

**CITY OF HANNIBAL, MISSOURI  
BOARD OF PUBLIC WORKS  
AUDITED FINANCIAL STATEMENTS  
JUNE 30, 2021**

**CITY OF HANNIBAL, MISSOURI  
BOARD OF PUBLIC WORKS**

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## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of the City of Hannibal, Missouri Board of Public Works (the HBPW), as of and for the year ended June 30, 2021, and the related notes to the financial statements, as listed in the accompanying 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 U.S. generally accepted accounting principles; 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.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 auditors' 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 opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the HBPW as of June 30, 2021, and the changes in financial position and cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

## **Emphasis of Matter**

The financial statements present only the HBPW and do not purport to, and do not present fairly the financial position of the City of Hannibal, Missouri, as of June 30, 2021, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis and the pension and OPEB plan schedules as listed in the accompanying table of contents be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, 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 financial statements, and other knowledge we obtained during our audit of the 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 an opinion on the financial statements that collectively comprise the HBPW's financial statements. The capital assets schedules, schedule of investments, and schedule of top ten utility customers are presented for purposes of additional analysis and are not a required part of the financial statements.

The capital assets schedules, schedule of investments, and schedule of top ten utility customers are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the capital assets schedules, schedule of investments, and schedule of top ten utility customers are fairly stated, in all material respects, in relation to the financial statements as a whole.

The comparative statements of operating factors have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*William K. Kasper UC*

November 29, 2021

**CITY OF HANNIBAL, MISSOURI  
BOARD OF PUBLIC WORKS**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**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 8,800 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, 2021. 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 ended June 30, 2021, by \$73,709,350 (net position). Of this amount, \$23,351,230 (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 \$2,915,382 for the year ended June 30, 2021. The increase in net position can be attributed to the Electric Fund, which increased by \$1,522,466; the Water Fund, which increased by \$1,005,739; the Sewer Fund, which increased by \$520,059; offset by the Stormwater Fund, which decreased by \$132,882.
- With the bond and lease principal payments made of \$3,032,440, the total principal due on the HBPW’s long-term debt decreased by \$2,005,702 for the year ended June 30, 2021.
- Electric, water, and sewer rates were unchanged from the prior 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 electric, water, sewer, and stormwater services it provides. 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.

### Condensed Statement of Net Position

|                                  | <u>2021</u>           | <u>2020</u>           |
|----------------------------------|-----------------------|-----------------------|
| Assets                           |                       |                       |
| Current                          | \$ 28,083,241         | \$ 28,453,080         |
| Net capital assets               | 77,356,090            | 76,985,841            |
| Other assets                     | <u>4,401,187</u>      | <u>2,079,158</u>      |
| Total assets                     | <u>\$ 109,840,518</u> | <u>\$ 107,518,079</u> |
| Deferred outflows of resources   | <u>\$ 805,148</u>     | <u>\$ 1,611,126</u>   |
| Liabilities                      |                       |                       |
| Current                          | \$ 7,971,440          | \$ 4,764,611          |
| Long-term                        | <u>25,193,385</u>     | <u>32,755,582</u>     |
| Total liabilities                | <u>\$ 33,164,825</u>  | <u>\$ 37,520,193</u>  |
| Deferred inflows of resources    | <u>\$ 3,771,491</u>   | <u>\$ 815,044</u>     |
| Net Position                     |                       |                       |
| Net investment in capital assets | \$ 49,548,818         | \$ 47,172,867         |
| Restricted                       | 3,134,764             | 1,683,695             |
| Unrestricted                     | <u>21,025,768</u>     | <u>21,937,406</u>     |
| Total net position               | <u>\$ 73,709,350</u>  | <u>\$ 70,793,968</u>  |

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

|  | <u>2021</u>          | <u>2020</u>          |
|--|----------------------|----------------------|
| Operating revenues   | \$ 34,127,697        | \$ 34,530,125        |
| Less: operating expenses                                   | <u>(31,005,037)</u>  | <u>(31,800,557)</u>  |
| Total operating income                                     | <u>\$ 3,122,660</u>  | <u>\$ 2,729,568</u>  |
| Non-operating revenues and expenses:                       |                      |                      |
| Interest income  | \$ 242,385           | \$ 421,543           |
| Interest expense   | (919,414)            | (886,523)            |
| Other items, net   | <u>469,751</u>       | <u>353,307</u>       |
| Total non-operating income (loss)                          | <u>\$ (207,278)</u>  | <u>\$ (111,673)</u>  |
| Increase in net position                                   | \$ 2,915,382         | \$ 2,617,895         |
| Net position at beginning of period (as restated for 2020) | <u>70,793,968</u>    | <u>68,176,073</u>    |
| Net position at end of period                              | <u>\$ 73,709,350</u> | <u>\$ 70,793,968</u> |

The HBPW's most significant revenue in 2021 was charges for services of \$34,127,697.

|                     | <u>2021</u>          | <u>2020</u>          |
|---------------------|----------------------|----------------------|
| Operating revenues: |                      |                      |
| Electric Fund       | \$ 22,860,473        | \$ 23,103,280        |
| Water Fund          | 6,032,421            | 6,134,086            |
| Sewer Fund          | <u>5,234,803</u>     | <u>5,292,759</u>     |
| Total               | <u>\$ 34,127,697</u> | <u>\$ 34,530,125</u> |

The HBPW's most significant expenses in 2021 were purchased power of \$14,951,694 and salary and wages of \$4,832,660.

|                     | <u>2021</u>          | <u>2020</u>          |
|---------------------|----------------------|----------------------|
| Operating expenses: |                      |                      |
| Electric Fund       | \$ 21,719,037        | \$ 22,229,794        |
| Water Fund          | 4,643,261            | 4,677,941            |
| Sewer Fund          | 4,539,059            | 4,703,188            |
| Stormwater Fund     | <u>103,680</u>       | <u>189,634</u>       |
| Total               | <u>\$ 31,005,037</u> | <u>\$ 31,800,557</u> |

### Property, Plant and Equipment

At the end of fiscal year 2021, the HBPW's total property, plant and equipment was \$77,356,090, 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 water to resellers.

Retail electric revenues were \$22,542,135 for the current year compared to \$22,975,374 for the prior year, a decrease of 1.89%.

Retail water revenues were \$5,976,223 for the current year compared to \$5,908,841 for the prior year, an increase of 1.14%. There were no wholesale water revenues for the current year compared to \$181,902 for the prior year, which is due to the loss of Ralls County Public Water Supply as a customer.

Retail sewer revenues were \$5,190,208 for the current year compared to \$5,256,725 for the prior year, a decrease of 1.27%.

There were no retail stormwater revenues for the current or prior year. The City's stormwater system consists of both above- and under-ground infrastructure. Since the 1960s, the City's Public Works Department has been maintaining the above-ground stormwater system and the HBPW has been maintaining the under-ground stormwater system. In June 2017, the City Council passed a resolution authorizing the HBPW to implement a stormwater utility and a comprehensive stormwater repair program. A funding source was not established at that time, and one currently does not exist.

As required by the City Charter, the HBPW pays a percentage of its revenues into the City's General Fund. In addition to this transfer, the HBPW provides other benefits to the City and the 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 \$1,812,291 were paid to the City in 2021. The HBPW remains financially sound at the conclusion of fiscal year 2021. 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, 2021**

|   | Electric Fund        | Water Fund           | Sewer Fund           | Stormwater Fund     | Recycling Fund  | Total                |
|---|----------------------|----------------------|----------------------|---------------------|-----------------|----------------------|
| <b>ASSETS</b>                                       |                      |                      |                      |                     |                 |                      |
| Current assets:                                     |                      |                      |                      |                     |                 |                      |
| Cash and cash equivalents                           | \$ 6,163,568         | \$ 4,226,408         | \$ 3,557,029         | \$ -                | \$ 9,377        | \$ 13,956,382        |
| Restricted cash                                     | 299,141              | 504,576              | 5,585                | -                   | -               | 809,302              |
| Investments   | 7,672,236            | -                    | 120,000              | -                   | -               | 7,792,236            |
| Accounts receivable (net of allowance of \$100,000) | 1,567,784            | 322,140              | 349,912              | -                   | 8,537           | 2,248,373            |
| Other receivables                                   | 425,305              | 2,862                | 2,562                | 12,260              | -               | 442,989              |
| Inventory   | 1,461,772            | 634,320              | 46,989               | -                   | -               | 2,143,081            |
| Prepaid expenses                                    | 411,124              | 139,877              | 139,877              | -                   | -               | 690,878              |
| Interfund balances                                  | 1,734,217            | -                    | -                    | (1,734,217)         | -               | -                    |
| Total current assets                                | 19,735,147           | 5,830,183            | 4,221,954            | (1,721,957)         | 17,914          | 28,083,241           |
| Non-current assets:                                 |                      |                      |                      |                     |                 |                      |
| Capital assets, net of accumulated depreciation     | 19,472,180           | 40,784,092           | 16,253,624           | 846,194             | -               | 77,356,090           |
| Investment in land/water rights                     | 505,055              | 1,500,000            | -                    | -                   | -               | 2,005,055            |
| Investment in Prairie State, net                    | 70,670               | -                    | -                    | -                   | -               | 70,670               |
| Net pension asset                                   | 1,162,731            | 581,366              | 581,365              | -                   | -               | 2,325,462            |
| Total non-current assets                            | 21,210,636           | 42,865,458           | 16,834,989           | 846,194             | -               | 81,757,277           |
| Total assets  | 40,945,783           | 48,695,641           | 21,056,943           | (875,763)           | 17,914          | 109,840,518          |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>               |                      |                      |                      |                     |                 |                      |
| Pension plan  | 223,156              | 111,577              | 111,577              | -                   | -               | 446,310              |
| OPEB plan   | 179,106              | 89,866               | 89,866               | -                   | -               | 358,838              |
| Total deferred outflows of resources                | 402,262              | 201,443              | 201,443              | -                   | -               | 805,148              |
| <b>LIABILITIES</b>                                  |                      |                      |                      |                     |                 |                      |
| Current liabilities:                                |                      |                      |                      |                     |                 |                      |
| Accounts payable                                    | 870,309              | 234,834              | 108,976              | -                   | 14,572          | 1,228,691            |
| Accrued interest                                    | 50,474               | 89,000               | 1,000                | 27,539              | -               | 168,013              |
| Other accrued expenses                              | 141,079              | 64,340               | 52,675               | 2,251               | -               | 260,345              |
| Compensated absences                                | 657,379              | 259,492              | 207,729              | 3,181               | -               | 1,127,781            |
| Customer deposits                                   | 529,088              | 108,453              | 117,165              | -                   | -               | 754,706              |
| Current portion of long-term debt                   | 3,505,000            | 920,605              | 6,299                | -                   | -               | 4,431,904            |
| Total current liabilities                           | 5,753,329            | 1,676,724            | 493,844              | 32,971              | 14,572          | 7,971,440            |
| Non-current liabilities:                            |                      |                      |                      |                     |                 |                      |
| Long-term debt, net of current portion              | -                    | 19,154,924           | 4,220,444            | -                   | -               | 23,375,368           |
| OPEB liability                                      | 908,457              | 454,780              | 454,780              | -                   | -               | 1,818,017            |
| Total non-current liabilities                       | 908,457              | 19,609,704           | 4,675,224            | -                   | -               | 25,193,385           |
| Total liabilities                                   | 6,661,786            | 21,286,428           | 5,169,068            | 32,971              | 14,572          | 33,164,825           |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                |                      |                      |                      |                     |                 |                      |
| Pension plan  | 1,877,186            | 938,594              | 938,594              | -                   | -               | 3,754,374            |
| OPEB plan   | 8,539                | 4,289                | 4,289                | -                   | -               | 17,117               |
| Total deferred inflows of resources                 | 1,885,725            | 942,883              | 942,883              | -                   | -               | 3,771,491            |
| <b>NET POSITION</b>                                 |                      |                      |                      |                     |                 |                      |
| Net investment in capital assets                    | 15,967,180           | 20,708,563           | 12,026,881           | 846,194             | -               | 49,548,818           |
| Restricted for debt service                         | 299,141              | 504,576              | 5,585                | -                   | -               | 809,302              |
| Restricted for net pension asset                    | 1,162,731            | 581,366              | 581,365              | -                   | -               | 2,325,462            |
| Unrestricted  | 15,371,482           | 4,873,268            | 2,532,604            | (1,754,928)         | 3,342           | 21,025,768           |
| <b>TOTAL NET POSITION</b>                           | <b>\$ 32,800,534</b> | <b>\$ 26,667,773</b> | <b>\$ 15,146,435</b> | <b>\$ (908,734)</b> | <b>\$ 3,342</b> | <b>\$ 73,709,350</b> |

The notes to the financial statements are an integral part of these statements.

**CITY OF HANNIBAL, MISSOURI**  
**BOARD OF PUBLIC WORKS**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**Year Ended June 30, 2021**

|   | Electric Fund | Water Fund    | Sewer Fund    | Stormwater Fund | Recycling Fund | Total         |
|---|---------------|---------------|---------------|-----------------|----------------|---------------|
| OPERATING REVENUES                      |               |               |               |                 |                |               |
| Charges for services                    | \$ 22,860,473 | \$ 6,032,421  | \$ 5,234,803  | \$ -            | \$ -           | \$ 34,127,697 |
| Total operating revenues                | 22,860,473    | 6,032,421     | 5,234,803     | -               | -              | 34,127,697    |
| OPERATING EXPENSES                      |               |               |               |                 |                |               |
| Purchased power                         | 14,951,464    | -             | -             | -               | -              | 14,951,464    |
| Purchased services                      | 1,727,768     | 1,119,832     | 1,098,777     | 13,454          | -              | 3,959,831     |
| Salaries and wages                      | 2,143,366     | 1,352,861     | 1,304,941     | 31,492          | -              | 4,832,660     |
| Employee benefits                       | 635,331       | 316,633       | 317,668       | 53,246          | -              | 1,322,878     |
| Materials and supplies                  | 489,480       | 747,994       | 448,912       | 5,488           | -              | 1,691,874     |
| Depreciation and amortization           | 1,598,795     | 1,077,316     | 1,306,683     | -               | -              | 3,982,794     |
| Other operating expenses                | 172,833       | 28,625        | 62,078        | -               | -              | 263,536       |
| Total operating expenses                | 21,719,037    | 4,643,261     | 4,539,059     | 103,680         | -              | 31,005,037    |
| OPERATING INCOME (LOSS)                 | 1,141,436     | 1,389,160     | 695,744       | (103,680)       | -              | 3,122,660     |
| NON-OPERATING REVENUES (EXPENSES)       |               |               |               |                 |                |               |
| Gain on sale of capital assets          | 20,988        | -             | -             | -               | -              | 20,988        |
| Interest income                         | 183,185       | 27,450        | 31,750        | -               | -              | 242,385       |
| Interest expense                        | (114,471)     | (485,687)     | (290,054)     | (29,202)        | -              | (919,414)     |
| Rental income                           | 6,620         | -             | -             | -               | -              | 6,620         |
| Other non-operating revenues, net       | 284,708       | 74,816        | 82,619        | -               | -              | 442,143       |
| Total non-operating revenues (expenses) | 381,030       | (383,421)     | (175,685)     | (29,202)        | -              | (207,278)     |
| Change in net position                  | 1,522,466     | 1,005,739     | 520,059       | (132,882)       | -              | 2,915,382     |
| Net position, July 1                    | 31,278,068    | 25,662,034    | 14,626,376    | (775,852)       | 3,342          | 70,793,968    |
| NET POSITION, JUNE 30                   | \$ 32,800,534 | \$ 26,667,773 | \$ 15,146,435 | \$ (908,734)    | \$ 3,342       | \$ 73,709,350 |

The notes to the financial statements are an integral part of these statements.

**CITY OF HANNIBAL, MISSOURI  
BOARD OF PUBLIC WORKS**

**STATEMENT OF CASH FLOWS  
Year Ended June 30, 2021**

|  | Electric Fund       | Water Fund          | Sewer Fund          | Stormwater Fund | Recycling Fund  | Total                |
|--|---------------------|---------------------|---------------------|-----------------|-----------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                     |                     |                     |                 |                 |                      |
| Cash received from customers   | \$ 22,756,422       | \$ 6,089,355        | \$ 5,271,376        | \$ -            | \$ 1,015        | \$ 34,118,168        |
| Cash received from other sources   | -                   | -                   | -                   | -               | 726             | 726                  |
| Cash paid to vendors   | (16,966,953)        | (2,114,531)         | (1,601,649)         | (33,632)        | -               | (20,716,765)         |
| Cash paid to employees   | (3,274,954)         | (1,910,588)         | (1,876,624)         | (89,580)        | -               | (7,151,746)          |
| Net cash provided (used) by operating activities                                       | 2,514,515           | 2,064,236           | 1,793,103           | (123,212)       | 1,741           | 6,250,383            |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>                                |                     |                     |                     |                 |                 |                      |
| Net change in interfund balances   | (734,217)           | -                   | -                   | 734,217         | -               | -                    |
| Net cash provided (used) by noncapital financing activities                            | (734,217)           | -                   | -                   | 734,217         | -               | -                    |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                       |                     |                     |                     |                 |                 |                      |
| Purchases of capital assets  | (1,642,524)         | (1,184,286)         | (712,717)           | (810,083)       | -               | (4,349,610)          |
| Proceeds from the sale of capital assets   | 20,988              | -                   | -                   | -               | -               | 20,988               |
| Payments on long-term debt   | (644,997)           | (1,091,132)         | (1,276,311)         | (20,000)        | -               | (3,032,440)          |
| Net cash used by capital and related financing activities                              | (2,266,533)         | (2,275,418)         | (1,989,028)         | (830,083)       | -               | (7,361,062)          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |                     |                     |                     |                 |                 |                      |
| Interest income  | 183,185             | 27,450              | 31,750              | -               | -               | 242,385              |
| Investment maturities/sales  | 467,764             | -                   | -                   | -               | -               | 467,764              |
| Other revenues   | 291,328             | 74,816              | 82,619              | -               | -               | 448,763              |
| Net cash provided by investing activities  | 942,277             | 102,266             | 114,369             | -               | -               | 1,158,912            |
| Net change in cash and cash equivalents  | 456,042             | (108,916)           | (81,556)            | (219,078)       | 1,741           | 48,233               |
| Cash and cash equivalents, beginning of year   | 6,006,667           | 4,839,900           | 3,644,170           | 219,078         | 7,636           | 14,717,451           |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>  | <b>\$ 6,462,709</b> | <b>\$ 4,730,984</b> | <b>\$ 3,562,614</b> | <b>\$ -</b>     | <b>\$ 9,377</b> | <b>\$ 14,765,684</b> |
| Cash and cash equivalents  | \$ 6,163,568        | \$ 4,226,408        | \$ 3,557,029        | \$ -            | \$ 9,377        | \$ 13,956,382        |
| Restricted cash  | 299,141             | 504,576             | 5,585               | -               | -               | 809,302              |
| Total cash and cash equivalents  | \$ 6,462,709        | \$ 4,730,984        | \$ 3,562,614        | \$ -            | \$ 9,377        | \$ 14,765,684        |
| <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b> |                     |                     |                     |                 |                 |                      |
| Operating income (loss)  | \$ 1,141,436        | \$ 1,389,160        | \$ 695,744          | \$ (103,680)    | \$ -            | \$ 3,122,660         |
| Adjustments:   |                     |                     |                     |                 |                 |                      |
| Depreciation and amortization  | 1,598,795           | 1,077,316           | 1,306,683           | -               | -               | 3,982,794            |
| (Increase) decrease in assets and deferred outflows of                                 |                     |                     |                     |                 |                 |                      |
| Accounts receivable  | 59,742              | 57,085              | 34,144              | -               | 1,015           | 151,986              |
| Inventory  | 111,780             | (78,629)            | (1,728)             | -               | -               | 31,423               |
| Prepaid expenses   | (3,771)             | (20,652)            | (20,652)            | -               | -               | (45,075)             |
| Other receivables  | (174,952)           | 70                  | (884)               | (12,260)        | -               | (188,026)            |
| Net pension asset  | (1,162,731)         | (581,366)           | (581,365)           | -               | -               | (2,325,462)          |
| Pension plan   | 455,789             | 227,895             | 227,895             | -               | -               | 911,579              |
| OPEB plan  | (52,677)            | (26,462)            | (26,462)            | -               | -               | (105,601)            |
| Increase (decrease) in liabilities and deferred inflows of                             |                     |                     |                     |                 |                 |                      |
| Accounts payable   | 236,438             | (135,866)           | 24,322              | -               | 726             | 125,620              |
| Customer deposits  | 11,159              | (221)               | 3,313               | -               | -               | 14,251               |
| Accrued expenses   | 30,145              | 17,067              | 6,176               | (2,430)         | -               | 50,958               |
| Compensated absences   | 51,690              | 32,747              | 19,825              | (4,842)         | -               | 99,420               |
| Net pension liability  | (1,376,564)         | (688,282)           | (688,282)           | -               | -               | (2,753,128)          |
| OPEB liability   | 110,011             | 55,263              | 55,263              | -               | -               | 220,537              |
| Pension plan   | 1,479,174           | 739,588             | 739,588             | -               | -               | 2,958,350            |
| OPEB plan  | (949)               | (477)               | (477)               | -               | -               | (1,903)              |
| Net cash provided (used) by operating activities                                       | \$ 2,514,515        | \$ 2,064,236        | \$ 1,793,103        | \$ (123,212)    | \$ 1,741        | \$ 6,250,383         |

The notes to the financial statements are an integral part of these statements.

**CITY OF HANNIBAL, MISSOURI  
BOARD OF PUBLIC WORKS**

**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of significant accounting policies employed in the preparation of the accompanying financial statements, as presented on the basis set forth in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* (GASB 34).

*A. Reporting Entity*

The City of Hannibal, Missouri Board of Public Works (the HBPW) is a municipality-owned utility of the City of Hannibal, Missouri (the City) as provided for in the City Charter. The HBPW provides electric, water, and sewer utilities and stormwater services to the City and its residents.

The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the HBPW that have been determined not to be component units as defined by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* (GASB 61). Based on the criteria of GASB 61, there are no other agencies or entities for which the HBPW has been determined to be financially accountable and, therefore, should be included in the financial statements of the HBPW.

*B. Fund Accounting*

The HBPW uses funds to report its financial position and results of its operations in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The HBPW reports the following funds:

Electric Fund – This fund is used to account for the provision of electrical services to residents and businesses of the City.

Water Fund – This fund is used to account for the provision of water services to residents and businesses of the City.

Sewer Fund – This fund is used to account for the disposal of wastewater and industrial waste for the residents and businesses of the City.

Stormwater Fund – This fund is used to account for the provision of stormwater services to residents and businesses of the City.

Recycling Fund – This fund is used to account for the provision of the City's contracted recycling services to residents and businesses of the City. These services are provided on behalf of the City.

### *C. Basis of Accounting and Financial Statement Presentation*

The financial statements use the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred. Operating income reported in the financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

### *D. Cash and Cash Equivalents*

For purposes of the statement of cash flows, the HBPW considers all certificates of deposit and investments with original maturities of three months or less to be cash equivalents.

### *E. Investments*

Investments consist of certificates of deposit and are stated at cost as the HBPW intends to hold them to maturity.

### *F. Accounts Receivable*

Accounts receivable result primarily from providing electric, water, and sewer utilities to the City and its residents. Accounts receivable are reported net of an estimated allowance for uncollectible accounts.

### *G. Inventory*

Inventory, which consists of materials and supplies, is stated at cost using the first-in, first-out method.

### *H. Interfund Balances*

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The resulting receivables and payables are classified as “interfund balances” on the statement of net position.

Most of these balances represent a loan from the Electric Fund to the Stormwater Fund for purposes of providing support to the Stormwater Fund until it establishes a funding source. The loan is scheduled to mature during fiscal year 2022; however, a funding source to repay the loan currently does not exist.

### *I. Capital Assets*

Capital assets owned by the HBPW are stated at cost. Contributions of capital assets received from federal, state or local sources are recorded as assets and are stated at fair value upon receipt. Additions, improvements and expenses that significantly extend the useful life of an asset are capitalized.

Depreciation has been provided over the estimated useful lives using the straight-line method beginning when the asset is placed in service, with zero expected salvage value. The estimated useful lives are as follows:

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

#### *J. Investment in Land/Water Rights*

In October 2004, the HBPW entered into a sale contract with the Public Water Supply District No. 1 of Ralls County, pursuant to which the HBPW agreed to acquire the right to provide water service to the area described in the sale contract for the amount of \$1,500,000. The cost of acquiring these rights has been capitalized and is reported as an investment in land/water rights on the statement of net position. The HBPW determined this asset was not impaired as of June 30, 2021.

#### *K. Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

#### *L. Compensated Absences*

The HBPW's personnel policy provides its employees with vacation and sick leave in varying amounts. In the event of termination, employees are paid for accumulated vacation and up to 800 hours of accrued sick leave. Compensated absences are accrued in the financial statements when earned.

#### *M. Long-Term Obligations*

General long-term obligations consist of the non-current portion of bonds and leases payable and other long-term liabilities. In the financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, if any, are deferred and amortized over the life of the bonds using the straight-line method. Debt issuance costs, if any, include all costs incurred to issue debt and are expensed as incurred.

#### *N. Net Position*

In the financial statements, net position is displayed in three components as follows:

Net investment in capital assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted – This consists of net position that does not meet the definition of “net investment in capital assets” or “restricted.”

Sometimes the HBPW will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the HBPW's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

### *O. Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

### *P. Pensions*

For purposes of measuring the net pension liability/(asset), 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. Pension plan investments are reported at fair value.

### *Q. Subsequent Events*

Events that have occurred subsequent to June 30, 2021, have been evaluated through November 29, 2021, which is the date the financial statements were available to be issued.

In February 2021, the Midwest region, including Texas and Oklahoma, experienced an extended severe cold weather event with daily high temperatures near zero degrees. This event caused natural gas delivery equipment to freeze up and limited the availability of natural gas in a time of very high demand with the extreme cold temperatures. The limitation of natural gas during this event caused natural gas prices to soar, which had the effect of causing electric prices to soar for these few days since the electric industry has become reliant on natural gas generation. In May 2021, a State of Missouri \$50 million relief fund for municipal utilities who experienced extraordinary natural gas and electric prices during this polar vortex event was created. This relief fund provides, on a first-come, first served, basis, zero-percent loans with a payback period of no more than five years. The HBPW applied for this relief fund financing during the year ended June 30, 2021, and received funds totaling \$750,000 in August 2021.

## **2. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

### Deposits

Missouri State Statutes authorize the HBPW to deposit funds in obligations of the U.S. Treasury, federal agencies and instrumentalities, certificates of deposit, and repurchase agreements. Custodial credit risk for deposits is the risk that, in event of a bank failure, the government's deposits may not be returned to it. The HBPW's deposit policy for custodial credit risk is set by statute. Statutes require that collateral pledged must have a fair market value equal to 100% of the funds on deposit, less insured amounts. Collateral securities, which are of the same type as authorized for investment by the HBPW, are limited to the following as prescribed by state statutes:

- Bonds of the State of Missouri, of the United States, or of any wholly owned corporation of the United States.
- Other short-term obligations of the United States.

The HBPW maintains a cash and investment pool which is available for use by all funds for the purpose of increasing income through investment activities. Interest is allocated to the various funds based on average cash or investment balances. Each fund's portion of this pool is displayed on the statement of net position as cash and cash equivalents or restricted cash in each fund's column.

The HBPW's deposits are categorized to give an indication of the level of custodial risk assumed as of June 30, 2021. Deposits, categorized by level of custodial risk, were as follows as of June 30, 2021:

|  | Cash and<br>Cash<br>Equivalents | Certificates<br>of<br>Deposit | Total                |
|--|---------------------------------|-------------------------------|----------------------|
| Bank balance   |                                 |                               |                      |
| Insured by the FDIC  | \$ 474,739                      | \$ 8,820,000                  | \$ 9,294,739         |
| Collateralized with securities pledged by the<br>financial institution   | 5,206,667                       | -                             | 5,206,667            |
| Collateralized with securities held by the<br>pledging financial institutions' trust department or<br>agent but not in the depositor government's name | 366,574                         | -                             | 366,574              |
|  | <u>\$ 6,047,980</u>             | <u>\$ 8,820,000</u>           | <u>\$ 14,867,980</u> |
| Carrying value   | <u>\$ 5,945,684</u>             | <u>\$ 8,820,000</u>           | <u>\$ 14,765,684</u> |

A reconciliation of cash and cash equivalents as shown on the statement of financial position is as follows:

|                           |                      |
|---------------------------|----------------------|
| Cash and cash equivalents | \$ 13,956,382        |
| Restricted cash           | <u>809,302</u>       |
|                           | <u>\$ 14,765,684</u> |

### Investments

The HBPW had the following investments as of June 30, 2021:

|                         | Investment Maturities (in years) |                     |             | Carrying Value      |
|-------------------------|----------------------------------|---------------------|-------------|---------------------|
|                         | Less than 1                      | 1-5                 | Over 5      |                     |
| Certificates of deposit | <u>\$ 1,723,000</u>              | <u>\$ 6,069,236</u> | <u>\$ -</u> | <u>\$ 7,792,236</u> |

Interest rate risk – Interest rate risk is the risk that the fair values of investments will be adversely affected by a change in interest rates. The HBPW does not have a formal interest rate risk policy.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is measured using credit quality ratings or investments in debt securities as described by nationally recognized rating agencies such as Standard & Poor's and Moody's. State statutes authorize the HBPW to invest in obligations of the U.S. Treasury, federal agencies and instrumentalities, certificates of deposit, and repurchase agreements. The HBPW has no investment policy that would further limit its investment choice but does not allow for investments with maturities over 5 years. As of June 30, 2021, none of the certificates of deposit were rated.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The HBPW places no limit on the amount it may invest in any one issuer.

Custodial risk in investments – For an investment, this is the risk that in the event of the failure of the counterparty, the HBPW will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. The HBPW does not have any custodial risk in investments.



### 3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

|   | Balance<br>July 1,<br>2020 | Additions   | Retirements | Transfers    | Balance<br>June 30,<br>2021 |
|---|----------------------------|-------------|-------------|--------------|-----------------------------|
| Capital assets, not being depreciated:      |                            |             |             |              |                             |
| Land  | \$ 778,100                 | \$ -        | \$ -        | \$ -         | \$ 778,100                  |
| Construction in progress                    | 13,188,567                 | 4,081,315   | -           | (12,141,029) | 5,128,853                   |
| Total capital assets, not being depreciated | 13,966,667                 | 4,081,315   | -           | (12,141,029) | 5,906,953                   |
| Capital assets, being depreciated:          |                            |             |             |              |                             |
| Buildings                                   | 7,218,206                  | -           | -           | -            | 7,218,206                   |
| Improvements                                | 10,537                     | -           | -           | -            | 10,537                      |
| Infrastructure                              | 92,386,633                 | 13,000      | -           | 12,125,805   | 104,525,438                 |
| Vehicles and equipment                      | 21,977,251                 | 334,304     | 250,924     | 15,224       | 22,075,855                  |
| Total capital assets, being depreciated     | 121,592,627                | 347,304     | 250,924     | 12,141,029   | 133,830,036                 |
| Less accumulated depreciation for:          |                            |             |             |              |                             |
| Buildings                                   | 2,165,745                  | 136,596     | -           | -            | 2,302,341                   |
| Improvements                                | 10,435                     | 76          | -           | -            | 10,511                      |
| Infrastructure                              | 43,644,762                 | 2,153,338   | -           | -            | 45,798,100                  |
| Vehicles and equipment                      | 12,752,511                 | 1,689,348   | 171,912     | -            | 14,269,947                  |
| Total accumulated depreciation              | 58,573,453                 | 3,979,358   | 171,912     | -            | 62,380,899                  |
| Total capital assets being depreciated, net | 63,019,174                 | (3,632,054) | 79,012      | 12,141,029   | 71,449,137                  |
| Total capital assets, net                   | \$ 76,985,841              | \$ 449,261  | \$ 79,012   | \$ -         | \$ 77,356,090               |

Depreciation expense was charged to the HBPW's funds as follows:

|                            |                     |
|----------------------------|---------------------|
| Electric Fund              | \$ 1,595,359        |
| Water Fund                 | 1,077,316           |
| Sewer Fund                 | 1,306,683           |
| Total depreciation expense | <u>\$ 3,979,358</u> |

#### 4. LONG-TERM DEBT

The following is a summary of the HBPW's long-term debt transactions for the year ended June 30, 2021:

|                          | Beginning<br>Balance | Additions           | Retirements         | Ending<br>Balance    | Amount Due<br>In One Year |
|--------------------------|----------------------|---------------------|---------------------|----------------------|---------------------------|
| Revenue bonds            | \$ 25,698,300        | \$ 4,655,000        | \$ 6,312,448        | \$ 24,040,852        | \$ 918,000                |
| Series 2019 - premium    | 84,674               | -                   | -                   | 84,674               | 2,605                     |
| Series 2020 - premium    | -                    | 176,746             | -                   | 176,746              | 6,299                     |
| Lease purchase agreement | 4,030,000            | -                   | 525,000             | 3,505,000            | 3,505,000                 |
|                          | <u>\$ 29,812,974</u> | <u>\$ 4,831,746</u> | <u>\$ 6,837,448</u> | <u>\$ 27,807,272</u> | <u>\$ 4,431,904</u>       |

##### Revenue Bonds

In November 2013, the HBPW issued \$6,430,000 of Sewerage System Revenue Bonds. The bond proceeds are used to acquire, construct, extend, and improve the sewer system. Debt service payments on the bonds are financed through revenues derived from the operation of the sewer system. In April 2020, the Series 2013 bonds were called and defeased. In July 2020, proceeds of \$4,655,000 were received on the Series 2020 bonds. The HBPW issued these bonds at a premium of \$176,746, which will be amortized over the life of the bonds.

In October 2015, the HBPW issued \$12,960,000 of Waterworks Revenue Bonds. The bond proceeds are used to acquire, construct, improve, and equip drinking water facilities. Debt service payments on the bonds are financed through revenues derived from the operation of the water system.

In April 2019, the HBPW issued \$9,915,000 of Waterworks Revenue Bonds. The bond proceeds are used to acquire, construct, and improve 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 water system. The HBPW issued these bonds at a premium of \$84,674, which will be amortized over the life of the bonds.

The following summarizes the HBPW's revenue bonds:

|                             | Original<br>Amount | Interest<br>Rate | Maturity<br>Date | Balance<br>June 30, 2021 |
|-----------------------------|--------------------|------------------|------------------|--------------------------|
| Sewerage System Series 2020 | \$ 4,655,000       | 2.00%-3.00%      | 7/1/2032         | \$ 4,050,000             |
| Waterworks Series 2015      | 12,960,000         | 1.23%            | 7/1/2035         | 10,075,852               |
| Waterworks Series 2019      | 9,915,000          | 3.00%-3.25%      | 1/1/2044         | 9,915,000                |
|                             |                    |                  |                  | <u>\$ 24,040,852</u>     |

Future principal and interest payments on the HBPW's revenue bonds for the years ending June 30, are as follows:

|           | Principal            | Interest            | Total                |
|-----------|----------------------|---------------------|----------------------|
| 2022      | \$ 918,000           | \$ 326,428          | \$ 1,244,428         |
| 2023      | 1,259,000            | 509,098             | 1,768,098            |
| 2024      | 1,290,000            | 482,192             | 1,772,192            |
| 2025      | 1,317,000            | 454,529             | 1,771,529            |
| 2026      | 1,352,000            | 426,306             | 1,778,306            |
| 2027-2031 | 7,241,000            | 1,688,183           | 8,929,183            |
| 2032-2036 | 6,424,100            | 997,731             | 7,421,831            |
| 2037-2041 | 2,525,000            | 514,806             | 3,039,806            |
| 2042-2044 | 1,714,752            | 111,919             | 1,826,671            |
|           | <u>\$ 24,040,852</u> | <u>\$ 5,511,192</u> | <u>\$ 29,552,044</u> |

#### Lease Purchase Agreement

In January 2017, the HBPW entered into a lease purchase agreement with Commerce Bank. The lease proceeds were used to acquire and install generators and other utility equipment. As of June 30, 2021, the lease balance was \$3,505,000. The lease had an interest rate of 2.89% and was originally scheduled to mature in February 2027; however, in July 2021, the generators were sold and the lease was paid off early.

## **5. COMMITMENTS AND CONTINGENCIES**

### *A. MIRMA*

The HBPW is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and workman's compensation. The HBPW participates in Missouri Intergovernmental Risk Management Association (MIRMA) to cover these risks of losses. MIRMA is a group of local governments which provides a program of self-insurance to its members. The HBPW pays annual premiums to MIRMA based on its payroll. There were no significant reductions in insurance coverage from the prior year. Settled claims have not exceeded insurance coverage in any of the past three years.

### *B. Prairie State Energy Contract*

In January 2007, the HBPW entered into an Amended and Restated Unit Power Purchase Agreement (the 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 HBPW purchases capacity and energy to serve the electric utility system. The HBPW's payment obligations under the UPPA are limited to the requirements to make payments from revenues of the electric utility system. All payments made by the HBPW pursuant to the UPPA are considered operation and maintenance expenses of the electric utility system. The HBPW is required under the UPPA to at all times establish, maintain and collect rates, fee and charges for electric service sufficient to meet the HBPW's obligations under the UPPA.

The HBPW is a member of MJMEUC, which is a joint municipal utility commission formed under RSMo 393.700. 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 megawatts (MW). Under the UPPA, MJMEUC provides approximately 10% (or approximately 20 MW) of MJMEUC's energy and capacity in Prairie State, to the HBPW. The UPPA does not create any ownership rights on the part of the HBPW 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 HBPW 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 HBPW.

The HBPW 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 HBPW. 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 HBPW 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.

## **6. PENSION PLAN**

### ***General Information about the Pension Plan***

The following information is presented in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

#### **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 credited 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.

The benefit provisions adopted by the HBPW are as follows:

|                      | <u>2021 Valuation</u>                   |
|----------------------|---|
| Benefit multiplier   | 1.75% for life,<br>plus 0.25% 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, 2021, 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    | 12         |
| Active employees   | 67         |
| Total  | <u>142</u> |

## Contributions

The HBPW 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 HBPW do not contribute to the pension plan. The HBPW's contribution rate is 19.7% of annual covered payroll.

## ***Net Pension Liability/(Asset)***

The HBPW's net pension liability/(asset) was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of February 28, 2021.

### Actuarial Assumptions

The total pension liability in the February 28, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |                                     |
|---------------------------|-------------------------------------|
| Inflation                 | 2.75%                               |
| Salary increase           | 2.75% to 6.75%, including inflation |
| Investment rate of return | 7.00%, net of investment expenses   |

Mortality rates were based on the PubG-2010 Retiree, PubNS-2010 Disabled Retiree, and the PubG-2010 Employee mortality tables.

The actuarial assumptions used in the February 28, 2021, valuation were based on the results of an actuarial experience study for the period March 1, 2015 through February 29, 2020.

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:

| Asset Class      | Target Allocation | Long-Term Expected Real Rate of Return |
|------------------|-------------------|--|
| Alpha            | 15.00%            | 3.67%                                  |
| Equity           | 35.00%            | 4.78%                                  |
| Fixed income     | 31.00%            | 1.41%                                  |
| Real assets      | 36.00%            | 3.29%                                  |
| Strategic assets | 8.00%             | 5.25%                                  |
| Cash/leverage    | -25.00%           | -0.29%                                 |
|                  | <u>100.00%</u>    |  |

### Discount Rate

The discount rate used to measure the total pension liability is 7.00%. The projection 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 Pension Liability/(Asset)*

|  | Increase (Decrease)            |                                    |   |
|--|--------------------------------|------------------------------------|---|
|  | Total Pension<br>Liability (a) | Plan Fiduciary<br>Net Position (b) | Net Pension<br>Liability/(Asset)<br>(a) - (b) |
| Balances at June 30, 2020                            | \$ 23,836,351                  | \$ 21,083,223                      | \$ 2,753,128                                  |
| Changes for the year:                                |                                |                                    |   |
| Service cost   | 472,517                        | -                                  | 472,517                                       |
| Interest   | 1,705,351                      | -                                  | 1,705,351                                     |
| Difference between expected and<br>actual experience | (280,937)                      | -                                  | (280,937)                                     |
| Changes in assumptions                               | (513,497)                      | -                                  | (513,497)                                     |
| Contributions - employer                             | -                              | 928,519                            | (928,519)                                     |
| Net investment income                                | -                              | 5,569,115                          | (5,569,115)                                   |
| Benefit payments, including refunds                  | (1,112,260)                    | (1,112,260)                        | -   |
| Administrative expense                               | -                              | (14,481)                           | 14,481  |
| Other changes  | -                              | (21,129)                           | 21,129  |
| Net changes  | 271,174                        | 5,349,764                          | (5,078,590)                                   |
| Balances at June 30, 2021                            | \$ 24,107,525                  | \$ 26,432,987                      | \$ (2,325,462)                                |

### Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the HBPW, calculated using the discount rate of 7.00%, as well as what the HBPW's net pension liability/(asset) would be using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate.

|                               | Current Single Discount |                            |                        |
|-------------------------------|-------------------------|----------------------------|------------------------|
|                               | 1% Decrease<br>(6.00%)  | Rate Assumption<br>(7.00%) | 1% Increase<br>(8.00%) |
| Total pension liability       | \$ 27,362,111           | \$ 24,107,525              | \$ 21,412,065          |
| Plan fiduciary net position   | 26,432,987              | 26,432,987                 | 26,432,987             |
| Net pension liability/(asset) | \$ 929,124              | \$ (2,325,462)             | \$ (5,020,922)         |

### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's net position is available in the separately issued LAGERS financial report.

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

For the year ended June 30, 2021, the HBPW recognized pension expense of (\$280,140). The HBPW reported deferred outflows and inflows of resources related to pensions from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between:                         |                                   |                                  |
| Expected and actual experience               | \$ 446,310                        | \$ (743,547)                     |
| Projected and actual earnings on investments | -                                 | (2,598,601)                      |
| Changes in assumptions                       | -                                 | (412,226)                        |
| Total  | <u>\$ 446,310</u>                 | <u>\$ (3,754,374)</u>            |

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

|       |                       |
|-------|-----------------------|
| 2022  | \$ (802,798)          |
| 2023  | (847,178)             |
| 2024  | (683,230)             |
| 2025  | (963,809)             |
| 2026  | (11,049)              |
| Total | <u>\$ (3,308,064)</u> |

## **7. OTHER POST EMPLOYMENT BENEFITS (OPEB)**

### General Information about the Plan

The following information is presented in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions*.

### Plan Description and Benefits Provided

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 for employees and 50% of premiums for spouses. After the three-year period, the retirees can stay on the plan solely at their own expense unless they are Medicare eligible. Once they are Medicare-eligible they no longer eligible to remain on the plan.

### Participants Covered by Benefit Terms

As of June 1, 2019, there were 66 active employees and 4 current benefit recipients participating in the plan.

### Funding Policy

Covered employees are not required to contribute to the plan for up to three years. The HBPW is also not required to contribute to the plan. Employees who retire with a covered spouse pay 50% of the spouse's rate for up to three years (or until age 65). After three years, participants must pay 100% of the plan premium rates.



### Total OPEB Liability

The HBPW's total OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 1, 2019. The HBPW does not have a trust dedicated exclusively for the payment of OPEB benefits.

### Actuarial Assumptions

The total OPEB liability in the June 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|  |   |
|--|---|
| Discount rate  | 2.0% to 2.6%                              |
| Medical/Rx cost trend (and retiree contribution trend) | Average of 5.41% through fiscal year 2027 |
| Dental cost trend                                      | 3.0% per year                             |
| Salary scale   | 3.0% per year                             |

Mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables using Scale MP-2020 Full Generational Improvement.

In order to determine the municipal bond rate, the actuarial valuation uses the average of the published yields from the S&P Municipal Bond 20-year High Grade and the Fidelity GO AA-20 Years indexes. The selected average rates are 2.6% and 2.0% as of the beginning and end of the valuation year, respectively.

### Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the HBPW, calculated using the discount rate of 2.0%, as well as what the HBPW's total OPEB liability would be using a discount rate that is 1 percentage point lower (1.0%) and 1 percentage point higher (3.0%) than the current rate.

|                                   | Current Single Discount |                           |                       |
|-----------------------------------|-------------------------|---------------------------|-----------------------|
|                                   | 1% Decrease<br>(1.0%)   | Rate Assumption<br>(2.0%) | 1% Increase<br>(3.0%) |
| Total OPEB liability              | \$ 1,983,427            | \$ 1,818,017              | \$ 1,663,984          |
| Increase/(decrease) from baseline | 165,410                 | -                         | (154,033)             |

### Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the HBPW, calculated using the healthcare cost trend assumption, as well as what the HBPW's total OPEB liability would be using a healthcare cost trend rate that is 1 percentage point lower and 1 percentage point higher than the current rate.

|                                   | Current Trend |              |              |
|-----------------------------------|---------------|--------------|--------------|
|                                   | 1% Decrease   | Assumption   | 1% Increase  |
| Total OPEB liability              | \$ 1,561,213  | \$ 1,818,017 | \$ 2,127,624 |
| Increase/(decrease) from baseline | (256,804)     | -            | 309,607      |

### Changes in the Total OPEB Liability

|   |                            |
|---|----------------------------|
| Total OPEB liability - beginning of year          | <u>\$ 1,597,480</u>        |
| Changes for the year:                             |                            |
| Service cost                                      | 122,025                    |
| Interest  | 43,576                     |
| Difference between expected and actual experience | 46,987                     |
| Changes in assumptions                            | 94,949                     |
| Contributions - employer                          | <u>(87,000)</u>            |
| Net changes                                       | <u>220,537</u>             |
| Total OPEB liability - end of year                | <u><u>\$ 1,818,017</u></u> |

### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the HBPW recognized OPEB expense of (\$113,032). The HBPW reported deferred outflows and inflows of resources related to OPEB from the following sources:

|                                | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|--------------------------------|---|--|
| Differences between:           |   |  |
| Expected and actual experience | \$ 56,114                                 | \$ (17,118)                              |
| Changes in assumptions         | <u>302,725</u>                            | <u>-</u>                                 |
| Total                          | <u><u>\$ 358,839</u></u>                  | <u><u>\$ (17,118)</u></u>                |

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense during the years ending June 30 as follows:

|            |                          |
|------------|--------------------------|
| 2022       | \$ 34,432                |
| 2023       | 34,432                   |
| 2024       | 34,432                   |
| 2025       | 34,432                   |
| 2026       | 34,432                   |
| Thereafter | <u>169,561</u>           |
| Total      | <u><u>\$ 341,721</u></u> |

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF HANNIBAL, MISSOURI  
BOARD OF PUBLIC WORKS**

**PENSION PLAN  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
AND RELATED RATIOS  
June 30, 2021**

|  | 2021                  | 2020                 | 2019                 | 2018                 | 2017                 | 2016                 | 2015                 |
|--|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total pension liability  |                       |                      |                      |                      |                      |                      |                      |
| Service cost   | \$ 472,517            | \$ 435,687           | \$ 446,800           | \$ 412,987           | \$ 384,213           | \$ 396,111           | \$ 412,341           |
| Interest on the total pension liability                                    | 1,705,351             | 1,616,589            | 1,643,234            | 1,497,556            | 1,453,217            | 1,381,075            | 1,362,410            |
| Difference between expected and actual experience                          | (280,937)             | 307,866              | (1,242,409)          | 1,227,980            | (142,897)            | (313,060)            | (382,273)            |
| Assumption changes   | (513,497)             | -                    | -                    | -                    | -                    | 685,338              | -                    |
| Benefit payments   | (1,112,260)           | (1,194,172)          | (1,224,684)          | (1,069,584)          | (1,123,670)          | (1,172,585)          | (1,083,083)          |
| Net change in total pension liability                                      | 271,174               | 1,165,970            | (377,059)            | 2,068,939            | 570,863              | 976,879              | 309,395              |
| Total pension liability beginning  | 23,836,351            | 22,670,381           | 23,047,440           | 20,978,501           | 20,407,638           | 19,430,759           | 19,121,364           |
| Total pension liability ending   | <u>\$ 24,107,525</u>  | <u>\$ 23,836,351</u> | <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> |
| Plan fiduciary net position  |                       |                      |                      |                      |                      |                      |                      |
| Contributions - employer   | \$ 928,519            | \$ 849,831           | \$ 810,846           | \$ 824,620           | \$ 659,410           | \$ 653,218           | \$ 731,733           |
| Contributions - employee   | -                     | -                    | -                    | -                    | -                    | 25,792               | -                    |
| Pension plan net investment income   | 5,569,115             | 263,414              | 1,330,378            | 2,235,327            | 2,005,620            | (45,644)             | 360,839              |
| Benefit payments   | (1,112,260)           | (1,194,172)          | (1,224,684)          | (1,069,584)          | (1,123,670)          | (1,172,585)          | (1,083,083)          |
| Pension plan administrative expense  | (14,481)              | (18,550)             | (16,899)             | (11,864)             | (11,377)             | (10,849)             | (11,836)             |
| Other  | (21,129)              | (55,987)             | (509,845)            | 76,336               | (21,909)             | (343,369)            | (427,100)            |
| Net change in plan fiduciary net position                                  | 5,349,764             | (155,464)            | 389,796              | 2,054,835            | 1,508,074            | (893,437)            | (429,447)            |
| Plan fiduciary net position beginning                                      | 21,083,223            | 21,238,687           | 20,848,891           | 18,794,056           | 17,285,982           | 18,179,419           | 18,608,866           |
| Plan fiduciary net position ending   | <u>\$ 26,432,987</u>  | <u>\$ 21,083,223</u> | <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)  | <u>\$ (2,325,462)</u> | <u>\$ 2,753,128</u>  | <u>\$ 1,431,694</u>  | <u>\$ 2,198,549</u>  | <u>\$ 2,184,445</u>  | <u>\$ 3,121,656</u>  | <u>\$ 1,251,340</u>  |
| Plan fiduciary net position as a percentage of the total pension liability | 109.65%               | 88.45%               | 93.68%               | 90.46%               | 89.59%               | 84.70%               | 93.56%               |
| Covered payroll  | \$ 4,527,020          | \$ 4,393,904         | \$ 3,937,038         | \$ 4,389,789         | \$ 3,635,860         | \$ 3,587,196         | \$ 3,722,920         |
| Net pension liability/(asset) as a percentage of covered payroll           | -51.37%               | 62.66%               | 36.36%               | 50.08%               | 60.08%               | 87.02%               | 33.61%               |

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.*

**CITY OF HANNIBAL, MISSOURI  
BOARD OF PUBLIC WORKS**

**PENSION PLAN  
SCHEDULE OF CONTRIBUTIONS  
June 30, 2021**

|  | 2021         | 2020         | 2019         | 2018         | 2017         |
|--|--------------|--------------|--------------|--------------|--------------|
| Actuarially determined contribution                                  | \$ 928,519   | \$ 849,831   | \$ 817,296   | \$ 857,688   | \$ 659,410   |
| Contributions in relation to the actuarially determined contribution | 928,519      | 849,831      | 813,147      | 822,319      | 659,410      |
| Contribution deficiency (excess)                                     | \$ -         | \$ -         | \$ 4,149     | \$ 35,369    | \$ -         |
| Covered payroll  | \$ 4,551,563 | \$ 4,186,358 | \$ 4,148,709 | \$ 4,421,073 | \$ 3,746,646 |
| Contributions as a percentage of covered payroll                     | 20.40%       | 20.30%       | 19.60%       | 18.60%       | 17.60%       |
|  | 2016         | 2015         | 2014         | 2013         | 2012         |
| Actuarially determined contribution                                  | \$ 653,218   | \$ 731,733   | \$ 731,346   | \$ 689,510   | \$ 591,382   |
| Contributions in relation to the actuarially determined contribution | 653,218      | 731,733      | 720,152      | 664,107      | 559,066      |
| Contribution deficiency (excess)                                     | \$ -         | \$ -         | \$ 11,194    | \$ 25,403    | \$ 32,316    |
| Covered payroll  | \$ 3,711,467 | \$ 3,771,818 | \$ 3,731,356 | \$ 3,629,000 | \$ 3,231,596 |
| Contributions as a percentage of covered payroll                     | 17.60%       | 19.40%       | 19.30%       | 18.30%       | 17.30%       |

**CITY OF HANNIBAL, MISSOURI  
BOARD OF PUBLIC WORKS**

**OPEB PLAN  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
June 30, 2021**

|   | 2021                | 2020                | 2019                | 2018                |
|---|---------------------|---------------------|---------------------|---------------------|
| Total OPEB liability                                    |                     |                     |                     |                     |
| Service cost  | \$ 122,025          | \$ 95,592           | \$ 97,054           | \$ 92,381           |
| Interest  | 43,576              | 42,440              | 48,118              | 50,139              |
| Benefit changes   | -                   | -                   | (191,644)           | -                   |
| Difference between expected and actual experience       | 46,987              | (20,922)            | 17,082              | -                   |
| Assumption changes                                      | 94,949              | 188,800             | 72,903              | 10,635              |
| Contributions - employer                                | (87,000)            | (55,000)            | (116,000)           | (207,000)           |
| Net change in total OPEB liability                      | 220,537             | 250,910             | (72,487)            | (53,845)            |
| Total OPEB liability beginning                          | 1,597,480           | 1,346,570           | 1,419,057           | 1,472,902           |
| Total OPEB liability ending                             | <u>\$ 1,818,017</u> | <u>\$ 1,597,480</u> | <u>\$ 1,346,570</u> | <u>\$ 1,419,057</u> |
| Covered payroll   | \$ 3,887,352        | \$ 3,887,352        | \$ 3,788,616        | \$ 3,788,616        |
| Total OPEB liability as a percentage of covered payroll | 46.77%              | 41.09%              | 35.54%              | 37.46%              |

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.*

**SCHEDULE OF OPEB CONTRIBUTIONS  
June 30, 2021**

|  | 2021             | 2020             | 2019              | 2018              |
|--|------------------|------------------|-------------------|-------------------|
| Expected retiree claims and administrative costs | \$ 91,000        | \$ 57,000        | \$ 138,000        | \$ 231,000        |
| Expected retiree premium contributions           | 4,000            | 2,000            | 22,000            | 24,000            |
| Employer contributions                           | <u>\$ 87,000</u> | <u>\$ 55,000</u> | <u>\$ 116,000</u> | <u>\$ 207,000</u> |
| Covered payroll                                  | \$ 3,887,352     | \$ 3,887,352     | \$ 3,788,616      | \$ 3,788,616      |
| Contributions as a percentage of covered payroll | 0.10%            | 0.05%            | 0.58%             | 0.63%             |

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.*

## **SUPPLEMENTARY INFORMATION**

**CITY OF HANNIBAL, MISSOURI  
BOARD OF PUBLIC WORKS**

**CAPITAL ASSETS SCHEDULE - ELECTRIC FUND  
Year Ended June 30, 2021**

|                          | Cost                       |              |              |                             | Accumulated Depreciation   |              |              |                             |
|--------------------------|----------------------------|--------------|--------------|-----------------------------|----------------------------|--------------|--------------|-----------------------------|
|                          | Balance at<br>July 1, 2020 | Additions    | Retirements  | Balance at<br>June 30, 2021 | Balance at<br>July 1, 2020 | Additions    | Retirements  | Balance at<br>June 30, 2021 |
| Equipment                | \$ 14,621,310              | \$ 57,016    | \$ -         | \$ 14,678,326               | \$ 8,992,123               | \$ 894,758   | \$ -         | \$ 9,886,881                |
| Transportation equipment | 1,895,947                  | -            | (250,924)    | 1,645,023                   | 1,187,184                  | 152,491      | (171,912)    | 1,167,763                   |
| Infrastructure           | 20,994,759                 | 550,442      | -            | 21,545,201                  | 10,009,672                 | 533,293      | -            | 10,542,965                  |
| Land and improvements    | 146,419                    | -            | -            | 146,419                     | 10,435                     | 76           | -            | 10,511                      |
| Structures               | 1,860,265                  | -            | -            | 1,860,265                   | 1,144,550                  | 14,745       | -            | 1,159,295                   |
| Total placed in service  | 39,518,700                 | 607,458      | (250,924)    | 39,875,234                  | 21,343,964                 | 1,595,363    | (171,912)    | 22,767,415                  |
| Construction in progress | 1,250,282                  | 1,664,521    | (550,442)    | 2,364,361                   | -                          | -            | -            | -                           |
| Total capital assets     | \$ 40,768,982              | \$ 2,271,979 | \$ (801,366) | \$ 42,239,595               | \$ 21,343,964              | \$ 1,595,363 | \$ (171,912) | \$ 22,767,415               |

**CITY OF HANNIBAL, MISSOURI  
BOARD OF PUBLIC WORKS**

**CAPITAL ASSETS SCHEDULE - WATER FUND  
Year Ended June 30, 2021**

|                          | Cost                       |               |                 |                             | Accumulated Depreciation   |              |             |                             |
|--------------------------|----------------------------|---------------|-----------------|-----------------------------|----------------------------|--------------|-------------|-----------------------------|
|                          | Balance at<br>July 1, 2020 | Additions     | Retirements     | Balance at<br>June 30, 2021 | Balance at<br>July 1, 2020 | Additions    | Retirements | Balance at<br>June 30, 2021 |
| Equipment                | \$ 662,850                 | \$ 104,918    | \$ -            | \$ 767,768                  | \$ 379,966                 | \$ 70,565    | \$ -        | \$ 450,531                  |
| Transportation equipment | 597,196                    | -             | -               | 597,196                     | 414,955                    | 53,893       | -           | 468,848                     |
| Infrastructure           | 41,491,663                 | 11,486,011    | -               | 52,977,674                  | 12,890,549                 | 946,082      | -           | 13,836,631                  |
| Land and improvements    | 116,175                    | -             | -               | 116,175                     | -                          | -            | -           | -                           |
| Structures               | 725,001                    | -             | -               | 725,001                     | 572,093                    | 6,776        | -           | 578,869                     |
| Total placed in service  | 43,592,885                 | 11,590,929    | -               | 55,183,814                  | 14,257,563                 | 1,077,316    | -           | 15,334,879                  |
| Construction in progress | 11,341,800                 | 1,066,368     | (11,473,011)    | 935,157                     | -                          | -            | -           | -                           |
| Total capital assets     | \$ 54,934,685              | \$ 12,657,297 | \$ (11,473,011) | \$ 56,118,971               | \$ 14,257,563              | \$ 1,077,316 | \$ -        | \$ 15,334,879               |



**CITY OF HANNIBAL, MISSOURI  
BOARD OF PUBLIC WORKS**

**CAPITAL ASSETS SCHEDULE - SEWER FUND  
Year Ended June 30, 2021**

|                          | Cost                       |            |              |                             | Accumulated Depreciation   |              |             |                             |
|--------------------------|----------------------------|------------|--------------|-----------------------------|----------------------------|--------------|-------------|-----------------------------|
|                          | Balance at<br>July 1, 2020 | Additions  | Retirements  | Balance at<br>June 30, 2021 | Balance at<br>July 1, 2020 | Additions    | Retirements | Balance at<br>June 30, 2021 |
| Equipment                | \$ 2,795,926               | \$ 187,594 | \$ -         | \$ 2,983,520                | \$ 1,027,118               | \$ 377,458   | \$ -        | \$ 1,404,576                |
| Transportation equipment | 1,404,022                  | -          | -            | 1,404,022                   | 751,162                    | 140,187      | -           | 891,349                     |
| Infrastructure           | 29,900,211                 | 102,352    | -            | 30,002,563                  | 20,744,540                 | 673,963      | -           | 21,418,503                  |
| Land and improvments     | 526,043                    | -          | -            | 526,043                     | -                          | -            | -           | -                           |
| Structures               | 4,632,940                  | -          | -            | 4,632,940                   | 449,101                    | 115,075      | -           | 564,176                     |
| Total placed in service  | 39,259,142                 | 289,946    | -            | 39,549,088                  | 22,971,921                 | 1,306,683    | -           | 24,278,604                  |
| Construction in progress | 560,369                    | 540,347    | (117,576)    | 983,140                     | -                          | -            | -           | -                           |
| Total capital assets     | \$ 39,819,511              | \$ 830,293 | \$ (117,576) | \$ 40,532,228               | \$ 22,971,921              | \$ 1,306,683 | \$ -        | \$ 24,278,604               |

**CITY OF HANNIBAL, MISSOURI  
BOARD OF PUBLIC WORKS**

**CAPITAL ASSETS SCHEDULE - STORMWATER FUND  
Year Ended June 30, 2021**

|                          | Cost                       |            |             |                             | Accumulated Depreciation   |           |             |                             |
|--------------------------|----------------------------|------------|-------------|-----------------------------|----------------------------|-----------|-------------|-----------------------------|
|                          | Balance at<br>July 1, 2020 | Additions  | Retirements | Balance at<br>June 30, 2021 | Balance at<br>July 1, 2020 | Additions | Retirements | Balance at<br>June 30, 2021 |
| Equipment                | \$ -                       | \$ -       | \$ -        | \$ -                        | \$ -                       | \$ -      | \$ -        | \$ -                        |
| Transportation equipment | -                          | -          | -           | -                           | -                          | -         | -           | -                           |
| Infrastructure           | -                          | -          | -           | -                           | -                          | -         | -           | -                           |
| Land and improvments     | -                          | -          | -           | -                           | -                          | -         | -           | -                           |
| Structures               | -                          | -          | -           | -                           | -                          | -         | -           | -                           |
| Total placed in service  | -                          | -          | -           | -                           | -                          | -         | -           | -                           |
| Construction in progress | 36,111                     | 810,083    | -           | 846,194                     | -                          | -         | -           | -                           |
| Total capital assets     | \$ 36,111                  | \$ 810,083 | \$ -        | \$ 846,194                  | \$ -                       | \$ -      | \$ -        | \$ -                        |

**CITY OF HANNIBAL, MISSOURI**  
**BOARD OF PUBLIC WORKS**  
**SCHEDULE OF INVESTMENTS**  
**June 30, 2021**

| Description                       | Interest Rate | Maturity Date | Cost                | Fair Value          |
|-----------------------------------|---------------|---------------|---------------------|---------------------|
| Electric Fund                     |               |               |                     |                     |
| Discover Bank CD                  | 1.50%         | 8/10/2021     | \$ 248,000          | \$ 248,413          |
| Wells Fargo Bank CD               | 1.70%         | 10/14/2021    | 248,000             | 249,194             |
| State Bank of India CD            | 2.30%         | 2/9/2022      | 245,000             | 248,383             |
| Everbank/Jacksonville, FL CD      | 2.05%         | 2/14/2022     | 245,000             | 248,129             |
| Capital One Bank USA NA CD        | 2.30%         | 2/23/2022     | 245,000             | 248,595             |
| Privatebank & Trust CD            | 2.20%         | 3/30/2022     | 247,000             | 251,014             |
| KS Statebank CD                   | 2.10%         | 5/17/2022     | 245,000             | 249,383             |
| American Express Centurion CD     | 2.35%         | 8/22/2022     | 247,000             | 253,292             |
| Barclays Bank/Delaware CD         | 2.30%         | 10/18/2022    | 247,000             | 253,999             |
| Crossfirst Bank CD                | 2.20%         | 11/18/2022    | 245,000             | 251,993             |
| Enterprise Bank CD                | 2.15%         | 11/28/2022    | 248,000             | 255,017             |
| MB Financial Bank CD              | 2.75%         | 3/20/2023     | 248,000             | 258,940             |
| Belmont Savings Bank CD           | 3.05%         | 5/16/2023     | 245,000             | 258,111             |
| Enerbank USA CD                   | 3.20%         | 8/30/2023     | 248,000             | 263,884             |
| UBS Bank USA CD                   | 3.50%         | 10/27/2023    | 248,000             | 266,690             |
| F&M Bank CD                       | 3.15%         | 1/25/2024     | 1,000,000           | 1,000,000           |
| F&M Bank CD                       | 2.50%         | 8/7/2024      | 248,000             | 248,000             |
| BMW Bank North America CD         | 0.35%         | 10/30/2024    | 246,000             | 245,937             |
| F&M Bank CD                       | 1.95%         | 10/30/2024    | 248,000             | 255,350             |
| F&M Bank CD                       | 1.40%         | 3/10/2025     | 100,000             | 101,765             |
| F&M Bank CD                       | 1.65%         | 4/21/2025     | 248,000             | 252,117             |
| F&M Bank CD                       | 1.60%         | 5/8/2025      | 245,000             | 248,944             |
| F&M Bank CD                       | 1.25%         | 5/13/2025     | 245,000             | 248,077             |
| F&M Bank CD                       | 1.25%         | 9/30/2025     | 247,000             | 249,316             |
| Sallie Mae Bank/Salt Lake CD      | 0.85%         | 5/27/2025     | 245,000             | 248,857             |
| Malaga Bank FSB CD                | 0.70%         | 5/29/2025     | 245,000             | 250,212             |
| Financial Federal Savings Bank CD | 0.65%         | 5/29/2025     | 245,000             | 246,948             |
| Medallion Bank Utah CD            | 0.40%         | 10/30/2025    | 247,000             | 245,008             |
| US Treasury Notes                 | 0.75%         | 4/30/2026     | 164,236             | 163,116             |
| Total Electric Fund               |               |               | <u>7,672,236</u>    | <u>7,808,684</u>    |
| Sewer Fund                        |               |               |                     |                     |
| Synchrony Bank                    | 3.10%         | 10/10/2024    | <u>120,000</u>      | <u>120,000</u>      |
| Total investments                 |               |               | <u>\$ 7,792,236</u> | <u>\$ 7,928,684</u> |

**CITY OF HANNIBAL, MISSOURI**  
**BOARD OF PUBLIC WORKS**

**SCHEDULE OF TOP TEN UTILITY CUSTOMERS**  
**Year Ended June 30, 2021**

Electric Fund

| Rank | Customer                          | Annual<br>Kilowatt Hours | Percent of Total |
|------|-----------------------------------|--------------------------|------------------|
| 1    | General Mills                     | 45,832,785               | 19.66%           |
| 2    | Spartan Light Metal Products      | 16,398,200               | 7.03%            |
| 3    | Watlow Electric Manufacturing Co. | 8,050,350                | 3.45%            |
| 4    | Board of Public Works             | 7,199,970                | 3.09%            |
| 5    | Enduro Industries                 | 6,328,000                | 2.71%            |
| 6    | Hannibal-LaGrange University      | 4,175,939                | 1.79%            |
| 7    | Walmart Stores Inc.               | 3,525,600                | 1.51%            |
| 8    | Niemann Foods Inc.                | 2,880,720                | 1.24%            |
| 9    | Hannibal Senior High School       | 2,578,800                | 1.11%            |
| 10   | Consolidated Machine & Welding    | 1,958,060                | 0.84%            |

Water Fund

| Rank | Customer                          | Annual Gallons | Percent of Total |
|------|-----------------------------------|----------------|------------------|
| 1    | General Mills                     | 238,075,050    | 29.65%           |
| 2    | Board of Public Works             | 123,028,880    | 15.32%           |
| 3    | Levering Care Center              | 12,362,630     | 1.54%            |
| 4    | Hannibal Regional Hospital        | 11,763,313     | 1.46%            |
| 5    | Watlow Electric Manufacturing Co. | 5,217,310      | 0.65%            |
| 6    | Hannibal Country Club             | 5,166,980      | 0.64%            |
| 7    | Luther Manor                      | 4,946,193      | 0.62%            |
| 8    | Hannibal-LaGrange University      | 4,534,778      | 0.56%            |
| 9    | Spartan Light Metal Products      | 3,852,152      | 0.48%            |
| 10   | Hannibal Elderly House            | 3,550,740      | 0.44%            |

Sewer Fund

| Rank | Customer                     | Annual Gallons | Percent of Total |
|------|------------------------------|----------------|------------------|
| 1    | General Mills                | *              | *                |
| 2    | Levering Care Center         | 12,362,630     | 1.86%            |
| 3    | Hannibal Regional Hospital   | 11,763,102     | 1.77%            |
| 4    | Luther Manor                 | 4,946,193      | 0.74%            |
| 5    | Hannibal-LaGrange University | 4,521,899      | 0.68%            |
| 6    | Spartan Light Metal Products | 3,852,152      | 0.58%            |
| 7    | Hannibal Elderly House       | 3,550,740      | 0.53%            |
| 8    | SWB Hospitality LLC          | 3,221,900      | 0.48%            |
| 9    | Holiday Inn Express          | 2,790,100      | 0.42%            |
| 10   | Beth Haven Nursing Home      | 2,538,080      | 0.38%            |

\*General Mills utilizes a significant percentage of its purchased water as an ingredient in its products. As a result, billing for General Mills is based on a formula other than gallons of water purchased. General Mills accounts for approximately 27% of Sewer Fund revenues.

## **OTHER INFORMATION**

**CITY OF HANNIBAL, MISSOURI  
BOARD OF PUBLIC WORKS**

**COMPARATIVE STATEMENT OF OPERATING FACTORS  
ELECTRIC FUND  
Years Ended June 30, 2021 and 2020**

|  | Unit | 2021         | 2020         |
|--|------|--------------|--------------|
| Population served per 2010 Census                            |      | 17,757       | 17,757       |
| Number of customers per 100 population                       |      | 49.56        | 49.55        |
| Maximum peak load operation                                  | MW   | 53           | 54           |
| Investment per capita  | \$   | 2,305.90     | 2,196.86     |
| Total operating revenue per \$100 investment                 | \$   | 55.83        | 59.22        |
| Ratio of total operating expenses to total operating revenue | %    | 95.01%       | 96.22%       |
| Operating profit (loss) per \$100 investment                 | \$   | 2.79         | 2.24         |
| Total purchased power cost per kWh                           | \$   | 0.0641       | 0.0632       |
| Average price received per kWh sold                          | \$   | 0.0980       | 0.0981       |
| Operating profit (loss) per kWh sold                         | \$   | 0.0049       | 0.0037       |
| Average residential use                                      | kWh  | 10,297       | 10,298       |
| Total kWh purchased  | kWh  | 233,165,883  | 235,592,431  |
| Total kWh sold   | kWh  | 233,165,883  | 235,592,431  |
| Customers at end of year:                                    |      |              |              |
| Residential  |      | 7,619        | 7,638        |
| Commercial   |      | 1,067        | 1,046        |
| Industrial   |      | 114          | 115          |
|  |      | <u>8,800</u> | <u>8,799</u> |

**CITY OF HANNIBAL, MISSOURI  
BOARD OF PUBLIC WORKS**

**COMPARATIVE STATEMENT OF OPERATING FACTORS  
WATER FUND  
Years Ended June 30, 2021 and 2020**

|  | Unit   | 2021      | 2020      |
|--|--------|-----------|-----------|
| Population served per 2010 Census                      |        | 17,757    | 17,757    |
| Number of customers per 100 population                 |        | 44.33     | 44.30     |
| Capacity per day                                       | Gallon | 7,500,000 | 7,500,000 |
| Maximum production per day                             | Gallon | 3,984,107 | 4,811,585 |
| Average production per day                             | Gallon | 2,980,571 | 3,317,990 |
| Investment per 1,000 gallons sold                      | \$     | 60.64     | 57.54     |
| Investment per capita                                  | \$     | 2,742.33  | 2,707.33  |
| Total operating revenue per \$100 investment           | \$     | 12.39     | 12.76     |
| Ratio of total operating expenses to operating revenue | %      | 76.97%    | 76.26%    |
| Operating profit (loss) per \$100 investment           | \$     | 2.85      | 3.03      |
| Average price received per 1,000 gallons               | \$     | 7.51      | 7.34      |
| Average cost per 1,000 gallons                         | \$     | 5.78      | 5.60      |
| Customers at end of year:                              |        |           |           |
| Residential  |        | 7,063     | 7,061     |
| Commercial   |        | 808       | 805       |
| Other  |        | -         | 1         |
|  |        | 7,871     | 7,867     |

**CITY OF HANNIBAL, MISSOURI  
BOARD OF PUBLIC WORKS**

**COMPARATIVE STATEMENT OF OPERATING FACTORS  
SEWER FUND**

**Years Ended June 30, 2021 and 2020**

|  | Unit   | 2021          | 2020          |
|--|--------|---------------|---------------|
| Population served per 2010 Census                            |        | 17,757        | 17,757        |
| Number of customers per 100 population                       |        | 42.61         | 42.57         |
| Investment per capita  | \$     | 1,185.84      | 1,191.75      |
| Total revenue per \$100 investment                           | \$     | 24.86         | 25.01         |
| Ratio of total operating expenses to total operating revenue | %      | 86.71%        | 88.86%        |
| Operating profit (loss) per \$100 investment                 | \$     | 3.30          | 2.79          |
| Total treatment cost per million gallons                     | \$     | 3,158.44      | 2,884.47      |
| Average price received per million gallons treated           | \$     | 3,642.56      | 3,246.05      |
| Operating profit (loss) per million gallons treated          | \$     | 484.12        | 361.58        |
| Total gallons treated  | Gallon | 1,437,120,000 | 1,630,521,000 |
| Total gallons from water plant                               | Gallon | 1,087,908,415 | 1,211,066,350 |
| Customers at end of year:                                    |        |               |               |
| Residential  |        | 6,812         | 6,815         |
| Commercial   |        | 755           | 745           |
|  |        | <u>7,567</u>  | <u>7,560</u>  |