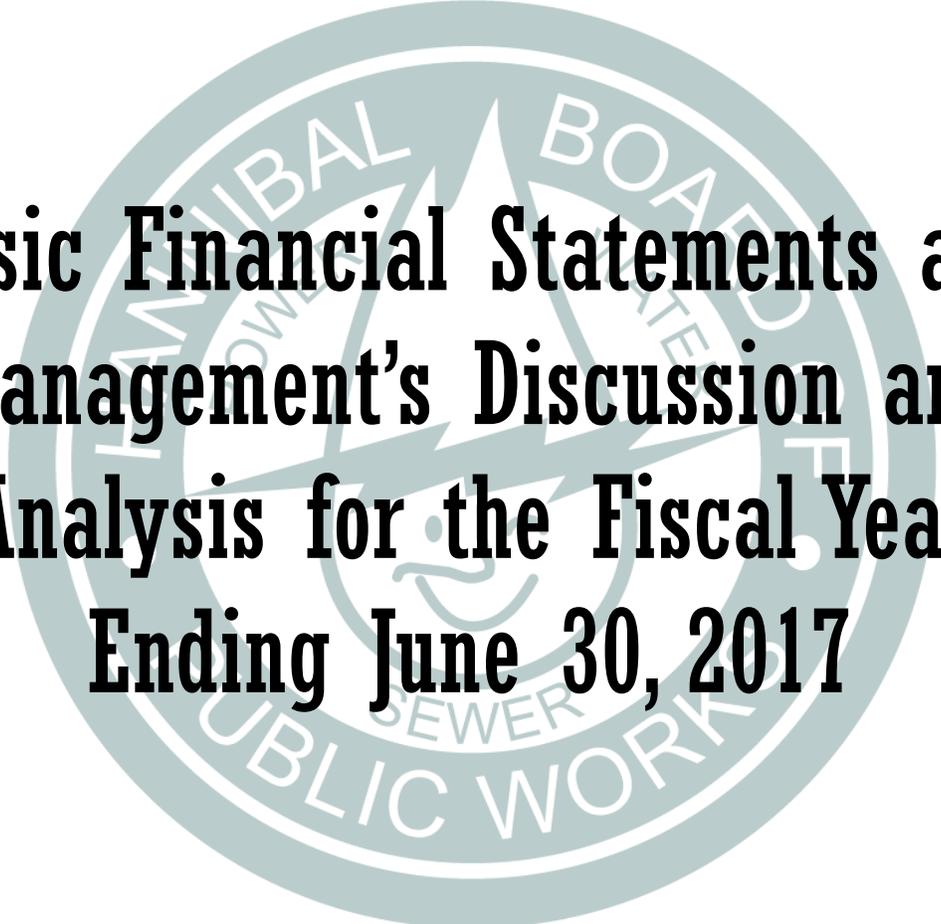


CITY OF HANNIBAL, MISSOURI

Embracing Opportunity

The logo of the Hannibal Board of Public Works is a circular seal. It features a central five-pointed star with a smaller star inside it. The words "HANNIBAL BOARD OF PUBLIC WORKS" are written around the perimeter of the seal. At the bottom, the words "SEWER" and "PUBLIC WORKS" are visible.

**Basic Financial Statements and
Management's Discussion and
Analysis for the Fiscal Year
Ending June 30, 2017**

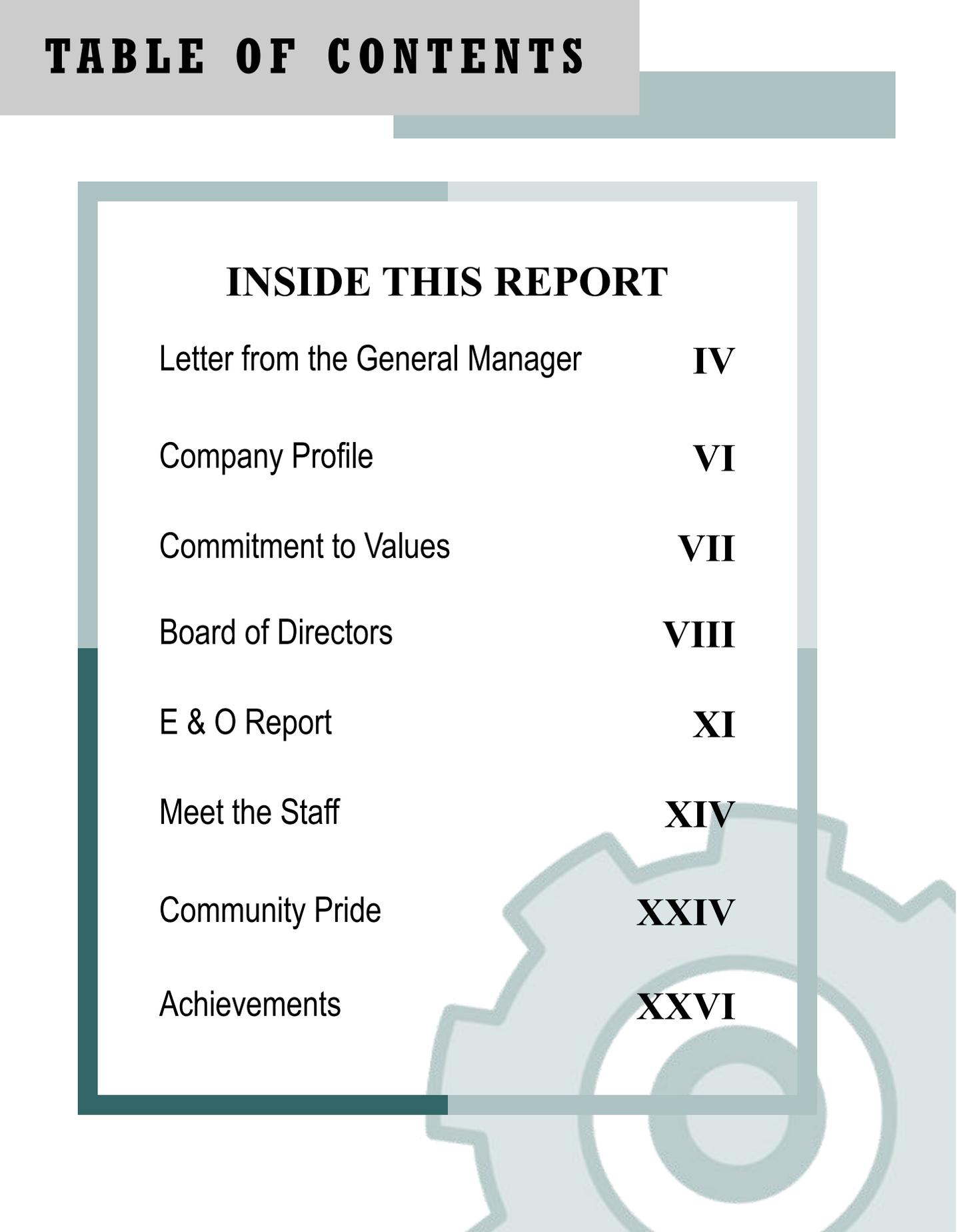
The mission of the Hannibal Board of Public Works is to provide safe, reliable utility products with excellent customer service at reasonable prices.

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GREETINGS FROM THE GENERAL MANAGER ROBERT STEVENSON

Embracing Opportunity



The Hannibal Board of Public Works is pleased to present its Annual Report and audited financial results for the Fiscal Year that ended on June 30, 2017. The theme of this report is “Embracing Opportunity” which celebrates the long term vision of our Board to recognize and act upon opportunities and partnerships to extend the life of our utility assets, make better use of our energy, or save money.

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

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

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

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

Electric power now comes from a combination of ownership and power supply contracts with providers from other states. We are interconnected with other communities and power suppliers though the use of the nationwide high voltage power grid. During FY 2017 the HBPW entered into a series of contracts to facilitate our move from being a ‘full requirements’ customer of an investor owned electric provider to what we refer to as a ‘Self-Managed Plan’. Self-managed means we now schedule our own power each day using a combination of resources including our Prairie State Energy Campus allotment, power contracts designed for use during the high load summer months, plus hourly purchases and sales from/to the Midcontinent Independent System Operator, Inc. (MISO) energy market. This Plan will provide a great opportunity to save us money in the future while also teaching our staff how to operate in a new market environment.

Another opportunity seized this past year was to purchase a group of diesel engine driven generators to provide electric capacity at a stable price for the life of the machines. Ten 2-MW generators were purchased to provide standby capacity and energy to the City in case of an emergency on the transmission grid. And, the ownership of these units will provide future revenue to the Utility in the form of MISO capacity reduction payments. Project completion is scheduled for late in the calendar year 2017.

GREETINGS FROM THE GENERAL MANAGER ROBERT STEVENSON

Embracing Opportunity

Continued...

The Water Utility has recently completed a series of improvements to the Treatment Plant and Distribution System. Some of the improvements were designed to rebuild or replace critical infrastructure mandated from the MoDNR, but almost half of the \$13 million investment was designed to prepare the City for growth by extending new infrastructure into those sections of the City poised for expansion or revitalization. Our belief is that new utility extensions are a necessary precursor to City growth and annexation.

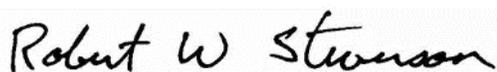
The Sanitary Sewer Utility has focused heavily on the reduction of inflow and infiltration throughout the City. Two large contracts were awarded to study different geographic sections of the City with the goal of identifying then reducing the flow of water into the sewer system that should not be in the sewer system. There has been a noticeable reduction of sewer overflow incidents resulting from this work. Future plans call for more such studies until the entire System has been reviewed. The opportunity here is to reduce the amount of sewage treated at the Waste Water Treatment Plant and reduce the total number of annual reported overflow incidents.

The Hannibal Board of Public Works is the largest single investor in economic development in the City and Ralls and Marion Counties. Part of that investment is the development of the Hannibal Lakeside Technology Park on 110 acres of land owned by the Board. The park is intended to be the best park in NE Missouri with features including a lake, walking trails, industrial class broadband, and fast access to I-72 and US Hwy 36. Local road improvements and lake development are underway at this writing. The Hannibal Lakeside Technology Park is officially open for business. The opportunity for hundreds of new jobs, increased utility loads, and increased tax revenues is real and should happen soon.

Other opportunities are manifested in our ongoing training of our employees and management staff who combined takes advantage of literally dozens of opportunities each year in the form of webinars, on-site seminars offered by professional trainers in their fields, as well as off-site courses offered by national level experts in their technical fields. Results of this training include our certification as a Reliable Public Power utility by the American Public Power Association for the fifth year in a row; and achieving the 2016 System Achievement Award by the Missouri Public Utilities Alliance.

Speaking for myself and the whole staff of the Hannibal Board of Public Works, we are honored and privileged to work for the Board and embrace opportunities as we find them for the greater benefit of the City of Hannibal during FY 2017.

Sincerely,



Robert W. Stevenson, P.E.
General Manager



COMPANY PROFILE

Embracing Opportunity



The Hannibal Board of Public Works is a non-profit organization and a division of city government that provides electric, water, and sewer service to residents living within the city limits of Hannibal, Missouri. Established in 1903, the Hannibal Board of Public Works is governed by an independent Board of Directors recommended by the City Manager to serve a four-year term and subject to City Council approval. The HBPW has grown substantially throughout the years, but the mission has stayed the same: to provide safe, reliable utility products with excellent customer service at reasonable prices.

The Hannibal Board of Public Works continues to strive for equity in its utility rate structure. Costs of service must be properly assessed to the various customer classes and overhead costs must be properly distributed to the various departments. With issues of customer choice, retail wheeling, bulk utility sales, competition and privatization, utility operations are continually being improved.

The HBPW manages a municipally owned Utility System whose worth far exceeds the book value of its assets. The Municipal Utility provides at-cost services without consideration for return on investment, dividends, profits or other financial gains. Funds are accumulated in anticipation of future system enhancements, expansions, maintenance, regulation, and emergency requirements.

COMMITMENT TO VALUES

Embracing Opportunity

Strive for perfect employee satisfaction and safety



Maintain excellent customer service and satisfaction



Enhance the community through company growth



Continue to improve technology through furthered education

BOARD OF DIRECTORS

Embracing Opportunity



Term: Current, expiring July 2020

Lennie Rosenkrans is the HBPW Board President. Born and raised in Hannibal, Lennie graduated from Hannibal High School in 1980. He went on to earn a Bachelor's of Science in Biochemistry from the University of Missouri-Columbia in 1984. After time spent in graduate school at UMC and the University of Florida, he went to work for Continental Cement in 1992 and recently retired after 24 years as a fuels lab chemist, environmental specialist and environmental manager. In his environmental roles he gained extensive knowledge of state and federal stormwater and air pollution regulations. He has been a member of the American Chemical Society for 22 years.

Shannon is Lennie's wife of 13 years and she is a chemistry and biology teacher at HHS. Their four children, Amanda and Amelia for Lennie and Alex and Emily for Shannon, are all products of the Hannibal public school system. Two have gone on to earn college degrees, one is in college and the youngest is a senior at HHS.

Lennie founded the Hannibal Area Homebrewers Association in 2011 and the group regularly participates in fundraisers in the area. Lennie is a second generation BPW Board member, his father Leonard having served on the board, as well as city council in the 1970's.



Term: Current, expiring July 2019

Tim Goodman is the HBPW Board Vice President and lead pastor at Clover Road Christian Church in Hannibal, Missouri. Tim has been in church leadership for over 40 years, serving as lead pastor for CRCC the past 38 years and lead youth minister for four years. Originally known as South Side Christian Church, Clover Road Christian Church has served the Hannibal community for over 100 years, and is dedicated to leading people to a saving relationship with Jesus Christ.

Tim attended Lincoln Christian College in Lincoln, Illinois and graduated with a Bachelors degree in Christian Education. Working towards a Masters degree in Preaching, Tim went on to complete three years of graduate studies at Lincoln Christian Seminary.

Tim is an active member of the Hannibal community serving on several boards including Birthright Hannibal, where he has served as a board member for over 11 years, Beth Haven Retirement Community, serving as a board member for over 16 years, and Hannibal Board of Public Works, where he has served as a board member for four years. In addition to his local service, Tim has served on the board of directors as both a member and past president of Blessing Ranch Ministries in New Port Richey, Florida. Tim has served on the Blessing Ranch board for the past 19 years.

BOARD OF DIRECTORS

Embracing Opportunity

Term: ended August 2017

Randy Park is the president of Printex, Inc., a custom design screen printing facility that has been a part of the Hannibal community for almost 30 years. Randy served on the HBPW Board for the past eight years and served as Board President.

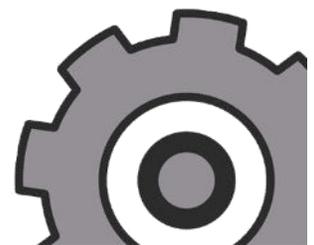
Born in St. Louis, Missouri, Randy has spent the last 41 years as a Hannibal resident, completing his Bachelor of Science in Business Administration from Hannibal-LaGrange University. Randy has a passion for economic development and a desire to see Hannibal, Missouri thrive. His community involvement is a direct reflection of his heart for Hannibal as he is a member of several local and state-wide organizations. Randy serves as a board member for Hannibal Regional Hospital, president of the Northeast Missouri Development Authority, member of the Missouri Sports Board of Champions, board member for Hannibal Industrial Development Authority, member of the Hannibal Park Board, and treasurer for the Hannibal YMCA. Randy is also the chairman for the Hannibal Festival Show-Me State Games, which is the largest Olympic-style sports festival in the country.

Randy is also a member of the Northeast Missouri Economic Development Council and chairs the Business Start-Up Committee for the Northeast Missouri Economic Development Council.

Term: ended July 2017

Dan Patterson retired a few years back as a Manufacturing Engineer for Honeywell Aerospace International in Tempe, Arizona where he repaired and tested actuators and starters as well as created repairs for aircraft parts and assemblies. Before working at Honeywell, Dan worked 25 years in operations management for Salt River Project at the coal fired Coronado Generating Station in St. Johns, Arizona where he was part of the original start up crew. This all followed his time in the United States Air Force where he ran diesel generators on a remote site and operated and maintained aircraft arresting barriers.

Dan's formal education is varied as he has an Associate's Degree in Power Plant Operations from Navajo Community College, a Bachelor's Degree in Business Management from Ottawa University in 1990, and a Master's Degree in Technical Management from Embry Riddle where he graduated summa cum laude in 2000.



BOARD OF DIRECTORS

Embracing Opportunity

Term: ended March 2017

Todd Kendall is the Operations Manager for Buckhorn Rubber Products and served as the Hannibal Board of Public Works secretary. Buckhorn Rubber Products manufactures rubber products to meet the specialized needs of the transportation, agricultural and civil construction industries. Prior to his position as Operations Manager, Todd worked as a Chemist (1995-2004), Technical Manager (2004-2006), and Assistant Plant Manager/Technical Manager (2006-2009) for Buckhorn.

Todd graduated from Iowa State University in 1995 with a Bachelor's Degree in Chemical Engineering, and in 2000, he completed his Master's Degree from William Woods University. Apart from his position on the Hannibal Board of Public Works Board, Todd is a member of the American Water Works Association, American Chemical Society (ACS), ACS Rubber Division, and American Society for Quality since 1996.

Term: ended December 2016

Betty Anderson is the Vice President of Business and Finance at Hannibal-LaGrange University in Hannibal, Missouri, and served as the Hannibal Board of Public Works Board Vice President. Betty has been employed with HLGU for seventeen years and has held a variety of titles including Dean of Business and Finance, Business Office Manager and Accounting Manager.

In 2005, Betty earned her Bachelors of Science in Organizational Management from Hannibal-LaGrange University. She also holds a Master of Science in Management from Liberty University and in 2014 earned her Master of Business Administration from Liberty University.

Betty serves at her local church, Calvary Baptist Church, in Hannibal, Missouri. Betty serves next to her husband and pastor, Jeff Anderson, where they enjoy not only ministering to their own church family but throughout the Hannibal community. She also volunteers extra hours of service to Hannibal-LaGrange University. She assists with many different ministries and mission trips and has been on several mission trips including Florida, Argentina, and Ukraine.

ENGINEERING & OPERATIONS E & O REPORT

Embracing Opportunity



The year was filled with many challenges and opportunities to expand the Hannibal Board of Public Works influence within the City of Hannibal. Many significant projects were completed and some new ones are underway. We even entered the planning stages of beginning a new utility department to maintain the City's Stormwater System.

We continued our efforts to make the Hannibal Lakeside Technology Park an attractive location for future commercial and industrial businesses. The design of an approximate 8 acre lake was previously completed and submitted to the Army Corps of Engineers for approval. They granted a construction permit to construct the lake as designed. As part of the permit requirements, we are required to perform some stream mitigation projects, which are scheduled to be completed in the fiscal year 2017-18.

Our efforts in cyber security and protecting customer information have increased in the past few years. Since July 2007, we have been adhering to the Payment Card Industry (PCI) standards in regards to the properly handling of customer credit card data and transactions as well as following all requirements of the Red Flags Rule from the Federal Trade Commission. Each year we conduct a PCI compliance survey.

In April 2016, we enrolled in the nSentinel monitoring and detection programmed offered by N-Dimension Solutions Inc. through the Missouri Public Utility Alliance (MPUA). This appliance is constantly monitoring all incoming and outgoing network traffic, generating email alerts when necessary, and provides a statistical summary on not only how we are performing each month on controlling and reducing security concerns, but also shows how the organization compares to other MPUA members who utilize the same service.

HBPW employees continue to attend security seminars and training on how best to reduce the emerging and ever-growing cyber-security threats in today's world. We also have continued to develop a strong relationship with a 3rd party network and security organization that aids in the day-to-day security and monitoring of the organization's systems through hardware and software maintenance updates on an as required basis.

In the Electric Department we began a new purchase power endeavor. For the past several decades we have been purchasing power with full requirement contracts from Ameren and similar companies that own generation. The contracts were basic and provided all our electricity (energy and capacity) for an agreed upon price per kilowatt hour. Early in the fiscal year, we began planning to use the Prairie State Energy Campus capacity we began purchasing a couple of years ago, and fill in the rest of our portfolio with smaller purchase power contracts. And even purchase some electricity from the day ahead market. Our estimates show that this method of purchasing electricity should save around \$1,000,000 per year compared to the full requirements method. We are in the early stages of this new process, but it looks promising so far.

ENGINEERING & OPERATIONS E & O REPORT

Embracing Opportunity

Continued...

One of the financial hedges that we invested in during the year is the purchase of 10 Diesel Generators. The generators will add about 20 megawatts of capacity to our portfolio once they are certified by the Midcontinent Independent System Operator, Inc. (MISO), therefore saving us from purchasing 20 megawatts of capacity at the capacity auction or through some other method. Eight of the ten generators are located near Hannibal's Oakwood Substation, one is at the Water Treatment Plant, and another is at the Wastewater Treatment Plant. One side benefit of purchasing these generators was that each treatment plant (Water and Wastewater) acquired a backup generator that will supply ample electricity to power the entire plant's demand during emergencies. We began the project of purchasing and installing the generators in December of 2016, and they should be ready and approved to run by January of 2018.

Another significant project in the Electric Department is the purchase of a new transformer for Hannibal's Southside Substation (located near O'Donnell's Funeral Home). A new WEG transformer was purchased for approximately \$500,000 and installed by the combination of our own crew and outside contractors. The transformer replaces the 1960's vintage transformer that was relocated out of the flood plain area after the 1993 Flood. The transformer had been operating without any issues, but it is nearing the end of its life expectancy and the newer version is much more efficient and reliable. A similar project is planned to replace the 1960s transformer at Hannibal's Indian Mounds Substation in the coming years.

Street lighting upgrades were completed along Harrison Hill and Palmyra road. The upgrades converted a dimly lit area to a well-lit thoroughfare by replacing the existing street lights and fixtures with more efficient LED lights. The lights require less maintenance, and use less electricity to produce more light. The project has drawn much attention around town and similar lighting upgrade projects are planned for the future. We also continued our efforts to convert difficult to maintain overhead areas to underground. This year's project consisted of installing new underground conduits and wires into Riverview Park to feed the Water Treatment Plant. The conduit also continues through the park to the Mississippi river and feeds the Pumphouse. This underground project was completed in conjunction with the new generator allowing the Pumphouse to be connected to the Water Treatment Plant generator.

In the Water Department, we completed four multi-year projects in which \$12,960,000 in state revolving fund (SRF) was borrowed from the Missouri Department of Natural Resources. The projects consisted of improvements to the Water Treatment Plant and water system. The improvements included a new Southside water tower was added. The new 200,000 gallon tank replaces the deteriorated 1924 installed 50,000 tank. The new tank has more water for storage, allowing for better fire protection to the area. Also, new 12 inch water mains were added along Red Devil Road and along West Ely Road. Both lines add more water volume to the Diemakers Pressure Zone. The bulk of the Water Department improvements from the SRF loan were completed in and around the Water Treatment Plant (WTP). They consisted of adding a new UV Disinfection system and building, new raw water lines from the Pumphouse to the WTP, new residual waste line from the WTP to the river, a new carbon feed system and building, new control and alarm system at the plant, and basin by pass lines.



ENGINEERING & OPERATIONS E & O REPORT

Embracing Opportunity

Continued...

In April of 2016, Hannibal residents voted for Proposition 1, which prohibited the use of ammonia in the drinking water treatment system. We began adding ammonia in the fall of 2015 as part of the conversion to chloramine disinfection. This conversion was completed to assist with compliance issues we were having with disinfection-by-products (DBPs). Due to the ammonia removal ordinance, an alternate treatment system to chloramine disinfection will have to be added to the WTP to continue to be in compliance with DBP limits. The City Council has given the HBPW until March 30, 2020 to discontinue the use of ammonia in the treatment system. Studies and pilot testing are underway to find the best alternate solution to DBP compliance. Granular Activated Carbon (GAC) filtration and Ozone treatment appear to be the top two choices at this point.

The Sewer Department continued its efforts to reduce inflow and infiltration (I&I) in the collection system. I&I reduction is an ongoing issue with sewer systems. Reducing it consists of televising, smoking, dyeing, and inspection of lines and manholes for defects. We continue to work with outside consultants to assist with I&I reduction. During the fiscal year, we focused on two areas Lake Apollo and Downtown. In Lake Apollo, there were several basement backups near the intersection of Gemini and Lake Apollo. That resulted in some large insurance claims and customer dissatisfaction. We smoked, dyed, televised, inspected, and modeled the entire watershed that flows into the piping system in this area. There were numerous defects located and corrected. Some of the defects were private, customer sump pumps or roof drains that drained into the sewer system. Customers were notified of the issues and have since made the suggested corrections. There have not been any customer backups or overflows in this area since the corrections.

In June of 2016, the Hannibal City Council issued a resolution that allowed the HBPW to begin a storm-water utility. What a great opportunity to affect future generations of Hannibal residents by organizing and beginning a new utility from scratch.

Since the resolution, we have been busy making five year plans and budgets, hiring consultants to assist with the utility set up (policies, ordinances, rates, etc.), and hiring personnel to manage and operate the department.

The Hannibal Board of Public Works has faced many new challenges this past year. Whether planned or unexpected, the HBPW has embraced each opportunity.

Sincerely,



Heath N. Hall
Director of Operations

MEET THE STAFF

Embracing Opportunity



General Manager

Robert Stevenson is the General Manager for the Hannibal Board of Public Works. He is responsible for the overall mission, management, and administration of the Hannibal Municipal Utility System in accordance with the City of Hannibal's policies, ordinances, rules, regulations, and in compliance with applicable federal, state, and local laws/regulations. As a member of the City of Hannibal's administration, Robert is also responsible to participate in, coordinate with, and contribute to the overall efficiency and effectiveness of the City's organization.

Robert has been the General Manager for the Hannibal Board of Public Works since 2009. Prior to his employment with the HBPW, Robert held the position of Director of Utilities for the New Ulm, Minnesota Public Utilities Commission. He also spent five years as the Director of Operations for Trigen Energy Corporation, five years as the Production Engineer for Independence, Missouri Power and Light Department and ten years with Burns & McDonnell Engineering Company, holding several positions ending as a Senior Design Engineer.

Robert earned a Bachelors degree in Mechanical Engineering from University of Kansas, and holds a seat on a variety of committees. He is the Chairman for the Missouri Association of Municipal Utilities Board and has served on the committee for the past six years. Robert is also a member of the Missouri Joint Municipal Electric Utility Commission and the Missouri Society of Professional Engineers for the past eight years. He is also a member of the Northeast Missouri Economic Development Council's Executive Committee and has served on this board for the past eight years.

Robert serves on a variety of church committees and has been a Sunday school teacher for 28 years. He has a passion for antique truck restoration. He and his wife, Kelly, have been married for 46 years and enjoy spending time with their three children and eleven grandchildren.



MEET THE STAFF

Embracing Opportunity



Director of Operations

Heath Hall is the Director of Operations for the Hannibal Board of Public Works. Heath has been the Director of Operations for ten years, and was the Water Treatment Plant and Wastewater Treatment Plant Facilities Engineer for six years. Heath graduated from Missouri University Science and Technology in Rolla, Missouri with a Bachelors degree in Civil Engineering. Heath obtained State of Missouri Certifications in Drinking Water and Wastewater Treatment, Class A certifications in 2005, and is the chairman of the Missouri Public Utility Alliance Member Service Committee.

Heath has volunteered at the Western Public School System in Barry, Illinois for the past nine years where he coaches basketball, baseball and softball. He enjoys jogging, St. Louis Cardinals baseball and Dallas Cowboys football.

Heath lives in Hull, Illinois with his wife, Jamie, and their children Savannah, Jackson, Boston, and Bronx. Heath and Jamie have been married seventeen years.



Utility Planning/ Construction Engineer/ Sewer Supervisor/ Stormwater Supervisor

Mathew Munzlinger is the Utility Planning and Construction Engineer for the Hannibal Board of Public Works, and was recently named Stormwater Supervisor for the Stormwater Department. Mathew has been working for the HBPW for ten years, working as the Water and Wastewater Facilities Engineer for three years, and the Utility Planning and Construction Engineer for the past seven years. In 2002, Mathew earned his Bachelors of Science in Mechanical and Aerospace Engineering and a Minor in Mathematics at University of Missouri: Columbia in Columbia, Missouri and has been a registered Engineer in the state of Missouri since 2007.

Mathew volunteers in a variety of local organizations. He has been a member of the Northeast Missouri Economic Development Council since 2014, and an active member of the 1819 Hannibal Stream Team #4705 since 2013. Mathew is also serving on the Missouri Society of Professional Engineers – Northeast Chapter where he sat as the vice president from 2011-2013, president from 2013-2015, and is currently on the Board of Directors.

Mathew lives in Hannibal, Missouri with his wife, Rachel, and two children, Lauren and Lydia.

MEET THE STAFF

Embracing Opportunity



Electric Line Superintendent

Jared Stewart is the Electric Line Superintendent for the Hannibal Board of Public Works. He is responsible for maintaining Hannibal's approximately 120 miles of electric lines, six substations, and more than 1,700 streetlights. Jared has over 16 years of experience in electric distribution and has been a vital part of enhancing the city's reliability through the installation of mid-circuit reclosers, installing new squirrel guards in dense foliage areas, and initiating an aggressive pole replacement program. During his career, Jared has been responsible for various storm restoration efforts including an EF-1 tornado directly hitting the City of Hannibal in 2013, resulting in over

8,000 Hannibal customers losing power.

Jared attended Pratt Community College in Pratt, Kansas for two years, and was a Lineman for the Hannibal Board of Public Works from 2001 to 2009 until he became the Electric Line Superintendent in 2010 until present day. Jared chaired the Transmission and Distribution Committee for the American Public Power Association's E&O Conference in 2014 and 2015, and was also an American Public Power Association RP3 member during this same time.

Jared lives in Palmyra, Missouri with his wife, Beverly and daughter, Millie.

Senior I.T. Specialist

Known for his critical decision making skills and the ability to achieve desired results, Matthew Jones offers a unique blend of professional expertise, IT solutions, and practical knowledge to the Hannibal Board of Public Works. Matthew has 21 years of professional experience in the IT industry with the past 15 focused in the municipal utility arena. His skills in communication, planning, and development have aided in transforming the HBPW into one of the area's municipal utility leaders by spearheading improvements to existing GIS and CIS functions as well as successfully implementing Automated Meter Reading. His skills in coordinating with various contractors and field personnel, developing numerous methods of reporting and training, and working directly with vendor support staff have proven to be invaluable and attribute to the overall success of any project he is involved with. He continues to strive for improvement in all areas under his supervision and participates as one of several internal advisors on various projects.

Prior to joining the Hannibal Board of Public Works, Matthew's professional career included a five year role at BASF in the areas of user and desktop support, network administration, and telecommunications. Matthew holds a Bachelor of Science in Information Technology and Data Processing from Hannibal-LaGrange University in Hannibal, Missouri.

MEET THE STAFF

Embracing Opportunity



Business Office & Customer Service Supervisor

Lillie Lewton is the Business Office & Customer Service Supervisor for the Hannibal Board of Public Works. Lillie has worked for the HBPW since 1989 where she worked as Customer Service Representative and Billing Clerk for two years and then transitioned to Human Resources and Payroll for four years. Lillie has been the Business Office and Customer Service Supervisor for the past 22 years.

Lillie has completed a variety of different training certificates throughout her career. She annually attends American Public Power Association's Customer Service Connection Conference, which provides in-depth training to those in customer service across the nation. She has earned a certificate in American Management Association's course on Successfully Managing People, and has earned her Customer Service Certificate through Missouri Public Utility Alliance. Lillie is also certified in Basic TNS (TWACS Name Server) through TWACS, Two-Way Automatic Communications system, which is a communication tool used to enable utilities to read every meter on their network.

Lillie is a member of the Missouri Public Utility Alliance's Customer Service Committee since 2013. She also volunteers her time through a variety of local organizations. She is a Hannibal Booster Club Member since 2010. Lillie lives in Hannibal, Missouri with her husband, Bob Lewton, former owner and operator of Custom Auto Glass in Hannibal, Missouri. She enjoys spending time with their children, ten grandchildren, and two great-grandchildren.



Human Resources

Beverly Stewart is currently the Human Resource Administrator for the HBPW. She has been with the Board for 18 years. Beverly is responsible for the function of Human Resources for the HBPW.

Beverly holds a Bachelor's degree in Human Resource Management from Western Illinois University. She has been a member of the Society of Human Resource Management since 1998, an Employee Benefit Trust Board Member since 2000, and the Missouri Vice President for Tri-State Health Care Coalition since 2015. Beverly earned her Advanced Certification membership from the American Payroll Association in 2005, Employer Equal Opportunity Commission Certifications since 2001, and held a Life & Health Insurance License. Beverly has 25 years experience in Human Resources, including recruitment/talent management, payroll, HR systems administration, workers compensation, training & development and compliance.

Beverly lives in Palmyra, Missouri with her husband, Jared, and daughter, Millie.

MEET THE STAFF

Embracing Opportunity



Water & Wastewater Plant Supervisor

George Hausdorf is the Water & Wastewater Plant Supervisor for the Hannibal Board of Public Works. Prior to working for the HBPW, George was the Director of Public Works for the City of Canton in Canton, Missouri, and held that position since 2003.

George graduated from John Wood Community College in 2003, and has multiple Water Treatment/Wastewater Treatment Operator Certifications from the Department of Natural Resources, including DW-B, DS III, and WW-A certifications. In 2016, George earned his Bachelors of Science in Organizational Management and Finance from Culver Stockton College. George has been active in a variety of different service clubs throughout his career. He has been a member of the Boy Scouts of America since 1984, member of the Illinois/Missouri Road Riders from 1988-1992, and was part of the Breakfast Optimists Club in Quincy, Illinois from 2000-2003.

George and his wife, Leanne, have been married for 25 years. Leanne has been a teacher for Canton R-V School in Canton, Missouri for the past 21 years, and both George and Leanne enjoy spending time with their three sons Andrew (24), George III (21), and Braedyn (19).



Water Distribution Supervisor

Harold Majors Jr, "Gene", is the Water Distribution Supervisor for the Hannibal Board of Public Works. Prior to his employment with the HBPW, Gene worked as a machinist for Hannibal Carbide Tool for five years. Gene has been a part of the Hannibal Board of Public Works since 1977, where he worked as a utility helper for the Sewer Department and Operator at the Water Treatment Plant and Wastewater Treatment Plant. Gene later became the Sewer Department Foreman. Ultimately he was promoted to Water and Wastewater Superintendent, and currently holds the supervisory position over the Water and Meter Departments.

Born and raised in Hannibal, Gene graduated from Hannibal High School and went on to earn various training certificates as a machinist. He holds operating licenses for both the Water and Wastewater Treatment Plants. In addition, Gene holds certificates in management training, storm water control, sewer collection systems, and water distribution.

Gene is a member of the Hannibal Elks Lodge and has been a member for the past 19 years, holding a variety of positions including vice president, president and trustee. He is also a member of the Freemason and Shriners. Gene lives in Hannibal, Missouri with his wife, Lory, and together have raised seven children. They enjoy spending time with their 19 grandchildren, one great-grandchild, and two godchildren.

MEET THE STAFF

Embracing Opportunity



Finance Director

Abraham Gray is the Finance Director for the Hannibal Board of Works in Hannibal, Missouri. He is responsible for establishing and maintaining all aspects of the Utility's accounting system, including financial reports, budgeting, cash management and investments for the Utility System and serving as the primary liaison with the City of Hannibal/HBPW's auditor. Abraham has been with the HBPW since 2014.

Abraham attended Truman State University in Kirksville, Missouri and earned his Bachelors degrees in Accounting and Business-Finance, as well as a Master's degree in Accounting. He later went on to pass the Certified Public Accountant examination. Before serving as the Finance Director of the HBPW, Abraham also served as an auditor in public accounting, an internal auditor at a large financial services firm, and in the banking industry.

Abraham enjoys spending time with his wife, Susie, and three children, Isaac, David and Abraham. He also enjoys gardening, raising livestock and spending time outdoors on his family's hobby farm south of Hannibal.

SCADA Department Supervisor

Mark Hickerson is the Supervisory Control and Data Acquisition (SCADA) Department Supervisor, Safety Coordinator, and Purchasing Agent for the Hannibal Board of Public Works. Mark has worked for the HBPW since 1992, where he worked as the company's first SCADA Operator for 15 years, and then transitioned to the SCADA Supervisor/Purchasing Agent/Safety Coordinator. Prior to his employment with the HBPW, Mark was the Watch Supervisor and Detective for the Hannibal Police Department. He has also worked as Parts Manager for Little Jess AMC/Jeep where he earned a Parts Management Training certificate, and was the Bridge & Building, Engine Hostler for Burlington Northern Railroad.

Mark completed his associates degree in Law Enforcement at Hannibal-LaGrange University, and attended University of Missouri in Columbia for two years completing Law Enforcement and Forestry course work. Mark also attended the Missouri State Highway Patrol Academy, DEA Undercover Drug Enforcement School, and FBI SWAT Operations Academy where he earned numerous law enforcement certificates.

Mark lives in Hannibal, Missouri with his wife, Tonya, and has one daughter, Brooke.

MEET THE STAFF

Embracing Opportunity



Administrative Assistant

Courtney Harris is the Administrative Assistant for the Hannibal Board of Public Works. She has been with the utility since 2013. Courtney brings a vast amount of expertise to her job. She was the Western School District Superintendent's Administrative Assistant, High School Secretary and Board of Education Secretary from 2010-2013, James E. Cary Cancer Center Administrative Assistant, and the Organizational Learning Secretary at Hannibal Regional Hospital from 2006 to 2010.

Courtney attended John Wood Community College and Western Illinois University for two years. Throughout her career, Courtney has dedicated many hours of training in her field of administrative duties including customer service seminars.

Courtney lives in New Canton, Illinois with her two daughters, Natalie and Raleigh.



Public Relations Coordinator

Kari Goodman is the Public Relations Coordinator for the Hannibal Board of Public Works. Kari was hired in 2012 as a Customer Service Representative and has been the Public Relations Coordinator since 2014. Kari serves as the utility spokesperson and is responsible for developing, implementing and maintaining external communication and goodwill through efforts such as speeches, exhibits, tours, and service projects.

Kari graduated from Lincoln Christian University in 2008 with a Bachelors Degree in Business Administration/Public Relations. She serves on the Northeast Missouri Economic Development Council and assists with their internet and social media team.

Kari is currently working towards her American Public Power Association Key Public Power Account Executive (KPPAE) designation, which she is on track to complete by 2018.

Kari and her husband, Luke, have been married nine years and live in Hannibal with their two children, Henry and Sadie.

MEET THE STAFF

Embracing Opportunity



Accounts Payable Coordinator

Christina Hagan is the Accounts Payable Coordinator for the Hannibal Board of Public Works. Christina was hired in 2010 as a Customer Service Representative and has been the AP Coordinator for the past six years. As the accounting assistant, Christina is responsible for preparing, reviewing, and processing all bills and vendor payments.

Christina is a Hannibal native and attended Southeast Missouri State University for two years. She is also part of several community service clubs and charities in the Hannibal area. She is a Court Appointed Special Advocate (CASA) through Douglass Community Services for the past year, and an Early Bird Kiwanis member for the past three years. Christina and her husband, Eric, are active in organizations such as Beyond Type 1 and the Blue Wolverine Foundation that provide resources, education, and support for those living with type 1 diabetes.

Christina and her husband, Eric, live in Hannibal, Missouri and have been married for 12 years.

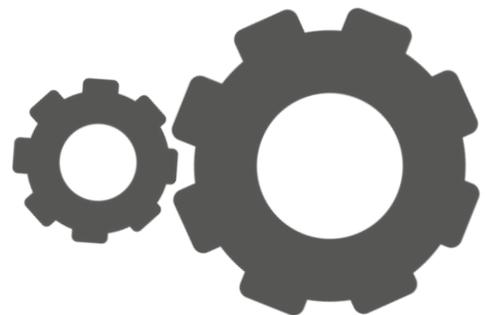


Inventory Specialist

James Thewlis is the Inventory Specialist for the Hannibal Board of Public Works. James has worked for the utility since 2007, where he began as a Supervisory Control and Data Acquisition (SCADA) Technician for five years. He has held his current position since 2012 and is responsible for current inventory, purchasing, accounting and related duties associated with inventory such as preparing, maintaining and stocking various inventory items.

James graduated from Monroe City R-1 High School in 2002 and is a Monroe City native. He has a wide variety of hobbies including spending time with friends and family, remodeling his home, and golfing.

James currently lives in Hannibal, Missouri.



MEET THE STAFF

Embracing Opportunity



Business Office

From Left: Cindy Price, Shelia Wood, Kathleen Robertson, Emily Dexheimer, Stephanie Richards, Lillie Lewton



Stormwater Department

From Left: Joe Darnell, Mathew Munzlinger, Andrea Campbell



Electric Department

From Left: Matt Lay, Matt Livesay, Bruce Goodwin, Andy Quinlin, Justin Carper, Kenny Garcia, Adam Schneider, Mark Salter
(Not pictured: Chad Comstock)



Water Department

From Left: Ryan Fountain, Chuck Murphy, Gene Majors, Quintin Schmohe, Justin Gibson, Doug Epperson



Sewer Department

From Left: Juben Moss, Justin Brown, Ron Lee, Levi Muehring, Matt Munzlinger



SCADA Department

From Left: Jessica Aggers, Joe Darnell, Rob Vandelicht, Michial Bacon
(Not pictured: Keenan Frese)

MEET THE STAFF

Embracing Opportunity



Water Treatment Plant

From Left: Ron Conger, Keith Hapekotte, Todd Lear, George Hausdorf, Mark Turner, Caleb Jameson
(Not pictured: John Caudill)



Wastewater Treatment Plant

From Left: Corey Means, Jamie Whitley, George Hausdorf, Devon Meuhring, Rodney Spires, Jeff Williams



Maintenance Mechanics

From Left: Neal Parsons, Eric Kindhart
(Not pictured: Donnie Spencer)



Maintenance Electricians

Gary Beahan (Not pictured: Warren Brehm)



Pre-Treatment Program

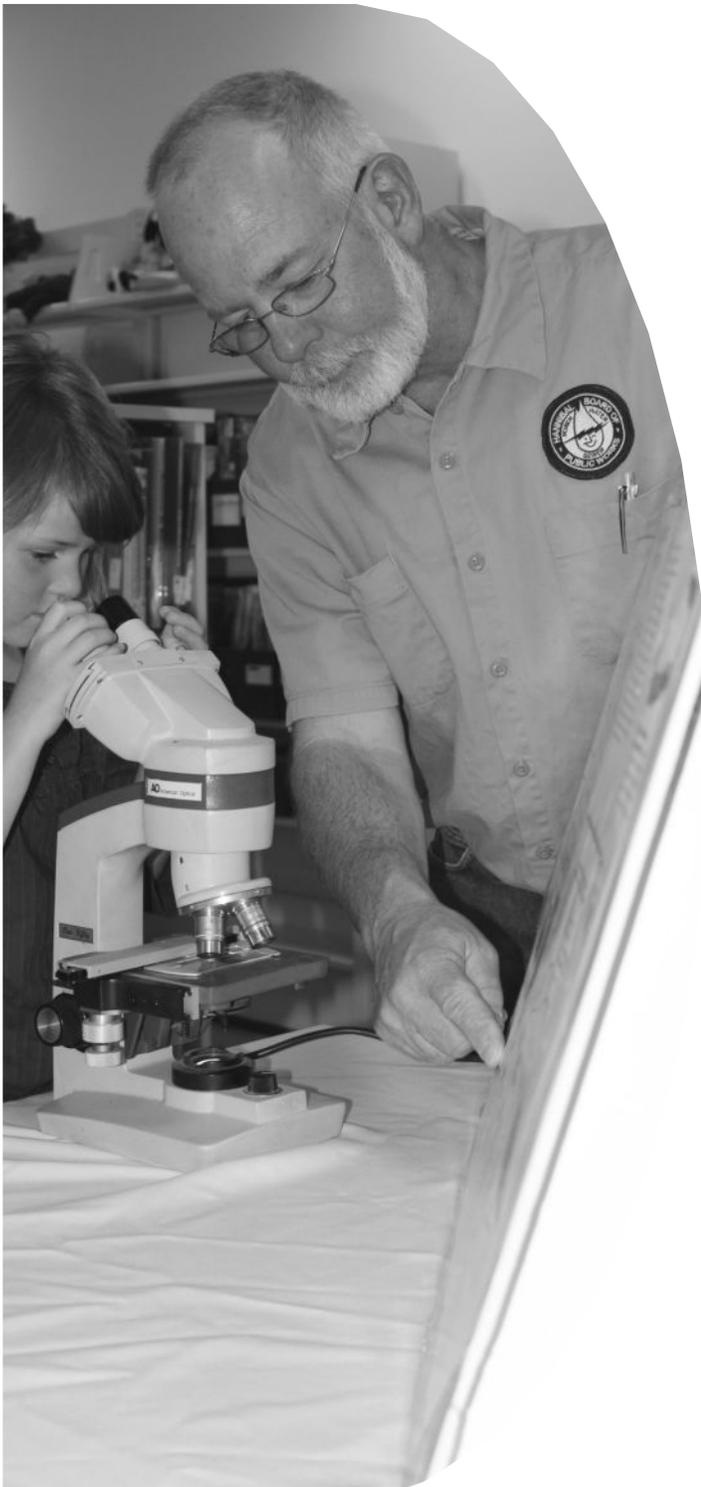
Jeff Williams

Meter Department

Not pictured: Connie Quinn, Nick Ferry, Bill Dye, Greg Nichols

PRIDE IN OUR COMMUNITY

Embracing Opportunity



Hannibal Board of Public Works workforce is competent, hardworking and strives daily to contribute to the success of the organization. In addition, HBPW is also fortunate to have employees who are dedicated to the success and wellbeing of the community they serve. Helping others has not only benefitted the community, but has helped to strengthen the bond between employees. Each service project shows the heart and dedication that the HBPW has for its customers and the community.

PRIDE IN OUR COMMUNITY

Embracing Opportunity

Buddy Pack Program

Once a month, HBPW allows employees to volunteer their time to help pack over 1,000 buddy packs, which consist of a variety of non-perishable food items, and are distributed to local children throughout the school system. These packs are designed to help out families that are having financial difficulties by providing a meal for them throughout the weekend.

Red Cross Blood Drive

Each June, the HBPW sponsors lunch for the Red Cross Blood Drive. In addition to providing the meal, HBPW spends time advertising for the event and several HBPW employees regularly donate.

Project Community Connect, Hannibal

PCC is a one-day event that connects community members in need with services intended to help break down barriers and build up homes. HBPW participates each year by attending the event in order to help answer utility related questions and assist with utility needs.

Holiday Hope Program

Each year HBPW employees donate their own money to adopt two local families and provide them with Christmas gifts, clothing, and other essential household items.

School Presentations

HBPW linemen visit elementary schools in the Hannibal School District each year teaching children how to be safe around electricity. These presentations reach over 1,000 children each year, and are very well received by students and teachers.

7th Annual Public Utilities Week

National Public Power Week is always a busy and fun time for HBPW employees who spend the week doing multiple service projects in the community. Each year, more than 30 employees donate over 500 hours of community service for their community.

ACHIEVEMENTS

Embracing Opportunity



Reliable Public Power Provider Platinum Level 2015-2018

The American Public Power Association recognized the Hannibal Board of Public Works as a utility that demonstrates high proficiency in reliability, safety, work force development and system improvement. The HBPW submitted their 2018-2021 RP3 application in September 2017.



MIRMA Annual Safety Evaluation

The Hannibal Board of Public Works scored a 100% on this year's safety evaluation. Very few utilities earn this high score. In fact, of the 80 utilities in Missouri, only nine, which includes Hannibal, have earned a perfect score on their evaluation. HBPW has earned a perfect safety evaluation 16 out of 17 previous years.



American Public Power Association Certificate of Excellence in Reliability (eReliability Tracker)

2017

The HBPW was awarded this certificate by achieving excellence in reliability by significantly outperforming the electric industry national averages as reported by the Energy Information Administration.



City of Hannibal, Missouri

Board of Public Works

Basic Financial Statements

And Management's Discussion and Analysis

For the Fiscal Year

Ending June 30, 2017



City of Hannibal, Missouri
Board of Public Works
Year Ended June 30, 2017
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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, 2017, 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, 2017, or the changes in financial position or cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report (Concluded)

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Electric, Water and Sewer funds of the City of Hannibal, Missouri, as of June 30, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and Schedule of Changes in Net Pension Liability and Schedule of Contributions on pages 3 through 5 and pages 24 through 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Wade Stables P.C.

Wade Stables P.C.

Certified Public Accountants

November 16, 2017
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, 2017
(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 and Sewer Departments, serving approximately 8,850 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, 2017. 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, 2017, by \$61,955,426 (net position). Of this amount, \$15,929,838 (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 \$3,420,054 for the year ended June 30, 2017. The increase in net position can be attributed to the Electric Department fund which ended the year with net income of \$2,273,158, the Water Department fund that ended the year with net income of \$902,922 and the Sewer Department fund that ended the year with net income of \$243,974.
- With the bond and lease proceeds received of \$11,287,118 and principal payments made of \$2,033,500, the total principal due on the HBPW's long-term debt increased by \$9,253,618 for the year ended June 30, 2017.
- Electric rates for the residential rate class remained the same for the residential rate class for the 2016-2017 year. An incentive rate to attract new industries was established in July 2011. The incentives offered gradually reduce to zero over a 48 month period. One customer has applied for the incentive rate since its inception.
- Water rates were increased 3.5% on July 1, 2016 for all rate classes. An industrial incentive rate similar to the electric incentive was established. No applications for the incentive rate were received during the year.
- Sewer rates were increased 4.5% on July 1, 2016 for all customers.

Overview of the Financial Statements

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

Fund Financial Statements

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

Notes to Financial Statements

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



City of Hannibal, Missouri
Board of Public Works
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)



Business-type Activities

Condensed Statement of Net Position

	2017	2016
Assets		
Current	\$ 22,729,340	\$ 19,856,670
Net capital assets	67,425,435	58,020,866
Other	2,129,215	2,157,890
Total Assets	\$ 92,283,990	\$ 80,035,426
Deferred Outflows	\$ 985,889	\$ 2,194,448
Liabilities		
Current	\$ 6,699,077	\$ 6,899,349
Long-term	24,148,962	16,308,667
Total Liabilities	\$ 30,848,039	\$ 23,208,016
Deferred Inflows	\$ 466,414	\$ 486,486
Net Position		
Net investment in capital assets	\$ 43,669,090	\$ 44,125,639
Restricted	2,356,498	1,003,720
Unrestricted	15,929,838	13,406,013
Total Net Position	\$ 61,955,426	\$ 58,535,372

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

	2017	2016
Operating Revenues	\$ 39,001,461	\$ 37,752,581
Less Operating Expenses	(35,579,370)	(36,553,382)
Total Operating Income	\$ 3,422,091	\$ 1,199,199
Non-Operating Revenues and Expenses		
Interest income	\$ 155,950	\$ 147,726
Interest expense	(586,503)	(506,180)
Other items (net)	428,516	289,132
Total Other Income (Expenses)	\$ (2,037)	\$ (69,322)
Change in Net Position	\$ 3,420,054	\$ 1,129,877
Net Position at beginning of period	58,535,372	57,668,753
Prior period adjustment	-	(263,258)
Net Position at end of period	\$ 61,955,426	\$ 58,535,372



City of Hannibal, Missouri
Board of Public Works
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2017
 (Unaudited)



Business-type Activities (Concluded)

The HBPW's most significant revenue in 2017 was charges for services for residential customers of \$14,434,188 and industrial customers of \$12,578,200.

	2017	2016
Operating Revenues		
Electric	\$ 29,331,000	\$ 28,478,236
Water	5,303,704	4,984,779
Sewer	4,366,757	4,289,566
Total	\$ 39,001,461	\$ 37,752,581

The HBPW's most significant expenses in 2017 were purchase of power of \$21,192,751 and salary and wages of \$4,103,752.

	2017	2016
Operating Expenses		
Electric	\$ 27,312,381	\$ 28,454,870
Water	4,304,528	4,247,156
Sewer	3,962,461	3,851,356
Total	\$ 35,579,370	\$ 36,553,382

Property, Plant and Equipment

At the end of the fiscal year 2017, the HBPW's total property, plant and equipment was \$67,425,435, net of accumulated depreciation.

OPERATING RESULTS

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

Retail electric customers provided \$25,331,603 for the year, which represents an increase of 1.19% from the previous year.

Retail water revenues were \$4,564,160 for the year compared to \$4,286,555 the previous year, for an increase of 6.48% from the previous year. Wholesale revenue was \$690,318, an increase of 6.43% from the previous year.

Retail sewer revenues were \$4,318,651 for the year compared to \$4,242,642 the previous year for an increase of 1.79% 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 \$1,696,051 were paid to the City of Hannibal. The HBPW remains financially sound at the conclusion of fiscal year 2016-2017. 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, 2017



	Electric Department	Water Department	Sewer Department	Total
Assets				
Current Assets:				
Cash	\$ 1,382,954	\$ 2,225,746	\$ 1,821,073	\$ 5,429,773
Restricted cash	1,390,145	345,432	7,921	1,743,498
Investments	7,874,000	673,835	613,000	9,160,835
Receivables (Net, where applicable, of allowances for uncollectible accounts):				
Customers	1,762,459	468,452	304,818	2,535,729
Other	357,822	7,689	235	365,746
Due from cities - current	25,243	-	-	25,243
Inventory	1,548,841	551,981	35,181	2,136,003
Prepaid expenses	1,107,121	112,696	112,696	1,332,513
Total Current Assets	\$ 15,448,585	\$ 4,385,831	\$ 2,894,924	\$ 22,729,340
Property, Plant and Equipment (Net of accumulated depreciation):	19,870,430	30,653,313	16,901,692	67,425,435
Other Assets:				
Other investment - land	505,055	-	-	505,055
Water rights	-	1,500,000	-	1,500,000
Prairie State Energy	84,403	-	-	84,403
Due from cities - long-term	39,757	-	-	39,757
Total Assets	\$ 35,948,230	\$ 36,539,144	\$ 19,796,616	\$ 92,283,990
Deferred Outflows of Resources				
Net difference between projected and actual earnings on pension plan investments	\$ 492,945	\$ 246,472	\$ 246,472	\$ 985,889
Liabilities				
Current Liabilities:				
Accounts payable	\$ 1,919,842	\$ 274,097	\$ 103,113	\$ 2,297,052
Customer deposits	454,930	98,920	99,532	653,382
Other accrued expenses	99,763	37,494	32,580	169,837
Accrued leave	617,123	157,075	125,106	899,304
Accrued interest	78,735	60,267	-	139,002
Current portion of long-term debt	1,383,210	887,290	270,000	2,540,500
Total Current Liabilities	\$ 4,553,603	\$ 1,515,143	\$ 630,331	\$ 6,699,077
Long-term Liabilities:				
Net pension liability	1,092,223	546,111	546,111	2,184,445
OPEB obligation	59,652	39,414	36,606	135,672
Long-term debt	5,299,250	11,149,595	5,380,000	21,828,845
Total Liabilities	\$ 11,004,728	\$ 13,250,263	\$ 6,593,048	\$ 30,848,039
Deferred Inflows of Resources				
Difference between expected and actual experience in the total pension liability	\$ 233,206	\$ 116,604	\$ 116,604	\$ 466,414
Net Position				
Net investment in capital assets	\$ 13,187,970	\$ 18,616,428	\$ 11,864,692	\$ 43,669,090
Restricted	1,390,145	345,432	620,921	2,356,498
Unrestricted	10,625,126	4,456,889	847,823	15,929,838
Total Net Position	\$ 25,203,241	\$ 23,418,749	\$ 13,333,436	\$ 61,955,426

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, 2017



	Electric Department	Water Department	Sewer Department	Total
Operating Revenues:				
Charges for services				
Residential	\$ 9,243,653	\$ 2,605,410	\$ 2,585,125	\$ 14,434,188
Commercial	3,513,601	1,958,750	1,729,675	7,202,026
Industrial	12,574,349	-	3,851	12,578,200
Wholesale	-	690,318	-	690,318
Penalties	172,612	49,226	48,106	269,944
Prairie State Energy sales	3,826,785	-	-	3,826,785
Total Operating Revenues	<u>\$ 29,331,000</u>	<u>\$ 5,303,704</u>	<u>\$ 4,366,757</u>	<u>\$ 39,001,461</u>
Operating Expenses:				
Purchased power	\$ 21,192,751	\$ -	\$ -	\$ 21,192,751
Salaries and wages	1,804,312	1,192,186	1,107,254	4,103,752
Benefits	1,203,880	604,129	602,086	2,410,095
Purchased services	707,119	309,695	270,465	1,287,279
Supplies	286,814	847,389	203,489	1,337,692
Noncapitalized equipment	33,688	29,079	21,496	84,263
Uncollectible accounts expense	21,968	1,968	15,858	39,794
Other objects	906,073	716,774	991,313	2,614,160
Depreciation	1,152,343	603,308	750,500	2,506,151
Amortization	3,433	-	-	3,433
Total Operating Expenses	<u>\$ 27,312,381</u>	<u>\$ 4,304,528</u>	<u>\$ 3,962,461</u>	<u>\$ 35,579,370</u>
Income (Loss) from Operations	<u>\$ 2,018,619</u>	<u>\$ 999,176</u>	<u>\$ 404,296</u>	<u>\$ 3,422,091</u>
Non-Operating Revenue (Expense)				
Interest income	\$ 104,832	\$ 17,141	\$ 33,977	\$ 155,950
Rental income	10,100	-	-	10,100
Miscellaneous	331,465	51,883	35,068	418,416
Interest expense/fees	(191,858)	(165,278)	(229,367)	(586,503)
Total Non-Operating Revenue (Expense)	<u>\$ 254,539</u>	<u>\$ (96,254)</u>	<u>\$ (160,322)</u>	<u>\$ (2,037)</u>
Net Income (Loss)	<u>\$ 2,273,158</u>	<u>\$ 902,922</u>	<u>\$ 243,974</u>	<u>\$ 3,420,054</u>
Net Position, Beginning of Year	<u>22,930,083</u>	<u>22,515,827</u>	<u>13,089,462</u>	<u>58,535,372</u>
Net Position, End of Year	<u>\$ 25,203,241</u>	<u>\$ 23,418,749</u>	<u>\$ 13,333,436</u>	<u>\$ 61,955,426</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, 2017



	Electric Fund	Water Fund	Sewer Fund	Total
Cash Flows from Operating Activities:				
Receipts from customers	\$ 29,395,190	\$ 5,198,456	\$ 4,334,561	\$ 38,928,207
Payments to suppliers	(24,873,151)	(2,766,041)	(2,234,971)	(29,874,163)
Payments to employees	(1,666,329)	(1,117,701)	(1,044,185)	(3,828,215)
Net Cash Flows Provided By (Used In) Operating Activities	\$ 2,855,710	\$ 1,314,714	\$ 1,055,405	\$ 5,225,829
Cash Flows from Investing Activities:				
Interest revenue	\$ 104,832	\$ 17,141	\$ 33,977	\$ 155,950
Increase (decrease) short-term investments	4,433	-	-	4,433
Additions to capital assets	(5,622,777)	(5,428,725)	(859,218)	(11,910,720)
Other revenue	341,565	51,883	35,068	428,516
Net Cash Flows Provided By (Used In) Investing Activities	\$ (5,171,947)	\$ (5,359,701)	\$ (790,173)	\$ (11,321,821)
Cash Flows from Capital Financing Activities:				
Due from cities	\$ 24,279	\$ -	\$ -	\$ 24,279
Principal paid on capital debt	(934,450)	(834,050)	(265,000)	(2,033,500)
Debt proceeds	5,510,000	5,777,117	-	11,287,117
Interest expense paid	(113,123)	(130,709)	(229,367)	(473,199)
Net Cash Provided By (Used In) Capital Financing Activities	\$ 4,486,706	\$ 4,812,358	\$ (494,367)	\$ 8,804,697
Net Increase (Decrease) in Cash	\$ 2,170,469	\$ 767,371	\$ (229,135)	\$ 2,708,705
Cash at Beginning of Year	602,630	1,803,807	2,058,129	4,464,566
Cash at End of Year	\$ 2,773,099	\$ 2,571,178	\$ 1,828,994	\$ 7,173,271

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, 2017



	Electric Fund	Water Fund	Sewer Fund	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income (loss)	\$ 2,018,619	\$ 999,176	\$ 404,296	\$ 3,422,091
Adjustments to reconcile net income to net cash provided by:				
Depreciation	1,152,343	603,308	750,500	2,506,151
Changes in operating assets and liabilities				
(Increase) decrease in:				
Accounts receivable - customers	93,041	(122,953)	(32,727)	(62,639)
Accounts receivable - other	(50,511)	17,190	976	(32,345)
Inventories	(38,928)	(39,633)	(2,388)	(80,949)
Prepaid expenses	19,217	(3,642)	(3,644)	11,931
Increase (decrease) in:				
Accounts payable	(524,081)	(229,447)	(134,619)	(888,147)
Accrued expenses	14,411	9,738	4,408	28,557
OPEB obligation	14,471	10,231	8,188	32,890
Net pension obligation	125,637	62,819	62,818	251,274
Customer deposits	21,660	515	(445)	21,730
Accrued leave	9,831	7,412	(1,958)	15,285
Net Cash Provided by (used in) Operating Activities	\$ 2,855,710	\$ 1,314,714	\$ 1,055,405	\$ 5,225,829

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



City of Hannibal, Missouri
Board of Public Works
Notes to Financial Statements
June 30, 2017



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, and sewer 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 three enterprise funds: electric utility, water utility and sewer 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 and Sewer 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 2017, based on estimates of useful lives, were as follows:

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

Investments:

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

Inventories:

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



City of Hannibal, Missouri
Board of Public Works
Notes to Financial Statements
June 30, 2017



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, 2017.

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 \$2,535,729 for year ended June 30, 2017. The allowance for uncollectible accounts was \$140,000 at June 30, 2017.

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, 2017 consisted of \$1,390,145 restricted for capital projects and \$966,353 restricted for debt service. It is HBPW's policy to expend restricted resources first if the restrictions are met.



City of Hannibal, Missouri
Board of Public Works
 Notes to Financial Statements
 June 30, 2017



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	\$	1,152,343
Water		603,308
Sewer		750,500
Total	<u>\$</u>	<u>2,506,151</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 authorized investment held by the HBPW agents in the HBPW's name.

The following represents the HBPW's total cash and investments at June 30, 2017:

Checking/money market accounts	\$	5,429,773
Certificates of deposit		7,874,000
Other short term investments		673,835
Debt service accounts		2,356,498
Total	<u>\$</u>	<u>16,334,106</u>

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

FDIC Insured	\$	6,958,667
Collateralized with securities held by the pledging financial institution's trust department or agent in the HPBW's name		6,021,991
Invested in U.S. Money Market Funds		2,179,811
Invested in FNMA and FFCB debt securities		1,245,000
Total	<u>\$</u>	<u>16,405,469</u>

These cash and investments are included in the following balance sheet accounts at June 30, 2017:

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Cash	\$ 1,382,954	\$ 2,225,746	\$ 1,821,073	\$ 5,429,773
Short term investments	7,874,000	673,835	-	8,547,835
Debt service accounts	1,390,145	345,432	620,921	2,356,498
Total	<u>\$ 10,647,099</u>	<u>\$ 3,245,013</u>	<u>\$ 2,441,994</u>	<u>\$ 16,334,106</u>



City of Hannibal, Missouri
Board of Public Works
 Notes to Financial Statements
 June 30, 2017



4. Long-Term Debt Obligations

For the year ended June 30, 2017, the changes in long-term debt are as follows:

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017
Lease Purchase Agreement	\$ 1,215,000	\$ -	\$ (385,000)	\$ 830,000
Lease Purchase Agreement	1,552,000	-	(795,000)	757,000
Lease Purchase Agreement	-	5,510,000	-	5,510,000
Revenue Bonds	5,826,227	5,777,118	(521,000)	11,082,345
Escrow Trust Agreement	607,500	-	(67,500)	540,000
Revenue Bonds	5,915,000	-	(265,000)	5,650,000
Total	\$ 15,115,727	\$ 11,287,118	\$ (2,033,500)	\$ 24,369,345

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

	2017
\$4,660,000 Lease Purchase Agreement - Missouri Association of Municipal Utilities	\$ 830,000
\$6,971,000 Lease Purchase Agreement - Missouri Association of Municipal Utilities - Series 2006-A	757,000
\$12,960,000 Waterworks Revenue Bonds, Series 2015, due 2036	11,082,345
\$1,500,000 Escrow Trust Agreement - Due to PWSD #1	540,000
\$5,510,000 Lease Purchase Agreement - Commerce Bank	5,510,000
\$6,430,000 Sewerage System Revenue Bonds, Series 2013, due 2034	5,650,000
Total	\$ 24,369,345
Less: Current portion long-term debt	(2,540,500)
Net Long-Term Debt	\$ 21,828,845

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,	
2018	\$ 438,549
2019	438,737
	\$ 877,286
Less Amounts Representing Interest	(47,286)
	\$ 830,000



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.

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

Fiscal Year	
June 30,	
2018	\$ 770,364
	<u>\$ 770,364</u>
Less Amounts	
Representing Interest	(13,364)
	<u>\$ 757,000</u>

Lease Purchase Agreement – Commerce Bank

The HBPW has 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,	
2018	\$ 644,228
2019	647,679
2020	643,028
2021	643,408
2022	647,702
2023-2027	<u>3,225,228</u>
	<u>\$ 6,451,273</u>
Less Amounts	
Representing Interest	(941,273)
	<u>\$ 5,510,000</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.



City of Hannibal, Missouri
Board of Public Works
Notes to Financial Statements
June 30, 2017



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 department. The HBPW has determined no impairment of this asset as of June 30, 2017.

The payment schedule is as follows:

Fiscal Year	
June 30	
2018	\$ 67,500
2019	67,500
2020	67,500
2021	67,500
2022	67,500
2023-2025	202,500
	<u>\$ 540,000</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	Principal	Interest	Total
June 30,			
2018	\$ -	\$ 226,399	\$ 226,399
2019	270,000	221,049	491,049
2020	275,000	215,255	490,255
2021	280,000	208,486	488,486
2022	290,000	200,461	490,461
2023-2027	1,615,000	843,955	2,458,955
2028-2032	1,985,000	469,052	2,454,052
2033-2034	935,000	46,191	981,191
	<u>\$ 5,650,000</u>	<u>\$ 2,430,848</u>	<u>\$ 8,080,848</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, 2017, 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.



City of Hannibal, Missouri
Board of Public Works
Notes to Financial Statements
June 30, 2017



4. Long-Term Debt Obligations (Continued)

The payment schedule is as follows:

Fiscal Year June 30,	Principal	Interest	Total
2018	\$ 571,000	\$ 151,278	\$ 722,278
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
2023-2027	3,230,000	495,259	3,725,259
2028-2032	3,529,000	288,490	3,817,490
2033-2034	1,365,345	68,672	1,434,017
	<u>\$ 11,082,345</u>	<u>\$ 1,537,015</u>	<u>\$ 12,619,360</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 68 municipal members (as of December 31, 2016) and five advisory members 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. MJMEUC capitalized its total costs incurred in development and construction of Prairie State and is recovering those costs through monthly capacity charges.



4. Long-Term Debt Obligations (Concluded)

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. Other Non-Current Liabilities

In accordance with Government Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the HBPW is required to account for a liability if the HBPW 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 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. For the year ended June 30, 2017, the HBPW had accumulated a liability of \$144,928.

6. 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.

	2017 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, 2017, 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	8
Active employees	62
Total	133



6. Pension Plan (Continued)

Contributions:

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 19.6% of annual covered payroll.

Net Pension Liability:

The employer's net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2017.

Actuarial Assumptions:

The total pension liability in the February 28, 2017 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%	5.29%
Fixed Income	26.00%	2.93%
Real Assets	21.00%	3.31%
Strategic Assets	10.00%	5.73%

Discount Rate:

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



City of Hannibal, Missouri
Board of Public Works
 Notes to Financial Statements
 June 30, 2017



6. 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 6/30/2016	\$ 20,407,638	\$ 17,285,982	\$ 3,121,656
Changes for the year:			
Service Cost	\$ 384,213	\$ -	
Interest	1,453,217	-	
Difference between expected and actual experience	(142,897)	-	
Changes in assumptions	-	-	
Contributions-employer	-	659,410	
Contributions-employee	-	-	
Net investment income	-	2,005,620	
Benefits payments, including refunds	(1,123,670)	(1,123,670)	
Administrative expense	-	(11,377)	
Other changes	-	(21,909)	
Net changes	<u>\$ 570,863</u>	<u>\$ 1,508,074</u>	<u>\$ (937,211)</u>
Balances at 6/30/2017	<u>\$ 20,978,501</u>	<u>\$ 18,794,056</u>	<u>\$ 2,184,445</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 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
	Total Pension Liability	\$ 23,779,650	\$ 20,978,501
Plan Fiduciary Net Position	18,794,056	18,794,056	18,794,056
Net Pension Liability/(Asset)	<u>\$ 4,985,594</u>	<u>\$ 2,184,445</u>	<u>\$ (128,486)</u>

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

For the year ended June 30, 2017, the employer recognized pension expense of \$910,686. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:



City of Hannibal, Missouri
Board of Public Works
 Notes to Financial Statements
 June 30, 2017



6. Pension Plan (Concluded)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (486,486)
Changes in assumptions	551,587	-
Net difference between projected and actual earnings		
on pension plan investments	1,642,861	-
Payment made by City by Measurement but not a contribution on LAGERS report	-	-
Total	\$ 2,194,448	\$ (486,486)

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
2018	\$ 275,483
2019	275,485
2020	144,431
2021	(173,012)
2022	(2,912)
Thereafter	-
Total	\$ 519,475

Payable to the Pension Plan

At June 30, 2017, the HBPW reported a payable of \$53,406 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

7. 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.

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, 2017 were as follows:



City of Hannibal, Missouri
Board of Public Works
 Notes to Financial Statements
 June 30, 2017



7. Health Insurance Plan for Retired Employees (Continued)

Annual required contribution	\$	127,921
Interest on net OPEB obligation		2,328
Adjustment to annual required contribution		<u>(2,995)</u>
Annual OPEB cost	\$	127,254
Contributions made		<u>(91,000)</u>
Increase (Decrease) in net OPEB obligation	\$	36,254
Net OPEB obligation, beginning of year		66,528
Net OPEB obligation, end of year	\$	<u><u>102,782</u></u>

The annual required contribution for the year ended June 30, 2017, was determined as part of the July 1, 2015 actuarial valuation using the Projected Unit Actuarial Cost method. The actuarial assumptions at July 1, 2015, 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-2015 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.

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 HBPW. 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, 2015, the most recent actuarial valuation date, the Plan was 0.0 percent funded. The actuarial accrued liability for benefits was \$1,054,672 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,054,672. The covered payroll (annual payroll of active employees covered by the plan) was \$3,332,655 and the ratio of the UAAL to covered payroll was 31.6 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
2013	\$ 118,540	\$ 128,000	108.0%	\$ 74,894
2014	118,985	121,000	101.7%	72,879
2015	94,649	101,000	106.7%	66,528
2016	127,254	91,000	71.5%	102,782
2017	126,890	94,000	74.1%	135,672



City of Hannibal, Missouri
Board of Public Works
 Notes to Financial Statements
 June 30, 2017



7. Health Insurance Plan for Retired Employees (Concluded)

At July 1, 2015, the Plan membership consisted of:

Retirees and beneficiaries receiving benefits	12
Active members	62
Total members	74

8. Accrued Leave

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

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

	Electric	Water	Sewer
Vacation/Personal	\$ 104,798	\$ 22,496	\$ 27,234
Sick	512,325	134,579	97,872
	\$ 617,123	\$ 157,075	\$ 125,106

9. 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	84,403
	\$ 589,458

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, 2017, amounted to \$3,433.

10. 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
2018	\$ 25,243	\$ 2,177	\$ 27,420
2019	26,246	1,174	27,420
2020	13,511	198	13,709
Total	\$ 65,000	\$ 3,549	\$ 68,549



City of Hannibal, Missouri
Board of Public Works
Notes to Financial Statements
June 30, 2017



11. Pending Litigation

On March 1, 2016, four plaintiffs filed a putative class action petition against HBPW, the City and the Missouri Department of Natural Resources. Plaintiffs allege that the defendants failed to provide them safe drinking water. Plaintiffs claim that, from 2011 to 2016, disinfection byproducts in the water sold to them, specifically total trihalomethanes (TTHMs), exceeded federally permitted thresholds. Plaintiffs claim 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. Plaintiffs are seeking an unspecified amount of monetary damages, the costs of medical monitoring, attorney fees and punitive damages.

In July 2016, HBPW successfully defeated Plaintiffs' Missouri Merchandising Practices Act claim. After Plaintiffs amended their petition, HBPW successfully defeated Plaintiff's strict liability-abnormality dangerous/ultra-hazardous activities claim. Throughout 2016 and 2017, the parties engaged in written discovery on class certification issues. Fact discovery on class certification issues closed at the end of August 2017. The parties are now involved in class certification expert discovery, which will then be followed by briefing on class certification and a hearing on class certification.

HBPW will oppose class certification of the case. The case has not yet been set for trial and HBPW expects, even if a class is certified, that a discovery period will focus on the merits of the claim. HBPW is a member of MIRMA. MIRMA has assigned counsel and is paying for defense costs.

HBPW intends to vigorously oppose class certification of the case and to defend the claims made. To date, there has been no assertion by the Plaintiffs as to a calculation of their alleged damages, either individually or for the putative case.

12. Subsequent Events

Subsequent events have been evaluated through November 16, 2017, 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, 2017



	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability			
Service Cost	\$ 384,213	\$ 396,111	\$ 412,341
Interest on Total Pension Liability	1,453,217	1,381,075	1,362,410
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(142,897)	(313,060)	(382,273)
Changes of assumptions	-	685,338	-
Benefit payments, including refunds	<u>(1,123,670)</u>	<u>(1,172,585)</u>	<u>(1,083,083)</u>
Net change in total pension liability	\$ 570,863	\$ 976,879	\$ 309,395
Total pension liability-beginning	<u>20,407,638</u>	<u>19,430,759</u>	<u>19,121,364</u>
Total pension liability-ending (a)	<u>\$ 20,978,501</u>	<u>\$ 20,407,638</u>	<u>\$ 19,430,759</u>
Plan Fiduciary Net Position			
Contributions-employer	\$ 659,410	\$ 653,218	\$ 731,733
Contributions-employee	-	25,792	-
Net investment income	2,005,620	(45,644)	360,839
Benefit payments, including refunds	(1,123,670)	(1,172,585)	(1,083,083)
Pension plan administrative expense	(11,377)	(10,849)	(11,836)
Other (Net Transfer)	<u>(21,909)</u>	<u>(343,369)</u>	<u>(427,100)</u>
Net change in plan fiduciary net position	\$ 1,508,074	\$ (893,437)	\$ (429,447)
Plan fiduciary net position-beginning	<u>17,285,982</u>	<u>18,179,419</u>	<u>18,608,866</u>
Plan fiduciary net position-ending (b)	<u>\$ 18,794,056</u>	<u>\$ 17,285,982</u>	<u>\$ 18,179,419</u>
Net pension liability/(asset)-ending (a) - (b)	\$ 2,184,445	\$ 3,121,656	\$ 1,251,340
Plan fiduciary net position as a percentage of the total pension liability	89.59%	84.70%	93.56%
Covered-employee payroll	\$ 3,635,860	\$ 3,587,196	\$ 3,722,920
Net pension liability as a percentage of covered employee payroll	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 Contributions
 June 30, 2017



	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 659,410	\$ 653,218	\$ 731,733	\$ 731,346	\$ 689,510
Contributions in relation to the actuarially determined contribution	659,410	653,218	731,733	720,152	664,107
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,194</u>	<u>\$ 25,403</u>
Covered employee payroll	\$ 3,746,646	\$ 3,711,467	\$ 3,771,818	\$ 3,731,356	\$ 3,629,000
Contributions as a percentage of covered employee payroll	17.60%	17.60%	19.40%	19.30%	18.30%
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarially determined contribution	\$ 591,382	\$ 587,691	\$ 488,786	\$ 518,746	\$ 520,374
Contributions in relation to the actuarially determined contribution	559,066	509,541	488,786	518,746	520,374
Contribution deficiency (excess)	<u>\$ 32,316</u>	<u>\$ 78,150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 3,231,596	\$ 3,126,017	\$ 3,194,679	\$ 3,412,805	\$ 3,212,187
Contributions as a percentage of covered employee payroll	17.30%	16.30%	15.30%	15.20%	16.20%

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



City of Hannibal, Missouri
Board of Public Works
Schedule of Contributions
June 30, 2017



Notes to Schedule

Valuation Date February 28, 2017

Notes: The roll-forward of total pension liability from February 28, 2017 to June 30, 2017 reflects expected service cost and interest reduced by actual benefit payments and administrative expenses.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method Entry Age Normal

Amortization Method 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 12 to 18 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 and administrative 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

Supplementary Schedules



City of Hannibal, Missouri
Board of Public Works
 Electric Department
 Plant Assets and Depreciation Schedule
 Year Ended June 30, 2017



	Cost 6/30/2016	Additions	Retirements and Other	Cost 6/30/2017	Accumulated Depreciation 6/30/2016	Depreciation for the Year	Retirements	Accumulated Depreciation 6/30/2017
Equipment	\$ 8,881,577	\$ 207,373	\$ 6,702	\$ 9,082,248	\$ 6,414,692	\$ 423,743	\$ 6,702	\$ 6,831,733
Transportation equipment	1,566,077	240,982	-	1,807,059	873,580	114,494	-	988,074
Infrastructure	18,724,844	501,878	-	19,226,722	7,790,569	606,248	-	8,396,817
Land and improvements	131,419	-	-	131,419	10,030	101	-	10,131
Structures	1,578,803	122,940	-	1,701,743	1,096,430	7,757	-	1,104,187
Total Utility Plant in Service	\$ 30,882,720	\$ 1,073,173	\$ 6,702	\$ 31,949,191	\$ 16,185,301	\$ 1,152,343	\$ 6,702	\$ 17,330,942
Construction in Progress	702,577	4,549,604	-	5,252,181	-	-	-	-
Total Utility Plant	\$ 31,585,297	\$ 5,622,777	\$ 6,702	\$ 37,201,372	\$ 16,185,301	\$ 1,152,343	\$ 6,702	\$ 17,330,942

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, 2017



	Cost 6/30/2016	Additions	Retirements and Other	Cost 6/30/2017	Accumulated Depreciation 6/30/2016	Depreciation for the Year	Retirements	Accumulated Depreciation 6/30/2017
Equipment	\$ 366,888	\$ 140,983	\$ 3,188	\$ 504,683	\$ 177,975	\$ 35,346	\$ 3,188	\$ 210,133
Transportation equipment	423,737	99,500	-	523,237	209,921	39,997	-	249,918
Infrastructure	27,597,071	337,452	-	27,934,523	10,238,474	521,228	-	10,759,702
Land and improvements	108,675	-	-	108,675	-	-	-	-
Structures	669,798	11,295	-	681,093	545,306	6,737	-	552,043
Total Utility Plant in Service	\$ 29,166,169	\$ 589,230	\$ 3,188	\$ 29,752,211	\$ 11,171,676	\$ 603,308	\$ 3,188	\$ 11,771,796
Construction in Progress	\$ 7,833,403	\$ 4,839,495	\$ -	\$ 12,672,898	\$ -	\$ -	\$ -	\$ -
Total Utility Plant	\$ 36,999,572	\$ 5,428,725	\$ 3,188	\$ 42,425,109	\$ 11,171,676	\$ 603,308	\$ 3,188	\$ 11,771,796

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



City of Hannibal, Missouri
Board of Public Works
 Sewer Department
 Plant Assets and Depreciation Schedule
 Year Ended June 30, 2017



	Cost 6/30/2016	Additions	Retirements and Other	Cost 6/30/2017	Accumulated Depreciation 6/30/2016	Depreciation for the Year	Retirements	Accumulated Depreciation 6/30/2017
Equipment	\$ 898,663	\$ 148,810	\$ 3,187	\$ 1,044,286	\$ 343,166	\$ 105,192	\$ 3,187	\$ 445,171
Transportation equipment	902,029	87,900	-	989,929	557,022	76,317	-	633,339
Infrastructure	28,297,276	1,272,216	-	29,569,492	18,339,848	563,082	-	18,902,930
Land and improvements	518,543	-	-	518,543	-	-	-	-
Structures	197,654	4,339,488	-	4,537,142	101,035	5,909	-	106,944
Total Utility Plant in Service	\$ 30,814,165	\$ 5,848,414	\$ 3,187	\$ 36,659,392	\$ 19,341,071	\$ 750,500	\$ 3,187	\$ 20,088,384
Construction in Progress	5,319,880	-	4,989,196	330,684	-	-	-	-
Total Utility Plant	\$ 36,134,045	\$ 5,848,414	\$ 4,992,383	\$ 36,990,076	\$ 19,341,071	\$ 750,500	\$ 3,187	\$ 20,088,384

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



City of Hannibal, Missouri
Board of Public Works
 Schedule of Investments
 June 30, 2017



Description	Interest Rate	Maturity Date	Book Value	Market Value
Electric				
Unrestricted Temporary Cash Investments:				
United Prairie Bank CD	1.200%	8/21/2017	\$ 248,000	\$ 248,000
Bloomfield State Bank CD	0.850%	10/13/2017	245,000	245,000
Synovus Bank CD	1.200%	11/6/2017	245,000	245,000
Dollar Bank CD	1.200%	11/17/2017	245,000	245,000
Mercantile Commerce Bank CD	1.200%	11/20/2017	248,000	248,000
Capital Bank/Miami CD	1.150%	3/19/2018	248,000	248,000
Compass Bank CD	1.150%	5/7/2018	245,000	245,000
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	1.650%	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
Total Unrestricted Temporary Cash Investments			<u>\$ 7,874,000</u>	<u>\$ 7,874,000</u>
Water				
Restricted Temporary Cash Investments:				
Bank of New York Mellon Trust Company N.A. - Treasury Bonds			<u>\$ 673,835</u>	<u>\$ 673,835</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, 2017



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>\$ 9,160,835</u>	<u>\$ 9,160,835</u>



City of Hannibal, Missouri
Board of Public Works
 Schedule of Top Ten Utility Customers
 Year Ended June 30, 2017



Electric

Rank	Consumer	Annual Kilowatt Hours	Percent of Total
1	General Mills	39,690,975	15.48%
2	Spartan Light Metal Products	15,425,200	6.02%
3	Buckhorn Rubber Products	12,578,560	4.91%
4	Enduro Industries LLC	10,480,400	4.09%
5	Watlow Industries	8,503,950	3.32%
6	Board of Public Works	7,999,247	3.12%
7	Hannibal-LaGrange University	4,973,094	1.94%
8	Walmart	4,748,200	1.85%
9	Niemann Foods Inc.	4,095,640	1.60%
10	Cosmoflex Inc.	3,090,500	1.21%

Water

Rank	Consumer	Annual Gallons	Percent of Total
1	Ralls County Water District #1	157,716,279	17.93%
2	General Mills	144,522,210	16.43%
3	Board of Public Works	105,386,120	11.98%
4	Hannibal Regional Hospital	13,739,502	1.56%
5	Cosmoflex Inc.	10,986,797	1.25%
6	Levering Care Center	9,087,680	1.03%
7	Watlow Industries	8,451,250	0.96%
8	Hannibal-LaGrange University	8,244,549	0.94%
9	Jai Shri Ram	5,101,640	0.58%
10	Buckhorn Rubber Products	3,958,120	0.45%

Sewer

Rank	Consumer	Annual Gallons	Percent of Total
1	General Mills	n/a *	n/a
2	Hannibal Regional Hospital	13,739,502	2.34%
3	Levering Care Center	9,087,680	1.55%
4	Hannibal-LaGrange University	6,950,321	1.18%
5	Jai Shri Ram	5,101,640	0.87%
6	Spartan Light Metal Products	3,881,060	0.66%
7	SWB Hospitality LLC	3,165,900	0.54%
8	Beth Haven Nursing Home	3,094,130	0.53%
9	Luther Manor	3,031,190	0.52%
10	Beth Haven Terr West	2,707,060	0.46%

* 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 17% of Sewer Fund revenues.

**Comparative Statement
of Operating Factors**



City of Hannibal, Missouri
Board of Public Works
 Electric Department
 Comparative Statement of Operating Factors
 Years Ended June 30, 2017 and 2016



	<u>Unit</u>	<u>2017</u>	<u>2016</u>
Population served per 2010 Census		17,757	17,757
Number of customers per 100 population		49.84	50.13
Maximum peak load operation	KW	57	59
Investment per capita	\$	2,095.03	1,778.75
Total operating revenue per \$100.00 investment	\$	78.84	90.16
Ratio of total operation expense to total operating revenue	%	93.12%	99.92%
Operating profit (loss) per \$100.00 investment	\$	5.43	0.07
Total purchased power cost per kWh	\$	0.0788	0.0829
Average price received per kWh sold	\$	0.1146	0.1108
Operating profit (loss) per kWh sold	\$	0.0089	0.0008
Average residential use	kWh	10,209	9,947
Total kWh purchased	kWh	268,829,146	270,534,837
Total kWh sold	kWh	255,877,344	257,026,218
Customers at end of year:			
Residential		7,660	7,658
Commercial		1,072	1,104
Industrial		118	140
		<u>8,850</u>	<u>8,902</u>



City of Hannibal, Missouri
Board of Public Works
 Water Department
 Comparative Statement of Operating Factors
 Years Ended June 30, 2017 and 2016



	<u>Unit</u>	<u>2017</u>	<u>2016</u>
Population served per 2010 Census		17,757	17,757
Number of customers per 100 population		43.12	42.43
Capacity per day	Gallon	7,500,000	7,500,000
Maximum production per day	Gallon	7,400,000	3,989,974
Average production per day	Gallon	3,313,532	3,252,523
Investment per 1,000 gallons sold	\$	48.23	43.62
Investment per capita	\$	2,389.20	2,083.66
Total Revenue per \$100.00 investment	\$	12.50	13.47
Ratio of operating expenses to operating revenue	%	81.16%	85.20%
Operating profit (loss) per \$100.00 investment	\$	2.36	1.99
Average price received per 1,000 gallons	\$	6.03	5.88
Average cost per 1,000 gallons	\$	4.89	5.01
Customers at end of year:			
Residential		6,840	6,711
Commercial		795	802
Industrial		21	21
Other public authorities		1	1
		<u>7,657</u>	<u>7,535</u>



City of Hannibal, Missouri
Board of Public Works
 Sewer Department
 Comparative Statement of Operating Factors
 Years Ended June 30, 2017 and 2016



	<u>Unit</u>	<u>2017</u>	<u>2016</u>
Population served per 2010 Census		17,757	17,757
Number of customers per 100 population		42.53	42.64
Investment per capita	\$	2,083.13	2,034.92
Total revenue per \$100.00 investment	\$	11.81	11.87
Ratio of total operation expense to total operating revenue	%	90.74%	89.78%
Operating profit (loss) per \$100.00 investment	\$	1.09	1.21
Total treatment cost per million gallons	\$	2,681.35	2,509.83
Average price received per million gallons treated	\$	2,954.94	2,795.40
Operating profit (loss) per million gallons treated	\$	273.58	285.57
Total gallons treated	Gallons	1,477,783,900	1,534,510,000
Total gallons from water plant	Gallons	1,209,439	1,187,170,906
Customers at end of year:			
Residential		6,790	6,809
Commercial		748	746
Industrial		14	16
		<u>7,552</u>	<u>7,571</u>