

CITY OF SIKESTON, MISSOURI  
Sikeston, Missouri

For the Year Ended June 30, 2020

ANNUAL FINANCIAL REPORT

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

*Certified Public Accountants*

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## INDEPENDENT AUDITORS' REPORT

To the Mayor and Board of Aldermen  
City of Sikeston, Missouri

### Report on the Financial Statements

We have audited the accompanying 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective 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, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and other post-employment benefit information on pages 6 through 15 and 47 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Other Information

Our 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 combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements 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 February 13, 2021, 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  
February 13, 2021

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

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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 Board of Aldermen  
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, 2020, 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 February 13, 2021.

#### 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) to determine the 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. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2020-001, that we consider to be a significant deficiency.

#### 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 determination of financial statement amounts. 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying Schedule of Findings and Responses as item 2020-002.

#### City of Sikeston, Missouri's Response to Findings

City of Sikeston, Missouri's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. City of Sikeston, Missouri's responses were not subjected to the auditing procedures applied in the audit or the financial statements and, accordingly, we express no opinion on them.

#### 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  
February 13, 2021



REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF SIKESTON  
SIKESTON, MISSOURI  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

As financial management of the City of Sikeston’s government, we offer readers of this financial statement an overview and analysis of the financial activities of the City of Sikeston. This narrative is designed to assist the reader in focusing on significant financial issues, identify changes in the government’s financial position, identify any material deviations from the approved budget documents, and identify individual fund issues or concerns.

The Management’s Discussion and Analysis (MD&A) is designed to focus on the current year’s activities, resulting changes and currently known facts. It should be read in conjunction with the financial statements that begin with Statement 1.

**FINANCIAL HIGHLIGHTS**

- Assets and deferred outflows of resources of the City of Sikeston exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$34.3 million (net assets). Of this amount, \$9.9 million (unrestricted net assets) may be used to meet the government’s ongoing obligation to citizens and creditors.
  
- As of the close of the current fiscal year, the City of Sikeston reported combined ending fund balances of \$9.58 million, an increase of \$1.46 million in comparison with the prior year. Approximately 38.6% of this total amount, \$3.7 million, is available for spending at the City of Sikeston’s discretion (unassigned fund balance).
  
- At June 30, 2020, unassigned fund balance for the general fund was \$3.7 million, or 34.64% of total 2020 general fund expenditures. Unassigned fund balance for the general fund was 43.10% of total general fund revenues for the fiscal year ended June 30, 2020.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

*Management’s Discussion and Analysis* introduces the City’s basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

## **Government-Wide Financial Statements**

The government-wide financial statements (see Statement 1 and 2) are designed to be similar to private-sector business in that all governmental activities are consolidated into columns which add to a total for the primary government. These statements combine governmental fund's current financial resources with capital assets and long-term obligations.

The Statement of Net Position (Statement 1) presents information on all the government's assets, and liabilities and deferred inflows of resources and deferred outflows of resources, with the difference reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the City of Sikeston is improving or deteriorating.

The Statement of Activities (Statement 2) presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. For example, uncollected taxes and earned but unused vacation leave result in cash flows for future periods. The focus of the Statement of Activities is on both the gross and net cost of various activities which are provided by the government's general tax and other revenues. This is intended to summarize information and simplify the user's analysis of the cost of various governmental services.

The governmental activities reflect the City of Sikeston's basic services including public safety (fire, law enforcement, communications), general administrative services, (executive, legislative, judicial), public works (street and road maintenance), library services, park services and airport services. These services are financed primarily with taxes.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. The focus is now on major funds, rather than generic fund types.

**Governmental Funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The Governmental Major Funds (See Statements 3 and 4) presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan is typically developed excluding certain timing differences between the budget basis and the generally accepted accounting principle (GAAP) basis. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal

year. Such information may be useful in evaluating a government's current financing requirements. The City of Sikeston has presented the general fund, sales tax trust fund, transportation sales tax fund, and capital improvement sales tax fund as major funds. All nonmajor governmental funds are presented in one column, titled Nonmajor Governmental Funds. Combining financial statements of the nonmajor funds can be found in the Combining and Individual Fund Statements and Schedules that follow the basic financial statements.

***Internal Services Funds*** report activities that provide supplies and services for the City's other programs and activities. The city uses an internal service fund to account for employee health insurance. Because these services benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

### **Infrastructure Assets**

General capital assets including land, improvements to land, easements, buildings, equipment, infrastructure, and all other tangible assets that are used in operations and that have initial lives greater than one year and exceed the government's capitalization threshold have been capitalized (see Note 1.D). The City of Sikeston has capitalized all purchased general capital assets. Infrastructure assets have not been capitalized in this financial presentation for years prior to July 1, 2003. Donated governmental activities infrastructure accepted into the City of Sikeston maintenance during fiscal year 2004 and after have been capitalized.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements and can be found in this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The combining statements referred to earlier in connection with the nonmajor governmental funds are included in Exhibit 1 and Exhibit 2 of the report.

## Government-Wide Financial Analysis

The following table reflects the condensed Statement of Net Position for 2020 and 2019:

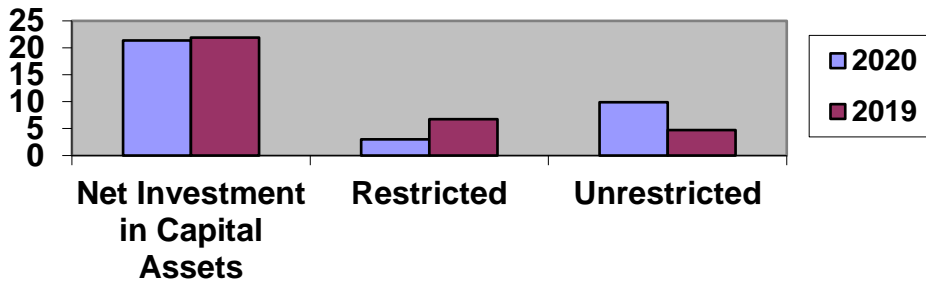
CITY OF SIKESTON  
STATEMENT OF NET POSITION  
June 30, 2020 and 2019  
(in millions)

	<u>2020</u>	<u>2019</u>
Assets:		
Current Assets	\$ 13.91	\$ 13.64
Capital Assets	<u>25.87</u>	<u>26.78</u>
Total Assets	<u>\$ 39.78</u>	<u>\$ 40.42</u>
Deferred Outflows of Resources:	<u>\$ 1.12</u>	<u>\$ .58</u>
Total	<u>\$ 40.90</u>	<u>\$ 41.00</u>
Liabilities:		
Current Liabilities	\$ 1.55	\$ 1.14
Long-Term Liabilities	<u>4.82</u>	<u>5.53</u>
Total Liabilities	<u>\$ 6.37</u>	<u>\$ 6.67</u>
Deferred Inflows of Resources:	<u>\$ .24</u>	<u>\$ 1.01</u>
Net Position:		
Net Investment in Capital Assets	\$ 21.37	\$ 21.89
Restricted	3.00	6.73
Unrestricted	<u>9.92</u>	<u>4.70</u>
Total Net Position	<u><u>\$ 34.29</u></u>	<u><u>\$ 33.32</u></u>

For more detailed information see Statement 1, the Statement of Net Position.

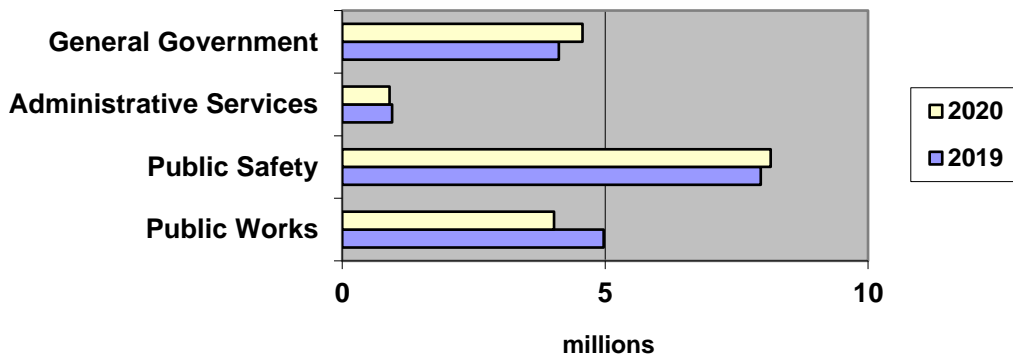
## 2020 and 2019

### Net Position



Approximately 62.32% and 65.69% of the City’s net position as of June 30, 2020 and 2019, respectively, reflects the government’s investment in capital assets (land, buildings, equipment and infrastructure) less any related outstanding debt used to acquire those assets, which are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Another 8.76% for 2020 and 20.22% for 2019 of the City’s net assets are subject to external restrictions on how they may be used such as sales tax approved by the electorate for specific purposes. The remaining 28.92% for 2020 and 14.09% for 2019 of net position, referred to as unrestricted, may be used to meet the ongoing obligations of the government to citizens and creditors.

### Governmental Functional Expenses



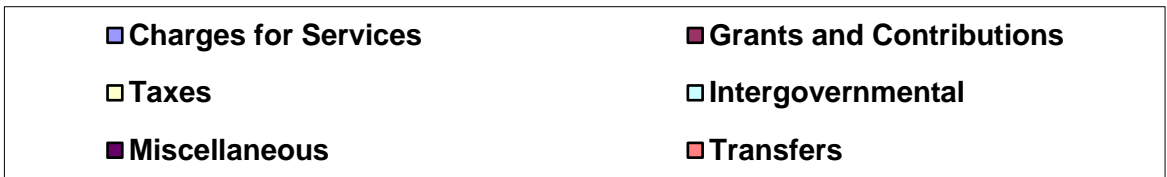
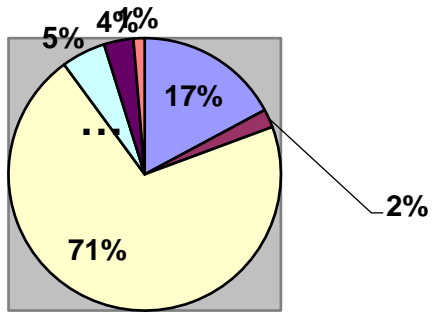
The table below provides a summary of the changes in net position for the year ended June 30, 2020 and 2019:

CITY OF SIKESTON  
 CONDENSED STATEMENT OF CHANGES IN NET POSITION  
 For the Year Ended June 30, 2020 and 2019  
 (in millions)

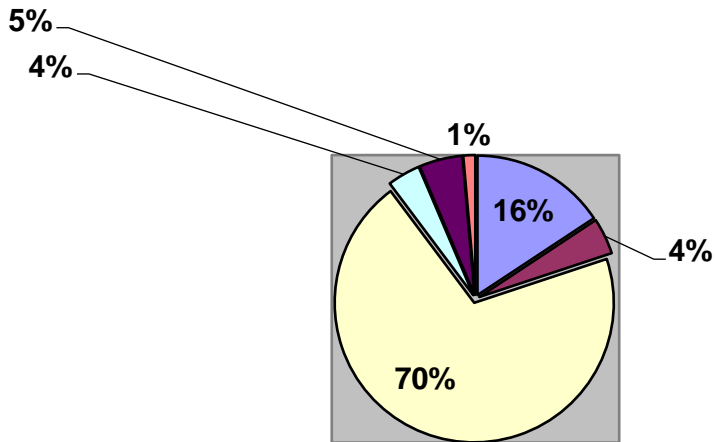
	<u>2020</u>	<u>2019</u>
Revenues:		
Program Revenue:		
Charges for Services	\$ 3.24	\$ 2.84
Grants and Contributions	.41	.76
General Revenue:		
Taxes	13.32	12.63
Intergovernmental	.99	.69
Miscellaneous Revenues	.66	.91
Transfers	<u>.00</u>	<u>.25</u>
Total Revenues	<u>\$ 18.62</u>	<u>\$ 18.08</u>
Expenses:		
General Government	\$ 4.57	\$ 4.12
Administrative Services	.90	.95
Public Safety	8.15	7.96
Public Works	<u>4.03</u>	<u>4.97</u>
Total Expenses	<u>\$ 17.65</u>	<u>\$ 18.00</u>
(Decrease)Increase in Net Position	\$ .97	\$ .08
Net Position - July 1	<u>33.32</u>	<u>33.24</u>
Net Position - June 30	<u><u>\$ 34.29</u></u>	<u><u>\$ 33.32</u></u>

The City's net position increased \$970 thousand during the current fiscal year compared to a \$76 thousand increase during the prior year.

## Revenues by Source - Governmental Activities 2020



## Revenues by Source - Governmental Activities 2019





## **Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds:** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the primary government's governmental funds reported combined ending fund balances of \$9.58 million, an increase of \$1.46 million in comparison with the prior year. Approximately 38.6% of this total amount (\$3.7 million) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending because it has already been committed and/or is a restricted revenue required to be used for a specific purpose.

The general fund is the chief operating fund of the City of Sikeston. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3.7 million, while total fund balance reached \$3.72 million. Compared with total fund balance of \$4.07 million at the end of 2019, fund balance decreased approximately \$355 thousand during 2019.

### **General Fund Budgetary Highlights**

The original adopted appropriations for the general fund budget for fiscal year 2020 was approximately \$10.3 million. There were budget amendments that increased the appropriations budgeted to \$10.59 million. This was an decrease of approximately \$58 thousand over the previous year's budget.

Material differences between the actual results and budgeted amounts in the general fund are as follows:

- Total revenues exceeded budget by approximately \$628 thousand.
- Total expenditures were over appropriations by approximately \$82 thousand, mainly due to public safety administration/detention being over budget by approximately \$153 thousand.

## Capital Asset and Debt Administration

**Capital Assets:** The City’s investment in capital assets for its governmental activities as of June 30, 2020 amounts to \$25.87 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, and equipment. The total decrease in the City’s investment in capital assets for the current fiscal year was \$910 thousand (net of accumulated depreciation).

Major capital asset events during the current fiscal year included the following:

- Construction of Rail to Trail Walking Trail extension of \$112 thousand
- Improvements to Stallcup Building of \$110 thousand

CITY OF SIKESTON  
Capital Assets  
(Net of Depreciation)  
June 30, 2020 and 2019  
(in millions)

	<u>2020</u>	<u>2019</u>
Land	\$ 6.56	\$ 6.55
Buildings	12.43	13.00
Equipment	1.57	1.85
Infrastructure	<u>5.31</u>	<u>5.38</u>
Total Assets	<u>\$ 25.87</u>	<u>\$ 26.78</u>

Additional information on the City’s capital assets can be found in Note 4.

**Long-Term Debt:** 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 were issued to Sikeston Acquisitions, Inc. On November 8, 2005, an additional \$689,000 of tax increment financing notes were issued. These notes were all reissued on May 11, 2006. As of June 30, 2020, there are \$325 thousand in tax increment financing notes outstanding. All notes are secured solely by specified revenue sources from certain payments in lieu of taxes and economic activity taxes generated in the redevelopment area. 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.

The City uses capital leases for large capital acquisitions. As of June 30, 2020, the City had the following capital leases; on November 14, 2014, the City entered into a lease-purchase agreement with US Bancorp for the acquisition of 3 dump trucks. The remaining

principal balance as of June 30, 2020 was \$239,819. 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 remaining principal balance on the contract as of June 30, 2020 was \$658,791. On October 19, 2016, the City entered into a lease-purchase agreement with US Bancorp for the acquisition of an Elgin Street Sweeper. The remaining principal balance as of June 30, 2020 was \$50,635.

The City and the Board of Regents of Southeast Missouri State University have entered into an agreement to construct and equip an addition to the Sikeston Area Higher Education Center. On October 27, 2005, the City executed a tax anticipation note of \$1,500,000 to finance its portion of the project. This note was refinanced on May 11, 2010. This note was paid in full as of June 30, 2020.

On June 13, 2012, 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. On March 27, 2013, an additional loan for \$277,000 was received from the United States Department of Agriculture. The balance of these loans at June 30, 2020 was \$3,230,575.

During the year ended June 30, 2020, the City decreased its long-term debt \$395,578. Lease-purchase debts of \$174,491 were paid. Tax anticipation debt of \$56,247 for the Sikeston Area Higher Education Center was paid in the fiscal year just completed. Principal payments of \$122,510 were paid on the notes due to the Department of Agriculture in the year ended June 30, 2020. The liability for compensated absences was decreased \$42,330.

### **Contacting the City's Financial Management**

The financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City Treasurer at 105 E. Center, Sikeston, Missouri 63801.

BASIC FINANCIAL STATEMENTS

CITY OF SIKESTON, MISSOURISTATEMENT OF NET POSITION

June 30, 2020

<u>ASSETS</u>	<u>Governmental Activities</u>
<u>Current Assets:</u>	
Cash on Hand	\$ 5,771
Cash and Cash Equivalents	9,493,370
Investments	960,339
Receivables	300,226
Inventory	41,235
Deposits	96,170
Due From Other Governmental Units	1,249,380
Net Pension Asset	1,762,007
Total Current Assets	<u>\$ 13,908,498</u>
<u>Capital Assets:</u>	
Land	\$ 6,565,546
Buildings and Improvements, Net	12,427,300
Furniture, Machinery and Equipment, Net	1,567,686
Infrastructure and Improvements, Net	5,312,723
Total Capital Assets, Net	<u>\$ 25,873,255</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 39,781,753</u></b>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Amounts Related to Pensions	<u>\$ 1,120,438</u>
<u>LIABILITIES</u>	
<u>Current Liabilities:</u>	
Accounts Payable	\$ 497,198
Health Insurance Claims Payable	108,552
Municipal Court	6,962
Accrued Salaries and Wages	162,127
Accrued Payroll Liabilities	63,444
Accrued Interest	215,363
Evidence Money	182,328
Damage Deposits	5,600
Due to Other Governmental Units	1,726
Tax Anticipation Notes	129,322
Lease-Purchase Agreements Payable	176,420
Total Current Liabilities	<u>\$ 1,549,042</u>
<u>Long-Term Liabilities:</u>	
Compensated Absences	\$ 627,718
Tax Increment Financing Notes	325,000
Tax Anticipation Notes	3,101,252
Lease-Purchase Agreements Payable	772,826
Total Long-Term Liabilities	<u>\$ 4,826,796</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 6,375,838</u></b>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Unearned Rent	\$ 118,739
Deferred Amounts Related to Pensions	120,587
Total Deferred Inflows of Resources	<u>\$ 239,326</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 21,368,435
Restricted for Specific Purposes	3,001,918
Unrestricted	9,916,674
<b>TOTAL NET POSITION</b>	<b><u>\$ 34,287,027</u></b>

See Accompanying Notes to the Basic Financial Statements.

## STATEMENT 2

## CITY OF SIKESTON, MISSOURI

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental Activities:					
General Government	\$ 4,569,387	\$ 2,290,684	\$ 94,821	\$ 33,547	\$ (2,150,335)
Administrative Services	903,340	-	-	-	(903,340)
Public Safety	8,155,043	540,407	146,670	36,238	(7,431,728)
Public Works	4,026,370	405,256	64,163	37,827	(3,519,124)
Total Governmental Activities	<u>\$ 17,654,140</u>	<u>\$ 3,236,347</u>	<u>\$ 305,654</u>	<u>\$ 107,612</u>	<u>\$ (14,004,527)</u>
		General Revenue:			
		Taxes		\$ 13,316,740	
		Interest Income		158,546	
		Other		485,778	
		Intergovernmental		988,862	
		Gain on Disposal of Capital Assets		21,281	
		Total General Revenues		<u>\$ 14,971,207</u>	
		Change in Net Position		\$ 966,680	
		Net Position - July 1, 2019		<u>33,320,347</u>	
		Net Position - June 30, 2020		<u>\$ 34,287,027</u>	

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURIBALANCE SHEET -  
GOVERNMENTAL FUNDS

June 30, 2020

	<u>General Fund</u>	<u>Sales Tax Trust Fund</u>	<u>Capital Improvements Sales Tax Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
<u>CURRENT ASSETS:</u>					
Cash on Hand	\$ 5,190	\$ -	\$ -	\$ 581	\$ 5,771
Cash and Cash Equivalents	3,505,691	680,685	493,800	3,211,105	7,891,281
Investments	-	-	660,339	300,000	960,339
Receivables	223,353	-	-	76,873	300,226
Inventory	14,433	-	-	26,802	41,235
Deposits	48,442	-	-	-	48,442
Due from Other Governmental Units	533,986	331,402	165,660	218,332	1,249,380
Due from Other Funds	838	-	-	9,150	9,988
Total Current Assets	<u>\$ 4,331,933</u>	<u>\$ 1,012,087</u>	<u>\$ 1,319,799</u>	<u>\$ 3,842,843</u>	<u>\$ 10,506,662</u>
TOTAL ASSETS	<u>\$ 4,331,933</u>	<u>\$ 1,012,087</u>	<u>\$ 1,319,799</u>	<u>\$ 3,842,843</u>	<u>\$ 10,506,662</u>
<u>LIABILITIES AND FUND BALANCE</u>					
<u>LIABILITIES:</u>					
Accounts Payable	\$ 249,803	\$ -	\$ 93,413	\$ 153,982	\$ 497,198
Municipal Court	-	-	-	6,962	6,962
Accrued Salaries and Wages	122,420	-	-	39,707	162,127
Accrued Payroll Liabilities	53,701	-	-	9,743	63,444
Evidence Money	182,328	-	-	-	182,328
Damage Deposits	-	-	-	5,600	5,600
Due to Other Funds	7,150	-	2,000	838	9,988
TOTAL LIABILITIES	<u>\$ 615,402</u>	<u>\$ -</u>	<u>\$ 95,413</u>	<u>\$ 216,832</u>	<u>\$ 927,647</u>
<u>FUND BALANCE:</u>					
Nonspendable	\$ -	\$ -	\$ -	\$ 26,802	\$ 26,802
Restricted	19,019	-	-	2,982,899	3,001,918
Committed	-	-	-	235,444	235,444
Assigned	-	1,012,087	1,224,386	380,866	2,617,339
Unassigned	3,697,512	-	-	-	3,697,512
TOTAL FUND BALANCE	<u>\$ 3,716,531</u>	<u>\$ 1,012,087</u>	<u>\$ 1,224,386</u>	<u>\$ 3,626,011</u>	<u>\$ 9,579,015</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 4,331,933</u>	<u>\$ 1,012,087</u>	<u>\$ 1,319,799</u>	<u>\$ 3,842,843</u>	<u>\$ 10,506,662</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

June 30, 2020

Total fund balance - total governmental funds (Statement 3)		\$	9,579,015
Amounts reported for governmental activities in the statement of net position are different because:			
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 \$24,999,414.			25,873,255
Assets, liabilities, and deferred inflows and outflows related to the City's employee retirement plan are reported on a net basis in government activities of the statement of net position but are not included in the governmental funds because they do not require the use of or provide current financial resources.			2,761,858
Unearned rent in governmental activities are not financial resources and therefore not reported in the governmental funds.			(118,739)
Interest payable used in the governmental activities is not payable from current resources and therefore is not reported in the governmental funds.			(215,363)
Compensated absences are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.			(627,718)
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.			
Tax Increment Financing Notes	\$	(325,000)	
Tax Anticipation Notes		(3,230,574)	
Lease-Purchase Agreements Payable		<u>(949,246)</u>	(4,504,820)
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>1,539,539</u>
Net position of governmental activities (Statement 1)		\$	<u>34,287,027</u>

See Accompanying Notes to the Basic Financial Statements.



CITY OF SKESTON, MISSOURISTATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS

Year Ended June 30, 2020

	General Fund	Sales Tax Trust Fund	Capital Improvements Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>REVENUES:</u>					
Taxes	\$ 5,302,205	\$ 3,296,591	\$ 1,646,874	\$ 3,074,141	\$ 13,319,811
Licenses and Permits	240,345	-	-	-	240,345
Intergovernmental	856,732	-	57,911	335,206	1,249,849
Charges for Services	1,752,410	-	-	587,422	2,339,832
Fines	-	-	-	149,362	149,362
Rents and Leases	86,520	-	-	420,287	506,807
Interest Income	79,203	14,008	18,160	47,175	158,546
Other	261,123	-	267,210	109,724	638,057
<b>TOTAL REVENUES</b>	<b>\$ 8,578,538</b>	<b>\$ 3,310,599</b>	<b>\$ 1,990,155</b>	<b>\$ 4,723,317</b>	<b>\$ 18,602,609</b>
<u>EXPENDITURES:</u>					
General Government	\$ 2,768,293	\$ 37,524	\$ 257,728	\$ 1,504,535	\$ 4,568,080
Administrative Services	937,132	-	220	-	937,352
Public Safety	5,909,978	-	1,171,203	910,036	7,991,217
Public Works	1,059,856	-	397,947	2,300,468	3,758,271
<b>TOTAL EXPENDITURES</b>	<b>\$ 10,675,259</b>	<b>\$ 37,524</b>	<b>\$ 1,827,098</b>	<b>\$ 4,715,039</b>	<b>\$ 17,254,920</b>
REVENUES OVER (UNDER) EXPENDITURES	\$ (2,096,721)	\$ 3,273,075	\$ 163,057	\$ 8,278	\$ 1,347,689
<u>OTHER FINANCING SOURCES (USES):</u>					
Transfers In	\$ 3,224,246	\$ -	\$ 670,000	\$ 857,947	\$ 4,752,193
Transfers Out	(1,527,947)	(3,099,968)	-	(124,278)	(4,752,193)
Sale of Capital Assets	-	-	21,281	-	21,281
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 1,696,299</b>	<b>\$ (3,099,968)</b>	<b>\$ 691,281</b>	<b>\$ 733,669</b>	<b>\$ 21,281</b>
NET CHANGE IN FUND BALANCES	\$ (400,422)	\$ 173,107	\$ 854,338	\$ 741,947	\$ 1,368,970
FUND BALANCE, July 1, 2019	4,071,650	838,980	370,048	2,840,024	8,120,702
PRIOR PERIOD ADJUSTMENT	45,303	-	-	44,040	89,343
<b>FUND BALANCE, June 30, 2020</b>	<b>\$ 3,716,531</b>	<b>\$ 1,012,087</b>	<b>\$ 1,224,386</b>	<b>\$ 3,626,011</b>	<b>\$ 9,579,015</b>

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

Year Ended June 30, 2020

Net Change in fund balances - total governmental funds (Statement 4)	\$	1,368,970
Amounts reported for governmental activities in the statement of activities are different because:		
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.		
		814,159
Depreciation expense on capital assets is 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 expense is not reported as an expenditure in governmental funds.		
		(1,724,431)
Changes in unearned rent does not require the use of current financial resources and is therefore not reported as expenditures in governmental funds.		
		2,761
Changes in accrued interest does not require the use of current financial resources and is therefore not reported as expenditures in governmental funds.		
		120,402
Changes in compensated absences does not require the use of current financial resources and is therefore not reported as expenditures in governmental funds.		
		42,330
Changes in deferred revenues in the statement of activities do not provide current financial resources and are not reported as revenues in the governmental funds.		
		(3,070)
Changes in the assets, liabilities, and deferred inflows and outflows related to the city's employee retirement plan that occurred during the current year that do not require current financial resources are reported on the statement of activities but not in the governmental funds.		
		(297,072)
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.		
Tax Anticipation Notes	\$178,757	
Lease-Purchase Agreements Payable	<u>174,491</u>	353,248
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.		
		<u>289,383</u>
Change in net position of governmental activities (Statement 2)	\$	<u>966,680</u>

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURISTATEMENT OF NET POSITIONPROPRIETARY FUND

June 30, 2020

	<u>Internal Service Fund</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS:</u>	
Cash and Cash Equivalents	\$ 1,602,089
Deposits	<u>47,728</u>
Total Current Assets	<u>\$ 1,649,817</u>
 TOTAL ASSETS	 <u>\$ 1,649,817</u>
<u>LIABILITIES</u>	
<u>LIABILITIES:</u>	
Health Insurance Claims Payable	\$ 108,552
Due to Other Governmental Units	<u>1,726</u>
 TOTAL LIABILITIES	 <u>\$ 110,278</u>
<u>NET POSITION</u>	
Restricted	<u>\$ 1,539,539</u>
TOTAL NET POSITION	<u>\$ 1,539,539</u>

See Accompanying Notes to the Basic Financial Statements.

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

Year Ended June 30, 2020

	<u>Internal Service Fund</u>
<u>OPERATING REVENUES:</u>	
Health Insurance Premium	\$ 1,778,304
Rebates	8,352
Miscellaneous	<u>69,080</u>
TOTAL OPERATING REVENUES	<u>\$ 1,855,736</u>
 <u>OPERATING EXPENDITURES:</u>	
Stop Loss Insurance	\$ 388,205
Administrative Fees	165,400
Health Insurance Claims	1,037,638
Wellness	<u>4,357</u>
TOTAL OPERATING EXPENDITURES	<u>\$ 1,595,600</u>
 TOTAL OPERATING INCOME (LOSS)	 <u>\$ 260,136</u>
 <u>NONOPERATING REVENUES (EXPENSES)</u>	
Interest Income	<u>\$ 29,247</u>
 TOTAL NONOPERATING REVENUES (EXPENSES)	 <u>\$ 29,247</u>
 NET CHANGE IN FUND BALANCES	 \$ 289,383
 NET POSITION, July 1, 2019	 <u>1,250,156</u>
 NET POSITION, June 30, 2020	 <u><u>\$ 1,539,539</u></u>

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURISTATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year Ended June 30, 2020

	<u>Internal Service Fund</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Health Insurance Premiums	\$ 1,778,304
Rebates	17,740
Refunds from Administrator	69,080
Payments to Administrator	<u>(1,600,127)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 264,997</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Interest on Cash	<u>\$ 29,247</u>
NET CHANGE IN CASH	\$ 294,244
CASH, July 1, 2019	<u>1,307,845</u>
CASH, June 30, 2020	<u>\$ 1,602,089</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</u>	
<u>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>	
Operating Income (Loss)	\$ 260,136
Changes in Assets and Liabilities:	
Receivables	9,388
Deposits	(4,427)
Health Insurance Claims Payable	<u>(100)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 264,997</u>

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

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. The City complies with generally accepted accounting principles (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 Clerk 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.

Transportation Sales Tax Fund – The Transportation Sales Tax Fund was established by City ordinance to account for the quarter cent sales tax designated for transportation purposes as defined in Sections 94.700 to 94.755 of the Missouri Revised Statutes.

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**

The government-wide statements report using the “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.

The fund financial statements report using the “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.

### **Basis of Accounting**

The government-wide Statement of Net Position and Statement of Activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The fund financial statements are presented on a modified accrual basis of accounting, which recognizes expenditures when liabilities for goods and services are incurred and revenues when they become available and measurable. Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities.

## 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 Board of Alderman 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 SAHEC Sales Tax Fund, 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	\$ 19,019
Transportation Sales Tax Fund	949,517
Park Fund	173,810
Library Fund	755,356
Tourism Fund	14,708
E911 Fund	468,026
60/61 TIF District Fund	23,564
Hwy 60 West TIF District Fund	24,492
Main & Malone TIF District Fund	121,214
Sikeston Economic Development Fund	<u>452,212</u>
Total Restricted Net Position	<u>\$ 3,001,918</u>

I. Accumulated Compensated Absences

Vacation banking is limited to 2 times the employees' annual accrual. Vacation in excess of this amount is lost without compensation on the employee's anniversary date of employment. The Manager may authorize the payment (cashing in) of vacation, if it is warranted. An employee may request the cashing in of no more than two weeks of vacation within a fiscal year. Vacation in excess of the limits shall be forfeited on the appropriate anniversary date without recourse or grievance to or by the employee so affected. Accrued banked vacation shall be bought back at the employee's regular rate of pay when the employee leaves the service of the City. Employees shall not accrue any vacation until the end of their initial employment qualifying period and employees leaving the service of the City prior to their first anniversary shall forfeit any and all claims to any vacation time. Vacation shall be earned and accrued monthly after the first anniversary date in accordance with City Ordinance number 5989.

Sick leave banking is limited to 1,040 hours for general and supervisory personnel, 1,079 hours for patrol and communication hourly employees, and 1,404 hours for fire division personnel assigned to 24-hour shifts. Sick leave in excess of this amount is lost without compensation on the employee's anniversary date of employment. The Manager may authorize carry over, not to exceed one additional year of sick leave accrual when, in his sole opinion, such action is warranted, upon receipt of an appropriate request at least thirty days prior to the anniversary date the employee would otherwise forfeit sick leave time

accrued. Sick leave shall be accrued monthly beginning after the first 6 months of employment. Unused sick leave banked at the time the employee leaves the service of the City will be forfeited unless the employee has at least 10 continuous years of service and leaves employment with the city in good standing. Then they will be paid 25% of their accrued sick leave banked at their regular hourly rate.

When an employee is required to work or when a scheduled City holiday shall fall on an eligible employee's regularly scheduled day off, then that holiday time shall be credited to that employee's holiday bank. Banked holiday time shall accrue until the employee's anniversary date, at which time all banked time shall be bought back at the employee's regular hourly rate except for one day or one shift as appropriate, which shall be retained in the employee's holiday time bank. Banked holiday time shall be bought back at the employee's regular rate of pay when the employee leaves the service of the City.

The City's liability for accumulated vacation, sick and holiday pay (\$627,718 at June 30, 2020) for governmental funds, which represents normal accumulations, has been recorded in the Statement of Net Assets. The current portion of accrued vacation pay, which would be liquidated with expendable available resources, is not material.

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. City property tax revenues are recognized when levied to the extent that they result in current receivables. Any amount not collected during the current fiscal year or within 60 days of the year-end are treated as deferred revenues. Any adjustments of tax levies or charge-offs for other purposes are written off against current year's revenues.

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 (10<sup>th</sup>) 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, 2020.

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 contributions 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 February 13, 2021, the date the financial statements were available to be issued.

2. DEPOSITS

At June 30, 2020, the carrying amount of the City's deposits was \$10,453,709 and the bank balance was \$10,499,943. 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, 2020 are not exposed to custodial credit risk.

Funds of the Sikeston Economic Development Corporation in excess of the FDIC insurance \$26,881 at June 30, 2020, was not collateralized since it is not a governmental entity and they are not considered public funds.

3. PROPERTY TAXES

Property taxes attach as an enforceable lien on property. Taxes are levied on October 1, 2019, for collection during this year. The tax rates assessed at the time were as follows:

General Revenue	\$ .4171/100.00 assessed valuation
Parks & Recreation	\$ .1818/100.00 assessed valuation
Library	\$ .2000/100.00 assessed valuation

Real Estate and personal property taxes outstanding at June 30, 2020, Totaled \$84,254. The City recognizes this amount as deferred inflows in the accompanying governmental funds financial statements.

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Capital Assets Not Being Depreciated:				
Land	\$ 6,554,789	\$ 10,757	\$ -	\$ 6,565,546
Total	<u>\$ 6,554,789</u>	<u>\$ 10,757</u>	<u>\$ -</u>	<u>\$ 6,565,546</u>
Capital Assets Being Depreciated:				
Buildings and Leasehold Improvements	\$ 20,795,403	\$ 178,933	\$ -	\$ 20,974,336
Infrastructure and Other Improvements	7,399,081	111,631	-	7,510,712
Furniture, Machinery and Equipment	15,581,550	512,838	(272,313)	15,822,075
Total	<u>\$ 43,776,034</u>	<u>\$ 803,402</u>	<u>\$ (272,313)</u>	<u>\$ 44,307,123</u>
Less Accumulated Depreciation for:				
Buildings and Leasehold Improvements	\$ (7,800,342)	\$ (746,694)	\$ -	\$ (8,547,036)
Infrastructure and Other Improvements	(2,020,373)	(177,616)	-	(2,197,989)
Furniture, Machinery and Equipment	(13,726,581)	(800,121)	272,313	(14,254,389)
Total	<u>\$ (23,547,296)</u>	<u>\$ (1,724,431)</u>	<u>\$ 272,313</u>	<u>\$ (24,999,414)</u>
Capital Assets Being Depreciated, Net	<u>\$ 20,228,738</u>	<u>\$ (921,029)</u>	<u>\$ -</u>	<u>\$ 19,307,709</u>
Capital Asses, Net	<u>\$ 26,783,527</u>	<u>\$ (910,272)</u>	<u>\$ -</u>	<u>\$ 25,873,255</u>

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

Governmental Activities

General Government	\$ 229,346
Administrative Services	-0-
Public Safety	755,598
Public Works	739,487
Total	<u>\$ 1,724,431</u>

5. 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, 2020, the City's remaining legal debt margin was \$7,650,863.

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, 2020:



	Balance <u>June 30, 2019</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2020</u>
Tax Increment Financing Notes - Sikeston Acquisitions, Inc.	\$ 325,000	\$ -	\$ -	\$ 325,000
SAHEC Financing	56,247	-	(56,247)	-
DPS Building	3,353,085	-	(122,510)	3,230,575
Dump Truck	285,997	-	(46,178)	239,819
Pumper and Ladder Truck	736,895	-	(78,104)	658,791
Street Sweeper	<u>100,844</u>	<u>-</u>	<u>(50,209)</u>	<u>50,635</u>
Totals	<u>\$4,858,068</u>	<u>\$ -</u>	<u>\$ (353,248)</u>	<u>\$4,504,820</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, 2020, \$325,000 of the notes remains outstanding.

On October 27, 2005, the City entered into an agreement with the Board of Regents of Southeast Missouri State University to construct and equip an addition to the Sikeston Area Higher Education Center. The City executed a tax anticipation note in the amount of \$1,500,000 to FOCUS Bank to finance its portion of the project. The note bears interest at the rate of 4.25% per annum. Interest is payable on July 1 and January 1 each year. In addition, a principal payment is due each year on January 1. The loan was to mature on January 1, 2013. On May 11, 2010, the City refinanced this note with Alliance Bank. The note requires the City to make annual payments of \$58,800 on January 1 each year beginning in 2011 and ending on January 1, 2020. Also, payments of interest accrued only are due each year on July 1. These payments vary beginning with a payment of \$6,623 on July 1, 2011. The interest rate on this note varies from 2.7% to 3.7%. The loan was paid off during the year ended June 30, 2020.

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. As of June 30, 2020, the loan balance was \$3,004,603.

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 balance as of June 30, 2020 was \$225,972.

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 \$1,014,048 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 \$150,000 in the Statement of Net Position.

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>
2021	\$ 305,742	\$ 172,131	\$ 477,873
2022	410,900	155,660	566,560
2023	428,763	140,232	568,995
2024	291,030	123,239	414,269
2025	282,977	114,043	397,020
2026-2030	1,103,401	445,351	1,548,752
2031-2035	1,030,886	251,579	1,282,465
2036-2040	622,479	50,903	673,382
2041-2043	<u>28,642</u>	<u>1,557</u>	<u>30,199</u>
Totals	<u>\$ 4,504,820</u>	<u>\$1,454,695</u>	<u>\$ 5,959,515</u>

6. 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](http://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.

	<b><u>February 28, 2020 Valuation</u></b>
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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	119
Inactive employees entitled to but not yet receiving benefits	104
Active employees	<u>116</u>
	<u>339</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 6.3% (General), 8.9% (Police), and 5.8% (Fire) of annual covered payroll.

*Net Pension Liability.* The employer’s net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 29, 2020.

*Actuarial assumptions.* The total pension liability in the February 29, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Alpha	15.00%	3.67%
Equity	35.00%	4.78%
Fixed Income	31.00%	1.41%
Real Assets	36.00%	3.29%
Strategic Assets	8.00%	5.25%
Strategic Assets	-25.00%	-0.29%

*Discount rate.* The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net

position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

### Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 6/30/2019	\$ 26,092,739	\$ 29,465,318	\$ (3,372,579)
Changes for the year:			
Service Cost	535,671	-	535,671
Interest	1,870,293	-	1,870,293
Difference between expected and actual experience	93,368	-	93,368
Contributions - employer	-	421,251	(421,251)
Net investment income	-	388,247	(388,247)
Benefit payments, including refunds	(1,137,395)	(1,137,395)	-
Administrative expense	-	(38,181)	38,181
Other changes	-	117,443	(117,443)
Net Changes	<u>\$ 1,361,937</u>	<u>\$ (248,635)</u>	<u>\$ 1,610,572</u>
Balance at 6/30/2020	<u>\$ 27,454,676</u>	<u>\$ 29,216,683</u>	<u>\$ (1,762,007)</u>

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

Current Single Discount		
1% Decrease	Rate Assumption	1% Increase
<u>6.25%</u>	<u>7.25%</u>	<u>8.25%</u>
\$2,328,324	\$(1,762,007)	\$(5,100,616)

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

For the year ended June 30, 2020 the employer recognized pension expense of \$422,539. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences in experience	\$ 371,064	\$ (120,587)
Differences in assumptions	8,336	-
Excess (deficit) investment returns	741,038	-
Contributions subsequent to the measurement date*	-	-
Total	<u>\$ 1,120,438</u>	<u>\$ (120,587)</u>

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending June 30, 2021.

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

<u>Year Ended:</u>	
2021	\$ 51,435
2022	220,268
2023	381,613
2024	346,535
2025	-0-
Thereafter	<u>-0-</u>
Total	<u>\$ 999,851</u>

#### 7. UNEARNED RENT

The City entered into a contract for sale of real estate and a commercial lease agreement with a local Company for the purchase of 125 S. Kingshighway, Sikeston, MO in exchange for a 50-year lease of 1 Industrial Dr., Sikeston, MO. The Company anticipates it may construct an addition to the premises. The City has agreed to reimburse the Company for the actual costs of the addition up to a maximum of \$127,000. This payment was made in the year ended June 30, 2017.

#### 8. INTEREST EXPENSE

Interest cost totaling \$313,804 was incurred during the year ended June 30, 2020. No interest was capitalized as part of the cost of assets constructed during the period.

9. INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2020, interfund receivables and payables were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 838	\$ 7,150
Park Fund	6,111	690
Municipal Court Fund	-0-	125
Library Fund	3,039	-0-
Airport Fund	-0-	23
Capital Improvement Sales Tax Fund	-0-	2,000
Totals	\$ 9,988	\$ 9,988

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	\$1,527,947	\$3,224,246
Sales Tax Fund	3,099,968	-0-
Sikeston Area Higher Education Center Fund	3,142	56,996
Transportation Sales Tax Fund	121,136	-0-
Park Fund	-0-	201,698
Municipal Court Fund	-0-	37,604
Tourism Fund	-0-	6,000
Airport Fund	-0-	126,135
E-911 Fund	-0-	429,514
Capital Improvement Sales Tax Fund	-0-	670,000
	\$4,752,193	\$4,752,193

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, 2019	\$	1,250,156
Provision for Incurred Claims		1,327,021
Payment of Claims		(1,037,638)
Balance, June 30, 2020	\$	<u>1,539,539</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 \$1,700,000.00. 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, \$1,650,000.00 of TIF notes had been issued. A balance of \$325,000.00 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 \$431,262.00. 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 \$1,000.00 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 \$421,463.00. Reimbursements of \$41,532.21 were made in the year ended June 30, 2020. A balance of \$95,318.90 remains to be paid from future TIF revenues.

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 \$475,000.00. 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 \$1,000.00 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 \$475,000.00. Reimbursements of \$53,028.05 were made in the year ended June 30, 2020. A balance of \$215,078.92 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 \$800,000.00, the maximum approved. On December 9, 2016, Cotton Ridge Development Co., LLC submitted a Certificate of Reimbursable Costs for \$390,737.33. On December 27, 2018, Cotton Ridge Development Co., LLC submitted an additional Certificate of Reimbursable Costs for \$193,993.11. Total balance certified to Cotton Ridge Development Co., LLC is \$584,730.44. 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. Reimbursements of \$63,332.08 were made to the developer in the year ended June 30, 2020. A principal balance of \$663,943.32 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 \$100,000.00. Reimbursements of \$30,194.03 were made in the year ended June 30, 2020. A balance of \$56,534.60 remains as of June 30, 2020.

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 \$15,984.99 during the year ended June 30, 2020. As of June 30, 2020, The County has paid the City \$57,035.89.

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 \$1,000.00 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 a Certificate of Reimbursable Costs for \$401,925.95. On December 27, 2018, a Certificate of Reimbursable Costs for \$299,330.26 were submitted and approved. Reimbursements of \$50,470.73 were made in the year ended June 30, 2020. A principal balance of \$635,645.15 remains as of June 30, 2020.

Midas Cotton Ridge, LLC has been approved for \$400,000.00 of Certificated of Reimbursable Costs. Reimbursements of \$25,945.02 were made in the year ended June 30, 2020. A balance of \$371,189.48 remains as of June 30, 2020.

15. SUBSEQUENT EVENTS

After June 30, 2020, the City approved the purchase of 10.67 acres totaling \$750,000, which will be offset by \$100,000 of funds from other governmental entities. Fire equipment totaling \$245,958 was approved to be purchased by the City, which should be entirely reimbursed by the CARES grant. A new 911 emergency call system for \$178,639 was also approved by the City. Of that total, \$107,184 will be paid by a State grant. The City also approve other various capital asset purchases totaling \$207,017. All of capital assets are expected to be received and paid for in the year ended June 30, 2021.

16. PRIOR PERIOD ADJUSTMENTS

Deferred revenues for property taxes were inadvertently reported in prior years resulting in an understated fund balance. The following fund balances have been increased for this adjustment:

General Fund	\$ 45,303
Park Fund	16,853
Library Fund	<u>27,187</u>
Total	<u>\$ 89,343</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SIKESTON, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Amended		
<b>REVENUES:</b>				
Taxes	\$ 1,751,755	\$ 1,751,755	\$ 5,302,205	\$ 3,550,450
Licenses and Permits	229,960	229,960	240,345	10,385
Intergovernmental	3,962,150	3,962,150	856,732	(3,105,418)
Charges for Services	1,777,246	1,777,246	1,752,410	(24,836)
Rents and Leases	103,839	103,839	86,520	(17,319)
Interest Income	31,836	31,836	79,203	47,367
Other	94,200	94,200	261,123	166,923
<b>TOTAL REVENUES</b>	<b>\$ 7,950,986</b>	<b>\$ 7,950,986</b>	<b>\$ 8,578,538</b>	<b>\$ 627,552</b>
<b>EXPENDITURES:</b>				
General Government:				
General Government	\$ 2,314,455	\$ 2,481,955	\$ 2,491,264	\$ (9,309)
City Council	1,807	1,807	2,109	(302)
City Manager	237,926	237,926	239,266	(1,340)
City Counselor	50,450	50,450	35,654	14,796
Total General Government	\$ 2,604,638	\$ 2,772,138	\$ 2,768,293	\$ 3,845
Administrative Services:				
City Clerk	\$ 123,471	\$ 123,471	\$ 160,068	\$ (36,597)
City Treasurer	263,627	263,627	271,564	(7,937)
City Collector	157,957	157,957	161,244	(3,287)
Information Technology	367,742	367,742	344,256	23,486
Total Administrative Services	\$ 912,797	\$ 912,797	\$ 937,132	\$ (24,335)
Public Safety:				
Administration/Detention	\$ 859,005	\$ 869,005	\$ 1,021,959	\$ (152,954)
Police	3,244,881	3,318,981	3,307,344	11,637
Fire	1,640,362	1,640,362	1,580,675	59,687
Total Public Safety	\$ 5,744,248	\$ 5,828,348	\$ 5,909,978	\$ (81,630)
Public Works:				
Director	\$ 261,167	\$ 261,167	\$ 263,780	\$ (2,613)
Seasonal Mowing	44,968	52,668	62,547	(9,879)
Streets	42,250	42,250	34,913	7,337
Garage	138,011	138,011	140,941	(2,930)
Planning	390,738	404,238	384,159	20,079
Animal Control	181,326	181,326	173,516	7,810
Total Public Works	\$ 1,058,460	\$ 1,079,660	\$ 1,059,856	\$ 19,804
<b>TOTAL EXPENDITURES</b>	<b>\$ 10,320,143</b>	<b>\$ 10,592,943</b>	<b>\$ 10,675,259</b>	<b>\$ (82,316)</b>
<b>EXCESS (DEFICIENCY OF REVENUES OVER EXPENDITURES)</b>	<b>\$ (2,369,157)</b>	<b>\$ (2,641,957)</b>	<b>\$ (2,096,721)</b>	<b>\$ 545,236</b>
Other Financing Sources (Uses)				
Transfers In	\$ 3,221,104	\$ 3,221,104	\$ 3,224,246	\$ 3,142
Transfers Out	(851,947)	(851,947)	(1,527,947)	(676,000)
Total Other Financing Sources (Uses)	\$ 2,369,157	\$ 2,369,157	\$ 1,696,299	\$ (672,858)
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>\$ -</b>	<b>\$ (272,800)</b>	<b>\$ (400,422)</b>	<b>\$ (127,622)</b>
FUND BALANCE, July 1, 2019			4,071,650	
PRIOR PERIOD ADJUSTMENT			45,303	
FUND BALANCE, June 30, 2020			<u>\$ 3,716,531</u>	

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURI

BUDGETARY COMPARISON SCHEDULE -  
SALES TAX TRUST FUND

Year Ended June 30, 2020

	<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	\$ 3,140,090	\$ 3,140,090	\$ 3,296,591	\$ 156,501
Interest Income	3,494	3,494	14,008	10,514
TOTAL REVENUES	<u>\$ 3,143,584</u>	<u>\$ 3,143,584</u>	<u>\$ 3,310,599</u>	<u>\$ 167,015</u>
<u>EXPENDITURES:</u>				
General Government	\$ 43,615	\$ 43,615	\$ 37,524	\$ 6,091
TOTAL EXPENDITURES	<u>\$ 43,615</u>	<u>\$ 43,615</u>	<u>\$ 37,524</u>	<u>6,091</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 3,099,969</u>	<u>\$ 3,099,969</u>	<u>\$ 3,273,075</u>	<u>\$ 173,106</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers In	\$ -	\$ -	\$ -	\$ -
Transfers Out	<u>(3,099,968)</u>	<u>(3,099,968)</u>	<u>(3,099,968)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ (3,099,968)</u>	<u>\$ (3,099,968)</u>	<u>\$ (3,099,968)</u>	<u>\$ -</u>
TOTAL REVENUES OVER (UNDER) OTHER FINANCING SOURCES (USES)	<u>\$ 1</u>	<u>\$ 1</u>	\$ 173,107	<u>\$ 173,106</u>
FUND BALANCE, July 1, 2019			<u>838,980</u>	
FUND BALANCE, June 30, 2020			<u>\$ 1,012,087</u>	

See Accompanying Notes to the Basic Financial Statements.

## CITY OF SIKESTON, MISSOURI

BUDGETARY COMPARISON SCHEDULE -  
CAPITAL IMPROVEMENT SALES TAX FUND

Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Amended		
<b>REVENUES:</b>				
Taxes	\$ 1,570,045	\$ 1,570,045	\$ 1,646,874	\$ 76,829
Intergovernmental	195,933	195,933	57,911	(138,022)
Interest Income	2,000	2,000	18,160	16,160
Other	4,000	4,000	267,210	263,210
<b>TOTAL REVENUES</b>	<b>\$ 1,771,978</b>	<b>\$ 1,771,978</b>	<b>\$ 1,990,155</b>	<b>\$ 218,177</b>
<b>EXPENDITURES:</b>				
General Government	\$ 250,312	\$ 300,312	\$ 257,728	\$ 42,584
Administrative Services:				
City Treasurer	-	-	220	(220)
Public Safety:				
Administration/Detention	390,017	390,017	376,820	13,197
Police	264,950	271,000	286,582	(15,582)
Fire	299,000	453,000	505,131	(52,131)
Emergency Management	2,500	2,500	2,670	(170)
Public Works:				
Director	800	800	2,358	(1,558)
Streets	383,172	383,172	129,099	254,073
Garage	7,800	7,800	4,780	3,020
Planning	4,000	4,000	1,493	2,507
Animal Control	5,000	31,300	27,281	4,019
Parks and Recreation	119,400	231,031	227,917	3,114
Airport	45,000	45,000	5,019	39,981
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,771,951</b>	<b>\$ 2,119,932</b>	<b>\$ 1,827,098</b>	<b>\$ 292,834</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 27</b>	<b>\$ (347,954)</b>	<b>\$ 163,057</b>	<b>\$ 511,011</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	\$ -	\$ -	\$ 670,000	\$ 670,000
Sale of Capital Assets	-	-	21,281	21,281
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 691,281</b>	<b>\$ 691,281</b>
<b>TOTAL REVENUES OVER (UNDER) OTHER FINANCING SOURCES (USES)</b>	<b>\$ 27</b>	<b>\$ (347,954)</b>	<b>\$ 854,338</b>	<b>\$ 1,202,292</b>
FUND BALANCE, July 1, 2019			370,048	
FUND BALANCE, June 30, 2020			\$ 1,224,386	

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURI

NOTES TO BUDGETARY COMPARISON SCHEDULES

June 30, 2020

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 10, 2019, a public hearing was held in connection with adoption of the proposed budget for 2020. The budget was amended on June 8, 2020. 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.

Actual expenditures in the General Fund, Tourism Fund, and Hwy 60 West TIF District Fund exceeded budgetary limits by \$758,316, \$42,324, and \$58,857, respectively, for the year ended June 30, 2020.



## CITY OF PERRYVILLE, MISSOURI

SUPPLEMENTARY INFORMATION  
MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEMSCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS  
GENERAL DIVISION

June 30, 2020

Fiscal Year Ended June 30,	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>						
Service Costs	\$ 190,050	\$ 185,869	\$ 184,157	\$ 174,979	\$ 178,579	\$ 161,855
Interest on the Pension Liability	681,820	646,707	601,633	568,568	511,600	495,205
Differences Between Expected and Actual Experience of the Total Pension Liability	63,802	37,209	195,570	43,315	137,044	(172,563)
Changes of Assumptions	-	-	-	-	295,426	-
Benefit Payments, Including Refunds of Employee Contributions	(397,700)	(377,686)	(343,878)	(327,030)	(342,928)	(192,846)
<b>Net Change in Total Pension Liability</b>	\$ 537,972	\$ 492,099	\$ 637,482	\$ 459,832	\$ 779,721	\$ 291,651
<b>Total Pension Liability - Beginning</b>	<u>9,506,426</u>	<u>9,014,327</u>	<u>8,376,845</u>	<u>7,917,013</u>	<u>7,137,292</u>	<u>6,845,641</u>
<b>Total Pension Liability - Ending (A)</b>	<u>\$ 10,044,398</u>	<u>\$ 9,506,426</u>	<u>\$ 9,014,327</u>	<u>\$ 8,376,845</u>	<u>\$ 7,917,013</u>	<u>\$ 7,137,292</u>
<b>Plan Fiduciary Net Position</b>						
Contributions - Employer	\$ 147,409	\$ 130,338	\$ 107,456	\$ 96,857	\$ 120,123	\$ 157,851
Net Investment Income	151,813	676,519	1,154,779	1,032,736	(22,534)	180,101
Benefit Payments, Including Refunds of Employee Contributions	(397,700)	(377,686)	(343,878)	(327,030)	(342,928)	(192,846)
Pension Plan Administrative Expense	(15,193)	(13,282)	(9,305)	(8,850)	(8,749)	(9,134)
Other (Net Transfers)	95,801	47,045	124,040	30,842	(74,544)	195,002
<b>Net Change in Plan Fiduciary Net Position</b>	\$ (17,870)	\$ 462,934	\$ 1,033,092	\$ 824,555	\$ (328,632)	\$ 330,974
<b>Plan Fiduciary Net Position - Beginning</b>	<u>10,985,134</u>	<u>10,522,200</u>	<u>9,489,108</u>	<u>8,664,553</u>	<u>8,993,185</u>	<u>8,662,211</u>
<b>Plan Fiduciary Net Position - Ending (B)</b>	<u>\$ 10,967,264</u>	<u>\$ 10,985,134</u>	<u>\$ 10,522,200</u>	<u>\$ 9,489,108</u>	<u>\$ 8,664,553</u>	<u>\$ 8,993,185</u>
<b>Net Pension Liability - Ending (A) - (B)</b>	\$ (922,866)	\$ (1,478,708)	\$ (1,507,873)	\$ (1,112,263)	\$ (747,540)	\$ (1,855,893)
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	109.19%	115.55%	116.73%	113.28%	109.44%	126.00%
<b>Covered Valuation Payroll</b>	\$ 2,297,090	\$ 2,078,838	\$ 2,094,246	\$ 2,072,924	\$ 1,971,632	\$ 2,060,399
<b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>	-40.18%	-71.13%	-72.00%	-53.66%	-37.91%	-90.07%

**Notes to the Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

## CITY OF SIKESTON, MISSOURI

SUPPLEMENTARY INFORMATION  
MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEMSCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS  
POLICE DIVISION

June 30, 2020

Fiscal Year Ended June 30,	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>						
Service Costs	\$ 219,766	\$ 221,981	\$ 216,327	\$ 198,880	\$ 178,902	\$ 167,155
Interest on the Pension Liability	822,346	789,236	719,103	698,249	634,443	632,913
Differences Between Expected and Actual Experience of the Total Pension Liability	(56,157)	(104,880)	447,566	(225,153)	175,346	(453,357)
Changes of Assumptions	-	-	-	-	263,483	-
Benefit Payments, Including Refunds of Employee Contributions	(445,897)	(451,152)	(386,812)	(398,785)	(365,596)	(298,352)
<b>Net Change in Total Pension Liability</b>	\$ 540,058	\$ 455,185	\$ 996,184	\$ 273,191	\$ 886,578	\$ 48,359
<b>Total Pension Liability - Beginning</b>	<u>11,453,784</u>	<u>10,998,599</u>	<u>10,002,415</u>	<u>9,729,224</u>	<u>8,842,646</u>	<u>8,794,287</u>
<b>Total Pension Liability - Ending (A)</b>	<u>\$11,993,842</u>	<u>\$11,453,784</u>	<u>\$ 10,998,599</u>	<u>\$ 10,002,415</u>	<u>\$ 9,729,224</u>	<u>\$ 8,842,646</u>
<b>Plan Fiduciary Net Position</b>						
Contributions - Employer	\$ 210,670	\$ 192,565	\$ 210,474	\$ 218,947	\$ 219,905	\$ 190,416
Net Investment Income	157,744	759,085	1,304,637	1,205,408	(21,495)	196,236
Benefit Payments, Including Refunds of Employee Contributions	(445,897)	(451,152)	(386,812)	(398,785)	(365,596)	(298,352)
Pension Plan Administrative Expense	(13,042)	(11,713)	(8,452)	(7,839)	(7,655)	(8,109)
Other (Net Transfers)	(11,631)	(107,245)	(117,963)	101,032	(1,839)	(82,150)
<b>Net Change in Plan Fiduciary Net Position</b>	\$ (102,156)	\$ 381,540	\$ 1,001,884	\$ 1,118,763	\$ (176,680)	\$ (1,959)
<b>Plan Fiduciary Net Position - Beginning</b>	<u>12,308,985</u>	<u>11,927,445</u>	<u>10,925,561</u>	<u>9,806,798</u>	<u>9,983,478</u>	<u>9,985,437</u>
<b>Plan Fiduciary Net Position - Ending (B)</b>	<u>\$12,206,829</u>	<u>\$12,308,985</u>	<u>\$ 11,927,445</u>	<u>\$ 10,925,561</u>	<u>\$ 9,806,798</u>	<u>\$ 9,983,478</u>
<b>Net Pension Liability - Ending (A) - (B)</b>	\$ (212,987)	\$ (855,201)	\$ (928,846)	\$ (923,146)	\$ (77,574)	\$ (1,140,832)
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	101.78%	107.47%	108.45%	109.23%	100.80%	112.90%
<b>Covered Valuation Payroll</b>	\$ 2,327,909	\$ 2,398,396	\$ 2,383,328	\$ 2,290,090	\$ 2,080,024	\$ 1,962,586
<b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>	-9.15%	-35.66%	-38.97%	-40.31%	-3.73%	-58.13%

**Notes to the Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF SIKESTON, MISSOURI  
 SUPPLEMENTARY INFORMATION  
MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS  
 FIRE DIVISION

June 30, 2020

Fiscal Year Ended June 30,	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>						
Service Costs	\$ 125,855	\$ 116,154	\$ 108,179	\$ 106,558	\$ 107,569	\$ 114,240
Interest on the Pension Liability	366,127	349,756	318,848	315,336	284,771	271,609
Differences Between Expected and Actual Experience of the Total Pension Liability	85,723	33,658	245,263	(169,897)	87,903	(72,809)
Changes of Assumptions	-	-	-	-	96,980	-
Benefit Payments, Including Refunds of Employee Contributions	(293,798)	(263,783)	(236,463)	(173,358)	(137,544)	(119,204)
<b>Net Change in Total Pension Liability</b>	<b>\$ 283,907</b>	<b>\$ 235,785</b>	<b>\$ 435,827</b>	<b>\$ 78,639</b>	<b>\$ 439,679</b>	<b>\$ 193,836</b>
<b>Total Pension Liability - Beginning</b>	<b>5,132,529</b>	<b>4,896,744</b>	<b>4,460,917</b>	<b>4,382,278</b>	<b>3,942,599</b>	<b>3,748,763</b>
<b>Total Pension Liability - Ending (A)</b>	<b>\$ 5,416,436</b>	<b>\$ 5,132,529</b>	<b>\$ 4,896,744</b>	<b>\$ 4,460,917</b>	<b>\$ 4,382,278</b>	<b>\$ 3,942,599</b>
<b>Plan Fiduciary Net Position</b>						
Contributions - Employer	\$ 63,172	\$ 49,033	\$ 62,347	\$ 76,005	\$ 82,149	\$ 94,245
Contributions - Employees	-	-	-	-	-	50,394
Net Investment Income	78,690	401,813	699,919	619,277	(17,246)	96,386
Benefit Payments, Including Refunds of Employee Contributions	(293,798)	(263,783)	(236,463)	(173,358)	(137,544)	(119,204)
Pension Plan Administrative Expense	(9,946)	(8,326)	(5,547)	(5,309)	(5,214)	(5,592)
Other (Net Transfers)	33,273	5,935	(14,867)	52,371	19,147	125,543
<b>Net Change in Plan Fiduciary Net Position</b>	<b>\$ (128,609)</b>	<b>\$ 184,672</b>	<b>\$ 505,389</b>	<b>\$ 568,986</b>	<b>\$ (58,708)</b>	<b>\$ 241,772</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>6,171,199</b>	<b>5,986,527</b>	<b>5,481,138</b>	<b>4,912,152</b>	<b>4,970,860</b>	<b>4,729,088</b>
<b>Plan Fiduciary Net Position - Ending (B)</b>	<b>\$ 6,042,590</b>	<b>\$ 6,171,199</b>	<b>\$ 5,986,527</b>	<b>\$ 5,481,138</b>	<b>\$ 4,912,152</b>	<b>\$ 4,970,860</b>
<b>Net Pension Liability - Ending (A) - (B)</b>	<b>\$ (626,154)</b>	<b>\$ (1,038,670)</b>	<b>\$ (1,089,783)</b>	<b>\$ (1,020,221)</b>	<b>\$ (529,874)</b>	<b>\$ (1,028,261)</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	111.56%	120.24%	122.26%	122.87%	112.09%	126.08%
<b>Covered Valuation Payroll</b>	\$ 1,093,289	\$ 988,028	\$ 944,323	\$ 905,655	\$ 904,088	\$ 876,703
<b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>	-57.27%	-105.13%	-115.40%	-112.65%	-58.61%	-117.29%

**Notes to the Schedule:**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

## CITY OF SIKESTON, MISSOURI

SUPPLEMENTARY INFORMATION  
MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM

## SCHEDULE OF EMPLOYER CONTRIBUTIONS

June 30, 2020

Fiscal Year Ended June 30,	Actuarial Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2020	\$ 457,375	\$ 421,917	\$ 35,458	\$ 5,807,623	7.26%
2019	372,695	372,695	-	5,640,965	6.61%
2018	379,637	379,637	-	5,409,315	7.02%
2017	390,544	390,544	-	5,684,580	6.87%
2016	420,537	420,537	-	5,145,319	8.17%
2015	462,148	443,294	18,854	4,870,450	9.10%
2014	508,430	453,222	55,208	4,491,733	10.09%
2013	553,432	442,704	110,728	4,740,573	9.34%
2012	510,556	395,669	114,887	4,724,359	8.38%
2011	526,179	351,773	174,406	4,773,726	7.37%

Notes to Schedule:

Valuation Date: February 29, 2020

Notes The roll-forward of total pension liability from February 29, 2020 to June 30, 2020 reflects expected service cost and interest reduced by actual benefit payments and administrative expenses.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method:	Entry Age Normal and Modified Terminal Funding
Amortization Method:	A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.
Remaining Amortization Period:	Multiple bases from 11 to 15 years
Asset Valuation Method:	5-Year smoothed market, 20% corridor
Inflation:	3.25% wage inflation; 2.50% price inflation
Salary Increases:	3.25% to 6.55% including wage inflation
Investment Rate of Return:	7.25%, net of investment expenses
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality:	The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.

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

Other Information: None

See Accompanying Notes to the Basic Financial Statements.

SUPPLEMENTARY INFORMATION

CITY OF SIKESTON MISSOURI  
COMBINING BALANCE SHEET -  
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2020

	SAHEC Sales Tax Fund	Transportation Sales Tax Fund	Economic Development Fund	Essex Property Fund	Park Fund	Municipal Court Fund	Library Fund	Tourism Fund	Airport Fund	E911 Fund	60/61 TIF District Fund	Hwy 60 West TIF District Fund	Main and Malone TIF District Fund	Sikeston Economic Development Fund	CDBG Fund	Total Nonmajor Governmental Funds
<u>ASSETS</u>																
<u>CURRENT ASSETS:</u>																
Cash on Hand	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 183	\$ 398	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 581
Cash and Cash Equivalents	-	834,829	90,641	233,667	202,693	76,974	457,320	11,024	235,785	492,896	15,154	16,412	85,033	458,677	-	3,211,105
Investments	-	-	-	-	-	-	300,000	-	-	-	-	-	-	-	-	300,000
Receivables	-	135	-	750	25,676	-	30,330	14,190	5,792	-	-	-	-	-	-	76,873
Inventory	-	-	-	-	-	-	-	-	26,802	-	-	-	-	-	-	26,802
Due From Other Governmental Units	-	165,661	-	-	-	-	-	-	-	-	8,410	8,080	36,181	-	-	218,332
Due From Other Funds	-	-	-	-	6,111	-	3,039	-	-	-	-	-	-	-	-	9,150
<b>TOTAL CURRENT ASSETS</b>	<b>\$ -</b>	<b>\$ 1,000,625</b>	<b>\$ 90,641</b>	<b>\$ 234,417</b>	<b>\$ 234,480</b>	<b>\$ 77,157</b>	<b>\$ 791,087</b>	<b>\$ 25,214</b>	<b>\$ 268,379</b>	<b>\$ 492,896</b>	<b>\$ 23,564</b>	<b>\$ 24,492</b>	<b>\$ 121,214</b>	<b>\$ 458,677</b>	<b>\$ -</b>	<b>\$ 3,842,843</b>
<u>LIABILITIES AND FUND BALANCE</u>																
<u>LIABILITIES:</u>																
Accounts Payable	\$ -	\$ 39,515	\$ 137	\$ -	\$ 42,170	\$ 8,817	\$ 31,004	\$ 10,506	\$ 3,499	\$ 11,869	\$ -	\$ -	\$ -	\$ 6,465	\$ -	\$ 153,982
Municipal Court	-	-	-	-	-	6,962	-	-	-	-	-	-	-	-	-	6,962
Accrued Salaries and Wages	-	9,174	-	-	12,042	1,845	3,900	-	2,034	10,712	-	-	-	-	-	39,707
Accrued Payroll Liabilities	-	2,419	-	-	3,168	463	827	-	577	2,289	-	-	-	-	-	9,743
Damage Deposits	-	-	-	3,000	2,600	-	-	-	-	-	-	-	-	-	-	5,600
Due to Other Funds	-	-	-	-	690	125	-	-	23	-	-	-	-	-	-	838
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>\$ 51,108</b>	<b>\$ 137</b>	<b>\$ 3,000</b>	<b>\$ 60,670</b>	<b>\$ 18,212</b>	<b>\$ 35,731</b>	<b>\$ 10,506</b>	<b>\$ 6,133</b>	<b>\$ 24,870</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,465</b>	<b>\$ -</b>	<b>\$ 216,832</b>
<u>FUND BALANCE:</u>																
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,802	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,802
Restricted	-	949,517	-	-	173,810	-	755,356	14,708	-	468,026	23,564	24,492	121,214	452,212	-	2,982,899
Committed	-	-	-	-	-	-	-	-	235,444	-	-	-	-	-	-	235,444
Assigned	-	-	90,504	231,417	-	58,945	-	-	-	-	-	-	-	-	-	380,866
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>\$ -</b>	<b>\$ 949,517</b>	<b>\$ 90,504</b>	<b>\$ 231,417</b>	<b>\$ 173,810</b>	<b>\$ 58,945</b>	<b>\$ 755,356</b>	<b>\$ 14,708</b>	<b>\$ 262,246</b>	<b>\$ 468,026</b>	<b>\$ 23,564</b>	<b>\$ 24,492</b>	<b>\$ 121,214</b>	<b>\$ 452,212</b>	<b>\$ -</b>	<b>\$ 3,626,011</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ -</b>	<b>\$ 1,000,625</b>	<b>\$ 90,641</b>	<b>\$ 234,417</b>	<b>\$ 234,480</b>	<b>\$ 77,157</b>	<b>\$ 791,087</b>	<b>\$ 25,214</b>	<b>\$ 268,379</b>	<b>\$ 492,896</b>	<b>\$ 23,564</b>	<b>\$ 24,492</b>	<b>\$ 121,214</b>	<b>\$ 458,677</b>	<b>\$ -</b>	<b>\$ 3,842,843</b>

CITY OF SKESTON, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2020

	SAHEC Sales Tax Fund	Transportation Sales Tax Fund	Economic Development Fund	Essex Property Fund	Park Fund	Municipal Court Fund	Library Fund	Tourism Fund	Airport Fund	E911 Fund	60/61 TIF District Fund	Hwy 60 West TIF District Fund	Main and Malone TIF District Fund	Sikeston Economic Development Fund	CDBG Fund	Total Nonmajor Governmental Funds
<b>REVENUES:</b>																
Taxes	\$ -	\$ 1,647,423	\$ -	\$ -	\$ 428,621	\$ -	\$ 287,258	\$ 143,307	\$ -	\$ -	\$ 113,320	\$ 246,702	\$ 207,510	\$ -	\$ -	\$ 3,074,141
Intergovernmental	-	-	250,000	-	2,000	-	43,933	-	37,827	-	-	-	-	-	1,446	335,206
Charges for Services	-	45	-	-	86,780	-	19,607	-	278,262	202,728	-	-	-	-	-	587,422
Fines	-	-	-	-	-	149,362	-	-	-	-	-	-	-	-	-	149,362
Rents and Leases	-	-	-	67,101	13,898	-	-	-	26,271	-	-	-	-	313,017	-	420,287
Interest Income	48	13,041	1,469	-	3,376	1,711	11,724	69	4,365	9,250	202	1,114	796	-	10	47,175
Other	-	3,485	-	58,973	588	40	39,002	-	307	3,125	-	4,204	-	-	-	109,724
<b>TOTAL REVENUES</b>	<b>\$ 48</b>	<b>\$ 1,663,994</b>	<b>\$ 251,469</b>	<b>\$ 126,074</b>	<b>\$ 535,263</b>	<b>\$ 151,113</b>	<b>\$ 401,524</b>	<b>\$ 143,376</b>	<b>\$ 347,032</b>	<b>\$ 215,103</b>	<b>\$ 113,522</b>	<b>\$ 252,020</b>	<b>\$ 208,306</b>	<b>\$ 313,017</b>	<b>\$ 1,456</b>	<b>\$ 4,723,317</b>
<b>EXPENDITURES:</b>																
General Government	\$ 58,339	\$ -	\$ 230,313	\$ -	\$ -	\$ 199,799	\$ 339,398	\$ 145,002	\$ -	\$ -	\$ 112,946	\$ 261,090	\$ 155,462	\$ -	\$ 2,186	\$ 1,504,535
Public Safety	-	-	-	-	-	-	-	-	-	646,300	-	-	-	263,736	-	910,036
Public Works	-	1,118,294	-	-	721,995	-	-	-	460,179	-	-	-	-	-	-	2,300,468
<b>TOTAL EXPENDITURES</b>	<b>\$ 58,339</b>	<b>\$ 1,118,294</b>	<b>\$ 230,313</b>	<b>\$ -</b>	<b>\$ 721,995</b>	<b>\$ 199,799</b>	<b>\$ 339,398</b>	<b>\$ 145,002</b>	<b>\$ 460,179</b>	<b>\$ 646,300</b>	<b>\$ 112,946</b>	<b>\$ 261,090</b>	<b>\$ 155,462</b>	<b>\$ 263,736</b>	<b>\$ 2,186</b>	<b>\$ 4,715,039</b>
REVENUES OVER (UNDER) EXPENDITURES	\$ (58,291)	\$ 545,700	\$ 21,156	\$ 126,074	\$ (186,732)	\$ (48,686)	\$ 62,126	\$ (1,626)	\$ (113,147)	\$ (431,197)	\$ 576	\$ (9,070)	\$ 52,844	\$ 49,281	\$ (730)	\$ 8,278
<b>OTHER FINANCING SOURCES (USES):</b>																
Transfers In	\$ 56,996	\$ -	\$ -	\$ -	\$ 201,698	\$ 37,604	\$ -	\$ 6,000	\$ 126,135	\$ 429,514	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 857,947
Transfers Out	(3,142)	(121,136)	-	-	-	-	-	-	-	-	-	-	-	-	-	(124,278)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 53,854</b>	<b>\$ (121,136)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 201,698</b>	<b>\$ 37,604</b>	<b>\$ -</b>	<b>\$ 6,000</b>	<b>\$ 126,135</b>	<b>\$ 429,514</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 733,669</b>
TOTAL REVENUES OVER (UNDER) EXPENDITURES	\$ (4,437)	\$ 424,564	\$ 21,156	\$ 126,074	\$ 14,966	\$ (11,082)	\$ 62,126	\$ 4,374	\$ 12,988	\$ (1,683)	\$ 576	\$ (9,070)	\$ 52,844	\$ 49,281	\$ (730)	\$ 741,947
FUND BALANCE, July 1, 2019	4,437	524,953	69,348	105,343	141,991	70,027	666,043	10,334	249,258	469,709	22,988	33,562	68,370	402,931	730	2,840,024
PRIOR PERIOD ADJUSTMENT	-	-	-	-	16,853	-	27,187	-	-	-	-	-	-	-	-	44,040
FUND BALANCE, June 30, 2020	\$ -	\$ 949,517	\$ 90,504	\$ 231,417	\$ 173,810	\$ 58,945	\$ 755,356	\$ 14,708	\$ 262,246	\$ 468,026	\$ 23,564	\$ 24,492	\$ 121,214	\$ 452,212	\$ -	\$ 3,626,011

See Independent Auditors' Report.

CITY OF SIKESTON, MISSOURI  
Sikeston, Missouri

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2020

2020-001 Adequate Expenditure Support

Criteria: The City should obtain adequate supporting documentation for all payments before the disbursement is made.

Condition: We tested three months of credit card purchases with charges totaling \$65,437. Of those charges, thirty-two charges totaling \$7,904 did not have supporting documentation. The City was able to obtain the documentation for the charges for our test to support the payments as legitimate City disbursements. However, the payments were made without having that documentation.

Cause: The City has controls in place requiring supporting documentation for all credit card charges. However, the bills were paid even if all documentation was not submitted.

Effect: Lack of supporting documentation for expenditures increases the risk of loss or misuse of assets.

Recommendation: We recommend the City require supporting documentation for all credit card charges prior to making payment.

Views of Response  
Officials:

2020-002 Actual Fund Expenditures Exceeded Budgetary Limits

Criteria: According to Section 67.080, RSMo, no expenditure of public monies shall be made unless it is authorized in the budget.

Condition: Actual expenditures of the following funds exceeded their approved budgets:

General Fund	\$ 758,316
Tourism Fund	42,324
Hwy 60 West TIF District Fund	58,857



Cause: The Council authorized expenditures were not accounted for in the year-end budget addendum.

Effect: The City is not in compliance with state budgetary law.

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

Views of Response

Officials: Council authorized expenditures for the following which should have been included in the budget amendment:

- Transfer of proceeds from the sale of right-of-way for cell phone tower from General Fund to Capital Improvement Sales Tax Fund.
- Severance agreement from the former DPS Director.
- City's contract with the Convention & Visitors Bureau dictates that tourism revenues received will be remitted to the CVB. Tourism tax revenues and the corresponding remittance were above budget.
- Council authorized amendment to the 60 West TIF District resulting in increased disbursement to the developer.