

**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 \$33.8 million (net assets). Of this amount, \$8.9 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 \$10.94 million, an increase of \$2.28 million in comparison with the prior year. Approximately 47.6% of this total amount, \$5.2 million, is available for spending at the City of Sikeston's discretion (unassigned fund balance).
- At June 30, 2021, unassigned fund balance for the general fund was \$5.2 million, or 49.80% of total 2021 general fund expenditures. Unassigned fund balance for the general fund was 52.48% of total general fund revenues for the fiscal year ended June 30, 2021.

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 – Modified Cash Basis (Statement 1) presents information on all the government's assets, and liabilities, 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 – Modified Cash Basis (Statement 2) presents information showing how the government's net position changed during the most recent fiscal year. 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.

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

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

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 modified cash 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 Statement 1 and Statement 2 of the report.

Government-Wide Financial Analysis

The following table reflects the condensed Statement of Net Position for 2021 and 2020:

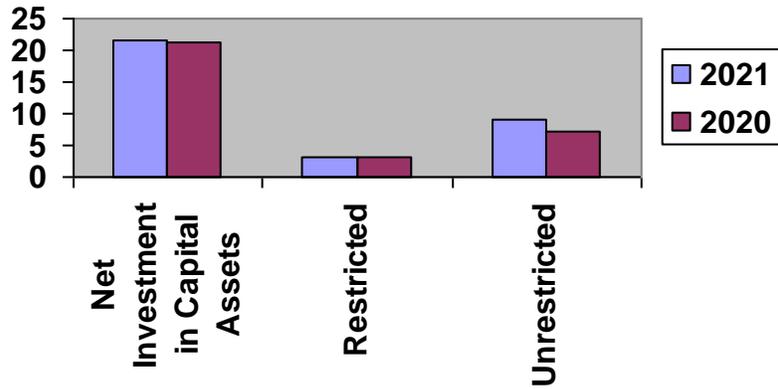
CITY OF SIKESTON
STATEMENT OF NET POSITION
June 30, 2021 and 2020
(in millions)

	<u>2021</u>	<u>2020</u>
Assets:		
Current Assets	\$ 12.40	\$ 10.60
Capital Assets	<u>25.88</u>	<u>25.87</u>
Total Assets	<u>\$ 38.28</u>	<u>\$ 36.47</u>
Liabilities:		
Current Liabilities	\$.66	\$.58
Long-Term Liabilities	<u>3.80</u>	<u>4.20</u>
Total Liabilities	<u>\$ 4.46</u>	<u>\$ 4.78</u>
Net Position:		
Net Investment in Capital Assets	\$ 21.67	\$ 21.37
Restricted	3.21	3.00
Unrestricted	<u>8.94</u>	<u>7.32</u>
Total Net Position	<u>\$ 33.82</u>	<u>\$ 31.69</u>

For more detailed information see Statement 1, the Statement of Net Position – Modified Cash Basis.

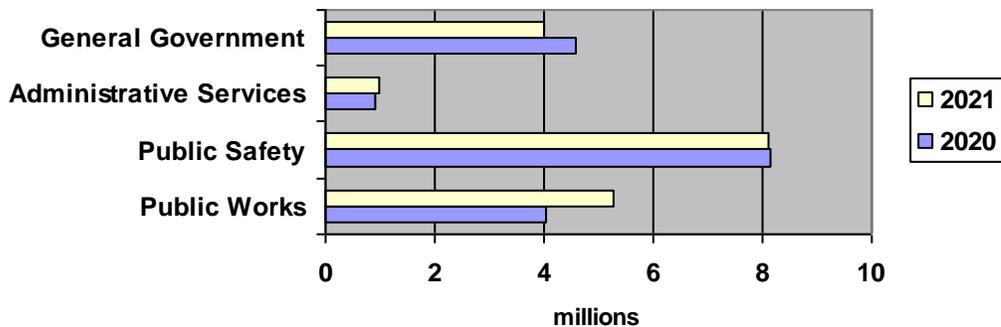
2021 and 2020

Net Position



Approximately 64.08% and 67.44% of the City’s net position as of June 30, 2021 and 2020, 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 9.48% for 2021 and 9.47% for 2020 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 26.44% for 2021 and 23.09% for 2020 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



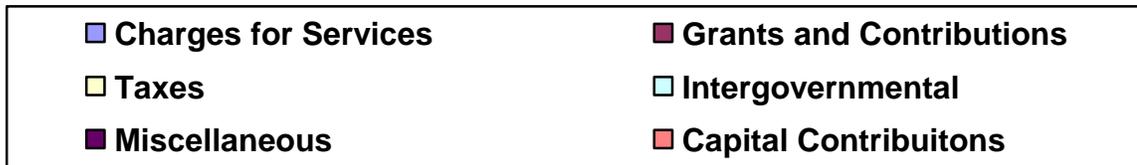
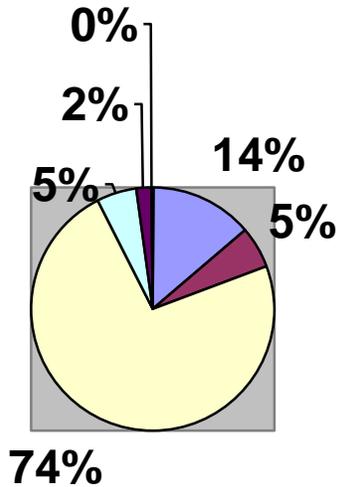
The table below provides a summary of the changes in net position for the year ended June 30, 2021 and 2020. The information for the year ended June 30, 2021 is presented under the modified cash basis while the information for the year ended June 30, 2020 is presented using the accrual basis of accounting.

CITY OF SIKESTON
CONDENSED STATEMENT OF CHANGES IN NET POSITION
For the Year Ended June 30, 2021 and 2020
(in millions)

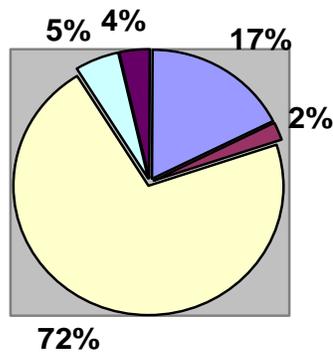
	<u>2021</u>	<u>2020</u>
Revenues:		
Program Revenue:		
Charges for Services	\$ 2.81	\$ 3.24
Grants and Contributions	1.12	.41
General Revenue:		
Taxes	15.06	13.32
Intergovernmental	1.06	.99
Miscellaneous Revenues	.40	.66
Capital Contributions	<u>.07</u>	<u>-</u>
Total Revenues	<u>\$ 20.52</u>	<u>\$ 18.62</u>
Expenses:		
General Government	\$ 4.00	\$ 4.57
Administrative Services	.98	.90
Public Safety	8.12	8.15
Public Works	<u>5.29</u>	<u>4.03</u>
Total Expenses	<u>\$ 18.39</u>	<u>\$ 17.65</u>
(Decrease)Increase in Net Position	\$ 2.13	\$.97
Net Position - July 1	34.29	33.32
PRIOR PERIOD ADJUSTMENT	<u>(2.60)</u>	<u>-</u>
Net Position - June 30	<u>\$ 33.82</u>	<u>\$ 34.29</u>

The City's net position increased \$2.13 million during the current fiscal year compared to a \$97 thousand increase during the prior year.

Revenues by Source - Governmental Activities 2021



Revenues by Source - Governmental Activities 2020



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 \$10.94 million, an increase of \$2.27 million in comparison with the prior year. Approximately 47.6% of this total amount (\$5.2 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 \$5.2 million, while total fund balance reached \$5.21 million. Compared with total fund balance of \$3.32 million at the end of 2020, fund balance increased approximately \$1.89 million during 2021.

General Fund Budgetary Highlights

The original adopted appropriations for the general fund budget for fiscal year 2021 was approximately \$10.6 million. There were budget amendments that increased the appropriations budgeted to \$11.42 million. This was an increase of approximately \$823 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 \$1.56 million.
- Total expenditures were under appropriations by approximately \$964 thousand, mainly due to public safety police being under budget by approximately \$502 thousand.

Capital Asset and Debt Administration

Capital Assets: The City's investment in capital assets for its governmental activities as of June 30, 2021 amounts to \$25.88 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, and equipment. The total increase in the City's investment in capital assets for the current fiscal year was \$5 thousand (net of accumulated depreciation).

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

- Purchase of Land for Ingram Road Overpass of \$763 thousand
- Construction of Rail to Trail Walking Trail extension of \$143 thousand

CITY OF SIKESTON
Capital Assets
(Net of Depreciation)
June 30, 2021 and 2020
(in millions)

	<u>2021</u>	<u>2020</u>
Land	\$ 7.33	\$ 6.56
Buildings	10.65	12.43
Equipment	2.56	1.57
Infrastructure	<u>5.34</u>	<u>5.31</u>
Total Assets	<u>\$ 25.88</u>	<u>\$ 25.87</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, 2021, 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, 2021, 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, 2021 was \$193,056. 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, 2021 was \$581,123.

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 \$4,186,200.00. On March 27, 2013, an additional loan for \$277,000.00 was received from the United States Department of Agriculture. The balance of these loans at June 30, 2021 was \$3,107,408.

During the year ended June 30, 2021, the City decreased its long-term debt \$298,233. Lease-purchase debts of \$175,067 were paid. Principal payments of \$123,166 were paid on the notes due to the Department of Agriculture in the year ended June 30, 2021.

Economic Factors and Next Year's Budget and Rates

The city was extremely conservative in last year's budget given uncertainties around COVID-19 pandemic and what effect it would have on the City's finances. While most governments predicted and planned for lower revenues due to economic downturns and business closures, many cities, including Sikeston, experienced very strong sales tax collections. The combination of conservative budgeting and higher than expected sales and use tax revenues has put the City of Sikeston in a strong position financially.

The FY22 budget contains increases in street maintenance investments, three new positions (a skilled worker in street maintenance, a skilled worker in parks, and a building maintenance person), replacement of a fire station, and employee salary adjustments to improve market competitiveness and respond to minimum wage increases.

For FY 22, sales tax revenues have been budgeted to match FY20 actual receipts. It is hard to say whether the strong sales tax receipts from FY21, collected during the height of the pandemic, are predictive of what will happen in the coming year, so the City is being conservative.

The City's finances are split into various funds. Each of these funds has a "balance" at the end of the year which serves as the City's reserves. These reserves are important both for emergency preparedness and cash management purposes. All individual fund balances increase or stay level with this budget, with three exceptions. This budget plans to spend down the Transportation Sales Tax Fund by \$353,000 to catch up on some street maintenance needs. After spending down \$353,000, the fund balance will still be approximately 55% of annual revenues. This budget plans to spend down the Park Fund by \$50,000 to buy a flat bed truck with hydraulic dump bed. This leaves the fund balance at approximately 25% of annual revenues. City Council has decided to fund two major

parks projects out of the General Fund (improvements to Dansler Field up to \$305,700 and a fountain/splash pad in Lincoln Park up to \$135,000). After spending down for these two projects, the fund balance will be at 53% of annual revenues.

The budget includes a \$2,000 annual wage increase for all regular employees and an additional \$1.00/hour for 911 dispatchers. Employees are also eligible for merit based raises every 2 or 3 years depending on their tenure. Last year a 3% general wage increase was provided to all employees.

In FY21 the City began budgeting contributions to the health care fund to cover expected claims rather than the maximum claims because reserves in the health care fund had built up to a sufficient amount that the City was comfortable that even in a bad claim year there would be sufficient reserves to cover the claims. This resulted in approximately \$350,000 savings to the City. Due to an increase in expected claims, for FY22 approximately \$213,836 more is included in the budget.

The FY22 budget creates a new fund to account for revenues and expenditures related to funds (\$2.9 million) expected from the American Rescue Plan Act. After the U.S. Treasury Department releases rules regarding how these funds may be spent, the City will discuss how they should be used.

The FY22 budget plans for a local match of \$41,000 and grant funds of \$637,000 to complete improvements to the airport fuel farm, including design and construction of a new fuel stage area (two 12,000 gallon tanks and associated equipment), new self-service filling and payment equipment for Av-Gas, and an access road off Campanella for fuel unloading.

While there are many unmet needs and improvements we would still like to address, the expenditures planned in this budget enhance the City's ability to serve our citizens, address many capital needs, and will benefit the quality of life and economic vitality of our community.

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 Clerk at 105 E. Center, Sikeston, Missouri 63801.

CITY OF SIKESTON, MISSOURI
Sikeston, Missouri

For the Year Ended June 30, 2021

ANNUAL FINANCIAL REPORT

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

Certified Public Accountants

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

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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 modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Sikeston, Missouri, as of and for the year ended June 30, 2021, 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Sikeston, Missouri as of June 30, 2021, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

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 budgetary comparison information and combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison information and 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 budgetary comparison information and 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 December 21, 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
December 21, 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, 2021, 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 December 21, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Sikeston, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Sikeston, Missouri's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 2021-001, 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 2021-002.

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 of 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
December 21, 2021

BASIC FINANCIAL STATEMENTS

STATEMENT 1

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

June 30, 2021

<u>ASSETS</u>	<u>Governmental Activities</u>
<u>Current Assets:</u>	
Cash on Hand	\$ 13,814
Cash and Cash Equivalents	11,887,223
Certificate of Deposit	300,000
Receivables	1,821
Inventory	62,798
Deposits	134,733
Due From Other Governmental Units	129
Total Current Assets	<u>\$ 12,400,518</u>
<u>Capital Assets:</u>	
Land	\$ 7,328,555
Buildings and Improvements, Net	10,648,836
Furniture, Machinery and Equipment, Net	2,560,105
Infrastructure and Improvements, Net	<u>5,340,973</u>
Total Capital Assets, Net	<u>\$ 25,878,469</u>
 TOTAL ASSETS	 <u>\$ 38,278,987</u>
 <u>LIABILITIES</u>	
<u>Current Liabilities:</u>	
Accounts Payable	\$ 2,178
Municipal Court	9,722
Accrued Payroll Liabilities	662
Evidence Money	211,534
Damage Deposits	7,875
Insurance Proceeds Holdback	21,600
Tax Increment Financing Notes	149,162
Tax Anticipation Notes	134,432
Lease-Purchase Agreements Payable	<u>127,306</u>
Total Current Liabilities	<u>\$ 664,471</u>
<u>Long-Term Liabilities:</u>	
Tax Increment Financing Notes	\$ 175,838
Tax Anticipation Notes	2,972,976
Lease-Purchase Agreements Payable	<u>646,873</u>
Total Long-Term Liabilities	<u>\$ 3,795,687</u>
 TOTAL LIABILITIES	 <u>\$ 4,460,158</u>
 <u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 21,671,882
Restricted for Specific Purposes	3,204,728
Unrestricted	<u>8,942,219</u>
 TOTAL NET POSITION	 <u>\$ 33,818,829</u>

See Accompanying Notes to the Basic Financial Statements.

STATEMENT 2

CITY OF SIKESTON, MISSOURI

GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General Government	\$ 4,006,556	\$ 1,906,424	\$ 901,989	\$ 105,214	\$ (1,092,929)
Administrative Services	975,065	-	-	-	(975,065)
Public Safety	8,116,421	502,796	100,062	-	(7,513,563)
Public Works	5,288,501	401,331	13,761	-	(4,873,409)
Total Governmental Activities	\$18,386,543	\$ 2,810,551	\$ 1,015,812	\$ 105,214	\$ (14,454,966)
General Revenue:					
					\$ 15,056,927
					201,034
					303,596
					1,057,169
					(106,200)
					75,692
					\$ 16,588,218
					\$ 2,133,252
					34,287,027
					(2,601,450)
					\$ 33,818,829

See Accompanying Notes to the Basic Financial Statements.

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

June 30, 2021

	General Fund	Sales Tax Trust Fund	Capital Improvements Sales Tax Fund	Transportation Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
<u>CURRENT ASSETS:</u>						
Cash on Hand	\$ 13,233	\$ -	\$ -	\$ -	\$ 581	\$ 13,814
Cash and Cash Equivalents	5,332,782	1,163,498	669,209	1,232,604	2,326,930	10,725,023
Certificate of Deposit	-	-	-	-	300,000	300,000
Receivables	1,799	-	-	9	13	1,821
Inventory	17,016	-	-	-	45,782	62,798
Deposits	87,005	-	-	-	-	87,005
Prepaid Expenditures	-	-	-	-	129	129
Due from Other Funds	-	-	-	-	4,211	4,211
Total Current Assets	<u>\$ 5,451,835</u>	<u>\$ 1,163,498</u>	<u>\$ 669,209</u>	<u>\$ 1,232,613</u>	<u>\$ 2,677,646</u>	<u>\$ 11,194,801</u>
TOTAL ASSETS	<u>\$ 5,451,835</u>	<u>\$ 1,163,498</u>	<u>\$ 669,209</u>	<u>\$ 1,232,613</u>	<u>\$ 2,677,646</u>	<u>\$ 11,194,801</u>
<u>LIABILITIES AND FUND BALANCE</u>						
<u>LIABILITIES:</u>						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 2,178	\$ 2,178
Municipal Court	-	-	-	-	9,722	9,722
Insurance Proceeds Holdback	21,600	-	-	-	-	21,600
Accrued Payroll Liabilities	610	-	-	6	46	662
Evidence Money	211,534	-	-	-	-	211,534
Damage Deposits	-	-	-	-	7,875	7,875
Due to Other Funds	4,211	-	-	-	-	4,211
TOTAL LIABILITIES	<u>\$ 237,955</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 19,821</u>	<u>\$ 257,782</u>
<u>FUND BALANCE:</u>						
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 45,782	\$ 45,782
Restricted	8,568	-	-	1,232,607	1,963,553	3,204,728
Committed	-	-	-	-	176,578	176,578
Assigned	-	1,163,498	669,209	-	471,912	2,304,619
Unassigned	5,205,312	-	-	-	-	5,205,312
TOTAL FUND BALANCE	<u>\$ 5,213,880</u>	<u>\$ 1,163,498</u>	<u>\$ 669,209</u>	<u>\$ 1,232,607</u>	<u>\$ 2,657,825</u>	<u>\$ 10,937,019</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 5,451,835</u>	<u>\$ 1,163,498</u>	<u>\$ 669,209</u>	<u>\$ 1,232,613</u>	<u>\$ 2,677,646</u>	<u>\$ 11,194,801</u>

See Accompanying Notes to the Basic Financial Statements.

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

June 30, 2021

Total fund balance - total governmental funds (Statement 3)	\$	10,937,019
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 \$25,731,848.		25,878,469
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	(3,107,408)	
Lease-Purchase Agreements Payable	<u>(774,179)</u>	(4,206,587)
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>1,209,928</u>
Net position of governmental activities (Statement 1)	\$	<u>33,818,829</u>

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURI

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

Year Ended June 30, 2021

	General Fund	Sales Tax Trust Fund	Capital Improvements Sales Tax Fund	Transportation Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	\$ 6,316,385	\$ 3,634,372	\$ 1,815,926	\$ 1,816,549	\$ 1,473,695	\$ 15,056,927
Licenses and Permits	277,843	-	-	-	-	277,843
Intergovernmental	1,278,092	-	134,092	-	311,767	1,723,951
Charges for Services	1,818,451	-	-	15	524,609	2,343,075
Fines	-	-	-	-	152,985	152,985
Rents and Leases	53,400	-	-	-	414,076	467,476
Interest Income	98,598	21,511	20,722	21,296	38,907	201,034
Other	75,845	-	59,166	100,187	91,814	327,012
TOTAL REVENUES	\$ 9,918,614	\$ 3,655,883	\$ 2,029,906	\$ 1,938,047	\$ 3,007,853	\$ 20,550,303
EXPENDITURES:						
General Government	\$ 2,873,121	\$ 49,844	\$ 131,232	\$ -	\$ 1,603,052	\$ 4,657,249
Administrative Services	942,685	-	-	-	-	942,685
Public Safety	5,618,457	-	1,090,183	-	994,524	7,703,164
Public Works	1,017,257	-	591,125	2,217,949	1,216,406	5,042,737
TOTAL EXPENDITURES	\$ 10,451,520	\$ 49,844	\$ 1,812,540	\$ 2,217,949	\$ 3,813,982	\$ 18,345,835
REVENUES OVER (UNDER) EXPENDITURES	\$ (532,906)	\$ 3,606,039	\$ 217,366	\$ (279,902)	\$ (806,129)	\$ 2,204,468
OTHER FINANCING SOURCES (USES):						
Transfers In	\$ 3,240,012	\$ -	\$ -	\$ 797,796	\$ 785,253	\$ 4,823,061
Transfers Out	(816,253)	(3,123,226)	(763,796)	(116,786)	(3,000)	(4,823,061)
Sale of Capital Assets	-	-	63,500	-	-	63,500
TOTAL OTHER FINANCING SOURCES (USES)	\$ 2,423,759	\$ (3,123,226)	\$ (700,296)	\$ 681,010	\$ 782,253	\$ 63,500
NET CHANGE IN FUND BALANCES	\$ 1,890,853	\$ 482,813	\$ (482,930)	\$ 401,108	\$ (23,876)	\$ 2,267,968
FUND BALANCE, July 1, 2020	3,716,531	1,012,087	1,224,386	949,517	2,676,494	9,579,015
PRIOR PERIOD ADJUSTMENT	(393,504)	(331,402)	(72,247)	(118,018)	5,207	(909,964)
FUND BALANCE, June 30, 2021	\$ 5,213,880	\$ 1,163,498	\$ 669,209	\$ 1,232,607	\$ 2,657,825	\$ 10,937,019

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURI

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

Year Ended June 30, 2021

Net Change in fund balances - total governmental funds (Statement 4) \$ 2,267,968

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.

Capital Outlay	\$ 1,649,564	
Loss on Disposal	<u>(169,699)</u>	1,479,865

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. (1,474,651)

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	\$ 123,166	
Lease-Purchase Agreements Payable	<u>175,067</u>	298,233

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. (438,163)

Change in net position of governmental activities (Statement 2) \$ 2,133,252

See Accompanying Notes to the Basic Financial Statements.

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

June 30, 2021

	<u>Internal Service Fund</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS:</u>	
Cash and Cash Equivalents	\$ 1,162,200
Deposits	<u>47,728</u>
Total Current Assets	<u>\$ 1,209,928</u>
 TOTAL ASSETS	 <u>\$ 1,209,928</u>
<u>LIABILITIES</u>	
<u>LIABILITIES:</u>	<u>\$ -</u>
 <u>NET POSITION</u>	
Restricted	<u>\$ 1,209,928</u>
TOTAL NET POSITION	<u>\$ 1,209,928</u>

See Accompanying Notes to the Basic Financial Statements.

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

Year Ended June 30, 2021

	<u>Internal Service Fund</u>
<u>OPERATING REVENUES:</u>	
Health Insurance Premium	\$ 1,272,921
Rebates	43,619
Miscellaneous	<u>79,812</u>
TOTAL OPERATING REVENUES	<u>\$ 1,396,352</u>
<u>OPERATING EXPENDITURES:</u>	
Stop Loss Insurance	\$ 421,142
Administrative Fees	104,695
Health Insurance Claims	1,273,623
Wellness	<u>61,784</u>
TOTAL OPERATING EXPENDITURES	<u>\$ 1,861,244</u>
TOTAL OPERATING INCOME (LOSS)	<u>\$ (464,892)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Interest Income	<u>\$ 26,729</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>\$ 26,729</u>
NET CHANGE IN FUND BALANCES	\$ (438,163)
NET POSITION, July 1, 2020	1,539,539
PRIOR PERIOD ADJUSTMENT	<u>108,552</u>
NET POSITION, June 30, 2021	<u><u>\$ 1,209,928</u></u>

See Accompanying Notes to the Basic Financial Statements.

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

Year Ended June 30, 2021

	<u>Internal Service Fund</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Health Insurance Premiums	\$ 1,272,921
Rebates	43,619
Refunds from Administrator	79,812
Payments to Administrator	<u>(1,862,970)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (466,618)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Interest on Cash	<u>\$ 26,729</u>
NET CHANGE IN CASH	\$ (439,889)
CASH, July 1, 2020	<u>1,602,089</u>
CASH, June 30, 2021	<u>\$ 1,162,200</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</u>	
<u>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>	
Operating Income (Loss)	\$ (464,892)
Changes in Assets and Liabilities:	
Due to Other Governmental Units	<u>(1,726)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (466,618)</u>

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. Financial Reporting Entity:

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

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

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

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

B. Basis of Presentation:

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

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

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

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

Capital Improvement Sales Tax Fund – The Capital Improvement Sales Tax Fund was established by City Ordinance to account for the Capital Improvement Sales Tax. The sales tax has expired, but the account is continued to account for Capital Improvements

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 Statues.

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

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

Basis of Accounting

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

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

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

D. Assets, Liabilities, and Equity

Cash and Cash Equivalents

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

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

Inventories and Prepaids

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

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

Capital Assets

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

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

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

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

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

Restricted Assets

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

Long-Term Debt

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

Equity Classification

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

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

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

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

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

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

The City 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 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	\$ 8,568
Transportation Sales Tax Fund	1,232,607
Park Fund	182,158
Library Fund	747,782
Tourism Fund	19,919
E911 Fund	386,672
60/61 TIF District Fund	12,426
Hwy 60 West TIF District Fund	14,134
Main & Malone TIF District Fund	92,258
Sikeston Economic Development Fund	<u>508,204</u>
Total Restricted Net Position	<u>\$ 3,204,728</u>

I. Accumulated Compensated Absences:

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be paid to employees upon separation from the City's service. It is unlikely all employees would terminate at one time. At June 30, 2021, the liability is a contingency in the maximum amount of \$614,297.

J. Revenue Recognition – Property Taxes:

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

K. Post – Employment Health Care Benefits:

COBRA Benefits – Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium plus an administration fee is paid to the City's health care provider by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for a duration of 19 months after the termination date. There is no associated cost to the City under this program, and there was one participant in the program for the year ended June 30, 2021.

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 December 21, 2021, the date the financial statements were available to be issued.

2. DEPOSITS

At June 30, 2021, 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, 2021 are not exposed to custodial credit risk.

Funds of the Sikeston Economic Development Corporation in excess of the FDIC insurance \$56,208 at June 30, 2021, 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, 2020, 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

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Capital Assets Not Being Depreciated:				
Land	\$ 6,565,546	\$ 763,009	\$ -	\$ 7,328,555
Total	<u>\$ 6,565,546</u>	<u>\$ 763,009</u>	<u>\$ -</u>	<u>\$ 7,328,555</u>
Capital Assets Being Depreciated:				
Buildings and Leasehold Improvements	\$ 20,974,336	\$ 236,208	\$ (154,719)	\$ 21,055,825
Infrastructure and Other Improvements	7,510,712	271,298	-	7,782,010
Furniture, Machinery and Equipment	15,822,075	379,049	(757,197)	15,443,927
Total	<u>\$ 44,307,123</u>	<u>\$ 886,555</u>	<u>\$ (911,916)</u>	<u>\$ 44,281,762</u>
Less Accumulated Depreciation for:				
Buildings and Leasehold Improvements	\$ (9,710,549)	\$ (712,064)	\$ 15,624	\$ (10,406,989)
Infrastructure and Other Improvements	(2,197,989)	(243,048)	-	(2,441,037)
Furniture, Machinery and Equipment	(13,090,876)	(519,539)	726,593	(12,883,822)
Total	<u>\$ (24,999,414)</u>	<u>\$ (1,474,651)</u>	<u>\$ 742,217</u>	<u>\$ (25,731,848)</u>
Capital Assets Being Depreciated, Net	<u>\$ 19,307,709</u>	<u>\$ (588,096)</u>	<u>\$ (169,699)</u>	<u>\$ 18,549,914</u>
Capital Asses, Net	<u>\$ 25,873,255</u>	<u>\$ 174,913</u>	<u>\$ (169,699)</u>	<u>\$ 25,878,469</u>

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

<u>Governmental Activities</u>	
General Government	\$ 230,504
Administrative Services	678
Public Safety	490,757
Public Works	752,712
Total	<u>\$ 1,474,651</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, 2021, the City's remaining legal debt margin was \$8,186,126.

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, 2021:

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021
Tax Increment Financing Notes - Sikeston Acquisitions, Inc.	\$ 325,000	\$ -	\$ -	\$ 325,000
DPS Building	3,230,574	-	(123,166)	3,107,408
Dump Truck	239,819	-	(46,763)	193,056
Pumper and Ladder Truck	658,791	-	(77,668)	581,123
Street Sweeper	<u>50,636</u>	<u>-</u>	<u>(50,636)</u>	<u>-</u>
Totals	<u>\$4,504,820</u>	<u>\$ -</u>	<u>\$ (298,233)</u>	<u>\$4,206,587</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, 2021, \$325,000 of the notes remains outstanding.

On June 13, 2011, Sikeston Economic Development Corporation, a blended component unit of the City of Sikeston, entered into an agreement to construct a building to be used by the Sikeston Department of Public Safety. As part of the financing, the Corporation received a loan from the United States Department of Agriculture. The loan is for \$4,186,200 at a rate of 4%. The loan requires payments of \$242,130 on June 13th each year. As of June 30, 2021, 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, 2021 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>
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	240,738	105,506	346,244
2027-2031	1,054,550	405,804	1,460,354
2032-2036	1,071,593	210,872	1,282,465
2037-2041	410,379	26,594	436,973
2042-2043	15,657	614	16,271
Totals	<u>\$ 4,206,587</u>	<u>\$1,282,564</u>	<u>\$ 5,489,151</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.

Benefits provided. LAGERS provides retirement, death, and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for Police and Fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for Police and Fire) and receive a reduced allowance.

	<u>February 28, 2021 Valuation</u>
Benefit Multiplier:	1.50% for Life, plus 0.50% to age 65
Final Average Salary:	3 Years
Member Contributions:	0%

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

Employees covered by benefit terms. At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	127
Inactive employees entitled to but not yet receiving benefits	108
Active employees	<u>103</u>
	<u>338</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. Contributions to the pension plan from the City were \$161,613 (General), \$190,565 (Police), and \$89,333 (Fire) for the year ended June 30, 2021.

7. INTEREST EXPENSE

Interest cost totaling \$371,863 was incurred during the year ended June 30, 2021. No interest was capitalized as part of the cost of assets constructed during the period.

8. INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2021, interfund receivables and payables were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -0-	\$ 4,211
Park Fund	2,353	-0-
Library Fund	<u>1,858</u>	<u>-0-</u>
Total	<u>\$ 4,211</u>	<u>\$ 4,211</u>

9. 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	\$ 816,253	\$3,240,012
Sales Tax Fund	3,123,226	-0-
Transportation Sales Tax Fund	116,786	797,796
Park Fund	-0-	226,852
Municipal Court Fund	-0-	42,644
Economic Development Fund	3,000	-0-
Airport Fund	-0-	55,684
E-911 Fund	-0-	460,073
Capital Improvement Sales Tax Fund	<u>763,796</u>	<u>-0-</u>
	<u>\$4,823,061</u>	<u>\$4,823,061</u>

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

10. 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.

11. 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.

12. 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, 2020	\$ 1,539,539
Provision for Incurred Claims	944,012
Payment of Claims	<u>(1,273,623)</u>
	<u>\$ 1,209,928</u>

13. 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 \$64,193.99 were made in the year ended June 30, 2021. A balance of \$15,239.60 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 \$53,231.40 were made in the year ended June 30, 2021. A balance of \$161,847.52 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. Cotton Ridge Development Co., LLC submitted Certificates totaling \$642,921.57 through June 30, 2021. The developers are allowed 4.5% per annum interest on their costs. On each payment date, the City shall apply the TIF Revenues, first the sum of \$1,000 shall be retained by the City as an administrative fee, with the balance paid 46.7% to the City to be applied as provided in the Cooperation Agreement and 53.3% paid to the Developer for Reimbursable Developer Costs. Unless otherwise agreed to by the Developers, the TIF Revenues paid to the Developers shall be paid first to Sikeston Development Co., LLC until all their reimbursable costs have been paid and then to Cotton Ridge Development Co., LLC until all their reimbursable costs have been paid. Reimbursements of \$79,477.00 were made to the developer in the year ended June 30, 2021. A principal balance of \$688,880.29 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 \$40,075.61 were made in the year ended June 30, 2021. A balance of \$16,458.99 remains as of June 30, 2021.

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 \$14,247.28 during the year ended June 30, 2021. As of June 30, 2021, the County has paid the City \$71,253.17.

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 Certificates of Reimbursable Costs totaling \$854,829.31 through June 30, 2021. Reimbursements of \$51,773.87 were made in the year ended June 30, 2021. A principal balance of \$831,007.23 remains as of June 30, 2021.

Midas Cotton Ridge, LLC has been approved for \$400,000.00 of Certificated of Reimbursable Costs. Reimbursements of \$30,343.84 were made in the year ended June 30, 2021. A balance of \$340,845.64 remains as of June 30, 2021.

14. SUBSEQUENT EVENTS

After June 30, 2021, the City approved the purchase of two Ford F250 trucks and vehicles extrication equipment in the amount of \$123,518. The City also approved a lease purchase of a dump truck in the amount of \$186,670. Other various capital assets totaling \$159,245 were approved by the City. All capital assets are expected to be received and paid for in the year ended June 30, 2022.

On July 13, 2021, the City issued Special Obligation and Refunding and Improvement Bonds in the amount of \$13,465,000. Principal payments are due in varying installments and due annually on June 1. Interest accrues at rates ranging from 2.00 percent to 3.00 percent. The bonds will mature on June 1, 2041. The funds will be used for infrastructure improvements to the South Industrial Park and to refinance the Department of Safety Building.

On July 27, the City issued \$85,000,000 Industrial Revenue Bonds to provide economic financial assistance to Carlisle Construction Materials, LLC, a private entity. The debt service of these issues will be paid solely from the private entity through lease agreements; therefore, the issues will not constitute a debt of the City, and accordingly, will not be included in the City’s Statement of Net Position.

In October 2021, the City awarded a bid to a local contractor in the amount of \$3,181,899 for the South Industrial Park Improvements.

During the year end June 30, 2021, the City suffered damages to one of their vehicles. The damages were covered by insurance. In October 2021, the City received a settlement of \$100,000, which is anticipated to go to the insurance company for their expenditures.

15. PRIOR PERIOD ADJUSTMENTS

In previous years, the government-wide statements and fund financial statements were reported on the accrual basis of accounting. The governmental funds were reported on the modified accrual basis of accounting. In fiscal year 2021, the financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Management also believes that the modified cash basis of accounting more accurately reflects the City’s financial position and results of operations. Net positions and fund balances have been adjusted as of July 1, 2020 for the effect of retroactive application of the new basis of accounting as follows:

<u>Opinion Unit</u>	<u>Change in Assets</u>	<u>Change in Liabilities</u>	<u>Change in Net Position</u>
Government-wide Financials	\$ (4,437,680)	\$ (1,836,230)	\$ (2,601,450)
General Fund	(755,680)	(362,176)	(393,504)
Sales Tax Trust Fund	(331,402)	-0-	(331,402)
Capital Improvement			
Sales Tax Fund	(165,660)	(93,413)	(72,247)
Transportation Sales			
Tax Fund	(165,786)	(47,768)	(118,018)
Aggregate Remaining			
Governmental Funds	(136,707)	(141,914)	5,207
Internal Service Fund	-0-	(108,552)	108,552

SUPPLEMENTARY INFORMATION

CITY OF SIKESTON, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Amended		
REVENUES:				
Taxes	\$ 5,275,254	\$ 5,275,254	\$ 6,316,385	\$ 1,041,131
Licenses and Permits	241,798	241,798	277,843	36,045
Intergovernmental	766,186	766,186	1,278,092	511,906
Charges for Services	1,773,395	1,773,395	1,818,451	45,056
Rents and Leases	95,580	95,580	53,400	(42,180)
Interest Income	78,000	78,000	98,598	20,598
Other	132,289	132,289	75,845	(56,444)
TOTAL REVENUES	\$ 8,362,502	\$ 8,362,502	\$ 9,918,614	\$ 1,556,112
EXPENDITURES:				
General Government:				
General Government	\$ 2,607,944	\$ 2,738,808	\$ 2,579,674	\$ 159,134
City Council	2,807	2,807	2,236	571
City Manager	239,111	249,044	251,013	(1,969)
City Counselor	50,450	50,450	40,198	10,252
Total General Government	\$ 2,900,312	\$ 3,041,109	\$ 2,873,121	\$ 167,988
Administrative Services:				
City Clerk	\$ 122,229	\$ 127,450	\$ 120,190	\$ 7,260
City Treasurer	266,928	269,978	236,289	33,689
City Collector	158,580	177,953	162,498	15,455
Information Technology	439,956	442,156	423,708	18,448
Total Administrative Services	\$ 987,693	\$ 1,017,537	\$ 942,685	\$ 74,852
Public Safety:				
Administration/Detention	\$ 807,495	\$ 1,165,476	\$ 1,164,074	\$ 1,402
Police	3,261,971	3,388,266	2,886,532	501,734
Fire	1,558,566	1,638,391	1,567,851	70,540
Total Public Safety	\$ 5,628,032	\$ 6,192,133	\$ 5,618,457	\$ 573,676
Public Works:				
Director	\$ 264,154	\$ 271,987	\$ 265,271	\$ 6,716
Seasonal Mowing	52,325	52,325	27,166	25,159
Streets	39,750	44,750	34,193	10,557
Garage	137,069	141,124	139,764	1,360
Planning	416,094	416,094	322,786	93,308
Animal Control	178,945	238,420	228,077	10,343
Total Public Works	\$ 1,088,337	\$ 1,164,700	\$ 1,017,257	\$ 147,443
TOTAL EXPENDITURES	\$ 10,604,374	\$ 11,415,479	\$ 10,451,520	\$ 963,959
EXCESS (DEFICIENCY OF REVENUES OVER EXPENDITURES)	\$ (2,241,872)	\$ (3,052,977)	\$ (532,906)	\$ 2,520,071
Other Financing Sources (Uses)				
Transfers In	\$ 3,240,012	\$ 3,240,012	\$ 3,240,012	\$ -
Transfers Out	(850,254)	(850,254)	(816,253)	34,001
Total Other Financing Sources (Uses)	\$ 2,389,758	\$ 2,389,758	\$ 2,423,759	\$ 34,001
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 147,886	\$ (663,219)	\$ 1,890,853	\$ 2,554,072
FUND BALANCE, July 1, 2020			3,716,531	
PRIOR PERIOD ADJUSTMENT			(393,504)	
FUND BALANCE, June 30, 2021			\$ 5,213,880	

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURIBUDGETARY COMPARISON SCHEDULE -
SALES TAX TRUST FUND

Year Ended June 30, 2021

	<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	\$ 3,150,000	\$ 3,150,000	\$ 3,634,372	\$ 484,372
Interest Income	13,528	13,528	21,511	7,983
TOTAL REVENUES	<u>\$ 3,163,528</u>	<u>\$ 3,163,528</u>	<u>\$ 3,655,883</u>	<u>\$ 492,355</u>
<u>EXPENDITURES:</u>				
General Government	\$ 40,300	\$ 49,614	\$ 49,844	\$ (230)
TOTAL EXPENDITURES	<u>\$ 40,300</u>	<u>\$ 49,614</u>	<u>\$ 49,844</u>	<u>(230)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 3,123,228</u>	<u>\$ 3,113,914</u>	<u>\$ 3,606,039</u>	<u>\$ 492,125</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers In	\$ -	\$ -	\$ -	\$ -
Transfers Out	<u>(3,123,226)</u>	<u>(3,123,226)</u>	<u>(3,123,226)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ (3,123,226)</u>	<u>\$ (3,123,226)</u>	<u>\$ (3,123,226)</u>	<u>\$ -</u>
TOTAL REVENUES OVER (UNDER) OTHER FINANCING SOURCES (USES)	<u>\$ 2</u>	<u>\$ (9,312)</u>	\$ 482,813	<u>\$ 492,125</u>
FUND BALANCE, July 1, 2020			1,012,087	
PRIOR PERIOD ADJUSTMENT			<u>(331,402)</u>	
FUND BALANCE, June 30, 2021			<u>\$ 1,163,498</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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Amended		
REVENUES:				
Taxes	\$ 1,600,450	\$ 1,600,450	\$ 1,815,926	\$ 215,476
Intergovernmental	145,200	145,200	134,092	(11,108)
Interest Income	4,000	4,000	20,722	16,722
Other	2,000	2,000	59,166	57,166
TOTAL REVENUES	\$ 1,751,650	\$ 1,751,650	\$ 2,029,906	\$ 278,256
EXPENDITURES:				
General Government	\$ 55,812	\$ 132,627	\$ 131,232	\$ 1,395
Public Safety:				
Administration/Detention	415,017	415,017	413,589	1,428
Police	267,500	333,707	300,398	33,309
Fire	293,000	373,127	372,401	726
Emergency Management	3,000	3,000	3,795	(795)
Public Works:				
Director	1,100	1,100	-	1,100
Streets	489,600	514,231	396,951	117,280
Garage	8,800	8,800	5,267	3,533
Planning	10,800	10,800	6,281	4,519
Animal Control	9,500	9,500	3,444	6,056
Parks and Recreation	161,600	219,423	179,182	40,241
Airport	-	-	-	-
TOTAL EXPENDITURES	\$ 1,715,729	\$ 2,021,332	\$ 1,812,540	208,792
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 35,921	\$ (269,682)	\$ 217,366	\$ 487,048
OTHER FINANCING SOURCES (USES):				
Transfers In	\$ -	\$ -	\$ -	\$ -
Transfers Out	-	(763,796)	(763,796)	-
Sale of Capital Assets	-	-	63,500	63,500
TOTAL OTHER FINANCING SOURCES (USES)	\$ -	\$ (763,796)	\$ (700,296)	\$ 63,500
TOTAL REVENUES OVER (UNDER) OTHER FINANCING SOURCES (USES)	\$ 35,921	\$ (1,033,478)	\$ (482,930)	\$ 550,548
FUND BALANCE, July 1, 2020			1,224,386	
PRIOR PERIOD ADJUSTMENT			(72,247)	
FUND BALANCE, June 30, 2021			\$ 669,209	

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURI

BUDGETARY COMPARISON SCHEDULE -
TRANSPORTATION SALES TAX FUND

Year Ended June 30, 2021

	<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	\$ 1,575,000	\$ 1,575,000	\$ 1,816,549	\$ 241,549
Charges for Services	-	-	15	15
Interest Income	12,000	12,000	21,296	9,296
Other	100	100	100,187	100,087
TOTAL REVENUES	\$ 1,587,100	\$ 1,587,100	\$ 1,938,047	\$ 350,947
<u>EXPENDITURES:</u>				
Public Works:				
Streets	6,328,834	6,328,834	2,217,949	4,110,885
TOTAL EXPENDITURES	\$ 6,328,834	\$ 6,328,834	\$ 2,217,949	\$ 4,110,885
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (4,741,734)	\$ (4,741,734)	\$ (279,902)	\$ 4,461,832
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers In	\$ 68,000	\$ 68,000	\$ 797,796	\$ 729,796
Transfers Out	(116,786)	(116,786)	(116,786)	-
Loan Proceeds	4,858,520	4,858,520	-	(4,858,520)
Loan Payment	(68,000)	(68,000)	-	68,000
TOTAL OTHER FINANCING SOURCES (USES)	\$ 4,741,734	\$ 4,741,734	\$ 681,010	\$ (4,060,724)
TOTAL REVENUES OVER (UNDER) OTHER FINANCING SOURCES (USES)	\$ -	\$ -	\$ 401,108	\$ 401,108
FUND BALANCE, July 1, 2020			949,517	
PRIOR PERIOD ADJUSTMENT			(118,018)	
FUND BALANCE, June 30, 2021			\$ 1,232,607	

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURI

NOTES TO BUDGETARY COMPARISON SCHEDULES

June 30, 2021

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 8, 2020, a public hearing was held in connection with adoption of the proposed budget for 2021. The budget was amended on June 30, 2021. 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 Main and Malone TIF District Fund exceeded budgetary limits by \$51,557 for the year ended June 30, 2021.

ADDITIONAL SUPPLEMENTARY INFORMATION

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

June 30, 2021

	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	Total Nonmajor Governmental Funds
<u>ASSETS</u>													
<u>CURRENT ASSETS:</u>													
Cash on Hand	\$ -	\$ -	\$ -	\$ 183	\$ 398	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 581
Cash and Cash Equivalents	95,901	305,562	184,667	85,192	445,526	19,919	176,598	386,543	12,426	14,134	92,258	508,204	2,326,930
Certificate of Deposit	-	-	-	-	300,000	-	-	-	-	-	-	-	300,000
Receivables	-	-	13	-	-	-	-	-	-	-	-	-	13
Inventory	-	-	-	-	-	-	45,782	-	-	-	-	-	45,782
Prepaid Expenditures	-	-	-	-	-	-	-	129	-	-	-	-	129
Due From Other Funds	-	-	2,353	-	1,858	-	-	-	-	-	-	-	4,211
TOTAL CURRENT ASSETS	\$ 95,901	\$ 305,562	\$ 187,033	\$ 85,375	\$ 747,782	\$ 19,919	\$ 222,380	\$ 386,672	\$ 12,426	\$ 14,134	\$ 92,258	\$ 508,204	\$ 2,677,646
<u>LIABILITIES AND FUND BALANCE</u>													
<u>LIABILITIES:</u>													
Accounts Payable	\$ -	\$ -	\$ -	\$ 2,178	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,178
Municipal Court	-	-	-	9,722	-	-	-	-	-	-	-	-	9,722
Accrued Payroll Liabilities	-	-	-	26	-	-	20	-	-	-	-	-	46
Damage Deposits	-	3,000	4,875	-	-	-	-	-	-	-	-	-	7,875
TOTAL LIABILITIES	\$ -	\$ 3,000	\$ 4,875	\$ 11,926	\$ -	\$ -	\$ 20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,821
<u>FUND BALANCE:</u>													
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,782	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,782
Restricted	-	-	182,158	-	747,782	19,919	-	386,672	12,426	14,134	92,258	508,204	1,963,553
Committed	-	-	-	-	-	-	176,578	-	-	-	-	-	176,578
Assigned	95,901	302,562	-	73,449	-	-	-	-	-	-	-	-	471,912
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCE	\$ 95,901	\$ 302,562	\$ 182,158	\$ 73,449	\$ 747,782	\$ 19,919	\$ 222,360	\$ 386,672	\$ 12,426	\$ 14,134	\$ 92,258	\$ 508,204	\$ 2,657,825
TOTAL LIABILITIES AND FUND BALANCE	\$ 95,901	\$ 305,562	\$ 187,033	\$ 85,375	\$ 747,782	\$ 19,919	\$ 222,380	\$ 386,672	\$ 12,426	\$ 14,134	\$ 92,258	\$ 508,204	\$ 2,677,646

See Independent Auditors' Report.

CITY OF SKESTON, MISSOURI

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

Year Ended June 30, 2021

	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	Total Nonmajor Governmental Funds
REVENUES:													
Taxes	\$ -	\$ -	\$ 447,468	\$ -	\$ 300,119	\$ 158,745	\$ -	\$ -	\$ 114,426	\$ 227,412	\$ 225,525	\$ -	\$ 1,473,695
Intergovernmental	250,000	-	4,799	6,123	50,709	-	136	-	-	-	-	-	311,767
Charges for Services	-	-	69,262	-	23,926	-	272,997	158,424	-	-	-	-	524,609
Fines	-	-	-	152,985	-	-	-	-	-	-	-	-	152,985
Rents and Leases	-	42,002	23,540	-	-	-	35,517	-	-	-	-	313,017	414,076
Interest Income	1,805	-	3,808	1,271	16,407	74	4,954	8,904	271	1,156	257	-	38,907
Other	-	51,572	19,167	-	20,925	-	150	-	-	-	-	-	91,814
TOTAL REVENUES	\$ 251,805	\$ 93,574	\$ 568,044	\$ 160,379	\$ 412,086	\$ 158,819	\$ 313,754	\$ 167,328	\$ 114,697	\$ 228,568	\$ 225,782	\$ 313,017	\$ 3,007,853
EXPENDITURES:													
General Government	\$ 243,545	\$ 21,679	\$ -	\$ 196,902	\$ 424,174	\$ 149,924	\$ -	\$ -	\$ 117,425	\$ 230,846	\$ 218,557	\$ -	\$ 1,603,052
Public Safety	-	-	-	-	-	-	-	731,034	-	-	-	263,490	994,524
Public Works	-	-	807,400	-	-	-	409,006	-	-	-	-	-	1,216,406
TOTAL EXPENDITURES	\$ 243,545	\$ 21,679	\$ 807,400	\$ 196,902	\$ 424,174	\$ 149,924	\$ 409,006	\$ 731,034	\$ 117,425	\$ 230,846	\$ 218,557	\$ 263,490	\$ 3,813,982
REVENUES OVER (UNDER) EXPENDITURES	\$ 8,260	\$ 71,895	\$ (239,356)	\$ (36,523)	\$ (12,088)	\$ 8,895	\$ (95,252)	\$ (563,706)	\$ (2,728)	\$ (2,278)	\$ 7,225	\$ 49,527	\$ (806,129)
OTHER FINANCING SOURCES (USES):													
Transfers In	\$ -	\$ -	\$ 226,852	\$ 42,644	\$ -	\$ -	\$ 55,684	\$ 460,073	\$ -	\$ -	\$ -	\$ -	\$ 785,253
Transfers Out	(3,000)	-	-	-	-	-	-	-	-	-	-	-	(3,000)
TOTAL OTHER FINANCING SOURCES (USES)	\$ (3,000)	\$ -	\$ 226,852	\$ 42,644	\$ -	\$ -	\$ 55,684	\$ 460,073	\$ -	\$ -	\$ -	\$ -	\$ 782,253
TOTAL REVENUES OVER (UNDER) EXPENDITURES	\$ 5,260	\$ 71,895	\$ (12,504)	\$ 6,121	\$ (12,088)	\$ 8,895	\$ (39,568)	\$ (103,633)	\$ (2,728)	\$ (2,278)	\$ 7,225	\$ 49,527	\$ (23,876)
FUND BALANCE, July 1, 2020	90,504	231,417	173,810	58,945	755,356	14,708	262,246	468,026	23,564	24,492	121,214	452,212	2,676,494
PRIOR PERIOD ADJUSTMENT	137	(750)	20,852	8,383	4,514	(3,684)	(318)	22,279	(8,410)	(8,080)	(36,181)	6,465	5,207
FUND BALANCE, June 30, 2021	\$ 95,901	\$ 302,562	\$ 182,158	\$ 73,449	\$ 747,782	\$ 19,919	\$ 222,360	\$ 386,672	\$ 12,426	\$ 14,134	\$ 92,258	\$ 508,204	\$ 2,657,825

See Independent Auditors' Report.

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

June 30, 2021

	<u>Library Fund</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS:</u>	
Cash on Hand	\$ 398
Cash and Cash Equivalents	445,526
Certificate of Deposit	300,000
Due from Other Funds	1,858
Total Current Assets	<u>\$ 747,782</u>
 TOTAL ASSETS	 <u>\$ 747,782</u>
<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES:</u>	<u>\$ -</u>
<u>FUND BALANCE:</u>	
Nonspendable	\$ -
Restricted	-
Committed	-
Assigned	747,782
Unassigned	-
TOTAL FUND BALANCE	<u>\$ 747,782</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 747,782</u>

See Independent Auditors' Report.

CITY OF SIKESTON, MISSOURI

BUDGETARY COMPARISON SCHEDULE -
LIBRARY FUND

Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Amended		
<u>REVENUES:</u>				
Taxes:				
Real Estate Tax	\$ 212,000	\$ 219,000	\$ 221,645	\$ 2,645
Personal Property Tax	73,000	89,000	78,474	(10,526)
Intergovernmental:				
State Shared	2,000	10,000	10,000	-
Riverside Regional Library	15,000	15,000	15,000	-
Athlete & Entertainers Tax	-	1,700	1,697	(3)
New Madrid County Library Tax	15,000	15,000	15,000	-
Summer Reading Program Grant	-	1,613	1,614	1
CARES Act Reimbursement	-	-	1,031	1,031
Miscellaneous Grants	-	-	6,367	6,367
Charges for Services:				
Passport Photos & Fees	7,000	8,500	10,370	1,870
Library Fines and Fees	5,000	5,000	2,898	(2,102)
Book Sales	2,000	3,600	3,630	30
Copies, Fac, Lost Books	6,000	6,000	6,201	201
Library Cards	1,000	1,000	827	(173)
Interest Income:	11,000	9,000	16,407	7,407
Other:				
Donations	2,000	2,300	2,440	140
Insurance Proceeds	-	14,422	14,422	-
Miscellaneous Revenue	-	2,000	4,063	2,063
TOTAL REVENUES	\$ 351,000	\$ 403,135	\$ 412,086	\$ 8,951
<u>EXPENDITURES:</u>				
Personnel Services	226,388	231,713	223,235	8,478
Professional Services	2,000	1,500	1,500	-
Contractual Services	53,650	68,450	68,108	342
Maintenance and Operations	64,200	64,700	61,301	3,399
Capital Outlay	5,000	70,100	70,030	70
TOTAL EXPENDITURES	\$ 351,238	\$ 436,463	\$ 424,174	12,289
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	\$ (238)	\$ (33,328)	\$ (12,088)	\$ 21,240
FUND BALANCE, July 1, 2020			755,356	
PRIOR PERIOD ADJUSTMENT			4,514	
FUND BALANCE, June 30, 2021			<u>\$ 747,782</u>	

See Independent Auditors' Report.

CITY OF SIKESTON, MISSOURI
Sikeston, Missouri

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2021

2021-001 Adequate Expenditure Support

Criteria: The City should ensure all payroll transactions agree to their supporting documentation.

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

Cause: The City lacks an internal control to review payroll information entered.

Effect: Lack of internal controls over payroll information allowed three payroll checks to be incorrect.

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

Views of Response
Officials:

In regard to the salaried employee: paperwork documenting a change in compensation is seldom forwarded to payroll prior to the effective date. When that happens, adjustments are made on the first pay date following receipt of the documentation. The adjustment was made prior to the audit.

Since compensation adjustments are not made until payroll receives a signed compensation record, this problem will persist.

As for the two timesheets that were paid incorrectly, both were clerical input errors and were corrected prior to the audit. Due to staff shortages, review of payroll input was discontinued for a short time. Now that the division is at full staff, payroll is once again being reviewed by a second person.

2021-002 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 Main and Malone TIF District Fund exceeded budgetary limits by \$51,557.
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:

The City of Sikeston collects EATS, PILOT and TDD Sales Tax for the Main and Malone Transportation Development District. Those funds are then distributed to UMB Bank, who holds the note on the Main and Malone TIF District. UMB Transfers the payments on May 1 and August 1. When the year end balance was estimated for the Main and Malone Fund, it was assumed the total payment for the fiscal year would be the same as fiscal year 2020. It was not. The fiscal year 2021 payments were greater than the fiscal year 2020 payments.

In the future, staff will contact UMB and confirm the amount of the May payment for consideration of any budget amendment that needs to be made prior to the end of the fiscal year. This should prohibit expending more funds than budgeted.