

# **City of Hannibal, Missouri**

## **Board of Public Works**

### **Basic Financial Statements**

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

### **For the Fiscal Year**

**Ending June 30, 2019**

**City of Hannibal, Missouri**  
**Board of Public Works**  
Year Ended June 30, 2019  
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## **Financial Section**



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## **Independent Auditor's Report**

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

We have audited the accompanying financial statements of the Electric, Water, Sewer, and Stormwater funds (Board of Public Works) of the City of Hannibal, Missouri, as of and for the year ended June 30, 2019, and the related notes to the financial statements, as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Basis for Adverse Opinion**

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

### **Adverse Opinion**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion" paragraph, the financial statements referred to above do not present fairly the financial position of City of Hannibal, Missouri as of June 30, 2019, or the changes in financial position or cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

### **Unmodified Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Electric, Water, Sewer and Stormwater funds of the City of Hannibal, Missouri, as of June 30, 2019, 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, Schedule of Pension Contributions, Schedule of Changes in Total OPEB Liability and Schedule of OPEB Contributions on pages 3 through 5 and pages 25 through 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hannibal's Board of Public Works' basic financial statements. The supplementary schedules and statistical section on pages 31 through 39 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

December 16, 2019  
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, 2019  
(Unaudited)

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## **Introduction**

The Hannibal Board of Public Works of Hannibal, Missouri (the "HBPW") is a municipally owned utility of the City of Hannibal, Missouri (the "City"). The HBPW is comprised of the Electric, Water, Sewer and Stormwater funds, serving approximately 8,782 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, 2019. 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, 2019, by \$68,172,733 (net position). Of this amount, \$19,453,542 (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 \$2,699,428 for the year ended June 30, 2019. The increase in net position can be attributed to the Electric fund which increased by \$1,466,579, the Water fund which increased by \$1,035,664, the Sewer fund which increased \$772,245 and the Stormwater fund which decreased by \$575,060.
- With the bond and lease proceeds received of \$10,382,697 and principal payments made of \$1,574,500, the total principal due on the HBPW's long-term debt increased by \$8,808,197 for the year ended June 30, 2019.
- Electric rates were unchanged from the prior year.
- Water rates were increased approximately 10.3% for the 2018-2019 year with the increases taking effect in July 2018 and January 2019. These increases were done to generate revenue sufficient to service the future debt service and operating expenses on the new water disinfection process as well as offset the expected loss of a large customer.
- Sewer rates were increased approximately 3.7% for all rate classes for the 2018-2019 year.

## **Overview of the Financial Statements**

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

## **Fund Financial Statements**

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

## **Notes to Financial Statements**

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

**City of Hannibal, Missouri**  
**Board of Public Works**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019  
(Unaudited)

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**Business-type Activities**

**Condensed Statement of Net Position**

	<u>2019</u>	<u>2018</u>
Assets		
Current	\$ 36,808,148	\$ 26,242,186
Net capital assets	69,887,367	68,570,298
Other	2,082,591	2,099,535
Total Assets	<u>\$ 108,778,106</u>	<u>\$ 96,912,019</u>
Deferred Outflows	<u>\$ 985,243</u>	<u>\$ 1,279,533</u>
Liabilities		
Current	\$ 7,408,199	\$ 7,504,196
Long-term	32,591,238	24,470,608
Total Liabilities	<u>\$ 39,999,437</u>	<u>\$ 31,974,804</u>
Deferred Inflows	<u>\$ 1,140,450</u>	<u>\$ 743,443</u>
Net Position		
Net investment in capital assets	\$ 38,990,668	\$ 46,481,796
Restricted	9,728,523	2,093,849
Unrestricted	19,453,542	16,897,660
Total Net Position	<u>\$ 68,172,733</u>	<u>\$ 65,473,305</u>

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

	<u>2019</u>	<u>2018</u>
Operating Revenues	\$ 35,712,919	\$ 35,776,778
Less Operating Expenses	(33,160,703)	(31,422,141)
Total Operating Income	<u>\$ 2,552,216</u>	<u>\$ 4,354,637</u>
Non-Operating Revenues and Expenses		
Interest income	\$ 421,121	\$ 256,649
Interest expense	(652,861)	(670,791)
Other items (net)	378,952	914,614
Total Other Income (Expenses)	<u>\$ 147,212</u>	<u>\$ 500,472</u>
Increase (decreased in net position)	\$ 2,699,428	\$ 4,855,109
Net Position at beginning of period	65,473,305	61,955,426
Prior period adjustment	-	(1,337,230)
Net Position at end of period	<u>\$ 68,172,733</u>	<u>\$ 65,473,305</u>



**City of Hannibal, Missouri**  
**Board of Public Works**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2019  
(Unaudited)

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**Business-type Activities (Concluded)**

The HBPW's most significant revenue in 2019 was charges for services for residential customers of \$15,153,629, industrial customers of \$11,309,592 and commercial customers of \$8,175,541.

	<u>2019</u>	<u>2018</u>
Operating Revenues		
Electric	\$ 24,346,718	\$ 25,298,644
Water	6,042,498	5,548,237
Sewer	5,323,703	4,929,897
Stormwater	-	-
Total	<u>\$ 35,712,919</u>	<u>\$ 35,776,778</u>

The HBPW's most significant expenses in 2019 were purchase of power of \$16,040,646 and salary and wages of \$4,398,962.

	<u>2019</u>	<u>2018</u>
Operating Expenses		
Electric	\$ 23,187,823	\$ 22,151,903
Water	4,901,102	4,652,880
Sewer	4,516,218	4,299,296
Stormwater	555,560	318,062
Total	<u>\$ 33,160,703</u>	<u>\$ 31,422,141</u>

**Property, Plant and Equipment**

At the end of the fiscal year 2019, the HBPW's total property, plant and equipment was \$69,887,367, net of accumulated depreciation.

**OPERATING RESULTS**

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

Retail electric customers provided \$24,174,743 for the year, which represents a decrease of 3.79% from the previous year.

Retail water revenues were \$5,189,364 for the year compared to \$4,795,374 the previous year, for an increase of 8.22% from the previous year. Wholesale revenue was \$799,220, an increase of 13.68% from the previous year.

Retail sewer revenues were \$5,274,655 for the year compared to \$4,881,517 the previous year for an increase of 8.05% 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 \$1,727,110 were paid to the City of Hannibal. The HBPW remains financially sound at the conclusion of fiscal year 2018-2019. 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, 2019

	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Total
<b>Assets</b>					
Current Assets:					
Cash	\$ 4,769,592	\$ 3,574,931	\$ 2,415,312	\$ 122,724	\$ 10,882,559
Restricted cash	495,199	8,223,277	397,047	-	9,115,523
Investments	8,140,000	610,531	613,000	-	9,363,531
Receivables (Net, where applicable, of allowances for uncollectible accounts):					
Customers	1,507,539	437,438	352,685	-	2,297,662
Other	375,550	221	868	-	376,639
Due from other funds - current	1,018,337	-	-	-	1,018,337
Due from cities - current	213,511	-	-	-	213,511
Inventory	1,539,171	635,964	49,761	-	2,224,896
Prepaid expenses	1,097,468	109,011	109,011	-	1,315,490
Total Current Assets	\$ 19,156,367	\$ 13,591,373	\$ 3,937,684	\$ 122,724	\$ 36,808,148
Property, Plant and Equipment (Net of accumulated depreciation):	19,463,038	33,174,502	17,249,827	-	69,887,367
Other investment - land	505,055	-	-	-	505,055
Water rights	-	1,500,000	-	-	1,500,000
Prairie State Energy	77,536	-	-	-	77,536
<b>Total Assets</b>	<b>\$ 39,201,996</b>	<b>\$ 48,265,875</b>	<b>\$ 21,187,511</b>	<b>\$ 122,724</b>	<b>\$ 108,778,106</b>
<b>Deferred Outflows of Resources</b>					
Net difference between projected and actual earnings on pension plan investments	\$ 379,912	\$ 189,956	\$ 189,956	\$ -	\$ 759,824
Changes in assumptions	112,709	56,355	56,355	-	225,419
<b>Total Deferred Outflows of Resources</b>	<b>\$ 492,621</b>	<b>\$ 246,311</b>	<b>\$ 246,311</b>	<b>\$ -</b>	<b>\$ 985,243</b>
<b>Liabilities</b>					
Current Liabilities:					
Accounts payable	\$ 1,681,363	\$ 613,463	\$ 250,255	\$ 1,508	\$ 2,546,589
Customer deposits	492,514	103,019	107,942	-	703,475
Other accrued expenses	106,505	40,183	34,800	4,046	185,534
Due to other funds - current	-	-	-	1,018,337	1,018,337
Accrued leave	507,060	185,080	148,596	10,955	851,691
Accrued interest	55,000	157,000	109,174	-	321,174
Current portion of long-term debt	510,000	996,399	275,000	-	1,781,399
Total Current Liabilities	\$ 3,352,442	\$ 2,095,144	\$ 925,767	\$ 1,034,846	\$ 7,408,199
Long-term Liabilities:					
Net pension liability	715,848	357,923	357,923	-	1,431,694
OPEB obligation	673,284	336,643	336,643	-	1,346,570
Unamortized bond premium	-	84,674	-	-	84,674
Long-term debt	4,030,000	20,593,300	5,105,000	-	29,728,300
<b>Total Liabilities</b>	<b>\$ 8,771,574</b>	<b>\$ 23,467,684</b>	<b>\$ 6,725,333</b>	<b>\$ 1,034,846</b>	<b>\$ 39,999,437</b>
<b>Deferred Inflows of Resources</b>					
Difference between expected and actual experience in the total pension liability	\$ 570,225	\$ 285,113	\$ 285,112	\$ -	\$ 1,140,450
Net difference between projected and actual earnings on pension plan investments	225,365	112,682	112,682	-	450,729
<b>Total Deferred Inflows of Resources</b>	<b>\$ 795,590</b>	<b>\$ 397,795</b>	<b>\$ 397,794</b>	<b>\$ -</b>	<b>\$ 1,591,179</b>
<b>Net Position</b>					
Net investment in capital assets, net	\$ 14,923,038	\$ 11,584,803	\$ 12,482,827	\$ -	\$ 38,990,668
Restricted	495,199	8,223,277	1,010,047	-	9,728,523
Unrestricted	14,709,216	4,838,627	817,821	(912,122)	19,453,542
<b>Total Net Position</b>	<b>\$ 30,127,453</b>	<b>\$ 24,646,707</b>	<b>\$ 14,310,695</b>	<b>\$ (912,122)</b>	<b>\$ 68,172,733</b>

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

**City of Hannibal, Missouri**  
**Board of Public Works**  
Statement of Revenues, Expenses and  
Changes in Net Position  
Year Ended June 30, 2019

	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Stormwater Fund</b>	<b>Total</b>
<b>Operating Revenues:</b>					
Charges for services					
Residential	\$ 9,446,010	\$ 2,949,713	\$ 2,757,906	\$ -	\$ 15,153,629
Commercial	3,419,141	2,239,651	2,516,749	-	8,175,541
Industrial	11,309,592	-	-	-	11,309,592
Wholesale	-	799,220	-	-	799,220
Penalties	171,975	53,914	49,048	-	274,937
Total Operating Revenues	<u>\$ 24,346,718</u>	<u>\$ 6,042,498</u>	<u>\$ 5,323,703</u>	<u>\$ -</u>	<u>\$ 35,712,919</u>
<b>Operating Expenses:</b>					
Purchased power	\$ 16,040,646	\$ -	\$ -	\$ -	\$ 16,040,646
Salaries and wages	1,870,029	1,223,940	1,154,926	150,067	4,398,962
Benefits	1,257,431	628,535	628,554	60,762	2,575,282
Purchased services	1,760,348	1,257,443	1,201,215	312,824	4,531,830
Supplies	570,335	810,799	476,252	31,907	1,889,293
Noncapitalized equipment	40,211	33,007	28,233	-	101,451
Uncollectible accounts expense	25,946	14,378	2,027	-	42,351
Depreciation	1,619,444	933,000	1,025,011	-	3,577,455
Amortization	3,433	-	-	-	3,433
Total Operating Expenses	<u>\$ 23,187,823</u>	<u>\$ 4,901,102</u>	<u>\$ 4,516,218</u>	<u>\$ 555,560</u>	<u>\$ 33,160,703</u>
<b>Income (Loss) from Operations</b>	<u>\$ 1,158,895</u>	<u>\$ 1,141,396</u>	<u>\$ 807,485</u>	<u>\$ (555,560)</u>	<u>\$ 2,552,216</u>
<b>Non-Operating Revenue (Expense)</b>					
Interest income	\$ 237,336	\$ 110,766	\$ 73,019	\$ -	\$ 421,121
Rental income	6,600	-	-	-	6,600
Miscellaneous	203,345	46,878	55,878	500	306,601
Interest expense/fees	(153,189)	(260,455)	(219,217)	(20,000)	(652,861)
Gain (Loss) on capital assets	13,592	(2,921)	55,080	-	65,751
<b>Total Non-Operating Revenue (Expense)</b>	<u>\$ 307,684</u>	<u>\$ (105,732)</u>	<u>\$ (35,240)</u>	<u>\$ (19,500)</u>	<u>\$ 147,212</u>
<b>Net Income (Loss)</b>	<u>\$ 1,466,579</u>	<u>\$ 1,035,664</u>	<u>\$ 772,245</u>	<u>\$ (575,060)</u>	<u>\$ 2,699,428</u>
<b>Net Position, Beginning of Year</b>	<u>28,660,874</u>	<u>23,611,043</u>	<u>13,538,450</u>	<u>(337,062)</u>	<u>65,473,305</u>
<b>Net Position, End of Year</b>	<u>\$ 30,127,453</u>	<u>\$ 24,646,707</u>	<u>\$ 14,310,695</u>	<u>\$ (912,122)</u>	<u>\$ 68,172,733</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, 2019

	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Stormwater Fund</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>					
Receipts from customers	\$ 24,726,038	\$ 6,111,423	\$ 5,460,350	\$ -	\$ 36,297,811
Payments to suppliers	(19,828,549)	(2,758,577)	(2,311,437)	(410,380)	(25,308,943)
Payments to employees	(1,814,908)	(1,067,224)	(1,069,740)	(147,622)	(4,099,494)
Net Cash Flows Provided By (Used In) Operating Activities	\$ 3,082,581	\$ 2,285,622	\$ 2,079,173	\$ (558,002)	\$ 6,889,374
<b>Cash Flows from Investing Activities:</b>					
Interest revenue	\$ 237,336	\$ 110,766	\$ 73,019	\$ -	\$ 421,121
Increase (decrease) short-term investments	(261,576)	(72,892)	-	-	(334,468)
Additions to capital assets	(966,337)	(2,570,643)	(1,509,981)	-	(5,046,961)
Proceeds from sale of capital assets	36,689	2,025	60,025	119,453	218,192
Other revenue	209,945	46,878	55,878	500	313,201
Net Cash Flows Provided By (Used In) Investing Activities	\$ (743,943)	\$ (2,483,866)	\$ (1,321,059)	\$ 119,953	\$ (4,428,915)
<b>Cash Flows from Capital Financing Activities:</b>					
Due from/to other funds	\$ 663	\$ -	\$ -	\$ (663)	\$ -
Due from cities	26,245	-	-	-	26,245
Principal paid on capital debt	(759,250)	(815,250)	-	-	(1,574,500)
Debt proceeds	-	10,382,697	-	-	10,382,697
Interest paid	(158,183)	(203,455)	(110,044)	(20,000)	(491,682)
Net Cash Provided By (Used In) Capital Financing Activities	\$ (890,525)	\$ 9,363,992	\$ (110,044)	\$ (20,663)	\$ 8,342,760
<b>Net Increase (Decrease) in Cash</b>	\$ 1,448,113	\$ 9,165,748	\$ 648,070	\$ (458,712)	\$ 10,803,219
<b>Cash at Beginning of Year</b>	3,816,678	2,632,460	2,164,289	581,436	9,194,863
<b>Cash at End of Year</b>	\$ 5,264,791	\$ 11,798,208	\$ 2,812,359	\$ 122,724	\$ 19,998,082

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, 2019

	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Stormwater Fund</b>	<b>Total</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>					
Operating income (loss)	\$ 1,158,895	\$ 1,141,396	\$ 807,485	\$ (555,560)	\$ 2,552,216
Adjustments to reconcile net income to net cash provided by:					
Depreciation	1,619,444	933,000	1,025,011	-	3,577,455
Changes in operating assets and liabilities					
(Increase) decrease in:					
Accounts receivable - customers	361,269	60,832	131,881	-	553,982
Accounts receivable - other	6,165	6,934	2,691	-	15,790
Inventories	30,421	(10,024)	(13,411)	-	6,986
Prepaid expenses	(24,751)	4,872	4,872	-	(15,007)
Increase (decrease) in:					
Accounts payable	(43,058)	2,317	31,499	(5,869)	(15,111)
Accrued expenses	(106,026)	(18,587)	(4,723)	544	(128,792)
OPEB obligation	(76,722)	(38,539)	(38,539)	-	(153,800)
Net pension obligation	228,244	114,120	114,120	-	456,484
Bond premium	-	84,674	-	-	84,674
Customer deposits	11,886	1,159	2,075	-	15,120
Accrued leave	(83,186)	3,468	16,212	2,883	(60,623)
<b>Net Cash Provided by (used in) Operating Activities</b>	<b>\$ 3,082,581</b>	<b>\$ 2,285,622</b>	<b>\$ 2,079,173</b>	<b>\$ (558,002)</b>	<b>\$ 6,889,374</b>

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, 2019

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**1. Summary of Significant Accounting Policies**

*Reporting Entity:*

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

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

*Basis of Accounting:*

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

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

*Capital Assets:*

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

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

*Depreciation:*

Depreciation is provided over the estimated lives of the various classes of depreciable property by applying composite rates on a straight-line basis. The provisions for depreciation in 2019, 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.

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

*Pensions:*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*Capitalization of Interest*

Net interest costs related to acquiring or constructing certain utility plants are capitalized as a part of the cost of the related asset. The 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, 2019.

*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 \$2,297,662 for year ended June 30, 2019. The allowance for uncollectible accounts was \$100,000 at June 30, 2019.

*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, 2019 consisted of \$7,234,717 restricted for capital projects and \$2,493,806 restricted for debt service. It is HBPW's policy to expend restricted resources first if the restrictions are met.

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## 2. Capital Assets

A summary of the changes in the capital assets and accumulated depreciation of the HBPW is included in a separate schedule in the supplementary information section of this report. Depreciation expense was charged to the functions of the government as follows:

Electric	\$ 1,619,444
Water	933,000
Sewer	1,025,011
Stormwater	-
Total	<u>\$ 3,577,455</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 with pledged securities.

The following represents the HBPW's total cash and investments at June 30, 2019:

Checking/money market accounts	\$ 19,998,082
Certificates of deposit	7,508,000
Other short term investments	1,855,531
Total	<u>\$ 29,361,613</u>

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

FDIC Insured	\$ 24,488,847
Collateralized with pledged securities	5,000,000
Invested in U.S. Money Market Funds	1,250,649
Invested in FNMA and FFCB debt securities	1,238,193
Total	<u>\$ 31,977,689</u>

These cash and investments are included in the following balance sheet accounts at June 30, 2019:

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Stormwater</u>	<u>Total</u>
Cash	\$ 4,769,592	\$ 3,574,931	\$ 2,415,312	\$ 122,724	\$ 10,882,559
Short term investments	8,140,000	610,531	-	-	8,750,531
Debt service accounts	495,199	988,560	1,010,047	-	2,493,806
Capital project accounts	-	7,234,717	-	-	7,234,717
Total	<u>\$ 13,404,791</u>	<u>\$ 12,408,739</u>	<u>\$ 3,425,359</u>	<u>\$ 122,724</u>	<u>\$ 29,361,613</u>



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**4. Long-Term Debt Obligations**

For the year ended June 30, 2019, the changes in long-term debt are as follows:

	<b>Balance July 1, 2018</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2019</b>
Lease Purchase Agreement	\$ 425,000	\$ -	\$ (425,000)	\$ -
Lease Purchase Agreement	5,040,000	-	(500,000)	4,540,000
Revenue Bonds	11,384,002	467,697	(582,000)	11,269,699
Revenue Bonds	5,380,000	-	-	5,380,000
Escrow Trust Agreement	472,500	-	(67,500)	405,000
Revenue Bonds	-	9,915,000	-	9,915,000
Total	<u>\$ 22,701,502</u>	<u>\$ 10,382,697</u>	<u>\$ (1,574,500)</u>	<u>\$ 31,509,699</u>

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

	<b>2019</b>
\$1,500,000 Escrow Trust Agreement - Due to PWSD #1	\$ 405,000
\$5,510,000 Lease Purchase Agreement - Commerce Bank	4,540,000
\$6,430,000 Sewerage System Revenue Bonds, Series 2013, due 2034	5,380,000
\$12,960,000 Waterworks Revenue Bonds, Series 2015, due 2036	11,269,699
\$9,915,000 Waterworks Revenue Bonds, Series 2019, due 2044	<u>9,915,000</u>
Total	<u>\$ 31,509,699</u>
Less: Current portion long-term debt	<u>(1,781,399)</u>
Net Long-Term Debt	<u>\$ 29,728,300</u>

***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.

This lease was paid in full during the year ended June 30, 2019.

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

***Lease Purchase Agreement – Commerce Bank***

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

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

<u>June 30,</u>	
2020	\$ 643,028
2021	643,408
2022	647,702
2023	646,732
2024	645,324
2025-2027	<u>1,933,172</u>
	\$ 5,159,366
Less Amounts Representing Interest	<u>(619,366)</u>
	<u><u>\$ 4,540,000</u></u>

***Escrow Trust Agreement***

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

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

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

The cost of acquiring these rights of \$1,500,000 has been capitalized and is shown as an other asset on the balance sheet of the Water Fund. The HBPW has determined no impairment of this asset as of June 30, 2019.

The payment schedule is as follows:

<u>Fiscal Year June 30</u>	
2020	\$ 405,000
	<u><u>\$ 405,000</u></u>

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

**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:

<b>Fiscal Year June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 275,000	\$ 215,255	\$ 490,255
2021	280,000	208,486	488,486
2022	290,000	200,461	490,461
2023	300,000	191,386	491,386
2024	310,000	181,236	491,236
2025-2029	1,745,000	712,948	2,457,948
2030-2034	2,180,000	273,628	2,453,628
	<u>\$ 5,380,000</u>	<u>\$ 1,983,400</u>	<u>\$ 7,363,400</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, 2019, the HBPW has received bond proceeds totaling of \$12,944,699 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.

The payment schedule is as follows:

<b>Fiscal Year June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 591,399	\$ 136,803	\$ 728,202
2021	602,200	129,501	731,701
2022	612,200	122,063	734,263
2023	623,200	114,496	737,696
2024	634,200	106,799	740,999
2025-2029	3,342,100	413,677	3,755,777
2030-2034	3,649,000	199,810	3,848,810
2035-2036	1,215,400	15,344	1,230,744
	<u>\$ 11,269,699</u>	<u>\$ 1,238,493</u>	<u>\$ 12,508,192</u>

**Series 2019 Revenue Bonds**

The HBPW issued \$9,915,000 of Waterworks Revenue Bonds dated April 16, 2019. The proceeds of the bond issue will be used to acquire, construct, and improve the City's drinking water facilities, including but not limited to improvements required to remove ammonia from the drinking water treatment process. 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 January 1, 2020. The bonds mature January 1, 2044.

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

**Series 2019 Revenue Bonds (Concluded)**

The payment schedule is as follows:

<b>Fiscal Year June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ -	\$ 207,046	\$ 207,046
2021	-	302,994	302,994
2022	305,000	302,994	607,994
2023	315,000	293,844	608,844
2024	325,000	284,393	609,393
2025-2029	1,775,000	1,269,718	3,044,718
2030-2034	2,050,000	987,569	3,037,569
2035-2039	2,375,000	660,470	3,035,470
2040-2044	2,770,000	271,693	3,041,693
	<u>\$ 9,915,000</u>	<u>\$ 4,580,721</u>	<u>\$ 14,495,721</u>

During the year ended June 30, 2019, BPW issued bonds with a premium of \$84,674. This premium is being amortized over the life of the bonds. The balance at June 30, 2019, was \$84,674.

**Prairie State Energy Contract**

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

The City is a member of MJMEUC. MJMEUC is a joint municipal utility commission formed under RSMo 393.700 et seq., and is currently comprised of 70 municipal members (as of December 31, 2018) and five advisory members consisting of one rural electric cooperative and four municipally-owned electric systems in Arkansas. MJMEUC's purpose is to procure electric energy and capacity for the benefit of, and pursuant to the governance and direction of, MJMEUC's members. MJMEUC operations are governed by its members consisting of one representative from each MJMEUC Member. MJMEUC's audited financials are available on its website [www.mpua.org](http://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.

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

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.

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.

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

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

#### 5. Pension Plan

*Plan Description:*

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

*Benefits Provided:*

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

	2019 Valuation
Benefit Multiplier:	1.75% for life, plus 1.25% 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.

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**5. Pension Plan (Continued)**

*Employees Covered by Benefit Terms*

At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	64
Inactive employees entitled to but not yet receiving benefits	11
Active employees	<u>64</u>
Total	<u><u>139</u></u>

*Contributions:*

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

*Net Pension Liability:*

The employer's net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 28, 2019.

*Actuarial Assumptions:*

The total pension liability in the February 28, 2019 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.

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**5. Pension Plan (Continued)**

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	35.00%	4.78%
Fixed Income	31.00%	1.41%
Real Assets	36.00%	3.29%
Strategic Assets	8.00%	8.00%
Alpha	15.00%	3.67%
Cash	10.00%	0.00%
Leverage	-35.00%	-0.51%

*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.

**Changes in the Net Position Liability**

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
Balances at 6/30/2018	<u>\$ 23,047,440</u>	<u>\$ 20,848,891</u>	<u>\$ 2,198,549</u>
Changes for the year:			
Service Cost	\$ 446,800	\$ -	
Interest	1,643,234	-	
Difference between expected and actual experience	(1,242,409)	-	
Changes in assumptions	-	-	
Contributions-employer	-	810,846	
Contributions-employee	-	-	
Net investment income	-	1,330,378	
Benefits payments, including refunds	(1,224,684)	(1,224,684)	
Administrative expense	-	(16,899)	
Other changes	-	(509,845)	
Net changes	<u>\$ (377,059)</u>	<u>\$ 389,796</u>	<u>\$ (766,855)</u>
Balances at 6/30/2019	<u><u>\$ 22,670,381</u></u>	<u><u>\$ 21,238,687</u></u>	<u><u>\$ 1,431,694</u></u>

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**5. Pension Plan (Concluded)**

*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	\$ 25,759,527	\$ 22,670,381	\$ 20,124,177
Plan Fiduciary Net Position	21,238,687	21,238,687	21,238,687
Net Pension Liability/(Asset)	<u>\$ 4,520,840</u>	<u>\$ 1,431,694</u>	<u>\$ (1,114,510)</u>

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

For the year ended June 30, 2019, the employer recognized pension expense of \$1,266,866. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 744,276	\$ (1,140,450)
Changes in assumptions	150,334	-
Net difference between projected and actual earnings on pension plan investments	-	(450,729)
Payment made by City by Measurement but not a contribution on LAGERS report	-	-
Total	<u>\$ 894,610</u>	<u>\$ (1,591,179)</u>

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
2020	\$ (2,456)
2021	(319,899)
2022	(149,800)
2023	(194,180)
2024	(30,234)
Thereafter	-
Total	<u>\$ (696,569)</u>



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

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

*Employees Covered by Benefit Terms*

At June 30, 2019, the following employees were covered by the benefit terms:

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

*Contributions*

Covered employees are not required to contribute to the Plan for up to three years. The City is also not required to contribute to the Plan. Employees who retire with a covered spouse pay 25% of the spouse rate for up to 3 years or until age 65. After three years, participants must pay 100% of the plan premium rates.

*Net OPEB Liability*

The OPEB liability was measured as of June 30, 2019, with an actuarial valuation date of July 1, 2017. The total OPEB liabilities are an unfunded obligation. The employer does not have a trust dedicated exclusively to the payment of OPEB benefits.

*Actuarial Assumptions*

The actuarial assumptions at July 1, 2017, included (a) 3.50% investment rate of return, (b) valuation date at July 1, 2015, (c) health care inflation rate of 7.5% initial to 5.0% ultimate, (d) dental cost trend of 3.5% per year, (e) cost analysis by age, (f) when employer-paid coverage applies 100% of future retiring employees are assumed to elect coverage, when employer-paid coverage does not apply, 10% are assumed to elect coverage (g) mortality rate based on RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality table with Scale MP-2017 Full Generational Improvement, (h) retirement rates used were those used for the LAGERS pension actuarial valuation, (i) turnover incident rates used were those used for the LAGERS pension actuarial valuation, (j) disability incidence was not assumed, (k) 70% of future participating retirees are assumed to have a covered spouse, (l) Males are assumed to be 3 years older than their female spouses for future retirees, (m) Medicare eligibility age is 65, (n) claim payments are mid-year, (o) non-spouse dependents were deemed immaterial and not valued, (p) upon retirement, participants are assumed to elect coverage to age 65. Upon covered retiree death or attainment of age 65, a covered spouse is assumed to elect up to three years of coverage not to exceed their own age 65.

*Discount Rate*

The discount rate used to measure the total OPEB liability is 3.00%. The discount rate used in the determination of the total OPEB liability is based on a combination of the expected long-term rate of return on plan investments and municipal bond rate. Since HBPW does not have a trust dedicated exclusively to the payment of OPEB benefits then only the municipal bond rate is used in determining the total OPEB liability.

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

**City of Hannibal, Missouri**  
**Board of Public Works**  
Notes to Financial Statements  
June 30, 2019

**6. Health Insurance Plan for Retired Employees (Continued)**

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

The following presents the OPEB Liability of the employer, calculated using the discount rate of 3.0%, as well as what the employer's OPEB Liability would be using a discount rate that is 1 percentage point lower and 1 percentage point higher than the current rate.

	1% Decrease 2.00%	Current Single Discount Rate Assumption 3.00%	1% Increase 4.00%
Employer OPEB Liability	\$ 1,458,492	\$ 1,346,570	\$ 1,243,090

*Changes in OPEB Liability*

	Increase (Decrease)		
	Total OPEB Liability (a)	OPEB Plan Net Position (b)	Net OPEB Liability (a)-(b)
Balances at 6/30/2018	\$ 1,419,057	\$ -	\$ 1,419,057
Changes for the year:			
Service Cost	\$ 97,054	\$ -	
Interest	48,118	-	
Difference between expected and actual experience	17,082	-	
Changes in benefit terms	(191,644)		
Changes in assumptions	72,903	-	
Contributions-employer	-	116,000	
Contributions-employee	-	-	
Net investment income	-	-	
Benefits payments, including refunds	(116,000)	(116,000)	
Administrative expense	-	-	
Other changes	-	-	
Net changes	\$ (72,487)	\$ -	\$ (72,487)
Balances at 6/30/2019	\$ 1,346,570	\$ -	\$ 1,346,570

*OPEB Expense*

For the year ended June 30, 2019, the HBPW recognized OPEB expense of \$153,800. The employer reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,549	\$ -
Changes in assumptions	75,084	-
Contributions subsequent to measurement date	-	-
Total	\$ 90,633	\$ -

**City of Hannibal, Missouri**  
**Board of Public Works**  
Notes to Financial Statements  
June 30, 2019

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

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

Year Ending June 30	Net Deferred Outflows of Resources
2020	\$ 9,032
2021	9,032
2022	9,032
2023	9,032
2024	9,032
Thereafter	45,473
Total	<u>\$ 90,633</u>

**7. Accrued Leave**

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

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

	Electric	Water	Sewer	Stormwater
Vacation/Personal	\$ 79,136	\$ 23,609	\$ 22,817	\$ 8,378
Sick	427,924	161,471	125,779	2,577
	<u>\$ 507,060</u>	<u>\$ 185,080</u>	<u>\$ 148,596</u>	<u>\$ 10,955</u>

**8. Other Investments**

Other investments consist of the following:

Land for industrial park site on Route MM for highway and bridge projects	\$ 505,055
Prairie State Energy Coal Reserves	<u>77,536</u>
	<u>\$ 582,591</u>

The initial investment of \$103,000 with Prairie State for coal reserves is being amortized over the estimated life of the agreement. The investment is shown net of accumulated amortization. Amortization expense for the year ended June 30, 2019, amounted to \$3,433.

**City of Hannibal, Missouri**  
**Board of Public Works**  
Notes to Financial Statements  
June 30, 2019

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**9. Due from City**

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

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$ 13,511	\$ 198	\$ 13,709
Total	\$ 13,511	\$ 198	\$ 13,709

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

**10. Forensic Accounting Review**

Subsequent to year end, the Board of Directors of HBPW retained an audit firm to perform a forensic review of the HBPW's accounting records, processes and policies in the area of disbursement processing for a five-year period. The results of this review are not yet available, however, based on the preliminary results of this review, the amount of transactions deemed highest risk by the audit firm in this five-year period is not considered material to the HBPW's financial statements.

**11. Subsequent Events**

Subsequent events have been evaluated through December 16, 2019, which is the date the reports were available to be issued.

**Required Supplementary  
Schedules**

**City of Hannibal, Missouri**  
**Board of Public Works**  
Schedule of Changes in Net Pension Liability and Related Notes  
June 30, 2019

	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>					
Service Cost	\$ 446,800	\$ 412,987	\$ 384,213	\$ 396,111	\$ 412,341
Interest on Total Pension Liability	1,643,234	1,497,556	1,453,217	1,381,075	1,362,410
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(1,242,409)	1,227,980	(142,897)	(313,060)	(382,273)
Changes of assumptions	-	-	-	685,338	-
Benefit payments, including refunds	(1,224,684)	(1,069,584)	(1,123,670)	(1,172,585)	(1,083,083)
Net change in total pension liability	\$ (377,059)	\$ 2,068,939	\$ 570,863	\$ 976,879	\$ 309,395
Total pension liability-beginning	23,047,440	20,978,501	20,407,638	19,430,759	19,121,364
Total pension liability-ending (a)	<u>\$ 22,670,381</u>	<u>\$ 23,047,440</u>	<u>\$ 20,978,501</u>	<u>\$ 20,407,638</u>	<u>\$ 19,430,759</u>
<b>Plan Fiduciary Net Position</b>					
Contributions-employer	\$ 810,846	\$ 824,620	\$ 659,410	\$ 653,218	\$ 731,733
Contributions-employee	-	-	-	25,792	-
Net investment income	1,330,378	2,235,327	2,005,620	(45,644)	360,839
Benefit payments, including refunds	(1,224,684)	(1,069,584)	(1,123,670)	(1,172,585)	(1,083,083)
Pension plan administrative expense	(16,899)	(11,864)	(11,377)	(10,849)	(11,836)
Other (Net Transfer)	(509,845)	76,336	(21,909)	(343,369)	(427,100)
Net change in plan fiduciary net position	\$ 389,796	\$ 2,054,835	\$ 1,508,074	\$ (893,437)	\$ (429,447)
Plan fiduciary net position-beginning	20,848,891	18,794,056	17,285,982	18,179,419	18,608,866
Plan fiduciary net position-ending (b)	<u>\$ 21,238,687</u>	<u>\$ 20,848,891</u>	<u>\$ 18,794,056</u>	<u>\$ 17,285,982</u>	<u>\$ 18,179,419</u>
Net pension liability/(asset)-ending (a) - (b)	\$ 1,431,694	\$ 2,198,549	\$ 2,184,445	\$ 3,121,656	\$ 1,251,340
Plan fiduciary net position as a percentage of the total pension liability	93.68%	90.46%	89.59%	84.70%	93.56%
Covered-employee payroll	\$ 3,937,038	\$ 4,389,789	\$ 3,635,860	\$ 3,587,196	\$ 3,722,920
Net pension liability as a percentage of covered employee payroll	36.36%	50.08%	60.08%	87.02%	33.61%

**Notes to Schedule:**

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

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

**City of Hannibal, Missouri**  
**Board of Public Works**  
Schedule of Pension Contributions  
June 30, 2019

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially determined contribution	\$ 817,296	\$ 857,688	\$ 659,410	\$ 653,218	\$ 731,733
Contributions in relation to the actuarially determined contribution	813,147	822,319	659,410	653,218	731,733
Contribution deficiency (excess)	<u>\$ 4,149</u>	<u>\$ 35,369</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 4,148,709	\$ 4,421,073	\$ 3,746,646	\$ 3,711,467	\$ 3,771,818
Contributions as a percentage of covered employee payroll	19.60%	18.60%	17.60%	17.60%	19.40%
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Actuarially determined contribution	\$ 731,346	\$ 689,510	\$ 591,382	\$ 587,691	\$ 488,786
Contributions in relation to the actuarially determined contribution	720,152	664,107	559,066	509,541	488,786
Contribution deficiency (excess)	<u>\$ 11,194</u>	<u>\$ 25,403</u>	<u>\$ 32,316</u>	<u>\$ 78,150</u>	<u>\$ -</u>
Covered employee payroll	\$ 3,731,356	\$ 3,629,000	\$ 3,231,596	\$ 3,126,017	\$ 3,194,679
Contributions as a percentage of covered employee payroll	19.30%	18.30%	17.30%	16.30%	15.30%

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

**City of Hannibal, Missouri**  
**Board of Public Works**  
Schedule of Pension Contributions  
June 30, 2019

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**Notes to Schedule**

Valuation Date February 28, 2019

Notes: The roll-forward of total pension liability from February 28, 2019 to June 30, 2019 reflects expected service cost and interest reduced by actual benefit payments.

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

Actuarial Cost Method Entry Age Normal and Modified Terminal Funding

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

Remaining Amortization Period Multiple bases from 10 to 16 years

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

Inflation 3.25% wage inflation; 2.50% price inflation

Salary Increases 3.25% to 6.55% including wage inflation

Investment Rate of Return 7.25%, net of investment expenses

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

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

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

Other Information None



**City of Hannibal, Missouri**  
**Board of Public Works**  
Schedule of Changes in Total OPEB Liability and Related Notes  
June 30, 2019

	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>		
Service Cost	\$ 97,054	\$ 92,381
Interest on Total OPEB Liability	48,118	50,139
Changes of benefit terms	(191,644)	-
Difference between expected and actual experience	17,082	-
Changes of assumptions	72,903	10,635
Benefit payments, including refunds	<u>(116,000)</u>	<u>(207,000)</u>
Net change in total OPEB liability	\$ (72,487)	\$ (53,845)
Total OPEB liability-beginning	1,419,057	1,472,902
Total OPEB liability-ending (a)	<u><u>\$ 1,346,570</u></u>	<u><u>\$ 1,419,057</u></u>
<b>Plan Fiduciary Net Position</b>		
Contributions-employer	\$ 116,000	\$ 207,000
Contributions-employee	-	-
Net investment income	-	-
Benefit payments, including refunds	(116,000)	(207,000)
OPEB plan administrative expense	-	-
Other (Net Transfer)	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	\$ -	\$ -
Plan fiduciary net position-beginning	-	-
Plan fiduciary net position-ending (b)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Net OPEB liability/(asset)-ending (a) - (b)	\$ 1,346,570	\$ 1,419,057
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
Covered-employee payroll	\$ 3,788,616	\$ 3,788,616
Net OPEB liability as a percentage of covered employee payroll	35.54%	37.46%

**Notes to Schedule:**

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

**City of Hannibal, Missouri**  
**Board of Public Works**  
Schedule of OPEB Contributions and Related Notes  
June 30, 2019

<b>Fiscal Year Ending June 30,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Actual Contribution as a % of Covered Employee Payroll</b>
2018	N/A	\$ -	N/A	\$ -	0.00%
2019	N/A	-	N/A	-	0.00%

**Notes to Schedule:**

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

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

**City of Hannibal, Missouri**  
**Board of Public Works**  
Notes to Schedule of OPEB Contributions  
June 30, 2019

Valuation Date July 1, 2017

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

Actuarial Cost Method Entry Age - Level Percent of Pay

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

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

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

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

Mortality Rates Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality table with Scale MP-2018 Full Generational Improvement

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

Rule of 80	Age	Men	Women
	50-61	0.15	0.15
	62-63	0.30	0.15
	64	0.30	0.20
	65-69	0.30	0.25
	70+	1.00	1.00

Disability Rates None assumed

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

**Supplementary Schedules**

**City of Hannibal, Missouri**  
**Board of Public Works**  
Electric Fund  
Plant Assets and Depreciation Schedule  
Year Ended June 30, 2019

	<b>Cost</b>		<b>Retirements</b>	<b>Cost</b>	<b>Accumulated</b>	<b>Depreciation</b>		<b>Accumulated</b>
	<b>6/30/2018</b>	<b>Additions</b>	<b>and Other</b>	<b>6/30/2019</b>	<b>Depreciation</b>	<b>for the Year</b>	<b>Retirements</b>	<b>Depreciation</b>
					<b>6/30/2018</b>			<b>6/30/2019</b>
Equipment	\$ 14,419,877	\$ 95,258	\$ -	\$ 14,515,135	\$ 7,229,574	\$ 880,721	\$ -	\$ 8,110,295
Transportation equipment	1,646,989	381,321	36,401	1,991,909	956,918	181,706	23,202	1,115,422
Infrastructure	19,686,617	315,262	-	20,001,879	8,949,139	541,972	-	9,491,111
Land and improvements	131,419	-	-	131,419	10,233	101	-	10,334
Structures	1,870,892	-	10,627	1,860,265	1,115,593	14,944	731	1,129,806
<b>Total Utility Plant in Service</b>	<b>\$ 37,755,794</b>	<b>\$ 791,841</b>	<b>\$ 47,028</b>	<b>\$ 38,500,607</b>	<b>\$ 18,261,457</b>	<b>\$ 1,619,444</b>	<b>\$ 23,933</b>	<b>\$ 19,856,968</b>
<b>Construction in Progress</b>	<b>644,903</b>	<b>174,496</b>	<b>-</b>	<b>819,399</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Utility Plant</b>	<b>\$ 38,400,697</b>	<b>\$ 966,337</b>	<b>\$ 47,028</b>	<b>\$ 39,320,006</b>	<b>\$ 18,261,457</b>	<b>\$ 1,619,444</b>	<b>\$ 23,933</b>	<b>\$ 19,856,968</b>

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

**City of Hannibal, Missouri**  
**Board of Public Works**  
Water Fund  
Plant Assets and Depreciation Schedule  
Year Ended June 30, 2019

	<b>Cost 6/30/2018</b>	<b>Additions</b>	<b>Retirements and Other</b>	<b>Cost 6/30/2019</b>	<b>Accumulated Depreciation 6/30/2018</b>	<b>Depreciation for the Year</b>	<b>Retirements</b>	<b>Accumulated Depreciation 6/30/2019</b>
Equipment	\$ 564,223	\$ 42,814	\$ -	\$ 607,037	\$ 258,205	\$ 57,495	\$ -	\$ 315,700
Transportation equipment	558,006	32,500	-	590,506	304,057	55,811	-	359,868
Infrastructure	41,231,249	122,512	-	41,353,761	11,267,114	812,780	-	12,079,894
Land and improvements	108,675	-	-	108,675	-	-	-	-
Structures	730,312	-	5,311	725,001	558,729	6,914	365	565,278
<b>Total Utility Plant in Service</b>	<b>\$ 43,192,465</b>	<b>\$ 197,826</b>	<b>\$ 5,311</b>	<b>\$ 43,384,980</b>	<b>\$ 12,388,105</b>	<b>\$ 933,000</b>	<b>\$ 365</b>	<b>\$ 13,320,740</b>
<b>Construction in Progress</b>	<b>737,445</b>	<b>2,372,817</b>	<b>-</b>	<b>3,110,262</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Utility Plant</b>	<b>\$ 43,929,910</b>	<b>\$ 2,570,643</b>	<b>\$ 5,311</b>	<b>\$ 46,495,242</b>	<b>\$ 12,388,105</b>	<b>\$ 933,000</b>	<b>\$ 365</b>	<b>\$ 13,320,740</b>

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

**City of Hannibal, Missouri**  
**Board of Public Works**  
 Sewer Fund  
 Plant Assets and Depreciation Schedule  
 Year Ended June 30, 2019

	<b>Cost 6/30/2018</b>	<b>Additions</b>	<b>Retirements and Other</b>	<b>Cost 6/30/2019</b>	<b>Accumulated Depreciation 6/30/2018</b>	<b>Depreciation for the Year</b>	<b>Retirements</b>	<b>Accumulated Depreciation 6/30/2019</b>
Equipment	\$ 1,442,850	\$ 433,996	\$ -	\$ 1,876,846	\$ 587,787	\$ 198,645	\$ -	\$ 786,432
Transportation equipment	961,915	424,388	161,491	1,224,812	657,712	103,823	161,491	600,044
Infrastructure	29,622,034	225,630	-	29,847,664	19,524,853	608,047	-	20,132,900
Land and improvements	518,543	-	-	518,543	-	-	-	-
Structures	4,606,738	31,512	5,310	4,632,940	219,894	114,496	365	334,025
<b>Total Utility Plant in Service</b>	<b>\$ 37,152,080</b>	<b>\$ 1,115,526</b>	<b>\$ 166,801</b>	<b>\$ 38,100,805</b>	<b>\$ 20,990,246</b>	<b>\$ 1,025,011</b>	<b>\$ 161,856</b>	<b>\$ 21,853,401</b>
<b>Construction in Progress</b>	<b>607,968</b>	<b>394,455</b>	<b>-</b>	<b>1,002,423</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Utility Plant</b>	<b>\$ 37,760,048</b>	<b>\$ 1,509,981</b>	<b>\$ 166,801</b>	<b>\$ 39,103,228</b>	<b>\$ 20,990,246</b>	<b>\$ 1,025,011</b>	<b>\$ 161,856</b>	<b>\$ 21,853,401</b>

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

**City of Hannibal, Missouri**  
**Board of Public Works**  
Schedule of Investments  
June 30, 2019

Description	Interest Rate	Maturity Date	Book Value	Market Value
<b>Electric</b>				
<b>Unrestricted Temporary Cash Investments:</b>				
First Capital Bank CD	1.400%	8/6/2019	248,000	247,876
Third Federal Savings & Loan CD	1.500%	10/29/2019	248,000	247,722
Pyramax Bank CD	1.600%	4/6/2020	248,000	247,626
Flushing Bank CD	1.600%	5/13/2020	245,000	244,610
FNMA Callable Debt Securities	2.000%	5/20/2020	735,000	730,048
Capital One NA CD	2.250%	9/30/2020	247,000	247,172
Unity Bank CD	1.650%	10/30/2020	247,000	247,184
National Cooperative Bank CD	1.750%	10/30/2020	246,000	246,183
Comenity Capital Bank CD	1.900%	1/19/2021	247,000	247,582
Federal Farm Credit Bank Debt Securities	1.620%	2/17/2021	100,000	99,662
Portage County Bank CD	1.400%	4/29/2021	220,000	218,209
Fannie Mae Callable Debt Securities	1.700%	5/26/2021	165,000	164,531
Fannie Mae Callable Debt Securities	1.550%	7/27/2021	245,000	243,952
Discover Bank CD	1.500%	8/10/2021	248,000	244,363
Wells Fargo Bank CD	1.700%	8/10/2021	248,000	245,101
State Bank of India CD	2.300%	2/9/2022	245,000	245,348
EverBank CD	2.050%	2/14/2022	245,000	243,781
Capital One Bank USA NA CD	2.300%	2/23/2022	245,000	245,337
Private Bank & Trust CD	2.200%	3/30/2022	247,000	246,653
KS StateBank CD	2.100%	5/17/2022	245,000	243,900
American Express Centurion CD	2.350%	8/22/2022	247,000	246,053
Barclays Bank CD	2.300%	10/18/2022	247,000	246,563
CrossFirst Bank CD	2.200%	11/18/2022	245,000	243,569
Enterprise Bank CD	2.150%	11/18/2022	248,000	246,072
MB Financial Bank CD	2.750%	3/20/2023	248,000	250,441
Belmont Savings Bank CD	3.050%	3/20/2023	245,000	249,806
Enerbank USA CD	3.200%	8/30/2023	248,000	254,186
UBS Bank USA CD	3.500%	10/27/2023	248,000	257,275
F&M Bank CD	3.150%	1/25/2024	1,000,000	1,000,000
Total Unrestricted Temporary Cash Investments			<u>\$ 8,140,000</u>	<u>\$ 8,140,805</u>
<b>Water</b>				
<b>Restricted Temporary Cash Investments:</b>				
Bank of New York Mellon Trust Company N.A. - Treasury Bonds			<u>\$ 610,531</u>	<u>\$ 610,531</u>



**City of Hannibal, Missouri**  
**Board of Public Works**  
Schedule of Investments  
June 30, 2019

Description	Interest Rate	Maturity Date	Book Value	Market Value
<b>Sewer</b>				
<b>Restricted Temporary Cash Investments:</b>				
<b>Debt Service Reserve:</b>				
Synchrony Bank CD	3.10%	10/10/2024	\$ 120,000	\$ 120,000
Goldman Sachs Bank USA CD	3.15%	10/8/2024	245,000	250,364
CIT Bank CD	3.15%	10/8/2024	124,000	126,715
GE Capital Bank CD	3.05%	10/10/2024	124,000	126,720
Total Restricted Temporary Cash Investments			<u>\$ 613,000</u>	<u>\$ 623,799</u>
Total Investments			<u>\$ 9,363,531</u>	<u>\$ 9,375,135</u>

**City of Hannibal, Missouri**  
**Board of Public Works**  
Schedule of Top Ten Utility Customers  
Year Ended June 30, 2019

<b>Electric</b>			
Rank	Consumer	Annual Kilowatt Hours	Percent of Total
1	General Mills	44,741,381	18.11%
2	Spartan Light Metal Products	16,035,600	6.49%
3	Watlow Industries	8,959,650	3.63%
4	Enduro Industries LLC	8,559,600	3.46%
5	Board of Public Works	7,205,913	2.92%
6	Hannibal-LaGrange University	4,565,346	1.85%
7	Walmart Stores Inc.	3,831,200	1.55%
8	Nieman Foods Inc.	3,149,480	1.27%
9	Hannibal Senior High	2,665,600	1.08%
10	Consolidated Machine & Welding	1,918,960	0.78%

  

<b>Water</b>			
Rank	Consumer	Annual Gallons	Percent of Total
1	General Mills	223,727,390	23.84%
2	Ralls County Water District #1	179,287,877	19.11%
3	Board of Public Works	93,907,190	10.01%
4	Hannibal Regional Hospital	13,147,518	1.40%
5	Levering Care Center	7,908,540	0.84%
6	Hannibal-LaGrange University	7,482,787	0.80%
7	Watlow Industries	6,504,590	0.69%
8	Spartan Light Metal Products	3,747,420	0.40%
9	Lowes Home Improvement	3,601,100	0.38%
10	SWB Hospitality LLC	3,430,900	0.37%

  

<b>Sewer</b>			
Rank	Consumer	Annual Gallons	Percent of Total
1	General Mills	n/a *	n/a
2	Hannibal Regional Hospital	13,147,518	2.03%
3	Levering Care Center	7,908,540	1.22%
4	Hannibal-LaGrange University	7,277,412	1.12%
5	Spartan Light Metal Products	3,474,420	0.54%
6	SWB Hospitality LLC	3,430,900	0.53%
7	Luther Manor	3,206,090	0.49%
8	Jai Shri Ram	2,962,110	0.46%
9	Beth Haven Nursing Home	2,694,310	0.42%
10	Holiday Inn Express	2,417,698	0.37%

\* General Mills utilizes a significant percentage of its purchased water as an ingredient of its products and has production that results in excess Biochemical Oxygen Demand (BOD). As a result, billing for General Mills is based on a formula other than gallon of water purchased. General Mills accounts for approximately 25% of Sewer Fund revenues.

**Comparative Statement  
of Operating Factors**

**City of Hannibal, Missouri**  
**Board of Public Works**  
Water Fund  
Comparative Statement of Operating Factors  
Years Ended June 30, 2019 and 2018

	<u>Unit</u>	<u>2019</u>	<u>2018</u>
Population served per 2010 Census		17,757	17,757
Number of customers per 100 population		44.16	44.31
Capacity per day	Gallon	7,500,000	7,500,000
Maximum production per day	Gallon	4,933,000	4,977,000
Average production per day	Gallon	3,389,416	3,271,027
Investment per 1,000 gallons sold	\$	50.21	47.44
Investment per capita	\$	2,618.42	2,473.95
Total Revenue per \$100.00 investment	\$	13.00	12.63
Ratio of operating expenses to operating revenue	%	81.11%	83.86%
Operating profit (loss) per \$100.00 investment	\$	2.45	2.04
Average price received per 1,000 gallons	\$	6.44	5.99
Average cost per 1,000 gallons	\$	5.22	5.02
Customers at end of year:			
Residential		7,006	7,035
Commercial		810	810
Industrial		24	22
Other public authorities		<u>1</u>	<u>1</u>
		<u>7,841</u>	<u>7,868</u>

**City of Hannibal, Missouri**  
**Board of Public Works**  
Electric Fund  
Comparative Statement of Operating Factors  
Years Ended June 30, 2019 and 2018

	<u>Unit</u>	<u>2019</u>	<u>2018</u>
Population served per 2010 Census		17,757	17,757
Number of customers per 100 population		49.46	49.78
Maximum peak load operation	KW	52	56
Investment per capita	\$	2,214.34	2,162.57
Total operating revenue per \$100.00 investment	\$	61.92	65.68
Ratio of total operation expense to total operating revenue	%	95.24%	87.56%
Operating profit (loss) per \$100.00 investment	\$	2.95	8.19
Total purchased power cost per kWh	\$	0.0649	0.0613
Average price received per kWh sold	\$	0.0986	0.0988
Operating profit (loss) per kWh sold	\$	0.0059	0.0161
Average residential use	kWh	10,653	10,653
Total kWh purchased	kWh	247,037,178	256,069,924
Total kWh sold	kWh	247,037,178	256,069,924
Customers at end of year:			
Residential		7,598	7,645
Commercial		1,064	1,073
Industrial		120	121
		<u>8,782</u>	<u>8,839</u>

**City of Hannibal, Missouri**  
**Board of Public Works**  
Sewer Fund  
Comparative Statement of Operating Factors  
Years Ended June 30, 2019 and 2018

	<u>Unit</u>	<u>2019</u>	<u>2018</u>
Population served per 2010 Census		17,757	17,757
Number of customers per 100 population		42.39	42.47
Investment per capita	\$	2,202.13	2,126.49
Total revenue per \$100.00 investment	\$	13.61	13.06
Ratio of total operation expense to total operating revenue	%	84.83%	87.21%
Operating profit (loss) per \$100.00 investment	\$	2.07	1.67
Total treatment cost per million gallons	\$	2,247.40	3,860.36
Average price received per million gallons treated	\$	2,649.23	4,426.58
Operating profit (loss) per million gallons treated	\$	401.83	566.22
Total gallons treated	Gallons	2,009,527,000	1,113,704,000
Total gallons from water plant	Gallons	1,237,137,000	1,193,925,000
Customers at end of year:			
Residential		6,758	6,773
Commercial		753	754
Industrial		17	15
		<u>7,528</u>	<u>7,542</u>

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