

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

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council  
of the City of Hannibal, Missouri

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for the City of Hannibal (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's 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 opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hannibal, as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

## ***Other Matters***

### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis, the budgetary comparison schedule, 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 City's financial statements. The combining non-major governmental funds statements, the combining internal service funds statements, and the component unit statements are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The combining non-major governmental funds statements, the combining internal service funds statements, the component unit statements, and the schedule of expenditures of federal awards 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in consider the City's internal control over financial reporting and compliance.

William K. Keiper UC

November 29, 2021

## CITY OF HANNIBAL

### MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the City of Hannibal, Missouri (the "City") is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget) and, (5) identify individual fund issues and concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, it should be read in conjunction with the City's financial statements.

#### Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the year ended June 30, 2021, by \$110.1 million (net position).
- The City's total net position increased by \$5.6 million for the year ended June 30, 2021. The increase in net position can be attributed to the governmental activities' increase of \$2.7 million and the increase in business-type activities (Board of Public Works) of \$2.9 million.
- As of June 30, 2021, the City's governmental funds reported combined ending fund balances of \$9.1 million, a decrease of \$1.4 million in comparison with the prior year with the majority of this decrease due to the construction activity of the riverfront and visitor center projects related to the bond proceeds being spent.
- The City's general fund balance increased from a balance of \$3.2 million last year to a balance of \$3.8 million at June 30, 2021. This resulted in an increase of \$659,000 from the prior year.
- The City's parks department fund was reported as a major governmental fund in the current year.
- Electric, water, and sewer rates were unchanged from the prior year.

#### Overview of the Financial Statements

The MD&A serves as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

#### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances.

The statement of net position represents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other nonfinancial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure to assess the overall health or financial condition of the City.

The statement of activities presents information showing how the City's net position changed during the most recent year.

In the statement of net position and the statement of activities, the City is divided into two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including the police and fire departments, parks, public works, and administration. Property taxes, sales taxes and franchise fees finance most of these activities.
- Business-type activities – The City's electric, water and sewer systems are reported here. The City charges a fee to customers to help it cover all or most of the cost of operation, including depreciation.

### **Fund Financial Statements**

The governmental major fund presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the fund financial statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith.

The fund financial statements also allow the government to address its fiduciary funds (Municipal Court Fund and Police and Fire Retirement). While these funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the government-wide financial statements.

While the total column on the business-type fund financial statements is essentially the same as the business-type column in the government-wide financial statements, the governmental fund financial statements require reconciliation because of different measurement focus (current financial resources versus total economic resources). The flow of current financial resources will reflect debt proceeds and interfund transfers as other financial sources as well as capital expenditures and debt principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the governmental activities column in the government-wide financial statements.

### **Notes to the Financial Statements**

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

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information. Budgetary comparisons for the major governmental funds are presented immediately following the notes to financial statements along with various schedules providing more information on the pension and other post-retirement benefit plans of the City.

## The City as a Whole – Government-Wide Financial Analysis

### Statement of Net Position

The City's combined net position was \$110.1 million as of June 30, 2021. Analyzing the net position and net income of governmental and business-type activities separately, the business type activities' net position is \$73.7 million and the governmental activities' net position is \$36.4 million.

By far the largest portion of the City's net position (\$88.7 million) reflects its investment in capital assets (e.g., property, plant and equipment, net of depreciation), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table reflects the condensed statement of net position as of June 30:

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 18,030,200	\$ 15,827,044	\$ 32,484,428	\$ 30,532,238	\$ 50,514,628	\$ 46,359,282
Capital assets	52,424,970	51,734,663	77,356,090	76,985,841	129,781,060	128,720,504
Total assets	<u>70,455,170</u>	<u>67,561,707</u>	<u>109,840,518</u>	<u>107,518,079</u>	<u>180,295,688</u>	<u>175,079,786</u>
Deferred outflows of resources	2,101,326	3,567,159	805,148	1,611,126	2,906,474	5,178,285
Total deferred outflows	<u>2,101,326</u>	<u>3,567,159</u>	<u>805,148</u>	<u>1,611,126</u>	<u>2,906,474</u>	<u>5,178,285</u>
Long-term obligations	24,928,869	32,177,115	25,193,385	32,755,582	50,122,254	64,932,697
Other liabilities	3,860,994	3,982,591	7,971,440	4,764,611	11,832,434	8,747,202
Total liabilities	<u>28,789,863</u>	<u>36,159,706</u>	<u>33,164,825</u>	<u>37,520,193</u>	<u>61,954,688</u>	<u>73,679,899</u>
Deferred inflows of resources	7,334,646	817,050	3,771,491	815,044	11,106,137	1,632,094
Total deferred inflows	<u>7,334,646</u>	<u>817,050</u>	<u>3,771,491</u>	<u>815,044</u>	<u>11,106,137</u>	<u>1,632,094</u>
Net position						
Net investment in capital assets	39,101,519	36,976,745	49,548,818	47,172,867	88,650,337	84,149,612
Restricted	8,086,887	6,541,130	3,134,764	1,683,695	11,221,651	8,224,825
Unrestricted	(10,756,419)	(9,365,765)	21,025,768	21,937,406	10,269,349	12,571,641
Total net position	<u>\$ 36,431,987</u>	<u>\$ 34,152,110</u>	<u>\$ 73,709,350</u>	<u>\$ 70,793,968</u>	<u>\$ 110,141,337</u>	<u>\$ 104,946,078</u>

### Normal Impacts

There are six basic (normal) transactions that will affect the comparability of the statement of net position summary presentation:

- Net Results of Activities – which will impact (increase/decrease) current assets and unrestricted net position.
- Borrowing for Capital – which will increase current assets and long-term debt.
- Spending Borrowed Proceeds on New Capital – which will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt which will not change the net investment in capital assets.
- Spending of Non-borrowed Current Assets on New Capital – which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net position and increase invested in capital assets, net of debt.

- Principal Payment on Debt – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase invested in capital assets, net of debt.
- Reduction of Capital Assets through Depreciation – which will reduce capital assets and invested in capital assets, net of debt.

## Statement of Activities

The City’s combined change in net position in FY2021 was an increase of \$5.6 million compared to the increase of \$5.1 million in FY2020. The City’s total revenues increased in FY2021 by \$456,000 to \$57.6 million. Of this amount, the governmental revenues increased by \$921,000 while business-type revenues decreased by \$465,000.

The cost of all City programs remained steady with the governmental costs increasing by \$705,000 and the business-type costs decreasing by \$763,000. In governmental activities’ expenses, general government expenses decreased by \$2.2 million, public safety expenses increased by \$552,000, community development increased by \$1.5 million, and parks and recreation increased by \$1.1 million.

The business-type net position increase of \$2.9 million is due to the \$1.5 million increase in the electric fund, the \$1.0 million increase in the water fund and the \$0.5 million increase in the sewer fund offset by a loss in the stormwater fund net position of \$0.1 million.

The following table reflects the revenues and expenses for the City’s activities for the year ended June 30:

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 5,297,743	\$ 5,551,442	\$ 34,127,697	\$ 34,530,125	\$ 39,425,440	\$ 40,081,567
Grants and contributions:						
Operating	944,990	741,779	-	-	944,990	741,779
Capital	290,200	96,776	-	-	290,200	96,776
General revenues:						
Taxes	15,141,331	14,036,174	-	-	15,141,331	14,036,174
Investment revenue	63,412	193,706	242,385	421,543	305,797	615,249
Other	951,956	1,622,459	448,763	328,307	1,400,719	1,950,766
Gain (loss) on sale of capital assets	152,630	(321,615)	20,988	25,000	173,618	(296,615)
<b>Total revenues</b>	<b>22,842,262</b>	<b>21,920,721</b>	<b>34,839,833</b>	<b>35,304,975</b>	<b>57,682,095</b>	<b>57,225,696</b>
<b>Expenses:</b>						
General government	5,801,197	7,986,336	-	-	5,801,197	7,986,336
Public safety	6,756,000	6,203,634	-	-	6,756,000	6,203,634
Airport	299,972	226,075	-	-	299,972	226,075
Community development	2,160,657	622,971	-	-	2,160,657	622,971
Economic development	2,084,104	1,990,884	-	-	2,084,104	1,990,884
Parks and recreation	2,899,688	1,846,337	-	-	2,899,688	1,846,337
Interest expense	119,380	540,123	-	-	119,380	540,123
Electric	-	-	21,833,508	22,365,412	21,833,508	22,365,412
Water	-	-	5,128,948	5,169,343	5,128,948	5,169,343
Sewer	-	-	4,829,113	4,942,687	4,829,113	4,942,687
Stormwater	-	-	132,882	209,638	132,882	209,638
<b>Total expenses</b>	<b>20,120,998</b>	<b>19,416,360</b>	<b>31,924,451</b>	<b>32,687,080</b>	<b>52,045,449</b>	<b>52,103,440</b>
Increase in net position	2,721,264	2,504,361	2,915,382	2,617,895	5,636,646	5,122,256
Net position, beginning (as restated for 2021)	33,710,723	31,647,749	70,793,968	68,176,073	104,504,691	99,823,822
<b>Net position, ending</b>	<b>\$ 36,431,987</b>	<b>\$ 34,152,110</b>	<b>\$ 73,709,350</b>	<b>\$ 70,793,968</b>	<b>\$ 110,141,337</b>	<b>\$ 104,946,078</b>

## **Normal Impacts**

### Revenues:

- Economic Condition – which can reflect a declining, stable or growing economic environment and has a substantial impact on state income and sales tax revenue as well as public spending habits for building permits, elective user fees and volumes of consumption.
- Increase/Decrease in City approved rates – while certain tax rates are set by statute, the City Council has significant authority to impose and periodically increase/decrease rates (electric, water, wastewater, building fees, local sales tax, etc.).
- Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring) – certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and are often distorting in their impact on year-to-year comparisons.
- Market Impacts on Investment income – the City’s investment portfolio is managed using rotating short-term maturities resulting in less fluctuation in investment income.

### Expenses:

- Introduction of New Programs – within the functional expense categories (Public Safety, Public Works, General Government, etc.) individual programs may be added or deleted to meet changing community needs.
- Increase in Authorized Personnel – changes in service demand may cause the City Council to increase/decrease authorized staffing.
- Salary Increases (annual adjustments) – the City evaluates salaries each year and adjustments are made as needed.
- Inflation – while overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as supplies, fuel and parts. Some functions may experience unusual commodity-specific increases.

## **Business-type Activities**

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 [www.hannibalbpw.org](http://www.hannibalbpw.org).

### **The City's Funds**

For FY2021, the governmental funds of the City reported a combined fund balance of \$9.1 million. This is a decrease of 13%, or \$1.3 million from last year's combined fund balance of \$10.4 million. Of this fund balance, \$3.3 million is unassigned and available for spending at the City's discretion. The remainder of the fund balance is legally restricted, committed or assigned which limits the availability of these resources.

The ending balance includes an increase in fund balance of \$659,000 in the City's general fund, the chief operating fund of the City. The general fund balance at June 30, 2021, is \$3.8 million with \$3.3 million as unassigned. The Police Department and Fire Department make up the majority of the expenditures in the general fund, totaling approximately 45%. The general fund is funded mainly by sales tax, property tax, and franchise tax.

The ending balance includes a decrease in fund balance of \$897,000 in the City's parks department fund, another major governmental fund of the City. The parks department fund balance at June 30, 2021, is \$1.6 million with \$1.573 million as restricted for parks and recreation. The parks department fund is funded mainly by sales tax and use tax.

For FY2021, the enterprise funds showed unrestricted net position of \$21.0 million compared to \$21.9 million from the prior year, a decrease of 4.1%. The components of this change were discussed earlier.

### **General Fund Budgeting Highlights**

For FY2021, actual expenditures on a budgetary basis were \$12.2 million compared to the final budget amount of \$12.9 million, resulting in a variance of \$656,000. The biggest variances were in the delay of capital outlays due to the continuing ramifications of COVID-19; this included the Palmyra Sidewalk project, which was budgeted for \$282,000, a landfill project, which was budgeted for \$31,000.

The City's actual revenues on a budgetary basis were \$13.4 million as compared to the budget amount of \$12.2 million. This resulted in a variance of \$1.2 million with the biggest variance in sales and use tax, which was over budget by \$844,000.

### **Parks Department Fund Budgeting Highlights**

For FY2021, actual expenditures on a budgetary basis were \$3 million compared to the final budget amount of \$4.6 million, resulting in a variance of \$1.6 million. The biggest variances were in the delay of capital outlays due to the continuing ramifications of COVID-19.

The City's actual revenues on a budgetary basis were \$2.3 million as compared to the budget amount of \$1.9 million. This resulted in a variance of \$424,000 with the biggest variance in sales and use tax, which was over budget by \$344,000.

### Capital Assets

At the end of FY2021, the City had \$129.8 million invested in its funds for capital assets. This amount represents an increase of \$1.1 million or 1%.

The following schedule provides a breakdown of capital assets as of June 30:

	2021	2020
Capital assets, not being depreciated:		
Land	\$ 4,780,687	\$ 4,805,687
Construction in progress	5,342,025	18,446,966
Total capital assets, not being depreciated	<u>10,122,712</u>	<u>23,252,653</u>
Capital assets, being depreciated:		
Buildings	21,489,553	21,489,553
Improvements	10,240,025	3,363,650
Vehicles and equipment	32,310,047	31,345,576
Infrastructure	150,228,636	137,624,034
Total capital assets, being depreciated	214,268,261	193,822,813
Less accumulated depreciation	<u>(94,609,913)</u>	<u>(88,354,962)</u>
Total capital assets being depreciated, net	<u>119,658,348</u>	<u>105,467,851</u>
Capital assets, net	<u>\$ 129,781,060</u>	<u>\$ 128,720,504</u>

Additional information on the City's capital assets can be found in the notes to the financial statements.

### Debt Outstanding

At year-end, the City had \$40.9 million in long-term debt obligations comprised of the following issues:

	<u>Business-type Activities</u>	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Lease purchase agreements	\$3,505,000	\$4,030,000
Revenue bonds	24,040,852	25,698,300
Premium on revenue bond	261,420	84,674
Total	<u>\$27,807,272</u>	<u>\$29,812,974</u>

	<u>Governmental Activities</u>	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Various equipment lease - Commerce	\$426,651	\$779,328
HMAC 2010 Bonds	-	330,000
HMAC 2013 Bonds	295,000	495,000
HMAC 2016 Bonds	5,880,000	6,275,000
HMAC 2018 Bonds	6,375,000	6,480,000
Premium on revenue bonds	229,099	259,536
Discount on revenue bonds	(77,129)	(81,414)
Total	<u>\$13,128,621</u>	<u>\$14,537,450</u>
 TOTAL for City	 <u>\$40,935,893</u>	 <u>\$44,350,424</u>

Additional information on the City's long-term debt can be found in the notes to the financial statements.

### **Economic Experience and Outlook**

The city's largest revenue source, sales tax, has increased for five (5) straight years. As a proxy, sales tax receipts provide a fairly accurate gauge of local retail consumption spending. Although internet sales increasingly obscure true retail consumption patterns, the passage of Wayfair may make an impact; however, we cannot know what that will be at this time. Sales tax revenues are growing, due to in part to the COVID-19 pandemic, which has reshaped consumer purchasing habits and decreased sales tax leakage while also encouraging out of state shoppers. This is contrasted with the previous economic downturn (years 2009-2013, excluding 2021), where annual sales taxes declined, and hurt the city's financial position greatly.

In April 2015, Hannibal voters adopted a Use Tax. The majority of Missouri cities and counties do not have a Use Tax, but the number of cities with Use Taxes is increasing. Legal complications in Missouri involving motor vehicle sales taxes necessitated the adoption of Use Tax by Hannibal, and now a growing number of Missouri cities. Use tax proceeds are up at the end of FY2021.

The city's growth in assessed valuation has been relatively static. Since property taxes represent the city's second-largest revenue source, static assessed values hinder the city's financial prosperity.

The city has taken a number of measures to improve property values. An active building Commission strongly enforces building codes. Demolishing unsafe structures and repaving/rebuilding 55% of Hannibal streets and other infrastructure improvements are making neighborhoods more desirable.

During the audit year, Hannibal did not experience significant job gains, though recent and current expansions of both General Mills and Hannibal Regional Hospital (Hannibal's two largest employers) should favorably impact job growth locally.

Much like private industry, cities/communities must also compete. Competition factors involve community desirability, quality-of-life, beauty, public services, entertainment and social venues, transportation, medical services, availability of jobs and job opportunity, educational quality and opportunity, housing quality and choice, taxes and utility costs, and the like. The City is working hard to constantly improve our community and place ourselves in an increasingly competitive position vis-à-vis the outside world. In doing so, we improve the quality-of-life for our own residents and businesses.

The city maintains a fiscally conservative approach in all aspects. In 2012, following several years of deep and cumulative sales tax reductions, the city experienced its then-largest sales tax year in history. However, in the year immediately following (2013), the city recorded its largest sales tax reduction in recorded history, which was considerably more severe than reductions experienced even during the recession. Since then, numbers have rebounded, but concerns surrounding the COVID-19 pandemic cloud future economic estimates. Given this historic volatility, and the prospect for future volatility, the consistent exercise of fiscal discipline works to offset/defray those impacts, should they reoccur.

### **New Community Investment and Development**

The Riverfront Renovation Project is substantially complete at the end of FY2021, including the boat trailer parking lot. The foundation work for the new Sodalis restroom and the majority of the work for the Veteran's Memorial at Cardiff Hill has been completed. At the Aquatic Center, the re-coating project for the large slides has been completed.

Clemen's Field Clubhouse work included preparation for the new Hitting and Pitching facility, and numerous concrete projects around the viewing area. The pond restoration project at Huckleberry Park and repaving of the entrance road to Riverview Park were also completed, as was the re-pavement of approximately \$400,000 of roadway. The total investment for these projects is approximately \$4.475 million.

### **Budgetary/Accountability**

Again in FY2021, the city produced a programmatic full-disclosure budget. The entire staff worked hard to fully disclose and explain all revenues, expenditure items, and programs. From the budget, any member of the public can easily understand (i) how the city receives its funding, (ii) how and why the city spends its money, and (iii) the proposed public goods, services, and outputs to be achieved in each program. The city budget is designed to serve as a financial plan, a policy document, an operating guide, and a communications device, and will continue to do so.

This management discussion and analysis, as presented, here, highlights both macroeconomic and microeconomic factors, challenges, and opportunities impacting the City of Hannibal. The City's primary objective is to constantly strive to become a stronger community; a better place for residents to live, work, and play, as well as a business-friendly environment that encourages new growth, investment, and jobs.

### **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact City Hall, 320 Broadway, Hannibal, Missouri 63401.

**CITY OF HANNIBAL**  
**STATEMENT OF NET POSITION**  
**June 30, 2021**

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		Free Public Library
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,873,220	\$ 13,956,382	\$ 18,829,602	\$ 404,451
Restricted cash	1,068,852	809,302	1,878,154	-
Investments	6,347,000	7,792,236	14,139,236	2,282,740
Accounts receivable (net of allowance of \$100,000)	-	2,248,373	2,248,373	-
Taxes receivable	1,322,049	-	1,322,049	16,802
Intergovernmental receivable	235,057	-	235,057	15,500
Other receivables	14,457	442,989	457,446	-
Inventory	-	2,143,081	2,143,081	-
Prepaid expenses	589,499	690,878	1,280,377	34,594
Capital assets:				
Non-depreciable	4,351,641	5,771,071	10,122,712	7,000
Depreciable, net	48,073,329	71,585,019	119,658,348	2,513,034
Investment in land/water rights	-	2,005,055	2,005,055	-
Investment in Prairie State, net	-	70,670	70,670	-
Net pension asset	3,580,066	2,325,462	5,905,528	-
Total assets	<u>70,455,170</u>	<u>109,840,518</u>	<u>180,295,688</u>	<u>5,274,121</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension plan	1,086,480	446,310	1,532,790	-
OPEB plan	1,014,846	358,838	1,373,684	-
Total deferred outflows of resources	<u>2,101,326</u>	<u>805,148</u>	<u>2,906,474</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable	608,356	1,228,691	1,837,047	9,839
Accrued interest	194,830	168,013	362,843	-
Compensated absences	1,133,871	1,127,781	2,261,652	82,719
Other accrued expenses	479,572	260,345	739,917	16,996
Customer deposits	-	754,706	754,706	-
Other payables	191,439	-	191,439	-
Long-term liabilities:				
Net pension liability	8,578,692	-	8,578,692	-
OPEB liability	4,474,482	1,818,017	6,292,499	-
Leases payable				
Amounts due within one year	36,774	-	36,774	-
Amounts due beyond one year	389,877	-	389,877	-
Bonds payable				
Amounts due within one year	1,216,152	4,431,904	5,648,056	-
Amounts due beyond one year	11,485,818	23,375,368	34,861,186	-
Total liabilities	<u>28,789,863</u>	<u>33,164,825</u>	<u>61,954,688</u>	<u>109,554</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension plan	7,293,212	3,754,374	11,047,586	-
OPEB plan	41,434	17,117	58,551	-
Total deferred inflows of resources	<u>7,334,646</u>	<u>3,771,491</u>	<u>11,106,137</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	39,101,519	49,548,818	88,650,337	2,520,034
Restricted for:				
Capital improvements	1,163,456	-	1,163,456	-
Parks and recreation	1,068,851	-	1,068,851	-
Economic development	638,443	-	638,443	-
Community development	25,276	-	25,276	-
Tourism	1,572,689	-	1,572,689	-
Grants	38,106	-	38,106	-
Debt service	-	809,302	809,302	-
Net pension asset	3,580,066	2,325,462	5,905,528	-
Unrestricted	(10,756,419)	21,025,768	10,269,349	2,644,533
Total net position	<u>\$ 36,431,987</u>	<u>\$ 73,709,350</u>	<u>\$ 110,141,337</u>	<u>\$ 5,164,567</u>

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

**CITY OF HANNIBAL**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2021**

Program/function	Net (expense) revenue and changes in net position							
	Program revenues				Primary Government			Component Unit
	Expenses	Charges for services	Capital grants and contributions	Operating grants and contributions	Governmental activities	Business-type activities	Total	Free Public Library
Governmental activities:								
General government	\$ 5,801,197	\$ 3,825,775	\$ -	\$ 435,622	\$ (1,539,800)	\$ -	\$ (1,539,800)	\$ -
Public safety	6,756,000	1,180,173	-	65,885	(5,509,942)	-	(5,509,942)	-
Airport	299,972	132,297	290,200	160,438	282,963	-	282,963	-
Community development	2,160,657	-	-	166,478	(1,994,179)	-	(1,994,179)	-
Economic development	2,084,104	10,382	-	116,567	(1,957,155)	-	(1,957,155)	-
Parks and recreation	2,899,688	149,116	-	-	(2,750,572)	-	(2,750,572)	-
Interest expense	119,380	-	-	-	(119,380)	-	(119,380)	-
Total governmental activities	<u>20,120,998</u>	<u>5,297,743</u>	<u>290,200</u>	<u>944,990</u>	<u>(13,588,065)</u>	<u>-</u>	<u>(13,588,065)</u>	<u>-</u>
Business-type activities:								
Electric	21,833,508	22,860,473	-	-	-	1,026,965	1,026,965	-
Water	5,128,948	6,032,421	-	-	-	903,473	903,473	-
Sewer	4,829,113	5,234,803	-	-	-	405,690	405,690	-
Stormwater	132,882	-	-	-	-	(132,882)	(132,882)	-
Total business-type activities	<u>31,924,451</u>	<u>34,127,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,203,246</u>	<u>2,203,246</u>	<u>-</u>
Total	<u>\$ 52,045,449</u>	<u>\$ 39,425,440</u>	<u>\$ 290,200</u>	<u>\$ 944,990</u>	<u>(13,588,065)</u>	<u>2,203,246</u>	<u>(11,384,819)</u>	<u>-</u>
Component unit:								
Free Public Library	<u>\$ 825,202</u>	<u>\$ 5,821</u>	<u>\$ -</u>	<u>\$ 51,182</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(768,199)</u>
General revenue:								
Taxes					15,141,331	-	15,141,331	790,469
Miscellaneous					951,956	448,763	1,400,719	107,931
Gain on sale of capital assets					152,630	20,988	173,618	-
Interest income					63,412	242,385	305,797	51,992
Total general revenue					<u>16,309,329</u>	<u>712,136</u>	<u>17,021,465</u>	<u>950,392</u>
Change in net position					2,721,264	2,915,382	5,636,646	182,193
Net position - beginning (as restated)					<u>33,710,723</u>	<u>70,793,968</u>	<u>104,504,691</u>	<u>4,982,374</u>
Net position - ending					<u>\$ 36,431,987</u>	<u>\$ 73,709,350</u>	<u>\$ 110,141,337</u>	<u>\$ 5,164,567</u>

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

**CITY OF HANNIBAL**  
**BALANCE SHEET**  
**ALL GOVERNMENTAL FUND TYPES**  
**June 30, 2021**

	Major Funds			Total
	General Fund	Parks Department Fund	Non-Major Funds	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 592,207	\$ 1,015,500	\$ 2,286,236	\$ 3,893,943
Restricted cash	-	-	1,068,852	1,068,852
Investments	2,750,000	500,000	-	3,250,000
Taxes receivable	854,456	183,072	284,521	1,322,049
Intergovernmental receivable	162,255	-	72,802	235,057
Other receivables	1,096	618	-	1,714
Prepaid expenditures	513,369	60,246	15,884	589,499
Total assets	<u>\$ 4,873,383</u>	<u>\$ 1,759,436</u>	<u>\$ 3,728,295</u>	<u>\$ 10,361,114</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 232,808	\$ 83,672	\$ 81,904	\$ 398,384
Accrued liabilities	472,870	42,829	6,702	522,401
Other payables	191,439	-	-	191,439
Total liabilities	<u>897,117</u>	<u>126,501</u>	<u>88,606</u>	<u>1,112,224</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	36,519	-	-	36,519
Unavailable revenue - grants	105,526	-	52,177	157,703
Total deferred inflows of resources	<u>142,045</u>	<u>-</u>	<u>52,177</u>	<u>194,222</u>
<b>FUND BALANCES</b>				
Nonspendable - prepaids	513,369	60,246	15,884	589,499
Restricted for:				
Capital projects	-	-	1,163,456	1,163,456
Debt service	-	-	1,068,851	1,068,851
Economic development	-	-	638,443	638,443
Community development	-	-	25,276	25,276
Parks and recreation	-	1,572,689	-	1,572,689
Public safety	-	-	38,106	38,106
Committed for:				
Economic development	-	-	637,496	637,496
Unassigned	3,320,852	-	-	3,320,852
Total fund balances	<u>3,834,221</u>	<u>1,632,935</u>	<u>3,587,512</u>	<u>9,054,668</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,873,383</u>	<u>\$ 1,759,436</u>	<u>\$ 3,728,295</u>	<u>\$ 10,361,114</u>

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

**CITY OF HANNIBAL**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

**June 30, 2021**

Fund balances - total governmental funds	\$ 9,054,668
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds:	
Governmental capital assets	84,653,984
Less accumulated depreciation	<u>(32,229,014)</u>
	52,424,970
Other long term assets and deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the governmental funds:	
Net pension plan asset	3,580,066
Pension plan	1,086,480
OPEB plan	1,014,846
Other long term liabilities and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Accrued interest	(194,830)
Compensated absences	(1,133,871)
Leases payable	(426,651)
Bonds payable	(12,701,970)
Net pension plan liability	(8,578,692)
OPEB liability	(4,474,482)
Pension plan	(7,293,212)
OPEB plan	(41,434)
Deferred inflows of resources in the governmental fund statements are considered earned revenues in the government-wide financial statements	194,222
Internal service funds are used by management to charge the costs of various items; the assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position	<u>3,921,877</u>
Net position of governmental activities	<u><u>\$ 36,431,987</u></u>

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

**CITY OF HANNIBAL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES**  
**Year Ended June 30, 2021**

	Major Funds			Total
	General Fund	Parks Department Fund	Non-Major Funds	
<b>REVENUES:</b>				
Taxes	\$ 10,493,483	\$ 2,006,097	\$ 2,643,710	\$ 15,143,290
Licenses and permits	405,254	-	-	405,254
Charges for services	247,860	160,438	10,382	418,680
Intergovernmental revenues	622,982	56,810	281,978	961,770
Fines and forfeitures	980,185	-	24,690	1,004,875
Miscellaneous:				
Rent	233,981	12,910	15,000	261,891
Interest	31,625	4,307	10,068	46,000
Contributions	-	59,757	40,241	99,998
Administrative reimbursement	41,661	-	-	41,661
Other	466,982	4,485	35,395	506,862
<b>TOTAL REVENUES</b>	<b>13,524,013</b>	<b>2,304,804</b>	<b>3,061,464</b>	<b>18,890,281</b>
<b>EXPENDITURES:</b>				
Current:				
General government	3,913,716	-	-	3,913,716
Public safety	6,311,928	-	58,063	6,369,991
Airport	207,973	-	-	207,973
Community development	1,026,259	-	1,086,751	2,113,010
Economic development	-	-	602,598	602,598
Parks and recreation	-	2,571,440	-	2,571,440
Capital outlay	1,113,826	470,418	1,502,813	3,087,057
Debt service:				
Principal	-	-	1,030,000	1,030,000
Interest	-	-	472,057	472,057
<b>TOTAL EXPENDITURES</b>	<b>12,573,702</b>	<b>3,041,858</b>	<b>4,752,282</b>	<b>20,367,842</b>
Excess (deficiency) of revenues over (under) expenditures	950,311	(737,054)	(1,690,818)	(1,477,561)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-	-	101,875	101,875
Transfers in	-	40,000	1,513,941	1,553,941
Transfers (out)	(291,565)	(199,711)	(1,062,665)	(1,553,941)
Total other financing sources (uses)	(291,565)	(159,711)	553,151	101,875
Net change in fund balances	658,746	(896,765)	(1,137,667)	(1,375,686)
Fund balances, July 1 (as restated)	3,175,475	2,529,700	4,725,179	10,430,354
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 3,834,221</b>	<b>\$ 1,632,935</b>	<b>\$ 3,587,512</b>	<b>\$ 9,054,668</b>

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

**CITY OF HANNIBAL**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2021**

Net change in fund balances - total governmental funds \$ (1,375,686)

Amounts reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the detail of the amount by which capital outlays were greater than the depreciation in the current period.

Capital outlay capitalized as assets	3,087,057	
Gain on disposal of capital assets	50,755	
Depreciation	<u>(2,447,505)</u>	
		690,307

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.

Unavailable revenue - property taxes		(1,959)
Unavailable revenue - grants		157,703

The issuance of long-term debt (i.e. bonds, loans, and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, interest expenditures are reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items.

Repayment of principal	1,382,677	
Amortization of discounts or premiums	26,152	
Change in accrued interest	<u>25,638</u>	
		1,434,467

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences		54,989
Pension plan expense		1,675,970
OPEB plan expense		(251,893)

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of the internal service funds is reported with the governmental activities.

		<u>337,366</u>
Change in net position of governmental activities		<u><u>\$ 2,721,264</u></u>

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

**CITY OF HANNIBAL**  
**STATEMENT OF NET POSITION**  
**ALL PROPRIETARY FUNDS**  
**June 30, 2021**

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Stormwater		Total	
				Fund	Recycling Fund		
<b>ASSETS</b>							
<b>Current assets:</b>							
Cash and cash equivalents	\$ 6,163,568	\$ 4,226,408	\$ 3,557,029	\$ -	\$ 9,377	\$ 13,956,382	\$ 979,277
Restricted cash	299,141	504,576	5,585	-	-	809,302	-
Investments	7,672,236	-	120,000	-	-	7,792,236	3,097,000
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	12,743
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)	-	-	-
<b>Total current assets</b>	<b>19,735,147</b>	<b>5,830,183</b>	<b>4,221,954</b>	<b>(1,721,957)</b>	<b>17,914</b>	<b>28,083,241</b>	<b>4,089,020</b>
<b>Non-current assets:</b>							
Property, plant and equipment, 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	-
<b>Total non-current assets</b>	<b>21,210,636</b>	<b>42,865,458</b>	<b>16,834,989</b>	<b>846,194</b>	<b>-</b>	<b>81,757,277</b>	<b>-</b>
<b>Total assets</b>	<b>40,945,783</b>	<b>48,695,641</b>	<b>21,056,943</b>	<b>(875,763)</b>	<b>17,914</b>	<b>109,840,518</b>	<b>4,089,020</b>
<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	-
<b>Total deferred outflows of resources</b>	<b>402,262</b>	<b>201,443</b>	<b>201,443</b>	<b>-</b>	<b>-</b>	<b>805,148</b>	<b>-</b>
<b>LIABILITIES</b>							
<b>Current liabilities:</b>							
Accounts payable	870,309	234,834	108,976	-	14,572	1,228,691	167,143
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	-
<b>Total current liabilities</b>	<b>5,753,329</b>	<b>1,676,724</b>	<b>493,844</b>	<b>32,971</b>	<b>14,572</b>	<b>7,971,440</b>	<b>167,143</b>
<b>Non-current liabilities:</b>							
Long-term debt, net	-	19,154,924	4,220,444	-	-	23,375,368	-
Net pension liability	-	-	-	-	-	-	-
OPEB liability	908,457	454,780	454,780	-	-	1,818,017	-
<b>Total non-current liabilities</b>	<b>908,457</b>	<b>19,609,704</b>	<b>4,675,224</b>	<b>-</b>	<b>-</b>	<b>25,193,385</b>	<b>-</b>
<b>Total liabilities</b>	<b>6,661,786</b>	<b>21,286,428</b>	<b>5,169,068</b>	<b>32,971</b>	<b>14,572</b>	<b>33,164,825</b>	<b>167,143</b>
<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	-
<b>Total deferred inflows of resources</b>	<b>1,885,725</b>	<b>942,883</b>	<b>942,883</b>	<b>-</b>	<b>-</b>	<b>3,771,491</b>	<b>-</b>
<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	3,921,877
<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>	<b>\$ 3,921,877</b>

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

**CITY OF HANNIBAL**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**ALL PROPRIETARY FUND TYPES**  
**Year Ended June 30, 2021**

	Business-type Activities - Enterprise Funds					Total	Governmental Activities - Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Recycling Fund		
<b>OPERATING REVENUES</b>							
Charges for services	\$ 22,860,473	\$ 6,032,421	\$ 5,234,803	\$ -	\$ -	\$ 34,127,697	\$ 3,378,597
Miscellaneous	-	-	-	-	-	-	247,598
Total operating revenues	<u>22,860,473</u>	<u>6,032,421</u>	<u>5,234,803</u>	<u>-</u>	<u>-</u>	<u>34,127,697</u>	<u>3,626,195</u>
<b>OPERATING EXPENSES</b>							
Purchased power	14,951,464	-	-	-	-	14,951,464	-
Purchased services	1,727,768	1,119,832	1,098,777	13,454	-	3,959,831	513,554
Salaries and wages	2,143,366	1,352,861	1,304,941	31,492	-	4,832,660	97,711
Employee benefits	635,331	316,633	317,668	53,246	-	1,322,878	3,374
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	-
Claims	-	-	-	-	-	-	2,687,287
Other operating expenses	172,833	28,625	62,078	-	-	263,536	4,315
Total operating expenses	<u>21,719,037</u>	<u>4,643,261</u>	<u>4,539,059</u>	<u>103,680</u>	<u>-</u>	<u>31,005,037</u>	<u>3,306,241</u>
<b>OPERATING INCOME (LOSS)</b>	<u>1,141,436</u>	<u>1,389,160</u>	<u>695,744</u>	<u>(103,680)</u>	<u>-</u>	<u>3,122,660</u>	<u>319,954</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>							
Gain on sale of capital assets	20,988	-	-	-	-	20,988	-
Interest income	183,185	27,450	31,750	-	-	242,385	17,412
Interest expense	(114,471)	(485,687)	(290,054)	(29,202)	-	(919,414)	-
Rental income	6,620	-	-	-	-	6,620	-
Other non-operating revenues	284,708	74,816	82,619	-	-	442,143	-
Total non-operating revenues (expenses)	<u>381,030</u>	<u>(383,421)</u>	<u>(175,685)</u>	<u>(29,202)</u>	<u>-</u>	<u>(207,278)</u>	<u>17,412</u>
Change in net position	1,522,466	1,005,739	520,059	(132,882)	-	2,915,382	337,366
Net position, July 1	<u>31,278,068</u>	<u>25,662,034</u>	<u>14,626,376</u>	<u>(775,852)</u>	<u>3,342</u>	<u>70,793,968</u>	<u>3,584,511</u>
<b>NET POSITION, JUNE 30</b>	<u>\$ 32,800,534</u>	<u>\$ 26,667,773</u>	<u>\$ 15,146,435</u>	<u>\$ (908,734)</u>	<u>\$ 3,342</u>	<u>\$ 73,709,350</u>	<u>\$ 3,921,877</u>

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

**CITY OF HANNIBAL**  
**STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES**  
**Year Ended June 30, 2021**

	Business-type Activities - Enterprise Funds					Total	Governmental Activities - Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Recycling Fund		
<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	\$ 3,396,108
Cash received from other sources	-	-	-	-	726	726	247,598
Cash paid to vendors	(16,966,953)	(2,114,531)	(1,601,649)	(33,632)	-	(20,716,765)	(3,542,737)
Cash paid to employees	(3,274,954)	(1,910,588)	(1,876,624)	(89,580)	-	(7,151,746)	(101,085)
Net cash provided (used) by operating activities	2,514,515	2,064,236	1,793,103	(123,212)	1,741	6,250,383	(116)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
Net change in interfund payables/receivables	(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	17,412
Investment maturities/sales	467,764	-	-	-	-	467,764	(765,000)
Other revenues	291,328	74,816	82,619	-	-	448,763	-
Net cash provided (used) by investing activities	942,277	102,266	114,369	-	-	1,158,912	(747,588)
Net change in cash and cash equivalents	456,042	(108,916)	(81,556)	(219,078)	1,741	48,233	(747,704)
Cash and cash equivalents, beginning of year	6,006,667	4,839,900	3,644,170	219,078	7,636	14,717,451	1,726,981
<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>	<b>\$ 979,277</b>
Cash and cash equivalents	\$ 6,163,568	\$ 4,226,408	\$ 3,557,029	\$ -	\$ 9,377	\$ 13,956,382	\$ 979,277
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	\$ 979,277
<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	\$ 319,954
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	17,511
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	(337,581)
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	\$ (116)

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

**CITY OF HANNIBAL**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**June 30, 2021**

	Custodial Fund		Pension Trust
	Municipal		Fund
	Court Fund		Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 222,248	\$	64,930
Investments	-		25,810,214
Taxes receivable	-		7,853
	\$ 222,248	\$	25,882,997
<b>Total assets</b>	<b>\$ 222,248</b>	<b>\$</b>	<b>25,882,997</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$	3,642
	-	\$	3,642
<b>Total liabilities</b>	<b>-</b>	<b>\$</b>	<b>3,642</b>
<b>NET POSITION</b>			
Restricted for pension benefits	-		25,879,355
Amount held for others	222,248		-
	222,248		25,879,355
<b>Total net position</b>	<b>222,248</b>	<b>\$</b>	<b>25,879,355</b>
<b>Total liabilities and net position</b>	<b>\$ 222,248</b>	<b>\$</b>	<b>25,882,997</b>

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

**CITY OF HANNIBAL**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSTION**  
**Year Ended June 30, 2021**

	<u>Custodial Fund</u>	
	Municipal	Pension Trust
	Court Fund	Fund
<b>ADDITIONS</b>		
Contributions:		
Property taxes	\$ -	\$ 373,412
Employee	-	587,950
Employer	-	1,119,515
Fines and forfeitures	1,177,004	-
Total contributions	<u>1,177,004</u>	<u>2,080,877</u>
Investment income:		
Investment income	973	404,272
Net appreciation in fair value of investments	-	6,720,445
Total investment income	<u>973</u>	<u>7,124,717</u>
Investment expenses	-	(131,573)
Net income from investing activities	<u>973</u>	<u>6,993,144</u>
Miscellaneous income	-	30,192
Net additions	<u>1,177,977</u>	<u>9,104,213</u>
<b>DEDUCTIONS</b>		
Benefits	-	2,255,600
Administrative expenses	-	36,108
Claims	1,185,845	-
Total deductions	<u>1,185,845</u>	<u>2,291,708</u>
Change in net position	(7,868)	6,812,505
Net position, July 1 (as restated)	<u>230,116</u>	<u>19,066,850</u>
<b>NET POSITION, JUNE 30</b>	<u><u>\$ 222,248</u></u>	<u><u>\$ 25,879,355</u></u>

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

# CITY OF HANNIBAL

## 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 (the City) operates under the Manager-Council form of government with the Council consisting of the Mayor and six Council members who are elected on a nonpartisan basis. The City provides a variety of general government services to residents including law enforcement, fire protection, community development, and recreation. The City also provides electric, water, and sewer utilities and stormwater services to its residents.

The City, for financial reporting purposes, includes all of the funds relevant to the operations of the City. The financial statements presented herein do not include entities which have been formed under applicable state laws or separate and distinct units of government apart from those that have been determined not to be component units as defined by GASB Statement No. 61, *The Financial Reporting Entity* (GASB 61). Based on the criteria of GASB 61, there is one entity for which the City has been determined to be financially accountable and, therefore, is included in the financial statements of the City – the Hannibal Free Public Library (the Free Public Library). The Free Public Library is a separate legal entity controlled by a Board of Trustees which is appointed by the City Council in accordance with the City Charter. The City provides major services including, but not limited to, accounting and membership in the City's insurance and retirement plans. The Free Public Library does not issue separate financial statements.

#### *B. Fund Accounting*

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the activities of the City. The effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, although the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

The City 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. Funds are classified into three categories: governmental, proprietary, and fiduciary.

The City reports the following major governmental funds:

General Fund – This fund is the main operating fund of the City. It is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to be accounted for in other funds are accounted for in this fund. General operating expenditures, fixed charges and capital improvements that are not paid through other funds are paid from the General Fund.

Parks Department Fund – This fund is used to account for funds provided from charges for recreational programs, for the portion of City taxes and property taxes restricted for maintenance of the City's parks and playgrounds, and for the operation of recreational programs.

The City reports the following major proprietary 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 the residents and businesses of the City.

Recycling Fund – This fund is used to account for the provision of contracted recycling services to residents and businesses of the City.

The City reports the following fiduciary funds:

Municipal Court Fund – This custodial fund is used to account for the collection and distribution of fines and forfeitures.

Pension Trust Fund – This fund is used to account for the assets of the City's Police & Fire Retirement Plan. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

### *C. Measurement Focus, Basis of Accounting and Financial Statement Presentation*

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60-days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, interest and principal on general long-term debt is recognized when due.

Taxes, interest, and revenues from other governmental units associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary funds distinguish operating income and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's ongoing operations. Operating expenses include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City's general spending prioritization policy is to consider restricted resources to have been used first, followed by committed, assigned, and unassigned amounts when expenditures have been incurred for which resources in more than one classification could be used.

Interfund balances and transfers are not carried forward to the government-wide presentation. Such eliminations have taken place in the process of incorporating fund data into the government-wide financial statements.

#### *D. Budgets*

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for all governmental funds. All annual appropriations lapse at year-end.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – is utilized in the governmental funds. There were no encumbrances outstanding at June 30, 2021.

#### *E. Cash and Cash Equivalents*

For purposes of the statement of cash flows, the City considers all certificates of deposit and investments with original maturities of three months or less to be cash equivalents. Because a statement of cash flows is prepared only for proprietary funds under generally accepted accounting principles, cash and cash equivalents are distinguished only for those funds.

#### *F. Investments*

Investments consist of bank certificates of deposit and money market accounts. Investments are stated at fair value on the in the governmental activities' column of the government-wide statement of net position and on the governmental funds balance sheet. Investments are stated at cost in the business-type activities' column of the government-wide statement of net position and on the proprietary funds balance sheet as the City intends to hold them to maturity.

On the fiduciary funds statement of fiduciary net position, investments consist of securities traded on national and/or international exchanges and are stated at fair value.

### *G. Accounts Receivable*

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

### *H. Inventory*

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

### *I. 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 governmental funds balance sheet and the proprietary funds statement of net position.

### *J. Capital Assets*

Capital assets are reported in the applicable governmental or business-type activities’ columns on the government-wide statement of net position and in the proprietary funds statement of net position.

Capital assets for governmental activities are defined as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not enhance functionality or materially extend the life of an asset are not capitalized. Capital assets for governmental activities are depreciated using the straight-line method over the following estimated useful lives:

Buildings	25 – 50 years
Improvements	10 – 20 years
Equipment	3 – 30 years

Capital assets for business-type activities and proprietary funds 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

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

In addition to assets, the statement of financial 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 assets 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 financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources represent an acquisition of net assets 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 City's personnel policy provides its employees with vacation and sick leave in varying amounts. In the event of termination, employees are paid for all accumulated vacation and varying amounts of accrued sick leave. Compensated absences are accrued in the applicable governmental or business-type activities' columns on the government-wide statement of net position and in the proprietary funds statement of net position 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. General long-term obligations are not reported as liabilities in governmental funds but are reported in the governmental activities' column on the government-wide statement of net position. In the government-wide and proprietary funds statements of net position, outstanding debt is reported as liabilities. The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures. Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

#### *N. Equity*

In the governmental fund financial statements, equity is displayed in five components as follows:

**Nonspendable** – This consists of amounts that are not in a spendable form or are legally or contractually required to be maintained intact.

**Restricted** – This consists of amounts that are constrained to specific purposes by their providers, through constitutional or contractual provisions or by enabling legislation.

**Committed** – This consists of amounts that can be used only for the specific purposes determined by a formal action (ordinance or resolution) of the government's highest level of decision-making authority (the City Council) by the end of the fiscal year. The City Council can, by adoption of a formal action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the formal action remains in place until a similar action is taken to remove or revise the limitation.

**Assigned** – This consists of amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The City Council can assign fund balance; however, an additional formal action does not have to be taken for the removal of the assignment.

**Unassigned** – This consists of amounts that are available for any purpose and can only be reported in the General Fund.

In the government-wide and proprietary fund financial statements, equity 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 improvements of those assets.

**Restricted** – This consists of amounts that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

**Unrestricted** – This consists of amounts that do not meet the definition of "net investment in capital assets" or "restricted."

### *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*

The City participates in two pension plans: the Missouri Local Government Employees Retirement System (LAGERS) and the Police & Fire Retirement Plan. 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 plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. 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 Hannibal Board of Public Works (HBPW) applied for this relief fund financing during the year ended June 30, 2021, and received funds totaling \$750,000 in August 2021.

## **2. LEGAL COMPLIANCE – BUDGET**

The City's policy is to prepare the operating budgets in accordance with U.S. generally accepted accounting principles. The City prepared budgets for all governmental fund types for the year ended June 30, 2021.

The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Section 67 of the Missouri Revised Statutes, the budget officer, as designated by the City Council, prepares and adopts an annual budget which represents the complete financial plan for the ensuing budget year. The budget includes at least the following information:
  - a. A budget message describing the important features of the budget and major changes from the preceding year;
  - b. Estimated revenues to be collected from all sources for the budget year, with a comparative statement of actual or estimated revenues for the two years next preceding, itemized by year, fund, and source;

- c. Proposed expenditures to be disbursed for each department, office, commission, and other classification for the budget year, together with a comparative statement of actual or estimated expenditures for the two years next preceding, itemized by year, fund, activity and object;
  - d. The amount required for the payment of interest, amortization, and redemption charges on the debt of the City; and
  - e. A general budget summary.
2. In no event shall the total proposed expenditures from any fund exceed the estimated revenues to be received plus any unencumbered balance or less any deficit estimated for the beginning of the budget year.
  3. The City Council may revise, alter, increase or decrease the items in the proposed budget, subject to such limitations as may be provided by law provided, that in no event, shall the total authorized expenditures from any fund exceed the estimated revenues to be received plus any unencumbered balance or less any deficit estimated for the beginning of the budget year.
  4. The City Council shall, before the beginning of the fiscal year, approve the budget and approve or adopt such orders, motions, resolutions or ordinances as may be required to authorize the budgeted expenditures and produce the revenues in the budget.
  5. After the City has approved the budget and approved or adopted the orders, motions, resolutions or ordinances required to authorize the expenditures proposed in the budget, the City shall not increase the total amount authorized for expenditure from any fund, unless the City Council adopts a resolution setting forth the facts and reasons making the increase necessary and approves or adopts an order, motion, resolution or ordinance to authorize the expenditures.

The reported budgetary data represents the final approved budget after amendments as adopted by the City Council. The budget was amended during the year.

### **3. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

#### Deposits

Missouri State Statutes authorize the City 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 City's deposit policy for custodial credit risk is set by statute. Statutes require that collateral pledged must have a fair 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 City, 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 City 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 financial position as cash and cash equivalents or restricted cash in each fund's column.

The City'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 Cash Equivalents	Certificates of Deposit	Petty Cash	Total
Bank balance				
Insured by the FDIC	\$ 724,739	\$ 8,820,000	\$ -	\$ 9,544,739
Collateralized with securities pledged by the financial institution	10,931,218	-	-	10,931,218
Collateralized with securities held by the pledging financial institutions' trust department or agent but not in the depositor government's name	1,435,426	-	-	1,435,426
	<u>\$ 13,091,383</u>	<u>\$ 8,820,000</u>	<u>\$ -</u>	<u>\$ 21,911,383</u>
Carrying value	<u>\$ 12,577,833</u>	<u>\$ 8,820,000</u>	<u>\$ 1,552</u>	<u>\$ 21,399,385</u>

A reconciliation of cash and cash equivalents as shown in the financial statements is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 19,234,053
Restricted cash	1,878,154
Fiduciary funds statement of fiduciary net position:	
Cash and cash equivalents	<u>287,178</u>
	<u>\$ 21,399,385</u>

### Investments

Missouri State Statutes and City ordinances authorize the City's investments. The City is authorized to invest in U.S. government obligations and its agencies or instrumentalities (excluding collateralized mortgage obligations, real estate mortgage investment conduits, or other principal or interest only obligations), obligations of any state or political subdivision of any state (pension funds), money market funds registered under the Investment Company Act of 1940, repurchase agreements, insured or collateralized certificates of deposit and money market funds.

The fiduciary funds' investments are authorized by Missouri State Statutes and include, in addition to the previously mentioned investments, marketable equity securities.

The following summarizes the City's investments by type as of June 30, 2021:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Component Unit - Free Public Library	Total
Certificates of deposit	\$ 6,347,000	\$ 7,792,236	\$ -	\$ 2,264,841	\$ 16,404,077
Money market accounts	-	-	-	17,899	17,899
U.S. government and agency securities	-	-	1,599,714	-	1,599,714
Corporate bonds and notes	-	-	2,358,629	-	2,358,629
Real estate investment trusts	-	-	118,646	-	118,646
Common and preferred stocks	-	-	19,577,746	-	19,577,746
Convertible preferred stocks	-	-	301,722	-	301,722
Exchange traded funds	-	-	1,058,451	-	1,058,451
Cash equivalents	-	-	795,306	-	795,306
<b>Total</b>	<b>\$ 6,347,000</b>	<b>\$ 7,792,236</b>	<b>\$ 25,810,214</b>	<b>\$ 2,282,740</b>	<b>\$ 42,232,190</b>

*Interest rate risk:* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal investment policy addressing interest rate risk.

The following summarizes the debt securities' maturities by investment type as of June 30, 2021:

	Investment Maturities (in years)			Fair Value
	Less than 1	1-5	Over 5	
U.S. government and agency securities	\$ 164,900	\$ 1,306,620	\$ 128,194	\$ 1,599,714
Corporate bonds and notes	442,411	1,609,183	307,035	2,358,629
<b>Total</b>	<b>\$ 607,311</b>	<b>\$ 2,915,803</b>	<b>\$ 435,229</b>	<b>\$ 3,958,343</b>

*Credit risk:* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the City.

The following summarizes the debt securities' investments by credit rating category as of June 30, 2021:

Credit Rating Level	Total	U.S. Treasuries and Direct - Guaranteed Agencies	U.S. Corporate - Financial	U.S. Corporate - Healthcare	U.S. Corporate - Manufacturing	U.S. Corporate - IT Services	U.S. Corporate - Real Estate	U.S. Corporate - Utility
		Guaranteed	\$ 1,599,714	\$ 1,599,714	\$ -	\$ -	\$ -	\$ -
Aaa	61,942	-	-	-	-	61,942	-	-
Aa1	70,405	-	-	-	-	70,405	-	-
Aa3	171,141	-	-	-	171,141	-	-	-
A1	287,932	-	136,386	-	151,546	-	-	-
A2	358,538	-	358,538	-	-	-	-	-
A3	479,460	-	343,896	135,564	-	-	-	-
Baa1	666,010	-	-	-	295,515	-	170,711	199,784
Baa2	263,201	-	-	130,055	-	133,146	-	-
<b>Total</b>	<b>\$ 3,958,343</b>	<b>\$ 1,599,714</b>	<b>\$ 838,820</b>	<b>\$ 265,619</b>	<b>\$ 618,202</b>	<b>\$ 265,493</b>	<b>\$ 170,711</b>	<b>\$ 199,784</b>

*Fair value disclosures:* The categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The fair value hierarchy is as follows:

- Level 1 Valuation is based upon quoted prices (unadjusted) in active markets.
- Level 2 Valuation is based upon quoted prices for similar assets or liabilities in active markets, quoted market prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. Observable inputs may include interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.
- Level 3 Valuations derived from valuation techniques in which significant inputs are unobservable. Valuation is based on methodologies that are unobservable and significant to the fair value measure. These may be generated from model-based techniques that use at least one significant assumption based on unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The City's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of valuation methodologies used for assets recorded at fair value.

*U.S. government and agency securities:* Valued at the closing price reported in the market in which the individual security is traded.

*Corporate bonds and notes:* Certain corporate bonds are valued at the closing price reported in the inactive market in which the bond is traded. Other corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs such as current yields of similar instruments but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

*Common and preferred stocks and other:* Valued at quoted market prices available on an active market.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following summarizes the City's assets measured at fair value as of June 30, 2021, aggregated by the level in the fair value hierarchy within which those measurements fall:

Investment Type	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 6,347,000	\$ -	\$ 6,347,000
U.S. government and agency securities	-	1,599,714	-	1,599,714
Corporate bonds and notes	-	2,358,629	-	2,358,629
Real estate investment trusts	-	118,646	-	118,646
Common and preferred stocks:				
Computer and technology	4,846,004	-	-	4,846,004
Business services	2,619,298	-	-	2,619,298
Consumer goods	2,247,330	-	-	2,247,330
Electrical equipment	1,689,200	-	-	1,689,200
Utilities	1,635,827	-	-	1,635,827
Pharmaceutical	611,078	-	-	611,078
Insurance	589,122	-	-	589,122
Healthcare	380,727	-	-	380,727
Tobacco	109,944	-	-	109,944
Other	4,849,216	-	-	4,849,216
Convertible preferred stocks	301,722	-	-	301,722
Exchange traded funds	1,058,451	-	-	1,058,451
Cash equivalents	795,306	-	-	795,306
Total	\$ 21,733,225	\$ 10,423,989	\$ -	\$ 32,157,214

#### 4. PROPERTY TAX

Property tax revenue is recognized independent of receivable recognition. A receivable is recognizable as of the lien date when the City has an enforceable legal claim while revenue is recognized in the period for which the taxes are levied. Delinquent taxes expected to be received later than 60-days after the close of the fiscal year are classified as deferred inflows of resources – unavailable revenue in the governmental funds balance sheet because they do not meet the criteria of being available as described in Note 1.

The City’s property tax is levied by the City on September 1 on the value of all real and personal property located in the City as of the prior January 1, the lien date. Taxes are billed by September 1 and are considered delinquent after December 31.

The City’s assessed valuation and tax levies per \$100 assessed valuation of those properties are as follows:

	<u>For the 2020 Calendar Year</u>
Assessed valuation:	
Real estate	\$ 169,265,160
Personal property	56,481,055
Railroad and utilities	4,934,369
	<u>\$ 230,680,584</u>
	<u>For the 2020 Calendar Year</u>
Tax levies per \$100 assessed valuation:	
General Fund	\$ 0.7979
Pension Trust Fund	0.1402
Component Unit - Free Public Library	0.3000
	<u>\$ 1.2381</u>

## 5. CAPITAL ASSETS

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

	Balance July 1, 2020	Additions	Retirements	Transfers	Balance June 30, 2021
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 4,148,469	\$ -	\$ 10,000	\$ -	\$ 4,138,469
Construction in progress	5,258,399	172,137	-	(5,217,364)	213,172
Total capital assets, not being depreciated	<u>9,406,868</u>	<u>172,137</u>	<u>10,000</u>	<u>(5,217,364)</u>	<u>4,351,641</u>
Capital assets, being depreciated:					
Buildings	14,271,347	-	-	-	14,271,347
Improvements	3,232,231	1,972,025	-	4,889,350	10,093,606
Vehicles and equipment	9,368,325	888,242	22,375	-	10,234,192
Infrastructure	45,237,401	137,783	-	328,014	45,703,198
Total capital assets, being depreciated	<u>72,109,304</u>	<u>2,998,050</u>	<u>22,375</u>	<u>5,217,364</u>	<u>80,302,343</u>
Less accumulated depreciation for:					
Buildings	5,797,011	320,007	-	-	6,117,018
Improvements	1,105,218	142,107	-	-	1,247,325
Vehicles and equipment	5,475,125	656,937	5,780	-	6,126,282
Infrastructure	17,404,155	1,334,234	-	-	18,738,389
Total accumulated depreciation	<u>29,781,509</u>	<u>2,453,285</u>	<u>5,780</u>	<u>-</u>	<u>32,229,014</u>
Total capital assets being depreciated, net	<u>42,327,795</u>	<u>544,765</u>	<u>(16,595)</u>	<u>5,217,364</u>	<u>48,073,329</u>
Total capital assets, net	<u>\$ 51,734,663</u>	<u>\$ 716,902</u>	<u>\$ (26,595)</u>	<u>\$ -</u>	<u>\$ 52,424,970</u>

	Balance July 1, 2020	Additions	Retirements	Transfers	Balance June 30, 2021
Business-type activities:					
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

	Balance July 1, 2020	Additions	Retirements	Transfers	Balance June 30, 2021
Component unit - Free Public Library:					
Capital assets, not being depreciated:					
Land	\$ 7,000	\$ -	\$ -	\$ -	\$ 7,000
Construction in progress	1,687	-	-	(1,687)	-
Total capital assets, not being depreciated	<u>8,687</u>	<u>-</u>	<u>-</u>	<u>(1,687)</u>	<u>7,000</u>
Capital assets, being depreciated:					
Buildings	710,353	-	-	-	710,353
Improvements	121,265	47,369	-	1,687	170,321
Vehicles and equipment	2,306,387	-	-	-	2,306,387
Total capital assets, being depreciated	<u>3,138,005</u>	<u>47,369</u>	<u>-</u>	<u>1,687</u>	<u>3,187,061</u>
Less accumulated depreciation for:					
Buildings	496,344	13,807	-	-	510,151
Improvements	38,330	4,042	-	-	42,372
Vehicles and equipment	101,546	19,958	-	-	121,504
Total accumulated depreciation	<u>636,220</u>	<u>37,807</u>	<u>-</u>	<u>-</u>	<u>674,027</u>
Total capital assets being depreciated, net	<u>2,501,785</u>	<u>9,562</u>	<u>-</u>	<u>1,687</u>	<u>2,513,034</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 117,876
Public safety	386,009
Airport	91,999
Community development	47,647
Economic development	1,481,506
Parks and recreation	328,248
Total depreciation expense - governmental activities	<u>\$ 2,453,285</u>
Business-type activities:	
Electric	\$ 1,595,359
Water	1,077,316
Sewer	1,306,683
Total depreciation expense - business-type activities	<u>\$ 3,979,358</u>

## 6. LONG-TERM DEBT

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

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due In One Year
Governmental activities:					
Revenue bonds	\$ 13,580,000	\$ -	\$ 1,030,000	\$ 12,550,000	\$ 1,190,000
Series 2016 - premium	259,536	-	30,437	229,099	30,437
Series 2018 - discount	(81,414)	-	(4,285)	(77,129)	(4,285)
Lease purchase agreements	779,328	-	352,677	426,651	36,774
Business-type activities:					
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>\$ 44,350,424</u>	<u>\$ 4,831,746</u>	<u>\$ 8,246,277</u>	<u>\$ 40,935,893</u>	<u>\$ 5,684,830</u>

### Governmental Activities

#### *Revenue Bonds*

During the year ended June 30, 2009, the City authorized the formation of the Hannibal Municipal Assistance Corporation (HMAC) for the sole purpose of issuing bonds to finance improvements and the construction of City projects. Due to this close relationship with the City, HMAC has been blended with the City's activities as if it was part of the City's funds.

In July 2008, HMAC issued Series A tax exempt revenue bonds in the amount of \$4,245,000. In connection with the issuance of these bonds, the City entered into a lease agreement with HMAC and the lease payments are used to repay these bonds. This lease agreement follows the same payment schedule as these bonds. Therefore, in substance, these bonds are being presented as debt of the City in place of the lease. The lease was eliminated when HMAC was blended with the City.

In April 2010, HMAC issued leasehold revenue bonds in the amount of \$3,400,000 to finance street improvements. These bonds are also referred to as Build America Bonds. Under the American Recovery and Reinvestment Act of 2009 state and local governments were allowed to issue taxable governmental bonds with a federal subsidy for a portion of the borrowing costs equal to 35 percent of the total coupon interest payable to investors. This revenue bond was paid off during the year.

In December 2016, HMAC issued leasehold revenue bonds in the amount of \$6,765,000 to finance street improvements and street equipment. The City issued these bonds at a premium of \$304,371, which will be amortized over the life of the bonds.

In November 2018, HMAC issued leasehold revenue bonds in the amount of \$6,580,000 to finance a new visitor center and riverfront projects. The City issued these bonds at a discount of \$85,699, which will be amortized over the life of the bonds.

The following summarizes the City's revenue bonds:

	Original Amount	Interest Rate	Maturity Date	Balance June 30, 2021
HMAC Series 2013	\$ 2,285,000	2.75%	7/1/2022	\$ 295,000
HMAC Series 2016	6,765,000	3%-4%	7/1/2027	5,880,000
HMAC Series 2018	6,580,000	3%-4%	9/1/2038	6,375,000
				<u>\$ 12,550,000</u>

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

	Principal	Interest	Total
2022	\$ 1,190,000	\$ 433,871	\$ 1,623,871
2023	1,105,000	396,940	1,501,940
2024	1,050,000	360,778	1,410,778
2025	1,130,000	322,934	1,452,934
2026	1,175,000	280,878	1,455,878
2027-2031	3,510,000	871,972	4,381,972
2032-2036	1,995,000	476,221	2,471,221
2037-2039	1,395,000	85,300	1,480,300
	<u>\$ 12,550,000</u>	<u>\$ 3,228,894</u>	<u>\$ 15,778,894</u>

#### *Lease Purchase Agreements*

In April 2015, the City entered into a lease purchase agreement with Commerce Bank. The lease proceeds were used to acquire a fire truck to be used by the fire department. The lease was paid off early during the year.

In May 2017, the City entered into a lease purchase agreement with Clayton Holdings, LLC. The lease proceeds were used to acquire a fire truck to be used by the fire department. As of June 30, 2021, the lease balance was \$426,651. The lease has an interest rate of 3% and is scheduled to mature in January 2027.

In July 2018, the City entered into a lease purchase agreement with Clayton Holdings, LLC. The lease proceeds were used to acquire several police vehicles to be used by the police department. The lease was paid off early during the year.

Future base rentals on the City's lease purchase agreement for the years ending June 30, are as follows:

2022	\$ 50,000
2023	85,374
2024	85,374
2025	85,375
2026	85,375
Thereafter	85,375
Total minimum lease payments	<u>476,873</u>
Less: amount representing interest	<u>(50,222)</u>
Present value of minimum lease payments	<u>\$ 426,651</u>

## Business-type Activities

### *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 City 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:

	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance June 30, 2021</u>
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:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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 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.

## 7. COMMITMENTS AND CONTINGENCIES

### A. MIRMA

The City 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 City 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 City 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. Landfill Closure and Post-closure Care Costs

State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The City's landfill was closed in 1998. Under generally accepted accounting principles, a liability has been recorded in the financial statements for the City's estimate of final landfill closure costs and for post-closure care costs. The liability is based on the amount that would be paid if all equipment, facilities and services required to close, monitor and maintain the landfill were acquired as of the end of the current fiscal year. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. As of June 30, 2021, the landfill closure and post-closure liability was \$211,272.

In connection with obtaining a permit for operation of a solid waste disposal area, the City has entered into a contract of obligation with the Missouri Department of Natural Resources. The contract is a financial assurance instrument that allows the Missouri Department of Natural Resources to collect the required amount from any state funds which could be dispersed to the City should the City fail to perform closure or post-closure care activities.

### C. 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, fees 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.mpu.org](http://www.mpu.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 the 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.

## **8. INTERGOVERNMENTAL REVENUE**

The City receives significant financial assistance from numerous federal, state, and local governmental agencies in the form of grants. Federal grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements or the individual fund-types included herein or on the overall financial position of the City as of June 30, 2021.

## **9. LEASE REVENUE**

In December 2002, the City entered into a lease agreement with General Mills Cereals Properties, LLC for the property located on Warren Barrett Drive. The initial term of the lease was for five years beginning April 30, 2003 and called for monthly rental payments. The lease is renewable for 3-year terms, with an increase in rent based on the market at the time of the renewals. During the fiscal year ended June 30, 2018, the lease was extended through December 31, 2027. In July 2020, the lease was amended to decrease base rent through December 31, 2027.

Future lease revenue for the years ending June 30, is as follows:

2022	\$	295,518
2023		298,782
2024		302,082
2025		305,418
2026		308,784
2027-2028		469,134
		<hr/>
	\$	<u>1,979,718</u>

## 10. PENSION PLANS

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*.

### Missouri Local Government Employees Retirement System

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

##### Plan Description

The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City 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 City are as follows:

	<u>2021 Valuation</u>
Benefit multiplier	1.75% for life,
Final average salary	plus 0.25% to age 65
Member contributions	5 years
	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:

City:	
Inactive employees or beneficiaries currently receiving benefits	76
Inactive employees entitled to but not yet receiving benefits	18
Active employees	62
	<hr/>
Total	156
	<hr/> <hr/>
HBPW:	
Inactive employees or beneficiaries currently receiving benefits	63
Inactive employees entitled to but not yet receiving benefits	12
Active employees	67
	<hr/>
Total	142
	<hr/> <hr/>

### Contributions

The City 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 City do not contribute to the pension plan. The City's contribution rates are 13.9% (City) and 19.7% (HBPW) of annual covered payroll.

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

The City'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 table on the following page.

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%
	100.00%	

#### 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)***

City:	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 14,586,833	\$ 14,417,519	\$ 169,314
Changes for the year:			
Service cost	280,920	-	280,920
Interest	1,042,865	-	1,042,865
Difference between expected and actual experience	(821,022)	-	(821,022)
Changes in assumptions	(426,583)	-	(426,583)
Contributions - employer	-	354,463	(354,463)
Net investment income	-	3,833,272	(3,833,272)
Benefit payments, including refunds	(693,116)	(693,116)	-
Administrative expense	-	(15,606)	15,606
Other changes	-	(346,569)	346,569
Net changes	(616,936)	3,132,444	(3,749,380)
Balances at June 30, 2021	\$ 13,969,897	\$ 17,549,963	\$ (3,580,066)

HBPW:	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (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 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 table on the following page presents the net pension liability/(asset) of the City, calculated using the discount rate of 7.00%, as well as what the City'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.

City:	Current Single Discount		
	1% Decrease (6.00%)	Rate Assumption (7.00%)	1% Increase (8.00%)
Total pension liability	\$ 15,728,948	\$ 13,969,897	\$ 12,504,795
Plan fiduciary net position	17,549,963	17,549,963	17,549,963
Net pension liability/(asset)	\$ (1,821,015)	\$ (3,580,066)	\$ (5,045,168)

HBPW:	Current Single Discount		
	1% Decrease (6.00%)	Rate Assumption (7.00%)	1% Increase (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 City recognized pension expense of (\$260,594) for the governmental activities and (\$280,140) for the business-type activities. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

City:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between:		
Expected and actual experience	\$ 23,754	\$ (588,459)
Projected and actual earnings on investments	-	(1,821,387)
Changes in assumptions	-	(300,632)
Total	\$ 23,754	\$ (2,710,478)

HBPW:	Deferred Outflows of Resources	Deferred Inflows 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	\$ 446,310	\$ (3,754,374)

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

City:	
Year ending:	
2022	\$ (847,390)
2023	(745,007)
2024	(531,733)
2025	(562,594)
2026	-
Total	\$ (2,686,724)

HBPW:	
Year ending:	
2022	\$ (802,798)
2023	(847,178)
2024	(683,230)
2025	(963,809)
2026	(11,049)
Total	\$ (3,308,064)

## **Police & Fire Retirement Plan**

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

#### Plan Description

The City contributes to the Police & Fire Retirement Plan, a single-employer public employee retirement system (PERS). The plan was created and is governed by local ordinance and various state laws regulating PERS. As such, it is the plan's responsibility to administer the law in accordance with the expressed intent of the City Council.

The most recent actuarial valuation for the plan was completed as of July 1, 2021.

#### Benefits Provided

All non-civilian employees of the police and fire departments are automatically eligible to participate in the plan. Employee contributions vest upon contribution. Members hired prior to July 1, 2007 attain normal retirement age upon completion of 25 years of credited service. Members hired on or after July 1, 2007 attain normal retirement age upon attainment of age 55 and completion of 25 years of credited service. At normal retirement, a member is eligible for a monthly benefit equal to one-twelfth of 65% of the member's highest annual gross compensation in the last five years of employment. The fund also provides early retirement, disability and survivor's benefits.

#### 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	71
Inactive employees entitled to but not yet receiving benefits	0
Active employees	73
	<hr/>
Total	144
	<hr/> <hr/>

#### Contributions

The City currently contributes the actuarially determined rate which cannot be less than the prior year until the City reaches a funded status of at least 80%. 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 City were required to contribute 14.5% of compensation from July 2020 to June 2021, increasing .5% per year up to 15%.

#### ***Net Pension Liability***

The City's net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021.

### Actuarial Assumptions

The total pension liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increase	3.5%
Investment rate of return	7.0%, net of administrative expenses

Mortality rates were based on the Public Safety 2010 (Bottom Quartile) tables for employees and annuitants, projected with generational improvements using the most recently available projection scale (in this valuation, MP-2020).

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study. The last assumption review for this plan was performed in May 2020.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	75.00%	8.60%
Fixed income	25.00%	2.30%
	<u>100.00%</u>	

### Discount Rate

The discount rate used to measure the total pension liability is 7.0%. The projections of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### ***Changes in the Net Pension Liability***

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2020	\$ 33,732,093	\$ 19,066,850	\$ 14,665,243
Changes for the year:			
Service cost	590,169	-	590,169
Interest	2,324,319	-	2,324,319
Difference between expected and actual experience	137,016	-	137,016
Changes in plan provisions	-	-	-
Changes in assumptions	(86,505)	-	(86,505)
Contributions - employer	-	1,492,927	(1,492,927)
Contributions - employee	-	587,950	(587,950)
Net investment income	-	7,026,978	(7,026,978)
Benefit payments, including refunds	(2,235,403)	(2,235,403)	-
Administrative expense	-	(56,305)	56,305
Net changes	729,596	6,816,147	(6,086,551)
Balances at June 30, 2021	\$ 34,461,689	\$ 25,882,997	\$ 8,578,692

### **Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate.

	Current Single Discount		
	1% Decrease (6.0%)	Rate Assumption (7.0%)	1% Increase (8.0%)
	Total pension liability	\$ 38,665,080	\$ 34,461,689
Plan fiduciary net position	25,882,997	25,882,997	25,882,997
Net pension liability	\$ 12,782,083	\$ 8,578,692	\$ 5,121,030

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

For the year ended June 30, 2021, the City recognized pension expense of \$518,521. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between:		
Expected and actual experience	\$ 172,116	\$ (445,563)
Projected and actual earnings on investments	-	(4,108,194)
Changes in assumptions	890,610	(28,977)
Total	\$ 1,062,726	\$ (4,582,734)

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

Year ending:		
2022	\$	(674,107)
2023		(898,536)
2024		(901,890)
2025		<u>(1,045,475)</u>
Total	\$	<u><u>(3,520,008)</u></u>

## 11. OTHER POST EMPLOYMENT BENEFITS (OPEB)

### *General Information about the Pension 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 City provides health insurance coverage to qualifying former employees and their dependents. The City pays for continued health insurance coverage for a three-year period after retirement (five years for Fire employees hired before July 1, 2011) for employees and 50% of premiums for spouses (65% for Fire employees hired before July 1, 2011). 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 are not eligible to remain on the plan.

#### Participants Covered by Benefit Terms

As of June 1, 2019, the City had 133 active employees and 22 current benefit recipients participating in the plan. As of June 1, 2019, the HBPW had 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 (five years for Fire employees hired prior to July 1, 2011). The City is also not required to contribute to the plan. Employees who retire with a covered spouse pay 50% of the spouse rate (65% for Fire employees hired before July 1, 2011) for up to three years (five years for Fire employees hired prior to July 1, 2011) or until age 65. After three years, participants must pay 100% of the plan premium rates.

#### Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 1, 2019. The City 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:

### City:

Discount rate	1.79% to 2.55%
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

### HBPW:

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 and Public Safety 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. For the City, the selected average rates are 2.55% and 1.79% as of the beginning and end of the valuation year, respectively. For the HBPW, 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 City, calculated using the discount rate of 1.79%, as well as what the City's total OPEB liability would be using a discount rate that is 1 percentage point lower (0.79%) or 1 percentage point higher (2.79%) than the current rate.

	Current Single Discount		
	1% Decrease (0.79%)	Rate Assumption (1.79%)	1% Increase (2.79%)
Total OPEB liability	\$ 4,852,334	\$ 4,474,482	\$ 4,131,829
Increase/(decrease) from baseline	377,852	-	(342,653)

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%) or 1 percentage point higher (3.0%) than the current rate.

	Current Single Discount		
	1% Decrease (1.0%)	Rate Assumption (2.0%)	1% Increase (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, calculated using the healthcare cost trend assumption, as well as what the total OPEB liability would be using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

City:	<u>1% Decrease</u>	<u>Current Trend Assumption</u>	<u>1% Increase</u>
Total OPEB liability	\$ 3,949,970	\$ 4,474,482	\$ 5,090,714
Increase/(decrease) from baseline	(524,512)	-	616,232

HBPW:	<u>1% Decrease</u>	<u>Current Trend Assumption</u>	<u>1% Increase</u>
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

City:	
Total OPEB liability - beginning of year	<u>\$ 4,046,057</u>
Changes for the year:	
Service cost	250,868
Interest	106,563
Difference between expected and actual experience	116,861
Changes in assumptions	190,133
Contributions - employer	<u>(236,000)</u>
Net changes	<u>428,425</u>
Total OPEB liability - end of year	<u><u>\$ 4,474,482</u></u>

HBPW:	
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 City recognized OPEB expense of (\$251,893) for the governmental activities and (\$113,032) for the business-type activities. The City reported deferred outflows and inflows of resources related to OPEB from the following sources:

City:	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between:		
Expected and actual experience	\$ 149,912	\$ (41,434)
Changes in assumptions	844,934	-
Contributions subsequent to the measurement date*	20,000	-
Total	<u>\$ 1,014,846</u>	<u>\$ (41,434)</u>
HBPW:	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between:		
Expected and actual experience	\$ 56,113	\$ (17,117)
Changes in assumptions	302,725	-
Total	<u>\$ 358,838</u>	<u>\$ (17,117)</u>

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the total OPEB liability for the year ending June 30, 2022.

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:

City:	
Year ending:	
2022	\$ 130,462
2023	130,462
2024	130,462
2025	130,462
2026	130,462
Thereafter	<u>301,102</u>
Total	<u>\$ 953,412</u>
HBPW:	
Year ending:	
2022	\$ 34,432
2023	34,432
2024	34,432
2025	34,432
2026	34,432
Thereafter	<u>169,561</u>
Total	<u>\$ 341,721</u>

## 12. INTERFUND TRANSFERS

A summary of interfund transfers for the year ended June 30, 2021, is as follows:

TRANSFERRED TO	TRANSFERRED FROM					Total
	Governmental Funds					
	Major Fund	Non-Major Funds				
General Fund	Parks Department Fund	Sales Tax Capital Improvements	FEMA/SEMA Fund	Tourism Fund		
Governmental Funds:						
Major Fund:						
Parks Department Fund	\$ 40,000	\$ -	\$ -	-	\$ -	\$ 40,000
	40,000	-	-	-	-	40,000
Non-Major Funds:						
HMAC 2013 Debt Service Fund	\$ 213,112	\$ -	\$ -	-	\$ -	\$ 213,112
HMAC 2016 Debt Service Fund	-	-	969,584	-	-	969,584
HMAC 2018 Debt Service Fund	38,453	199,711	-	9,789	83,292	331,245
	\$ 291,565	\$ 199,711	\$ 969,584	\$ 9,789	\$ 83,292	\$ 1,553,941

The purpose of these transfers was to subsidize the operations and support the fund balance of the fund receiving the transfer.

## 13. MUNICIPAL COURT TRAFFIC VIOLATIONS AND COSTS

Missouri House Bill No. 103 amending RSMo 302.341.2 became effective on August 28, 2013. The amendments to the statute require municipalities to report an accounting of the percent of “annual general operating revenue” from fines and costs for traffic violations. “Annual general operating revenue of the City” is not defined in the amended statute and may or may not include various sources of the City’s revenues. The City is defining “annual general operating revenues of the City as “total General Fund revenues.”

A summary of this information for the year ended June 30, 2021, is as follows:

Total court finds and costs (all case types)	\$ 1,177,004
Total general operating revenue of the City	\$ 13,524,013
Court fines and costs as a percentage of total general operating revenues	8.70%

## 14. TAX ABATEMENTS

During the fiscal year ended June 30, 2015, the City entered into an agreement with SZC Development, LLC to provide a sales tax rebate to assist the developer in constructing the Hannibal Lakeside Technology Park. The rebate is 1.5% of the 2.25% sales tax generated from 105 Lakeside Drive for a period of up to eighteen (18) years, or the lesser of (1) the Lakeside Drive road cost or (2) \$351,000, whichever occurs sooner. The amount of tax abated for the year ended June 30, 2021, was \$13,967.

During the fiscal year ended June 30, 2019, the City entered into an agreement with General Mills Operations, LLC in conjunction with the issuance of taxable industrial revenue bonds issued for the acquisition and construction of new improvements and the expansion of existing improvements at its facility on Red Devil Road. In addition, the project calls for the purchase and installation of personal property and equipment as part of these improvements. This agreement allows for a 50% real estate tax abatement attributable to the project improvements for a ten-year period after the construction period, but no later than January 1, 2019, and a 50% personal property tax abatement for the project equipment for a ten-year period beginning no later than January 1, 2020. The amount of tax abated for the year ended June 30, 2021, was \$58,247.

## 15. RESTATEMENTS

During the year ended June 30, 2021, the City determined a landfill liability had previously not been recorded. Also during the year ended June 30, 2021, the City implemented GASB Statement No. 84, *Fiduciary Activities*, which requires the Municipal Court Fund to be reported as a separate fiduciary fund instead of being combined with the General Fund.

As a result, net position and fund balance as of June 30, 2020, were restated as follows:

	<u>Net position/ fund balance as previously reported</u>	<u>Effect of restatement</u>	<u>Net position/ fund balance as restated</u>
Governmental activities	\$34,152,110	\$ (441,387)	\$33,710,723
General Fund	\$ 3,616,862	\$ (441,387)	\$ 3,175,475
Municipal Court Fund	\$ -	\$ 230,116	\$ 230,116

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF HANNIBAL**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**Year Ended June 30, 2021**

	General Fund as Reported in Financial Statements	Less Other City Funds Included for Reporting	General Fund Activity on the City's Budgetary	Original General Fund Budget	Final General Fund Budget	Variance Favorable/ (Unfavorable)
<b>REVENUES:</b>						
Taxes	\$ 10,493,483	\$ -	\$ 10,493,483	\$ 9,157,150	\$ 9,157,150	\$ 1,336,333
Licenses and permits	405,254	-	405,254	316,680	316,680	88,574
Charges for services	247,860	-	247,860	320,021	320,021	(72,161)
Intergovernmental revenues	622,982	(50,047)	572,935	377,206	815,349	(242,414)
Fines and forfeitures	980,185	-	980,185	1,007,700	1,007,700	(27,515)
Miscellaneous	774,249	(33,861)	740,388	447,606	582,539	157,849
Total revenues	<u>13,524,013</u>	<u>(83,908)</u>	<u>13,440,105</u>	<u>11,626,363</u>	<u>12,199,439</u>	<u>1,240,666</u>
<b>EXPENDITURES:</b>						
General government	3,913,716	(217,416)	3,696,300	4,729,110	4,905,610	1,209,310
Public safety	6,311,928	(113,915)	6,198,013	5,969,508	6,407,968	209,955
Airport	207,973	-	207,973	190,369	190,369	(17,604)
Community development	1,026,259	(29,144)	997,115	1,404,506	1,365,622	368,507
Capital outlay	1,113,826	-	1,113,826	-	-	(1,113,826)
Total expenditures	<u>12,573,702</u>	<u>(360,475)</u>	<u>12,213,227</u>	<u>12,293,493</u>	<u>12,869,569</u>	<u>656,342</u>
Excess (deficiency) of revenues over (under) expenditures	<u>950,311</u>	<u>276,567</u>	<u>1,226,878</u>	<u>(667,130)</u>	<u>(670,130)</u>	<u>1,897,008</u>
<b>OTHER FINANCING (USES):</b>						
Transfers (out)	(291,565)	-	(291,565)	-	(40,000)	(251,565)
Total other financing (uses)	<u>(291,565)</u>	<u>-</u>	<u>(291,565)</u>	<u>-</u>	<u>(40,000)</u>	<u>(251,565)</u>
Excess (deficiency) of revenues and other financing uses over (under) expenditures	<u>\$ 658,746</u>	<u>\$ 276,567</u>	<u>\$ 935,313</u>	<u>\$ (667,130)</u>	<u>\$ (710,130)</u>	<u>\$ 1,645,443</u>

Note: The Bicentennial, Investigation, Police Department, and Catastrophe Funds are recorded in separate funds for internal reporting and budgeting by the City, but are combined with the City's General Fund for financial reporting purposes as they do not meet the definition of a special revenue fund type. Because this schedule is presented on a budgetary basis, activity for these funds are removed so only General Fund activity remains.

**CITY OF HANNIBAL**  
**BUDGETARY COMPARISON SCHEDULE**  
**PARKS DEPARTMENT FUND**  
**Year Ended June 30, 2021**

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
<b>REVENUES:</b>				
Taxes	\$ 2,006,097	\$ 1,662,500	\$ 1,662,500	\$ 343,597
Charges for services	160,438	141,093	141,093	19,345
Intergovernmental revenues	56,810	54,000	54,000	2,810
Miscellaneous	81,459	23,000	23,000	58,459
Total revenues	<u>2,304,804</u>	<u>1,880,593</u>	<u>1,880,593</u>	<u>424,211</u>
<b>EXPENDITURES:</b>				
Parks and recreation	2,571,440	1,386,116	1,386,116	(1,185,324)
Capital outlay	470,418	3,047,345	3,047,345	2,576,927
Debt service	-	200,000	200,000	200,000
Total expenditures	<u>3,041,858</u>	<u>4,633,461</u>	<u>4,633,461</u>	<u>1,591,603</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(737,054)</u>	<u>(2,752,868)</u>	<u>(2,752,868)</u>	<u>2,015,814</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	40,000	-	-	40,000
Transfers (out)	(199,711)	-	-	(199,711)
Total other financing (uses)	<u>(159,711)</u>	<u>-</u>	<u>-</u>	<u>(159,711)</u>
Excess (deficiency) of revenues and other financing (uses) over (under) expenditures	<u>\$ (896,765)</u>	<u>\$ (2,752,868)</u>	<u>\$ (2,752,868)</u>	<u>\$ 1,856,103</u>

**CITY OF HANNIBAL**

**PENSION PLAN  
LAGERS – CITY  
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	\$ 280,920	\$ 284,476	\$ 264,630	\$ 263,906	\$ 265,796	\$ 271,821	\$ 297,441
Interest on the total pension liability	1,042,865	1,005,219	957,236	917,495	884,264	831,733	803,381
Difference between expected and actual experience	(821,022)	(22,390)	161,271	101,170	34,190	(136,090)	(52,959)
Assumption changes	(426,583)	-	-	-	-	422,470	-
Benefit payments	(693,116)	(797,657)	(666,749)	(800,453)	(652,082)	(672,371)	(617,044)
Net change in total pension liability	(616,936)	469,648	716,388	482,118	532,168	717,563	430,819
Total pension liability beginning	14,586,833	14,117,185	13,400,797	12,918,679	12,386,511	11,668,948	11,238,129
Total pension liability ending	\$ 13,969,897	\$ 14,586,833	\$ 14,117,185	\$ 13,400,797	\$ 12,918,679	\$ 12,386,511	\$ 11,668,948
Plan fiduciary net position							
Contributions - employer	\$ 354,463	\$ 351,660	\$ 348,100	\$ 335,049	\$ 324,409	\$ 328,566	\$ 345,912
Contributions - employee	-	-	-	-	-	-	-
Pension plan net investment income	3,833,272	181,307	926,482	1,538,331	1,431,509	(34,911)	257,234
Benefit payments	(693,116)	(797,657)	(666,749)	(800,453)	(652,082)	(672,371)	(617,044)
Pension plan administrative expense	(15,606)	(20,832)	(18,586)	(12,888)	(12,387)	(12,614)	(13,887)
Other	(346,569)	31,315	47,256	69,265	62,557	(219,965)	(115)
Net change in plan fiduciary net position	3,132,444	(254,207)	636,503	1,129,304	1,154,006	(611,295)	(27,900)
Plan fiduciary net position beginning	14,417,519	14,671,726	14,035,223	12,905,919	11,751,913	12,363,208	12,391,108
Plan fiduciary net position ending	\$ 17,549,963	\$ 14,417,519	\$ 14,671,726	\$ 14,035,223	\$ 12,905,919	\$ 11,751,913	\$ 12,363,208
Net pension liability/(asset)	\$ (3,580,066)	\$ 169,314	\$ (554,541)	\$ (634,426)	\$ 12,760	\$ 634,598	\$ (694,260)
Plan fiduciary net position as a percentage of the total pension liability	125.63%	98.84%	103.93%	104.73%	99.90%	94.88%	105.95%
Covered payroll	\$ 2,481,507	\$ 2,481,507	\$ 2,528,897	\$ 2,249,946	\$ 2,428,154	\$ 2,336,117	\$ 2,400,328
Net pension liability/(asset) as a percentage of covered payroll	-144.27%	6.82%	-21.93%	-28.20%	0.53%	27.16%	-28.92%

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

**CITY OF HANNIBAL**  
**PENSION PLAN**  
**LAGERS – CITY**  
**SCHEDULE OF CONTRIBUTIONS**  
**June 30, 2021**

	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 354,463	\$ 351,611	\$ 348,124	\$ 331,452	\$ 324,415
Contributions in relation to the actuarially determined contribution	354,463	351,611	348,124	331,452	324,415
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,444,569	\$ 2,458,815	\$ 2,486,601	\$ 2,350,725	\$ 2,439,207
Contributions as a percentage of covered payroll	14.50%	14.30%	14.00%	14.10%	13.30%
	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 329,209	\$ 381,370	\$ 394,454	\$ 397,197	\$ 357,475
Contributions in relation to the actuarially determined contribution	329,209	346,244	343,470	306,335	269,982
Contribution deficiency (excess)	\$ -	\$ 35,126	\$ 50,984	\$ 90,862	\$ 87,493
Covered payroll	\$ 2,456,782	\$ 2,509,011	\$ 2,683,358	\$ 2,596,060	\$ 2,499,830
Contributions as a percentage of covered payroll	13.40%	13.80%	12.80%	11.80%	10.80%

**CITY OF HANNIBAL**

**PENSION PLAN  
LAGERS – HBPW  
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	<u>(1,112,260)</u>	<u>(1,194,172)</u>	<u>(1,224,684)</u>	<u>(1,069,584)</u>	<u>(1,123,670)</u>	<u>(1,172,585)</u>	<u>(1,083,083)</u>
Net change in total pension liability	271,174	1,165,970	(377,059)	2,068,939	570,863	976,879	309,395
Total pension liability beginning	<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>	<u>19,121,364</u>
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	<u>(21,129)</u>	<u>(55,987)</u>	<u>(509,845)</u>	<u>76,336</u>	<u>(21,909)</u>	<u>(343,369)</u>	<u>(427,100)</u>
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	<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>	<u>18,608,866</u>
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**  
**PENSION PLAN**  
**LAGERS – HBPW**  
**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**

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

	2021	2020	2019	2018	2017	2016	2015
<b>Total pension liability</b>							
Service cost	\$ 590,169	\$ 586,643	\$ 573,575	\$ 570,203	\$ 548,434	\$ 510,783	\$ 517,235
Interest on the total pension liability	2,324,319	2,317,802	2,318,175	2,160,438	2,097,660	2,048,522	1,951,906
Benefit changes	-	-	-	-	(69,318)	-	-
Difference between expected and actual experience	137,016	(15,166)	(916,664)	(134,270)	704,667	(216,078)	422,882
Change of plan provisions	-	(1,466,508)	-	-	-	-	-
Assumption changes	(86,505)	813,628	(426,583)	1,602,240	(324,647)	2,165,439	-
Benefit payments	(2,235,403)	(2,058,232)	(1,928,745)	(1,968,442)	(2,195,021)	(1,591,733)	(1,602,991)
<b>Net change in total pension liability</b>	<b>729,596</b>	<b>178,167</b>	<b>(380,242)</b>	<b>2,230,169</b>	<b>761,775</b>	<b>2,916,933</b>	<b>1,289,032</b>
Total pension liability beginning	33,305,510	33,127,343	33,507,585	31,277,416	30,515,641	27,598,708	26,309,676
<b>Total pension liability ending</b>	<b>\$ 34,035,106</b>	<b>\$ 33,305,510</b>	<b>\$ 33,127,343</b>	<b>\$ 33,507,585</b>	<b>\$ 31,277,416</b>	<b>\$ 30,515,641</b>	<b>\$ 27,598,708</b>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 1,492,927	\$ 1,424,566	\$ 1,364,514	\$ 1,298,013	\$ 1,276,452	\$ 1,264,977	\$ 1,183,568
Contributions - employee	587,950	544,132	536,720	491,567	472,096	457,380	424,182
Pension plan net investment income	7,026,978	656,966	985,509	1,290,497	1,484,308	256,567	213,189
Benefit payments	(2,235,403)	(2,058,232)	(1,928,745)	(1,968,442)	(2,195,021)	(1,591,733)	(1,602,991)
Pension plan administrative expense	(56,305)	(67,078)	(57,538)	(59,173)	(52,340)	(44,200)	(32,034)
<b>Net change in plan fiduciary net position</b>	<b>6,816,147</b>	<b>500,354</b>	<b>900,460</b>	<b>1,052,462</b>	<b>985,495</b>	<b>342,991</b>	<b>185,914</b>
Plan fiduciary net position beginning	19,066,850	18,566,496	17,666,036	16,613,574	15,628,079	15,285,088	15,099,174
<b>Plan fiduciary net position ending</b>	<b>\$ 25,882,997</b>	<b>\$ 19,066,850</b>	<b>\$ 18,566,496</b>	<b>\$ 17,666,036</b>	<b>\$ 16,613,574</b>	<b>\$ 15,628,079</b>	<b>\$ 15,285,088</b>
<b>Net pension liability</b>	<b>\$ 8,152,109</b>	<b>\$ 14,238,660</b>	<b>\$ 14,560,847</b>	<b>\$ 15,841,549</b>	<b>\$ 14,663,842</b>	<b>\$ 14,887,562</b>	<b>\$ 12,313,620</b>
Plan fiduciary net position as a percentage of the total pension liability	76.05%	57.25%	56.05%	52.72%	53.12%	51.21%	55.38%
Covered payroll	\$ 3,611,556	\$ 3,733,069	\$ 3,548,574	\$ 3,598,561	\$ 3,425,821	\$ 3,629,583	\$ 3,389,458
Net pension liability as a percentage of covered payroll	225.72%	381.42%	410.33%	440.22%	428.04%	410.17%	363.29%

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

**CITY OF HANNIBAL**  
**PENSION PLAN**  
**POLICE & FIRE RETIREMENT PLAN**  
**SCHEDULE OF CONTRIBUTIONS**  
**June 30, 2021**

	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 1,214,588	\$ 1,283,839	\$ 1,321,254	\$ 1,201,580	\$ 1,193,766
Contributions in relation to the actuarially determined contribution	1,492,927	1,424,566	1,364,514	1,298,013	1,276,452
Contribution deficiency (excess)	<u>\$ (278,339)</u>	<u>\$ (140,727)</u>	<u>\$ (43,260)</u>	<u>\$ (96,433)</u>	<u>\$ (82,686)</u>
Covered payroll	\$ 3,611,556	\$ 3,733,069	\$ 3,548,574	\$ 3,598,561	\$ 3,425,821
Contributions as a percentage of covered payroll	41.34%	38.16%	38.45%	36.07%	37.26%
	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 1,066,446	\$ 984,663	\$ 994,809	\$ 1,010,251	\$ 919,156
Contributions in relation to the actuarially determined contribution	1,264,977	1,183,568	1,214,217	1,212,249	1,152,165
Contribution deficiency (excess)	<u>\$ (198,531)</u>	<u>\$ (198,905)</u>	<u>\$ (219,408)</u>	<u>\$ (201,998)</u>	<u>\$ (233,009)</u>
Covered payroll	\$ 3,629,583	\$ 3,389,458	\$ 3,404,706	\$ 3,343,265	\$ 3,253,467
Contributions as a percentage of covered payroll	34.85%	34.92%	35.66%	36.26%	35.41%

**CITY OF HANNIBAL**

**OPEB PLAN – CITY  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
AND RELATED RATIOS  
June 30, 2021**

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 250,868	\$ 195,322	\$ 197,936	\$ 191,372
Interest	106,563	104,226	123,142	120,003
Benefit changes	-	-	(478,159)	-
Difference between expected and actual experience	116,861	(53,272)	67,105	-
Assumption changes	190,133	760,080	123,959	-
Contributions - employer	<u>(236,000)</u>	<u>(276,000)</u>	<u>(221,000)</u>	<u>(215,000)</u>
Net change in total OPEB liability	428,425	730,356	(187,017)	96,375
Total OPEB liability beginning	<u>4,046,057</u>	<u>3,315,701</u>	<u>3,502,718</u>	<u>3,406,343</u>
Total OPEB liability ending	<u>\$ 4,474,482</u>	<u>\$ 4,046,057</u>	<u>\$ 3,315,701</u>	<u>\$ 3,502,718</u>
Covered payroll	\$ 5,897,037	\$ 5,897,037	\$ 6,116,629	\$ 6,116,629
Total OPEB liability as a percentage of covered payroll	75.88%	68.61%	54.21%	57.27%

*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	\$ 263,000	\$ 305,000	\$ 260,000	\$ 256,000
Expected retiree premium contributions	27,000	29,000	39,000	41,000
Employer contributions	<u>\$ 236,000</u>	<u>\$ 276,000</u>	<u>\$ 221,000</u>	<u>\$ 215,000</u>
Covered payroll	\$ 5,897,037	\$ 5,897,037	\$ 6,116,629	\$ 6,116,629
Contributions as a percentage of covered payroll	0.46%	0.49%	0.64%	0.67%

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

**CITY OF HANNIBAL**

**OPEB PLAN – HBPW  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
AND RELATED RATIOS  
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	<u>(87,000)</u>	<u>(55,000)</u>	<u>(116,000)</u>	<u>(207,000)</u>
Net change in total OPEB liability	220,537	250,910	(72,487)	(53,845)
Total OPEB liability beginning	<u>1,597,480</u>	<u>1,346,570</u>	<u>1,419,057</u>	<u>1,472,902</u>
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	<u>4,000</u>	<u>2,000</u>	<u>22,000</u>	<u>24,000</u>
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**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR FUNDS**  
**June 30, 2021**

	Capital Projects Funds			Debt Service Funds				Subtotal
	Sales Tax Capital Improvements Fund	HMAC 2018 Capital Projects Fund	HMAC 2016 Capital Projects Fund	HMAC 2018 Debt Service Fund	HMAC 2016 Debt Service Fund	HMAC 2013 Debt Service Fund	HMAC 2010 Debt Service Fund	
<b>ASSETS</b>								
ASSETS								
Cash and cash equivalents	\$ 1,021,381	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,021,381
Restricted cash	-	-	1	-	859,794	209,057	-	1,068,852
Taxes receivable	183,072	-	-	-	-	-	-	183,072
<b>TOTAL ASSETS</b>	<b>\$ 1,204,453</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 859,794</b>	<b>\$ 209,057</b>	<b>\$ -</b>	<b>\$ 2,273,305</b>
<b>LIABILITIES AND FUND BALANCES</b>								
LIABILITIES								
Accounts payable	\$ 40,998	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,998
Total liabilities	40,998	-	-	-	-	-	-	40,998
FUND BALANCES								
Restricted for:								
Capital projects	1,163,455	-	1	-	-	-	-	1,163,456
Debt service	-	-	-	-	859,794	209,057	-	1,068,851
Total fund balances	1,163,455	-	1	-	859,794	209,057	-	2,232,307
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,204,453</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 859,794</b>	<b>\$ 209,057</b>	<b>\$ -</b>	<b>\$ 2,273,305</b>

**CITY OF HANNIBAL**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR FUNDS (CONTINUED)**  
**June 30, 2021**

	Special Revenue Funds							Total
	Downtown TIF Fund	Riverfront Fund	DARE Fund	FEMA/SEMA Fund	Tourism Fund	Law Enforcement Training Fund	Revolving Loan Fund	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 88,014	\$ 25,276	\$ 7,738	\$ 27,445	\$ 473,038	\$ 5,848	\$ 637,496	\$ 2,286,236
Restricted cash	-	-	-	-	-	-	-	1,068,852
Taxes receivable	-	-	-	-	101,449	-	-	284,521
Intergovernmental receivable	-	-	-	-	72,802	-	-	72,802
Prepaid expenditures	-	-	-	-	15,884	-	-	15,884
<b>TOTAL ASSETS</b>	<b>\$ 88,014</b>	<b>\$ 25,276</b>	<b>\$ 7,738</b>	<b>\$ 27,445</b>	<b>\$ 663,173</b>	<b>\$ 5,848</b>	<b>\$ 637,496</b>	<b>\$ 3,728,295</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ 687	\$ -	\$ 37,981	\$ 2,238	\$ -	\$ 81,904
Accrued liabilities	-	-	-	-	6,702	-	-	6,702
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>687</b>	<b>-</b>	<b>44,683</b>	<b>2,238</b>	<b>-</b>	<b>88,606</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue - grant	-	-	-	-	52,177	-	-	52,177
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,177</b>	<b>-</b>	<b>-</b>	<b>52,177</b>
<b>FUND BALANCES</b>								
Nonspendable - prepaids	-	-	-	-	15,884	-	-	15,884
Restricted for:								
Capital projects	-	-	-	-	-	-	-	1,163,456
Debt service	-	-	-	-	-	-	-	1,068,851
Economic development	88,014	-	-	-	550,429	-	-	638,443
Community development	-	25,276	-	-	-	-	-	25,276
Public safety	-	-	7,051	27,445	-	3,610	-	38,106
Committed for:								
Economic development	-	-	-	-	-	-	637,496	637,496
<b>Total fund balances</b>	<b>88,014</b>	<b>25,276</b>	<b>7,051</b>	<b>27,445</b>	<b>566,313</b>	<b>3,610</b>	<b>637,496</b>	<b>3,587,512</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 88,014</b>	<b>\$ 25,276</b>	<b>\$ 7,738</b>	<b>\$ 27,445</b>	<b>\$ 663,173</b>	<b>\$ 5,848</b>	<b>\$ 637,496</b>	<b>\$ 3,728,295</b>

**CITY OF HANNIBAL**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR FUNDS**  
**Year Ended June 30, 2021**

	Capital Projects Funds			Debt Service Funds				Subtotal
	Sales Tax Capital Improvements Fund	HMAC 2018 Capital Projects Fund	HMAC 2016 Capital Projects Fund	HMAC 2018 Debt Service Fund	HMAC 2016 Debt Service Fund	HMAC 2013 Debt Service Fund	HMAC 2010 Debt Service Fund	
<b>REVENUES:</b>								
Taxes	\$ 2,006,097	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,006,097
Intergovernmental revenues	115,500	-	-	-	-	-	-	115,500
Miscellaneous:								
Interest	6,265	35	43	1	3	1	-	6,348
Other	34,039	-	-	-	-	-	-	34,039
<b>TOTAL REVENUES</b>	<b>2,161,901</b>	<b>35</b>	<b>43</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>-</b>	<b>2,161,984</b>
<b>EXPENDITURES:</b>								
Current:								
Community development	1,086,751	-	-	-	-	-	-	1,086,751
Capital outlay	-	833,117	655,074	-	-	-	-	1,488,191
Debt service:								
Principal	-	-	-	105,000	395,000	200,000	330,000	1,030,000
Interest	-	-	-	226,278	226,006	10,863	8,910	472,057
Total expenditures	1,086,751	833,117	655,074	331,278	621,006	210,863	338,910	4,076,999
Excess (deficiency) of revenues over (under) expenditures	1,075,150	(833,082)	(655,031)	(331,277)	(621,003)	(210,862)	(338,910)	(1,915,015)
<b>OTHER FINANCING SOURCES (USES)</b>								
Proceeds from sale of capital assets	31,875	-	-	-	-	-	-	31,875
Transfers in	-	-	-	331,245	969,584	213,112	-	1,513,941
Transfers (out)	(969,584)	-	-	-	-	-	-	(969,584)
Total other financing sources (uses)	(937,709)	-	-	331,245	969,584	213,112	-	576,232
Net change in fund balances	137,441	(833,082)	(655,031)	(32)	348,581	2,250	(338,910)	(1,338,783)
Fund balances, July 1	1,026,014	833,082	655,032	32	511,213	206,807	338,910	3,571,090
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 1,163,455</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 859,794</b>	<b>\$ 209,057</b>	<b>\$ -</b>	<b>\$ 2,232,307</b>

**CITY OF HANNIBAL**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR FUNDS (CONTINUED)**  
**Year Ended June 30, 2021**

	Special Revenue Funds							Total
	Downtown TIF Fund	Riverfront Fund	DARE Fund	FEMA/SEMA Fund	Tourism Fund	Law Enforcement Training Fund	Revolving Loan Fund	
<b>REVENUES:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 637,613	\$ -	\$ -	\$ 2,643,710
Charges for services	-	-	-	-	10,382	-	-	10,382
Intergovernmental revenues	-	-	-	-	166,478	-	-	281,978
Fines and forfeitures	-	-	-	-	-	24,690	-	24,690
Miscellaneous:								
Rent	-	-	-	-	-	-	15,000	15,000
Interest	475	192	43	-	2,118	80	812	10,068
Contributions	-	-	8,219	32,022	-	-	-	40,241
Other	-	-	-	-	1,356	-	-	35,395
<b>TOTAL REVENUES</b>	<b>475</b>	<b>192</b>	<b>8,262</b>	<b>32,022</b>	<b>817,947</b>	<b>24,770</b>	<b>15,812</b>	<b>3,061,464</b>
<b>EXPENDITURES:</b>								
Current:								
Community development	-	-	-	-	-	-	-	1,086,751
Economic development	5,381	-	-	-	583,771	-	13,446	602,598
Public safety	-	-	7,521	6,405	-	44,137	-	58,063
Capital outlay	-	-	-	-	14,622	-	-	1,502,813
Debt service:								
Principal	-	-	-	-	-	-	-	1,030,000
Interest	-	-	-	-	-	-	-	472,057
Total expenditures	<b>5,381</b>	<b>-</b>	<b>7,521</b>	<b>6,405</b>	<b>598,393</b>	<b>44,137</b>	<b>13,446</b>	<b>4,752,282</b>
Excess (deficiency) of revenues over (under) expenditures	<b>(4,906)</b>	<b>192</b>	<b>741</b>	<b>25,617</b>	<b>219,554</b>	<b>(19,367)</b>	<b>2,366</b>	<b>(1,690,818)</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Proceeds from sale of capital assets	-	-	-	-	70,000	-	-	101,875
Transfers in	-	-	-	-	-	-	-	1,513,941
Transfers (out)	-	-	-	(9,789)	(83,292)	-	-	(1,062,665)
Total other financing sources (uses)	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,789)</b>	<b>(13,292)</b>	<b>-</b>	<b>-</b>	<b>553,151</b>
Net change in fund balances	(4,906)	192	741	15,828	206,262	(19,367)	2,366	(1,137,667)
Fund balances, July 1	92,920	25,084	6,310	11,617	360,051	22,977	635,130	4,725,179
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 88,014</b>	<b>\$ 25,276</b>	<b>\$ 7,051</b>	<b>\$ 27,445</b>	<b>\$ 566,313</b>	<b>\$ 3,610</b>	<b>\$ 637,496</b>	<b>\$ 3,587,512</b>

**CITY OF HANNIBAL**  
**COMBINING STATEMENT OF NET POSITION**  
**GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS**  
**June 30, 2021**

	Self Insurance Fund	Unused Sick Leave Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 755,106	\$ 224,171	\$ 979,277
Investments	2,997,000	100,000	3,097,000
Other receivables	12,226	517	12,743
Total assets	<u>3,764,332</u>	<u>324,688</u>	<u>4,089,020</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	<u>167,143</u>	-	<u>167,143</u>
Total liabilities	<u>167,143</u>	-	<u>167,143</u>
<b>NET POSITION</b>			
Unrestricted	<u>3,597,189</u>	<u>324,688</u>	<u>3,921,877</u>
Total net position	<u><u>\$ 3,597,189</u></u>	<u><u>\$ 324,688</u></u>	<u><u>\$ 3,921,877</u></u>

**CITY OF HANNIBAL**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS  
Year Ended June 30, 2021**

	Self Insurance Fund	Unused Sick Leave Fund	Total
<b>OPERATING REVENUES</b>			
Changes for services	\$ 3,292,017	\$ 86,580	\$ 3,378,597
Miscellaneous	247,598	-	247,598
Total operating revenues	<u>3,539,615</u>	<u>86,580</u>	<u>3,626,195</u>
<b>OPERATING EXPENSES</b>			
Salaries and wages	-	97,711	97,711
Employee benefits	-	3,374	3,374
Purchased services	513,554	-	513,554
Claims	2,687,287	-	2,687,287
Other operating expenses	4,315	-	4,315
Total operating expenses	<u>3,205,156</u>	<u>101,085</u>	<u>3,306,241</u>
<b>OPERATING INCOME (LOSS)</b>	<u>334,459</u>	<u>(14,505)</u>	<u>319,954</u>
<b>NON-OPERATING REVENUES</b>			
Interest income	13,950	3,462	17,412
Total non-operating revenues	<u>13,950</u>	<u>3,462</u>	<u>17,412</u>
Change in net position	348,409	(11,043)	337,366
Net position, July 1	<u>3,248,780</u>	<u>335,731</u>	<u>3,584,511</u>
<b>NET POSITION, JUNE 30</b>	<u><u>\$ 3,597,189</u></u>	<u><u>\$ 324,688</u></u>	<u><u>\$ 3,921,877</u></u>

**CITY OF HANNIBAL**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
Year Ended June 30, 2021**

	Self Insurance Fund	Unused Sick Leave Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 3,309,528	\$ 86,580	\$ 3,396,108
Cash received from other sources	247,598	-	247,598
Cash paid to vendors	(3,542,737)	-	(3,542,737)
Cash paid to employees	-	(101,085)	(101,085)
	14,389	(14,505)	(116)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest income	13,950	3,462	17,412
Investment maturities/sales	(715,000)	(50,000)	(765,000)
	(701,050)	(46,538)	(747,588)
Net change in cash and cash equivalents	(686,661)	(61,043)	(747,704)
Cash and cash equivalents, beginning of year	1,441,767	285,214	1,726,981
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 755,106</b>	<b>\$ 224,171</b>	<b>\$ 979,277</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 334,459	\$ (14,505)	\$ 319,954
Adjustments:			
(Increase) decrease in assets:			
Accounts receivable	17,511	-	17,511
Increase (decrease) in liabilities:			
Accounts payable	(337,581)	-	(337,581)
Net cash provided (used) by operating activities	<b>\$ 14,389</b>	<b>\$ (14,505)</b>	<b>\$ (116)</b>

**CITY OF HANNIBAL**

**BALANCE SHEET  
COMPONENT UNIT**

**June 30, 2021**

	<u>Free Public Library</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 404,451
Investments	2,282,740
Taxes receivable	16,802
Intergovernmental receivable	15,500
Prepaid expenditures	34,594
	<hr/>
Total assets	<u>\$ 2,754,087</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 9,839
Accrued liabilities	16,996
	<hr/>
Total liabilities	26,835
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - property taxes	13,731
	<hr/>
Total deferred inflows of resources	13,731
<b>FUND BALANCE</b>	
Nonspendable	34,594
Unassigned	2,678,927
	<hr/>
Total fund balance	2,713,521
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 2,754,087</u>

**CITY OF HANNIBAL**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGE IN FUND BALANCE**  
**COMPONENT UNIT**  
**Year Ended June 30, 2021**

	Free Public Library
REVENUES:	
Taxes	\$ 791,402
Intergovernmental revenues	51,182
Charges for services	5,821
Interest income	51,992
Miscellaneous revenue	107,931
Total revenues	1,008,328
EXPENDITURES:	
Culture and recreation	786,674
Capital outlay	47,369
Total expenditures	834,043
Change in fund balance	174,285
Fund balance, July 1	2,539,236
FUND BALANCE, JUNE 30	\$ 2,713,521

## **SINGLE AUDIT REPORTS**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and City Council  
of the City of Hannibal, Missouri

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hannibal (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 29, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. See Finding 2021-001.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **City's Response to the Finding**

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*William K. Keiper UC*

November 29, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor and City Council  
of the City of Hannibal, Missouri

**Report on Compliance for Each Major Federal Program**

We have audited the City of Hannibal (the City's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on the Major Federal Programs***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2021.

## Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

William K. Keiper UC

November 29, 2021

**CITY OF HANNIBAL**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2021**

	Assistance Listing Number	Pass Through Number	Passed Through to Subrecipients	Expenditures
U.S. Department of Transportation:				
Passed Through Missouri Department of Transportation:				
Highway Planning and Construction (TAP Funds)	20.205	TAP-2800(317)	\$ -	\$ 313,101
COVID-19 Airport Improvement Program	20.106	20-049A-1	-	39,000
Total U.S. Department of Transportation			-	352,101
Department of Homeland Security:				
Direct Program:				
Assistance to Firefighters Grant	97.044	N/A	-	43,351
Passed Through Missouri Department of Public Safety:				
Disaster Grant - Public Assistance	97.036	4451-FMD-429, 4451-FMD-913, 4451-FMD-931, 4451-FMD-1001	-	177,197
Emergency Management Performance Grant	97.042	EMK-2020-EP-0004-45-001, EMK-2020- EP-0004-45-002, EMK-2020-EP-0004-45- 003, EMK-2020-EP-0004-45-004, EMK- 2020-EP-0004-45-005	-	33,027
Total Department of Homeland Security			-	253,575
Department of Treasury:				
Passed Through Marion County:				
COVID-19 Coronavirus Relief Fund	21.019	N/A	-	233,218
Passed Through Missouri Division of Tourism:				
COVID-19 Coronavirus Relief Fund	21.019	N/A	-	140,706
Total Department of Treasury			-	373,924
U.S. Department of Agriculture:				
Direct Program:				
Rural Economic Development Loans and Grants	10.854	N/A	-	115,500
Total U.S. Department of Agriculture			-	115,500
U.S. Department of Justice:				
Passed Through Missouri Department of Transportation:				
Bulletproof Vest Partnership Program	16.607	FY2020	-	1,395
Total U.S. Department of Justice			-	1,395
Department of Housing and Urban Development:				
Passed Through Missouri Department of Economic Development:				
Community Development Block Grant	14.218	2019-EM-04	-	29,144
Total Department of Housing and Urban Development			-	29,144
Department of Interior:				
Passed Through Missouri Department of Natural Resources:				
Outdoor Recreation Acquisition, Development and Planning	15.916	29-01680	-	39,871
Total Department of Missouri Department of Natural Resources			-	39,871
National Endowment for the Humanities:				
Passed Through Missouri State Library:				
Grants to States	45.310	2019-LFL9-SLT19CN9-9334, 2020-LCP9-COL19CN9-9459, 2020-LFL9-SLP19CN9-9650, 2021-LFL0-SLP20-035	-	8,102
Total National Endowment for the Humanities			-	8,102
Total Expenditures of Federal Awards			\$ -	\$ 1,173,612

## **1. BASIS OF PRESENTATION**

The schedule of expenditures of federal awards includes only the current year federal grant activity of the City and is presented on the accrual basis of accounting. This information is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Amounts presented in this schedule as expenditures may differ from amounts presented in, or used in the preparation of, the basic financial statements, although such differences are not material.

## **2. INDIRECT COST RATE**

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

## **3. DONATED PERSONAL PROTECTIVE EQUIPMENT (UNAUDITED)**

As a result of the COVID-19 pandemic, the City did not receive donated personal protective equipment from the federal government.

**CITY OF HANNIBAL**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2021**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors’ report expresses an unmodified opinion on whether the financial statements of the City were prepared in accordance with U.S. GAAP.
2. A significant deficiency relating to the audit of the financial statements is reported in the “Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.” This is not considered a material weakness.
3. No instances of noncompliance material to the financial statements of the City, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No deficiencies relating to the audit of the major federal award programs is reported in the “Independent Auditors’ Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.”
5. The auditors’ report on compliance for the major federal award programs for the City expresses an unmodified opinion on the major federal programs.
5. No audit findings relative to the major federal award programs for the City, that are required to be reported in accordance with 2 CFR section 200.516(a), are reported in Part C of this Schedule.
6. The programs tested as major federal programs include:

	Assistance Listing Number
Highway Planning and Construction (TAP Funds)	20.205
COVID-19 - Coronavirus Relief Fund	21.019

7. The dollar threshold used to distinguish between Type A and B programs was \$750,000.
8. The City did not qualify as a low-risk auditee for the year ended June 30, 2021.

## **B. FINDINGS - FINANCIAL STATEMENT AUDIT**

### **Finding 2021-001: Preparation of Financial Statements**

*Condition:* Management is responsible for establishing and maintaining internal controls; for the selection and application of accounting principles; for adjusting the general ledger in order to present financial statements in accordance with U.S. generally accepted accounting principles; and for the fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles. Under auditing standards, the auditor cannot be a part of internal control. If management does not have the means to accomplish its responsibilities other than by having the auditors handle some or all of these responsibilities, the City is deemed to have a significant deficiency under auditing standards. During the FY21 audit, the auditor prepared the financial statements, including the note disclosures, and proposed adjustments to the underlying general ledger.

*Cause:* The City's former Finance Director retired in July 2021, and she wasn't able to ensure all significant adjustments were made to the financial statements prior to her retirement.

*Effect:* The auditor prepared the financial statements, including the note disclosures, and submitted them to management for review and approval. The auditor also proposed adjustments to the underlying general ledger.

*Recommendation:* We are not recommending the City make other arrangements to have the financial statements prepared. We feel the process of us as auditors preparing the financial statements at the conclusion of the audit, followed by management review and acceptance, is an efficient and cost-effective process overall. We do, however, recommend the City ensure all significant adjustments are made to the financial statements prior to the financial statement audit going forward. The City can maintain its books on the cash basis of accounting during the year but should convert them to the accrual basis of accounting at yearend (unless it is determined that the City's audited financial statements are not required to be presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP)).

*City's Response:* Going forward, the City's new Finance Director will ensure all significant adjustments are made to the financial statements prior to the financial statement audit (unless it is determined that the City's audited financial statements are not required to be presented in accordance with GAAP).

## **C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None.

**CITY OF HANNIBAL**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**For the Year Ended June 30, 2021**

There were no audit findings for the prior year.