022

| <u>ASSETS</u> | <u>Governmental Activities</u> |
|---|------------------------------------|
| <u>Current Assets:</u> | |
| Cash on Hand | \$ 163,814 |
| Cash and Cash Equivalents | 22,815,599 |
| Certificate of Deposit | 150,000 |
| Receivables | 2,002 |
| Inventory | 106,928 |
| Deposits | 203,062 |
| Due From Other Governmental Units | 306 |
| Lease Receivable | 117,227 |
| Total Current Assets | <u>\$ 23,558,938</u> |
| <u>Capital Assets:</u> | |
| Land | \$ 7,677,783 |
| Construction In Progress | 4,090,973 |
| Buildings and Improvements, Net | 10,354,120 |
| Furniture, Machinery and Equipment, Net | 3,009,105 |
| Infrastructure and Improvements, Net | 5,376,192 |
| Right of Use Assets, Net | 19,707 |
| Total Capital Assets, Net | <u>\$ 30,527,880</u> |
| TOTAL ASSETS | <u>\$ 54,086,818</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | |
| Deferred Outflows | <u>\$ -</u> |
| <u>LIABILITIES</u> | |
| <u>Current Liabilities:</u> | |
| Accounts Payable | \$ 2,751 |
| Municipal Court | 7,400 |
| Accrued Payroll Liabilities | 12,322 |
| Evidence Money | 241,695 |
| Damage Deposits | 10,207 |
| Insurance Proceeds Holdback | 57,303 |
| Tax Increment Financing Notes | 185,675 |
| Lease-Purchase Agreements Payable | 128,846 |
| Special Obligation Bonds | 3,130,000 |
| Total Current Liabilities | <u>\$ 3,776,199</u> |
| <u>Long-Term Liabilities:</u> | |
| Lease Liability | \$ 29,400 |
| Lease-Purchase Agreements Payable | 518,027 |
| Special Obligation Bonds | 10,185,000 |
| Total Long-Term Liabilities | <u>\$ 10,732,427</u> |
| TOTAL LIABILITIES | <u>\$ 14,508,626</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | |
| Deferred Amounts Related to Leases | <u>\$ 91,393</u> |
| <u>NET POSITION</u> | |
| Net Investment in Capital Assets | \$ 16,350,932 |
| Restricted for Specific Purposes | 10,815,205 |
| Unrestricted | 12,320,662 |
| TOTAL NET POSITION | <u>\$ 39,486,799</u> |

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURI

GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

Year Ended June 30, 2022

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|-------------------------------|---------------------|-------------------------|--|--|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental Activities: | | | | | |
| General Government | \$ 4,260,394 | \$ 2,133,136 | \$ 14,280 | \$ 1,632,183 | \$ (480,795) |
| Administrative Services | 1,094,604 | - | - | - | (1,094,604) |
| Public Safety | 7,426,696 | 382,119 | 151,748 | 130,467 | (6,762,362) |
| Public Works | 5,624,679 | 669,784 | 285,485 | 503,484 | (4,165,926) |
| Community Development | 636,443 | - | 33,151 | - | (603,292) |
| Total Governmental Activities | <u>\$19,042,816</u> | <u>\$ 3,185,039</u> | <u>\$ 484,664</u> | <u>\$ 2,266,134</u> | <u>\$ (13,106,979)</u> |

General Revenue:

| | |
|---|----------------------|
| Taxes: | |
| Real Estate and Personal Property Tax | \$ 1,824,632 |
| Sales Tax | 11,616,600 |
| Use Tax | 1,187,074 |
| Payments in Lieu of Tax | 556,610 |
| Franchise Tax | 546,561 |
| Motor Fuel Tax | 715,528 |
| Surtax | 141,107 |
| Financial Institution Tax | 13,697 |
| Other Taxes | 271,066 |
| Interest Income | 512,863 |
| Other | 235,090 |
| Intergovernmental | 229,169 |
| Gain on Disposal of Capital Assets | (5,274) |
| Bond Premium | 915,415 |
| Total General Revenues | <u>\$ 18,760,138</u> |
| Change in Net Position | \$ 5,653,159 |
| Net Position - July 1, 2021 | 33,818,829 |
| Restatement of Prior Year Balances - Lease Adjustment | 14,811 |
| Net Position - June 30, 2022 | <u>\$ 39,486,799</u> |

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURIBALANCE SHEET -
GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

June 30, 2022

| | General Fund | Sales Tax Trust Fund | Sikeston Economic Development Fund | South Sikeston Infrastructure Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---------------------------------------|---------------------|----------------------------|---|--|-----------------------------------|--------------------------------|
| <u>ASSETS</u> | | | | | | |
| <u>CURRENT ASSETS:</u> | | | | | | |
| Cash on Hand | \$ 13,233 | \$ - | \$ - | \$ - | \$ 150,581 | \$ 163,814 |
| Cash and Cash Equivalents | 5,863,092 | 1,729,257 | - | 7,829,758 | 6,301,228 | 21,723,335 |
| Certificate of Deposit | - | - | - | - | 150,000 | 150,000 |
| Receivables | 2,002 | - | - | - | - | 2,002 |
| Inventory | 20,528 | - | - | - | 86,400 | 106,928 |
| Deposits | 155,334 | - | - | - | - | 155,334 |
| Prepaid Expenditures | - | - | - | - | 306 | 306 |
| Due from Other Funds | 54 | - | - | - | 2,278 | 2,332 |
| Total Current Assets | <u>\$ 6,054,243</u> | <u>\$ 1,729,257</u> | <u>\$ -</u> | <u>\$ 7,829,758</u> | <u>\$ 6,690,793</u> | <u>\$ 22,304,051</u> |
| TOTAL ASSETS | <u>\$ 6,054,243</u> | <u>\$ 1,729,257</u> | <u>\$ -</u> | <u>\$ 7,829,758</u> | <u>\$ 6,690,793</u> | <u>\$ 22,304,051</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | | | | | |
| <u>LIABILITIES:</u> | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - | \$ 2,751 | \$ 2,751 |
| Municipal Court | - | - | - | - | 7,400 | 7,400 |
| Insurance Proceeds Holdback | 57,303 | - | - | - | - | 57,303 |
| Accrued Payroll Liabilities | 9,446 | - | - | - | 2,876 | 12,322 |
| Evidence Money | 241,695 | - | - | - | - | 241,695 |
| Damage Deposits | - | - | - | - | 10,207 | 10,207 |
| Due to Other Funds | 2,278 | - | - | - | 54 | 2,332 |
| TOTAL LIABILITIES | <u>\$ 310,722</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 23,288</u> | <u>\$ 334,010</u> |
| <u>FUND BALANCE:</u> | | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ 86,400 | \$ 86,400 |
| Restricted | 11,908 | - | - | 7,829,758 | 2,973,539 | 10,815,205 |
| Committed | - | - | - | - | 245,268 | 245,268 |
| Assigned | - | 1,729,257 | - | - | 3,362,298 | 5,091,555 |
| Unassigned | 5,731,613 | - | - | - | - | 5,731,613 |
| TOTAL FUND BALANCE | <u>\$ 5,743,521</u> | <u>\$ 1,729,257</u> | <u>\$ -</u> | <u>\$ 7,829,758</u> | <u>\$ 6,667,505</u> | <u>\$ 21,970,041</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 6,054,243</u> | <u>\$ 1,729,257</u> | <u>\$ -</u> | <u>\$ 7,829,758</u> | <u>\$ 6,690,793</u> | <u>\$ 22,304,051</u> |

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURIRECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS

June 30, 2022

| | | |
|--|---------------------|-------------------|
| Total fund balance - total governmental funds (Statement 3) | \$ | 21,970,041 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Lease receivables are not financial resources and therefore are not reported in the governmental funds balance sheet. | | 117,227 |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet, net of accumulated depreciation of \$27,062,709. | | 30,527,880 |
| Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet. | | |
| Lease Liability | \$ (29,400) | |
| Tax Increment Financing Notes | (185,675) | |
| Lease-Purchase Agreements Payable | (646,873) | |
| Special Obligation Bonds | <u>(13,315,000)</u> | (14,176,948) |
| Deferred inflows relating to leases are reported in the government activities of the statement of net position but are not included in the governmental funds because they do not provide current financial resources. | | (91,393) |
| Internal service funds are used by management to charge the costs of certain activities, such as health insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. | | <u>1,139,992</u> |
| Net position of governmental activities (Statement 1) | \$ | <u>39,486,799</u> |

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

Year Ended June 30, 2022

| | General Fund | Sales Tax Trust Fund | Sikeston Economic Development Fund | South Sikeston Infrastructure Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|-----------------------|----------------------------|---|--|-----------------------------------|--------------------------------|
| REVENUES: | | | | | | |
| Taxes | \$ 7,563,545 | \$ 3,865,751 | \$ - | \$ - | \$ 5,443,579 | \$ 16,872,875 |
| Licenses and Permits | 248,509 | - | - | - | - | 248,509 |
| Intergovernmental | 112,854 | - | - | 259,963 | 2,355,704 | 2,728,521 |
| Charges for Services | 1,864,730 | - | - | - | 777,467 | 2,642,197 |
| Fines | 14,363 | - | - | - | 157,207 | 171,570 |
| Rents and Leases | 39,600 | - | - | - | 87,028 | 126,628 |
| Interest Income | 124,449 | 32,545 | - | 209,438 | 118,506 | 484,938 |
| Other | 65,281 | - | - | - | 421,255 | 486,536 |
| TOTAL REVENUES | \$ 10,033,331 | \$ 3,898,296 | \$ - | \$ 469,401 | \$ 9,360,746 | \$ 23,761,774 |
| EXPENDITURES: | | | | | | |
| General Government | \$ 3,357,115 | \$ 55,337 | \$ - | \$ - | \$ 1,236,160 | \$ 4,648,612 |
| Administrative Services | 1,077,793 | - | - | - | 7,849 | 1,085,642 |
| Public Safety | 5,882,063 | - | 119 | - | 1,437,596 | 7,319,778 |
| Public Works | 502,519 | - | - | 3,710,090 | 5,402,256 | 9,614,865 |
| Community Development | 628,706 | - | - | - | 7,737 | 636,443 |
| Debt Service | | | | | | |
| Principal | - | - | 3,107,408 | - | 150,000 | 3,257,408 |
| Interest and Fees | - | - | 12,193 | 190,368 | 343,858 | 546,419 |
| TOTAL EXPENDITURES | \$ 11,448,196 | \$ 55,337 | \$ 3,119,720 | \$ 3,900,458 | \$ 8,585,456 | \$ 27,109,167 |
| REVENUES OVER (UNDER) EXPENDITURES | \$ (1,414,865) | \$ 3,842,959 | \$ (3,119,720) | \$ (3,431,057) | \$ 775,290 | \$ (3,347,393) |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers In | \$ 3,353,961 | \$ - | \$ - | \$ - | \$ 2,561,397 | \$ 5,915,358 |
| Transfers Out | (1,409,455) | (3,277,200) | (508,084) | - | (720,619) | (5,915,358) |
| Sale of Capital Assets | - | - | - | - | - | - |
| Bond Proceeds | - | - | 3,119,600 | 10,345,400 | - | 13,465,000 |
| Bond Premium | - | - | - | 915,415 | - | 915,415 |
| TOTAL OTHER FINANCING SOURCES (USES) | \$ 1,944,506 | \$ (3,277,200) | \$ 2,611,516 | \$ 11,260,815 | \$ 1,840,778 | \$ 14,380,415 |
| NET CHANGE IN FUND BALANCES | \$ 529,641 | \$ 565,759 | \$ (508,204) | \$ 7,829,758 | \$ 2,616,068 | \$ 11,033,022 |
| FUND BALANCE, July 1, 2021 | 5,213,880 | 1,163,498 | 508,204 | - | 4,051,437 | 10,937,019 |
| FUND BALANCE, June 30, 2022 | \$ 5,743,521 | \$ 1,729,257 | \$ - | \$ 7,829,758 | \$ 6,667,505 | \$ 21,970,041 |

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURI

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

Year Ended June 30, 2022

| | | |
|---|-----------------|------------------|
| Net Change in fund balances - total governmental funds (Statement 4) | \$ | 11,033,022 |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p> | | |
| <p>The receipt of lease revenue is recorded in the governmental funds, while the collection of lease payments reduces the lease receivable in the governmental statement of net position.</p> | | |
| | | (4,987) |
| <p>Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets expended in the current period.</p> | | |
| Capital Outlay | \$ 6,095,467 | |
| Loss on Disposal | <u>(5,274)</u> | 6,090,193 |
| <p>Depreciation and amortization expense on capital assets are reported in the government-wide statement of activities and changes in net position, but it does not require the use of current financial resources. Therefore, depreciation and amortization expense are not reported as an expenditure in government funds</p> | | |
| Depreciation Expense | \$ (1,460,489) | |
| Amortization Expense | <u>(14,107)</u> | (1,474,596) |
| <p>The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance cost, premium, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p> | | |
| Special Obligation Bonds Proceeds | \$ (13,465,000) | |
| Lease Liability | 14,927 | |
| Tax Anticipation Notes | 3,107,408 | |
| Tax Increment Financing Notes | 139,325 | |
| Lease-Purchase Agreements Payable | 127,306 | |
| Special Obligation Bonds | <u>150,000</u> | (9,926,034) |
| <p>When leases in which the City is the lessor are used in governmental activities, a revenue is recorded in the governmental funds for the amount of the present value of the future lease revenue; however in the statement of activities, the present value of the future lease revenue is recognized as deferred inflows and amortized over the lease term.</p> | | |
| | | 5,497 |
| <p>Internal service funds are used by management to charge the costs of certain activities, such as health insurance, to individual funds. The net revenue (expense) if the internal service funds is reported with governmental activities.</p> | | |
| | | <u>(69,936)</u> |
| Change in net position of governmental activities (Statement 2) | \$ | <u>5,653,159</u> |

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURI
 STATEMENT OF NET POSITION
PROPRIETARY FUND - MODIFIED CASH BASIS

June 30, 2022

| | <u>Internal Service Fund</u> |
|---------------------------|----------------------------------|
| <u>ASSETS</u> | |
| <u>CURRENT ASSETS:</u> | |
| Cash and Cash Equivalents | \$ 1,092,264 |
| Deposits | 47,728 |
| Total Current Assets | <u>\$ 1,139,992</u> |
| TOTAL ASSETS | <u>\$ 1,139,992</u> |
| <u>LIABILITIES</u> | |
| <u>LIABILITIES:</u> | <u>\$ -</u> |
| <u>NET POSITION</u> | |
| Restricted | \$ 1,139,992 |
| TOTAL NET POSITION | <u>\$ 1,139,992</u> |

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURISTATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUND - MODIFIED CASH BASIS

Year Ended June 30, 2022

| | <u>Internal Service Fund</u> |
|---|----------------------------------|
| <u>OPERATING REVENUES:</u> | |
| Health Insurance Premium | \$ 1,759,172 |
| Rebates | 53,117 |
| Miscellaneous | <u>65,031</u> |
| TOTAL OPERATING REVENUES | <u>\$ 1,877,320</u> |
| <u>OPERATING EXPENDITURES:</u> | |
| Stop Loss Insurance | \$ 442,940 |
| Administrative Fees | 112,400 |
| Health Insurance Claims | 1,375,958 |
| Wellness | <u>39,508</u> |
| TOTAL OPERATING EXPENDITURES | <u>\$ 1,970,806</u> |
| TOTAL OPERATING INCOME (LOSS) | <u>\$ (93,486)</u> |
| <u>NONOPERATING REVENUES (EXPENSES)</u> | |
| Interest Income | <u>\$ 23,550</u> |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>\$ 23,550</u> |
| NET CHANGE IN FUND BALANCES | \$ (69,936) |
| NET POSITION, July 1, 2021 | <u>1,209,928</u> |
| NET POSITION, June 30, 2022 | <u><u>\$ 1,139,992</u></u> |

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURISTATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS

Year Ended June 30, 2022

| | <u>Internal Service Fund</u> |
|---|----------------------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | |
| Health Insurance Premiums | \$ 1,759,172 |
| Rebates | 53,117 |
| Refunds from Administrator | 65,031 |
| Payments to Administrator | <u>(1,970,806)</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ <u>(93,486)</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u> | |
| Interest on Cash | <u>\$ 23,550</u> |
| NET CHANGE IN CASH | \$ (69,936) |
| CASH, July 1, 2021 | <u>1,162,200</u> |
| CASH, June 30, 2022 | <u>\$ 1,092,264</u> |
| <u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</u> | |
| <u>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u> | |
| Operating Income (Loss) | \$ (93,486) |
| Changes in Assets and Liabilities: | <u>-</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>\$ (93,486)</u> |

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sikeston, Missouri (the “City”) was incorporated in 1875 under the provisions of the State of Missouri.

The City operates under a Mayor – Council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

As discussed further in Note 1.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. Financial Reporting Entity:

The City’s reporting entity includes the City’s governing board and the operations of all related organizations for which the City exercises financial oversight. Oversight responsibility is derived from the governmental unit’s authority and includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. Generally, component units are legally separate organizations for which the elected officials of the City are financially accountable.

The statement of net position, statement of activities, the combined financial statements, the combining and individual fund financial statements include the Sikeston Economic Development Corporation as a blended component unit. The Sikeston Economic Development Corporation is so closely related to the City of Sikeston that it is, in effect, the same as the City.

The Sikeston Economic Development Corporation financed a building to be used by the Sikeston Department of Public Safety. This is the sole activity of the Corporation. The City of Sikeston has considerable representation on the governing board of the Corporation with the Corporation’s board consisting of the current Mayor, Vice-Mayor, City Manager, City Treasurer and the CEO of the Sikeston Regional Chamber & Area Economic Development Corp.

B. Basis of Presentation:

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the financial reporting entity are described below:

General Fund –The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Sales Tax Trust Fund –The Sales Tax Trust Fund was established by City ordinance to account for the general sales tax.

Sikeston Economic Development Fund – The Sikeston Economic Development Fund was established to account for the financing of a building to be used by the Sikeston Department of Public Safety.

South Sikeston Infrastructure Fund – The South Sikeston Infrastructure Fund was established by City ordinance to account for the construction and development of South Sikeston. Construction is complete and the bonds were refinanced in 2022 so financial activity of this fund will cease, but the Board will continue to exist.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined in item 2 below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

1. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
2. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
3. Fiduciary funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using a modified cash basis of accounting. The basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures when they result from cash transactions with a provision for depreciation in the government-wide statement and the proprietary fund statements. This basis is a comprehensive basis of accounting other than principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

D. Assets, Liabilities, and Equity

Cash and Cash Equivalents

For the purpose of financial reporting, “cash and cash equivalents” include all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value.

Inventories and Prepaids

Inventories in governmental funds consist of expendable supplies held for consumption stated on a first-in, first-out basis. They are reported in inventory at cost and they are recorded as an expenditure at the time the individual inventory items are used.

Prepaids record payments to vendors that benefit future reporting periods and are also reported on the consumption basis. Both inventories and prepaids are similarly reported in government-wide and fund financial statements.

Capital Assets

The City’s property and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with a cost of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Infrastructure assets acquired prior to July 1, 2003 have not been capitalized in this financial presentation.

Estimated useful lives, in years, for depreciable assets are as follows:

| | |
|------------------------------------|------|
| Buildings | 5-40 |
| Improvements, other than buildings | 5-50 |
| Equipment and Machinery | 5-7 |
| Infrastructure | 5-50 |

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for in the same way as the government-wide statements.

Restricted Assets

Restricted assets include cash and investments that are restricted as to their use.

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are reported in the government-wide or fund financial statements. All long-term debts are reported as liabilities in the government-wide statements. The long-term debt consists primarily of capital leases payable, tax increment financing notes, and tax anticipation notes. Long-term debts for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

Equity Classification

Government-Wide Statements – Equity is classified as net position and displayed in three components:

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
2. Restricted net position – Consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – All other net resources that do not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted as needed. The City’s policy is to apply expenditures against restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance in that order.

Fund Financial Statements – The City uses clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

1. Non-spendable fund balance-amounts that are not in a spendable form (such as prepaids) or are required to be maintained intact;
2. Restricted fund balance-amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

3. Committed fund balance-amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;
4. Assigned fund balance-amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
5. Unassigned fund balance-amounts that are available for any purpose; positive amounts are reported only in the general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by City Council or the City Manager through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Fund Balance

In July 2001, the City established a minimum fund balance policy with the passage of Resolution 01-07-01. The policy states that a minimum ending fund balance for restricted funds shall be not less than 15% of the annual estimated revenues. The restricted funds are deemed to be the Transportation Sales Tax Fund, the Capital Improvement Sales Tax Fund, and the Tourism Tax Trust Fund.

The policy states that a minimum ending fund balance for unrestricted funds shall not be less than 25% of the annual estimated revenues. The unrestricted funds are deemed to be the General Fund, the Sales Tax Trust Fund, the Park Fund, the Municipal Court Fund, and the E-911 Fund.

Special purpose funds are not subject to the minimum ending fund balance guidelines. The special purpose funds are deemed to be the Economic Development Fund, the Library Fund, the Airport Fund, the 60/61 T.I.F. District Fund, the HWY 60 West T.I.F. District Fund, and the Main/Malone T.I.F. District Fund.

E. Revenues, Expenditures, and Expenses:

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

| | |
|--------------------|--|
| General Government | Licenses, Building Permits, and Fees |
| Public Safety | Court Cost, Fines, and Rental Receipts |
| Public Works | Fuel, Rental Receipts, Admission Fees, and Concessions |

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities:

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans – Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services – Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements – Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.

4. Interfund transfers – Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances – Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities, except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

G. 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 that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

H. Restricted Net Position:

A portion of net position has been reserved to represent the value of assets restricted for specific purposes as listed below.

| | |
|------------------------------------|----------------------|
| General Fund: | |
| Drug Seizure Fund | \$ 11,908 |
| South Sikeston Infrastructure Fund | 7,829,758 |
| Transportation Sales Tax Fund | 1,034,988 |
| Park Fund | 188,724 |
| Library Fund | 978,421 |
| Tourism Fund | 19,865 |
| E911 Fund | 568,242 |
| Debt Service Fund | 301 |
| 60/61 TIF District Fund | 170 |
| Hwy 60 West TIF District Fund | 22,279 |
| Main & Malone TIF District Fund | <u>160,549</u> |
| Total Restricted Net Position | <u>\$ 10,815,205</u> |

I. Accumulated Compensated Absences:

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be paid to employees upon separation from the City's service. It is unlikely all employees would terminate at one time. At June 30, 2022, the liability is a contingency in the maximum amount of \$644,876.

J. Revenue Recognition – Property Taxes:

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on or about October 1 and payable by December 31. The City bills and collects its own property taxes. All unpaid taxes become delinquent on January 1. Property tax revenues are recognized when they are collected.

K. Post – Employment Health Care Benefits:

COBRA Benefits – Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium plus an administration fee is paid to the City's health care provider by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for a duration of 19 months after the termination date. There is no associated cost to the City under this program, and there was one participant in the program for the year ended June 30, 2022.

L. Pensions:

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.

M. Deferred Compensation Plan:

In addition to the pension benefits described in Note 6, it is the City's policy to allow employees to participate in a Code 457 Deferred Compensation Plan with ICMA Retirement Corporation. This is a defined contribution plan. The City has 12 employees participating in the plan. The City contributes \$5,000 for the City Manager each year. The City does not contribute to the plan for any other employees.

N. Subsequent Events:

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through January 10, 2023, the date the financial statements were available to be issued.

2. DEPOSITS

At June 30, 2022, the carrying amount of the City's deposits was \$22,965,599 and the bank balance was \$23,207,933. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned, or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy requires that deposits be 100% secured by collateral valued at market, less the amount of Federal Deposit Insurance Corporation (FDIC) Insurance. The City's deposits at June 30, 2022 are not exposed to custodial credit risk.

3. PROPERTY TAXES

Property taxes attach as an enforceable lien on property. Taxes are levied on October 1, 2021, for collection during this year. The tax rates assessed at the time were as follows:

| | |
|--------------------|---------------------------------|
| General Revenue | \$.4160/100 assessed valuation |
| Parks & Recreation | \$.1813/100 assessed valuation |
| Library | \$.2000/100 assessed valuation |

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

| | Balance June 30, 2021 | Additions | Deletions | Balance June 30, 2022 |
|---------------------------------------|-----------------------------|-----------------------|---------------------|-----------------------------|
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 7,328,555 | \$ 349,228 | \$ - | \$ 7,677,783 |
| Construction in Progress | - | 4,090,973 | - | 4,090,973 |
| Total | <u>\$ 7,328,555</u> | <u>\$ 4,440,201</u> | <u>\$ -</u> | <u>\$ 11,768,756</u> |
| Capital Assets Being Depreciated: | | | | |
| Buildings and Leasehold Improvements | \$ 21,055,825 | \$ 366,744 | \$ (3,307) | \$ 21,419,262 |
| Infrastructure and Other Improvements | 7,782,010 | 289,828 | - | 8,071,838 |
| Furniture, Machinery and Equipment | 15,443,927 | 998,694 | (131,595) | 16,311,026 |
| Right of Use Assets | 70,535 | - | - | 70,535 |
| Total | <u>\$ 44,352,297</u> | <u>\$ 1,655,266</u> | <u>\$ (134,902)</u> | <u>\$ 45,872,661</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Leasehold Improvements | \$ (10,406,989) | \$ (661,460) | \$ 3,307 | \$ (11,065,142) |
| Infrastructure and Other Improvements | (2,441,037) | (254,609) | - | (2,695,646) |
| Furniture, Machinery and Equipment | (12,883,822) | (544,420) | 126,321 | (13,301,921) |
| Right of Use Assets | (36,721) | (14,107) | - | (50,828) |
| Total | <u>\$ (25,768,569)</u> | <u>\$ (1,474,596)</u> | <u>\$ 129,628</u> | <u>\$ (27,113,537)</u> |
| Capital Assets Being Depreciated, Net | <u>\$ 18,583,728</u> | <u>\$ 180,670</u> | <u>\$ (5,274)</u> | <u>\$ 18,759,124</u> |
| Capital Asses, Net | <u>\$ 25,912,283</u> | <u>\$ 4,620,871</u> | <u>\$ (5,274)</u> | <u>\$ 30,527,880</u> |

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

| <u>Governmental Activities</u> | |
|--------------------------------|---------------------|
| General Government | \$ 232,498 |
| Administrative Services | 1,017 |
| Public Safety | 464,967 |
| Public Works | <u>762,007</u> |
| Total | <u>\$ 1,460,489</u> |

5. LEASES

Lease (Lessor) agreements are summarized as follows:

| Description | Date | Terms | Amount | Interest Rate | Total Deferred Inflows | Balance June 30, 2022 |
|----------------------|-----------|----------|----------|---------------|------------------------------|--------------------------|
| Airport Ground Lease | 6/1/2022 | 40 Years | \$ 2,775 | 3.580% | \$ 29,265 | \$ 27,802 |
| Airport Ground Lease | 12/1/2011 | 30 Years | 2,775 | 3.580% | 33,685 | 32,001 |
| Airport Ground Lease | 6/1/2022 | 40 Years | 2,688 | 3.580% | 28,348 | 26,931 |
| Airport Ground Lease | 7/1/2017 | 10 Years | 1,125 | 3.580% | 5,591 | <u>4,659</u> |
| Total Lease Revenue | | | | | | <u>\$ 91,393</u> |

The City leases ground to several businesses at the Airport. The terms of the leases are listed above. The interest rate for all of the Airport ground leases was calculated based on the City's bond rates and recent maintenance contract rates.

The City will recognize annual rental and interest revenue as follows:

| <u>Year Ending June 30,</u> | <u>Rental Revenue</u> | <u>Interest Revenue</u> |
|---------------------------------|---------------------------|-----------------------------|
| 2023 | \$ 5,497 | \$ 4,197 |
| 2024 | 5,497 | 4,012 |
| 2025 | 5,497 | 3,820 |
| 2026 | 5,497 | 3,622 |
| 2027 | 5,497 | 3,416 |
| 2028-2032 | 22,824 | 14,149 |
| 2033-2037 | 22,824 | 8,950 |
| 2038-2042 | <u>18,260</u> | <u>2,750</u> |
| | <u>\$ 91,393</u> | <u>\$ 44,916</u> |

Lease (Lessee) agreements are summarized as follows:

| <u>Description</u> | <u>Date</u> | <u>Terms</u> | <u>Amount</u> | <u>Interest Rate</u> | <u>Total Liability</u> | <u>Balance June 30, 2022</u> |
|----------------------|-------------|--------------|---------------|----------------------|------------------------|------------------------------|
| Copiers | 6/10/2019 | 60 Months | \$ 5,116 | 3.580% | \$ 23,271 | \$ 4,987 |
| Office Equipment | 11/17/2020 | 60 Months | 287 | 3.580% | 7,054 | 6,061 |
| Copiers | 1/27/2021 | 60 Months | 138 | 3.580% | 3,388 | 2,975 |
| Fuel Truck | 8/1/2018 | 60 Months | 1,500 | 3.580% | 36,822 | 15,377 |
| Total Lease Payments | | | | | | <u>\$ 29,400</u> |

The City entered into a lease agreement for a copier on June 10, 2019. The interest rate was calculated based on City’s recent bond rates and recent maintenance contract rates. The lease has a term of 60 months at the end of which the City will purchase the equipment.

The City entered into a lease agreement for office equipment on November 17, 2020. The interest rate was calculated based on City’s recent bond rates and recent maintenance contract rates. The lease has a term of 60 months at the end of which the City will purchase the equipment.

The City entered into a lease agreement for a copier on January 27, 2021. The interest rate was calculated based on City’s recent bond rates and recent maintenance contract rates. The lease has a term of 60 months at the end of which the City will purchase the equipment.

The City entered into a lease agreement for a fuel truck on August 1, 2018. The interest rate was calculated based on City’s recent bond rates and recent maintenance contract rates. The lease has a term of 60 months at the end of which the City will purchase the equipment.

Annual Requirements to amortize long-term obligations and related interest are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> |
|-----------------------------|------------------|------------------|
| 2023 | \$ 20,410 | \$ 7,860 |
| 2024 | 3,727 | 2,877 |
| 2025 | 3,476 | 1,629 |
| 2036 | 1,787 | 191 |
| Total | <u>\$ 29,400</u> | <u>\$ 12,557</u> |

6. LONG-TERM OBLIGATIONS

Article VI, Section 26(b), Constitution of Missouri limits the outstanding amount of authorized general obligation bonds of a city to 5.0 percent of the assessed valuation of the City. At June 30, 2022, the City’s remaining legal debt margin was \$11,773,610.

Following is a summary of changes in the long-term debt from governmental activities included on the government-wide Statement of Net Assets for the year ended June 30, 2022:

| | Balance June 30, 2021 | Additions | Retirements | Balance June 30, 2022 |
|--|--------------------------|----------------------|-----------------------|--------------------------|
| Tax Increment Financing Notes - Sikeston Acquisitions, Inc. | \$ 325,000 | \$ - | \$ (139,325) | \$ 185,675 |
| DPS Building | 3,107,408 | - | (3,107,408) | - |
| Dump Truck | 193,056 | - | (47,356) | 145,700 |
| Pumper and Ladder Truck | 581,123 | - | (79,950) | 501,173 |
| Special Obligation Refunding and Improvement Bonds | - | 13,465,000 | (150,000) | 13,315,000 |
| Totals | <u>\$ 4,206,587</u> | <u>\$ 13,465,000</u> | <u>\$ (3,524,039)</u> | <u>\$ 14,147,548</u> |

On September 1, 2004, the City entered into an agreement with Sikeston Acquisitions, Inc. for the redevelopment of the North Main Street and Malone Avenue Redevelopment Area. On January 7, 2005, \$925,000 of tax increment financing notes was issued to Sikeston Acquisitions, Inc. to reimburse project costs completed at that date. An additional construction advance of \$689,000 was made on November 8, 2005. On May 11, 2006, these notes were reissued along with the construction holdback of \$36,000. A note for \$1,325,000, bearing interest at the rate of 5.75% per annum was issued along with a note for \$325,000, bearing interest at the rate of 7.25% per annum. Interest is payable on May 1 and November 1 in each year and will be paid only from pledged revenues. Pledged revenues include certain payments in lieu of taxes and economic activity taxes generated in the redevelopment area. The maturity date of these notes is August 31, 2027. The obligations of the City with respect to this note terminate on August 31, 2027, whether or not the principal amount or interest has been paid in full. As of June 30, 2022, \$185,675 of the notes remains outstanding.

On June 13, 2011, Sikeston Economic Development Corporation, a blended component unit of the City of Sikeston, entered into an agreement to construct a building to be used by the Sikeston Department of Public Safety. As part of the financing, the Corporation received a loan from the United States Department of Agriculture. The loan is for \$4,186,200 at a rate of 4%. The loan requires payments of \$242,130 on June 13th each year. The loan balance was refinanced during the year.

On March 27, 2013, Sikeston Economic Development Corporation received an additional loan from the United States Department of Agriculture to help finance the relocation of the Sikeston Area Chamber of Commerce and the Withers Broadcasting Company of Southeast Missouri, LLC to free land for a parking lot for the new Sikeston DPS building. The loan is for \$277,000 at a rate of 3.125%. The loan requires annual payments of \$14,363 each year on the 27th of March beginning in 2014. The loan was refinanced during the year.

On November 14, 2014, the City entered into a lease-purchase agreement with US Bancorp to finance the acquisition of 3 dump trucks. The lease qualified as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The trucks are included in the General Fixed Assets at \$461,505. Amortization of assets under capital lease is included in depreciation expense. Accumulated amortization reported as accumulated depreciation totaled \$461,505 in the Statement of Net Position.

On August 25, 2015, the City entered into a lease-purchase agreement with Regions Equipment Finance Corporation to finance the acquisition of a pumper and ladder truck. The lease qualified as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The trucks are included in the General Fixed Assets at \$1,040,425. Amortization of assets under capital lease is included in depreciation expense. Accumulated amortization reported as accumulated depreciation totaled \$1,040,425 in the Statement of Net Position.

On October 19, 2016, the City entered into a lease-purchase agreement with US Bancorp to finance the acquisition of a street sweeper. The lease qualified as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The trucks are included in the General Fixed Assets at \$200,000. Amortization of assets under capital lease is included in depreciation expense. Accumulated amortization reported as accumulated depreciation totaled \$200,000 in the Statement of Net Position.

On July 14, 2021, the City issued Special Obligation Refunding and Improvement Bonds, Series 2021 in the amount of \$13,465,000. Interest payments are due on December 1 and June 1 and principal payments are due on June 1 of each year. Interest accrues at rates ranging from 2.000 percent to 3.000 percent. The bonds will mature on June 1, 2041. The bond balance as of June 30, 2022 was \$13,315,000. The refinancing of the two United States Department of Agricultural loans provided the City savings of \$526,460.

Five-year current maturities of long-term obligations are as follows:

| Year Ending <u>June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------------|----------------------|--------------------|----------------------|
| 2023 | \$ 3,444,521 | \$ 409,143 | \$ 3,853,664 |
| 2024 | 2,350,404 | 303,467 | 2,653,871 |
| 2025 | 2,351,981 | 233,705 | 2,585,686 |
| 2026 | 408,775 | 164,536 | 573,311 |
| 2027 | 419,759 | 152,817 | 572,576 |
| 2028-2032 | 1,922,108 | 588,715 | 2,510,823 |
| 2033-2037 | 2,115,000 | 299,650 | 2,414,650 |
| 2038-2041 | <u>1,135,000</u> | <u>67,395</u> | <u>1,202,395</u> |
| Totals | <u>\$ 14,147,548</u> | <u>\$2,219,428</u> | <u>\$ 16,366,976</u> |

7. PENSION PLAN

General Information about the Pension Plan

Plan description. The City's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, 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 employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for Police and Fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for Police and Fire) and receive a reduced allowance.

| | <u>February 28, 2022 Valuation</u> |
|-----------------------|---|
| Benefit Multiplier: | 1.50% for Life, plus 0.50% to age 65 |
| Final Average Salary: | 3 Years |
| Member Contributions: | 0% |

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

Employees covered by benefit terms. At June 30, 2022, the following employees were covered by the benefit terms:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 134 |
| Inactive employees entitled to but not yet receiving benefits | 110 |
| Active employees | <u>114</u> |
| | <u>358</u> |

Contributions. The employer 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 employer do not contribute to the pension plan. Employer contribution rates are 7.3% (General), 10.3% (Police), and 7.8% (Fire) of annual covered payroll. Contributions to the pension plan from the City were \$197,170 (General), \$203,455 (Police), and \$105,061 (Fire) for the year ended June 30, 2022.

8. INTEREST EXPENSE

Interest cost totaling \$414,893 was incurred during the year ended June 30, 2022. No interest was capitalized as part of the cost of assets constructed during the period.

9. INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2022, interfund receivables and payables were as follows:

| <u>Fund</u> | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|----------------------|----------------------------------|-------------------------------|
| General Fund | \$ 54 | \$ 2,278 |
| Municipal Court Fund | -0- | 54 |
| Park Fund | 1,122 | -0- |
| Library Fund | 1,156 | -0- |
| Total | <u>\$ 2,332</u> | <u>\$ 2,332</u> |

10. INTERFUND TRANSFERS

The following is a summary of the amounts transferred from and to other funds:

| | <u>Transferred From</u> | <u>Transferred To</u> |
|---------------------------------------|-------------------------|-----------------------|
| General Fund | \$1,409,455 | \$3,353,961 |
| Sales Tax Fund | 3,277,200 | -0- |
| Transportation Sales Tax Fund | 76,761 | 150,000 |
| Park Fund | -0- | 200,000 |
| Municipal Court Fund | -0- | 18,367 |
| Debt Service Fund | -0- | 493,858 |
| Airport Fund | -0- | 178,850 |
| E-911 Fund | -0- | 571,538 |
| Capital Improvement Sales Tax Fund | 643,858 | 948,784 |
| Sikeston Economic Development Fund | 508,084 | -0- |
| | <u>\$5,915,358</u> | <u>\$5,915,358</u> |

Transfers within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintain debt service on a routine basis.

11. RISK OF LOSS

The City is exposed to risks of loss through claims on property owned, damage to property owned, official and employee liability, workers' compensation claims, and risk of loss of employee or individual injury. The City handles these risks of loss through the purchase of commercial insurance policies. No significant reduction in insurance coverage occurred during the year. Also, there have been no settlement amounts that have exceeded insurance coverage.

12. TAX ABATEMENT

On July 15, 2008, the City entered into a real property tax abatement agreement with a local Company pursuant to provisions of Chapter 100 of the Revised Statutes of Missouri. The Company has committed to expending approximately \$40,000,000 in land, buildings, and equipment. The agreement provides 100% property tax abatement but requires the payment of PILOTS and other performance measures (maintaining certain employment levels). Prior to commencement of operations of the Project, the Company made a PILOT payment equal to 100% of the taxes due. During the next twelve years 100% of the of the property taxes on the Project site, the Project Improvements and the Project Equipment is abated. For the next seven succeeding years, 50% of the of the property taxes on the Project site, the Project Improvements and the Project Equipment is abated. The amount of taxes abated is unknown because an assessment was not made.

In 2015, the Company completed an expansion to its distribution center pursuant to the Enhanced Enterprise Zone program. This will allow a 100% property tax abatement on the improved real property for 10 years from the time of the Certificate of Occupancy. This results in \$146,899 per year in total taxes being abated. The City's portion of this abatement is \$19,414.

Tax Increment Financing (TIF) is also used to provide tax abatements. These abatements are explained in Note 14 below.

13. SELF INSURANCE

Effective January 1, 2014, the City and the Sikeston Board of Municipal Utilities entered into a self-insurance health insurance plan. This is accounted for using an internal service fund.

The plan provides health coverage to its employees through a minimum premium plan administered by HealthSCOPE Benefits, Inc. Under this plan, the City paid the administrator a monthly premium for claims administration, cost management, and specific stop loss coverage. The City reimbursed the administrator for claims paid up to the specific stop loss amount of \$60,000 per employee. Rates were charged by the internal service fund to the various City funds and the Board of Municipal Utilities to cover the monthly premium to the administrator, stop loss coverage and claims.

Claims liability is estimated using data supplied by the administrator. The claims activity was as follows:

| | |
|-------------------------------|---------------------|
| Balance, June 30, 2021 | \$ 1,209,928 |
| Provision for Incurred Claims | 1,877,320 |
| Interest Income | 23,550 |
| Payment of Claims | <u>(1,970,806)</u> |
| Balance, June 30, 2022 | <u>\$ 1,139,992</u> |

14. TAX INCREMENT FINANCING

On September 1, 2004, the City entered into an agreement with Sikeston Acquisitions, Inc. for the redevelopment of the northwest quadrant of the intersection of Main Street and Malone Avenue and has adopted tax increment financing (TIF). The City has agreed to issue TIF notes to be sold to Sikeston Acquisitions, Inc. to evidence the City's obligation to reimburse Sikeston Acquisitions, Inc. for verified Reimbursable Redevelopment Project Costs, up to a maximum aggregate principal amount of \$1,700,000. Reimbursable Redevelopment Project Costs include, but are not limited to, costs of studies, surveys, plans, tests and specifications, professional service costs, acquisition costs, costs of demolition of buildings and the clearing and grading of land, costs of construction of public works or improvements, issuance costs, and payment in lieu of taxes. The City will use TIF revenue, which is payments in lieu of taxes attributable to the increase in the current equalized assessed valuation of the area over and above the initial equalized assessed value of such property and 50% of the total additional revenues from taxes which are imposed by the City or other taxing districts and which are generated by economic activities within the area over such taxes generated by economic activities within the area in the calendar year ending December 31, 2003, to pay the interest and principal on the TIF obligations. As of June 30, 2010, \$1,650,000 of TIF notes had been issued. A balance of \$146,350 remains.

On October 15, 2012, the City entered into an agreement with Six Thirty Two LLC for the development of Lot One of Hospitality Subdivision and has adopted tax increment financing (TIF). The City has agreed to reimburse Six Thirty Two LLC for verified Reimbursable Project Costs, up to a maximum of \$431,262. The City will use TIF revenue, which is incremental real property taxes and economic activity taxes described in Sections 99.845.1(2)(a) and 99.845.3 of the Revised Statutes of Missouri, to reimburse these project costs. Payments will be made every February 1 and August 1 in an amount equal to all TIF Revenues, less \$1,000 administration fee to be retained by the City, that the City has received during the previous calculation period (January 1 to June 30 and July 1 to December 31). Six Thirty Two LLC has submitted a Certificate of Reimbursable Costs for \$421,463. Reimbursements of \$15,240 were made in the year ended June 30, 2022. The balance was paid in full during the current year.

On October 15, 2012, the City entered into an agreement with Select Sikeston Hospitality, LLC for the development of Lot Two of Hospitality Subdivision and has adopted tax increment financing (TIF). The City has agreed to reimburse Select Sikeston Hospitality, LLC for verified Reimbursable Project Costs, up to a maximum of \$475,000. The City will use TIF revenue, which is incremental real property taxes and economic activity taxes described in Sections 99.845.1(2)(a) and 99.845.3 of the Revised Statutes of Missouri, to reimburse these project costs. Payments will be made every February 1 and August 1 in an amount equal to all TIF Revenues, less \$1,000 administration fee to be retained by the City, that the City has received during the previous calculation period (January 1 to June 30 and July 1 to December 31). Select Sikeston Hospitality, LLC has submitted a Certificate of Reimbursable Costs for \$475,000. Reimbursements of \$57,477 were made in the year ended June 30, 2022. A balance of \$105,371 remains to be paid from future TIF revenues.

On May 6, 2015, the City entered into a redevelopment agreement with Sikeston Development Co., LLC regarding the Sikeston 60 West Tax Increment Financing Redevelopment Plan. The agreement requires the City to fund, subject to reimbursement from tax increment financing revenues, the extension of Hennings Drive, the extension of Stallcup Drive, and the construction of a new roadway connecting Hennings Drive and Stallcup Drive and the City will use tax increment financing revenues to reimburse Sikeston Development Co., LLC for certain other project costs. On May 2, 2016, the City entered into an amended and restated redevelopment agreement with Sikeston Development Co., LLC and Cotton Ridge Development Co., LLC regarding this redevelopment plan. Sikeston Development Co., LLC has assigned its interest in portions of the property in RPA 1 to Cotton Ridge Development Co., LLC. On August 19, 2016, Sikeston Development Co., LLC submitted a Certificate of Reimbursable Costs for \$800,000, the maximum approved. Cotton Ridge Development Co., LLC submitted Certificates totaling \$642,922 through June 30, 2021. The developers are allowed 4.5% per annum interest on their costs. On each payment date, the City shall apply the TIF Revenues, first the sum of \$1,000 shall be retained by the City as an administrative fee, with the balance paid 46.7% to the City to be applied as provided in the Cooperation Agreement and 53.3% paid to the Developer for Reimbursable Developer Costs. Unless otherwise agreed to by the Developers, the TIF Revenues paid to the Developers shall be paid first to Sikeston Development Co., LLC until all their reimbursable costs have been paid and then to Cotton Ridge Development Co., LLC until all their reimbursable costs have been paid. On February 28, 2022, Cotton Ridge Development submitted an additional Certificate of Reimbursable Costs for \$23,650. Reimbursements of \$45,959 were made to the developer in the year ended June 30, 2022. A principal balance of \$666,571 remains.

On February 6, 2017, the City entered into a parcel development agreement with Cotton Ridge Development Co., LLC and Rosewood Vanguard Corp. d/b/a Watami Sushi and Hibachi Steakhouse II. Cotton Ridge Development Co., LLC. has assigned its interest in portions of the property in RPA 1 to Rosewood Vanguard Corp. d/b/a Watami Sushi and Hibachi Steakhouse II. Rosewood Vanguard Corp. d/b/a Watami Sushi and Hibachi Steakhouse II will construct a restaurant on this parcel. TIF Revenues generated from this parcel will be paid to the Rosewood Vanguard Corp. d/b/a Watami Sushi and Hibachi Steakhouse II. On June 28, 2018, Rosewood Vanguard Corp. d/b/a Watami Sushi and Hibachi Steakhouse II submitted a Certificate of Reimbursable Costs for \$100,000. Reimbursements of \$16,459 were made in the year ended June 30, 2022. The balance was paid in full during the current year.

The City entered into an Intergovernmental Cooperative Agreement with New Madrid County, Missouri on May 6, 2015 in connection with the Sikeston 60 West Tax Increment Financing Redevelopment Plan. The City agreed to advance the costs of the infrastructure improvements which amounted to \$800,000. The City shall apply tax increment financing revenues to pay administrative costs and then 46.7% of the remaining TIF Revenues to reimburse the City for costs of the infrastructure improvements plus 3% interest per annum. The cost of the infrastructure improvements will be amortized over a 15-year period. If the revenues are greater than the amortized cost of the improvements for the period, then revenues will be applied to the prepayment of the improvements. If the revenues are less than the amortized cost of the improvements for the period, then the County will pay to the City 50% of the shortfall. After the 15-year amortization period, the City will reimburse the County from TIF Revenues until fully reimbursed. The County paid the City \$18,916 during the year ended June 30, 2022. As of June 30, 2022, the County has paid the City \$90,169.

On May 2, 2016, the City entered into a parcel development agreement with Cotton Ridge Development Co., LLC (Developer) and Midas Cotton Ridge, LLC (Sub – Developer) for the development of the portion of the Redevelopment Area described as “RPA 2A” in the Redevelopment Plan and has adopted tax increment financing (TIF). The City has agreed to reimburse Cotton Ridge Development Co., LLC for verified Reimbursable Project Costs, up to a maximum of \$2,900,000 plus interest on such costs accruing at a rate of 4.5% per annum from the date approved by the City. The City will use TIF revenue, which is incremental real property taxes and economic activity taxes described in Sections 99.845.1(2)(a) and 99.845.3 of the Revised Statutes of Missouri, to reimburse these project costs. Payments will be made every February 1, May 1, August 1, and November 1 in an amount equal to all TIF Revenues, less \$1,000 administration fee to be retained by the City, that the City has received during the previous calculation period. Cotton Ridge Development Co., LLC has submitted Certificates of Reimbursable Costs totaling \$854,829 through June 30, 2021. Reimbursements of \$192,757 were made in the year ended June 30, 2022. A principal balance of \$638,250 remains as of June 30, 2022.

Midas Cotton Ridge, LLC has been approved for \$400,000 of Certificated of Reimbursable Costs. Reimbursements of \$30,165 were made in the year ended June 30, 2022. A balance of \$310,681 remains as of June 30, 2022.

15. SUBSEQUENT EVENTS

After June 30, 2022, the City approved the purchase of a backhoe and mower in the amount of \$178,668. The City also approved a lease purchase of a dump truck and backhoe in the amount of \$104,132. All capital assets are expected to be received and paid for in the year ended June 30, 2023.

In July 2022, the City awarded a bid to a local contractor in the amount of \$1,647,829 for the widening and signalization of Highway 61.

In December 2022, the City awarded a bid to a local contractor in the amount of \$4,229,868 for the South Ingram Overpass Project.

16. COMMITMENTS

At June 30, 2022, the City was committed to the following significant projects:

| | Estimated <u>Project Cost</u> | Expended by <u>June 30, 2022</u> | Remaining Commitment as of <u>June 30, 2022</u> |
|-----------------------------|----------------------------------|-------------------------------------|---|
| Industrial Park Development | \$3,534,475 | \$1,744,676 | \$1,789,799 |
| Highway 61 Widening | 1,973,933 | 263,098 | 1,710,835 |
| Outer Road Project | 1,553,235 | 22,316 | 1,530,919 |
| Airport Fuel Farm | 921,524 | 333,920 | 587,604 |

17. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT

For 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the City's 2022 financial statements and had an effect on the beginning net position. The City recognized \$33,814 in net book value for the intangible right to use asset and lease liabilities of \$44,327.

The implementation of GASB Statement No. 87 had the following effect on net position as reported June 30, 2021:

| | |
|-------------------------------------|----------------------|
| Net Position June 30, 2021 | \$ 33,818,829 |
| Adjustments: | |
| Lease Receivable | 122,214 |
| Deferred inflows – Leases | (96,890) |
| Net Book Value Leased Asset | 33,814 |
| Lease Liability | <u>(44,327)</u> |
| Restated Net Position June 30, 2021 | <u>\$ 33,833,640</u> |

18. PENDING LITIGATION

The City is a defendant in two lawsuits. Litigation where loss to the City is reasonably possible is not accrued in the financial statements prepared on the modified cash basis of accounting; however, City management and Counsel estimate a potential loss which would be covered by insurance proceeds.

The City was also a defendant in a particular lawsuit arising from a claim several years ago. The case was settled in October 2022 for over \$500,000, which will be covered entirely by insurance proceeds.

SUPPLEMENTARY INFORMATION

CITY OF SIKESTON, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year Ended June 30, 2022

| | Budgeted Amounts | | Actual | Variance with Final Budget Favorable (Unfavorable) |
|---|-----------------------|-----------------------|-----------------------|---|
| | Original | Amended | | |
| REVENUES: | | | | |
| Taxes | \$ 5,914,315 | \$ 5,914,315 | \$ 7,563,545 | \$ 1,649,230 |
| Licenses and Permits | 252,000 | 252,000 | 248,509 | (3,491) |
| Intergovernmental | 659,200 | 659,200 | 112,854 | (546,346) |
| Charges for Services | 1,887,440 | 1,887,440 | 1,864,730 | (22,710) |
| Fines | - | - | 14,363 | 14,363 |
| Rents and Leases | 39,600 | 39,600 | 39,600 | - |
| Interest Income | 90,000 | 90,000 | 124,449 | 34,449 |
| Other | 95,963 | 95,963 | 65,281 | (30,682) |
| TOTAL REVENUES | \$ 8,938,518 | \$ 8,938,518 | \$ 10,033,331 | \$ 1,094,813 |
| EXPENDITURES: | | | | |
| General Government: | | | | |
| General Government | \$ 2,487,229 | \$ 3,089,665 | \$ 3,022,322 | \$ 67,343 |
| City Council | 3,007 | 3,007 | 2,731 | 276 |
| City Manager | 277,713 | 277,713 | 275,477 | 2,236 |
| City Counselor | 50,000 | 62,000 | 56,585 | 5,415 |
| Total General Government | \$ 2,817,949 | \$ 3,432,385 | \$ 3,357,115 | \$ 75,270 |
| Administrative Services: | | | | |
| City Clerk | \$ 121,014 | \$ 121,014 | \$ 129,657 | \$ (8,643) |
| City Treasurer | 275,826 | 275,826 | 300,816 | (24,990) |
| City Collector | 188,742 | 188,742 | 178,786 | 9,956 |
| Information Technology | 479,388 | 479,388 | 468,534 | 10,854 |
| Total Administrative Services | \$ 1,064,970 | \$ 1,064,970 | \$ 1,077,793 | \$ (12,823) |
| Public Safety: | | | | |
| Administration/Detention | \$ 858,883 | \$ 880,383 | \$ 942,052 | \$ (61,669) |
| Police | 3,430,065 | 3,611,275 | 3,213,925 | 397,350 |
| Fire | 1,656,630 | 1,734,614 | 1,726,086 | 8,528 |
| Total Public Safety | \$ 5,945,578 | \$ 6,226,272 | \$ 5,882,063 | \$ 344,209 |
| Public Works: | | | | |
| Director | \$ 336,094 | \$ 336,094 | \$ 313,595 | \$ 22,499 |
| Streets | 112,050 | 112,050 | 32,072 | 79,978 |
| Garage | 147,513 | 147,513 | 156,852 | (9,339) |
| Total Public Works | \$ 595,657 | \$ 595,657 | \$ 502,519 | \$ 93,138 |
| Community Development: | | | | |
| Seasonal Mowing | \$ 40,725 | \$ 40,725 | \$ 3,999 | \$ 36,726 |
| Planning | 447,641 | 447,641 | 425,714 | 21,927 |
| Animal Control | 197,848 | 202,848 | 198,993 | 3,855 |
| Total Community Development | \$ 686,214 | \$ 691,214 | \$ 628,706 | \$ 62,508 |
| TOTAL EXPENDITURES | \$ 11,110,368 | \$ 12,010,498 | \$ 11,448,196 | \$ 562,302 |
| EXCESS (DEFICIENCY OF REVENUES OVER EXPENDITURES) | \$ (2,171,850) | \$ (3,071,980) | \$ (1,414,865) | \$ 1,657,115 |
| Other Financing Sources (Uses) | | | | |
| Transfers In | \$ 3,353,961 | \$ 3,353,961 | \$ 3,353,961 | \$ - |
| Transfers Out | (1,622,263) | (1,409,455) | (1,409,455) | - |
| Total Other Financing Sources (Uses) | \$ 1,731,698 | \$ 1,944,506 | \$ 1,944,506 | \$ - |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | \$ (440,152) | \$ (1,127,474) | \$ 529,641 | \$ 1,657,115 |
| FUND BALANCE, July 1, 2021 | | | 5,213,880 | |
| FUND BALANCE, June 30, 2022 | | | \$ 5,743,521 | |

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURI

BUDGETARY COMPARISON SCHEDULE -
SALES TAX TRUST FUND

Year Ended June 30, 2022

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Favorable (Unfavorable)</u> |
|---|-------------------------|-----------------------|-----------------------|---|
| | <u>Original</u> | <u>Amended</u> | | |
| <u>REVENUES:</u> | | | | |
| Taxes | \$ 3,300,000 | \$ 3,300,000 | \$ 3,865,751 | \$ 565,751 |
| Interest Income | 17,000 | 17,000 | 32,545 | 15,545 |
| TOTAL REVENUES | <u>\$ 3,317,000</u> | <u>\$ 3,317,000</u> | <u>\$ 3,898,296</u> | <u>\$ 581,296</u> |
| <u>EXPENDITURES:</u> | | | | |
| General Government | \$ 39,800 | \$ 62,579 | \$ 55,337 | \$ 7,242 |
| TOTAL EXPENDITURES | <u>\$ 39,800</u> | <u>\$ 62,579</u> | <u>\$ 55,337</u> | <u>7,242</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>\$ 3,277,200</u> | <u>\$ 3,254,421</u> | <u>\$ 3,842,959</u> | <u>\$ 588,538</u> |
| <u>OTHER FINANCING SOURCES (USES):</u> | | | | |
| Transfers In | \$ - | \$ - | \$ - | \$ - |
| Transfers Out | <u>(3,277,200)</u> | <u>(3,277,200)</u> | <u>(3,277,200)</u> | <u>-</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>\$ (3,277,200)</u> | <u>\$ (3,277,200)</u> | <u>\$ (3,277,200)</u> | <u>\$ -</u> |
| TOTAL REVENUES OVER (UNDER) OTHER FINANCING SOURCES (USES) | <u>\$ -</u> | <u>\$ (22,779)</u> | <u>\$ 565,759</u> | <u>\$ 588,538</u> |
| FUND BALANCE, July 1, 2021 | | | <u>1,163,498</u> | |
| FUND BALANCE, June 30, 2022 | | | <u>\$ 1,729,257</u> | |

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURI

NOTES TO BUDGETARY COMPARISON SCHEDULES

June 30, 2022

1. BUDGETARY INFORMATION

The Budgetary Comparison Schedules are presented as required supplementary information to present comparisons of legally adopted budgets with the actual data. On June 7, 2021, a public hearing was held in connection with adoption of the proposed budget for 2022. The budget was amended on May 19, 2022. The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to June 30, the City Manager submits to the City Council, a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to July 1, the budget is legally enacted through passage of an ordinance.
3. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
4. Formal budgetary integration is employed as a management control device during the year for all funds.
5. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Budgeted amounts are as originally adopted or amended by the City Council.
7. Appropriations expire at the end of the fiscal year at which time a new budget for the ensuing year is adopted.

ADDITIONAL SUPPLEMENTARY INFORMATION

CITY OF SIKESTON MISSOURI
 COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

June 30, 2022

| | American Rescue Plan Act Fund | Transportation Sales Tax Fund | Economic Development Fund | Essex Property Fund | Park Fund | Municipal Court Fund | Library Fund | Tourism Fund | Airport Fund | E911 Fund | Capital Improvement Sales Tax Fund | Debt Service Fund | 60/61 TIF District Fund | Hwy 60 West TIF District Fund | Main and Malone TIF District Fund | Total Nonmajor Governmental Funds |
|---|-------------------------------------|-------------------------------------|---------------------------------|---------------------------|-------------------|----------------------------|-------------------|------------------|-------------------|-------------------|---|-------------------------|-------------------------------|-------------------------------------|---|--|
| ASSETS | | | | | | | | | | | | | | | | |
| CURRENT ASSETS: | | | | | | | | | | | | | | | | |
| Cash on Hand | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 183 | \$ 150,398 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 150,581 |
| Cash and Cash Equivalents | 1,452,754 | 1,035,883 | 94,947 | 389,634 | 195,332 | 43,077 | 676,690 | 19,865 | 245,348 | 569,266 | 1,395,133 | 301 | 170 | 22,279 | 160,549 | 6,301,228 |
| Certificate of Deposit | - | - | - | - | - | - | 150,000 | - | - | - | - | - | - | - | - | 150,000 |
| Inventory | - | - | - | - | - | - | - | - | 86,400 | - | - | - | - | - | - | 86,400 |
| Prepaid Expenditures | - | - | - | - | - | - | 177 | - | - | 129 | - | - | - | - | - | 306 |
| Due From Other Funds | - | - | - | - | 1,122 | - | 1,156 | - | - | - | - | - | - | - | - | 2,278 |
| TOTAL CURRENT ASSETS | \$ 1,452,754 | \$ 1,035,883 | \$ 94,947 | \$ 389,634 | \$ 196,454 | \$ 43,260 | \$ 978,421 | \$ 19,865 | \$ 331,748 | \$ 569,395 | \$ 1,395,133 | \$ 301 | \$ 170 | \$ 22,279 | \$ 160,549 | \$ 6,690,793 |
| LIABILITIES AND FUND BALANCE | | | | | | | | | | | | | | | | |
| LIABILITIES: | | | | | | | | | | | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,751 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,751 |
| Municipal Court | - | - | - | - | - | 7,400 | - | - | - | - | - | - | - | - | - | 7,400 |
| Accrued Payroll Liabilities | - | 895 | - | - | 523 | 225 | - | - | 80 | 1,153 | - | - | - | - | - | 2,876 |
| Damage Deposits | - | - | - | 3,000 | 7,207 | - | - | - | - | - | - | - | - | - | - | 10,207 |
| Due to Other Funds | - | - | - | - | - | 54 | - | - | - | - | - | - | - | - | - | 54 |
| TOTAL LIABILITIES | \$ - | \$ 895 | \$ - | \$ 3,000 | \$ 7,730 | \$ 10,430 | \$ - | \$ - | \$ 80 | \$ 1,153 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 23,288 |
| FUND BALANCE: | | | | | | | | | | | | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 86,400 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 86,400 |
| Restricted | - | 1,034,988 | - | - | 188,724 | - | 978,421 | 19,865 | - | 568,242 | - | 301 | 170 | 22,279 | 160,549 | 2,973,539 |
| Committed | - | - | - | - | - | - | - | - | 245,268 | - | - | - | - | - | - | 245,268 |
| Assigned | 1,452,754 | - | 94,947 | 386,634 | - | 32,830 | - | - | - | 1,395,133 | - | - | - | - | - | 3,362,298 |
| Unassigned | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL FUND BALANCE | \$ 1,452,754 | \$ 1,034,988 | \$ 94,947 | \$ 386,634 | \$ 188,724 | \$ 32,830 | \$ 978,421 | \$ 19,865 | \$ 331,668 | \$ 568,242 | \$ 1,395,133 | \$ 301 | \$ 170 | \$ 22,279 | \$ 160,549 | \$ 6,667,505 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 1,452,754 | \$ 1,035,883 | \$ 94,947 | \$ 389,634 | \$ 196,454 | \$ 43,260 | \$ 978,421 | \$ 19,865 | \$ 331,748 | \$ 569,395 | \$ 1,395,133 | \$ 301 | \$ 170 | \$ 22,279 | \$ 160,549 | \$ 6,690,793 |

See Independent Auditors' Report.

CITY OF SKESTON, MISSOURI
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

Year Ended June 30, 2022

| | American Rescue Plan Act Fund | Transportation Sales Tax Fund | Economic Development Fund | Essex Property Fund | Park Fund | Municipal Court Fund | Library Fund | Tourism Fund | Airport Fund | E911 Fund | Capital Improvement Sales Tax Fund | Debt Service Fund | 60/61 TIF District Fund | Hwy 60 West TIF District Fund | Main and Malone TIF District Fund | Total Nonmajor Governmental Funds |
|---|-------------------------------------|-------------------------------------|---------------------------------|---------------------------|-------------------|----------------------------|-------------------|-------------------|-------------------|-------------------|---|-------------------------|-------------------------------|-------------------------------------|---|--|
| REVENUES: | | | | | | | | | | | | | | | | |
| Taxes | \$ - | \$ 1,932,027 | \$ - | \$ - | \$ 447,633 | \$ - | \$ 301,250 | \$ 226,001 | \$ - | \$ - | \$ 1,954,767 | \$ - | \$ 59,233 | \$ 270,887 | \$ 251,781 | \$ 5,443,579 |
| Intergovernmental | 1,632,183 | - | 229,167 | - | 2,000 | - | 18,829 | - | 300,134 | 107,184 | 66,207 | - | - | - | - | 2,355,704 |
| Charges for Services | - | 33 | - | - | 51,359 | - | 51,518 | - | 505,505 | 169,052 | - | - | - | - | - | 777,467 |
| Fines | - | - | - | - | - | 157,207 | - | - | - | - | - | - | - | - | - | 157,207 |
| Rents and Leases | - | - | - | 21,793 | 25,550 | - | - | - | 39,685 | - | - | - | - | - | - | 87,028 |
| Interest Income | 28,425 | 23,041 | 2,183 | 6,915 | 3,668 | 1,368 | 14,122 | 116 | 4,722 | 8,921 | 22,724 | 301 | 228 | 1,501 | 118,506 | |
| Other | - | 107 | - | 58,114 | 2,885 | 84 | 212,143 | - | 726 | 19 | 147,177 | - | - | - | - | 421,255 |
| TOTAL REVENUES | \$ 1,660,608 | \$ 1,955,208 | \$ 231,350 | \$ 86,822 | \$ 533,095 | \$ 158,659 | \$ 597,862 | \$ 226,117 | \$ 850,772 | \$ 285,176 | \$ 2,190,875 | \$ 301 | \$ 59,461 | \$ 272,388 | \$ 252,052 | \$ 9,360,746 |
| EXPENDITURES: | | | | | | | | | | | | | | | | |
| General Government | \$ 9,900 | \$ - | \$ 232,304 | \$ 2,750 | \$ - | \$ 217,645 | \$ - | \$ 226,171 | \$ - | \$ - | \$ 27,669 | \$ - | \$ 71,717 | \$ 264,243 | \$ 183,761 | \$ 1,236,160 |
| Administrative Services | - | - | - | - | - | - | - | - | - | - | 7,849 | - | - | - | - | 7,849 |
| Public Safety | - | - | - | - | - | - | - | - | - | 675,144 | 762,452 | - | - | - | - | 1,437,596 |
| Public Works | 197,954 | 2,226,066 | - | - | 726,529 | - | 367,223 | - | 920,314 | - | 964,170 | - | - | - | - | 5,402,256 |
| Community Development | - | - | - | - | - | - | - | - | - | - | 7,737 | - | - | - | - | 7,737 |
| Debt Service | - | - | - | - | - | - | - | - | - | - | - | 150,000 | - | - | - | 150,000 |
| Principal | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest and Fees | - | - | - | - | - | - | - | - | - | - | - | 343,858 | - | - | - | 343,858 |
| TOTAL EXPENDITURES | \$ 207,854 | \$ 2,226,066 | \$ 232,304 | \$ 2,750 | \$ 726,529 | \$ 217,645 | \$ 367,223 | \$ 226,171 | \$ 920,314 | \$ 675,144 | \$ 1,769,877 | \$ 493,858 | \$ 71,717 | \$ 264,243 | \$ 183,761 | \$ 8,585,456 |
| REVENUES OVER (UNDER) EXPENDITURES | \$ 1,452,754 | \$ (270,858) | \$ (954) | \$ 84,072 | \$ (193,434) | \$ (58,986) | \$ 230,639 | \$ (54) | \$ (69,542) | \$ (389,968) | \$ 420,998 | \$ (493,557) | \$ (12,256) | \$ 8,145 | \$ 68,291 | \$ 775,290 |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | | | | | | | | |
| Transfers In | \$ - | \$ 150,000 | \$ - | \$ - | \$ 200,000 | \$ 18,367 | \$ - | \$ - | \$ 178,850 | \$ 571,538 | \$ 948,784 | \$ 493,858 | \$ - | \$ - | \$ - | \$ 2,561,397 |
| Transfers Out | - | (76,761) | - | - | - | - | - | - | - | - | (643,858) | - | - | - | - | (720,619) |
| TOTAL OTHER FINANCING SOURCES (USES) | \$ - | \$ 73,239 | \$ - | \$ - | \$ 200,000 | \$ 18,367 | \$ - | \$ - | \$ 178,850 | \$ 571,538 | \$ 304,926 | \$ 493,858 | \$ - | \$ - | \$ - | \$ 1,840,778 |
| TOTAL REVENUES OVER (UNDER) EXPENDITURES | \$ 1,452,754 | \$ (197,619) | \$ (954) | \$ 84,072 | \$ 6,566 | \$ (40,619) | \$ 230,639 | \$ (54) | \$ 109,308 | \$ 181,570 | \$ 725,924 | \$ 301 | \$ (12,256) | \$ 8,145 | \$ 68,291 | \$ 2,616,068 |
| FUND BALANCE, July 1, 2021 | - | 1,232,607 | 95,901 | 302,562 | 182,158 | 73,449 | 747,782 | 19,919 | 222,360 | 386,672 | 669,209 | - | 12,426 | 14,134 | 92,258 | 4,051,437 |
| FUND BALANCE, June 30, 2022 | \$ 1,452,754 | \$ 1,034,988 | \$ 94,947 | \$ 386,634 | \$ 188,724 | \$ 32,830 | \$ 978,421 | \$ 19,865 | \$ 331,668 | \$ 568,242 | \$ 1,395,133 | \$ 301 | \$ 170 | \$ 22,279 | \$ 160,549 | \$ 6,667,505 |

See Independent Auditors' Report.

CITY OF SIKESTON, MISSOURIBALANCE SHEET -
LIBRARY FUND - MODIFIED CASH BASIS

June 30, 2022

| | <u>Library Fund</u> |
|---|-------------------------|
| <u>ASSETS</u> | |
| <u>CURRENT ASSETS:</u> | |
| Cash on Hand | \$ 150,398 |
| Cash and Cash Equivalents | 676,690 |
| Certificate of Deposit | 150,000 |
| Prepaid Expenditures | 177 |
| Due from Other Funds | 1,156 |
| Total Current Assets | <u>\$ 978,421</u> |
| TOTAL ASSETS | <u>\$ 978,421</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | |
| <u>LIABILITIES:</u> | <u>\$ -</u> |
| <u>FUND BALANCE:</u> | |
| Nonspendable | \$ - |
| Restricted | - |
| Committed | - |
| Assigned | 978,421 |
| Unassigned | - |
| TOTAL FUND BALANCE | <u>\$ 978,421</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 978,421</u> |

See Independent Auditors' Report.

CITY OF SIKESTON, MISSOURIBUDGETARY COMPARISON SCHEDULE -
LIBRARY FUND

Year Ended June 30, 2022

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Favorable (Unfavorable)</u> |
|--|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Amended</u> | | |
| <u>REVENUES:</u> | | | | |
| Taxes: | | | | |
| Real Estate Tax | \$ 215,000 | \$ 218,000 | \$ 220,912 | \$ 2,912 |
| Personal Property Tax | 80,000 | 80,000 | 78,650 | (1,350) |
| Intergovernmental: | | | | |
| State Shared | 5,000 | 7,321 | 7,322 | 1 |
| Riverside Regional Library | 15,000 | 15,000 | 15,000 | - |
| Athlete & Entertainers Tax | - | 1,687 | 1,688 | 1 |
| New Madrid County Library Tax | 15,000 | 15,000 | 15,000 | - |
| Summer Reading Program Grant | - | - | 11,313 | 11,313 |
| Miscellaneous Grants | - | - | 194 | 194 |
| Charges for Services: | | | | |
| Passport Photos & Fees | 9,000 | 9,800 | 11,435 | 1,635 |
| Library Fines and Fees | 5,000 | 2,300 | 2,469 | 169 |
| Book Sales | 2,000 | 1,135 | 1,136 | 1 |
| Copies, Fac, Lost Books | 5,000 | 5,200 | 5,599 | 399 |
| Library Cards | 1,000 | 825 | 879 | 54 |
| Interest Income: | 7,000 | 14,000 | 14,122 | 122 |
| Other: | | | | |
| Donations | 2,000 | 207,500 | 209,045 | 1,545 |
| Miscellaneous Revenue | - | - | 3,098 | 3,098 |
| TOTAL REVENUES | \$ 361,000 | \$ 577,768 | \$ 597,862 | \$ 20,094 |
| <u>EXPENDITURES:</u> | | | | |
| Personnel Services | 233,588 | 240,052 | 234,587 | 5,465 |
| Professional Services | 1,500 | - | - | - |
| Contractual Services | 52,600 | 43,960 | 43,230 | 730 |
| Maintenance and Operations | 64,100 | 74,850 | 69,760 | 5,090 |
| Capital Outlay | 5,000 | 20,000 | 19,646 | 354 |
| TOTAL EXPENDITURES | \$ 356,788 | \$ 378,862 | \$ 367,223 | 11,639 |
| EXCESS (DEFICIENCY) OF REVENUES | | | | |
| OVER EXPENDITURES | \$ 4,212 | \$ 198,906 | \$ 230,639 | \$ 31,733 |
| FUND BALANCE, July 1, 2021 | | | <u>747,782</u> | |
| FUND BALANCE, June 30, 2022 | | | <u>\$ 978,421</u> | |

See Independent Auditors' Report.

FEDERAL COMPLIANCE SECTION

BEUSSINK, HEY, ROE & STRODER, L.L.C.

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Mayor and City Council
City of Sikeston, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Sikeston, Missouri as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Sikeston, Missouri's basic financial statements, and have issued our report thereon dated January 10, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Sikeston, Missouri's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Sikeston, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Sikeston, Missouri's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Sikeston, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BEUSSINK, HEY, ROE & STRODER, L.L.C.

Beussink, Hey, Roe & Stroder, L.L.C.

Cape Girardeau, Missouri
January 10, 2023

BEUSSINK, HEY, ROE & STRODER, L.L.C.

Certified Public Accountants

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JERRY W. ROE, CPA

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Mayor and City Council
City of Sikeston, Missouri

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The City of Sikeston, Missouri's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of The City of Sikeston, Missouri's major federal programs for the year ended June 30, 2022. The City of Sikeston, Missouri's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, The City of Sikeston, Missouri complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The City of Sikeston, Missouri and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of The City of Sikeston, Missouri's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to The City of Sikeston, Missouri's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The City of Sikeston, Missouri's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The City of Sikeston, Missouri's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Sikeston, Missouri's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The City of Sikeston, Missouri's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The City of Sikeston, Missouri's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BEUSSINK, HEY, ROE & STRODER, L.L.C.

Beussink, Hey, Roe & Stroder, L.L.C.

Cape Girardeau, Missouri
January 10, 2023

CITY OF SIKESTON, MISSOURI
Sikeston, Missouri

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2022

| Federal Grantor/Pass Through Grantor/Program Title | Assistance Listing Number | Program Number | Subrecipient | Disbursements |
|--|---------------------------|-------------------|--------------|---------------|
| <u>U.S. DEPARTMENT OF COMMERCE:</u> | | | | |
| Passed-Through Missouri Department of Elementary and Secondary Education - Economic Development Cluster Investments for Public Works and Economic Development Facilities (1) | 11.300 | 05-01-06128 | \$ - | \$ 943,911 |
| Total Economic Development Cluster | | | | \$ 943,911 |
| TOTAL U.S. DEPARTMENT OF COMMERCE | | | | \$ 943,911 |
| <u>U.S. DEPARTMENT OF JUSTICE:</u> | | | | |
| Passed-Through Missouri Department of Public Safety - Coronavirus Emergency Supplemental Funding - COVID-19 | 16.034 | N/A | \$ - | \$ 9,995 |
| Bulletproof Vest Partnership Program | 16.607 | N/A | \$ - | 5,815 |
| TOTAL U.S. DEPARTMENT OF JUSTICE | | | | \$ 15,810 |
| <u>U.S. DEPARTMENT OF TRANSPORTATION:</u> | | | | |
| Passed-Through Missouri Department of Transportation - Airport Improvement Grant - COVID-19 | 20.106 | 20-077B-2 | \$ - | \$ 265,881 |
| Air Transportation Centers of Excellence | 20.109 | 20-077B-2 | \$ - | 3,716 |
| TOTAL U.S. DEPARTMENT OF TRANSPORTATION | | | | \$ 269,597 |
| <u>U.S. DEPARTMENT OF TREASURY</u> | | | | |
| Passed-Through Missouri Department of Public Safety - Coronavirus State and Local Fiscal Recovery Funds - COVID-19 | 21.027 | N/A | \$ - | \$ 207,854 |
| TOTAL U.S. DEPARTMENT OF TREASURY | | | | \$ 207,854 |
| <u>DELTA REGIONAL AUTHORITY</u> | | | | |
| States' Economic Development Assistance Program (1) | 90.201 | MO-54415 | \$ - | \$ 924,326 |
| TOTAL DELTA REGIONAL AUTHORITY | | | | \$ 924,326 |
| <u>U.S. DEPARTMENT OF HOMELAND SECURITY</u> | | | | |
| Passed-Through Missouri Department of Public Safety - Homeland Security Grant Program | 97.067 | EMW-2020-SS-00051 | \$ - | \$ 22,004 |
| | | EMW-2021-SS-00038 | - | 9,348 |
| TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY | | | | \$ 31,352 |
| TOTAL FEDERAL AWARDS | | | | \$ 2,392,850 |

(1) Identified Major Programs

See Independent Auditors' Report.

CITY OF SIKESTON, MISSOURI
Sikeston, Missouri

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the City of Sikeston, Missouri under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of The City of Sikeston, Missouri, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

B. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

C. Federal Assurances

The City of Sikeston, Missouri did not have federal insurance in effect during the year or have federal loans or loan guarantees outstanding at year end which are required to be reported in accordance with the Uniform Guidance.

D. Indirect Cost Rate

The City of Sikeston, Missouri only received reimbursements for direct costs incurred. Therefore, the schedule does not report any expenditures reimbursed using any indirect cost rate.

CITY OF SIKESTON, MISSOURI
Sikeston, Missouri

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2022

1. SUMMARY OF AUDITORS' RESULTS:

Financial Statements

Type of report the auditor issued on whether the financial statement audited were prepared in accordance with the modified cash basis of accounting: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? _____ yes X no
- Significant deficiencies identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____ yes X no
- Significant deficiencies identified? _____ yes X none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major programs.

| <u>Assistance Listing Number</u> | <u>Name of Federal Program</u> |
|----------------------------------|--|
| 11.300 | Economic Development Cluster: Investments for Public Works and Economic Development Facilities |
| 90.201 | States' Economic Development Assistance Program |

Dollar threshold used to distinguish
between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee: ___ yes X no

2. FINANCIAL STATEMENT FINDINGS:

No findings were noted that are required to be reported.

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

No federal findings were noted that are required to be reported.

CITY OF SIKESTON, MISSOURI
Sikeston, Missouri

SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2022

FINANCIAL STATEMENT FINDINGS

Finding: 2021-001 Adequate Expenditure Support.

Condition: We tested payroll transactions totaling \$29,135. Of those transactions, two timesheets did not match the hours paid and one contract salary did not equal what was paid..

Recommendation: We recommend the City put internal controls in place to ensure the correct amounts are paid to employees.

Status: Implemented.

Finding: 2021-002 Actual Fund Expenditures Exceeded Budgetary Limits.

Condition: Actual expenditures of the Main and Malone TIF District Fund exceeded budgetary limits by \$51,557.

Recommendation: We recommend if non-budgeted expenditures are necessary, the budget should be amended in accordance with the provision of Chapter 67 of the Revised Missouri Statutes.

Status: Implemented.



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EXHIBIT 8
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CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2022

There were no findings that would require a corrective action plan for 2022.