

City of Hannibal, Missouri

Board of Public Works

Basic Financial Statements

And Management's Discussion and Analysis

For the Fiscal Year

Ending June 30, 2018

City of Hannibal, Missouri
Board of Public Works
Year Ended June 30, 2018
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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, Sewer, and Stormwater funds (Board of Public Works) of the City of Hannibal, Missouri, as of and for the year ended June 30, 2018, 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, Sewer, and Stormwater 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, 2018, 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, Sewer and Stormwater funds of the City of Hannibal, Missouri, as of June 30, 2018, 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.

Change in Accounting Principle

The City adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the fiscal year ended June 30, 2018. These standards changed the accounting for the City's net OPEB liability and disclosures. Our opinion is not modified with respect to this matter.

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, Schedule of Pension Contributions, Schedule of Changes in Total OPEB Liability and Schedule of OPEB Contributions on pages 3 through 5 and pages 25 through 30 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 31 through 39 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 11, 2018
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, 2018
(Unaudited)

Introduction

The Hannibal Board of Public Works of Hannibal, Missouri (the "HBPW") is a municipally owned utility of the City of Hannibal, Missouri (the "City"). The HBPW is comprised of the Electric, Water, Sewer and Stormwater funds, serving approximately 8,839 customers. The following discussion and analysis of the financial performance of the HBPW provides an overview of the HBPW's financial activities for the fiscal year ended June 30, 2018. 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, 2018, by \$65,473,305 (net position). Of this amount, \$16,897,660 (unrestricted net position) may be used to meet the HBPW's ongoing obligations to citizens and creditors.
- The HBPW's total net position increased by \$4,855,109 for the year ended June 30, 2018. The increase in net position can be attributed to the Electric fund which increased by \$4,134,433, the Water fund which increased by \$521,105, the Sewer fund which increased \$536,633 and the Stormwater fund which decreased by \$337,062.
- With the bond and lease proceeds received of \$873,657 and principal payments made of \$2,541,500, the total principal due on the HBPW's long-term debt decreased by \$1,667,843 for the year ended June 30, 2018.
- Electric rates were reduced about 2% for the residential rate class for the 2017-2018 year, with rates for all other rate classes held unchanged. An incentive rate to attract new industries was established in July 2011. The incentives offered gradually reduce to zero over a 48 month period. Two customers have applied for the incentive rate since its inception.
- Water rates were increased approximately 4.8% for the 2017-2018 year. An industrial incentive rate similar to the electric incentive was established. One customer has applied for the incentive rate since its inception.
- Sewer rates were increased approximately 3.7% for all rate classes for the 2017-2018 year.

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 four business-type funds that are used to charge customers for the service it provides electric, water, sewer and stormwater 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, 2018
(Unaudited)

Business-type Activities

Condensed Statement of Net Position

	2018	2017
Assets		
Current	\$ 26,242,186	\$ 22,729,340
Net capital assets	68,570,298	67,425,435
Other	2,099,535	2,129,215
Total Assets	\$ 96,912,019	\$ 92,283,990
Deferred Outflows	\$ 1,279,533	\$ 985,889
Liabilities		
Current	\$ 7,504,196	\$ 6,699,077
Long-term	24,470,608	24,148,962
Total Liabilities	\$ 31,974,804	\$ 30,848,039
Deferred Inflows	\$ 743,443	\$ 466,414
Net Position		
Net investment in capital assets	\$ 46,481,796	\$ 43,669,090
Restricted	2,093,849	2,356,498
Unrestricted	16,897,660	15,929,838
Total Net Position	\$ 65,473,305	\$ 61,955,426

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

	2018	2017
Operating Revenues	\$ 35,776,778	\$ 39,001,461
Less Operating Expenses	(31,422,141)	(35,579,370)
Total Operating Income	\$ 4,354,637	\$ 3,422,091
Non-Operating Revenues and Expenses		
Interest income	\$ 256,649	\$ 155,950
Interest expense	(670,791)	(586,503)
Other items (net)	914,614	428,516
Total Other Income (Expenses)	\$ 500,472	\$ (2,037)
Increase (decreased in net position)	\$ 4,855,109	\$ 3,420,054
Net Position at beginning of period	61,955,426	58,535,372
Prior period adjustment	(1,337,230)	-
Net Position at end of period	\$ 65,473,305	\$ 61,955,426

City of Hannibal, Missouri
Board of Public Works
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

Business-type Activities (Concluded)

The HBPW's most significant revenue in 2018 was charges for services for residential customers of \$14,754,742, industrial customers of \$12,196,483 and commercial customers of \$7,853,940.

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Electric	\$ 25,298,644	\$ 29,331,000
Water	5,548,237	5,303,704
Sewer	4,929,897	4,366,757
Stormwater	-	-
Total	<u>\$ 35,776,778</u>	<u>\$ 39,001,461</u>

The HBPW's most significant expenses in 2018 were purchase of power of \$15,707,765 and salary and wages of \$4,716,097.

	<u>2018</u>	<u>2017</u>
Operating Expenses		
Electric	\$ 22,151,903	\$ 27,312,381
Water	4,652,880	4,304,528
Sewer	4,299,296	3,962,461
Stormwater	318,062	-
Total	<u>\$ 31,422,141</u>	<u>\$ 35,579,370</u>

Property, Plant and Equipment

At the end of the fiscal year 2018, the HBPW's total property, plant and equipment was \$68,570,298, net of accumulated depreciation.

OPERATING RESULTS

Electric, water, sewer, and stormwater 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 \$25,128,274 for the year, which represents a decrease of 0.80% from the previous year.

Retail water revenues were \$4,795,374 for the year compared to \$4,564,160 the previous year, for an increase of 5.07% from the previous year. Wholesale revenue was \$703,032, an increase of 1.84% from the previous year.

Retail sewer revenues were \$4,881,517 for the year compared to \$4,318,651 the previous year for an increase of 13.03% from the previous year.

As required by the City Charter, the HBPW 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 HBPW 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 \$1,735,177 were paid to the City of Hannibal. The HBPW remains financially sound at the conclusion of fiscal year 2017-2018. 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, 2018

	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Total
Assets					
Current Assets:					
Cash	\$ 2,706,833	\$ 2,268,562	\$ 2,157,183	\$ 581,436	\$ 7,714,014
Restricted cash	1,109,845	363,898	7,106	-	1,480,849
Investments	7,875,000	537,639	613,000	-	9,025,639
Receivables (Net, where applicable, of allowances for uncollectible accounts):					
Customers	1,868,808	498,270	484,566	-	2,851,644
Other	381,715	7,155	3,559	-	392,429
Due from other funds - current	1,219,000	-	-	-	1,219,000
Due from cities - current	26,246	-	-	-	26,246
Inventory	1,569,592	625,940	36,350	-	2,231,882
Prepaid expenses	1,072,717	113,883	113,883	-	1,300,483
Total Current Assets	\$ 17,829,756	\$ 4,415,347	\$ 3,415,647	\$ 581,436	\$ 26,242,186
Property, Plant and Equipment (Net of accumulated depreciation):	20,139,237	31,541,805	16,769,802	119,454	68,570,298
Other Assets:					
Other investment - land	505,055	-	-	-	505,055
Water rights	-	1,500,000	-	-	1,500,000
Prairie State Energy	80,970	-	-	-	80,970
Due from cities - long-term	13,510	-	-	-	13,510
Total Assets	\$ 38,568,528	\$ 37,457,152	\$ 20,185,449	\$ 700,890	\$ 96,912,019
Deferred Outflows of Resources					
Net difference between projected and actual earnings on pension plan investments					
	\$ 635,107	\$ 317,553	\$ 317,553	\$ -	\$ 1,270,213
Changes in assumptions	4,840	2,240	2,240	-	9,320
Total Deferred Outflows of Resources	\$ 639,947	\$ 319,793	\$ 319,793	\$ -	\$ 1,279,533
Liabilities					
Current Liabilities:					
Accounts payable	\$ 1,724,421	\$ 611,146	\$ 218,756	\$ 7,377	\$ 2,561,700
Customer deposits	480,628	101,860	105,867	-	688,355
Other accrued expenses	212,531	58,770	39,523	3,502	314,326
Due to other funds - current	-	-	-	1,019,000	1,019,000
Accrued leave	590,246	181,612	132,384	8,073	912,315
Accrued interest	60,000	100,000	-	-	160,000
Current portion of long-term debt	759,250	814,250	275,000	-	1,848,500
Total Current Liabilities	\$ 3,827,076	\$ 1,867,638	\$ 771,530	\$ 1,037,952	\$ 7,504,196
Long-term Liabilities:					
Net pension liability	1,099,275	549,637	549,637	-	2,198,549
OPEB obligation	709,529	354,764	354,764	-	1,419,057
Long-term debt	4,540,000	11,208,002	5,105,000	-	20,853,002
Total Liabilities	\$ 10,175,880	\$ 13,980,041	\$ 6,780,931	\$ 1,037,952	\$ 31,974,804
Deferred Inflows of Resources					
Difference between expected and actual experience in the total pension liability					
	\$ 371,721	\$ 185,861	\$ 185,861	\$ -	\$ 743,443
Net Position					
Net investment in capital assets	\$ 14,839,987	\$ 19,519,553	\$ 12,002,802	\$ 119,454	\$ 46,481,796
Restricted	1,109,845	363,898	620,106	-	2,093,849
Unrestricted	12,711,042	3,727,592	915,542	(456,516)	16,897,660
Total Net Position	\$ 28,660,874	\$ 23,611,043	\$ 13,538,450	\$ (337,062)	\$ 65,473,305

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, 2018

	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Total
Operating Revenues:					
Charges for services					
Residential	\$ 9,396,755	\$ 2,695,069	\$ 2,662,918	\$ -	\$ 14,754,742
Commercial	3,535,036	2,100,305	2,218,599	-	7,853,940
Industrial	12,196,483	-	-	-	12,196,483
Wholesale	-	703,032	-	-	703,032
Penalties	170,370	49,831	48,380	-	268,581
Total Operating Revenues	\$ 25,298,644	\$ 5,548,237	\$ 4,929,897	\$ -	\$ 35,776,778
Operating Expenses:					
Purchased power	\$ 15,707,765	\$ -	\$ -	\$ -	\$ 15,707,765
Salaries and wages	2,164,656	1,255,579	1,152,580	143,282	4,716,097
Benefits	1,137,608	569,617	569,217	51,000	2,327,442
Purchased services	1,456,796	1,132,072	1,115,684	111,527	3,816,079
Supplies	458,080	1,030,667	437,784	12,253	1,938,784
Noncapitalized equipment	38,392	29,962	26,020	-	94,374
Uncollectible accounts expense	74,552	18,674	29,414	-	122,640
Depreciation	1,110,621	616,309	968,597	-	2,695,527
Amortization	3,433	-	-	-	3,433
Total Operating Expenses	\$ 22,151,903	\$ 4,652,880	\$ 4,299,296	\$ 318,062	\$ 31,422,141
Income (Loss) from Operations	\$ 3,146,741	\$ 895,357	\$ 630,601	\$ (318,062)	\$ 4,354,637
Non-Operating Revenue (Expense)					
Interest income	\$ 179,237	\$ 32,354	\$ 45,058	\$ -	\$ 256,649
Rental income	13,500	-	-	-	13,500
Miscellaneous	985,857	51,883	62,591	-	1,100,331
Settlement costs	-	(265,000)	-	-	(265,000)
Interest expense/fees	(188,185)	(238,989)	(224,617)	(19,000)	(670,791)
Gain (Loss) on capital assets	(2,717)	45,500	23,000	-	65,783
Total Non-Operating Revenue (Expense)	\$ 987,692	\$ (374,252)	\$ (93,968)	\$ (19,000)	\$ 500,472
Net Income (Loss)	\$ 4,134,433	\$ 521,105	\$ 536,633	\$ (337,062)	\$ 4,855,109
Net Position, Beginning of Year	25,203,241	23,418,749	13,333,436	-	61,955,426
Prior Period Adjustments	(676,800)	(328,811)	(331,619)	-	(1,337,230)
Net Position, End of Year	\$ 28,660,874	\$ 23,611,043	\$ 13,538,450	\$ (337,062)	\$ 65,473,305

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, 2018

	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Total
Cash Flows from Operating Activities:					
Receipts from customers	\$ 25,194,100	\$ 5,521,893	\$ 4,753,160	\$ -	\$ 35,469,153
Payments to suppliers	(18,932,411)	(2,490,806)	(2,051,282)	(163,464)	(23,637,963)
Payments to employees	(2,233,106)	(1,252,048)	(1,165,908)	(135,646)	(4,786,708)
Net Cash Flows Provided By (Used In) Operating Activities	\$ 4,028,583	\$ 1,779,039	\$ 1,535,970	\$ (299,110)	\$ 7,044,482
Cash Flows from Investing Activities:					
Interest revenue	\$ 160,237	\$ 32,354	\$ 45,058	\$ -	\$ 237,649
Increase (decrease) short-term investments	2,433	136,196	-	-	138,629
Additions to capital assets	(1,423,470)	(1,504,801)	(836,707)	(119,454)	(3,884,432)
Proceeds from sale of capital assets	41,325	45,500	23,000	-	109,825
Other revenue	999,357	51,883	62,591	-	1,113,831
Net Cash Flows Provided By (Used In) Investing Activities	\$ (220,118)	\$ (1,238,868)	\$ (706,058)	\$ (119,454)	\$ (2,284,498)
Cash Flows from Capital Financing Activities:					
Due from/to other funds	\$ (1,200,000)	\$ -	\$ -	\$ 1,000,000	\$ (200,000)
Due from cities	25,244	-	-	-	25,244
Settlement costs	-	(265,000)	-	-	(265,000)
Principal paid on capital debt	(1,383,210)	(888,290)	(270,000)	-	(2,541,500)
Debt proceeds	-	873,657	-	-	873,657
Interest paid	(206,920)	(199,256)	(224,617)	-	(630,793)
Net Cash Provided By (Used In) Capital Financing Activities	\$ (2,764,886)	\$ (478,889)	\$ (494,617)	\$ 1,000,000	\$ (2,738,392)
Net Increase (Decrease) in Cash	\$ 1,043,579	\$ 61,282	\$ 335,295	\$ 581,436	\$ 2,021,592
Cash at Beginning of Year	2,773,099	2,571,178	1,828,994	-	7,173,271
Cash at End of Year	\$ 3,816,678	\$ 2,632,460	\$ 2,164,289	\$ 581,436	\$ 9,194,863

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, 2018

	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating income (loss)	\$3,146,741	\$ 895,357	\$ 630,601	\$ (318,062)	\$4,354,637
Adjustments to reconcile net income to net cash provided by:					
Depreciation	1,110,621	616,309	968,597	-	2,695,527
Changes in operating assets and liabilities					
(Increase) decrease in:					
Accounts receivable - customers	(106,349)	(29,818)	(179,748)	-	(315,915)
Accounts receivable - other	(23,893)	534	(3,324)	-	(26,683)
Inventories	(20,751)	(73,959)	(1,169)	-	(95,879)
Prepaid expenses	34,404	(1,186)	(1,187)	-	32,031
Increase (decrease) in:					
Accounts payable	(195,421)	337,049	115,642	7,376	264,646
Accrued expenses	112,768	21,276	6,943	3,502	144,489
OPEB obligation	(31,763)	(15,701)	(15,701)	-	(63,165)
Net pension obligation	3,405	1,702	1,702	-	6,809
Customer deposits	25,698	2,940	6,335	-	34,973
Accrued leave	(26,877)	24,536	7,279	8,074	13,012
Net Cash Provided by (used in) Operating Activities	\$4,028,583	\$1,779,039	\$1,535,970	\$ (299,110)	\$7,044,482

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

For financial reporting purposes, the HBPW 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 HBPW consists of four enterprise funds: electric utility, water utility, sewer utility and stormwater utility. The HBPW 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, Sewer and Stormwater funds as enterprise funds of the City. Accordingly, the financial statements of the HBPW 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 2018, 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.

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 HBPW 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, 2018.

Budgeting:

The City Charter requires the HBPW 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 HBPW 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 \$2,851,644 for year ended June 30, 2018. The allowance for uncollectible accounts was \$140,000 at June 30, 2018.

Operating and Non-Operating Income:

Operating revenues and expenses result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. All income and expenses not meeting this definition are reported as non-operating income and expenses.

Restricted Net Position:

Restricted net position as of June 30, 2018 consisted of \$1,109,845 restricted for capital projects and \$984,004 restricted for debt service. It is HBPW's policy to expend restricted resources first if the restrictions are met.

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2. Capital Assets

A summary of the changes in the capital assets and accumulated depreciation of the HBPW 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	\$	1,110,621
Water		616,309
Sewer		968,597
Stormwater		-
Total	<u>\$</u>	<u>2,695,527</u>

3. Deposits and Investments

The HBPW maintains cash and investment securities. The HBPW 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 insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by letters of credit at FHLB Des Moines.

The following represents the HBPW's total cash and investments at June 30, 2018:

Checking/money market accounts	\$	9,194,863
Certificates of deposit		7,243,000
Other short term investments		1,782,639
Total	<u>\$</u>	<u>18,220,502</u>

The insured and collateral status of the HBPW bank balances, by category risk, was as follows:

FDIC Insured	\$	7,495,155
Collateralized with letters of credit at FHLB Des Moines		8,050,531
Invested in U.S. Money Market Funds		1,849,662
Invested in FNMA and FFCB debt securities		1,245,000
Total	<u>\$</u>	<u>18,640,348</u>

These cash and investments are included in the following balance sheet accounts at June 30, 2018:

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Stormwater</u>	<u>Total</u>
Cash	\$ 2,706,833	\$ 2,268,562	\$ 2,157,183	\$ 581,436	\$ 7,714,014
Short term investments	7,875,000	537,639	-	-	8,412,639
Debt service accounts	-	363,898	620,106	-	984,004
Capital project accounts	1,109,845	-	-	-	1,109,845
Total	<u>\$ 11,691,678</u>	<u>\$ 3,170,099</u>	<u>\$ 2,777,289</u>	<u>\$ 581,436</u>	<u>\$ 18,220,502</u>

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4. Long-Term Debt Obligations

For the year ended June 30, 2018, the changes in long-term debt are as follows:

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018
Lease Purchase Agreeme	\$ 830,000	\$ -	\$ (405,000)	\$ 425,000
Lease Purchase Agreeme	757,000	-	(757,000)	-
Lease Purchase Agreeme	5,510,000	-	(470,000)	5,040,000
Revenue Bonds	11,082,345	873,657	(572,000)	11,384,002
Escrow Trust Agreement	540,000	-	(67,500)	472,500
Revenue Bonds	5,650,000	-	(270,000)	5,380,000
Total	\$ 24,369,345	\$ 873,657	\$ (2,541,500)	\$ 22,701,502

The long-term debt obligations consist of the following issues:

	2018
\$4,660,000 Lease Purchase Agreement - Missouri Association of Municipal Utilities	\$ 425,000
\$6,971,000 Lease Purchase Agreement - Missouri Association of Municipal Utilities - Series 2006-A	-
\$12,960,000 Waterworks Revenue Bonds, Series 2015, due 2036	11,384,002
\$1,500,000 Escrow Trust Agreement - Due to PWSD #1	472,500
\$5,510,000 Lease Purchase Agreement - Commerce Bank	5,040,000
\$6,430,000 Sewerage System Revenue Bonds, Series 2013, due 2034	5,380,000
Total	\$ 22,701,502
Less: Current portion long-term debt	(1,848,500)
Net Long-Term Debt	\$ 20,853,002

Lease Purchase Agreement – Missouri Association of Municipal Utilities

The HBPW 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:

Fiscal Year June 30,	
2019	\$ 438,737
	\$ 438,737
Less Amounts Representing Interest	(13,737)
	\$ 425,000

4. Long-Term Debt Obligations (Continued)

Lease Purchase Agreement – Missouri Association of Municipal Utilities

On May 15, 2008, the HBPW 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.

This lease was paid in full during the year ended June 30, 2018.

Lease Purchase Agreement – Commerce Bank

On January 3, 2017, the HBPW entered into a lease purchase agreement with the Commerce Bank. The proceeds from the lease purchase agreement were to acquire and install generators and other utility equipment.

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

Fiscal Year June 30,	
2019	\$ 647,679
2020	643,028
2021	643,408
2022	647,702
2023	646,732
2024-2027	<u>2,578,496</u>
	\$ 5,807,045
Less Amounts Representing Interest	<u>(767,045)</u>
	<u><u>\$ 5,040,000</u></u>

Escrow Trust Agreement

On October 20, 2004, the HBPW entered into a Sale Contract with the Public Water Supply District No. 1 of Ralls County (the "PWSD #1), pursuant to which the HBPW 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 HBPW 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.

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4. Long-Term Debt Obligations (Continued)

The HBPW intends to provide for the payment of the Purchase Price through the appropriation of funds sufficient to make the payments. The HBPW 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 Fund. The HBPW has determined no impairment of this asset as of June 30, 2018.

The payment schedule is as follows:

Fiscal Year June 30	
2019	\$ 67,500
2020	67,500
2021	67,500
2022	67,500
2023	67,500
2024-2025	135,000
	<u>\$ 472,500</u>

Series 2013 Revenue Bonds

The HBPW issued \$6,430,000 of Sewerage System Revenue Bonds dated November 19, 2013. The proceeds of the bond issue were 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:

Fiscal Year June 30,	Principal	Interest	Total
2019	\$ -	\$ 221,049	\$ 221,049
2020	275,000	215,255	490,255
2021	280,000	208,486	488,486
2022	290,000	200,461	490,461
2023	300,000	191,386	491,386
2024-2028	1,675,000	781,640	2,456,640
2029-2033	2,080,000	374,472	2,454,472
2034	480,000	11,700	491,700
	<u>\$ 5,380,000</u>	<u>\$ 2,204,449</u>	<u>\$ 7,584,449</u>

Series 2015 Revenue Bonds

The HBPW issued \$12,960,000 of Waterworks Revenue Bonds dated October 1, 2015. The proceeds of the bond issue will be used to acquire, construct, improve, and equip the City's drinking water facilities. As of June 30, 2018, the HBPW has received bond proceeds totaling of \$11,603,345 of the available \$12,960,000. Debt service payments on the Bonds are financed through revenues derived from the operation of the Waterworks System. Principal and interest on the Bonds will be payable semiannually on January 1 and July 1 beginning on July 1, 2016. The bonds mature July 1, 2035.

4. Long-Term Debt Obligations (Continued)

The payment schedule is as follows:

Fiscal Year June 30,	Principal	Interest	Total
2019	\$ 581,000	\$ 144,224	\$ 725,224
2020	591,000	137,046	728,046
2021	602,000	129,741	731,741
2022	613,000	122,305	735,305
2023	623,000	114,734	737,734
2024-2028	3,288,000	455,352	3,743,352
2029-2033	3,593,000	244,887	3,837,887
2034-2036	1,493,002	37,448	1,530,450
	<u>\$ 11,384,002</u>	<u>\$ 1,385,737</u>	<u>\$ 12,769,739</u>

Prairie State Energy Contract

On January 12, 2007, the City entered into the Amended and Restated Unit Power Purchase Agreement (“Agreement” or “UPPA”) with the Missouri Joint Municipal Electric Utility Commission (“MJMEUC”) for the purchase and sale of capacity and energy from the Prairie State Energy Campus. The UPPA is a life-of-unit, take-or-pay agreement pursuant to which MJMEUC supplies and the City purchases capacity and energy to serve the City’s electric utility system. The City’s payment obligations under the UPPA are limited to the requirements to make payments from revenues of the City’s electric utility system. All payments made by the City pursuant to the UPPA are considered operation and maintenance expenses of the electric utility system. The City is required under the UPPA to at all times establish, maintain and collect rates, fee and charges for electric service sufficient to meet the City’s obligations under the UPPA.

The City is a member of MJMEUC. MJMEUC is a joint municipal utility commission formed under RSMo 393.700 et seq., and is currently comprised of 70 municipal members (as of December 31, 2017) and five advisory members consisting of one rural electric cooperative and four municipally-owned electric systems in Arkansas. MJMEUC’s purpose is to procure electric energy and capacity for the benefit of, and pursuant to the governance and direction of, MJMEUC’s members. MJMEUC operations are governed by its members consisting of one representative from each MJMEUC Member. MJMEUC’s audited financials are available on its website www.mpua.org.

MJMEUC acquired a 12.33% ownership interest in the Prairie State Energy Campus (“Prairie State”). Prairie State is a two unit, 1,582 MW coal-fired facility, including associated coal reserves and coal-mining facilities that commenced operations in 2012. MJMEUC’s ownership interest in Prairie State equates to 195 MW (Megawatt). Under the UPPA, MJMEUC provides approximately 10% (or about 20 MW) of MJMEUC’s energy and capacity in Prairie State, to the City. The UPPA does not create any ownership rights on the part of the City in Prairie State.

Under the UPPA, MJMEUC sets rates to recover all of its costs incurred in connection with acquiring, providing, arranging or financing its interest in the Prairie State Project. The City is liable under the UPPA for its proportionate share of (a) the fixed and variable costs MJMEUC incurs in connection with Prairie State, and (b) MJMEUC’s administrative and other reasonable costs associated with its role as power supplier to the City.

The City receives monthly power bills for its proportionate share of MJMEUC’s costs to operate and maintain the facility, including debt service costs. Such costs are based upon an annual budget and include, but are not limited to, all payments MJMEUC is required to make under contracts and/or financial commitments and obligations entered into by MJMEUC necessary for its ownership interest in Prairie State, without regard to whether the resource is available to or used by the City. Direct costs can include amounts required to fund capital and/or operating reserves and debt service coverages MJMEUC is required to maintain.

4. Long-Term Debt Obligations (Concluded)

MJMEUC capitalized its total costs incurred in development and construction of Prairie State and is recovering those costs through monthly capacity charges.

The UPPA requires that rates charged to the City be established at least annually and adjusted to recognize variances between budgeted and actual costs at least every six months. Charges based on such rates are assessed and billed monthly.

5. Pension Plan

Plan Description:

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

Benefits Provided:

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of 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.

	2018 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, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	63
Inactive employees entitled to but not yet receiving benefits	10
Active employees	66
Total	139

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 20.3% of annual covered payroll.

5. Pension Plan (Continued)

Net Pension Liability:

The employer's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2018.

Actuarial Assumptions:

The total pension liability in the February 28, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Asset Valuation Method	5-Year smoothed market; 20% corridor
Inflation	3.25% wage inflation; 2.50% price inflation
Salary Increase	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, net of investment expenses

The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuity mortality table for both males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for both males and females. The pre-retirement mortality tables were used were the RP-2014 employees mortality table for males and females.

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

The 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	43.00%	5.16%
Fixed Income	26.00%	2.86%
Real Assets	21.00%	3.23%
Strategic Assets	10.00%	5.59%

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.

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5. Pension Plan (Continued)

Changes in the Net Position Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 6/30/2017	\$ 20,978,501	\$ 18,794,056	\$ 2,184,445
Changes for the year:			
Service Cost	\$ 412,987	\$ -	
Interest	1,497,556	-	
Difference between expected and actual experience	1,227,980	-	
Changes in assumptions	-	-	
Contributions-employer	-	824,620	
Contributions-employee	-	-	
Net investment income	-	2,235,327	
Benefits payments, including refunds	(1,069,584)	(1,069,584)	
Administrative expense	-	(11,864)	
Other changes	-	76,336	
Net changes	<u>\$ 2,068,939</u>	<u>\$ 2,054,835</u>	<u>\$ 14,104</u>
Balances at 6/30/2018	<u>\$ 23,047,440</u>	<u>\$ 20,848,891</u>	<u>\$ 2,198,549</u>

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

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

	1% Decrease	Current Single Discount	1% Increase
	6.25%	Rate Assumption 7.25%	8.25%
Total Pension Liability	\$ 26,224,889	\$ 23,047,440	\$ 20,430,721
Plan Fiduciary Net Position	20,848,891	20,848,891	20,848,891
Net Pension Liability/(Asset)	<u>\$ 5,375,998</u>	<u>\$ 2,198,549</u>	<u>\$ (418,170)</u>

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

For the year ended June 30, 2018, the employer recognized pension expense of \$831,428. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

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5. Pension Plan (Concluded)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 986,128	\$ (303,445)
Changes in assumptions	284,085	-
Net difference between projected and actual earnings		
on pension plan investments	-	(439,998)
Payment made by City by Measurement but not a contribution on LAGERS report	-	-
Total	\$ 1,270,213	\$ (743,443)

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
2019	\$ 341,500
2020	210,446
2021	(106,997)
2022	63,102
2023	18,719
Thereafter	-
Total	\$ 526,770

Payable to the Pension Plan

At June 30, 2018, the HBPW reported a payable of \$59,459 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

6. Health Insurance Plan for Retired Employees

The HBPW provides health insurance coverage to qualifying former employees and their dependents. The HBPW 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.

Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	19
Inactive employees entitled to but not yet receiving benefits	0
Active employees	65
Total	84

Contributions

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.

6. Health Insurance Plan for Retired Employees (Continued)

Net OPEB Liability

The OPEB liability was measured as of June 30, 2018, with an actuarial valuation date of July 1, 2017. This is the implementation year of GASB 75. The total OPEB liability for the prior fiscal year has been developed based on the current actuarial valuation date and assumptions shown in this report. The total OPEB liabilities are an unfunded obligation. The employer does not have a trust dedicated exclusively to the payment of OPEB benefits.

Actuarial Assumptions

The actuarial assumptions at July 1, 2017, included (a) 3.50% investment rate of return, (b) valuation date at July 1, 2015, (c) health care inflation rate of 7.5% 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, 10% are assumed to elect coverage (g) mortality rate based on RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality table with Scale MP-2017 Full Generational Improvement, (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.

Discount Rate

The discount rate used to measure the total OPEB liability is 3.30%. The discount rate used in the determination of the total OPEB liability is based on a combination of the expected long-term rate of return on plan investments and municipal bond rate. Since the HBPW does not have a trust dedicated exclusively to the payment of OPEB benefits then only the municipal bond rate is used in determining the total OPEB liability.

The municipal bond rate assumption is based on the S&P Municipal Bond 20 year High Grade and the Fidelity GO AA-20 Years indexes. The indexes represent theoretical yields rather than actual price or yield quotations. Municipal bond traders are asked to estimate what a current-coupon bond for each issuer in the indexes would yield if the bond was sold at par value. The indexes are simple averages of the average estimated yields of the bonds.

Sensitivity of the OPEB Liability to Changes in the Discount Rate:

The following presents the OPEB Liability of the employer, calculated using the discount rate of 3.30%, as well as what the employer's OPEB Liability would be using a discount rate that is 1 percentage point lower and 1 percentage point higher than the current rate.

	1% Decrease 2.30%	Current Single Discount Rate Assumption 3.30%	1% Increase 4.30%
Employer OPEB Liability	\$ 1,534,875	\$ 1,419,057	\$ 1,312,497

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6. Health Insurance Plan for Retired Employees (Concluded)

Changes in OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	OPEB Plan Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balances at 6/30/2017	\$ 1,472,902	\$ -	\$ 1,472,902
Changes for the year:			
Service Cost	\$ 92,381	\$ -	
Interest	50,139	-	
Difference between expected and actual experience	-	-	
Changes in assumptions	10,635	-	
Contributions-employer	-	207,000	
Contributions-employee	-	-	
Net investment income	-	-	
Benefits payments, including refunds	(207,000)	(207,000)	
Administrative expense	-	-	
Other changes	-	-	
Net changes	<u>\$ (53,845)</u>	<u>\$ -</u>	<u>\$ (53,845)</u>
Balances at 6/30/2018	<u>\$ 1,419,057</u>	<u>\$ -</u>	<u>\$ 1,419,057</u>

OPEB Expense

For the year ended June 30, 2018, the HBPW recognized OPEB expense of \$143,475. The employer reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	9,320	-
Contributions subsequent to measurement date	-	-
Total	<u>\$ 9,320</u>	<u>\$ -</u>

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

Year Ending June 30	Net Deferred Outflows of Resources
2018	\$ 955
2019	955
2020	955
2021	955
2022	955
Thereafter	4,545
Total	<u>\$ 9,320</u>

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7. 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	Stormwater
Vacation/Personal	\$ 104,498	\$ 17,796	\$ 20,378	\$ 6,520
Sick	485,748	163,816	112,006	1,553
	<u>\$ 590,246</u>	<u>\$ 181,612</u>	<u>\$ 132,384</u>	<u>\$ 8,073</u>

8. Other Investments

Other investments consist of the following:

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	<u>80,970</u>
	<u>\$ 586,025</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, 2018, amounted to \$3,433.

9. Due from City

During the year ended June 30, 2005, the City borrowed \$310,000 from the HBPW 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 HBPW retains the option to adjust the interest rate, not to exceed two percentage points above the HBPW's current investment portfolio rate of return. A summary of the repayment schedule follows:

Year Ending June 30	Principal	Interest	Total
2019	\$ 26,246	\$ 1,174	\$ 27,420
2020	13,510	198	13,708
Total	<u>\$ 39,756</u>	<u>\$ 1,372</u>	<u>\$ 41,128</u>

During the year ended June 30, 2018, the City borrowed \$200,000 from HBPW for the design and construction of the Shinn Lane Roundabout. This is to be repaid in two years at an interest rate of 2%, with interest payments due on December 20 each year. The City anticipates paying back this loan before the end of the two years.

10. Class Action Lawsuit Settlement

On March 1, 2016, four plaintiffs filed a putative class action petition against HBPW, the City and the Missouri Department of Natural Resources. Plaintiffs alleged that the defendants failed to provide them safe drinking water. Plaintiffs claimed that, from 2011 to 2016, disinfection byproducts in the water sold to them, specifically total trihalomethanes (TTHMs), exceeded federally permitted thresholds. Plaintiffs claimed that the exceedances increased the risk of cancer and other health issues to those that were supplied with the water.

Plaintiffs filed an amended petition in October 2016. Plaintiffs assert claims against HBPW for (1) breach of contract; (2) unjust enrichment; (3) breach of implied warranty of merchantability - fitness for human consumption; (4) negligence; (5) strict liability - manufacturing defect; and (6) strict liability-abnormally dangerous/ultra-hazardous activities. Plaintiffs request that the court certify two classes in the case: (a) a rate-payer class and (b) a medical-monitoring class.

In settlement of the class action lawsuit, the HBPW and the City agreed to commit a minimum of \$5,000,000 to investigate and implement water quality improvements, pay a total of \$205,000 for medical monitoring for the benefit of the medical-monitoring class, pay attorneys' fees and costs of \$309,000 and pay \$16,000 for Class Representatives.

The HBPW denies the allegations and denies any wrongdoing.

11. Prior Period Adjustment

During the year ended June 30, 2018, the HBPW adopted Government Accounting Standards Board (GASB) Statement No. 75, to recognize the effect of recording the net OPEB liability resulting in its participation in other postemployment benefits. As such, the HBPW has reported a prior period adjustment for the net OPEB liability in the amounts of \$1,337,230 in the business-type activities. This prior period adjustment is shown in the Statement of Revenues, Expenses, and Changes in Net Position.

12. Subsequent Events

Subsequent events have been evaluated through December 11, 2018, which is the date the reports were available to be issued.

Required Supplemental
Schedules

City of Hannibal, Missouri
Board of Public Works
Schedule of Changes in Net Pension Liability and Related Notes
June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability				
Service Cost	\$ 412,987	\$ 384,213	\$ 396,111	\$ 412,341
Interest on Total Pension Liability	1,497,556	1,453,217	1,381,075	1,362,410
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	1,227,980	(142,897)	(313,060)	(382,273)
Changes of assumptions	-	-	685,338	-
Benefit payments, including refunds	<u>(1,069,584)</u>	<u>(1,123,670)</u>	<u>(1,172,585)</u>	<u>(1,083,083)</u>
Net change in total pension liability	\$ 2,068,939	\$ 570,863	\$ 976,879	\$ 309,395
Total pension liability-beginning	<u>20,978,501</u>	<u>20,407,638</u>	<u>19,430,759</u>	<u>19,121,364</u>
Total pension liability-ending (a)	<u><u>\$ 23,047,440</u></u>	<u><u>\$ 20,978,501</u></u>	<u><u>\$ 20,407,638</u></u>	<u><u>\$ 19,430,759</u></u>
Plan Fiduciary Net Position				
Contributions-employer	\$ 824,620	\$ 659,410	\$ 653,218	\$ 731,733
Contributions-employee	-	-	25,792	-
Net investment income	2,235,327	2,005,620	(45,644)	360,839
Benefit payments, including refunds	(1,069,584)	(1,123,670)	(1,172,585)	(1,083,083)
Pension plan administrative expense	(11,864)	(11,377)	(10,849)	(11,836)
Other (Net Transfer)	<u>76,336</u>	<u>(21,909)</u>	<u>(343,369)</u>	<u>(427,100)</u>
Net change in plan fiduciary net position	\$ 2,054,835	\$ 1,508,074	\$ (893,437)	\$ (429,447)
Plan fiduciary net position-beginning	<u>18,794,056</u>	<u>17,285,982</u>	<u>18,179,419</u>	<u>18,608,866</u>
Plan fiduciary net position-ending (b)	<u><u>\$ 20,848,891</u></u>	<u><u>\$ 18,794,056</u></u>	<u><u>\$ 17,285,982</u></u>	<u><u>\$ 18,179,419</u></u>
Net pension liability/(asset)-ending (a) - (b)	\$ 2,198,549	\$ 2,184,445	\$ 3,121,656	\$ 1,251,340
Plan fiduciary net position as a percentage of the total pension liability	90.46%	89.59%	84.70%	93.56%
Covered-employee payroll	\$ 4,389,789	\$ 3,635,860	\$ 3,587,196	\$ 3,722,920
Net pension liability as a percentage of covered employee payroll	50.08%	60.08%	87.02%	33.61%

Notes to Schedule:

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

City of Hannibal, Missouri
Board of Public Works
Schedule of Pension Contributions
June 30, 2018

	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 860,088	\$ 659,410	\$ 653,218	\$ 731,733	\$ 731,346
Contributions in relation to the actuarially determined contribution	824,620	659,410	653,218	731,733	720,152
Contribution deficiency (excess)	<u>\$ 35,468</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,194</u>
Covered employee payroll	\$ 4,433,442	\$ 3,746,646	\$ 3,711,467	\$ 3,771,818	\$ 3,731,356
Contributions as a percentage of covered employee payroll	18.60%	17.60%	17.60%	19.40%	19.30%
	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 689,510	\$ 591,382	\$ 587,691	\$ 488,786	\$ 518,746
Contributions in relation to the actuarially determined contribution	664,107	559,066	509,541	488,786	518,746
Contribution deficiency (excess)	<u>\$ 25,403</u>	<u>\$ 32,316</u>	<u>\$ 78,150</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 3,629,000	\$ 3,231,596	\$ 3,126,017	\$ 3,194,679	\$ 3,412,805
Contributions as a percentage of covered employee payroll	18.30%	17.30%	16.30%	15.30%	15.20%

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

City of Hannibal, Missouri
Board of Public Works
Schedule of Pension Contributions
June 30, 2018

Notes to Schedule

Valuation Date February 28, 2018

Notes: The roll-forward of total pension liability from February 28, 2018 to June 30, 2018 reflects expected service cost and interest reduced by actual benefit payments.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method Entry Age Normal and Modified Terminal Funding

Amortization Method A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.

Remaining Amortization Period Multiple bases from 11 to 17 years

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

Inflation 3.25% wage inflation; 2.50% price inflation

Salary Increases 3.25% to 6.55% including wage inflation

Investment Rate of Return 7.25%, net of investment expenses

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

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

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

Other Information None

City of Hannibal, Missouri
Board of Public Works
Schedule of Changes in Total OPEB Liability and Related Notes
June 30, 2018

	2018
Total OPEB Liability	
Service Cost	\$ 92,381
Interest on Total OPEB Liability	50,139
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions	10,635
Benefit payments, including refunds	(207,000)
Net change in total OPEB liability	\$ (53,845)
Total OPEB liability-beginning	1,472,902
Total OPEB liability-ending (a)	\$ 1,419,057
 Plan Fiduciary Net Position	
Contributions-employer	\$ 207,000
Contributions-employee	-
Net investment income	-
Benefit payments, including refunds	(207,000)
OPEB plan administrative expense	-
Other (Net Transfer)	-
Net change in plan fiduciary net position	\$ -
Plan fiduciary net position-beginning	-
Plan fiduciary net position-ending (b)	\$ -
 Net OPEB liability/(asset)-ending (a) - (b)	 \$ 1,419,057
 Plan fiduciary net position as a percentage of the total OPEB liability	 0.00%
 Covered-employee payroll	 \$ 3,788,616
 Net OPEB liability as a percentage of covered employee payroll	 37.46%

Notes to Schedule:

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

City of Hannibal, Missouri
Board of Public Works
Schedule of OPEB Contributions and Related Notes
June 30, 2018

<u>Fiscal Year Ending June 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Actual Contribution as a % of Covered Employee Payroll</u>
2018	N/A	\$ -	N/A	\$ -	0.00%

Notes to Schedule:

There is no ADC or employer contribution in relation to the ADC, as there is not Trust that exists for funding the OPEB liabilities.

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

City of Hannibal, Missouri
Board of Public Works
Notes to Schedule of OPEB Contributions
June 30, 2018

Valuation Date July 1, 2017

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method Entry Age - Level Percent of Pay

Medical/Rx Cost Trend	Year	Trend
	FY18	7.00%
	FY19	6.50%
	FY20	6.00%
	FY21	5.75%
	FY22	5.00%
	FY23	5.25%
	FY24	5.00%
	FY25	4.75%
	FY26 (to Ultimate)	4.50%

Retiree premiums, when non-zero, are assumed to increase at half the rate of the cost trend.

Dental Cost Trend 3.5% per year (Retiree premiums, when non-zero, are assumed to increase at half the rate of cost trend.)

Participation Rate 100% of current active employees assumed to participate in the retiree health insurance plan

Mortality Rates Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality table with Scale MO-2017 Full Generational Improvement

Retirement Rates Assumed rates are based on those used for the LAGERS pension actuarial valuation. Retirement rates project the annual probability of retiring for eligible employees. For "Rule of 80" rates to apply, age plus years of service must be ≥ 80 , and the employer must elect the "Rule of 80" option.

<i>No Rule of 80</i>	Age	Men	Women
	50-54	0.025	0.025
	55-59	0.10	0.13
	60-61	0.10	0.15
	62	0.25	0.20
	63-64	0.20	0.20
	65+	1	1

Disability Rates None assumed

Turnover Incidence Assumed turnover rates for General employees are based on rates for the LAGERS pension actuarial valuation. Turnover rates are not applied when retirement eligibility is

Supplementary Schedules

City of Hannibal, Missouri
Board of Public Works
Electric Fund
Plant Assets and Depreciation Schedule
Year Ended June 30, 2018

	Cost 6/30/2017	Additions	Retirements and Other	Cost 6/30/2018	Accumulated Depreciation 6/30/2017	Depreciation for the Year	Retirements	Accumulated Depreciation 6/30/2018
Equipment	\$ 9,082,248	\$ 5,337,629	\$ -	\$ 14,419,877	\$ 6,831,733	\$ 397,841	\$ -	\$ 7,229,574
Transportation equipment	1,807,059	64,075	224,148	1,646,986	988,074	148,950	180,106	956,918
Infrastructure	19,226,722	459,895	-	19,686,617	8,396,817	552,322	-	8,949,139
Land and improvements	131,419	-	-	131,419	10,131	102	-	10,233
Structures	1,701,743	169,149	-	1,870,892	1,104,187	11,406	-	1,115,593
Total Utility Plant in Service	\$ 31,949,191	\$ 6,030,748	\$ 224,148	\$ 37,755,791	\$ 17,330,942	\$ 1,110,621	\$ 180,106	\$ 18,261,457
Construction in Progress	5,252,181	-	4,607,278	644,903	-	-	-	-
Total Utility Plant	\$ 37,201,372	\$ 6,030,748	\$ 4,831,426	\$ 38,400,694	\$ 17,330,942	\$ 1,110,621	\$ 180,106	\$ 18,261,457

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

City of Hannibal, Missouri
Board of Public Works
Water Fund
Plant Assets and Depreciation Schedule
Year Ended June 30, 2018

	Cost 6/30/2017	Additions	Retirements and Other	Cost 6/30/2018	Accumulated Depreciation 6/30/2017	Depreciation for the Year	Retirements	Accumulated Depreciation 6/30/2018
Equipment	\$ 504,683	\$ 59,540	\$ -	\$ 564,223	\$ 210,133	\$ 48,072	\$ -	\$ 258,205
Transportation equipment	523,237	34,769	-	558,006	249,918	54,139	-	304,057
Infrastructure	27,934,523	13,296,726	-	41,231,249	10,759,702	507,412	-	11,267,114
Land and improvements	108,675	-	-	108,675	-	-	-	-
Structures	681,093	49,219	-	730,312	552,043	6,686	-	558,729
Total Utility Plant in Service	\$ 29,752,211	\$ 13,440,254	\$ -	\$ 43,192,465	\$ 11,771,796	\$ 616,309	\$ -	\$ 12,388,105
Construction in Progress	12,672,898	-	11,935,453	737,445	-	-	-	-
Total Utility Plant	\$ 42,425,109	\$ 13,440,254	\$ 11,935,453	\$ 43,929,910	\$ 11,771,796	\$ 616,309	\$ -	\$ 12,388,105

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

City of Hannibal, Missouri
Board of Public Works
Sewer Fund
Plant Assets and Depreciation Schedule
Year Ended June 30, 2018

	Cost 6/30/2017	Additions	Retirements and Other	Cost 6/30/2018	Accumulated Depreciation 6/30/2017	Depreciation for the Year	Retirements	Accumulated Depreciation 6/30/2018
Equipment	\$ 1,044,286	\$ 398,564	\$ -	\$ 1,442,850	\$ 445,171	\$ 142,616	\$ -	\$ 587,787
Transportation equipment	989,929	38,721	66,735	961,915	633,339	91,108	66,735	657,712
Infrastructure	29,569,492	52,542	-	29,622,034	18,902,930	621,923	-	19,524,853
Land and improvements	518,543	-	-	518,543	-	-	-	-
Structures	4,537,142	69,596	-	4,606,738	106,944	112,950	-	219,894
Total Utility Plant in Service	\$ 36,659,392	\$ 559,423	\$ 66,735	\$ 37,152,080	\$ 20,088,384	\$ 968,597	\$ 66,735	\$ 20,990,246
Construction in Progress	330,684	277,284	-	607,968	-	-	-	-
Total Utility Plant	\$ 36,990,076	\$ 836,707	\$ 66,735	\$ 37,760,048	\$ 20,088,384	\$ 968,597	\$ 66,735	\$ 20,990,246

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

City of Hannibal, Missouri
Board of Public Works
Schedule of Investments
June 30, 2018

Description	Interest Rate	Maturity Date	Book Value	Market Value
Electric				
Unrestricted Temporary Cash Investments:				
United Bankers Bank CD	1.250%	8/27/2018	\$ 248,000	\$ 248,000
Denmark State Bank CD	1.100%	10/30/2018	248,000	248,000
Iberia Bank LA CD	1.450%	1/14/2019	245,000	245,000
ConnectOne Bank CD	1.600%	1/22/2019	245,000	245,000
First Financial Bank CD	1.400%	1/23/2019	245,000	245,000
First Capital Bank CD	1.400%	8/6/2019	248,000	248,000
Third Federal Savings & Loan CD	1.500%	10/29/2019	248,000	248,000
Pyramax Bank CD	1.600%	4/6/2020	248,000	248,000
Flushing Bank CD	1.600%	5/13/2020	245,000	245,000
FNMA Callable Debt Securities	2.000%	5/20/2020	735,000	735,000
Capital One NA CD	2.250%	9/30/2020	247,000	247,000
Unity Bank CD	1.650%	10/30/2020	247,000	247,000
National Cooperative Bank CD	1.750%	10/30/2020	246,000	246,000
Comenity Capital Bank CD	1.900%	1/19/2021	247,000	247,000
Federal Farm Credit Bank Debt Securities	1.620%	2/17/2021	100,000	100,000
Portage County Bank CD	1.400%	4/29/2021	220,000	220,000
Fannie Mae Callable Debt Securities	1.700%	5/26/2021	165,000	165,000
Fannie Mae Callable Debt Securities	1.550%	7/27/2021	245,000	245,000
Discover Bank CD	1.500%	8/10/2021	248,000	248,000
Wells Fargo Bank CD	1.700%	8/10/2021	248,000	248,000
State Bank of India CD	2.300%	2/9/2022	245,000	245,000
EverBank CD	2.050%	2/14/2022	245,000	245,000
Capital One Bank USA NA CD	2.300%	2/23/2022	245,000	245,000
Private Bank & Trust CD	2.200%	3/30/2022	247,000	247,000
KS StateBank CD	2.100%	5/17/2022	245,000	245,000
American Express Centurion CD	2.350%	8/22/2022	247,000	247,000
Barclays Bank CD	2.300%	10/18/2022	247,000	247,000
CrossFirst Bank CD	2.200%	11/20/2022	245,000	245,000
Enterprise Bank CD	2.150%	11/18/2022	248,000	248,000
MB Financial Bank CD	2.750%	3/20/2023	248,000	248,000
Belmont Savings Bank CD	3.050%	5/16/2023	245,000	245,000
Total Unrestricted Temporary Cash Investments			<u>\$ 7,875,000</u>	<u>\$ 7,875,000</u>
Water				
Restricted Temporary Cash Investments:				
Bank of New York Mellon Trust Company N.A. - Treasury Bonds			<u>\$ 537,639</u>	<u>\$ 537,639</u>

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

City of Hannibal, Missouri
Board of Public Works
Schedule of Investments
June 30, 2018

Description	Interest Rate	Maturity Date	Book Value	Market Value
Sewer				
Restricted Temporary Cash Investments:				
Debt Service Reserve:				
Synchrony Bank CD	3.10%	10/10/2024	\$ 120,000	\$ 120,000
Goldman Sachs Bank USA CD	3.15%	10/8/2024	245,000	245,000
City Bank CD	3.15%	10/8/2024	124,000	124,000
GE Capital Bank CD	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>\$ 9,025,639</u>	<u>\$ 9,025,639</u>

City of Hannibal, Missouri
Board of Public Works
Schedule of Top Ten Utility Customers
Year Ended June 30, 2018

Electric

Rank	Consumer	Annual Kilowatt Hours	Percent of Total
1	General Mills	42,519,013	16.60%
2	Spartan Light Metal Products	15,924,000	6.22%
3	Enduro Industries LLC	10,259,200	4.01%
4	Watlow Industries	8,684,550	3.39%
5	Board of Public Works	7,455,446	2.91%
6	Buckhorn/Michigan Rubber Products	6,124,560	2.39%
7	Hannibal-LaGrange University	4,720,578	1.84%
8	Walmart Stores Inc.	4,533,200	1.77%
9	Nieman Foods Inc.	3,798,640	1.48%
10	Cosmoflex Inc.	2,827,300	1.10%

Water

Rank	Consumer	Annual Gallons	Percent of Total
1	General Mills	191,317,510	20.66%
2	Ralls County Water District #1	169,212,305	18.27%
3	Board of Public Works	98,239,860	10.61%
4	Hannibal Regional Hospital	13,388,645	1.45%
5	Cosmoflex Inc.	11,118,340	1.20%
6	Levering Care Center	9,021,180	0.97%
7	Hannibal-LaGrange University	7,762,905	0.84%
8	Watlow Industries	7,566,560	0.82%
9	Jai Shri Ram	5,891,610	0.64%
10	Spartan Light Metal Products	3,769,420	0.41%

Sewer

Rank	Consumer	Annual Gallons	Percent of Total
1	General Mills	n/a *	n/a
2	Hannibal Regional Hospital	13,388,645	2.13%
3	Levering Care Center	9,021,180	1.43%
4	Hannibal-LaGrange University	7,455,185	1.19%
5	Jai Shri Ram	5,891,610	0.94%
6	Spartan Light Metal Products	3,769,420	0.60%
7	SWB Hospitality LLC	3,571,200	0.57%
8	Luther Manor	3,293,920	0.52%
9	Beth Haven Nursing Home	3,232,340	0.51%
10	Nieman Foods Inc.	2,306,937	0.37%

* 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 25% of Sewer Fund revenues.

Comparative Statement
of Operating Factors

City of Hannibal, Missouri
Board of Public Works
Electric Fund
Comparative Statement of Operating Factors
Years Ended June 30, 2018 and 2017

	<u>Unit</u>	<u>2018</u>	<u>2017</u>
Population served per 2010 Census		17,757	17,757
Number of customers per 100 population		49.78	49.84
Maximum peak load operation	KW	56	57
Investment per capita	\$	2,162.57	2,095.03
Total operating revenue per \$100.00 investment	\$	65.88	78.84
Ratio of total operation expense to total operating revenue	%	87.56%	93.12%
Operating profit (loss) per \$100.00 investment	\$	8.19	5.43
Total purchased power cost per kWh	\$	0.0613	0.0788
Average price received per kWh sold	\$	0.0988	0.1146
Operating profit (loss) per kWh sold	\$	0.0161	0.0089
Average residential use	kWh	10,653	10,209
Total kWh purchased	kWh	256,069,924	268,829,146
Total kWh sold	kWh	256,069,924	255,877,344
Customers at end of year:			
Residential		7,645	7,660
Commercial		1,073	1,072
Industrial		121	118
		<u>8,839</u>	<u>8,850</u>

City of Hannibal, Missouri
Board of Public Works
Water Fund
Comparative Statement of Operating Factors
Years Ended June 30, 2018 and 2017

	<u>Unit</u>	<u>2018</u>	<u>2017</u>
Population served per 2010 Census		17,757	17,757
Number of customers per 100 population		44.31	43.12
Capacity per day	Gallon	7,500,000	7,500,000
Maximum production per day	Gallon	4,977,000	7,400,000
Average production per day	Gallon	3,271,027	3,313,532
Investment per 1,000 gallons sold	\$	47.44	48.23
Investment per capita	\$	2,473.95	2,389.20
Total Revenue per \$100.00 investment	\$	12.63	12.50
Ratio of operating expenses to operating revenue	%	83.86%	81.16%
Operating profit (loss) per \$100.00 investment	\$	2.04	2.36
Average price received per 1,000 gallons	\$	5.99	6.03
Average cost per 1,000 gallons	\$	5.02	4.89
Customers at end of year:			
Residential		7,035	6,840
Commercial		810	795
Industrial		22	21
Other public authorities		1	1
		<u>7,868</u>	<u>7,657</u>

City of Hannibal, Missouri
Board of Public Works
Sewer Fund
Comparative Statement of Operating Factors
Years Ended June 30, 2018 and 2017

	<u>Unit</u>	<u>2018</u>	<u>2017</u>
Population served per 2010 Census		17,757	17,757
Number of customers per 100 population		42.47	42.53
Investment per capita	\$	2,126.49	2,083.13
Total revenue per \$100.00 investment	\$	13.06	11.81
Ratio of total operation expense to total operating revenue	%	87.21%	90.74%
Operating profit (loss) per \$100.00 investment	\$	1.67	1.09
Total treatment cost per million gallons	\$	3,860.36	2,681.35
Average price received per million gallons treated	\$	4,426.58	2,954.94
Operating profit (loss) per million gallons treated	\$	566.22	273.58
Total gallons treated	Gallons	1,113,704,000	1,477,783,900
Total gallons from water plant	Gallons	1,193,925,000	1,209,439
Customers at end of year:			
Residential		6,773	6,790
Commercial		754	748
Industrial		15	14
		<u>7,542</u>	<u>7,552</u>