

# CITY OF HANNIBAL, MISSOURI BOARD OF PUBLIC WORKS

Basic Financial Statements  
And Management's Discussion and Analysis  
For the Fiscal Year  
Ending June 30, 2015

*Building for the Future*



# LETTER FROM THE GENERAL MANAGER

BUILDING FOR THE FUTURE

## ROBERT STEVENSON, GENERAL MANAGER



For the first time ever, the Hannibal Board of Public Works is issuing an Annual Report combined with its audited financial results for the Fiscal Year that ended on June 30, 2015. The theme of this report is “Building for the Future” which celebrates the long term vision of our Board which has resulted in action and results of the Staff as reported in the following pages.

The Hannibal Board of Public Works has a long history of service to the community. In 1886, only four years after Thomas Edison opened the first electric power plant in the nation, the citizens of Hannibal energized City street lights and industrial sawmills with its own coal fired power plant.

In 1924, the City expanded its ability to treat drinking water taken from the Mississippi River. That plant is in service today, modified and modernized to comply with the latest water quality standards from the US Environmental Protection Agency.

In 1980, the Hannibal Board of Public Works built its second generation Wastewater Treatment Plant to comply with ever increasing water quality standards related to waste discharge back to the River.

Today, our circumstances have evolved, but our commitment to the Citizens of Hannibal remains as resolute as ever. It is embodied in our Mission Statement. ***“The mission of the Hannibal Board of Public Works is to provide safe, reliable utility products with excellent customer service at reasonable prices.”***

Electric power now comes from a combination of ownership and power supply contracts with providers from other states. We are interconnected with other communities and power suppliers through the use of the nationwide high voltage power grid. Operations of the Water Treatment Plant and the Waste Water Treatment Plant are primarily focused on complying with federal water quality regulations rather than simply meeting the needs of the community. Our community is linked in many ways to the larger world around us.

A major task of any municipal utility is to invest its assets back into the community it serves. We invest in two significant ways. One is infrastructure. Following is a report from our Director of Operations detailing a vast number of projects we are completing to modernize, grow, or improve using physical assets. The second way is by investing in our workers, citizens, and schoolchildren, to train, teach, or share from our excess as opportunities present themselves, reported through photos of events throughout the year. Along the way we have won some awards and recognition from our peers in the industry.

Speaking for myself and the whole staff of the Hannibal Board of Public Works, we are honored and privileged to work for the Board and build for the future of the citizens of Hannibal during FY 2015.

Sincerely,

*Robert W Stevenson*

# COMPANY PROFILE

BUILDING FOR THE FUTURE

*The mission of the Hannibal Board of Public Works is to provide safe, reliable utility products with excellent customer service at reasonable prices.*

The Hannibal Board of Public Works is a non-profit organization and a division of city government that provides electric, water, and sewer service to residents living within city limits of Hannibal Missouri. Established in 1903, the HBPW has grown substantially throughout the years and now includes the management of the Electric Distribution System, Water Treatment Plant, Water Distribution Facilities, Wastewater Treatment Plant, Sewer Collection System, Underground Storm-water Drainage System, and maintenance of the Bear Creek Dam. We strive for perfect employee satisfaction and safety, as well as maintaining excellent customer service and satisfaction. Through company growth, we hope to enhance the community in which we live and serve, and we do that by continually improving upon the technology we use through further education opportunities.

## AWARDS RECEIVED

**Reliable Public Power Provider**—The American Public Power Provider RP3 program recognizes utilities that demonstrate high proficiency in reliability, safety, work force development and system improvement. These four criteria are based upon sound business practices and are recognized industry leading practices. The Hannibal Board of Public Works was awarded Platinum Member for the 2015-2018 cycle.



**System Achievement Award**—The Missouri Public Utility Alliance awarded the Hannibal Board of Public Works the 2015 System Achievement Award in recognition of a member utility providing exceptional quality of improvements in service to its customers.



**Missouri Breastfeeding Friendly Worksite Award**—The Missouri Department of Health in partnership with Hannibal Regional Hospital awarded the Hannibal Board of Public Works as a Breastfeeding Friendly Worksite. The program recognizes employers that provide a private space (other than a bathroom) for breastfeeding mothers.





The Hannibal Board of Public Works is managed by a four-member Board, with members appointed by the City Manager and subject to City Council approval. Board Members serve four-year terms, and they oversee the utility's operations, planning, and financial condition.

### **RANDY PARK, PRESIDENT**

Randy Park is the owner of Printex Inc. in Hannibal Missouri, which specializes in screen printed, embroidered, and promotional apparel. Randy lives in Hannibal, Missouri with his wife Gail, and has been on the Board of Directors for the HBPW since 2009.

### **BETTY ANDERSON, VICE PRESIDENT**

Betty Anderson is the Vice President of Business & Finance for Hannibal LaGrange University in Hannibal Missouri. Betty lives in Hannibal with her husband, Jeff, and has served on the HBPW Board of Directors since 2012.

### **SUSAN WATHEN, SECRETARY**

Susan Wathen is the Vice President of Human Resource for Hannibal Regional Healthcare System in Hannibal Missouri. Susan lives in Hannibal with her husband, Bob, and has served on the HBPW Board of Directors since 2013.

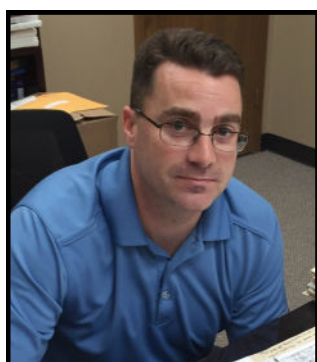
### **TIM GOODMAN, MEMBER**

Tim Goodman has been the Senior Minister for Clover Road Christian Church (previously South Side Christian Church) for the past 36 years. He lives in Hannibal with his wife, Shelly, and has served on the HBPW Board of Directors since 2014.

# ENGINEERING AND OPERATIONS HIGHLIGHTS

BUILDING FOR THE FUTURE

## HEATH HALL, DIRECTOR OF OPERATIONS



Fiscal Year 14-15 was very significant and productive year from an operations point of view. Several projects and improvements were underway that will play a key role in the Hannibal Board of Public (HBPW)'s utility systems for years to come.

We continued to push the ball forward slightly at the Business Park (now called the Hannibal Lakeside Technology Park) with efforts to improve the marketability and visibility of the land. Our engineer on the project, Klingner and Associates, began the design of the lake that serve as regional storm water detention and provide additional recreational facilities to the western part of town. Klingner also completed the design and obtained the Missouri Department of Natural Resources' construction permit to relocate the existing sewer line for the future lake construction.

An agreement was signed with Bluebird to construct and provide a fiber optic communications system to many of our remote sites (substations, pumping stations, water treatment plant (WTP), wastewater treatment plant (WWTP), etc.). This will allow more reliable and improved communications over the existing radio communications between the main office and these remote locations. It will also allow us to bring back electric and water meter readings at a faster rate. Construction should be completed in fall of 2015.

In the electric department aggressive pole replacement continued. We were able to replace approximately 100 system poles for the third fiscal year in a row. In house crews performed a pole inspection process of the entire system, and found approximately 300 deteriorated poles that were in need of replacement in the next few years. At our current pace for replacements, we have about one year left to complete the upgrades. Many of the poles are in backyards, which enables us to use the easement machine for their replacement.

Street lighting upgrades were completed along McMasters Avenue and are almost completed along Broadway (from Grand to the floodwall). Conversion from to the more efficient light-emitting diode (LED) bulbs and fixtures has become the norm for us, and will continue with future lighting upgrades in the coming years. LED bulbs are not only more efficient, but have a longer operating life than the original high pressure sodium's that were previously used. Therefore, they require less maintenance from the line crew.

The water distribution department completed the installation or repair of over 200 dead end main flushing devices in preparations for the Chloramine Disinfection System conversion that is underway at the WTP. The new system requires more frequent flushing of the water system than has been done in the past. The department also continued its program to replace approximately 10% of system water meters each year.

# ENGINEERING AND OPERATIONS HIGHLIGHTS

BUILDING FOR THE FUTURE

In August of 2013, we received voter approval to sell \$21,865,000 in bonds (\$12,960,000 for the water fund and \$8,865,000 for the sewer fund). Since that time, we have been in the process of applying for \$12,960,000 from the State Revolving Fund (SRF) loan system through the Missouri Department of Natural Resources (MDNR). SRF is the cheapest available bond money, with an interest rate of about 2%.

The SRF bond money will allow for four projects to be completed. These projects are arguably the most significant projects for the water department in the last two decades. They consist of a combination of distribution improvements, upgrades to the WTP, and drinking water supply system. Generators will be added to two water booster stations, along with some about 2,500 feet of new 12 inch water pipe to allow a backup line to the hospital area. A new 200,000 gallon elevated water tower will be constructed on the Southside to replace the existing 75,000 gallon 1920's structure. The WTP will receive major upgrades to the disinfection system by adding chloramines and ultra-violet (UV) light disinfection. The two upgrades to the treatment plant will bring it back into compliance with newly introduced drinking water regulations. Also the water supply system will receive two much needed new raw water lines. The two parallel lines will travel approximately 3,500 feet from the pump house to the WTP, and will replace the existing lines that were constructed in the 1890's and in 1924. The four projects will combine to improve drinking water infrastructure and treatment methods for our customers for decades to come.

The sewer collection department continued its aggressive cleaning and inspection of the sewer piping system. In recent years, they have been cleaning approximately 20-25% of the system per year. In fiscal year 14-15 the volume of televising was increased, and therefore the cleaning slightly decreased. The department would like to get the entire system televised in next 5 years.

The sewer crew also focused on locating sources of Inflow and Infiltration (I&I) within the downtown drainage basin to eliminate the Downtown By-Pass that was installed to control the overflow of the sewer system that occurs during flooding and when the flood walls are installed. We hired an outside consultant to accomplish this task at a higher rate than our current sewer department staffing allows. We signed a contract with Trekk and Associates to complete approximately \$400,000 worth of I&I work that consists of smoking, flow monitoring, manhole inspections, and other activities to locate the sources of the excess water. The study work should wrap up at the end of the 2015 calendar year. The funding source for the Downtown By-Pass Elimination project is bonds. After the 2013 voter approval to sell \$8,865,000, we sold \$6,430,000 in municipal bonds to fund the project.

The bulk of the sewer bond money was used to complete life extension work at the Wastewater Treatment Plant (WWTP). Much needed upgrades to the Grit and Dewatering Building in the form of all new electrical systems, new ventilation systems, and bringing the entire building up to new electrical standards were completed. Also the plant received a new alarm and control system that will allow for future remote monitoring. The plan is to eventually monitor some night and weekend hours remotely. This will decrease our labor costs.

The improvements to the utility systems that were started or completed during the fiscal year 14-15 will benefit the Hannibal Board of Public Works rate payers for years to come. Next year we will continue our efforts of "Building for the Future".



# MEET THE STAFF

BUILDING FOR THE FUTURE

## ADMINISTRATION



From left: Heath Hall, Kari Goodman, Christina Hagan, Abraham Gray, Beverly Stewart, Courtney Harris, Robert Stevenson  
(Absent: Matthew Jones, James Thewlis)

## SUPERVISORS



From left: Mathew Munzlinger, Lillie Lewton, Gene Majors, Mark Hickerson, Jared Stewart  
(Absent: John Hummel)

## MAINTENANCE



From left: Gary Beahan, Eric Kindhart, Pat Ryan, Donald Spencer, Warren Brehm  
(Absent: Terry Tesson)

## BUSINESS



Front Row: Laken McDonald, Kathleen Robertson, Chandra David / Back Row: Lillie Lewton, Cindy Price, Emily Dexheimer, Shelia Wood

# MEET THE STAFF

BUILDING FOR THE FUTURE

## WATER



From Left: Ryan Fountain, Mark Turner, Quintin Schmohe, Chuck Murphy, Doug Epperson

## ELECTRIC



From Bottom: Kenny Garcia, Bruce Goodwin, Matthew Lay, Mark Salter, Chad Comstock, Matthew Livesay, Adam Schneider, Andrew Quinlin, Justin Carper

## WASTEWATER TREATMENT PLANT



From Left: Corey Means, Devon Muehring, Joe Riefesel, Rodney Spires, John Hummel, Jeff Williams, Jackie Stephens

## SCADA

Jessica Aggers, Michial Bacon, Joe Darnell, Keenan Frese, Robert Vandelicht

## SEWER

Dan David, Ron Lee, Todd Lear, Gary Tate, Jamie Whitley

## WATER TREATMENT PLANT

John Caudill, Mark Hetheriton, Herman McClain, Chris Miller, Neal Parsons

## METER

Bill Dye, Nick Ferry, Greg Nichols, Connie Quinn



# COMMUNITY INVOLVEMENT

BUILDING FOR THE FUTURE

Each year, the Hannibal Board of Public Works participates in several community outreach programs throughout the City of Hannibal. We believe that volunteering provides valuable community services so that more money can be spent on local improvements. As volunteers, we hope to strengthen our community through supporting families, improving schools, supporting our youth, and beautifying our community. As a business, the HBPW believes that by volunteering, we can build camaraderie and teamwork among our employees and unite people from different backgrounds to work towards a common goal.

We are proud to invest in the City of Hannibal and the people that live here!

## SCHOOL PRESENTATIONS

Each spring, the HBPW partner's with local schools to present Electric Safety Presentations and Demonstrations to 1st grade, 3rd grade and 5th grade students, as well as middle school classes. These presentations educate students on electrical safety in and around their home that could cause damage or injury to themselves and others.

In 2015, our electric linemen spoke to over 1,300 students!



## PUBLIC UTILITIES WEEK

Each October, the HBPW plans and implements a week-long community outreach event known as Public Utilities Week. This special time of year is a way for us to celebrate Public Power Week, but also a way for our employees to take a break from their daily job responsibilities to serve their community in a more personal way.



*In 2015 the  
HBPW will  
celebrate it's 5th  
Annual  
Anniversary of  
Public Utilities  
Week!*

# COMMUNITY INVOLVEMENT

BUILDING FOR THE FUTURE

## RED CROSS BLOOD DRIVE

The Hannibal Board of Public Works sponsors the Hannibal Red Cross Blood Drive in June each year. HBPW employees provide both donations and help throughout the event and there is always a great turnout. In 2014, we were able to assist the Red Cross in achieving their goal in donations for that month.



## NATIONAL TOM SAWYER DAYS PARADE



One of our favorite events throughout the year is Hannibal's National Tom Sawyer Days Parade. Employees, spouses and children love to ride on top our bucket trucks as we cruise down Main Street with other participants.

## BUDDY PACKS

Each month, the Hannibal Board of Public Works provides employee volunteers to help package take-home meals for school children in the community. The HBPW is looking forward to the next year as we partner with Families and Communities Together (FACT) to once again provide monthly assistance.



# **City of Hannibal, Missouri**

## **Board of Public Works**

### **Basic Financial Statements**

### **And Management's Discussion and Analysis**

### **For the Fiscal Year**

### **Ending June 30, 2015**

**City of Hannibal, Missouri**  
**Board of Public Works**  
Year Ended June 30, 2015  
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## **Financial Section**



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## **Independent Auditor's Report**

To the Honorable Mayor,  
City Council and Board of  
Public Works  
City of Hannibal, Missouri

We have audited the accompanying financial statements of the Electric, Water, and Sewer funds (Board of Public Works) of the City of Hannibal, Missouri, as of and for the year ended June 30, 2015, and the related notes to the financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's 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. 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 auditor's 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.

### **Basis for Adverse Opinion**

As discussed in Note 1, the financial statements present only the Electric, Water, and Sewer funds of the City of Hannibal, Missouri. Accounting principles generally accepted in the United States of America require that City of Hannibal, Missouri's financial statements present the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hannibal, Missouri.

### **Adverse Opinion**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion" paragraph, the financial statements referred to above do not present fairly the financial position of City of Hannibal, Missouri as of June 30, 2015, or the changes in financial position or cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Independent Auditor's Report (Concluded)**

### **Unmodified Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Electric, Water and Sewer funds of the City of Hannibal, Missouri, as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and Schedule of Changes in Net Pension Liability and Schedule of Contributions on pages 3 through 7 and pages 24 through 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hannibal's Board of Public Works' basic financial statements. The supplementary schedules and statistical section on pages 27 through 35 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Wade Stables P.C.*

**Wade Stables P.C.**  
*Certified Public Accountants*

December 3, 2015  
Hannibal, Missouri

## **Management's Discussion and Analysis**



**City of Hannibal, Missouri**  
**Board of Public Works**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
(Unaudited)

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## **Introduction**

The Hannibal Board of Public Works of Hannibal, Missouri (HBPW) is a municipally owned utility of the City of Hannibal, Missouri (City). The HBPW is comprised of the Electric, Water and Sewer Departments, serving approximately 8,900 customers. The following discussion and analysis of the financial performance of the Board HBPW provides an overview of the HBPW's financial activities for the fiscal year ended June 30, 2015. This analysis should be read in conjunction with the financial statements and notes.

## **Financial Highlights**

- The assets and deferred outflows of resources of HBPW exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ending June 30, 2015, by \$57,668,753 (net position). Of this amount, \$13,591,820 (unrestricted net position) may be used to meet the Board's ongoing obligations to citizens and creditors.
- The HBPW's total net position increased by \$3,198,105 for the year ended June 30, 2015. The increase in net position can be attributed to the Electric Department fund which ended the year with net income of \$2,018,294, the Water Department fund that ended the year with net income of \$834,298 and the Sewer Department fund that ended the year with net income of \$345,513.
- With the payment of total principal due on the HBPW's long-term debt; the total debt decreased by \$2,465,461 for the year ended June 30, 2015.

The Board's full requirements wholesale power supply contract with Illinois Power Marketing expired in December 2014. Contract price for energy is firm at \$43/MWH. In addition, another contract with Illinois Power Marketing for the years 2015 and 2016 at a price of \$41.69 was bid and awarded and that contract was extended by mutual agreement through May 2017.

The Board is a participant in the 1600MW Prairie State Energy Campus located near Marissa, IL for 10 MW from each of the two units. Energy from the plant is being sold into the MISO day ahead market which has also been below expectations.

- Electric rates for the residential rate class increased 4% on July 1, 2014. An incentive rate to attract new industries was established in July 2011. The incentives offered gradually reduce to zero over a 48 month period. One customer has applied for the incentive rate since its inception.
- Water rates were increased 4% on July 1, 2014 for all rate classes. An industrial incentive rate similar to the electric incentive was established. No applications for the incentive rate were received during the year.
- Sewer rates were increased 4% on July 1, 2014 for all customers.

## **Overview of the Financial Statements**

The discussion and analysis serves as an introduction to HBPW's basic financial statements. The HBPW's financial statements are comprised of two components, fund financial statements and notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements.

## **Fund Financial Statements**

The HBPW maintains three business-type funds that are used to charge customers for the service it provides electric, water and sewer services. It is also used to account for all of the HBPW's activities.

## **Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to financial statements can be found immediately following the basic financial statements.

**City of Hannibal, Missouri**  
**Board of Public Works**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
(Unaudited)

**Business-type Activities**

**Condensed Statement of Net Position**

	<u>2015</u>	<u>2014</u>
Assets		
Current	\$ 19,165,887	\$ 21,187,434
Net capital assets	51,973,762	48,476,060
Other	2,185,604	2,212,390
Total Assets	<u>\$ 73,325,253</u>	<u>\$ 71,875,884</u>
Deferred Outflows	<u>\$ 823,456</u>	<u>\$ -</u>
Liabilities		
Current	\$ 5,564,190	\$ 5,777,698
Long-term	10,607,368	11,115,039
Total Liabilities	<u>\$ 16,171,558</u>	<u>\$ 16,892,737</u>
Deferred Inflows	<u>\$ 308,398</u>	<u>\$ -</u>
Net Position	<u>\$ 57,668,753</u>	<u>\$ 54,983,147</u>

**Condensed Statement of Revenues, Expenses and Changes in Fund Net Position**

	<u>2015</u>	<u>2014</u>
Operating Revenues	\$ 38,123,575	\$ 37,469,171
Less Operating Expenses	(34,760,590)	(35,334,362)
Total Operating Income	<u>\$ 3,362,985</u>	<u>\$ 2,134,809</u>
Non-Operating Revenues and Expenses		
Interest income	\$ 57,567	\$ 10,266
Interest expense	(453,861)	(617,999)
Other items (net)	231,414	34,169
Total Other Income (Expenses)	<u>\$ (164,880)</u>	<u>\$ (573,564)</u>
Change in Net Position	\$ 3,198,105	\$ 1,561,245
Net Position at beginning of period	54,983,147	53,421,902
Prior period adjustment	(512,499)	-
Net Position at end of period	<u>\$ 57,668,753</u>	<u>\$ 54,983,147</u>

The HBPW's most significant revenue in 2015 was charges for services for industrial of \$15,073,220 and residential for \$13,997,214.

	<u>2015</u>	<u>2014</u>
Operating Revenues		
Electric	\$ 29,253,619	\$ 28,727,997
Water	4,801,591	4,742,047
Sewer	4,068,365	3,999,127
Total	<u>\$ 38,123,575</u>	<u>\$ 37,469,171</u>

**City of Hannibal, Missouri**  
**Board of Public Works**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
(Unaudited)

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**Business-type Activities (Concluded)**

The HBPW's most significant expenses in 2015 were purchase of power of \$21,362,120 and salary and wages for \$4,175,715.

	<u>2015</u>	<u>2014</u>
Operating Expenses		
Electric	\$ 27,265,931	\$ 27,985,386
Water	3,969,881	3,714,243
Sewer	3,524,778	3,634,733
Total	<u>\$ 34,760,590</u>	<u>\$ 35,334,362</u>

**Property, Plant and Equipment**

At the end of the fiscal year 2015, the HBPW had total property, plant and equipment of \$51,973,762.

**MAJOR INITIATIVES**

**Electric Department**

The electric department crews continued the pole replacement project that consists of replacing approximately 100 deteriorated and aged utility poles per year. The project will likely continue for the next couple of years, before poles are re-evaluated. Many of the poles are in back yard easements, which require more innovative construction techniques and the use of the Easement Machine (small bucket/digger truck on tracks that can fit through a 36 inch fence gate).

After the completion of the electrical system coordination study in fiscal year 13-14, we continued the reliability improvements to the system by ordering mid span reclosers. The reclosers will allow for segmenting of the electrical system during outages, and minimizes the amount of customers affected. We have been able to achieve 99.99% availability for several months now, and would like to continue to improve upon it.

The antique street light poles and fixtures were upgraded along Broadway. The bulbs were converted to light emitting diode (LED), and the poles were sandblasted and repainted. The LED bulbs reduce maintenance costs and produce a more electrically efficient light.

A meter test bench was purchased in an attempt to save money and time during electric meter testing. Prior to the purchase, suspect meters were collected and mailed periodically to the manufacturer for testing. The cost and time it took to receive test results was not very useful to our operations.

**Water Department**

Design and bidding work continued throughout the fiscal year on 4 major water projects totaling about \$13 million.

The first project consists of upgrades to the Water Treatment Plant (WTP) to comply with new environmental regulations. The upgrades include UV light and chloramine disinfection systems, a new carbon feed system and building, and various piping and valve replacements.

The second projects includes replacement two raw water lines that are approximately 3,500 feet in length and feed all raw water from the river pump house to the WTP. The existing lines are about 100 years old and provide a lot of maintenance difficulties. Along with the replacement of the two raw water lines will be the installation of a residual line that will carry water treatment waste to the river, and a new underground electric feed for the river pump house.

**City of Hannibal, Missouri**  
**Board of Public Works**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
(Unaudited)

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**Water Department (Concluded)**

The replacement of the elevated water storage tank of the Southside is the third project. The newly installed 200,000 gallon tank will replace the existing 1924 structure that has the capacity to hold only 50,000 gallons. The new tank will be located approximately 2000 feet south of the existing structure and provide adequate pressure and increased water for fire protection for approximately 400 meters.

The final project involves improvements to the water distribution system including around 4,000 feet of newly installed line water lines to loop key areas along the western part of town, and two back up power generators at the Paris Gravel and Southside water booster stations.

Construction should begin early in the fiscal year 15-16. Our staff continues to work with the Missouri Department of Natural Resources to obtain low interest State Revolving Fund loan money to complete the projects.

The local crews focused on preparing for the new disinfection systems. The chloramine system requires more efficient and more frequent flushing of the piping systems, especially the dead end mains. Our crew repaired and installed new dead end main flushing devices to over 200 locations throughout the water system.

**Sewer Department**

The major construction project for the sewer department occurred at the Wastewater Treatment Plant (WWTP). The project known as the Grit and Dewatering Building Upgrades consisted of replacing 30 year old electrical and mechanical equipment within the G&D Building. While replacing the electrical equipment, the building was brought up to current National Electric Code (NEC) standards which included explosion proofing the building and constructed a sealed electrical control room. A new control and alarm system was also installed that will give us the ability to monitor and control plant items remotely.

The sewer crew continued efforts to maintain the existing deteriorating system by televising, cleaning, root cutting and inspecting several thousands of feet of sewer mains.

The Downtown Sanitary Sewer Overflow Elimination project continued. We hired Trekk to investigate the area that affects the overflow for approximately \$400,000. They are in the process of smoking, and measuring flow data in key areas to assist them in writing a report. The report will include information on which areas are the most effected by inflow and infiltration, and will assist us in prioritizing repairs. The investigation and reporting should be completed in the fiscal year 15-16.

**Administration**

The four appointed Board Members who governed the operations of the Hannibal Board of Public Works during the past year remained constant from the previous year and were as follows: Randy Park, President; Betty Anderson, Vice-President; Susan Wathen, Secretary; and Tim Goodman, Board Member.

Work continued on the Business Park development. The 110 acre site was designated as a Missouri Certified Site. Klinger and Associates completed the design of the proposed lake and associated dam structure that is intended to provide regional storm water detention and control as well as add aesthetic value to the park. Other work at the park includes tree and brush clean up and overall grounds maintenance.

A contract with Blue Bird was signed in the spring of 2015 for them to install a fiber optic system that will be used for communications between remote sites and meter reading purposes. The system should be installed by the end of 2015.



**City of Hannibal, Missouri**  
**Board of Public Works**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
(Unaudited)

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## **FUTURE PLANS**

We are in the process of developing a power supply profile. The current full requirements power supply contract with Dynegy ends on May 31, 2017, and are in the planning stages of going a different direction. After the contract ends, we are planning on using power from the Prairie State Energy Campus, purchasing other blocks of power, and purchasing some off the open market to complete our power supply needs. Our estimates show that this method of power supply will save us over \$1 million per year, plus it will allow us to use the Prairie State power directly instead of selling it on the open market at lower than market pricing.

The electric department will be installing underground electrical primary and secondary lines to feed the WTP in Riverview Park. This project will be coordinated with the other WTP construction work.

The four water projects should be completely constructed and in operation by the summer of 2016. This will allow for the WTP to be in compliance with drinking water standards, and provide our customers with high quality drinking water.

The Downtown SSO study work should be completed in the next few months, and plans to make repairs will be underway. The repairs could take years, and cost millions. So prioritizing them to get the most for our money is vital.

The fiber optic communications project should be completed near the end of 2015, the shortly there after a new SCADA system will be installed by ACS. With both of the new systems coming on line, the communications with both treatment plants and other remote sites will be state of the art, and should allow for more efficiency in meter reading and data collection. Also, it should allow for remote monitoring of the WWTP during some night and weekend shifts. As retirements occur with plant personnel, the plan is to not replace two of the 6.

## **OPERATING RESULTS**

Electric, water and sewer revenue is comprised of retail sales to the HBPW's customers and wholesale sales of both electricity and water to resellers.

Retail Electric customers provided \$25,816,855 in revenue for the year, which represents an increase of 1.09% from the previous year.

Retail Water revenues were \$4,065,613 for the year compared to \$4,036,671 the previous year, for an increase of 2.5% from the previous year. Wholesale revenue was \$689,925 or an increase of 4.96% from the previous year.

Retail Sewer revenues were \$4,022,493 for the year compared to \$3,951,302 the previous year for an increase of 1.8% from the previous year.

As required by the City Charter, the Hannibal Board of Public Works pays a percentage of its revenues into the general fund of the City. In addition to this transfer into the City's general fund, the Hannibal Board of Public Works provides other benefits to the City and community. These supplemental benefits include free street lighting, free utility service to City Government, free utility relocation work for City projects, support of economic development, maintenance of traffic signals, responsibility for operation of the Bear Creek Dam and maintenance of the floodwall pumps. Transfer fees totaling \$1,696,051 were paid to the City of Hannibal. The Hannibal Board of Public Works remains financially sound at the conclusion of fiscal year 2014-2015. For more than 100 years customers have trusted the HBPW to deliver reliable, affordable and responsible utility services. The HBPW will continue to safeguard the future of essential services for our customers.

To learn more about the operation of the Board of Public Works, visit the HBPW website at <http://www.hannibalbpw.org/>.

**City of Hannibal, Missouri**  
**Board of Public Works**  
Statement of Net Position  
June 30, 2015

	<b>Electric Department</b>	<b>Water Department</b>	<b>Sewer Department</b>	<b>Total 2015</b>
<b>Assets</b>				
Current Assets:				
Cash	\$ 554,149	\$ 943,837	\$ 637,596	\$ 2,135,582
Restricted Cash-Debt Service	-	-	1,562,171	1,562,171
Investments	7,877,000	748,413	613,000	9,238,413
Receivables (Net, where applicable, of allowances for uncollectible accounts):				
Customers	1,865,241	304,753	253,249	2,423,243
Other	327,147	25,379	947	353,473
Due from cities - current	23,352	-	-	23,352
Inventory	1,376,028	726,549	23,542	2,126,119
Prepaid expenses	1,096,346	103,594	103,594	1,303,534
<b>Total Current Assets</b>	<b>\$ 13,119,263</b>	<b>\$ 2,852,525</b>	<b>\$ 3,194,099</b>	<b>\$ 19,165,887</b>
Property, Plant and Equipment (Net of accumulated depreciation):	15,566,274	19,938,383	16,469,105	51,973,762
Other Assets:				
Other investment - land	505,055	-	-	505,055
Water rights	-	1,500,000	-	1,500,000
Prairie State Energy	91,269	-	-	91,269
Due from cities - long-term	89,280	-	-	89,280
<b>Total Assets</b>	<b>\$ 29,371,141</b>	<b>\$ 24,290,908</b>	<b>\$ 19,663,204</b>	<b>\$ 73,325,253</b>
<b>Deferred Outflows of Resources</b>				
Net difference between projected and actual earnings on pension plan investments	\$ 411,728	\$ 205,864	\$ 205,864	\$ 823,456
<b>Liabilities</b>				
Current Liabilities:				
Accounts payable	\$ 2,183,351	\$ 144,002	\$ 156,851	\$ 2,484,204
Customer deposits	425,545	96,718	96,515	618,778
Other accrued expenses	106,014	17,085	23,642	146,741
Accrued leave	521,340	154,120	181,507	856,967
Current portion of long-term debt	689,300	440,700	260,000	1,390,000
Current portion due to PWSD#1	-	67,500	-	67,500
<b>Total Current Liabilities</b>	<b>\$ 3,925,550</b>	<b>\$ 920,125</b>	<b>\$ 718,515</b>	<b>\$ 5,564,190</b>
Long-term Liabilities:				
Due to PWSD #1	-	607,500	-	607,500
Net pension liability	625,670	312,835	312,835	1,251,340
OPEB obligation	30,512	17,739	18,277	66,528
Long-term debt	2,313,460	453,540	5,915,000	8,682,000
<b>Total Liabilities</b>	<b>\$ 6,895,192</b>	<b>\$ 2,311,739</b>	<b>\$ 6,964,627</b>	<b>\$ 16,171,558</b>
<b>Deferred Inflows of Resources</b>				
Difference between expected and actual experience in the total pension liability	\$ 154,199	\$ 77,100	\$ 77,099	\$ 308,398
<b>Net Position</b>				
Invested in capital assets, net of related long-term debt	\$ 12,563,514	\$ 19,044,143	\$ 10,907,105	\$ 42,514,762
Restricted for debt service	-	-	1,562,171	1,562,171
Unrestricted	10,169,964	3,063,790	358,066	13,591,820
<b>Total Net Position</b>	<b>\$ 22,733,478</b>	<b>\$ 22,107,933</b>	<b>\$ 12,827,342</b>	<b>\$ 57,668,753</b>

The accompanying notes are an integral part of these financial statements.

**City of Hannibal, Missouri**  
**Board of Public Works**  
Statement of Revenues, Expenses and  
Changes in Net Position  
Year Ended June 30, 2015

	<b>Electric Department</b>	<b>Water Department</b>	<b>Sewer Department</b>	<b>Total 2015</b>
<b>Operating Revenues:</b>				
Charges for services				
Residential	\$ 9,142,784	\$ 2,410,321	\$ 2,444,109	\$ 13,997,214
Commercial	3,158,979	860,395	815,153	4,834,527
Industrial	13,515,092	794,897	763,231	15,073,220
Wholesale	-	689,925	-	689,925
Penalties	176,576	46,053	45,872	268,501
Prairie State Energy sales	3,260,188	-	-	3,260,188
Total Operating Revenues	<u>\$ 29,253,619</u>	<u>\$ 4,801,591</u>	<u>\$ 4,068,365</u>	<u>\$ 38,123,575</u>
<b>Operating Expenses:</b>				
Purchased power	\$ 21,362,120	\$ -	\$ -	\$ 21,362,120
Salaries and wages	1,919,221	1,111,753	1,144,741	4,175,715
Benefits	1,318,265	585,294	558,590	2,462,149
Purchased services	534,404	436,581	291,909	1,262,894
Supplies	191,038	773,434	370,501	1,334,973
Noncapitalized equipment	76,897	33,066	18,147	128,110
Uncollectible accounts expense	112,742	39,594	31,894	184,230
Other objects	618,519	409,384	436,567	1,464,470
Depreciation	1,129,292	580,775	672,429	2,382,496
Amortization	3,433	-	-	3,433
Total Operating Expenses	<u>\$ 27,265,931</u>	<u>\$ 3,969,881</u>	<u>\$ 3,524,778</u>	<u>\$ 34,760,590</u>
<b>Income (Loss) from Operations</b>	<u>\$ 1,987,688</u>	<u>\$ 831,710</u>	<u>\$ 543,587</u>	<u>\$ 3,362,985</u>
<b>Non-Operating Revenue (Expense)</b>				
Interest income	\$ 32,987	\$ 10,177	\$ 14,403	\$ 57,567
Rental income	9,600	-	-	9,600
Miscellaneous	143,957	50,126	33,142	227,225
Interest expense/fees	(155,938)	(52,304)	(245,619)	(453,861)
Gain (Loss) on capital assets	-	(5,411)	-	(5,411)
<b>Total Non-Operating Revenue (Expense)</b>	<u>\$ 30,606</u>	<u>\$ 2,588</u>	<u>\$ (198,074)</u>	<u>\$ (164,880)</u>
<b>Net Income (Loss)</b>	<u>\$ 2,018,294</u>	<u>\$ 834,298</u>	<u>\$ 345,513</u>	<u>\$ 3,198,105</u>
<b>Net Position, Beginning of Year</b>	20,971,433	21,401,760	12,609,954	54,983,147
Prior Period Adjustments	(256,249)	(128,125)	(128,125)	(512,499)
<b>Net Position, End of Year</b>	<u><u>\$ 22,733,478</u></u>	<u><u>\$ 22,107,933</u></u>	<u><u>\$ 12,827,342</u></u>	<u><u>\$ 57,668,753</u></u>

The accompanying notes are an integral part of these financial statements.

**City of Hannibal, Missouri**  
**Board of Public Works**  
Statement of Cash Flows  
Year Ended June 30, 2015

	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total 2015</b>
<b>Cash Flows from Operating Activities:</b>				
Receipts from customers	\$ 29,314,429	\$ 4,787,692	\$ 4,137,009	\$ 38,239,130
Payments to suppliers	(23,474,452)	(2,356,938)	(1,632,102)	(27,463,492)
Payments to employees	(1,845,458)	(1,306,129)	(1,300,810)	(4,452,397)
Net Cash Flows Provided By (Used In) Operating Activities	<u>\$ 3,994,519</u>	<u>\$ 1,124,625</u>	<u>\$ 1,204,097</u>	<u>\$ 6,323,241</u>
<b>Cash Flows from Investing Activities:</b>				
Interest revenue	\$ 32,987	\$ 10,177	\$ 14,403	\$ 57,567
Increase (decrease) short-term investments	(2,975,941)	167,191	4,477,263	1,668,513
Additions to capital assets	(624,965)	(1,222,062)	(4,033,171)	(5,880,198)
Other revenue	153,557	50,126	33,142	236,825
Gain (loss) on capital assets	-	(5,411)	-	(5,411)
Net Cash Flows Provided By (Used In) Investing Activities	<u>\$ (3,414,362)</u>	<u>\$ (999,979)</u>	<u>\$ 491,637</u>	<u>\$ (3,922,704)</u>
<b>Cash Flows from Capital Financing Activities:</b>				
Due from cities	\$ 22,460	\$ -	\$ -	\$ 22,460
Principal paid on capital debt	(1,344,755)	(428,453)	(692,253)	(2,465,461)
Interest expense paid	(155,938)	(52,304)	(245,619)	(453,861)
Net Cash Provided By (Used In) Capital Financing Activities	<u>\$ (1,478,233)</u>	<u>\$ (480,757)</u>	<u>\$ (937,872)</u>	<u>\$ (2,896,862)</u>
<b>Net Increase (Decrease) in Cash</b>	<u>\$ (898,076)</u>	<u>\$ (356,111)</u>	<u>\$ 757,862</u>	<u>\$ (496,325)</u>
<b>Cash at Beginning of Year</b>	<u>1,452,225</u>	<u>1,299,948</u>	<u>1,441,905</u>	<u>4,194,078</u>
<b>Cash at End of Year</b>	<u><u>\$ 554,149</u></u>	<u><u>\$ 943,837</u></u>	<u><u>\$ 2,199,767</u></u>	<u><u>\$ 3,697,753</u></u>

The accompanying notes are an integral part of these financial statements.



**City of Hannibal, Missouri**  
**Board of Public Works**  
Statement of Cash Flows (Concluded)  
Year Ended June 30, 2015

	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total 2015</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>				
Operating income (loss)	\$ 1,987,688	\$ 831,710	\$ 543,587	\$ 3,362,985
Adjustments to reconcile net income to net cash provided by:				
Depreciation	1,129,292	580,775	672,429	2,382,496
Changes in operating assets and liabilities				
(Increase) decrease in:				
Accounts receivable - customers	128,295	9,770	69,926	207,991
Accounts receivable - other	(70,998)	(25,379)	(947)	(97,324)
Inventories	10,662	(260,639)	662	(249,315)
Prepaid expenses	2,318	(1,316)	(1,319)	(317)
Increase (decrease) in:				
Accounts payable	701,654	(30,404)	(122,195)	549,055
Accrued expenses	18,011	(14,300)	(9,910)	(6,199)
OPEB obligation	8,234	5,580	4,171	17,985
Net pension obligation	107,647	53,630	53,257	214,534
Customer deposits	3,513	1,710	(335)	4,888
Accrued leave	(31,797)	(26,512)	(5,229)	(63,538)
<b>Net Cash Provided by (used in) Operating Activities</b>	<u>\$ 3,994,519</u>	<u>\$ 1,124,625</u>	<u>\$ 1,204,097</u>	<u>\$ 6,323,241</u>

**City of Hannibal, Missouri**  
**Board of Public Works**  
Notes to Financial Statements  
June 30, 2015

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**1. Summary of Significant Accounting Policies**

*Reporting Entity:*

Board of Public Works of Hannibal, Missouri, (the "Board"), is a municipality owned utility of the City of Hannibal, Missouri (the "City"), as provided for in the City Charter. The Board is comprised of the electric, water, and sewer utilities.

For financial reporting purposes, the Board includes all funds that are controlled by the Board of Public Works of Hannibal, Missouri as determined on the basis of financial interdependency, selection of management, ability in influence operations and budget adoption. No other funds or entities met any of these criteria.

*Basis of Accounting:*

The Board consists of three enterprise funds: electric utility, water utility and sewer utility. The Board utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded as incurred.

The financial statements have been prepared in conformity with the pronouncements of the Governmental Accounting Standards Board (GASB), the standard-setting body for state and local governments. These standards define the Electric, Water and Sewer funds as enterprise funds of the City. Accordingly, the financial statements of the Board are included in the Financial Report of the City.

*Capital Assets:*

The cost of additions and betterments of utility plant is capitalized. Costs include material, labor, vehicle and equipment usage, related overhead items, capitalized interest and administrative and general expenses.

Expenses for maintenance and renewals of items not considered to be units of property are charged to income as incurred. When units of depreciable property are retired, the original cost and removal costs, less salvage are charged to accumulated depreciation.

*Depreciation:*

Depreciation is provided over the estimated lives of the various classes of depreciable property by applying composite rates on a straight-line basis. The provisions for depreciation in 2015 and 2014, based on estimates of useful lives, were as follows:

Buildings	25 – 50 years
Improvements	10 – 100 years
Equipment	3 – 10 years

*Investments:*

Investments consist of bank certificates of deposit and money market accounts and are reported at June 30 values.

*Inventories:*

Inventory is valued at the lower of cost or market on a first-in, first-out (FIFO) basis.

**City of Hannibal, Missouri**  
**Board of Public Works**  
Notes to Financial Statements  
June 30, 2015

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**1. Summary of Significant Accounting Policies (Concluded)**

*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.

*Capitalization of Interest*

Net interest costs related to acquiring or constructing certain utility plants are capitalized as a part of the cost of the related asset. The Board has capitalized interest on construction projects financed with the revenue bonds, commercial paper and renewal and replacement funds in accordance with generally accepted accounting standards. No interest was capitalized during the year ended June 30, 2015.

*Budgeting:*

The City Charter requires the Board to prepare and submit an annual operating budget showing estimated revenues and expenses for use by the City Council.

*Cash and Cash Equivalents:*

For purposes of combining statements of cash flows, the Board considers all certificates of deposit and restricted investments with original maturity of three months or less to be cash equivalents.

*Management's 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 the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

*Accounts Receivables:*

Receivables include amounts due from customers for Electric, Water, and Sewer Services. Receivables are reported net of an allowance for uncollectible accounts. Accounts receivable netted with allowances for uncollectible accounts were \$2,423,243 for year ended June 30, 2015. The allowance for uncollectible accounts was \$130,000 at June 30, 2015.

**2. Capital Assets**

A summary of the changes in the capital assets and accumulated depreciation of the Board is included in a separate schedule in the supplementary information section of this report.

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

Electric	\$ 1,129,292
Water	580,775
Sewer	672,429
Total	<u>\$ 2,382,496</u>

**City of Hannibal, Missouri**  
**Board of Public Works**  
Notes to Financial Statements  
June 30, 2015

**3. Deposits and Investments**

The Board maintains cash and investment securities. The Hannibal Board of Public Works permits investments only in direct obligations of the U.S. Government such as bills, notes or bonds, and any other obligations guaranteed as to payment of principal and interest by the U.S Government or any agency or instrumentality thereof. Funds in the form of cash on deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investment held by the Board agents in the Board's name.

The following represents the Board's total cash and investments at June 30, 2015:

	<b>2015</b>
Checking/money market accounts	\$ 2,135,582
Certificates of deposit	7,877,000
Other short term investments	748,413
Debt service accounts	2,175,171
Total	<u>\$ 12,936,166</u>

These cash and investments are included in the following balance sheet accounts at June 30, 2015:

	<b>Electric</b>	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
Cash	\$ 554,149	\$ 943,837	\$ 637,596	\$ 2,135,582
Short term investments	7,877,000	748,413	613,000	9,238,413
Debt service accounts	-	-	1,562,171	1,562,171
Total	<u>\$ 8,431,149</u>	<u>\$ 1,692,250</u>	<u>\$ 2,812,767</u>	<u>\$ 12,936,166</u>

**4. Long-Term Obligations**

For the Year Ended June 30, 2015, the changes in long-term debt are as follows:

	<b>Balance July 1, 2014</b>	<b>(Retirements) Additions</b>	<b>Balance June 30, 2015</b>
Lease Purchase Agreement	\$ 1,930,000	\$ (350,000)	\$ 1,580,000
Lease Purchase Agreement	3,052,000	(735,000)	2,317,000
Revenue Bonds	301,000	(301,000)	-
Escrow Trust Agreement	742,500	(67,500)	675,000
Lease Purchase Agreement - Meters	756,961	(756,961)	-
Revenue Bonds	6,430,000	(255,000)	6,175,000
Total	<u>\$ 13,212,461</u>	<u>\$ (2,465,461)</u>	<u>\$ 10,747,000</u>

**City of Hannibal, Missouri**  
**Board of Public Works**  
Notes to Financial Statements  
June 30, 2015

**4. Long-Term Obligations (Continued)**

The long-term obligations consist of the following issues:

	<u><b>2015</b></u>
\$4,660,000 Lease Purchase Agreement - Missouri Association of Municipal Utilities	\$ 1,580,000
\$6,971,000 Lease Purchase Agreement - Missouri Association of Municipal Utilities - Series 2006-A	2,317,000
\$3,910,000 Sewerage System Revenue Bonds, Series 1993, due 2015	-
\$1,500,000 Escrow Trust Agreement - Due to PWSD #1	675,000
\$6,430,000 Sewerage System Revenue Bonds, Series 2013, due 7/1/2033	<u>6,175,000</u>
Total	\$ 10,747,000
Less: Current portion due to PWSD #1	(67,500)
Less: Current portion long-term debt	<u>(1,390,000)</u>
Net Long-Term Debt	<u><u>\$ 9,289,500</u></u>

*Lease Purchase Agreement – Missouri Association of Municipal Utilities*

The Board has entered into a lease purchase agreement with the Missouri Association of Municipal Utilities through their leasing financing program. Debt was incurred to construct a new water tank, two substations and the Sawyer Creek sewer line.

A summary of the total amount of base rentals is as follows:

<b>Fiscal Year</b> <b>June 30,</b>	
2016	\$ 435,283
2017	437,367
2018	438,549
2019	<u>438,737</u>
	\$ 1,749,936
Less Amounts	
Representing Interest	<u>(169,936)</u>
	<u><u>\$ 1,580,000</u></u>

*Lease Purchase Agreement – Missouri Association of Municipal Utilities*

On May 15, 2008, the Board entered into a lease/purchase agreement with the Missouri Association of Municipal Utilities through their leasing financing program in the amount of \$6,971,000. Debt was incurred to finance the 161 kV transmission line and substation west of the City and improvements to the disinfection system at the water treatment plant.

This lease includes both water and electric, therefore, the accrued interest and related liability is divided between both proprietary funds: 88% electric and 12% water.

**City of Hannibal, Missouri**  
**Board of Public Works**  
Notes to Financial Statements  
June 30, 2015

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**4. Long-Term Obligations (Continued)**

A summary of the total amount of base rentals is as follows:

<b>Fiscal Year June 30,</b>	
2016	\$ 829,982
2017	833,673
2018	<u>770,364</u>
	\$ 2,434,019
Less Amounts Representing Interest	<u>(117,019)</u>
	<u><u>\$ 2,317,000</u></u>

*Escrow Trust Agreement*

On October 20, 2004, the Board entered into a Sale Contract with the Public Water Supply District No. 1 of Ralls County (the "PWSD #1), pursuant to which the Board agreed to acquire the right to provide water service to the area described in the Sale Contract for the sum of \$1,500,000.

Under the Sale Contract, the Board has heretofore paid \$150,000 of the cost of acquiring such rights, and is obligated to pay the remaining portion of the acquisition price (\$1,350,000.00) in semi-annual payments of \$33,750 beginning July 1, 2005 and ending January 1, 2025.

The Board intends to provide for the payment of the Purchase Price through the appropriation of funds sufficient to make the payments. The Board has agreed to secure its obligation to pay the remainder of the Purchase Price by the deposit of cash and Escrowed Securities into an escrow account to be established under this Escrow Agreement with the Bank of New York.

The cost of acquiring these rights of \$1,500,000 has been capitalized and is shown as an other asset on the balance sheet of the water department. The Board has determined no impairment of this asset as of June 30, 2015.

The payment schedule is as follows:

<b>Fiscal Year June 30</b>	
2016	\$ 67,500
2017	67,500
2018	67,500
2019	67,500
2020	67,500
2021-2025	<u>337,500</u>
	<u><u>\$ 675,000</u></u>

**City of Hannibal, Missouri**  
**Board of Public Works**  
Notes to Financial Statements  
June 30, 2015

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**4. Long-Term Obligations (Concluded)**

**Revenue Bonds**

The Board issued \$6,430,000 of Sewerage System Revenue Bonds dated November 19, 2013. The proceeds of the bond issue will be used to acquire, construct, extend, and improve the City's sewerage system. Debt Service payments on the Bonds are financed through revenues derived from the operation of the Sewerage System. Interest on the Bonds will be payable semiannually on January 1 and July 1 beginning on July 1, 2014. Principal payments are due annually on July 1 beginning July 1, 2015. The bonds mature July 1, 2033.

The payment schedule is as follows:

<b>Fiscal Year June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ -	\$ 236,799	\$ 236,799
2017	260,000	231,649	491,649
2018	265,000	226,399	491,399
2019	270,000	221,049	491,049
2020	275,000	215,255	490,255
2021-2025	1,500,000	951,580	2,451,580
2026-2030	1,820,000	637,806	2,457,806
2031-2034	1,785,000	178,759	1,963,759
	<u>\$ 6,175,000</u>	<u>\$ 2,899,296</u>	<u>\$ 9,074,296</u>

**Prairie State Energy Contract**

The City of Hannibal is a member of the Missouri Joint Municipal Electric Utility Commission (MJMEUC) and has a long-term Unit Power Purchase Agreement (UPPA) with MJMEUC for the purchase of capacity and energy from MJMEUC's interest in the Prairie State Energy Campus (Prairie State). MJMEUC's interest in Prairie State is 195 MW (Megawatt), and the Hannibal Board of Public Works has contracted to receive approximately 10% (or about 20MW) of MJMEUC's energy from the generating facility. The UPPA does not create any ownership rights on the part of the City in the Prairie State Project.

MJMEUC has acquired an undivided interest and is a joint owner of Prairie State, which is a coal-fired facility in Illinois that was placed in service in 2012. MJMEUC owns 195 MW of a two unit, 1,582 MW facility. Prairie State includes the ownership and operation of a coal mine that is expected to supply all the fuel for Prairie State for approximately 30 years.

In September 2007, MJMEUC financed the majority of its portion of the cost of acquisition and construction of Prairie State through the issuance of \$549,805,000 in power project revenue bonds. Additional bonds were issued in the amount of \$207,920,000 in December 2009 and \$78,005,000 in December 2010 to complete MJMEUC's financing of the facility. MJMEUC capitalized its total costs incurred in connection with the development and construction of the Prairie State facility and is recovering those costs through monthly capacity charges. The Hannibal Board of Public Works is billed its proportionate share of the debt service cost, as one component of the total cost of energy, and all other applicable costs to operate and maintain the facility are included in the Hannibal Board of Public Works' power bills. Total costs billed and paid monthly by the Board was \$8,694,173 for the year ended June 30, 2015.

As of December 31, 2014, the City's 10% pro-rata share of MJMEUC's outstanding bond obligations for Prairie State is approximately \$81,072,000 plus the interest costs on the debt. This amount is payable through the final maturity of MJMEUC's bonds in 2042.



**City of Hannibal, Missouri**  
**Board of Public Works**  
Notes to Financial Statements  
June 30, 2015

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**5. Other Non-Current Liabilities**

In accordance with Government Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the Board is required to account for a liability if the Board did not make contributions equal to or more than the Annual Required Contribution (ARC) as calculated by the actuary for other postemployment benefits (OPEB) owed to retirees and beneficiaries. The Board pays for continued health insurance coverage for a three year period after retirement. After the three years the retirees can stay on the plan solely at their own expense unless they are Medicare eligible. Once they are Medicare eligible they are not eligible to remain on the plan. For the year ended June 30, 2015, the Board had accumulated a liability of \$66,528.

**6. Pension Plan**

*Plan Description:*

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

*Benefits Provided:*

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

	2015 Valuation
Benefit Multiplier:	1.75% for life, plus .25% to age 65
Final Average Salary:	5 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, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	53
Inactive employees entitled to but not yet receiving benefits	9
Active employees	69
Total	<u>131</u>

**City of Hannibal, Missouri**  
**Board of Public Works**  
Notes to Financial Statements  
June 30, 2015

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**6. Pension Plan (Continued)**

*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 17.6% of annual covered payroll.

*Net Pension Liability:*

The employer's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2015.

*Actuarial Assumptions:*

The total pension liability in the February 28, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5% wage inflation; 3.0% price inflation
Salary Increase	3.5% to 6.8% including wage inflation
Investment rate of return	7.25%, net of investment and administrative expenses

Mortality rates were based on the 1994 Group Annuity Mortality Table set back 3 years for both males and females.

The actuarial assumptions used in the February 28, 2015 valuation were based on the results of an actuarial experience study for the period March 1, 2005 through February 28, 2010.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	48.50%	5.50%
Fixed Income	25.00%	2.25%
Real Assets	20.00%	4.50%
Strategic Assets	6.50%	7.50%

*Discount Rate:*

The discount rate used to measure the total pension liability is 7.25%. The projections of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

**City of Hannibal, Missouri**  
**Board of Public Works**  
Notes to Financial Statements  
June 30, 2015

**6. Pension Plan (Continued)**

**Changes in the Net Position Liability**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at 6/30/2014	\$ 19,121,364	\$ 18,608,865	\$ 512,499
Changes for the year:			
Service Cost	\$ 412,341	\$ -	
Interest	1,362,410	-	
Difference between expected and actual experience	(382,273)	-	
Contributions-employer	-	731,733	
Contributions-employee	-	-	
Net investment income	-	360,840	
Benefits payments, including refunds	(1,083,083)	(1,083,083)	
Administrative expense	-	(11,836)	
Other changes	-	(427,100)	
Net changes	\$ 309,395	\$ (429,446)	\$ 738,841
Balances at 6/30/2015	\$ 19,430,759	\$ 18,179,419	\$ 1,251,340

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate:*

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower and 1 percentage point higher than the current rate.

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Total Pension Liability	\$ 21,838,345	\$ 19,430,759	\$ 17,408,443
Plan Fiduciary Net Position	18,179,419	18,179,419	18,179,419
Net Pension Liability/(Asset)	\$ 3,658,926	\$ 1,251,340	\$ (770,976)

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

For the year ended June 30, 2015, the employer recognized pension expense of \$1,010,847. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (308,398)
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	768,126	-
Payment made by City by Measurement but not a contribution on LAGERS report	55,330	-
Total	\$ 823,456	\$ (308,398)

**City of Hannibal, Missouri**  
**Board of Public Works**  
Notes to Financial Statements  
June 30, 2015

**6. Pension Plan (Concluded)**

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

Year Ending June 30	Net Deferred Outflows of Resources
2016	\$ 118,156
2017	118,156
2018	118,156
2019	118,158
2020	(12,898)
Thereafter	-
Total	<u>\$ 459,728</u>

*Payable to the Pension Plan:*

At June 30, 2015, the Board reported a payable of \$ 0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

**7. Health Insurance Plan for Retired Employees**

The Board of Public Works provides health insurance coverage to qualifying former employees and their dependents. The Board pays for continued health insurance coverage for a three year period after retirement. After the three years the retirees can stay on the plan solely at their own expense unless they are Medicare eligible. Once they are Medicare eligible they are not eligible to remain on the plan.

Covered employees are not required to contribute to the Plan for up to three years. The City is also not required to contribute to the Plan. Employees who retire with a covered spouse pay 25% of the spouse rate for up to 3 years or until age 65. After three years, participants must pay 100% of the plan premium rates. The City's annual OPEB cost and net OPEB obligation for the plan for the year ended June 30, 2015 were as follows:

Annual required contribution	\$ 119,736
Interest on net OPEB obligation	2,621
Adjustment to annual required contribution	<u>(27,708)</u>
Annual OPEB cost	\$ 94,649
Contributions made	<u>(101,000)</u>
Increase (Decrease) in net OPEB obligation	\$ (6,351)
Net OPEB obligation, beginning of year	<u>72,879</u>
Net OPEB obligation, end of year	<u>\$ 66,528</u>

The annual required contribution for the year ended June 30, 2015, was determined as part of the July 1, 2013 actuarial valuation using the Projected Unit Actuarial Cost method. The actuarial assumptions at July 1, 2013, included (a) 3.50% investment rate of return, (b) valuation date at July 1, 2013, (c) health care inflation rate of 6.5% initial to 5.0% ultimate, (d) dental cost trend of 3.5% per year, (e) cost analysis by age, (f) when employer-paid coverage applies 100% of future retiring employees are assumed to elect coverage, when employer-paid coverage does not apply, 50% are assumed to elect benefit (g) mortality rate based on RP-2000 Mortality Table, (h) retirement rates used were those used for the LAGERS pension actuarial valuation, (i) turnover incident rates used were those used for the LAGERS pension actuarial valuation, (j) disability incidence was not assumed, (k) 70% of future participating retirees are assumed to have a covered spouse, (l) Males are assumed to be 3 years older than their female spouses for future retirees, (m) Medicare eligibility age is 65, (n) claim payments are mid-year, (o) non-spouse dependents were deemed immaterial and not valued, (p) upon retirement, participants are assumed to elect coverage to age 65. Upon covered retiree death or attainment of age 65, a covered spouse is assumed to elect up to three years of coverage not to exceed their own age 65.

**City of Hannibal, Missouri**  
**Board of Public Works**  
Notes to Financial Statements  
June 30, 2015

**7. Health Insurance Plan for Retired Employees (Concluded)**

The actuarial value of the Plan assets was not calculated due to the understanding that there are no plan assets as recognized under GASB rules. Retiree costs are paid as they come due through general operating funds of the Board. The Plan's unfunded actuarial accrued liability is amortized over 30 years as a level percent-of-pay on an open period basis.

As of July 1, 2013, the most recent actuarial valuation date, the Plan was 0.0 percent funded. The actuarial accrued liability for benefits was \$1,106,361 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,106,361. The covered payroll (annual payroll of active employees covered by the plan) was \$3,286,612 and the ratio of the UAAL to covered payroll was 33.7 percent.

The schedule of funding progress, presented as RSI following the notes to financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Trend Information				
Fiscal Year Ended	Annual OPEB Cost	Expected Contributions Made	Percentage Contributed	Net OPEB Obligation
2012	\$ 118,559	\$ 117,000	98.7%	\$ 84,354
2013	118,540	128,000	108.0%	74,894
2014	118,985	121,000	101.7%	72,879

At July 1, 2013, the Plan membership consisted of:

Retirees and beneficiaries receiving benefits	16
Active members	64
Total members	<u>80</u>

**8. Obligations to Purchase Electric Power and Energy**

The Board has an agreement with Illinois Power Marketing to purchase electric power and energy. The rate per kilowatt hour is fixed through May 31, 2017 under a firm contract. The agreement is for a fixed cost of \$41.69/MWh. The Board also pays a monthly facility charge for the use of the AmerenUE substation on Highway 79.

**9. Accrued Leave**

Vacation hours earned range from 0-200 hours and occur at the employee's anniversary date. All prior vacation is lost at the anniversary date. Sick pay accrues at 8 hours per month. Maximum accrual for union employees is 800 hours. Personal time is accrued on July 1 for all employees (16 hours total). All prior unused time is lost.

A summary of vacation, sick leave, and personal time off accruals is as follows:

	Electric	Water	Sewer
Vacation/Personal	\$ 71,717	\$ 35,859	\$ 35,859
Sick	449,623	118,262	145,648
	<u>\$ 521,340</u>	<u>\$ 154,121</u>	<u>\$ 181,507</u>

**City of Hannibal, Missouri**  
**Board of Public Works**  
Notes to Financial Statements  
June 30, 2015

**10. Other Investments**

Other investments consist of the following:

	<u>2015</u>
Land for industrial park site on Route MM in Hannibal, Missouri net of dirt sold to state for highway and bridge projects.	\$ 505,055
Prairie State Energy Coal Reserves	91,269
	<u>\$ 596,324</u>

The initial investment of \$103,000 with Prairie State for coal reserves is being amortized over the estimated life of the agreement. The investment is shown net of accumulated amortization. Amortization expense for the year ended June 30, 2015, amounted to \$3,433.

**11. Due from City**

During the year ended June 30, 2005, the City borrowed \$310,000 from the Board of Public Works for sewer services to Sawyer's Creek and Mark Twain Cave. This will be repaid using sales tax revenue from Sawyer's Creek and Mark Twain Cave based on a fifteen-year repayment schedule. The interest rate will be reviewed annually and the Board retains the option to adjust the interest rate, not to exceed two percentage points above the Board's current investment portfolio rate of return. A summary of the repayment schedule follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 23,352	\$ 4,067	\$ 27,419
2017	24,280	3,140	27,420
2018	25,243	2,177	27,420
2019	26,246	1,174	27,420
2020	13,511	198	13,709
Total	<u>\$ 112,632</u>	<u>\$ 10,756</u>	<u>\$ 123,388</u>

**12. Subsequent Events**

Subsequent events have been evaluated through December 3, 2015 which is the date the reports were available to be issued.

**13. Prior Period Adjustment**

During the year ended June 30, 2015, the Board adopted Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, to record the net pension liability at the beginning of the year. As such, the Board has reported a prior period adjustment for the net pension liability in the amounts of \$256,249 for the Electric fund, \$128,125 for the Water fund, and \$128,125 for the Sewer fund. This total prior period adjustment of \$512,498 is shown in the Statement of Revenues, Expenses, and Changes in Net Fund Position.

**Required Supplemental  
Schedules**



**City of Hannibal, Missouri**  
**Board of Public Works**  
Schedule of Changes in Net Pension Liability and Related Notes  
June 30, 2015

	<u>2015</u>
<b>Total Pension Liability</b>	
Service Cost	\$ 412,341
Interest on Total Pension Liability	1,362,410
Changes of benefit terms	-
Difference between expected and actual experience	(382,273)
Changes of assumptions	-
Benefit payments, including refunds	<u>(1,083,083)</u>
Net change in total pension liability	\$ 309,395
Total pension liability-beginning	19,121,364
Total pension liability-ending (a)	<u><u>\$ 19,430,759</u></u>
 <b>Plan Fiduciary Net Position</b>	
Contributions-employer	\$ 731,733
Contributions-employee	-
Net investment income	360,839
Benefit payments, including refunds	(1,083,083)
Pension plan administrative expense	(11,836)
Other (Net Transfer)	<u>(427,100)</u>
Net change in plan fiduciary net position	\$ (429,447)
Plan fiduciary net position-beginning	18,608,866
Plan fiduciary net position-ending (b)	<u><u>\$ 18,179,419</u></u>
 Net pension liability/(asset)-ending (a) - (b)	\$ 1,251,340
 Plan fiduciary net position as a percentage of the total pension liability	93.56%
 Covered-employee payroll	\$ 3,722,920
 Net pension liability as a percentage of covered employee payroll	33.61%

**City of Hannibal, Missouri**  
**Board of Public Works**  
Schedule of Contributions  
June 30, 2015

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Actuarially determined contribution	\$ 731,732.63	\$ 731,345.76	\$ 689,510.04	\$ 591,382.13	\$ 587,691.25
Contributions in relation to the actuarially determined contribution	731,732.89	720,151.86	664,107.49	559,066.18	509,540.82
Contribution deficiency (excess)	<u>\$ (0.26)</u>	<u>\$ 11,193.90</u>	<u>\$ 25,402.55</u>	<u>\$ 32,315.95</u>	<u>\$ 78,150.43</u>
Covered employee payroll	\$ 3,771,817.69	\$ 3,731,355.91	\$ 3,629,000.22	\$ 3,231,596.32	\$ 3,126,017.31
Contributions as a percentage of covered employee payroll	19.40%	19.30%	18.30%	17.30%	16.30%
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Actuarially determined contribution	\$ 488,785.91	\$ 518,746.30	\$ 520,374.32	\$ 487,836.61	\$ 513,154.60
Contributions in relation to the actuarially determined contribution	488,785.93	518,746.56	520,374.57	565,517.95	544,920.49
Contribution deficiency (excess)	<u>\$ (0.02)</u>	<u>\$ (0.26)</u>	<u>\$ (0.25)</u>	<u>\$ (77,681.34)</u>	<u>\$ (31,765.89)</u>
Covered employee payroll	\$ 3,194,679.18	\$ 3,412,804.63	\$ 3,212,187.15	\$ 3,107,239.54	\$ 3,054,491.67
Contributions as a percentage of covered employee payroll	15.30%	15.20%	16.20%	18.20%	17.84%

*The accompanying notes are an integral part of these financial statements.*

**City of Hannibal, Missouri**  
**Board of Public Works**  
Schedule of Contributions  
June 30, 2015

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**Notes to Schedule**

Valuation Date February 28, 2015

Notes: The roll-forward of total pension liability from February 28, 2015 to June 30, 2015 reflects expected service cost and interest reduced by actual benefit payments and administrative expenses.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method Entry Age Normal

Amortization Method Level Percentage of Payroll, Closed

Remaining Amortization Period Multiple bases from 14 to 20 years

Asset Valuation Method 5-year smoothed market; 20% corridor

Inflation 3.5% wage inflation; 3% price inflation

Salary Increases 3.5% to 6.8% including wage inflation

Investment Rate of Return 7.25%, net of investment and administrative expenses

Retirement Age Experience-based table of rates that are specific to the type of eligibility condition

Mortality  
105% of the 1994 Group Annuity Mortality Table set back 0 years for men and 0 years for women. Based upon experience observed during the most recent 5-year period study, it appears that the current table provides for an approximate 13% margin for future mortality improvement.

Other Information None

**Supplementary Schedules**

**City of Hannibal, Missouri**  
**Board of Public Works**  
Electric Department  
Plant Assets and Depreciation Schedule  
Year Ended June 30, 2015

	<b>Cost</b> <b>6/30/2014</b>	<b>Additions</b>	<b>Retirements</b> <b>and Other</b>	<b>Cost</b> <b>6/30/2015</b>	<b>Accumulated</b> <b>Depreciation</b> <b>6/30/2014</b>	<b>Depreciation</b> <b>for the Year</b>	<b>Retirements</b>	<b>Accumulated</b> <b>Depreciation</b> <b>6/30/2015</b>
Equipment	\$ 8,884,300	\$ 83,565	\$ 86,288	\$ 8,881,577	\$ 5,655,878	\$ 423,224	\$ 86,288	\$ 5,992,814
Transportation equipment	1,253,064	176,725	129,766	1,300,023	844,075	72,673	129,766	786,982
Infrastructure	18,125,026	205,206	-	18,330,232	6,550,409	626,095		7,176,504
Land and improvements	131,419	-	-	131,419	9,113	578		9,691
Structures	1,522,120	28,902	-	1,551,022	1,082,644	6,722		1,089,366
<b>Total Utility Plant in Service</b>	<b>\$ 29,915,929</b>	<b>\$ 494,398</b>	<b>\$ 216,054</b>	<b>\$ 30,194,273</b>	<b>\$ 14,142,119</b>	<b>\$ 1,129,292</b>	<b>\$ 216,054</b>	<b>\$ 15,055,357</b>
<b>Construction in Progress</b>	<b>296,791</b>	<b>130,567</b>		<b>427,358</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Utility Plant</b>	<b>\$ 30,212,720</b>	<b>\$ 624,965</b>	<b>\$ 216,054</b>	<b>\$ 30,621,631</b>	<b>\$ 14,142,119</b>	<b>\$ 1,129,292</b>	<b>\$ 216,054</b>	<b>\$ 15,055,357</b>

The accompanying notes are an integral part of these financial statements.

**City of Hannibal, Missouri**  
**Board of Public Works**  
Water Department  
Plant Assets and Depreciation Schedule  
Year Ended June 30, 2015

	<b>Cost 6/30/2014</b>	<b>Additions</b>	<b>Retirements and Other</b>	<b>Cost 6/30/2015</b>	<b>Accumulated Depreciation 6/30/2014</b>	<b>Depreciation for the Year</b>	<b>Retirements</b>	<b>Accumulated Depreciation 6/30/2015</b>
Equipment	\$ 288,798	\$ 21,283	\$ 34,302	\$ 275,779	\$ 169,799	\$ 19,983	\$ 34,302	\$ 155,480
Transportation equipment	486,295	52,760	131,839	407,216	285,109	33,696	126,429	192,376
Infrastructure	27,247,073	121,519	-	27,368,592	9,199,559	519,318		9,718,877
Land and improvements	108,675	-	-	108,675	-	-		-
Structures	575,597	80,313	-	655,910	530,825	7,778		538,603
<b>Total Utility Plant in Service</b>	<b>\$ 28,706,438</b>	<b>\$ 275,875</b>	<b>\$ 166,141</b>	<b>\$ 28,816,172</b>	<b>\$ 10,185,292</b>	<b>\$ 580,775</b>	<b>\$ 160,731</b>	<b>\$ 10,605,336</b>
<b>Construction in Progress</b>	<b>775,950</b>	<b>951,597</b>		<b>1,727,547</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Utility Plant</b>	<b>\$ 29,482,388</b>	<b>\$ 1,227,472</b>	<b>\$ 166,141</b>	<b>\$ 30,543,719</b>	<b>\$ 10,185,292</b>	<b>\$ 580,775</b>	<b>\$ 160,731</b>	<b>\$ 10,605,336</b>

The accompanying notes are an integral part of these financial statements.

**City of Hannibal, Missouri**  
**Board of Public Works**  
Sewer Department  
Plant Assets and Depreciation Schedule  
Year Ended June 30, 2015

	<b>Cost 6/30/2014</b>	<b>Additions</b>	<b>Retirements and Other</b>	<b>Cost 6/30/2015</b>	<b>Accumulated Depreciation 6/30/2014</b>	<b>Depreciation for the Year</b>	<b>Retirements</b>	<b>Accumulated Depreciation 6/30/2015</b>
Equipment	\$ 428,474	\$ 299,027	\$ 19,837	\$ 707,664	\$ 224,067	\$ 53,112	\$ 19,837	\$ 257,342
Transportation equipment	695,347	144,026	46,944	792,429	492,551	50,042	46,944	495,649
Infrastructure	28,297,276	-		28,297,276	17,212,525	563,896		17,776,421
Land and improvements	518,543	-		518,543	-	-		-
Structures	163,316	20,451		183,767	90,094	5,379		95,473
<b>Total Utility Plant in Service</b>	<b>\$ 30,102,956</b>	<b>\$ 463,504</b>	<b>\$ 66,781</b>	<b>\$ 30,499,679</b>	<b>\$ 18,019,237</b>	<b>\$ 672,429</b>	<b>\$ 66,781</b>	<b>\$ 18,624,885</b>
<b>Construction in Progress</b>	<b>1,024,644</b>	<b>3,569,667</b>		<b>4,594,311</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Utility Plant</b>	<b>\$ 31,127,600</b>	<b>\$ 4,033,171</b>	<b>\$ 66,781</b>	<b>\$ 35,093,990</b>	<b>\$ 18,019,237</b>	<b>\$ 672,429</b>	<b>\$ 66,781</b>	<b>\$ 18,624,885</b>

The accompanying notes are an integral part of these financial statements.



**City of Hannibal, Missouri**  
**Board of Public Works**  
Schedule of Investments  
June 30, 2015

Description	Interest Rate	Maturity Date	Book Value	Market Value
<b>Electric</b>				
<b>Unrestricted Temporary Cash Investments:</b>				
Beal Bank USA	0.500%	9/30/2015	\$ 248,000	\$ 248,000
Bank of China (NY)	0.550%	10/16/2015	248,000	248,000
Bank Hapoalim NY	0.450%	10/30/2015	248,000	248,000
Merrick Bank	0.500%	10/30/2015	245,000	245,000
First Niagara Bank NY	0.450%	1/15/2016	248,000	248,000
Investors Bank Short Hills	0.500%	4/28/2016	220,000	220,000
United Bank	0.600%	8/2/2016	248,000	248,000
Ally Bank	1.000%	10/11/2016	248,000	248,000
American Express Bank	0.950%	10/31/2016	245,000	245,000
Capital One Bank	1.000%	10/31/2016	245,000	245,000
Sallie Mae Bank	1.050%	10/31/2016	245,000	245,000
Great Southern Bank	0.850%	3/30/2017	248,000	248,000
Bloomfield State Bank	0.850%	10/13/2017	245,000	245,000
Synovus Bank	1.200%	11/6/2017	245,000	245,000
Dollar Bank	1.200%	11/17/2017	245,000	245,000
Mercantile Commerce Bank	1.200%	11/20/2017	248,000	248,000
Freddie Mac Callable	1.250%	2/26/2018	100,000	100,000
Fannie Mae Callable	1.200%	2/28/2018	165,000	165,000
Capital Bank/Miami	1.150%	3/19/2018	248,000	248,000
Compass Bank	1.150%	5/7/2018	245,000	245,000
United Bankers Bank	1.250%	8/27/2018	248,000	248,000
Denmark State Bank	1.100%	10/30/2018	248,000	248,000
Iberia Bank LA	1.450%	1/14/2019	245,000	245,000
Connectone Bank	1.600%	1/22/2019	245,000	245,000
First Financial Bank	1.400%	1/23/2019	245,000	245,000
First Capital Bank	1.400%	8/6/2019	248,000	248,000
Fannie Mae Callable	1.625%	8/8/2019	245,000	245,000
Third Federal Savings & Loan	1.500%	10/29/2019	248,000	248,000
Pyramax Bank	1.600%	4/6/2020	248,000	248,000
Flushing Bank	1.600%	5/13/2020	245,000	245,000
FNMA Callable	1.650%	5/20/2020	735,000	735,000
Total Unrestricted Temporary Cash Investments			<u>\$ 7,877,000</u>	<u>\$ 7,877,000</u>
<b>Water</b>				
<b>Unrestricted Temporary Cash Investments:</b>				
Bank of New York Mellon Trust Company N.A. - Treasury Bonds			<u>\$ 748,413</u>	<u>\$ 748,413</u>

**City of Hannibal, Missouri**  
**Board of Public Works**  
Schedule of Investments  
June 30, 2015

Description	Interest Rate	Maturity Date	Book Value	Market Value
<b>Sewer</b>				
<b>Restricted Temporary Cash Investments:</b>				
<b>Debt Service Reserve:</b>				
Synchrony Bank	3.10%	10/10/2024	\$ 120,000	\$ 120,000
Goldman Sachs Bank USA	3.15%	10/8/2024	245,000	245,000
City Bank	3.15%	10/8/2024	124,000	124,000
GE Capital Bank	3.05%	10/10/2024	124,000	124,000
Total Restricted Temporary Cash Investments			<u>\$ 613,000</u>	<u>\$ 613,000</u>
Total Investments			<u>\$ 9,238,413</u>	<u>\$ 9,238,413</u>

**City of Hannibal, Missouri**  
**Board of Public Works**  
Schedule of Top Ten Utility Customers  
Year Ended June 30, 2015

<b>Electric</b>			
Rank	Consumer	Annual Kilowatt Hours	Percent of Total
1	General Mills	41,676,349	16.04%
2	Buckhorn Rubber Products	14,364,960	5.53%
3	Enduro Industries LLC	12,969,600	4.99%
4	Spartan Light Metal Products	11,897,200	4.58%
5	Watlow Industries	8,380,050	3.23%
6	Board of Public Works	7,125,974	2.74%
7	Hannibal-LaGrange University	4,691,528	1.81%
8	Walmart	4,485,400	1.73%
9	Niemann Foods Inc.	4,066,360	1.57%
10	Cosmoflex Inc.	3,721,657	1.43%

<b>Water</b>			
Rank	Consumer	Annual Gallons	Percent of Total
1	Ralls County Water District #1	176,113,081	20.56%
2	General Mills	132,025,880	15.41%
3	Board of Public Works	58,859,230	6.87%
4	Hannibal Regional Hospital	11,468,209	1.34%
5	Cosmoflex Inc.	10,600,441	1.24%
6	Watlow Industries	9,439,030	1.10%
7	Hannibal-LaGrange University	7,076,028	0.83%
8	Levering Care Center	7,070,910	0.83%
9	Jai Shri Ram	6,909,141	0.81%
10	Buckhorn Rubber Products	5,970,860	0.70%

<b>Sewer</b>			
Rank	Consumer	Annual Gallons	Percent of Total
1	General Mills	n/a *	n/a
2	Hannibal Regional Hospital	11,468,209	1.94%
3	Levering Care Center	7,070,910	1.20%
4	Jai Shri Ram	6,909,141	1.17%
5	Hannibal-LaGrange University	6,578,498	1.12%
6	Enduro Industries	3,973,310	0.67%
7	Spartan Light Metal Products	3,415,430	0.58%
8	SWB Hospitality LLC	3,230,600	0.55%
9	Luther Manor	3,189,420	0.54%
10	Niemann Foods Inc.	3,041,042	0.52%

\* General Mills utilizes a significant percentage of its purchased water as an ingredient of its products and has production that results in excess Biochemical Oxygen Demand (BOD). As a result, billing for General Mills is based on a formula other than gallon of water purchased. General Mills accounts for approximately 18% of Sewer Fund revenues.

**Comparative Statement  
of Operating Factors**

**City of Hannibal, Missouri**  
**Board of Public Works**  
Electric Department  
Comparative Statement of Operating Factors  
Years Ended June 30, 2015 and 2014

	<u>Unit</u>	<u>2015</u>	<u>2014</u>
Population served per 2010 Census		17,757	17,757
Number of customers per 100 population		49.36	49.91
Maximum peak load operation	KW	58	58
Investment per capita	\$	1,735.41	1,701.45
Total operating revenue per \$100.00 investment	\$	101.49	95.09
Ratio of total operation expense to total operating revenue	%	93.21%	97.42%
Operating profit (loss) per \$100.00 investment	\$	6.49	2.46
Total purchased power cost per kWh	\$	0.0785	0.0800
Average price received per kWh sold	\$	0.1126	0.1049
Operating profit (loss) per kWh sold	\$	0.0078	0.0020
Average residential use	kWh	10,697	11,115
Total kWh purchased	kWh	272,219,681	280,150,240
Total kWh sold	kWh	259,754,601	273,866,000
Customers at end of year:			
Residential		7,567	7,647
Commercial		1,056	1,085
Industrial		141	131
		<u>8,764</u>	<u>8,863</u>

**City of Hannibal, Missouri**  
**Board of Public Works**  
Water Department  
Comparative Statement of Operating Factors  
Years Ended June 30, 2015 and 2014

	<u>Unit</u>	<u>2015</u>	<u>2014</u>
Population served per 2010 Census		17,757	17,757
Number of customers per 100 population		41.80	44.37
Capacity per day	Gallon	7,500,000	7,500,000
Maximum production per day	Gallon	750,000	7,500,000
Average production per day	Gallon	3,263,680	3,094,000
Investment per 1,000 gallons sold	\$	35.84	20.68
Investment per capita	\$	1,720.09	1,660.32
Total Revenue per \$100.00 investment	\$	15.72	16.08
Ratio of operating expenses to operating revenue	%	82.68%	78.33%
Operating profit (loss) per \$100.00 investment	\$	2.72	3.49
Average price received per 1,000 gallons	\$	5.55	4.39
Average cost per 1,000 gallons	\$	4.92	3.58
Customers at end of year:			
Residential		6,602	7,016
Commercial		749	807
Industrial		70	55
Other public authorities		1	-
		<u>7,422</u>	<u>7,878</u>

**City of Hannibal, Missouri**  
**Board of Public Works**  
Sewer Department  
Comparative Statement of Operating Factors  
Years Ended June 30, 2015 and 2014

	<u>Unit</u>	<u>2015</u>	<u>2014</u>
Population served per 2010 Census		17,757	17,757
Number of customers per 100 population		42.09	42.39
Investment per capita	\$	1,976.35	1,752.98
Total revenue per \$100.00 investment	\$	11.59	12.85
Ratio of total operation expense to total operating revenue	%	86.64%	90.89%
Operating profit (loss) per \$100.00 investment	\$	1.55	1.17
Total treatment cost per million gallons	\$	2,416.25	3,434.70
Average price received per million gallons treated	\$	2,788.88	3,779.04
Operating profit (loss) per million gallons treated	\$	372.63	344.34
Total gallons treated	Gallons	1,458,781,000	1,058,240,231
Total gallons from water plant	Gallons	1,191,243,177	1,154,120,091
Customers at end of year:			
Residential		6,716	6,749
Commercial		697	758
Industrial		61	20
		<u>7,474</u>	<u>7,527</u>