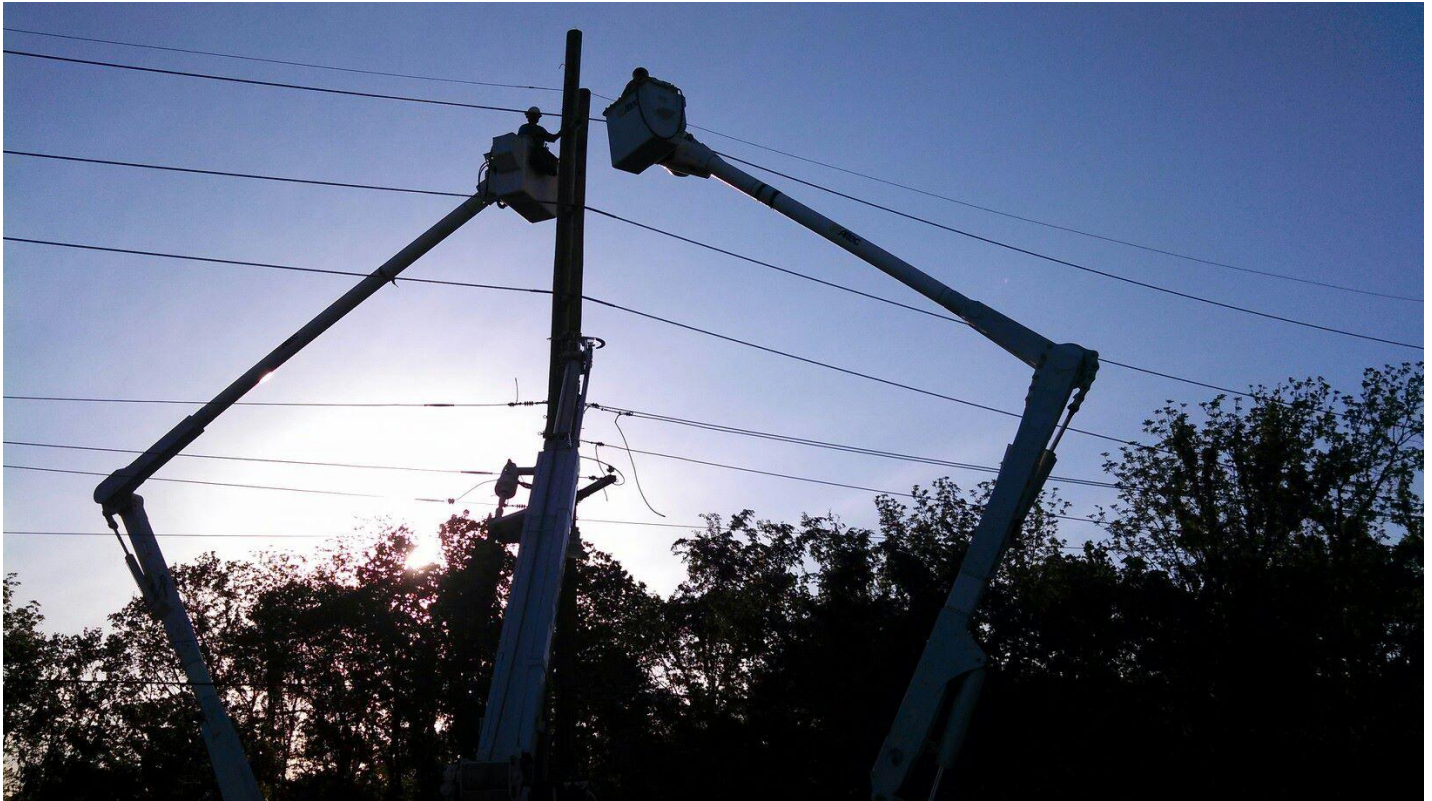


# **City of Hannibal, Missouri**

## **Board of Public Works**

**Basic Financial Statements**  
**And Management's Discussion and Analysis**  
**For the Fiscal Years**  
**Ending June 30, 2013 and 2012**



City of Hannibal, Missouri

Board of Public Works

**Basic Financial Statements**

**And Management's Discussion and Analysis**

**For the Fiscal Years**

**Ending June 30, 2013 and 2012**

City of Hannibal, Missouri  
Board of Public Works  
Year Ended June 30, 2013  
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## Financial Section

## **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, 2013, 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, 2013, or the changes in financial position or cash flows thereof for the year then ended.

## 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, 2013, 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.

### Report on Summarized Comparative Information

We have previously audited the Electric, Water and Sewer funds of the City of Hannibal, Missouri's 2012 financial statements, and our report dated November 15, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### 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 funding progress on pages 3 through 7 and page 25 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 26 to 33 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*

November 15, 2013  
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, 2013 and 2012  
(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 9,200 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, 2013. This analysis should be read in conjunction with the financial statements and notes.

## Financial Highlights

- The assets of HBPW exceeded its liabilities at the close of the fiscal year ending June 30, 2013, by \$53,421,902 (net position). Of this amount, \$12,283,258 (unrestricted net position) may be used to meet the Board's ongoing obligations to citizens and creditors.
- The assets of the HBPW exceeded its liabilities at the close of the fiscal year ending June 30, 2012, by \$50,640,350 (net position). Of this amount, \$11,077,757 (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 \$2,781,552 for the year ended June 30, 2013. The increase in net position can be attributed to the Electric Department fund that ended the year with net income of \$1,447,775.
- For the year ended June 30, 2012, the total net position increased by \$2,160,100. This increase is attributable to Electric Department fund that ended the year with net income of \$1,848,198.
- With the payment of total principal due on the HBPW's long-term debt, the total debt decreased \$1,937,515 for the year ended June 30, 2013 and \$1,860,142 for the year ended June 30, 2012. HBPW did not incur any additional debt during the years ended June 30, 2013 and 2012.

The Board's full requirements wholesale power supply contract with Ameren Energy Marketing will expire in December 2014. Contract price for energy is firm at \$43/MWH. In addition, another contract with Ameren Energy 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 Mt. Vernon, Ill for 10 MW from each of the two units. The first full year of operations at the plant has been problematic with lost generation time due to start-up problems and plant reliability issues which the operating staff is bringing under control. Energy from the plant is being sold into the MISO day ahead market which has also been below expectations.

On May 20, 2013, the City of Hannibal experienced a significant tornado combined with straight line winds that caused extensive damage to the electric distribution system. Outage time for some customers extended to six days. Mutual aid from six other cities was called in and a week later we had expended 10,000 manhours of effort with a final repair bill of \$720,000.

- Electric rates for the residential rate class only increased 3% from the previous year. An incentive rate to attract new industry 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 10% on July 1, 2012 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 8% on July 1, 2012 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.



City of Hannibal, Missouri  
Board of Public Works  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013 and 2012  
(Unaudited)

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**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.

**Business-type Activities**

**Condensed Statements of Net Position**

	<b>2013</b>	<b>2012</b>
Assets		
Current	\$ 14,853,353	\$ 12,967,513
Net capital assets	48,852,772	49,140,025
Other	2,515,454	2,547,231
Total	\$ 66,221,579	\$ 64,654,769
Liabilities		
Current	\$ 5,741,566	\$ 5,405,403
Long-term	7,058,111	8,609,016
Total	\$ 12,799,677	\$ 14,014,419
Net Position	\$ 53,421,902	\$ 50,640,350

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

	<b>2013</b>	<b>2012</b>
Operating Revenues	\$ 37,570,397	\$ 34,966,417
Less Operating Expenses	(34,731,641)	(32,489,068)
Total Operating Income	\$ 2,838,756	\$ 2,477,349
Non-Operating Revenues and Expenses		
Interest income	\$ 43,293	\$ 47,587
Interest expense	(364,335)	(468,710)
Other items (net)	263,838	103,874
Total Other Income (Expenses)	\$ (57,204)	\$ (317,249)
Change in Net Position	\$ 2,781,552	\$ 2,160,100
Net Position at beginning of period	50,640,350	48,666,118
Prior Period Adjustment	-	(185,868)
Net Position at end of period	\$ 53,421,902	\$ 50,640,350

City of Hannibal, Missouri  
Board of Public Works  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013 and 2012  
(Unaudited)

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The HBPW's most significant revenue in 2013 was charges for services for industrial of \$13,925,934 and residential for \$13,651,412. The HBPW's most significant revenue in 2012 was charge for services for industrial of \$14,233,379 and residential for \$12,876,897.

	<b>2013</b>	<b>2012</b>
Operating Revenues		
Electric	\$ 28,599,785	\$ 26,539,414
Water	4,921,718	4,535,068
Sewer	4,048,894	3,891,935
Total	<b>\$ 37,570,397</b>	<b>\$ 34,966,417</b>

The HBPW's most significant expenses in 2013 were purchase of power of \$19,643,963 and customer accounts expenses for \$2,754,272. The HBPW's most significant expenses in 2012 were purchase of power of \$15,969,630 and customer accounts expenses for \$2,732,143.

	<b>2013</b>	<b>2012</b>
Operating Expenses		
Electric	\$ 26,777,128	\$ 24,462,910
Water	4,142,134	4,165,026
Sewer	3,812,379	3,861,132
Total	<b>\$ 34,731,641</b>	<b>\$ 32,489,068</b>

### Property, Plant and Equipment

At the end of the fiscal year 2013, the HBPW had total property, plant and equipment of \$48,852,772. Total property, plant and equipment was \$49,140,025 for the 2012 fiscal year.

### Budgeting Highlights

For the year ended June 30, 2013, HBPW budgeted total revenues of \$39,145,709. Actual revenues were \$37,877,528 for a negative variance of \$1,268,181. The majority of this variance was in the Electric fund with a negative variance of \$1,538,554 with \$5,249,000 being the budgeted revenue for Prairie State Capacity Sales with \$2,067,217 actual revenue being earned in this fiscal year.

Budgeted expenses for the year ended June 30, 2013, were \$37,530,151 and actual total expenses of \$35,095,974 for a positive variance of \$2,434,177. Of this variance, \$1,999,992 was from the Electric Fund with the majority in purchased power.

### MAJOR INITIATIVES

#### Electric Department

A major project initiated and expected to be ongoing for several years is the aggressive replacement of substandard distribution poles throughout the City, but especially focusing on those in rear lot line easements. These poles were previously very difficult to replace until the purchase last year of a specially designed miniature digger derrick able to work in residential settings without damaging lawns and fences.

Also, during the year the Department has continued a renewed effort to maintain and replace as necessary significant elements of our street lighting system. The most prominent effort this year was the removal and reconditioning of the decorative lamp system on the Main St. corridor in historic downtown. This work was done in conjunction with the work on sidewalks and streets done by the City.

City of Hannibal, Missouri  
Board of Public Works  
Management's Discussion and Analysis  
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(Unaudited)

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An electric distribution coordination study has begun during this year and is currently underway with a consultant. This study will recommend settings and sizes for safety devices in the system such as fuses and reclosers.

Overall, capital spending was somewhat restricted due to low cash reserves. But maintenance is no longer being deferred as in previous years.

#### **Water Department**

The Water Department also operated for the year doing maintenance only due to budget constraints brought on by low cash reserves.

To conform to increasing pressure from Missouri Dept. of Natural Resources (MoDNR) related to drinking water standards, the Dept. has undertaken a study to determine the best way to lower the formation of Disinfection Byproducts in our distribution system. That study which is ongoing has resulted in a design contract for the construction of a new UV disinfection system at the Water Treatment Plant to be completed prior to December 2015. Removal of Disinfection Byproducts and micro-organisms from the drinking water supply is mandated by the MoDNR and the Board of Public Works is under an Administrative Order of Consent to do so by December of 2015.

A comprehensive engineering review of the water system was conducted during the year by a consultant. The study was paid for with a grant from the MoDNR and resulted in a report the department is using as the basis for its long range plans for system upgrades. The report recommended many projects to improve treatment plant operations, solve some MODNR compliance issues, and improve distribution system weaknesses such as low pressure areas. The report also provided recommended priorities of these various projects and is being used as our primary reference as the department begins the application process for State Revolving Funds.

Also during the year, a decision was made to pursue voter approval of a bond sale to finance the numerous projects. As of this writing that effort was successful with an 89% approval in the August 2013 referendum.

#### **Sewer Department:**

The Sewer Department also operated for the year doing maintenance only work due to the above mentioned budget constraints and did not perform any significant upgrades to the collection system. The sewer crew continued maintenance of the existing system by cleaning, root cutting and televising sewer mains but at an accelerated pace compared to previous years. The crews also completed repairs of deteriorated sections of main as needed.

The Sewer Department contracted with a GPS locating firm from Quincy, IL to locate all sewer facilities in the City for mapping purposes. As of June 30, all facilities have been located and mapped with the exception of about 50 manholes that need to be raised to grade. Work is underway at year end to locate, excavate and raise those remaining manholes. The mapping project for the sewer collection system is virtually complete and should allow for more efficient maintenance of the sewer system in the future.

Engineering studies performed during the year indicate a great need for a life extension of the Wastewater Treatment Plant. Several pieces of equipment are nearing the end of their 30 year life. This has been evidenced by several equipment failures during the year necessitating unbudgeted replacements. One study completed estimates about \$3.5 million in machinery and equipment replacements in the near future will be necessary. An engineering contract has been awarded for the necessary design work.

Another part of the life extension work at the WWTP needing more immediate attention has been initiated by BPW staff. The replacement of two process air compressors that supply feedstock to the air separation plant has been successfully completed.

Several projects related to enhanced environmental compliance have been initiated with engineering studies with detailed design and construction to follow.

City of Hannibal, Missouri  
Board of Public Works  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013 and 2012  
(Unaudited)

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### **Administration**

The four appointed Board Members who governed the operations of the Hannibal Board of Public Works during the past year were Randy Park, President; Dr. Ervin Harder, Vice President; Betty Anderson, Secretary; and Bud Janes, Board Member.

The Board contracted with a provider of software to modernize its business office, allow more convenient methods of payment, and enhance the functionality of its automated meter reading system. The project is in the data conversion stage with staff training to follow. We expect a go-live date in early January 2014.

### **FUTURE PLANS**

The Electric Dept. will continue an aggressive program of pole replacements especially in rear lot line easement areas. GIS data collection and mapping of the distribution system will also continue. We also are planning the next Cost of Service study to review rates and the rate impact of our participation in the Prairie State Energy Campus.

Future improvements for the water system include continued replacement of existing deteriorated and undersized water mains, replacement and upgrading of water storage tanks, and various water treatment plant upgrades to maintain compliance with Federal and State regulations.

Within the Sewer Dept. the WWTP will require upgrades due to new regulation from MoDNR related to effluent limits and we are planning to address several items of deferred maintenance. The collection system will receive enhanced attention to pipe cleaning, CCTV surveillance, and Inflow and Infiltration control.

### **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 \$24,445,127 in revenue for the year, which represents a decrease of 2.72% from the previous year. Retail Electric sales were down 0.66% from the prior year. Of the revenue received, 68.7%, or \$19,643,963, went to Ameren Energy Marketing and Missouri Public Utility Alliance to pay for wholesale electric power.

Retail Water revenues were \$3,936,489 for the year compared to \$3,656,455 the previous year, for an increase of 7.6% from the previous year. Wholesale revenue was \$640,810 or an increase of 14.8% from the previous year.

Retail Sewer revenues were \$3,813,684 for the year compared to \$3,664,074 the previous year for an increase of 4.1% 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 \$1,607,690 were paid to the City of Hannibal. Unbilled utility services valued at \$205,968 were provided to the City during the fiscal year.

The Hannibal Board of Public Works remains financially sound at the conclusion of fiscal year 2012-2013. 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, 2013 and Comparative Totals at June 30, 2012

	<b>Electric Department</b>	<b>Water Department</b>	<b>Sewer Department</b>	<b>Total 2013</b>	<b>Total (Memo Only) 2012</b>
<b>Assets</b>					
Current Assets:					
Cash	\$ 2,281,875	\$ 901,102	\$ 269,658	\$ 3,452,635	\$ 4,773,617
Investments	4,764,282	983,103	-	5,747,385	3,680,851
Receivables (Net, where applicable, of allowances for uncollectible accounts):					
Customers	1,828,490	320,466	304,471	2,453,427	2,700,527
Other	338,296	159	2,435	340,890	12,939
Due from cities - current	21,603	-	-	21,603	20,778
Inventory	1,104,389	439,597	43,045	1,587,031	1,299,556
Prepays	1,008,683	121,665	120,034	1,250,382	479,245
<b>Total Current Assets</b>	<b>\$ 11,347,618</b>	<b>\$ 2,766,092</b>	<b>\$ 739,643</b>	<b>\$ 14,853,353</b>	<b>\$ 12,967,513</b>
Restricted Assets:					
Investments - Debt Service	-	-	277,171	277,171	283,882
Property, Plant and Equipment (Net of accumulated depreciation):	16,862,373	19,127,048	12,863,351	48,852,772	49,140,025
Other Assets:					
Other investment - land	505,055	-	-	505,055	505,055
Water rights	-	1,500,000	-	1,500,000	1,500,000
Prairie State Energy	98,136	-	-	98,136	101,599
Due from cities - long-term	135,092	-	-	135,092	156,695
<b>Total Assets</b>	<b>\$ 28,948,274</b>	<b>\$ 23,393,140</b>	<b>\$ 13,880,165</b>	<b>\$ 66,221,579</b>	<b>\$ 64,654,769</b>
<b>Liabilities</b>					
Current Liabilities:					
Accounts payable	\$ 2,051,674	\$ 155,691	\$ 123,136	\$ 2,330,501	\$ 1,642,213
Customer deposits	410,524	94,038	97,935	602,497	580,201
Other accrued expenses	109,572	15,500	18,111	143,183	144,510
Accrued leave	350,900	281,784	202,383	835,067	807,942
Accrued interest	-	-	2,910	2,910	7,021
Current portion of long-term debt	1,035,366	326,390	398,152	1,759,908	2,156,016
Current portion due to PWSD#1	-	67,500	-	67,500	67,500
<b>Total Current Liabilities</b>	<b>\$ 3,958,036</b>	<b>\$ 940,903</b>	<b>\$ 842,627</b>	<b>\$ 5,741,566</b>	<b>\$ 5,405,403</b>
Long-term Liabilities:					
Due to PWSD #1	-	742,500	-	742,500	810,000
Net pension obligation	3,765	2,751	2,810	9,326	9,364
OPEB obligation	30,235	22,096	22,563	74,894	84,354
Long-term debt	4,540,005	1,253,755	437,631	6,231,391	7,705,298
<b>Total Liabilities</b>	<b>\$ 8,532,041</b>	<b>\$ 2,962,005</b>	<b>\$ 1,305,631</b>	<b>\$ 12,799,677</b>	<b>\$ 14,014,419</b>
<b>Net Position</b>					
Invested in capital assets, net of related long-term debt	\$ 11,287,002	\$ 17,546,903	\$ 12,027,568	\$ 40,861,473	\$ 39,278,711
Restricted for debt service	-	-	277,171	277,171	283,882
Unrestricted	9,129,231	2,884,232	269,795	12,283,258	11,077,757
<b>Total Net Position</b>	<b>\$ 20,416,233</b>	<b>\$ 20,431,135</b>	<b>\$ 12,574,534</b>	<b>\$ 53,421,902</b>	<b>\$ 50,640,350</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 28,948,274</b>	<b>\$ 23,393,140</b>	<b>\$ 13,880,165</b>	<b>\$ 66,221,579</b>	<b>\$ 64,654,769</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 Fund Net Position  
Year Ended June 30, 2013 and Comparative Totals for the Year Ended June 30, 2012

	<u>Electric Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Total 2013</u>	<u>Total (Memo Only) 2012</u>
<b>Operating Revenues:</b>					
Charges for services					
Residential	\$ 8,959,880	\$ 2,348,261	\$ 2,343,271	\$ 13,651,412	\$ 12,876,897
Commercial	2,982,675	816,624	818,655	4,617,954	4,634,235
Industrial	12,502,572	771,604	651,758	13,925,934	14,233,379
Wholesale	-	640,810	-	640,810	557,972
Transfer fees collected	1,219,352	227,101	190,742	1,637,195	1,628,087
Sales tax collected	680,214	71,855	-	752,069	758,742
Penalties	187,875	45,463	44,468	277,806	277,105
Prairie State Energy sales	2,067,217	-	-	2,067,217	-
Total Operating Revenues	<u>\$ 28,599,785</u>	<u>\$ 4,921,718</u>	<u>\$ 4,048,894</u>	<u>\$ 37,570,397</u>	<u>\$ 34,966,417</u>
<b>Operating Expenses:</b>					
Administrative	\$ 623,982	\$ 276,499	\$ 243,014	\$ 1,143,495	\$ 992,560
Customer accounts	2,061,794	407,605	284,873	2,754,272	2,732,143
Depreciation	1,116,399	590,307	644,252	2,350,958	2,416,246
Amortization	3,463	-	-	3,463	1,401
Distribution	1,468,266	561,646	-	2,029,912	3,625,500
Fringe benefits	813,005	565,085	576,329	1,954,419	1,908,925
Maintenance - general plant	263,120	61,451	128,083	452,654	342,366
Meter reading	84,194	34,637	35,043	153,874	186,018
Other administrative expenses	115,302	(3,162)	38,125	150,265	275,419
Purchased power	19,643,963	-	-	19,643,963	15,969,630
Water pumping	-	160,309	-	160,309	216,622
SCADA/Information systems	318,225	151,002	151,274	620,501	683,041
Sewer collection	-	-	555,274	555,274	595,078
Sewer treatment	-	-	963,342	963,342	955,527
Superintendent & supervisors	265,415	175,524	192,770	633,709	558,204
Water treatment	-	1,161,231	-	1,161,231	1,030,388
Total Operating Expenses	<u>\$ 26,777,128</u>	<u>\$ 4,142,134</u>	<u>\$ 3,812,379</u>	<u>\$ 34,731,641</u>	<u>\$ 32,489,068</u>
<b>Income (Loss) from Operations</b>	<u>\$ 1,822,657</u>	<u>\$ 779,584</u>	<u>\$ 236,515</u>	<u>\$ 2,838,756</u>	<u>\$ 2,477,349</u>
<b>Non-Operating Revenue (Expense)</b>					
Interest income	\$ 31,378	\$ 511	\$ 11,404	\$ 43,293	\$ 47,587
Rental income	57,226	-	-	57,226	6,000
Miscellaneous	74,519	111,226	20,867	206,612	97,874
Transfer (to)/from other funds	(279,215)	141,986	137,229	-	-
Interest expense/fees	(258,790)	(79,185)	(26,360)	(364,335)	(468,710)
<b>Total Non-Operating Revenue (Expense)</b>	<u>\$ (374,882)</u>	<u>\$ 174,538</u>	<u>\$ 143,140</u>	<u>\$ (57,204)</u>	<u>\$ (317,249)</u>
<b>Net Income (Loss)</b>	<u>\$ 1,447,775</u>	<u>\$ 954,122</u>	<u>\$ 379,655</u>	<u>\$ 2,781,552</u>	<u>\$ 2,160,100</u>
<b>Net Position, Beginning of Year</b>	18,968,458	19,477,013	12,194,879	50,640,350	48,666,118
<b>Prior Period Adjustment</b>	-	-	-	-	(185,868)
<b>Net Position, End of Year</b>	<u>\$ 20,416,233</u>	<u>\$ 20,431,135</u>	<u>\$ 12,574,534</u>	<u>\$ 53,421,902</u>	<u>\$ 50,640,350</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, 2013 and Comparative Totals for the Year Ended June 30, 2012

	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total 2013</u>	<u>Total (Memo Only) 2012</u>
<b>Cash Flows from Operating Activities:</b>					
Receipts from customers	\$ 28,529,216	\$ 4,923,234	\$ 4,059,392	\$ 37,511,842	\$ 34,963,761
Payments to suppliers	(24,017,807)	(2,249,015)	(1,782,744)	(28,049,566)	(26,734,222)
Payments to employees	(1,941,147)	(1,346,357)	(1,397,637)	(4,685,141)	(4,199,029)
Net Cash Flows Provided By (Used In) Operating Activities	<u>\$ 2,570,262</u>	<u>\$ 1,327,862</u>	<u>\$ 879,011</u>	<u>\$ 4,777,135</u>	<u>\$ 4,030,510</u>
<b>Cash Flows from Investing Activities:</b>					
Interest revenue	\$ 31,378	\$ 511	\$ 11,404	\$ 43,293	\$ 47,587
Purchase / sale of securities (net)	(2,096,312)	33,242	6,711	(2,056,359)	1,831,616
Additions to capital assets	(843,438)	(638,432)	(581,835)	(2,063,705)	(1,231,472)
Other revenue	131,745	111,226	20,867	263,838	103,874
Net Cash Flows Provided By (Used In) Investing Activities	<u>\$ (2,776,627)</u>	<u>\$ (493,453)</u>	<u>\$ (542,853)</u>	<u>\$ (3,812,933)</u>	<u>\$ 751,605</u>
<b>Cash Flows from Capital Financing Activities:</b>					
Due from cities	\$ 20,778	\$ -	\$ -	\$ 20,778	\$ 19,984
Interfund transfers	(279,215)	141,986	137,229	-	-
Debt proceeds / (payments)	(898,976)	(522,493)	(516,047)	(1,937,516)	(1,860,141)
Interest expense paid	(258,790)	(79,185)	(30,471)	(368,446)	(470,395)
Deferred issuance costs	-	-	-	-	35,061
Net Cash Provided By (Used In) Capital Financing Activities	<u>\$ (1,416,203)</u>	<u>\$ (459,692)</u>	<u>\$ (409,289)</u>	<u>\$ (2,285,184)</u>	<u>\$ (2,275,491)</u>
<b>Net Increase (Decrease) in Cash</b>	<u>\$ (1,622,568)</u>	<u>\$ 374,717</u>	<u>\$ (73,130)</u>	<u>\$ (1,320,981)</u>	<u>\$ 2,506,624</u>
<b>Cash at Beginning of Year</b>	<u>3,904,443</u>	<u>526,385</u>	<u>342,789</u>	<u>4,773,617</u>	<u>2,266,993</u>
<b>Cash at End of Year</b>	<u><u>\$ 2,281,875</u></u>	<u><u>\$ 901,102</u></u>	<u><u>\$ 269,658</u></u>	<u><u>\$ 3,452,635</u></u>	<u><u>\$ 4,773,617</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, 2013 and Comparative Totals for the Year Ended June 30, 2012

	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total 2013</u>	<u>Total (Memo Only) 2012</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>					
Operating income (loss)	\$ 1,822,657	\$ 779,584	\$ 236,515	\$ 2,838,756	\$ 2,477,349
Adjustments to reconcile net income to net cash provided by:					
Depreciation	1,116,399	590,307	644,252	2,350,958	2,416,246
Changes in operating assets and liabilities					
(Increase) decrease in:					
Accounts receivable - customers	238,286	(677)	9,491	247,100	(74,587)
Accounts receivable - other	(326,924)	227	(1,254)	(327,951)	42,494
Inventories	(208,071)	(65,184)	(14,220)	(287,475)	(173,960)
Prepaid expenses	(785,895)	6,011	8,747	(771,137)	(67,286)
Increase (decrease) in:					
Accounts payable	671,033	48,031	(30,776)	688,288	(822,552)
Accrued expenses	8,974	(15,118)	4,817	(1,327)	35,045
Net pension obligation	(115)	70	8	(37)	9,364
OPEB obligation	(4,721)	(2,056)	(2,684)	(9,461)	84,354
Customer deposits	18,069	1,966	2,261	22,296	29,437
Accrued leave	20,570	(15,299)	21,854	27,125	74,606
<b>Net Cash Provided by (used in) Operating Activities</b>	<u>\$ 2,570,262</u>	<u>\$ 1,327,862</u>	<u>\$ 879,011</u>	<u>\$ 4,777,135</u>	<u>\$ 4,030,510</u>

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



## 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 2013 and 2012, 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.

### *Pensions:*

Employees are covered by the Missouri Local Government Employees Retirement Systems (LAGERS).

City of Hannibal, Missouri  
Board of Public Works  
Notes to Financial Statements  
June 30, 2013 and 2012

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

*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 at June 30, 2013 and 2012.

*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.

**2. Capital Assets**

Activity for the year ended June 30, 2013 and 2012 are as follows:

	<b>June 30, 2013</b>			
	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Buildings and roads	\$ 66,529	\$ 3,523,068	\$ 17,632,178	\$ 21,221,775
Systems and improvements	22,591,241	24,235,648	10,689,033	57,515,922
Equipment	10,173,065	909,820	1,542,047	12,624,932
Construction in progress	161,736	210,123	337,896	709,755
	<u>\$ 32,992,571</u>	<u>\$ 28,878,659</u>	<u>\$ 30,201,155</u>	<u>\$ 92,072,385</u>
Less: Accumulated depreciation	<u>(16,249,453)</u>	<u>(9,860,286)</u>	<u>(17,856,347)</u>	<u>(43,966,086)</u>
	<u>\$ 16,743,118</u>	<u>\$ 19,018,373</u>	<u>\$ 12,344,808</u>	<u>\$ 48,106,299</u>
Land	<u>119,255</u>	<u>108,675</u>	<u>518,543</u>	<u>746,473</u>
	<u><u>\$ 16,862,373</u></u>	<u><u>\$ 19,127,048</u></u>	<u><u>\$ 12,863,351</u></u>	<u><u>\$ 48,852,772</u></u>

City of Hannibal, Missouri  
Board of Public Works  
Notes to Financial Statements  
June 30, 2013 and 2012

**2. Capital Assets (Concluded)**

**June 30, 2012**

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Buildings and roads	\$ 66,529	\$ 3,523,068	\$ 17,507,544	\$ 21,097,141
Systems and improvements	22,002,834	23,886,809	10,539,799	56,429,442
Equipment	9,972,951	769,844	1,448,572	12,191,367
Construction in progress	106,819	60,506	123,405	290,730
	<u>\$ 32,149,133</u>	<u>\$ 28,240,227</u>	<u>\$ 29,619,320</u>	<u>\$ 90,008,680</u>
Less: Accumulated depreciation	<u>(15,133,054)</u>	<u>(9,269,979)</u>	<u>(17,212,095)</u>	<u>(41,615,128)</u>
	<u>\$ 17,016,079</u>	<u>\$ 18,970,248</u>	<u>\$ 12,407,225</u>	<u>\$ 48,393,552</u>
Land	<u>119,255</u>	<u>108,675</u>	<u>518,543</u>	<u>746,473</u>
	<u><u>\$ 17,135,334</u></u>	<u><u>\$ 19,078,923</u></u>	<u><u>\$ 12,925,768</u></u>	<u><u>\$ 49,140,025</u></u>

**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, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Checking/money market accounts	\$ 3,452,635	\$ 4,773,617
Certificates of deposit	4,764,282	2,664,506
Other short term investments	983,103	1,016,345
Debt service accounts	277,171	283,882
Total	<u><u>\$ 9,477,191</u></u>	<u><u>\$ 8,738,350</u></u>

These cash and investments are included in the following balance sheet accounts at June 30, 2013 and 2012:

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
June 30, 2013				
Cash	\$ 2,281,875	\$ 901,102	\$ 269,658	\$ 3,452,635
Short term investments	4,764,282	983,103	-	5,747,385
Debt service accounts	-	-	277,171	277,171
Total	<u><u>\$ 7,046,157</u></u>	<u><u>\$ 1,884,205</u></u>	<u><u>\$ 546,829</u></u>	<u><u>\$ 9,477,191</u></u>

City of Hannibal, Missouri  
Board of Public Works  
Notes to Financial Statements  
June 30, 2013 and 2012

**3. Deposits and Investments (Concluded)**

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
June 30, 2012				
Cash	\$ 3,904,443	\$ 526,385	\$ 342,789	\$ 4,773,617
Short term investments	2,664,506	1,016,345	-	3,680,851
Debt service accounts	-	-	283,882	283,882
Total	<u>\$ 6,568,949</u>	<u>\$ 1,542,730</u>	<u>\$ 626,671</u>	<u>\$ 8,738,350</u>

**4. Long-Term Obligations**

For the Year Ended June 30, 2013, the changes in long-term debt are as follows:

	<u>Balance July 1, 2012</u>	<u>(Retirements) Additions</u>	<u>Balance June 30, 2013</u>
Lease Purchase Agreement	\$ 2,585,000	\$ (320,000)	\$ 2,265,000
Lease Purchase Agreement	4,443,000	(682,000)	3,761,000
Revenue Bonds	858,000	(271,000)	587,000
Escrow Trust Agreement	877,500	(67,500)	810,000
Lease Purchase Agreement - Meters	1,975,314	(597,015)	1,378,299
Total	<u>\$ 10,738,814</u>	<u>\$ (1,937,515)</u>	<u>\$ 8,801,299</u>

The long-term obligations consist of the following issues:

	<u>2013</u>	<u>2012</u>
\$4,660,000 Lease Purchase Agreement - Missouri Association of Municipal Utilities	\$ 2,265,000	\$ 2,585,000
\$6,971,000 Lease Purchase Agreement - Missouri Association of Municipal Utilities - Series 2006-A	3,761,000	4,443,000
\$3,910,000 Sewerage System Revenue Bonds, Series 1993, due 2015	587,000	858,000
\$1,500,000 Escrow Trust Agreement - Due to PWSD #1	810,000	877,500
\$5,474,839 Lease Purchase Agreement - Commerce Bank due 8/1/2015	1,378,299	1,975,314
Total	<u>\$ 8,801,299</u>	<u>\$ 10,738,814</u>
Less: Current portion due to PWSD #1	(67,500)	(67,500)
Less: Current portion long-term debt	(1,759,908)	(2,156,016)
	<u>\$ 6,973,891</u>	<u>\$ 8,515,298</u>

City of Hannibal, Missouri  
Board of Public Works  
Notes to Financial Statements  
June 30, 2013 and 2012

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

*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 June 30,</b>		
2014	\$	438,613
2015		437,184
2016		435,283
2017		437,367
2018		438,549
2019		438,737
	\$	2,625,733
Less Amounts Representing Interest		(360,733)
	\$	2,265,000

*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.

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

<b>Fiscal Year June 30,</b>		
2014	\$	820,661
2015		823,317
2016		829,982
2017		833,673
2018		770,364
	\$	4,077,997
Less Amounts Representing Interest		(316,997)
	\$	3,761,000

City of Hannibal, Missouri  
Board of Public Works  
Notes to Financial Statements  
June 30, 2013 and 2012

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

*Lease Purchase Agreement – Commerce Bank*

On November 19, 2004, the Board entered into a lease/purchase agreement with Commerce Bank in the amount of \$5,474,839. This lease is for new meters to replace the existing electric and water meters for its customers. The lease calls for monthly payments of \$55,430 that began on September 1, 2005 with a final payment due August 1, 2015 at an interest rate of 4.00%.

This lease includes both water and electric meters, therefore, the accrued interest and related liability is divided between all three proprietary funds: 64.14% electric, 17.81% water, and 18.05% sewer.

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

<b>Fiscal Year</b>		
<b>June 30,</b>		
2014	\$	665,161
2015		665,161
2016		<u>110,859</u>
	\$	<u>1,441,181</u>
Less Amounts Representing Interest		<u>(62,882)</u>
	\$	<u><u>1,378,299</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, 2013.

City of Hannibal, Missouri  
Board of Public Works  
Notes to Financial Statements  
June 30, 2013 and 2012

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

The payment schedule is as follows:

<b>Fiscal Year June 30</b>		
2014	\$	67,500
2015		67,500
2016		67,500
2017		67,500
2018		67,500
2019		67,500
2020		67,500
2021		67,500
2022		67,500
2023		67,500
2024		67,500
2025		67,500
	<u>\$</u>	<u>810,000</u>

**Revenue Bonds**

The Board has issued \$3,910,000 of Sewerage System Revenue Bonds. These bonds are dated August 1, 1993. The proceeds of the bond issue were used to extend and improve the existing wastewater treatment facility. The interest due on these bonds will be subsidized by interest earnings on a reserve fund held by the bond issue's trustee. These funds are not considered to be Board funds. As the Board is reimbursed for project expenditures from the construction funds held by the trustee, the Department of Natural Resources will deposit an amount equal to approximately 70% of the reimbursement into the reserve fund. The maximum amount of funds that will be advanced to the reserve fund will be \$2,737,000. As bonds are paid off, 70% of the amount of bonds paid off will be repaid to the Department of Natural Resources out of the reserve fund. The balance of the reserve fund at June 30, 2013 was \$600,600. Monthly payments to UMB Bank net of interest credits earned are made by the City and are recomputed every six months by the trustee.

Revenue bond debt service requirements to maturity, including \$32,103 of interest, are as follows:

<b>Fiscal Year June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 286,000	\$ 23,976	\$ 309,976
2015	301,000	8,127	309,127
Total	<u>\$ 587,000</u>	<u>\$ 32,103</u>	<u>\$ 619,103</u>

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

##### **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 \$6,823,355 for the year ended June 30, 2013.

As of December 31, 2012, the City's 10% pro-rata share of MJMEUC's outstanding bond obligations for Prairie State is approximately \$83,573,000 plus the interest costs on the debt. This amount is payable through the final maturity of MJMEUC's bonds in 2042.

#### **5. Interfund Transfers**

Interfund transfers are reported after nonoperating revenues/expenses in proprietary funds. Interfund transfers were made between the Electric, Water and Sewer funds to correct the allocation of the Commerce Bank lease previously divided amongst these funds as 50% Electric, 25% Water and 25% Sewer. Per statements from Commerce Bank, this lease is divided as follows: 64.14% Electric, 17.81% Water and 18.05% Sewer.

#### **6. Other Non-Current Liabilities**

The Board currently maintains one defined benefit pension plans for its employees as explained later in these notes to financial statements. In accordance with Government Accounting Standards Board (GASB) Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as amended by GASB Statement No. 50, *Pension Disclosures*, the Board is required to report 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 the year ended June 30, 2013, the Board had accumulated a liability of \$9,326.

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, 2013, the Board had accumulated a liability of \$74,894.



City of Hannibal, Missouri  
Board of Public Works  
Notes to Financial Statements  
June 30, 2013 and 2012

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**7. Pension Plan**

*Plan Description*

The Board participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and governed by statute section RSMo.70.600 - 70.755. As such, it is the system's 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 it is tax-exempt. The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

*Funding Status*

Full-time employees of the Board do not contribute to the pension plan. The June 30<sup>th</sup> statutorily required contribution rate is 18.3% (General) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by State Statute.

*Annual Pension Cost (APC) and Net Pension Obligation (NPO)*

The subdivision's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$664,107
Interest on net pension obligation	679
Adjustment to annual required contribution	<u>(717)</u>
Annual pension cost	\$664,069
Actual contributions	<u>664,107</u>
Increase (decrease) in NPO	\$ (38)
NPO beginning of year	<u>9,364</u>
NPO end of year	<u><u>\$ 9,326</u></u>

The annual required contribution (ARC) was determined as part of the February 28, 2011 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2013 included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back -0- years for men and -0- years for women, and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back -0- years for men and -0- years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2011 was 20 years for the General division.

City of Hannibal, Missouri  
Board of Public Works  
Notes to Financial Statements  
June 30, 2013 and 2012

**7. Pension Plan (Concluded)**

Three-Year Trend Information			
Fiscal Year <u>Ended</u>	Annual Pension Cost (APC) <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
2011	\$ 518,881	98.2%	\$ 9,340
2012	554,373	100.0%	9,364
2013	664,069	100.0%	9,326

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.

**8. 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, 2013 were as follows:

Annual required contribution	\$ 119,508
Interest on net OPEB obligation	2,952
Adjustment to annual required contribution	<u>(3,920)</u>
Annual OPEB cost	\$ 118,540
Contributions made	<u>(128,000)</u>
Increase (Decrease) in net OPEB obligation	\$ (9,460)
Net OPEB obligation, beginning of year	84,354
Net OPEB obligation, end of year	<u>\$ 74,894</u>

The annual required contribution for the year ended June 30, 2013, was determined as part of the July 1, 2011 actuarial valuation using the Projected Unit Actuarial Cost method. The actuarial assumptions at July 1, 2011, included (a) 3.50% investment rate of return, (b) valuation date at July 1, 2011, (c) health care inflation rate of 8.5% initial to 5.0% ultimate, (d) dental cost trend of 4.0% 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, 2013 and 2012

**8. 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, 2011, the most recent actuarial valuation date, the Plan was 0.0 percent funded. The actuarial accrued liability for benefits was \$1,177,861 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,177,861. The covered payroll (annual payroll of active employees covered by the plan) was \$2,980,129 and the ratio of the UAAL to covered payroll was 39.5 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
2009	\$ 111,293	\$ 78,000	70.1%	\$ 33,293 (projected)
2010	110,911	83,000	74.8%	61,204 (projected)
2011	110,591	89,000	80.5%	82,795 (projected)
2012	118,559	117,000	98.7%	84,354
2013	118,540	128,000	108.0%	74,894

At July 1, 2011, the Plan membership consisted of:

Retirees and beneficiaries receiving benefits	15
Active members	61
Total members	76

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

The Board has an agreement with AmerenUE to purchase electric power and energy. The rate per kilowatt hour is fixed through December 31, 2014 under a firm contract. The agreement is for a fixed cost of \$43/MWh. The Board also pays a monthly facility charge for the use of the AmerenUE substation on Highway 79.

**10. Other Investments**

Other investments consist of the following:

	2013	2012
Land for industrial park site on Route MM in Hannibal, Missouri net of dirt sold to state for highway and bridge projects.	\$ 505,055	505,055
Prairie State Energy Coal Reserves	98,136	103,000
	\$ 603,191	\$ 608,055

City of Hannibal, Missouri  
Board of Public Works  
Notes to Financial Statements  
June 30, 2013 and 2012

**10. Other Investments (Concluded)**

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, 2013 amounted to \$3,463.

**11. 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:

	<b>June 30, 2013</b>		
	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>
Vacation/Personal	\$ 67,538	\$ 42,607	\$ 27,442
Sick	283,362	239,177	174,941
	<u>\$ 350,900</u>	<u>\$ 281,784</u>	<u>\$ 202,383</u>
	<b>June 30, 2012</b>		
	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>
Vacation/Personal	\$ 55,420	\$ 43,795	\$ 21,283
Sick	274,910	253,288	159,246
	<u>\$ 330,330</u>	<u>\$ 297,083</u>	<u>\$ 180,529</u>

**12. 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>
2014	\$ 21,603	\$ 5,816	\$ 27,419
2015	22,460	4,959	27,419
2016	23,352	4,067	27,419
2017	24,280	3,140	27,420
2018-2020	65,000	3,545	68,545
Total	<u>\$ 156,695</u>	<u>\$ 21,527</u>	<u>\$ 178,222</u>

City of Hannibal, Missouri  
Board of Public Works  
Notes to Financial Statements  
June 30, 2013 and 2012

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**13. Prior Period Adjustment**

During the year ended June 30, 2013, the City adopted Government Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which required debt issuance costs to be expensed as incurred, rather than capitalized and amortized over the life of the debt. Unamortized issuance costs from prior years need to be adjusted through a prior period adjustment to eliminate them from the financial statements. As such, the Board has reported a prior period adjustment for these unamortized issuance costs in the amounts of \$130,561 for the Electric fund, \$44,245 for the Water fund, and \$11,062 for the Sewer fund. This total prior period adjustment of \$182,868 is shown in the Statement of Revenues, Expenses, and Changes in Net Fund Position in the prior year column as that is the earliest period shown in the financial statements.

**14. Subsequent Events**

Subsequent events have been evaluated through November 15, 2013 which is the date the reports were available to be issued.

City of Hannibal, Missouri  
Board of Public Works  
Schedule of Funding Progress  
June 30, 2013 and 2012

**Missouri Local Government Employee Retirement System**

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	a/b Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/28/2011	\$ 5,780,537	\$ 9,013,756	\$ 3,233,219	64%	\$ 3,008,604	107%
2/29/2012	4,487,598	7,969,932	3,482,334	56%	3,096,520	112%
2/28/2013	4,253,153	7,968,750	3,715,597	53%	3,484,273	107%

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

**Health Insurance Plan for Retired Employees**

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	a/b Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
7/1/2011	-	\$ 1,177,861	\$ 1,177,861	-	\$ 2,980,129 (A)	39.5%

(A) Annualized Pay of Active Employees as of 7/1/2011 eligible to participate in health plan.

Supplementary Schedules

City of Hannibal, Missouri  
Board of Public Works  
Electric Department  
Plant Assets and Depreciation Schedule  
Year Ended June 30, 2013

	Cost 6/30/2012	Additions	Retirements and Other	Cost 6/30/2013	Accumulated Depreciation 6/30/2012	Depreciation for the Year	Retirements	Accumulated Depreciation 6/30/2013
Land and land rights	\$ 20,062	\$ -	\$ -	\$ 20,062	\$ -	\$ -	\$ -	\$ -
Clearing land & right of way	2,642	-	-	2,642	101	101	-	202
Structures & improvements	33,973	-	-	33,973	30,225	624	-	30,849
Station equipment	1,165,670	-	-	1,165,670	856,358	25,156	-	881,514
Transmission towers & fixtures	78,953	-	-	78,953	78,953	-	-	78,953
Poles & fixtures	604,015	-	-	604,015	572,761	3,797	-	576,558
Overhead conduit & device	471,843	-	-	471,843	471,488	89	-	471,577
Underground conduit & device	200	-	-	200	200	-	-	200
Road	9,523	-	-	9,523	7,856	476	-	8,332
Land and land rights	99,193	-	-	99,193	-	-	-	-
Plant structure & improvements	52,137	-	-	52,137	38,637	675	-	39,312
Station equipment	7,137,169	-	-	7,137,169	3,796,264	352,954	-	4,149,218
161 kV transmission line	9,155,576	-	-	9,155,576	457,779	228,889	-	686,668
Poles, towers & fixtures	2,031,248	200,693	-	2,231,941	1,506,371	71,407	-	1,577,778
Overhead conduit & device	2,082,446	33,896	-	2,116,342	1,665,865	75,438	-	1,741,303
Underground conduit	30,725	-	-	30,725	16,610	1,477	-	18,087
Underground conduit & device	180,432	12,713	-	193,145	149,306	8,485	-	157,791
Line transformers	1,599,865	135,982	-	1,735,847	1,340,359	40,304	-	1,380,663
Services	333,839	-	-	333,839	302,741	6,638	-	309,379
Meters	3,037,490	53,898	-	3,091,388	940,041	167,466	-	1,107,507
Install on customer premise	3,225	-	-	3,225	2,903	322	-	3,225
Leased property	2,227	-	-	2,227	1,826	112	-	1,938
Street Light & Signal	956,424	105,481	-	1,061,905	755,180	28,796	-	783,976
Computer Hardware	-	33,767	-	33,767	-	-	-	-
Structures & Improvements	1,402,580	11,977	-	1,414,557	1,004,920	2,296	-	1,007,216
Office furniture & equipment	385,650	-	-	385,650	296,349	22,567	-	318,916
Transportation	1,077,908	175,156	-	1,253,064	699,103	67,440	-	766,543
Tools - shop & garage	67,693	8,491	-	76,184	38,288	6,296	-	44,584
Power operated equipment	7,551	-	-	7,551	7,551	-	-	7,551
Communication equipment	37,466	16,467	-	53,933	9,791	3,985	-	13,776
Miscellaneous equipment	93,844	-	-	93,844	85,228	609	-	85,837
<b>Total Utility Plant in Service</b>	<b>\$ 32,161,569</b>	<b>\$ 788,521</b>	<b>\$ -</b>	<b>\$ 32,950,090</b>	<b>\$ 15,133,054</b>	<b>\$ 1,116,399</b>	<b>\$ -</b>	<b>\$ 16,249,453</b>
<b>Construction in Progress</b>	<b>106,819</b>	<b>54,917</b>	<b>-</b>	<b>161,736</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Utility Plant</b>	<b>\$ 32,268,388</b>	<b>\$ 843,438</b>	<b>\$ -</b>	<b>\$ 33,111,826</b>	<b>\$ 15,133,054</b>	<b>\$ 1,116,399</b>	<b>\$ -</b>	<b>\$ 16,249,453</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, 2013

	<u>Cost</u> <u>6/30/2012</u>	<u>Additions</u>	<u>Retirements</u> <u>and Other</u>	<u>Cost</u> <u>6/30/2013</u>	<u>Accumulated</u> <u>Depreciation</u> <u>6/30/2012</u>	<u>Depreciation</u> <u>for the Year</u>	<u>Retirements</u>	<u>Accumulated</u> <u>Depreciation</u> <u>6/30/2013</u>
<b>Land</b>	\$ 108,675	\$ -	\$ -	\$ 108,675	\$ -	\$ -	\$ -	\$ -
<b>Purification Plan:</b>								
Filtration Plan	8,308,268	10,621	-	8,318,889	2,993,507	163,852	-	3,157,359
<b>Pumping Plant:</b>								
Pumping plant and equipment	2,434,647	-	-	2,434,647	648,031	54,024	-	702,055
<b>Distribution Plant:</b>								
Reservoir	3,975,605	-	-	3,975,605	545,689	39,732	-	585,421
Booster stations	521,778	-	-	521,778	341,023	17,415	-	358,438
Distribution mains	8,578,833	96,675	-	8,675,508	2,192,437	120,074	-	2,312,511
Structures	391,496	-	-	391,496	295,845	32,524	-	328,369
Meters	1,692,648	188,434	-	1,881,082	523,864	96,721	-	620,585
Services	721,047	14,194	-	735,241	520,673	10,046	-	530,719
Hydrants	610,408	22,032	-	632,440	434,782	15,622	-	450,404
Transportation equipment	311,644	127,348	-	438,992	241,937	15,821	-	257,758
Tools and equipment	194,529	4,245	-	198,774	156,254	10,291	-	166,545
Other equipment	54,527	-	-	54,527	46,039	1,193	-	47,232
	<u>\$ 27,904,105</u>	<u>\$ 463,549</u>	<u>\$ -</u>	<u>\$ 28,367,654</u>	<u>\$ 8,940,081</u>	<u>\$ 577,315</u>	<u>\$ -</u>	<u>\$ 9,517,396</u>
<b>General Plant:</b>								
Office equipment	\$ 191,867	\$ -	\$ -	\$ 191,867	\$ 156,904	\$ 9,755	\$ -	\$ 166,659
Computer Hardware	-	16,883	-	16,883	-	-	-	-
Communication equipment	17,277	8,383	-	25,660	7,036	1,472	-	8,508
Structures and improvements	175,147	-	-	175,147	165,958	1,765	-	167,723
	<u>\$ 384,291</u>	<u>\$ 25,266</u>	<u>\$ -</u>	<u>\$ 409,557</u>	<u>\$ 329,898</u>	<u>\$ 12,992</u>	<u>\$ -</u>	<u>\$ 342,890</u>
<b>Total Utility Plant In Service</b>	\$ 28,288,396	\$ 488,815	\$ -	\$ 28,777,211	\$ 9,269,979	\$ 590,307	\$ -	\$ 9,860,286
<b>Construction in Progress</b>	60,506	149,617	-	210,123	-	-	-	-
<b>Total Utility Plant</b>	<u>\$ 28,348,902</u>	<u>\$ 638,432</u>	<u>\$ -</u>	<u>\$ 28,987,334</u>	<u>\$ 9,269,979</u>	<u>\$ 590,307</u>	<u>\$ -</u>	<u>\$ 9,860,286</u>

City of Hannibal, Missouri  
Board of Public Works  
Sewer Department  
Plant Assets and Depreciation Schedule  
Year Ended June 30, 2013

	<b>Cost 6/30/2012</b>	<b>Additions</b>	<b>Retirements and Other</b>	<b>Cost 6/30/2013</b>	<b>Accumulated Depreciation 6/30/2012</b>	<b>Depreciation for the Year</b>	<b>Retirements</b>	<b>Accumulated Depreciation 6/30/2013</b>
Land and land rights	\$ 518,543	\$ -	\$ -	\$ 518,543	\$ -	\$ -	\$ -	\$ -
Treatment plant	17,349,565	124,634	-	17,474,199	10,815,202	311,935	-	11,127,137
Pumping Plant	-	113,340	-	113,340	-	2,833	-	2,833
Storm sewers	250,454	-	-	250,454	92,690	5,009	-	97,699
Sanitary sewers	8,901,440	7,076	-	8,908,516	4,750,998	182,155	-	4,933,153
Sewer connections	1,387,905	11,935	-	1,399,840	422,127	68,919	-	491,046
Office furniture and equipment	263,451	-	-	263,451	237,522	8,555	-	246,077
Transportation equipment	482,178	51,678	-	533,856	250,266	38,611	-	288,877
Tools and equipment	127,648	28,669	-	156,317	117,362	3,076	-	120,438
Computer Hardware	-	16,883.29	-	16,883.29	-	-	-	-
Office building and improvement	120,242	-	-	120,242	70,211	1,871	-	72,082
Laboratory equipment	23,423	4,895	-	28,318	23,423	449	-	23,872
Communication equipment	51,623	8,233	-	59,856	10,756	5,603	-	16,359
Other equipment	500,249	-	-	500,249	410,955	12,591	-	423,546
Structures	37,737	-	-	37,737	10,583	2,645	-	13,228
<b>Total Utility Plant in Service</b>	<b>\$ 30,014,458</b>	<b>\$ 367,344</b>	<b>\$ -</b>	<b>\$ 30,381,802</b>	<b>\$ 17,212,095</b>	<b>\$ 644,252</b>	<b>\$ -</b>	<b>\$ 17,856,347</b>
<b>Construction in Progress</b>	<b>123,405</b>	<b>214,491</b>	<b>-</b>	<b>337,896</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Utility Plant</b>	<b>\$ 30,137,863</b>	<b>\$ 581,835</b>	<b>\$ -</b>	<b>\$ 30,719,698</b>	<b>\$ 17,212,095</b>	<b>\$ 644,252</b>	<b>\$ -</b>	<b>\$ 17,856,347</b>

City of Hannibal, Missouri  
Board of Public Works  
Schedule of Investments  
June 30, 2013

Description	Interest Rate	Maturity Date	Book Value	Market Value
<b>Electric</b>				
Unrestricted Temporary Cash Investments:				
F&M Bank and Trust Co - Certificate of Deposit	0.15%	9/27/2013	\$ 536,636	\$ 536,636
HNB- Certificate of Deposit	0.10%	6/27/2013	507,647	507,647
Commerce Bank-Certificate of Deposit	0.20%	9/4/2013	248,000	248,000
Commerce Bank-Certificate of Deposit	0.40%	7/19/2013	248,000	248,000
Commerce Bank-Certificate of Deposit	0.25%	7/24/2013	248,000	248,000
Commerce Bank-Certificate of Deposit	0.20%	8/20/2013	248,000	248,000
Commerce Bank-Certificate of Deposit	0.35%	3/25/2014	248,000	248,000
Commerce Bank-Certificate of Deposit	0.15%	9/27/2013	248,000	248,000
Commerce Bank-Certificate of Deposit	0.15%	9/27/2013	248,000	248,000
Commerce Bank-Certificate of Deposit	0.30%	3/28/2014	248,000	248,000
Commerce Bank-Certificate of Deposit	0.20%	7/24/2013	248,000	248,000
Commerce Bank-Certificate of Deposit	0.30%	9/4/2013	248,000	248,000
Commerce Bank-Certificate of Deposit	0.15%	9/16/2013	248,000	248,000
Commerce Bank-Certificate of Deposit	0.25%	10/3/2013	248,000	248,000
Commerce Bank-Certificate of Deposit	0.20%	10/17/2013	248,000	248,000
Commerce Bank-Certificate of Deposit	0.20%	11/12/2013	248,000	248,000
Commerce Bank-Certificate of Deposit	0.30%	4/17/2014	248,000	248,000
Total Unrestricted Temporary Cash Investments			<u>\$ 4,764,282</u>	<u>\$ 4,764,282</u>
<b>Water</b>				
Unrestricted Temporary Cash Investments:				
Bank of New York Mellon Trust Company N.A.			<u>\$ 983,103</u>	<u>\$ 983,103</u>
<b>Restricted Investments</b>				
<b>Sewer</b>				
Debt Service Reserve:				
Money Market Funds - UMB Bank			<u>\$ 277,171</u>	<u>\$ 277,171</u>
Total Restricted Investments			<u>\$ 277,171</u>	<u>\$ 277,171</u>
Total Investments			<u><u>\$ 6,024,556</u></u>	<u><u>\$ 6,024,556</u></u>

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

City of Hannibal, Missouri  
Board of Public Works  
Schedule of Top Ten Utility Customers  
Year Ended June 30, 2013

**Electric**

Rank	Consumer	Annual Kilowatt Hours	Percent of Total
1	General Mills	41,551,400	15.87%
2	Buckhorn Ribber Products	13,951,000	5.33%
3	Enduro Industries LLC	11,328,800	4.33%
4	Spartan Light Metal Products	11,071,200	4.18%
5	Watlow Industries	7,707,000	2.94%
6	Walmart	4,363,800	1.67%
7	Board of Public Works	4,309,200	1.65%
8	Hannibal-LaGrange University	4,171,722	1.59%
9	Cosmoflex Inc.	3,321,500	1.27%
10	Niemann Foods Inc.	2,490,080	0.095%

**Water**

Rank	Consumer	Annual Gallons x 100	Percent of Total
1	Ralls County Water District #1	1,781,324	19.51%
2	General Mills	1,392,855	15.25%
3	Hannibal Regional Hospital	111,776	1.22%
4	Watlow Industries	98,250	1.08%
5	Cosmoflex Inc.	73,011	0.80%
6	Hannibal Country Club	63,273	0.69%
7	Enduro Industries LLC	47,236	0.52%
8	Levering Care Center	39,174	0.43%
9	SWB Hospitality LLC	34,719	0.38%
10	Beth Haven Nursing Home	33,900	0.37%

**Sewer**

Rank	Consumer	Annual Gallons x 100	Percent of Total
1	General Mills	1,287,143	20.74%
2	Hannibal Regional Hospital	111,776	1.80%
3	Levering Care Center	69,503	1.12%
4	Jai Shri Ram	48,599	0.78%
5	Enduro Industries	47,399	0.76%
6	SWB Hospitality LLC	34,719	0.56%
7	Beth Haven Nursing Home	33,900	0.55%
8	Luther Manor	32,677	0.53%
9	Hannibal Health Care Center	31,310	0.50%
10	Spartan Light Metal Products	25,442	0.41%

Comparative Statement  
of Operating Factors

City of Hannibal, Missouri  
Board of Public Works  
Electric Department  
Comparative Statement of Operating Factors  
Years Ended June 30, 2013 and 2012

	<u>Unit</u>	<u>2013</u>	<u>2012</u>
Population served per 2010 Census		17,757	17,757
Number of customers per 100 population		50.08	51.22
Maximum peak load operation	KW	57,000	60,000
Investment per capita	\$	1,864.72	1,817.22
Total operating revenue per \$100.00 investment	\$	86.37	82.25
Ratio of total operation expense to total operating revenue	%	93.63%	92.18%
Operating profit (loss) per \$100.00 investment	\$	5.50	6.44
Total purchased power cost per kWh	\$	0.0730	0.0583
Average price received per kWh sold	\$	0.1079	0.1006
Operating profit (loss) per kWh sold	\$	0.0055	0.0070
Average residential use	kWh	10,919	10,489
Total kWh purchased	kWh	268,946,777	274,040,349
Total kWh sold	kWh	264,980,158	263,834,251
Customers at end of year:			
Residential		7,628	7,635
Commercial		1,197	1,204
Industrial		68	257
		<u>8,893</u>	<u>9,096</u>

City of Hannibal, Missouri  
Board of Public Works  
Water Department  
Comparative Statement of Operating Factors  
Years Ended June 30, 2013 and 2012

	<u>Unit</u>	<u>2013</u>	<u>2012</u>
Population served per 2010 Census		17,757	17,757
Number of customers per 100 population		43.93	44.46
Capacity per day	Gallon	7,500,000	7,500,000
Maximum production per day	Gallon	7,500,000	7,500,000
Average production per day	Gallon	3,130,000	3,130,000
Investment per 1,000 gallons sold	\$	25.65	25.55
Investment per capita	\$	1,632.45	1,596.49
Total Revenue per \$100.00 investment	\$	16.98	16.00
Ratio of operating expenses to operating revenue	%	84.16%	91.84%
Operating profit (loss) per \$100.00 investment	\$	2.69	1.31
Average price received per 1,000 gallons	\$	4.57	4.06
Average cost per 1,000 gallons	\$	3.89	3.73
Customers at end of year:			
Residential		6,967	7,010
Commercial		794	841
Industrial		40	41
Other public authorities		-	3
		<u>7,801</u>	<u>7,895</u>

City of Hannibal, Missouri  
Board of Public Works  
Sewer Department  
Comparative Statement of Operating Factors  
Years Ended June 30, 2013 and 2012

	<u>Unit</u>	<u>2013</u>	<u>2012</u>
Population served per 2010 Census		17,757	17,757
Number of customers per 100 population		42.19	42.46
Investment per capita	\$	1,730.00	1,697.24
Total revenue per \$100.00 investment	\$	13.18	12.91
Ratio of total operation expense to total operating revenue	%	94.16%	99.21%
Operating profit (loss) per \$100.00 investment	\$	0.77	0.10
Total treatment cost per million gallons	\$	3,083.32	3,384.29
Average price received per million gallons treated	\$	3,274.60	3,411.28
Operating profit (loss) per million gallons treated	\$	191.28	27.00
Total gallons treated	Gallons	1,236,454,000	1,140,900,000
Total gallons from water plant	Gallons	1,091,664,769	1,039,740,000
Customers at end of year:			
Residential		6,712	6,745
Commercial		761	775
Industrial		19	19
		<u>7,492</u>	<u>7,539</u>