



The completed Rotary Pavilion is equipped with a sound system, 120 volt electrical and 50 amp event power and with enough seating for 300 people. It is sure to be a sought after destination for all types of events.

City of Hastings

Dakota County, Minnesota

101 Fourth Street East, Hastings MN, 55033



Comprehensive Annual
Financial Report
Year Ending December 31, 2015

COMPREHENSIVE
ANNUAL FINANCIAL REPORT
OF
THE CITY OF HASTINGS
MINNESOTA

For the Year Ended December 31, 2015

Prepared by the City's Finance Department

CITY OF HASTINGS, MINNESOTA
ACKNOWLEDGEMENTS



FINANCE DEPARTMENT

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CITY OF HASTINGS, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended December 31, 2015
TABLE OF CONTENTS

I. INTRODUCTORY SECTION	REFERENCE	PAGE
Letter of Transmittal		4
List of Officials		10
Organizational Chart		11
Certificate of Achievement for Excellence in Financial Reporting		12
 II. FINANCIAL SECTION		
A. Independent Auditor's Report		14
B. Management's Discussion and Analysis		17
C. Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	Statement 1	29
Statement of Activities	Statement 2	30
Fund Financial Statements:		
Balance Sheet-Governmental Funds	Statement 3	32
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	Statement 4	35
Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds	Statement 5	36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	Statement 6	39
Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual:		
General Fund	Statement 7	40
Fire and Ambulance Special Revenue Fund	Statement 8	41
Statement of Fund Net Position-Proprietary Funds	Statement 9	42
Statement of Revenues, Expenses, and Changes in Fund Net Position-Proprietary Funds	Statement 10	43
Statement of Cash Flows-Proprietary Funds	Statement 11	44
Statement of Fiduciary Net Position-Fiduciary Funds	Statement 12	46
Statement of Changes in Fiduciary Net Position-Fiduciary Funds	Statement 13	47
Notes to the Financial Statements		49
D. Required Supplementary Information:		
Schedule of Funding Progress Other Post Employment Benefits	Schedule 1	86
Schedule of Proportionate Share of Net Pension Liability	Schedule 2	87
Schedule of Pension Contributions	Schedule 3	88
Schedule of Changes in Fire Relief Net Pension Liability	Schedule 4	89
Schedule of Contributions to Fire Relief	Schedule 5	90
E. Supplementary Information:		
Combining and Individual Fund Statements and Schedules		
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual:		
Debt Service Fund	Statement 14	92
Parks Projects Capital Projects Fund	Statement 15	93
Combining Balance Sheet Non-major Governmental Funds	Statement 16	96
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-major Governmental Funds	Statement 17	97
Combining and Individual Fund Financial Statements and Schedules:		
Combining Balance Sheet-Non-major Special Revenue Funds	Statement 18	98
Combining Statement of Revenues, Expenditures and Changes in Fund Balances-Non-major Special Revenue Funds	Statement 19	100
Schedules of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual:		
Parks and Recreation Special Revenue Fund	Statement 20	102
Aquatic Center Special Revenue Fund	Statement 21	103
Cable Television Special Revenue Fund	Statement 22	104
Heritage Preservation Special Revenue Fund	Statement 23	105
Ice Arena Special Revenue Fund	Statement 24	106
DUI Enforcement/Equipment Special Revenue Fund	Statement 25	107
Drug Awareness Special Revenue Fund	Statement 26	108

Combining Balance Sheet-Non-major Capital Project and Permanent Funds	Statement 27	110
Combining Statement of Revenues, Expenditures and Changes in Fund Balances-Non-major Capital Project and Permanent funds	Statement 28	112
Schedules of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual: Equipment Revolving Capital Project Fund	Statement 29	114
Schedules of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual: Mill and Overlay Capital Project Fund	Statement 30	115
Combining Statement of Fund Net Position-Internal Service Funds	Statement 31	117
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position-Internal Service Funds	Statement 32	118
Combining Statement of Cash Flows-Internal Service Funds	Statement 33	119
Combining Statement of Fiduciary Net Position-Agency Funds	Statement 34	121
Combining Statement of Changes in Fiduciary Net Position-Agency Funds	Statement 35	122
Component Unit:		
Balance Sheet-Hastings Economic Development and Redevelopment Authority	Statement 36	124
Reconciliation of the Balance Sheet to the Statement of Net Position Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual	Statement 37	125
Hastings Economic Development and Redevelopment Authority Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	Statement 38	126
	Statement 39	127

III. STATISTICAL SECTION (UNAUDITED)

Fund information:

Net Position by Component	Table 1	130
Changes in Net Position	Table 2	132
Fund Balances, Governmental Funds	Table 3	136
Changes in Fund Balances, Governmental Funds	Table 4	138
Tax Capacity Value and Estimated Market Value of Taxable Property	Table 5	142
Direct and Overlapping Property Tax Rates	Table 6	143
Principal Property Taxpayers	Table 7	144
Property Tax Levies and Collections	Table 8	145
Ratios of Outstanding Debt by Type	Table 9	146
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Debt Per Capita	Table 10	148
Direct and Overlapping Governmental Activities Debt	Table 11	149
Legal Debt Margin Information	Table 12	150
Pledged-Revenue Coverage	Table 13	152
Demographic and Economic Statistics	Table 14	154
Principal Employers	Table 15	155
Full-Time Equivalent City Government Employees by Function/Program	Table 16	156
Operating Indicators by Function/Program	Table 17	158
Capital Asset Statistics by Functions/Program	Table 18	160

INTRODUCTORY SECTION



June 3, 2016

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Hastings:

It is my honor to present the City's Comprehensive Annual Financial Report (CAFR) to you. This document is a thorough report of the City's financial position, and I am pleased to affirm that the City is in a sound financial position and well positioned to continue to serve our constituents in a fiscally responsible manner.

Minnesota state law requires that every city with a population in excess of 2,500 publish within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year ended December 31, 2015.

Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Hastings has established a comprehensive internal control framework that is designed both to protect the City assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Hastings' financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Hastings' comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Hastings' financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants who have issued an unmodified ("clean") opinion on the financial statements of the City of Hastings for the fiscal year ended December 31, 2015. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and the significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Hastings' financial statements for the fiscal year ended December 31, 2015, are fairly presented in conformity with GAAP. The Independent Auditors' Report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Hastings' MD&A can be found immediately following the report of the independent auditors.

City Profile

The City of Hastings is a municipal corporation, incorporated in 1857, in the State of Minnesota, within the corporate limits and boundaries established by the Home Rule Charter of the City. We are located approximately 20 miles south of St. Paul at the junction of the Mississippi and St. Croix Rivers in the east central part of the state. A small portion of the City is located in Washington County. As a riverfront community, the City of Hastings was the birthplace of many early commercial enterprises and is the county seat of Dakota County. The City is empowered to levy a property tax on both real and personal property located within its boundaries. The City also has statutory authority to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the governing City Council.

As a part of the seven-county Minneapolis/St. Paul metropolitan area, Hastings is within the jurisdiction of the Metropolitan Council, a regional planning agency for the Twin Cities metropolitan region. The City's population continues to grow from 15,478 in 1990 to an estimated 22,572 in 2015. The Metropolitan Council projects that the city's population will grow to 27,500 by the year 2020. The City encompasses an area of 11.40 square miles.

The City Charter declares that the City operates under a "Mayor-Council Plan" form of government. Policymaking and legislative authority are vested in the City Council, which consists of a mayor and six other members, all elected on a non-partisan basis. The Mayor and Council members are elected to four-year staggered terms with a two year difference between at-large and ward council seats. Four Councilmembers are elected from within their respective wards and the Mayor and two Councilmembers are elected at-large. The Council is responsible, among other things, for passing ordinances, adopting the budget, appointing commissions and/or citizen committees and hiring the City Administrator. The City Administrator is the chief administrative officer of the City and is responsible to the Council for the administration of the City's affairs set forth in the City's Charter. This includes carrying out the policies and ordinances of the City, overseeing the day-to-day operations of the city, and the heads of various departments and City employees.

The City of Hastings provides a full range of services, including police and fire protection, advanced and basic life support ambulance services, the construction and maintenance of highways, streets, parks, infrastructure, recreational and cultural facilities and general administrative services. In addition, the City provides enterprise activities such as: water, sewer and storm water services as well as hydroelectric power generation. The City also contributes to joint powers recreational operations, operates the Hastings Family Aquatic Center and Civic Arena, and several other important community-based events and projects.

The Council is required to adopt a final budget by no later than the close of the fiscal year. The annual budget represents the financial plan and priorities of the City of Hastings. It is intended to clearly communicate the City's goals and how resources are allocated to those priorities in an easy to understand manner. In essence, the budget process is an ongoing process whereby priorities and goals are established and funded in alignment with Council directives, strategic plan, and our CORE values.

All departments are required to submit requests for appropriation to the City Administrator, who must balance the competing needs against available resources. Based upon direction from the City's Finance Committee (a three member committee of the Council) and the requests made, a proposed budget is then prepared and submitted to the City Council and the preliminary levy is adopted no later than September 15th. The City Council may make adjustments to decrease the final levy from the adopted preliminary levy and is required to adopt a final budget no later than December 31st, the close of the City of Hastings' fiscal year.

Department Heads are held responsible for their budget performance. Department managers may request transfers of appropriations within their departments. Transfers between departments require City Council approval. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an annual budget has been adopted. For the general fund, this comparison is presented as part of the basic financial statements for the governmental funds. For the governmental funds, other than the General Fund and the Fire and Ambulance Special Revenue Fund, with annual budgets, this comparison is presented in the governmental fund subsection of this report, as noted in the table of contents.

Local Economy

In 2015, the City continued to see economic growth and local indicators point to continued stability in this area. The region has a varied manufacturing/industrial base. Major industries with headquarters or divisions located within the City's boundaries or in close proximity include an office and stationery supplies manufacturer, flour and other grain mill producer, plastics producer, and several financial and insurance institutions. The state, county and school district also all have a major economic presence in the area, as we are home to Dakota County main governmental complex and Hastings' Independent School District 200 offices.

We continued to see increases in the permit value of new and building remodeling in 2015. Below is a chart that gives a brief building permit history.

Permits	2015	2014	2013	2012	2011	2010
New Residential	26	42	37	39	22	4
New Commercial	4	3	4	1	6	2
Residential remodel	21	64	60	53	70	59
Commercial remodel	81	46	41	29	52	54
All other permits	1373	1618	1488	1743	1207	890
TOTAL	1505	1773	1630	1865	1357	1009
Dollar value of Permits (in millions)	\$ 35.4	\$ 23.8	\$ 21.9	\$ 23.8	\$ 19.7	\$ 17.2

Major Initiatives

In 2015, the excitement of the Riverfront Renaissance continued as the City moved forward with work on the second phase of the three phase master plan.

The Hudson redevelopment project continued to move forward with a development agreement in place. It is anticipated that additional progress will take shape in 2016.

Long-Term Financial Planning

The City is required to strategically develop and adopt a Comprehensive Plan; this was last updated in 2009 and is expected to be redeveloped in the next few years. The City continues to focus on maintaining the quality of life in the City of Hastings in alignment with our CORE Values—Communication, Optimal Service, Respect for Resources, and Enthusiasm. These values drive the development of our strategic plan, our budget process, and our communication strategy.

The City Council, along with management team members, conducted a strategic planning retreat in October 2013 that outlined the major themes desired by the City Council. An updated planning retreat was held in early 2015 to update the current plan, gain a renewed perspective of the City Council, and develop a map for the goals of the future of Hastings.

Relevant Financial Policies

The City has adopted a set of financial management policies that focus on long-term financial planning and strategic budgeting. Policies cover such areas as debt management, investments, capital reserves, and internal controls. The City's fund balance policy specifies a goal to maintain an unassigned fund balance in the General Fund of 30%-40% of the subsequent year's budgeted expenditures. A history of fund balance information can be found in Table 3 as noted in the table of contents.

The City of Hastings currently has a debt management policy in place in order to manage the City's debt. The Council has placed three limits on the issuance of debt. Annual debt service percentage calculated below is shown for governmental fund debt.

Policy	2015 Year End
a.) Total annual debt service for G.O. debt obligations will not exceed 35% of total budgeted expenditures.	21.36%
b.) Net bonded debt outstanding will not exceed 3.5% of Assessor's market value of taxable property.	.40%
c.) Gross bonded debt will not exceed \$1,800 per capita.	\$1,163

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hastings for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2014. This is the 18th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City believes that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the dedicated services of the City staff. I would like to express my appreciation to the City Council for their leadership and foresight in maintaining our financial position, the City's Management Team members for their thoughtful and deliberate approach to developing and living within our annual budget, and specifically to the Finance Department staff for their dedication and expertise throughout the year.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Melanie Mesko Lee". The signature is fluid and cursive, with a long horizontal stroke at the end.

Melanie Mesko Lee
City Administrator

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CITY OF HASTINGS, MINNESOTA
LIST OF OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>OFFICE</u>	<u>NAME</u>	<u>TERM EXPIRES</u>
City Council:		
Mayor	Paul Hicks	December, 2018
1 st Ward	Anthony Alongi	December, 2016
2 nd Ward	Joe Balsanek	December, 2016
3 rd Ward	Tony Nelson	December, 2016
4 th Ward	Danna Elling-Schultz	December, 2016
At-Large	Lori Braucks	December, 2018
At-Large	Mark Vaughan	December, 2018

Management Team:

City Administrator	Melanie Mesko Lee
Administrative Services Director	Julie Flaten
Building Official	Tom Bakken
Community Development Director	John Hinzman
Fire and EMS Director	Michael Schutt
Parks & Recreation Director	Chris Jenkins
Police Chief	Bryan Schafer
Public Works Director	Nick Egger

CORE Values:

Communication

- We value and promote participation and interactions with citizens and staff.
- We will seek to assure timely and open communications while providing background and context for the decisions that are made.

Optimal Service

- We recognize the importance of providing timely, courteous and respectful service to the public and to one another.
- We will seek to serve the public and other employees in a constructive, creative and practical manner.

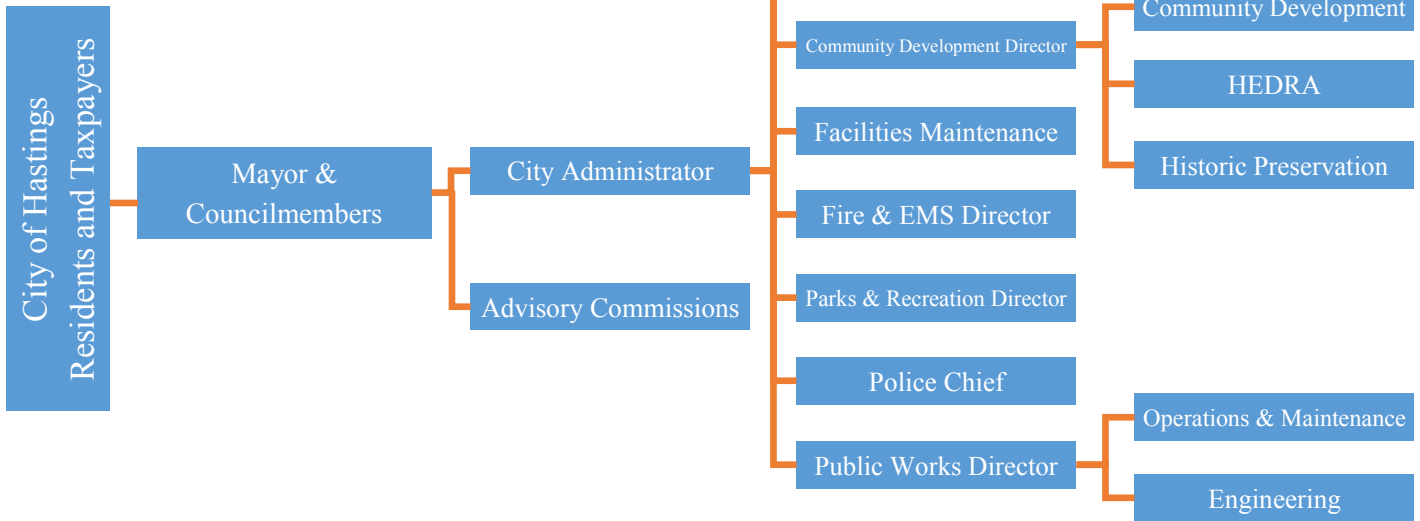
Respect for Resources

- We recognize the value of using all City resources in an efficient and effective manner.
- We will seek to utilize City resources to serve the common good of all.

Enthusiasm

- We are committed to protect and promote the unique characteristics of our community, including its history and scenic beauty.
- We will seek to infuse enthusiasm and enjoyment into our daily interactions with citizens, visitors and other employees.

City of Hastings Organizational Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Hastings
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

A handwritten signature in black ink, appearing to read "Jeffrey R. Emswiler". The signature is fluid and cursive.

Executive Director/CEO

FINANCIAL SECTION



CliftonLarsonAllen LLP
 CLAAconnect.com

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
 Members of the City Council
 City of Hastings
 Hastings, Minnesota

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 of the City of Hastings (the City), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.



An independent member of Nexia International

Honorable Mayor and
Members of the City Council
City of Hastings

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 as of December 31, 2015, and the respective changes in financial position, the respective budgetary comparison for the general fund and the fire and ambulance special revenue fund and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During the year ended December 31, 2015, the City adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 68, *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. As a result of the implementation of these standards, the City reported a restatement for the change in accounting principle (see Note VIII). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress – other postemployment benefit plan, schedules of the City's proportionate share of net pension liabilities and schedules of pension contributions, as listed on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, the individual fund budget and actual schedules of the debt service fund, parks capital projects fund, the nonmajor special revenue and capital project funds, and the component unit are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the individual fund budget and actual schedules of the debt service fund, parks capital projects fund, the nonmajor special revenue and capital project funds, and the component unit (the supplementary information), as listed in the table of contents are the responsibility of management and were derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements

Honorable Mayor and
Members of the City Council
City of Hastings

Other Matters (Continued)

Other Information (Continued)

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2016, 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 result of that testing, and not to provide an opinion on 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 considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
June 3, 2016

Management's Discussion and Analysis

As management of the City of Hastings, Minnesota (the City), we offer readers of the City of Hastings financial statements this narrative overview and analysis of the financial activities of the City of Hastings for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal as listed in the table of contents.

Financial Highlights

- The assets of the City of Hastings exceeded its liabilities at the close of the most recent fiscal year (December 31, 2015) by \$81,235,024 *net position*. Of this amount, \$3,329,151 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens or creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net position decreased by \$569,897.
- As of the close of the 2015 fiscal year, the City of Hastings governmental funds ending fund balances were \$13,611,011. Approximately 46.3% is restricted for special revenue-police activities, debt service, capital project programs and permanent trust fund—Leduc Historic Estate. Approximately 3.0% of the fund balance is nonspendable. Approximately 23.2% is committed by City Council for the following activities: special revenue funds-parks, aquatic, cable TV, heritage preservation, fire & ambulance and the arena. Assigned fund balance for capital projects results in 7.4% of the fund balance, the remaining 20.0% is unassigned and is available for spending at the City's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,621,455 or 40% of the total General Fund expenditures.
- In 2015, the City implemented GASB 68 which resulted in the City reporting both a net pension asset and a net pension liability for the pension plans as described in the footnotes. The net effect of these items on the City's net position at December 31, 2015 was to decrease ending net position by \$6,355,082. That is, had GASB 68 not been implemented, the City's overall net position would be \$6,134,371 higher than the actual ending net position of \$81,235,024.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Hastings' basic financial statements. The City of Hastings' basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Hastings' finances, in manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Hastings' assets, deferred outflows of resources, 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 of Hastings is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are

reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, health and sanitation, economic development, culture and recreation. The business-type activities of the City include the following: water, sewer, storm, and hydro-electric operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Hastings Economic Development and Redevelopment Authority (HEDRA). Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 29-31 of this report.
The government-wide financial statements can be found on pages 29-31 of this report.

Fund financial statements. A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same function reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 20 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the fire and ambulance fund, the debt service fund, the parks projects fund, and the road improvement construction fund all of which are considered to be major funds. Data from the other 15 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* in the supplementary information section of this report.

The City adopts an annual appropriated budget. Budgetary comparison statements have been provided for the general and special revenue funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 32-39 of this report.

Proprietary funds. The City of Hastings maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Hastings uses enterprise funds to account for its water, sewer, storm water, and hydro-electric operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Hastings' various functions. The City of Hastings uses internal service funds to account for its retiree health insurance costs and to account for its compensated absences liability outside of the enterprise funds. These services predominantly benefit governmental rather than business-type functions and have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the operations mentioned above, all of which have been reported as major funds of the City. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* in the supplementary information section of this report.

The basic proprietary fund financial statements can be found on pages 42-44 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the city. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Hastings' own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 46-47 of this report.

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 on pages 49-83 of this report.

Supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information for the reader. The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds, and fiduciary funds are presented immediately following the notes to the financial report. Combining and individual fund statements and schedules can be found on pages 96-122 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position. In the case of the City of Hastings, assets exceeded liabilities by \$81,235,024 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (84.8%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City of Hastings uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Hastings' investment in 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.

City of Hastings' Net Position

	Governmental	<i>as restated</i> Governmental	Business-type	<i>as restated</i> Business-type	Total	Total
	Activities	Activities	Activities	Activities		
	2015	2014	2015	2014		
Current and other assets	\$ 20,094,407	\$ 22,003,624	\$ 8,483,052	\$ 8,415,699	\$ 28,577,459	\$ 30,419,323
Capital assets	64,714,232	65,498,467	28,471,249	28,465,247	93,185,481	93,963,714
Total assets	<u>84,808,639</u>	<u>87,502,091</u>	<u>36,954,301</u>	<u>36,880,946</u>	<u>121,762,940</u>	<u>124,383,037</u>
Total deferred outflows	<u>1,491,881</u>	<u>221,552</u>	<u>131,666</u>	<u>38,901</u>	<u>1,623,547</u>	<u>260,453</u>
Long-term liabilities outstanding	32,568,695	33,767,600	6,919,810	7,214,216	39,488,505	40,981,816
Other liabilities	1,363,914	1,576,657	155,012	280,096	1,518,926	1,856,753
Total liabilities	<u>33,932,609</u>	<u>35,344,257</u>	<u>7,074,822</u>	<u>7,494,312</u>	<u>41,007,431</u>	<u>42,838,569</u>
Total deferred inflows	<u>1,050,378</u>		<u>93,654</u>		<u>1,144,032</u>	<u>-</u>
Net Position:						
Investment in capital assets	43,540,896	43,801,240	25,317,479	25,016,342	68,858,375	68,817,582
Restricted						
Police activities	29,796	29,908	-	-	29,796	29,908
Debt service	6,790,580	8,228,781	251,499	376,498	7,042,079	8,605,279
Capital projects	605,667	617,851	-	-	605,667	617,851
Permanent endowment						
LeDuc Historic Estate	1,369,956	1,107,821	-	-	1,369,956	1,107,821
Unrestricted	<u>(1,019,362)</u>	<u>(1,406,215)</u>	<u>4,348,513</u>	<u>4,032,695</u>	<u>3,329,151</u>	<u>2,626,480</u>
Total net position	<u><u>51,317,533</u></u>	<u><u>52,379,386</u></u>	<u><u>29,917,491</u></u>	<u><u>29,425,535</u></u>	<u><u>81,235,024</u></u>	<u><u>81,804,921</u></u>

At the end of 2015, the City of Hastings had positive balances in all categories of net position, for the government as a whole, as well as for its separate business-type activities. Governmental activities report a deficit unrestricted net position, due to the implementation of GASB 68 and recording its associated effects.

Governmental activities. Governmental activities decreased the City of Hastings' net position by \$1,061,853. The most significant element of this decrease was:

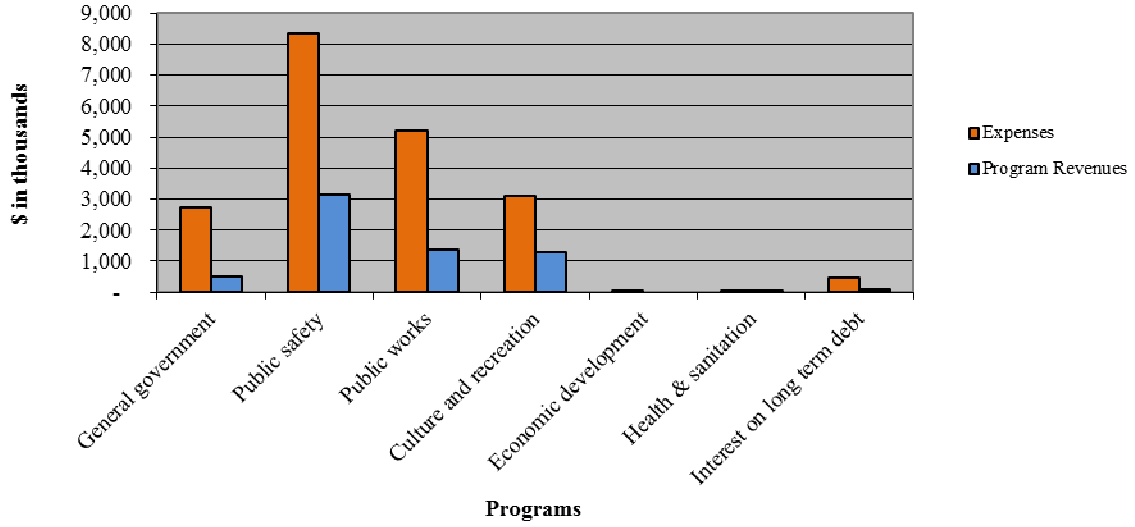
- *The City transferred assets valued at \$1,059,268 to business type activities*

City of Hastings' Changes in Net Position

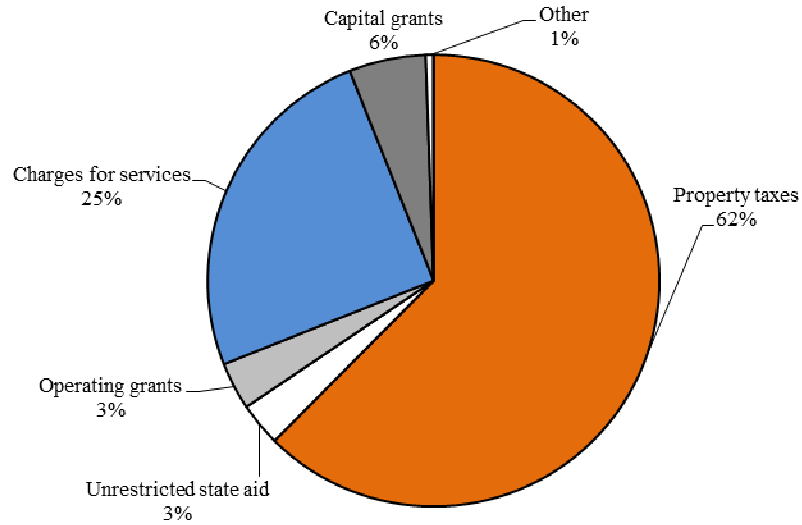
	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2014	2015	2014	2015	2014	2015
Revenues:						
Program revenues:						
Charges for services	\$ 4,395,915	\$ 4,709,196	\$ 5,163,619	\$ 5,179,340	\$ 9,559,534	\$ 9,888,536
Operating grants and contributions	776,970	649,612	-	-	776,970	649,612
Capital grants and contributions	815,568	1,113,376	-	-	815,568	1,113,376
General revenues:						
Property taxes	11,362,525	11,881,748	-	-	11,362,525	11,881,748
State aid	593,875	591,572	-	-	593,875	591,572
Other income (loss)	315,388	106,570	192,785	67,811	508,173	174,381
Total Revenues	<u>18,260,241</u>	<u>19,052,074</u>	<u>5,356,404</u>	<u>5,247,151</u>	<u>23,616,645</u>	<u>24,299,225</u>
Expenses						
General government	2,912,989	2,742,065	-	-	2,912,989	2,742,065
Public safety	8,265,264	8,354,120	-	-	8,265,264	8,354,120
Public works	4,825,511	5,213,874	-	-	4,825,511	5,213,874
Culture & recreation	2,948,893	3,087,460	-	-	2,948,893	3,087,460
Economic development	135,010	47,129	-	-	135,010	47,129
Health & sanitation	15,775	21,890	-	-	15,775	21,890
Interest on long-term debt	466,445	453,391	-	-	466,445	453,391
Water	-	-	2,065,409	1,963,670	2,065,409	1,963,670
Sewer	-	-	1,940,624	1,958,792	1,940,624	1,958,792
Storm	-	-	380,251	393,535	380,251	393,535
Hydro	-	-	738,402	633,196	738,402	633,196
Total Expenses	<u>19,569,887</u>	<u>19,919,929</u>	<u>5,124,686</u>	<u>4,949,193</u>	<u>24,694,573</u>	<u>24,869,122</u>
Change in net position before transfers and contributions	(1,309,646)	(867,855)	231,718	297,958	(1,077,928)	(569,897)
Transfers and contributions	2,127,141	(193,998)	(2,127,141)	193,998	-	-
Change in net position	817,495	(1,061,853)	(1,895,423)	491,956	(1,077,928)	(569,897)
Net position, January 1	56,831,893	57,649,388	32,205,868	30,310,445	89,037,761	87,959,833
cummulative effect of change in accounting principle		(5,270,002)		(884,910)		(6,154,912)
Net position-beginning adjusted	<u>56,831,893</u>	<u>52,379,386</u>	<u>32,205,868</u>	<u>29,425,535</u>	<u>89,037,761</u>	<u>81,804,921</u>
Net position-December 31	<u>\$ 57,649,388</u>	<u>\$ 51,317,533</u>	<u>\$ 30,310,445</u>	<u>\$ 29,917,491</u>	<u>\$ 87,959,833</u>	<u>\$ 81,235,024</u>

The graphs below provide comparisons of the governmental activities revenues and expenses:

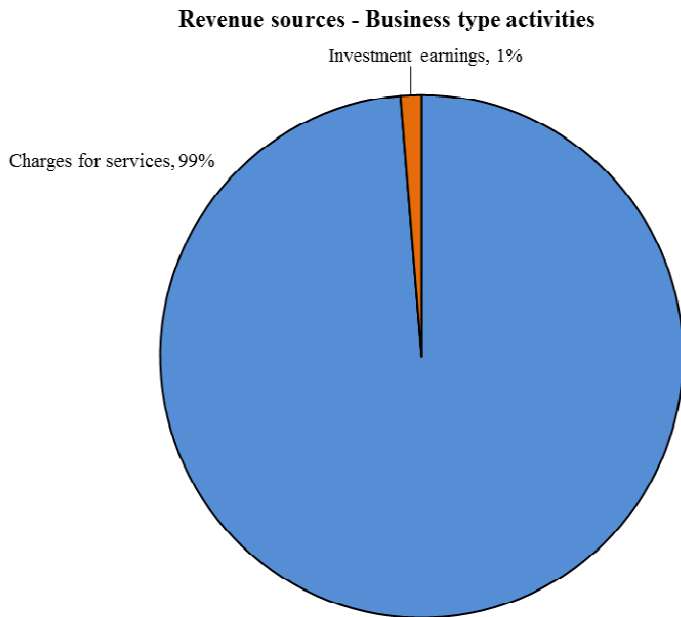
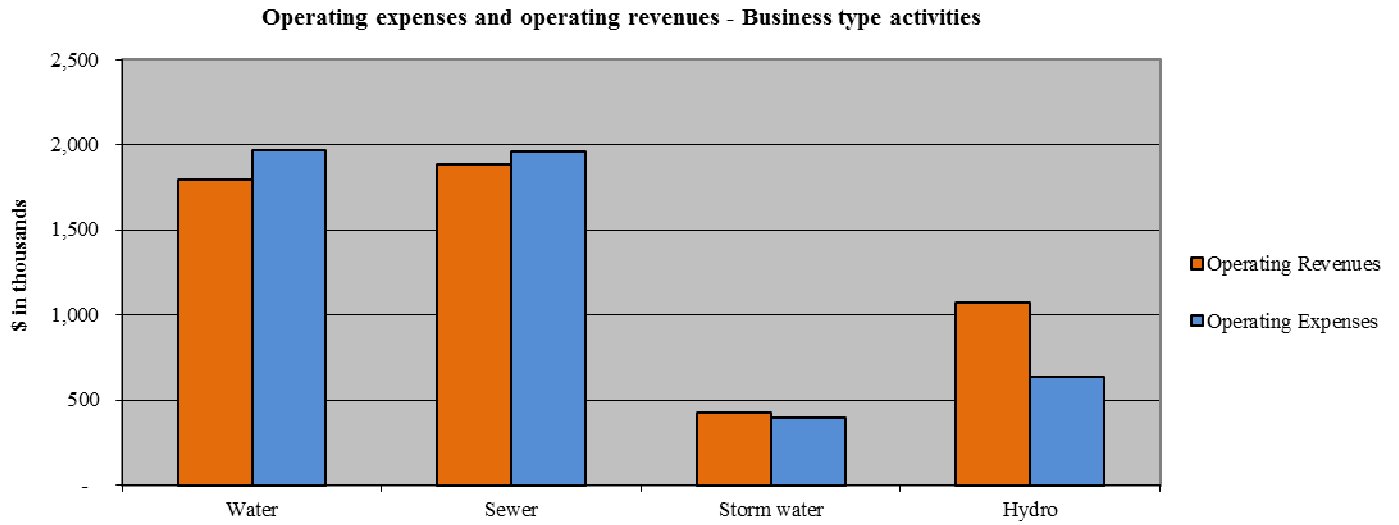
Expenses and Program Revenues-Governmental Activities



Revenue Sources-Governmental Activities



The graphs below provide comparisons of the business type activities revenues and expenses:



Financial Analysis of the Government's Funds

As noted earlier, the City of Hastings uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Hastings' *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City of Hastings' financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Hastings' governmental funds reported combined ending fund balances of \$13,611,011 . Approximately 20.0% of this total amount (\$2,722,421) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is in non-spendable form, restricted, committed or assigned by the City Council to indicate that it is not available for new spending. Activities such as Police activities, Debt service, and Permanent Trust funds for the LeDuc Historic Estate are restricted or committed by council action. Capital projects fund balance is assigned.

The City of Hastings governmental funds reported a combined ending fund balance decrease of \$1,428,930 . The decrease is primarily due to the effect of the following factors:

- Debt Service fund's activity resulted in decrease of \$927,426 . This is primarily a result of planned spend-down of debt service fund cash on hand.
- Fire and Ambulance fund's activity resulted in decrease of \$225,731 . The fire department has undergone some operational changes, which resulted in the hiring of additional staff. The intention is that the increase in staff will ultimately increase capacity for ambulance operations. During 2015, the transition resulted in increased costs prior to the realization of the corresponding revenue.

The General Fund is the chief operating fund of the City of Hastings. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,621,455 .

The Fire and Ambulance special revenue fund has a total fund balance of \$1,396,982 . This fund accounts for the activities of the Fire and Ambulance department for the City of Hastings.

The Debt Service fund has a total fund balance of \$4,503,176 , most of which is restricted for the payment of debt service.

The Parks Projects capital project fund accounts for the building and reconstruction of the City's 26 parks. The fund has a total fund balance of \$605,667 .

The Road Improvement Construction capital project fund accounts for the building and reconstruction of the city street system. Each year the City conducts some type of street infrastructure program, which varies from year to year with respect to scope and cost. The fund has a deficit fund balance of \$(878,178). The deficit fund balance is anticipated to be eliminated through the collection of outstanding receivables which are deferred in the funds, as well as the issuance of debt to finance projects.

Proprietary funds. The City of Hastings' proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position in the respective proprietary funds are:

Water	\$ 1,915,715
Sewer	2,162,169
Storm	105,694
Hydro	164,935

The Water fund had an increase in net position primarily due to capital contributions from road construction projects. The Sewer fund's activities resulted in a decrease in net position primarily due to a transfer from the Sewer fund to fund utility work. The Storm Water fund's activities resulted in an increase to net position.

The Hydro fund's activities resulted in a decrease to net position. The Hydro plant no longer has debt to support thus the revenues are transferred to debt service and the general fund to help keep the tax levy lower.

General Fund Budgetary Highlights

Actual expenditures were \$835,241 less than the amended expenditure budget. The most significant differences from the final budget amounts are due to the following:

- Significant savings in relation to salary expense for vacancies in the following departments:
 - Finance
 - I.T.
 - Police
 - Engineering
- The city budgeted for rising energy costs, however heat and electric did not increase significantly from the prior year.
- The streets department had a large equipment purchase that came in under budget

Actual revenues were \$158,556 higher than the amended revenue budget. The difference from the final budget amounts are primarily due to the following:

- Property tax revenues were \$24,873 over budget primarily due to significant delinquent collections;
- The City recognized \$99,400 of insurance dividends from the League of MN Cities Insurance Trust
- Charges for services

Significant changes between original and final budgets were a result of:

- The City increased its budget in the city clerk department for the purchase of new election equipment

Capital Assets and Debt Administration

Capital assets. The City of Hastings' investment in capital assets for its governmental and business-type activities as of December 31, 2015, amounts to \$93,185,483 (which is net of accumulated depreciation) a decrease of \$778,231. This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, and infrastructure.

Major capital asset events during the current fiscal year included the following:

- Continued work on the City's Riverfront Renaissance construction project. This three-year project had \$3.25 million invested in it during 2015.
- The City purchased a \$368,000 vector truck for its sewer operations.

**City of Hastings Capital Assets
(Net of Depreciation)**

	2014 Governmental Activities	2015 Governmental Activities	2014 Business- Type Activities	2015 Business- Type Activities	2014 Total	2015 Total
Land	\$ 3,689,587	\$ 3,689,587	\$ 349,300	\$ 349,300	\$ 4,038,887	\$ 4,038,887
Construction in Progress	4,254,578	4,652,089	44,310	-	4,298,888	4,652,089
Buildings	11,643,290	11,191,465	8,887,149	8,457,644	20,530,439	19,649,109
Improvement other than buildings	1,520,456	1,462,462	2,067,874	1,968,715	3,588,330	3,431,177
Machinery and Equipment	3,552,123	3,303,487	835,563	1,059,883	4,387,686	4,363,370
Infrastructure	40,838,433	40,415,142	16,281,051	16,635,709	57,119,484	57,050,851
Total assets	<u>\$ 65,498,467</u>	<u>\$ 64,714,232</u>	<u>\$ 28,465,247</u>	<u>\$ 28,471,251</u>	<u>\$ 93,963,714</u>	<u>\$ 93,185,483</u>

Additional information on the City of Hastings’s capital assets can be found in note IV F on pages 60-61.

Long-term debt. At the end of the current fiscal year, the City of Hastings had \$26,240,000 of outstanding G.O. debt. Of this amount, \$6,474,000 comprises debt backed by the full faith and credit of the government and \$14,135,000 is special assessment debt for which the government is liable in the event of default by the property owners subject to assessment. The remainder of the City of Hastings’ debt (\$5,631,000) represents bonds secured solely by specified revenue sources (i.e. revenue bonds) but still carries the City’s backing (government obligation).

More detailed information on debt administration can be found in note I on page 64-68.

Economic Factors

In 2015, the City continued to experience new construction. The overall increase in taxable market value of residential new construction was \$12,798,100. The City experienced an increase of tax capacity of \$725,677 between pay year 2015 and pay year 2016. Commercial property is holding steady, with a small increase of tax capacity of \$13,481 from pay year 2015 to pay year 2016.

Next Year’s Budget

The 2016 budget included a levy increase of \$450,000. The City anticipates receiving \$596,916 of Local Government Aid from the State of Minnesota, which was partially used to decrease the City’s levy needs. Minor adjustments to the overall staffing levels were made in the 2016 budget as a result of changing needs and operational pressures. The City will continue to evaluate staffing on an annual basis.

Requests for Information

This financial report is designed to provide a general overview of the City of Hastings’ finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Manager at 101 4th Street E., Hastings, MN 55033, FinanceDept@hastingsmn.gov or 651-480-2350.

BASIC FINANCIAL STATEMENTS

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CITY OF HASTINGS
Statement of Net Position
December 31, 2015

Statement 1

	Primary Government			Component Unit	
	Governmental	Business-Type	Total	Hastings Economic	Entity Wide
	Activities	Activities		Development and Redevelopment Authority	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Cash and investments	\$ 13,072,787	\$ 7,219,508	\$ 20,292,295	\$ 1,941,437	\$ 22,233,732
Receivables, net	5,506,990	1,162,553	6,669,543	392,027	7,061,570
Prepaid items	156,477	100,991	257,468	19	257,487
Inventories	55,099	-	55,099	-	55,099
Net pension asset	1,303,054	-	1,303,054	-	1,303,054
Capital assets, nondepreciable					
Land and construction in progress	8,341,676	349,300	8,690,976	4,604,676	13,295,652
Capital assets, net accumulated depreciation					
Infrastructure	40,415,142	16,635,711	57,050,853	-	57,050,853
Buildings, property, and equipment	15,957,414	11,486,238	27,443,652	102,748	27,546,400
Total assets	84,808,639	36,954,301	121,762,940	7,040,907	128,803,847
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	1,491,881	131,666	1,623,547	-	1,623,547
Total deferred outflows of resources	1,491,881	131,666	1,623,547	-	1,623,547
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
	\$ 86,300,520	\$ 37,085,967	\$ 123,386,487	\$ 7,040,907	\$ 130,427,394
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
LIABILITIES					
Accounts and salaries payable	\$ 916,525	\$ 85,261	\$ 1,001,786	\$ 35,711	\$ 1,037,497
Unearned revenues	245,084	-	245,084	-	245,084
Interest payable	202,305	69,751	272,056	49,715	321,771
Noncurrent liabilities:					
Due within one year	3,322,225	316,960	3,639,185	782,611	4,421,796
Due in more than one year	29,246,470	6,602,850	35,849,320	2,250,000	38,099,320
Total liabilities	33,932,609	7,074,822	41,007,431	3,118,037	44,125,468
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	1,050,378	93,654	1,144,032	-	1,144,032
Total deferred inflows of resources	1,050,378	93,654	1,144,032	-	1,144,032
NET POSITION					
Net investment in capital assets	43,540,896	25,317,479	68,858,375	1,674,813	70,533,188
Restricted for:					
Police activities	29,796	-	29,796	-	29,796
Debt service	6,790,580	251,499	7,042,079	-	7,042,079
Capital projects	605,667	-	605,667	-	605,667
LeDuc Historic Estate - unexpendable	200,000	-	200,000	-	200,000
LeDuc Historic Estate - expendable	1,169,956	-	1,169,956	-	1,169,956
Unrestricted	(1,019,362)	4,348,513	3,329,151	2,248,057	5,577,208
Total net position	51,317,533	29,917,491	81,235,024	3,922,870	85,157,894
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
	\$ 86,300,520	\$ 37,085,967	\$ 123,386,487	\$ 7,040,907	\$ 130,427,394

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

CITY OF HASTINGS

Statement of Activities

For the Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,742,065	\$ 453,470	\$ 14,957	\$ -
Public safety	8,354,120	2,849,915	312,229	-
Public works	5,213,874	119,702	254,421	1,073,376
Culture and recreation	3,087,460	1,202,465	43,005	40,000
Long-term assets reported as deferred-inflow	47,129	-	-	-
Health and sanitation	21,890	-	25,000	-
Interest on long-term debt	453,391	83,644	-	-
Total governmental activities	<u>19,919,929</u>	<u>4,709,196</u>	<u>649,612</u>	<u>1,113,376</u>
Business-type activities:				
Water	1,963,670	1,797,562	-	-
Sewer	1,958,792	1,882,901	-	-
Storm	393,535	425,643	-	-
Hydro	633,196	1,073,234	-	-
Total business-type activities	<u>4,949,193</u>	<u>5,179,340</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 24,869,122</u>	<u>\$ 9,888,536</u>	<u>\$ 649,612</u>	<u>\$ 1,113,376</u>
Component units:				
Hastings Economic Development Redevelopment Authority				
	<u>1,210,393</u>	<u>29,238</u>	<u>-</u>	<u>135,620</u>
Total component units	<u>\$ 1,210,393</u>	<u>\$ 29,238</u>	<u>\$ -</u>	<u>\$ 135,620</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Unrestricted state aid

Gains on disposal of capital assets

Unrestricted investment earnings

Transfers

Total general revenues and transfers

Change in net position

Net position-beginning - as previously reported

Change in accounting principle (see note VIII)

Net position-beginning

Net position--ending

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

Statement 2

Net (Expenses) Revenues and Changes in Net Position				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	Hastings Economic Development and Redevelopment Authority	Entity Wide Total
\$ (2,273,638)	\$ -	\$ (2,273,638)	\$ -	\$ (2,273,638)
(5,191,976)	-	(5,191,976)	-	(5,191,976)
(3,766,375)	-	(3,766,375)	-	(3,766,375)
(1,801,990)	-	(1,801,990)	-	(1,801,990)
(47,129)	-	(47,129)	-	(47,129)
3,110	-	3,110	-	3,110
(369,747)	-	(369,747)	-	(369,747)
(13,447,745)	-	(13,447,745)	-	(13,447,745)
-	(166,108)	(166,108)	-	(166,108)
-	(75,891)	(75,891)	-	(75,891)
-	32,108	32,108	-	32,108
-	440,038	440,038	-	440,038
-	230,147	230,147	-	230,147
(13,447,745)	230,147	(13,217,598)	-	(13,217,598)
-	-	-	(1,045,535)	(1,045,535)
-	-	-	(1,045,535)	(1,045,535)
9,231,748	-	9,231,748	301,513	9,533,261
2,650,000	-	2,650,000	247,338	2,897,338
591,572	-	591,572	-	591,572
29,098	-	29,098	-	29,098
77,472	67,811	145,283	18,312	163,595
(193,998)	193,998	-	-	-
12,385,892	261,809	12,647,701	567,163	13,214,864
(1,061,853)	491,956	(569,897)	(478,372)	(1,048,269)
57,649,388	30,310,445	87,959,833	4,401,242	92,361,075
(5,270,002)	(884,910)	(6,154,912)	-	(6,154,912)
52,379,386	29,425,535	81,804,921	4,401,242	86,206,163
\$ 51,317,533	\$ 29,917,491	\$ 81,235,024	\$ 3,922,870	\$ 85,157,894

CITY OF HASTINGS

Balance Sheet

Governmental Funds

December 31, 2015

	Major Funds		
	General	Fire and Ambulance	Debt Service
ASSETS			
Cash and investments	\$ 3,606,286	\$ 855,494	\$ 4,223,111
Petty cash	475	-	-
Cash and investments held by trustee	-	-	-
Interest receivable	7,196	1,681	8,749
Accounts receivable, net	161,437	534,778	-
Taxes receivable	812,232	132,291	326,671
Special assessments receivable	206	-	2,468,400
Due from other governments	68,526	-	8,708
Prepaid items	72,786	34,289	2,877
Inventories	50,734	-	-
Total assets	<u>\$ 4,779,878</u>	<u>\$ 1,558,533</u>	<u>\$ 7,038,516</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities:			
Cash overdraft	\$ -	\$ -	\$ -
Salaries payable	61,187	55,579	-
Accounts payable	191,064	72,798	42,754
Contracts payable	-	-	-
Due to other governments	84,302	15,119	-
Unearned revenues	244,384	-	-
Total liabilities	<u>580,937</u>	<u>143,496</u>	<u>42,754</u>
Deferred inflows of resources:			
Unavailable revenue	<u>\$ 104,645</u>	<u>\$ 18,055</u>	<u>\$ 2,492,586</u>
Fund balances:			
Nonspendable			
Prepaid items	72,786	34,289	2,877
Inventories	50,734	-	-
Permanent Endowment-Leduc Historic Estate	-	-	-
Restricted			
Police activities	-	-	-
Debt service	-	-	4,500,299
Capital projects	-	-	-
Leduc Historic Estate	349,321	-	-
Committed			
Maintenance	-	-	-
Aquatic operations	-	-	-
Cable TV activities	-	-	-
Heritage preservation activities	-	-	-
Fire & ambulance activities	-	1,362,693	-
Arena activities	-	-	-
Assigned			
Capital	-	-	-
Unassigned	3,621,455	-	-
Total fund balances (deficits)	<u>4,094,296</u>	<u>1,396,982</u>	<u>4,503,176</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,779,878</u>	<u>\$ 1,558,533</u>	<u>\$ 7,038,516</u>

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

Statement 3

Parks Projects	Road Improvement Construction	Other Governmental Funds	Total Governmental Funds
\$ 604,408	\$ -	\$ 2,703,282	\$ 11,992,581
-	-	700	1,175
-	-	806,158	806,158
1,259	-	5,598	24,483
-	-	213,405	909,620
-	-	174,493	1,445,687
-	-	-	2,468,606
-	501,256	78,275	656,765
-	-	46,525	156,477
-	-	4,365	55,099
<u>\$ 605,667</u>	<u>\$ 501,256</u>	<u>\$ 4,032,801</u>	<u>\$ 18,516,651</u>

\$ -	\$ 591,521	\$ 13,185	\$ 604,706
-	-	11,777	128,543
-	89,081	88,206	483,903
-	197,576	5,613	203,189
-	-	1,469	100,890
-	-	700	245,084
<u>-</u>	<u>878,178</u>	<u>120,950</u>	<u>1,766,315</u>

<u>\$ -</u>	<u>\$ 501,256</u>	<u>\$ 22,783</u>	<u>\$ 3,139,325</u>
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-	-	46,525	156,477
-	-	4,365	55,099
-	-	200,000	200,000
-	-	29,773	29,773
-	-	-	4,500,299
605,667	-	-	605,667
-	-	820,635	1,169,956
-	-	816,485	816,485
-	-	143,507	143,507
-	-	238,133	238,133
-	-	95,860	95,860
-	-	-	1,362,693
-	-	500,676	500,676
-	-	1,013,965	1,013,965
-	(878,178)	(20,856)	2,722,421
<u>605,667</u>	<u>(878,178)</u>	<u>3,889,068</u>	<u>13,611,011</u>
<u>\$ 605,667</u>	<u>\$ 501,256</u>	<u>\$ 4,032,801</u>	<u>\$ 18,516,651</u>

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CITY OF HASTINGS**Statement 4**

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2015

Amounts reported for governmental activities in the statement of net position
are different because:

Total fund balances	\$ 13,611,011
Capital assets (net of depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the funds.	64,714,232
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Long-term assets reported as deferred-inflows in the funds	3,139,325
Net pension asset	1,303,054
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.	
Deferred outflows related to pensions	1,491,881
Deferred inflows related to pensions	(1,050,378)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable	(20,609,000)
Bonds interest payable	(202,305)
Unamortized discount/premium	(336,302)
Pension liability	(6,964,901)
Net position of internal service funds used in governmental activities.	<u>(\$3,779,084)</u>
Net position of governmental activities	<u><u>\$ 51,317,533</u></u>

CITY OF HASTINGS

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2015

	Major Funds			
	General	Fire and Ambulance	Debt Service	Parks Projects
REVENUES				
Property taxes	\$ 6,675,596	\$ 1,073,631	\$ 2,662,300	\$ -
Lodging tax	2,996	-	-	-
Special assessments	1,248	-	693,963	-
Licenses and permits	449,444	-	-	-
Fines and forfeitures	104,883	-	-	-
Intergovernmental	1,254,131	193,310	371	-
Charges for services	558,967	1,933,490	83,644	5,049
Investment earnings (loss)	21,644	6,965	31,833	5,842
Contributions and donations	13,730	3,800	-	40,000
Miscellaneous	13,549	-	-	-
Total revenues	<u>9,096,188</u>	<u>3,211,196</u>	<u>3,472,111</u>	<u>50,891</u>
EXPENDITURES				
Current:				
General government	2,290,140	-	-	-
Public safety	4,695,157	3,308,628	-	-
Public works	1,588,976	-	-	-
Health and sanitation	21,890	-	-	-
Cultural and recreation	161,891	-	-	-
Economic development	-	-	-	-
Debt service:				
Principal	-	-	3,874,500	-
Interest and other charges	-	-	525,037	-
Capital outlay	354,483	29,417	-	62,783
Total expenditures	<u>9,112,537</u>	<u>3,338,045</u>	<u>4,399,537</u>	<u>62,783</u>
Excess (deficiency) of revenues over expenditures	<u>(16,349)</u>	<u>(126,849)</u>	<u>(927,426)</u>	<u>(11,892)</u>
OTHER FINANCING SOURCES (USES)				
Bonds issued	295,000	-	-	-
Bond premium/discount	7,538	-	-	-
Transfers in	771,700	-	355,540	-
Transfers out	(516,130)	(98,882)	(355,540)	-
Insurance recoveries	21,020	-	-	-
Proceeds on sale of capital assets	1,250	-	-	-
Total other financing sources (uses)	<u>580,378</u>	<u>(98,882)</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	564,029	(225,731)	(927,426)	(11,892)
Fund balances--beginning	3,530,267	1,622,713	5,430,602	617,559
Fund balances--ending	<u>\$ 4,094,296</u>	<u>\$ 1,396,982</u>	<u>\$ 4,503,176</u>	<u>\$ 605,667</u>

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

Statement 5

Road Improvement Construction	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,463,090	\$ 11,874,617
-	-	2,996
-	-	695,211
-	-	449,444
-	16,376	121,259
262,022	241,037	1,950,871
-	1,184,344	3,765,494
3,931	301	70,516
185,000	7,780	250,310
-	9,678	23,227
<u>450,953</u>	<u>2,922,606</u>	<u>19,203,945</u>
-	-	2,290,140
-	7,328	8,011,113
-	-	1,588,976
-	-	21,890
-	2,375,492	2,537,383
-	44,157	44,157
-	-	3,874,500
-	-	525,037
<u>4,246,771</u>	<u>339,018</u>	<u>5,032,472</u>
<u>4,246,771</u>	<u>2,765,995</u>	<u>23,925,668</u>
(3,795,818)	156,611	(4,721,723)
2,460,000	-	2,755,000
39,867	-	47,405
337,101	152,500	1,616,841
(75,144)	(130,875)	(1,176,571)
-	-	21,020
-	27,848	29,098
<u>2,761,824</u>	<u>49,473</u>	<u>3,292,793</u>
(1,033,994)	206,084	(1,428,930)
155,816	3,682,984	15,039,941
<u>\$ (878,178)</u>	<u>\$ 3,889,068</u>	<u>\$ 13,611,011</u>

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CITY OF HASTINGS**Statement 6**

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2015

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

Net change in fund balances -- total governmental funds \$ (1,428,930)

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. This is the
amount by which capital outlays exceeded depreciation in the current
period. 290,553

The net effect of various miscellaneous transactions involving capital assets
including disposal, which increase or (decrease) net position.
Loss on disposal (15,520)
Transfer out of assets to business-type activities (1,059,268)

Governmental funds report debt payments as expenditures. However, in the government
wide financial statements the annual bond payments reduce the payable that is
setup when debt is incurred. 3,874,500

Changes in bond interest payable. (608)

Special assessments, property tax and tax increment collected for prior years. 135,947

Intergovernmental revenue earned but not available. (441,050)

Change in amortized bond premium and discount. 72,254

Pension contributions are reported as expenditures in the governmental funds when
made. However, they are reported as deferred outflows of resources in the
Statement of Net Position because the reported net pension liability is measured
prior to the City's report date. Pension expense, which is the change in the net
pension liability adjusted for changes in deferred outflows and inflows of
resources related to pensions, is reported in the Statement of Activities 49,862

Governmental activities reported in internal service funds. 262,812

Governmental funds report bond proceeds as revenue. However, in the government
wide financial statements the proceeds are recorded as a payable and reduced each year as
bonds come due.
Bonds issued (2,755,000)
Bond premium (47,405)

Changes in net position of governmental activities. \$ (1,061,853)

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

CITY OF HASTINGS**Statement 7**

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 General Fund
 For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 6,650,723	\$ 6,650,723	\$ 6,675,596	\$ 24,873
Lodging tax	2,500	2,500	2,996	496
Special assessments	-	-	1,248	1,248
Licenses and permits	506,075	506,075	449,444	(56,631)
Fines and forfeitures	95,500	95,500	104,883	9,383
Intergovernmental	1,157,910	1,160,646	1,254,131	93,485
Charges for services	468,766	476,258	558,967	82,709
Investment earnings (loss)	30,200	30,200	21,644	(8,556)
Contributions and donations	-	13,730	13,730	-
Miscellaneous	2,000	2,000	13,549	11,549
Total revenues	8,913,674	8,937,632	9,096,188	158,556
EXPENDITURES				
General government:				
Legal	144,220	147,837	147,182	655
Mayor, legislative, city administration	330,329	336,825	319,310	17,515
Finance and accounting	537,074	531,864	498,292	33,572
City clerk and elections	350,826	405,875	392,706	13,169
Planning and economic development	115,508	115,140	113,103	2,037
I.T.	559,519	555,271	464,882	90,389
Building maintenance	396,504	395,526	344,975	50,551
Miscellaneous	97,760	97,760	62,429	35,331
Public safety:				
Police	4,419,633	4,469,084	4,311,619	157,465
Building safety and code enforcement	500,316	504,006	475,493	28,513
Emergency management services	4,996	4,996	4,824	172
Animal control	7,000	7,000	4,902	2,098
Public works:				
Engineering	564,697	561,090	384,408	176,682
Street maintenance	1,339,495	1,341,366	1,185,265	156,101
Street lights	278,000	278,000	219,366	58,634
Health and sanitation:				
Reforestation	9,500	11,837	10,685	1,152
Recycling	15,690	15,690	11,205	4,485
Cultural and recreation:				
Senior center	67,350	67,350	76,868	(9,518)
LeDuc Historic Estate	101,261	101,261	85,023	16,238
Total charges to appropriations	9,839,678	9,947,778	9,112,537	835,241
Excess (deficiency) of revenues over expenditures	(926,004)	(1,010,146)	(16,349)	993,797
OTHER FINANCING SOURCES AND (USES)				
Bonds issued	291,533	291,533	295,000	3,467
Bond premium/discount	-	-	7,538	7,538
Transfers in	1,105,423	1,105,423	771,700	(333,723)
Transfers out	(516,130)	(516,130)	(516,130)	-
Insurance recoveries	6,780	6,780	21,020	14,240
Proceeds on sale of capital asset	-	-	1,250	1,250
Total other financing sources and (uses)	887,606	887,606	580,378	(307,228)
Net change in fund balances	(38,398)	(122,540)	564,029	686,569
Fund balance-beginning	3,530,267	3,530,267	3,530,267	-
Fund balance-ending	\$ 3,491,869	\$ 3,407,727	\$ 4,094,296	\$ 686,569

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

CITY OF HASTINGS**Statement 8**

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Fire and Ambulance Special Revenue Fund

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 1,067,541	\$ 1,067,541	\$ 1,073,631	\$ 6,090
Intergovernmental	124,480	124,480	193,310	68,830
Charges for services	2,474,455	2,474,455	1,933,490	(540,965)
Investment earnings (loss)	9,500	9,500	6,965	(2,535)
Contributions and donations	-	3,930	3,800	(130)
Total revenues	<u>3,675,976</u>	<u>3,679,906</u>	<u>3,211,196</u>	<u>(468,710)</u>
EXPENDITURES				
Current:				
Public Safety:				
Personal services	2,551,200	2,551,201	2,239,415	311,786
Services and charges	837,998	837,998	861,028	(23,030)
Supplies	187,895	187,895	207,955	(20,060)
Miscellaneous	-	3,950	230	3,720
Capital outlay	34,000	34,000	29,417	4,583
Total expenditures	<u>3,611,093</u>	<u>3,615,044</u>	<u>3,338,045</u>	<u>276,999</u>
Excess (deficiency) of revenues over expenditures	<u>64,883</u>	<u>64,862</u>	<u>(126,849)</u>	<u>(191,711)</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers out	<u>(98,882)</u>	<u>(98,882)</u>	<u>(98,882)</u>	<u>-</u>
Total other financing sources and (uses)	<u>(98,882)</u>	<u>(98,882)</u>	<u>(98,882)</u>	<u>-</u>
Net change in fund balance	<u>(33,999)</u>	<u>(34,020)</u>	<u>(225,731)</u>	<u>(191,711)</u>
Fund balance--beginning	<u>1,622,713</u>	<u>1,622,713</u>	<u>1,622,713</u>	<u>-</u>
Fund balance--ending	<u>\$ 1,588,714</u>	<u>\$ 1,588,693</u>	<u>\$ 1,396,982</u>	<u>\$ (191,711)</u>

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

CITY OF HASTINGS
Statement of Fund Net Position
Proprietary Funds
December 31, 2015

Statement 9

	Business-type Activities					Governmental Activities Internal Service Funds
	Enterprise Funds					
	Water	Sewer	Storm	Hydro	Totals	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 4,941,797	\$ 1,618,900	\$ 285,336	\$ 373,475	\$ 7,219,508	\$ 877,579
Interest receivable	17,097	3,394	588	775	21,854	1,829
Receivables, net	339,889	442,413	118,598	145,663	1,046,563	-
Special assessment receivable	46,481	47,655	-	-	94,136	-
Prepaid items	120	100,792	69	10	100,991	-
Total current assets	<u>5,345,384</u>	<u>2,213,154</u>	<u>404,591</u>	<u>519,923</u>	<u>8,483,052</u>	<u>879,408</u>
Noncurrent assets:						
Advance due from other funds	-	300,000	-	-	300,000	-
Capital assets:						
Land and construction in progress	349,300	-	-	-	349,300	-
Buildings and system	8,048,680	144,798	-	6,831,566	15,025,044	-
Improvements other than buildings	3,744,240	-	-	-	3,744,240	-
Machinery and equipment	981,517	694,972	220,638	3,627,511	5,524,638	-
Infrastructure	19,074,410	16,410,334	-	-	35,484,744	-
Less accumulated depreciation	(15,279,459)	(9,254,035)	(55,210)	(7,068,013)	(31,656,717)	-
Total noncurrent assets	<u>16,918,688</u>	<u>8,296,069</u>	<u>165,428</u>	<u>3,391,064</u>	<u>28,771,249</u>	<u>-</u>
TOTAL ASSETS	<u>22,264,072</u>	<u>10,509,223</u>	<u>570,019</u>	<u>3,910,987</u>	<u>37,254,301</u>	<u>879,408</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions	53,539	38,712	34,092	5,323	131,666	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>53,539</u>	<u>38,712</u>	<u>34,092</u>	<u>5,323</u>	<u>131,666</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 22,317,611</u>	<u>\$ 10,547,935</u>	<u>\$ 604,111</u>	<u>\$ 3,916,310</u>	<u>\$ 37,385,967</u>	<u>\$ 879,408</u>
LIABILITIES						
Current liabilities:						
Salaries payable	\$ 5,163	\$ 3,599	\$ 3,330	\$ 513	\$ 12,605	\$ -
Accounts payable	52,436	6,826	949	5,087	65,298	-
Due to other governments	6,873	-	-	485	7,358	-
Interest payable	69,350	-	401	-	69,751	-
Compensated absences	6,767	4,909	4,033	751	16,460	87,725
Bonds, notes, and loans payable	260,000	-	40,500	-	300,500	-
Total current liabilities	<u>400,589</u>	<u>15,334</u>	<u>49,213</u>	<u>6,836</u>	<u>471,972</u>	<u>87,725</u>
Noncurrent liabilities:						
Compensated absences	100,913	66,910	53,521	11,197	232,541	1,293,324
Retiree health insurance	-	-	-	-	-	3,277,443
Advance to/from other funds	-	-	-	300,000	300,000	-
Pension liability	387,125	279,917	246,506	38,491	952,039	-
Bonds, notes, and loans payable	5,377,770	-	40,500	-	5,418,270	-
Total noncurrent liabilities	<u>5,865,808</u>	<u>346,827</u>	<u>340,527</u>	<u>349,688</u>	<u>6,902,850</u>	<u>4,570,767</u>
TOTAL LIABILITIES	<u>6,266,397</u>	<u>362,161</u>	<u>389,740</u>	<u>356,524</u>	<u>7,374,822</u>	<u>4,658,492</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	38,082	27,536	24,249	3,787	93,654	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>38,082</u>	<u>27,536</u>	<u>24,249</u>	<u>3,787</u>	<u>93,654</u>	<u>-</u>
NET POSITION						
Net investment in capital assets	13,845,918	7,996,069	84,428	3,391,064	25,317,479	-
Restricted:						
Debt service	251,499	-	-	-	251,499	-
Unrestricted:	1,915,715	2,162,169	105,694	164,935	4,348,513	(3,779,084)
TOTAL NET POSITION	<u>16,013,132</u>	<u>10,158,238</u>	<u>190,122</u>	<u>3,555,999</u>	<u>29,917,491</u>	<u>(3,779,084)</u>
TOTAL NET POSITION, DEFERRED INFLOWS OF RESOURCES AND LIABILITIES	<u>\$ 22,317,611</u>	<u>\$ 10,547,935</u>	<u>\$ 604,111</u>	<u>\$ 3,916,310</u>	<u>\$ 37,385,967</u>	<u>\$ 879,408</u>

The notes to the financial statements are an integral part of this statement

CITY OF HASTINGS**Statement 10**Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2015

	Business-type Activities					Governmental
	Enterprise Funds					Activities
	Water	Sewer	Storm	Hydro	Totals	Internal Service Funds
Operating revenues:						
Charges for services	\$ 1,780,393	\$ 1,869,328	\$ 425,643	\$ 1,073,234	\$ 5,148,598	\$ -
Total operating revenues	1,780,393	1,869,328	425,643	1,073,234	5,148,598	-
Operating expenses:						
Personal services	514,885	352,982	320,689	46,758	1,235,314	179,902
Other services and charges	358,768	98,679	56,332	361,361	875,140	-
Supplies	121,646	3,435	2,813	1,866	129,760	-
Metro waste control charge	-	1,117,185	-	-	1,117,185	-
Depreciation	808,716	373,453	12,703	223,211	1,418,083	-
Total operating expense	1,804,015	1,945,734	392,537	633,196	4,775,482	179,902
Operating income (loss)	(23,622)	(76,406)	33,106	440,038	373,116	(179,902)
Non-operating revenues (expenses)						
Special assessments	17,169	13,573	-	-	30,742	-
Intergovernmental	-	-	-	-	-	10,758
Investment earnings (loss)	40,944	18,132	2,763	5,972	67,811	6,956
Gain (loss) on sale of capital assets	-	(13,058)	-	-	(13,058)	-
Bond interest	(159,005)	-	(998)	-	(160,003)	-
Fiscal agent charges	(650)	-	-	-	(650)	-
Total non-operating revenue (expenses)	(101,542)	18,647	1,765	5,972	(75,158)	17,714
Income (loss) before contributions and transfers	(125,164)	(57,759)	34,871	446,010	297,958	(162,188)
Capital contributions	1,001,200	58,068	-	-	1,059,268	-
Transfers in (out)	(246,250)	(153,085)	(7,526)	(458,409)	(865,270)	425,000
Change in net position	629,786	(152,776)	27,345	(12,399)	491,956	262,812
Total net position--beginning as previously reported	15,743,175	10,571,194	391,902	3,604,174	30,310,445	(4,041,896)
Cumulative effect of change in accounting principle	(359,829)	(260,180)	(229,125)	(35,776)	(884,910)	-
Total net position--beginning	15,383,346	10,311,014	162,777	3,568,398	29,425,535	(4,041,896)
Total net position--ending	\$ 16,013,132	\$ 10,158,238	\$ 190,122	\$ 3,555,999	\$ 29,917,491	\$ (3,779,084)

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

CITY OF HASTINGS
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015

Statement 11

	Business-type Activities- Enterprise Funds					Governmental Activities Internal Service Funds
	Water	Sewer	Storm	Hydro	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers and users	\$ 1,800,842	\$ 1,903,420	\$ 432,632	\$ 1,013,855	\$ 5,150,749	\$ -
Payments to suppliers for goods and services	(517,523)	(1,223,537)	(59,302)	(400,623)	(2,200,985)	(351,648)
Payments to employees	(534,490)	(361,366)	(329,969)	(49,764)	(1,275,589)	(133,103)
Other receipts-special assessments and taxes	11,548	10,351	-	-	21,899	-
Net cash provided (used) by operating activities	760,377	328,868	43,361	563,468	1,696,074	(484,751)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers (to) from other funds	(246,250)	(153,085)	(7,526)	(458,409)	(865,270)	425,000
Subsidy from federal and state grants	-	-	-	-	-	10,758
Net cash provided (used) by non capital and financing activities	(246,250)	(153,085)	(7,526)	(458,409)	(865,270)	435,758
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	(9,391)	(368,485)	-	-	(377,876)	-
Principal paid on capital debt	(245,000)	-	(40,500)	-	(285,500)	-
Interest paid on capital debt	(172,150)	-	(1,124)	-	(173,274)	-
Fiscal agent and other debt related fees	(650)	-	-	-	(650)	-
Net cash provided (used) by capital and related financing activities	(427,191)	(368,485)	(41,624)	-	(837,300)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received on investments	31,596	19,363	2,732	5,606	59,297	7,070
Net cash provided (used) by investing activities	31,596	19,363	2,732	5,606	59,297	7,070
Net increase (decrease) in cash and cash equivalents	118,532	(173,339)	(3,057)	110,665	52,801	(41,923)
Balance--beginning of the year	4,823,265	1,792,239	288,393	262,810	7,166,707	919,502
Balance--end of the year	\$ 4,941,797	\$ 1,618,900	\$ 285,336	\$ 373,475	\$ 7,219,508	\$ 877,579
Reconciliation of operating income(loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (23,622)	\$ (76,406)	\$ 33,106	\$ 440,038	\$ 373,116	\$ (179,902)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expenses	808,716	373,453	12,703	223,211	1,418,083	-
Non-cash pension expense					-	-
Change in assets, liabilities deferred inflows and outflows:						
Accounts receivable	31,997	44,443	6,989	(59,379)	24,050	-
Prepaid items	4,992	(6,989)	(69)	2,721	655	-
Accounts payable	(42,101)	2,751	(88)	(40,117)	(79,555)	(348,508)
Salaries payable	(31,444)	(16,945)	(16,818)	(4,185)	(69,392)	43,659
Net pension liability	11,478	8,299	7,309	1,142	28,228	-
Deferred inflows for pensions	38,082	27,536	24,249	3,787	93,654	-
Deferred outflows for pensions	(37,721)	(27,274)	(24,020)	(3,750)	(92,765)	-
Total adjustments	783,999	405,274	10,255	123,430	1,322,958	(304,849)
Net cash provided (used) by operating activities	\$ 760,377	\$ 328,868	\$ 43,361	\$ 563,468	\$ 1,696,074	\$ (484,751)
Non cash capital contributions from governmental activities	\$ 1,001,200	\$ 58,068	\$ -	\$ -	\$ 1,059,268	\$ -

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

TRUST and AGENCY FUNDS

CITY OF HASTINGS
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2015

Statement 12

	Total Combined Agency Funds	Total Combined Trust Funds
	<u> </u>	<u> </u>
ASSETS:		
Cash and cash equivalents	\$ 145,781	\$ 92,948
Interest receivable	-	194
Total Assets	<u>\$ 145,781</u>	<u>\$ 93,142</u>
LIABILITIES:		
Accounts payable	<u>\$ 145,781</u>	<u>\$ -</u>
NET POSITION		
Held in trust for Library		<u>\$ 93,142</u>

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

CITY OF HASTINGS**Statement 13**

Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 For the year ended December 31, 2015

	Library Private- Purpose Trust Fund
ADDITIONS	
Investment earnings	<u>\$ (1,318)</u>
DEDUCTIONS	
Total deductions	<u>-</u>
Change in net position	<u>(1,318)</u>
Net position--beginning	<u>94,460</u>
Net position--ending	<u>\$ 93,142</u>

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

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CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
 December 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of Hastings is a municipal corporation formed under the Home Rule Charter of the City and operates under a Mayor-Council form of government. The seven-member Council and Mayor are elected on rotating terms in each odd-numbered year. The accompanying financial statements present the City and its component unit for which the City is considered to be financially accountable. The Hastings Economic Development and Redevelopment Authority (HEDRA), a discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Discretely presented component unit. The City's HEDRA with Housing and Redevelopment Authority (HRA) powers is a component unit that operates for the purpose of providing economic development and redevelopment services to the City of Hastings. The governing body consists of a seven member board of commissioners appointed by the Hastings

City Council. The HEDRA has the power to levy taxes, issue debt and enter into contracts and agreements. The Hastings City Council can impose its will upon the HEDRA board and has the ability to veto, overrule, or modify decisions made by the HEDRA board. The HEDRA does not prepare separate financial statements.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the legally separate *component unit* for which the primary government is financially responsible.

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, service 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 that are properly not included among program revenues are reported instead as *general revenues*.

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

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. The agency funds have no measurement focus. 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 as revenues 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.

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

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 collectible 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, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Fire and Ambulance Special Revenue Fund* accounts for resources and payments related to the operations of the City's firefighting and ambulance services. Revenue sources are ambulance services, state aid, interest and tax levy.

The *Debt Service Fund* accounts for resources accumulated and payments for principal and interest on long term general obligation debt and general obligation special assessment debt.

The *Parks Projects Capital Projects Fund* accounts for revenues and expenditures related to the construction, development, and improvements to the City's parks.

The *Road Improvement Construction Capital Projects Fund* accounts for revenues and expenditures related to street construction and improvements.

The City reports the following major proprietary funds:

The *Water Fund* accounts for the activities related to the operation of a water distribution system.

The *Sewer Fund* accounts for resources and payments related to the operation of a sanitary collection system.

The *Storm Water Fund* accounts for resources and payments related to the operation of the storm water system.

The *Hydro Fund* accounts for the funds generated by the hydro electric plant. These funds are used to finance the hydro electric operating expenses.

Additionally, the City reports the following fund types:

Internal Service Funds account for the retiree health insurance expenses and the related liability as well as the expenses for the compensated absences paid out upon termination or retirement.

The *Agency Funds* account for deposits for cable security and for the escrow accounts from development related projects.

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

The *Trust Fund* accounts for a trust created for the Dakota County Library. Ruth Doffing donated money to the City for the sole purpose of funding materials for the Dakota County Library.

The *Permanent Fund* accounts for the trust of the Simmons family for the LeDuc Historic Estate that was transferred over to the City in 2005. The income of this trust is to be used for the operations of the LeDuc Historic Estate as a historical museum.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements, except for the two internal service revenue funds activity.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as needed.

D. Assets, liabilities, and net position or equity

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize investments which are direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 and receives the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better, general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers; acceptances of United States' banks eligible for purchase of by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; guaranteed investment contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories, repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualifies as a "depository" by the City entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers, and in the Minnesota Municipal Investment Pool.

Investments for the City, as well as for its component unit, are reported at fair value, based upon quoted market prices, except for investments in 2a7-like external investment pools, which are stated at amortized costs and approximate fair value. Investment income is accrued at the balance sheet date.

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

2. *Receivables and payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loan) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade and accounts receivable are shown net of an allowance for uncollectible, which is determined by analysis of historical collection trends. The allowance for the ambulance receivables is equal to 72% of outstanding receivables at year end.

Property taxes are submitted to the County Auditor by December 28th of each year, to be levied on January 1st on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due on May 15th and the second half payment due on October 15th.

Unpaid taxes at December 31st become liens on the respective property and are classified in the financial statements as taxes receivable.

3. *Prepaid items and inventories*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government wide and fund financial statements.

Materials and supplies, if material, are recorded at cost using first in first out (FIFO) method and reported under the consumption method in the Governmental Funds.

4. *Deferred outflows/inflows of resources*

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

In addition to liabilities, the statement of financial position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows relating to pensions. Additionally, the government has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from the following sources: property taxes, special assessments, loans receivable, and amounts due from other governments.

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

5. Capital Assets

Capital assets, which include property, plant, equipment, intangible and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of 2 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. In the case of donations the government values these capital assets at the estimated fair value of the item at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed.

Pursuant to GASB Statement 51, in the case of initial capitalization of intangible assets, the City chose not to retroactively report permanent easements. The City had already accounted for temporary easements and computer software at historical cost and therefore retroactive reporting was not necessary. The amounts of these assets are not material to the financial statements and therefore, have not been reported separately from other capital assets. The City acquired no intangible assets for the year ending December 31, 2015.

Capital assets of the City and its component unit are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	40 - 50
Furniture and Fixtures	5 - 10
Motor Vehicles	5
Heavy Equipment	10
Fire Trucks	10
Park Trails	20
Streets and Public Infrastructure	20
Utility Distribution Systems	40
Sirens	10
Bridges	45

6. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory time, and sick pay benefits. Under the City's personnel policy and union contracts, City employees are granted vacation and sick leave in varying amounts based upon length of service. Certain City employees are also granted compensatory time. Unused accumulated vacation leave, compensatory time and vested sick leave is paid to employees upon termination. Unvested sick leave is available to employees in the event of illness-related absences and is not paid to employees at termination. The liabilities for the compensated absences are paid for by the fund that incurs the charge, the liability is shown in the internal service fund and proprietary funds.

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

7. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term debt reported as liabilities in the applicable governmental activities, business-type activities, and proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized evenly over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30th. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources, and expense associated with the City's requirement to contribute to the Hastings Fire Department Relief Association Plan, information about the Plan's fiduciary net position and additions to/deductions from the Hastings Fire Department Relief Association Plan's fiduciary net position are determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

9. Fund equity

In the fund financial statements, governmental funds report fund balances in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

Non-spendable – portions of fund balance related to prepays, inventories, long-term receivables, and corpus on any permanent fund which are not in spendable form.

Restricted – funds are constrained by external parties (statute, grantors, bond agreements, etc).

Committed – fund constraints are established and modified by a resolution approved by the City Council prior to year end.

Assigned – consists of internally imposed constraints. These constraints are established by the City Council and/or management. The City Council also delegates the authority to assign fund balance to the Finance Manager or his/her designee.

Unassigned – is the residual classification for the General Fund and also reflects negative residual amounts in other funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the City's policy to use restricted first, then unrestricted fund balance.

When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the City's policy to use committed first, then assigned, and finally unassigned amounts.

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

The City formally adopted a fund balance policy for the governmental funds. The policy establishes a fund balance range of 30% - 40% of the subsequent year's budgeted expenditures. Fund balances between 30% and 40% of subsequent years expenditures can be used for working capital or one-time expenditures. Spend-down of fund balances to fund ongoing operations will not occur until the fund has exceeded a point of 40% of the subsequent year's expenditures for two years.

For enterprise funds, the City has adopted a policy to spend down unrestricted net position only when it exceeds an amount equal to 90 days of budgeted expenditures and 3% of the fund's fully depreciated assets.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation *between net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "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 details of this \$290,553 difference are as follows:

Capital outlay	\$ 5,032,472
Capitalized expenses reported as current expenditures	73,390
Depreciation expense	<u>(4,815,309)</u>
Net adjustment to increase <i>net changes in fund balances</i>	
<i>Total governmental funds</i> to arrive at <i>changes in net position</i>	
<i>of governmental activities</i>	<u><u>290,553</u></u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except the Road Improvement Capital Projects Fund, which adopt project-length budgets, Guardian Angels TIF, Riverfront TIF, NAPA TIF, and the permanent fund, which are not budgeted. All annual appropriations lapse at fiscal year-end.

On or before mid-May of each year, all departments and agencies of the City submit requests for appropriations to the City Administrator so that a budget may be prepared. Before September 15th, the proposed budget is presented to the City Council for review and approval. By September 15th, the proposed budget and tax levy must be submitted to the county auditor. The Council holds public hearings and a final budget and tax levy must be prepared, adopted and submitted to the county auditor, no later than December 28th.

The appropriated budget is prepared by fund and department. The City's department heads may request transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is at the department level. The Council made several supplementary budgetary appropriations for the general fund and various special revenue funds in 2015. Several of the budgets changed in total as a result of the Council approved appropriations.

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

B. Excess of expenditures over appropriations

For the year ended December 31, 2015, expenditures exceeded appropriations in the Senior Center in the general fund by \$9,518. These excess expenditures were offset by other departments' expenditure savings. Overall the general fund's departments had a savings of \$835,241.

Other funds where expenditures exceeded appropriations were Debt Service Fund by \$74,059, Cable Special Revenue Fund by \$41,047, and DUI Enforcement by \$5,728. These expenditures were offset by fund balance.

C. Deficit fund equity

The Street Improvement Projects Fund had a fund deficit of \$878,178. This fund deficit is expected to be recovered from a bond sale and State Aid payments. The Guardian Angels tax increment financing capital projects fund had a fund deficit balance of \$452, a \$1,610 increase from 2014. The NAPA TIF district had a fund balance deficit of \$4,849, an increase of \$8,765 from 2014. The Riverfront TIF district had a deficit of \$555, a decrease of \$256 from 2014. The Downtown Redevelopment TIF had a deficit of \$15,000. This is a new TIF district. These fund's deficits are expected to be covered from future tax increment revenues.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits

In accordance with Minnesota Statutes, the City maintains deposits at those depository banks authorized by the City Council, all of which are members of the Federal Reserve System.

Minnesota Statutes require that all City deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds.

Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City Treasurer or in a financial institution other than that furnishing the collateral. Authorized collateral includes the following:

- a) United States government treasury bills, treasury notes, and treasury bonds;
- b) Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- c) General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- d) Unrated general obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- e) Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc. or Standard & Poor's Corporation; and
- f) Time deposits that are fully insured by any Federal agency.

At December 31, 2015 the carrying amount of City's deposits was \$6,430,965, with a bank balance of \$6,391,654. These deposits were fully insured or collateralized at year end.

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

B. Investments

Minnesota Statutes authorize the City to invest in the following:

- a) Direct obligations or obligations guaranteed by the United States or its agencies, its instrumentalities or organizations created by an act of congress, excluding mortgage-backed securities defined as high risk.
- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above, general obligation tax-exempt securities, repurchase or reverse repurchase agreements.
- c) Obligation of the State of Minnesota or any of its municipalities as follows:
 - 1) any security which is a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating service;
 - 2) any security which is a revenue obligation of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service; and
 - 3) a general obligation of the Minnesota housing finance agency which is a moral obligation of the State of Minnesota and or rated "A" or better by a national bond rating agency.
- d) Bankers' acceptance of United States banks eligible for purchase by the Federal Reserve System.
- e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- f) Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; certain Minnesota securities broker-dealers; or a bank qualified as a depositor.
- g) General obligation temporary bonds of the same governmental entity issued under section 429.091, subdivision 7; 469.178, subdivision 5; or 475.61, subdivision 6.
- h) Any security which is an obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to section 126C.55

As of December 31, 2015 the City had the following investments and maturities:

Investment Type	Rating	Fair Value	Investment Maturities (in Years)			
			Less Than 1	1-5	6-10	Over 10 Years
Federal National Mortgage Assn. Notes	AA+	\$ 346,087	\$ -	\$ -	\$ 346,087	\$ -
Federal Home Loan Bank Bond	AA+	489,780	-	-	489,780	-
Federal Home Loan Bank Notes	AA+	500,100	-	-	500,100	-
Federal Farm Credit	AA+	244,455	-	-	244,455	-
Taxable Municipals	AAA/AA+	495,443	-	257,300	238,143	-
Certificates of Deposit	N/A	7,965,492	2,096,348	5,384,795	487,349	-
External Investment Pool-4M Fund & PFM	N/A	907,236	907,236	-	-	-
Money Market	N/A	1,778,314	1,178,314	-	-	-
Total		\$ 12,726,907	\$ 4,181,898	\$ 5,642,095	\$ 2,305,914	\$ -

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

C. Investment Risks

Interest rate risk – The City’s investment policy requires the City to diversify its investment portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity. The policy also states that investments should be purchased to match expected cash flow needs, minimizing the market risk associated with the early sale of investments.

Credit risk –The City’s investment policy is silent with regards to Credit Risk. All investments with the exception of the 4M fund are collateralized or the investment brokerage firms have SIPC insurance to cover the loss. The City’s external investment pool-4M fund is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities. The 4M fund is an unrated 2a7-like pool and the fair value of the position in the pool is the same as the value of pool shares.

Concentration of credit risk – The City does not have more than 5% of the City’s investment portfolio in any one issuer.

Custodial credit risk – For investments in securities, custodial credit risk is the risk that in the event of a failure of the counterparty, the City will not be able to recover the value of its investment securities that are in possession of an outside party. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form, and therefore are not subject to custodial credit risk disclosures. The City’s investment policy requires that when securities are held in safekeeping by a broker/dealer, that they must provide asset protection through SIPC and at least another \$10,000,000 supplemental insurance protection.

D. Receivables

Receivables as of year-end for the City's individual governmental major funds, nonmajor funds, proprietary funds, fiduciary funds and component unit in the aggregate, including the applicable allowances for uncollectible accounts are shown in the table below. See footnote number 1 regarding the collectability of accounts receivable.

Receivables	General	Fire and Ambulance	Debt Service	Parks Projects	Road Improvement Construction	Other Governmental	Internal Service	Total
Interest	\$ 7,196	\$ 1,681	\$ 8,749	\$ 1,259	\$ -	\$ 5,598	\$ 1,829	\$ 26,312
Accounts	161,437	534,778	-	-	-	213,405	-	909,620
Taxes	812,232	132,291	326,671	-	-	174,493	-	1,445,687
Special assessments	206	-	2,468,400	-	-	-	-	2,468,606
Due from other governments	68,526	-	8,708	-	501,256	78,275	-	656,765
Total	\$ 1,049,597	\$ 668,750	\$ 2,812,528	\$ 1,259	\$ 501,256	\$ 471,771	\$ 1,829	\$ 5,506,990

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Receivables	Water	Sewer	Stormwater	Hydro	Proprietary Total	Component Unit
Interest	\$ 17,097	\$ 3,394	\$ 588	\$ 775	\$ 21,854	\$ 4,023
Accounts	339,889	442,413	118,598	145,663	1,046,563	3,175
Taxes	-	-	-	-	-	70,227
Special assessments	46,481	47,655	-	-	94,136	-
Due from other governments	-	-	-	-	-	55,361
Loans	-	-	-	-	-	259,241
Total	\$ 403,467	\$ 493,462	\$ 119,186	\$ 146,438	\$ 1,162,553	\$ 392,027

Significant receivable balances not expected to be collected within one year of December 31, 2015 are as follows:

Receivables	Special Assessments Receivable	Delinquent Property Taxes	Loans Receivable	Total
General	\$ -	\$ 39,000	\$ -	\$ 39,000
Fire and Ambulance	-	7,000	-	7,000
Debt Service	2,060,000	17,000	-	2,077,000
Other Governmental	-	8,000	-	8,000
Water	34,000	-	-	34,000
Sewer	41,000	-	-	41,000
Component Unit	-	3,000	259,241	262,241
Total	\$ 2,135,000	\$ 74,000	\$ 259,241	\$ 2,468,241

E. Unavailable and unearned revenue

Governmental funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of *deferred inflows of resources* in the governmental funds were as follows:

	Delinquent Property Taxes	Special Assessments	Loans Receivable	Due From Other Governments	Total
Primary Government:					
General	\$ 104,475	\$ 170	\$ -	\$ -	\$ 104,645
Fire and Ambulance	18,055	-	-	-	18,055
Debt Service	43,539	2,449,046	-	-	2,492,585
Road Improvement Construction	-	-	-	501,256	501,256
Other Governmental	22,783	-	-	-	22,783
Component Unit	9,063	-	259,241	12,909	281,213

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Governmental funds also report unearned revenue in connection with resources that have been received, but not yet earned.

	<u>Lease Revenue</u>	<u>Gift Cards Outstanding</u>
General	\$ 244,384	\$ -
Other Governmental	-	700

F. Capital assets

Capital asset activity for the year ended December 31, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 3,689,587	\$ -	\$ -	\$ 3,689,587
Construction in Progress	4,254,578	4,551,675	(4,154,164)	4,652,089
Total capital assets not being depreciated	<u>7,944,165</u>	<u>4,551,675</u>	<u>(4,154,164)</u>	<u>8,341,676</u>
Capital assets being depreciated				
Buildings	19,640,910	17,600	-	19,658,510
Improvements other than buildings	3,610,815	83,720	-	3,694,535
Machinery and equipment	11,664,543	452,868	(1,040,136)	11,077,275
Infrastructure	89,363,912	3,094,897	(201,455)	92,257,354
Total capital assets being depreciated	<u>124,280,180</u>	<u>3,649,085</u>	<u>(1,241,591)</u>	<u>126,687,674</u>
Less accumulated depreciated for:				
Buildings	(7,997,620)	(469,425)	-	(8,467,045)
Improvements other than buildings	(2,090,359)	(141,714)	-	(2,232,073)
Machinery and equipment	(8,112,420)	(685,984)	1,024,616	(7,773,788)
Infrastructure	(48,525,479)	(3,518,186)	201,453	(51,842,212)
Total accumulated depreciation	<u>(66,725,878)</u>	<u>(4,815,309)</u>	<u>1,226,069</u>	<u>(70,315,118)</u>
Total capital assets, being depreciated, net	<u>57,554,302</u>	<u>(1,166,224)</u>	<u>(15,522)</u>	<u>56,372,556</u>
Governmental activities capital assets, net	<u>\$ 65,498,467</u>	<u>\$ 3,385,451</u>	<u>\$ (4,169,686)</u>	<u>\$ 64,714,232</u>

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 349,300	\$ -	\$ -	\$ 349,300
Construction in Progress	44,310	9,391	(53,701)	-
Total capital assets not being depreciated	<u>393,610</u>	<u>9,391</u>	<u>(53,701)</u>	<u>349,300</u>
Capital assets being depreciated				
Buildings	15,025,044	-	-	15,025,044
Improvements other than buildings	3,744,240	-	-	3,744,240
Machinery and equipment	5,495,190	368,485	(339,036)	5,524,639
Infrastructure	34,423,716	1,112,970	(51,941)	35,484,745
Total capital assets being depreciated	<u>58,688,190</u>	<u>1,481,455</u>	<u>(390,977)</u>	<u>59,778,668</u>
Less accumulated depreciated for:				
Buildings	(6,137,895)	(429,505)	-	(6,567,400)
Improvements other than buildings	(1,676,366)	(99,159)	-	(1,775,525)
Machinery and equipment	(4,659,627)	(131,107)	325,978	(4,464,756)
Infrastructure	(18,142,665)	(758,312)	51,941	(18,849,036)
Total accumulated depreciation	<u>(30,616,553)</u>	<u>(1,418,083)</u>	<u>377,919</u>	<u>(31,656,717)</u>
Total capital assets, being depreciated, net	<u>28,071,637</u>	<u>63,372</u>	<u>(13,058)</u>	<u>28,121,951</u>
Business-type activities capital assets, net	<u>\$ 28,465,247</u>	<u>\$ 72,763</u>	<u>\$ (66,759)</u>	<u>\$ 28,471,251</u>

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

Governmental activities:

General government	\$ 234,491
Public safety	445,307
Streets and highways, including depreciation of infrastructure	3,606,980
Culture and recreation	<u>528,531</u>

Total depreciation expense for governmental activities \$ 4,815,309

Business-type activities:

Water	\$ 808,716
Sewer	373,453
Stormwater	12,703
Hydro	<u>223,211</u>

Total depreciation expense for business-type activities: \$ 1,418,083

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Discretely presented component unit

Activity for the HEDRA for the year ended December 31, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 4,604,676	\$ -	\$ -	\$ 4,604,676
Capital assets being depreciated:				
Buildings	724,195	-	-	724,195
Less accumulated depreciated for:				
Buildings	(562,482)	(58,965)	-	(621,447)
Total capital assets, being depreciated, net	161,713	(58,965)	-	102,748
Component unit capital assets, net	<u>\$ 4,766,389</u>	<u>\$ (58,965)</u>	<u>\$ -</u>	<u>\$ 4,707,424</u>

G. Committed Contracts

The City and Component Unit has the following contract commitments as of December 31, 2015:

Entity	Commitment	Paid as of 12/31/2015	Remaining Commitment
City	2013 Construction projects	\$ 3,857,736	\$ 69,491
City	2015 Construction projects	2,916,604	188,198
City	Mill and Overlay	208,418	41,410

The special assessment portion of the commitment for residential street construction is being financed by special assessment bonds that will be repaid by the benefiting property owners. The public-purpose portion of this same project is being funded by tax levy.

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

H. Interfund receivables, payables, and transfers

The composition of interfund balances as of December 31, 2015, is as follows:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
Sewer Fund	Hydro Fund	300,000

The \$300,000 from the sewer fund was money to start up the Hydro plant back in the early 1990's and won't be paid back until the Hydro plant is free from all other debt. Currently the hydro fund is debt free, however the City makes transfers to the general fund and to the debt service fund in order to lower the tax levy.

		Transfers In					
		General	Debt	Road Construction	Other Governmental	Internal Service	Total
Transfers Out	General	\$ -	\$ -	\$ -	\$ 90,500	\$ 425,000	\$ 515,500
	LeDuc	630	-	-	-	-	630
	Fire & Ambulance	58,882	-	-	40,000	-	98,882
	Debt	-	355,540	-	-	-	355,540
	Road Construction	75,144	-	-	-	-	75,144
	Other Governmental						
	DUI Enforcement	20,000	-	-	-	-	20,000
	Parks & Rec	23,569	-	-	-	-	23,569
	Aquatic Center	8,302	-	-	10,000	-	18,302
	Cable TV	381	-	-	-	-	381
	Heritage Preservation	517	-	-	-	-	517
	Budget Stabilization	750	-	-	12,000	-	12,750
	Arena	9,222	-	-	-	-	9,222
	Water	29,805	-	216,445	-	-	246,250
	Wastewater	32,429	-	120,656	-	-	153,085
	Stormwater	7,526	-	-	-	-	7,526
	Hydro	458,409	-	-	-	-	458,409
	Trust	1,161	-	-	-	-	1,161
	Trust	44,973	-	-	-	-	44,973
	Total	<u>\$ 771,700</u>	<u>\$ 355,540</u>	<u>\$ 337,101</u>	<u>\$ 152,500</u>	<u>\$ 425,000</u>	<u>\$ 2,041,841</u>

The purpose of the transfers are to fund operations, capital purchases, debt obligations, compensated absences, and retiree health benefits.

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

I. Long-term debt

Crossover Refunding

On February 21, 2013, the City issued \$5,805,000 in General Obligation Refunding Bonds, Series 2013A with an average interest rate of 2% to refund \$1,595,000 of outstanding 2004B Series Bonds, and advance refund \$1,675,000 of outstanding 2005A Series Bonds and 2,655,000 of outstanding 2006B Series Bonds. For the 2005A and 2006B refunding, the net proceeds of \$4,302,284 were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for the interest on the refunding bonds before the crossover date and called principal on the refunded bonds on February 1, 2014 for the 2005A Series and February 1, 2017 for the 2006B Series. The City advance refunded the bonds to reduce its total debt service payments over the last thirteen years of the bonds by \$340,273 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$313,460. The City is responsible for the debt service of the refunded bonds before the crossover date and the debt service of the refunding bonds after the crossover date. The debt service of the refunding bonds before the crossover date is payable from the escrow account. Assets held with the escrow agent total \$2,509,127 at December 31, 2015.

General Obligation Bonds

The City issues general obligation bonds to provide for financing of major facilities, street improvements and certain city equipment. Debt service for some of the major facilities is covered in part through agreements with the Hastings' School District with the difference paid from general tax levies. Street improvements are covered by special assessments against benefited properties with any shortfalls being paid from general tax levies. The Equipment Certificates are covered completely by general tax levies.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds for the public facilities generally are issued as 20-year serial bonds with equal debt service payments each year. The original amount of general obligation bonds for the issues listed below is \$ 3,560,000. Of these three bond issues, one is partially funded by the Hastings School District. The School District is obligated 45% for the Parks Maintenance Garage facility. The city records the full debt on its books with the commitments from the school district reflected as annual revenues.

The general obligation bonds currently outstanding are as follows:

Purpose	Rates	Amount
General Obligation Bonds - facilities	2.00% - 3.86%	1,635,000

Annual debt service requirements to maturity for general obligation-facility bonds are as follows:

Year Ending December 31	Principal	Interest
2016	265,000	44,475
2017	275,000	37,500
2018	270,000	30,475
2019	290,000	22,400
2020	175,000	14,300
2021	180,000	8,100
2022	180,000	2,700
	<u>\$ 1,635,000</u>	<u>\$ 159,950</u>

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Special Assessment G.O. Bonds

Special assessment general obligation bonds generally are issued as 12-year serial bonds with equal debt service payments each year. The original amount of general obligation bonds for the issues listed below is \$26,400,000. The special assessment general obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Rates</u>	<u>Amount</u>
Special Assessment G.O. Bonds	0.75%-4.41%	14,135,000

Annual debt service requirements to maturity for general obligation special assessment bonds are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2016	2,585,000	331,602
2017	2,285,000	273,536
2018	2,030,000	216,375
2019	1,840,000	161,510
2020	1,620,000	112,678
2021	1,285,000	74,617
2022	1,105,000	46,020
2023	605,000	25,835
2024	430,000	13,685
2025	310,000	4,655
2026	40,000	440
	<u>\$ 14,135,000</u>	<u>\$1,260,953</u>

Equipment Certificates

Equipment Certificates are general obligations of the city and generally are issued as 3-5 year serial bonds with equal debt service payments each year. They have been used sparingly as a means to purchase certain equipment for the City. The original amount of these certificates for the issues listed below is \$3,229,750. The equipment certificates currently outstanding are as follows:

<u>Purpose</u>	<u>Rates</u>	<u>Amount</u>
Equipment Certificates	0.75% - 3.72%	2,089,000

Annual debt service requirements to maturity for these equipment certificates are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2016	359,500	32,338
2017	409,500	27,849
2018	365,000	21,834
2019	295,000	16,249
2020	185,000	12,091
2021	195,000	8,398
2022	90,000	5,480
2023	95,000	3,420
2024	95,000	1,164
	<u>\$ 2,089,000</u>	<u>\$ 128,823</u>

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Revenue Bonds

The City also issues bonds where the city pledges income derived from certain enterprise fund activities to pay debt service. These bonds also are backed by the full faith and credit of the government (general obligation). The original amount of general obligation revenue bonds for the issues listed below is \$7,060,250. The general obligation revenue bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Rates</u>	<u>Amount</u>
General Obligation Revenue	0.75%-4.31%	5,631,000

Annual debt service requirements to maturity for general obligation revenue bonds are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2016	300,500	164,160
2017	2,765,500	105,373
2018	235,000	48,950
2019	245,000	44,150
2020	240,000	39,300
2021	250,000	34,400
2022	255,000	29,350
2023	265,000	24,150
2024	265,000	18,850
2025	265,000	13,550
2026	270,000	8,200
2027	275,000	2,750
	<u>\$ 5,631,000</u>	<u>\$ 533,183</u>

Charter Bonds

The City also issues bonds where the city uses its power under the City Charter to issue debt. These bonds are backed by the full faith and credit of the government (general obligation). The original amount of general obligation bonds for the issues listed below is \$2,750,000. The general obligation charter bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Rates</u>	<u>Amount</u>
City Charter Bonds	0.75% to 2.2%	2,750,000

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Annual debt service requirements to maturity for general obligation charter bonds are as follows:

Year Ending December 31	Principal	Interest
2016	25,000	51,840
2017	240,000	53,571
2018	265,000	48,960
2019	265,000	43,660
2020	275,000	38,260
2021	280,000	32,710
2022	285,000	26,885
2023	290,000	20,785
2024	295,000	14,573
2025	300,000	8,248
2026	230,000	2,530
	<u>\$ 2,750,000</u>	<u>\$ 342,022</u>

Conduit Debt

From time to time, the City has issued conduit debt to provide financial assistance to private sector entities for projects deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2015 there were three series of these revenue bonds outstanding, with an aggregate principal amount payable of \$12,062,917.

Changes in long-term liabilities

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation debt	\$ 1,885,000	\$ -	\$ (250,000)	\$ 1,635,000	\$ 265,000
Special assessment GO debt	16,955,000	360,000	(3,180,000)	14,135,000	2,585,000
Equipment certificates	2,238,500	295,000	(444,500)	2,089,000	359,500
City charter bonds	650,000	2,100,000	-	2,750,000	25,000
Plus (less) deferred amounts for premium and discount	361,151	47,405	(72,254)	336,302	-
Total bonds payable	<u>22,089,651</u>	<u>2,802,405</u>	<u>(3,946,754)</u>	<u>20,945,302</u>	<u>3,234,500</u>
Pension Liability:					
GERF *	-	3,349,191	(554,269)	2,794,922	-
PEPFF *	-	5,494,660	(1,324,681)	4,169,979	-
Compensated absences	1,337,390	739,512	(695,852)	1,381,050	87,725
Other postemployment benefits obligation	3,545,951	238,526	(507,034)	3,277,443	-
Governmental activity					
Long-term liabilities	<u>\$ 26,972,992</u>	<u>\$ 12,624,294</u>	<u>\$ (7,028,590)</u>	<u>\$ 32,568,696</u>	<u>\$ 3,322,225</u>

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Business-Type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
Revenue bonds	\$ 5,916,500	\$ -	\$ (285,500)	\$ 5,631,000	\$ 300,500
Plus (less) deferred amounts for premium and discount	<u>97,405</u>	<u>-</u>	<u>(9,631)</u>	<u>87,771</u>	<u>-</u>
Total bonds payable	6,013,905	-	(295,131)	5,718,771	300,500
Pension Liability					
GERF *	-	1,140,841	(188,802)	952,039	-
Compensated absences	<u>276,500</u>	<u>96,538</u>	<u>(124,038)</u>	<u>249,000</u>	<u>16,460</u>
Business-Type activity					
Long-term liabilities	<u>\$ 6,290,405</u>	<u>\$ 1,237,379</u>	<u>\$ (607,971)</u>	<u>\$ 6,919,810</u>	<u>\$ 316,960</u>

Component Unit	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
Taxable limited tax obligation	\$ 2,505,000	\$ -	\$ (125,000)	\$ 2,380,000	\$ 130,000
Total bonds payable	<u>2,505,000</u>	<u>-</u>	<u>(125,000)</u>	<u>2,380,000</u>	<u>130,000</u>
Pollution remediation obligation	<u>-</u>	<u>781,400</u>	<u>(128,789)</u>	<u>652,611</u>	<u>652,611</u>
Component unit activity					
Long-term liabilities	<u>\$ 2,505,000</u>	<u>\$ 781,400</u>	<u>\$ (253,789)</u>	<u>\$ 3,032,611</u>	<u>\$ 782,611</u>

Minnesota Statutes state that a city's net debt shall not be in excess of 3% of the established market value of that City. For the City of Hastings, the legal debt limit is \$48,619,776 with \$6,474,000 debt applicable to that limit leaving a debt margin of \$41,919,776.

For the governmental activities, compensated absences and other postemployment benefits obligations are generally liquidated by the general and special revenue funds.

* Includes January 1, 2015 pension liability balance related to GASB Statement No. 68 implementation. See Note VIII for further details.

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

J. Revenue pledged

Bond Issue	Use of Proceeds	Type	Revenue Pledged			Current Year		
			Percent of total debt service	Debt service as a % of net revenues	Term of Pledge	Remaining Principal and Interest	Principal and Interest paid	Pledged Revenue received
GO Water 13	Water	Revenues	100%	100%	2005-2017	\$ 2,828,650	\$ 119,750	\$ 119,750
GO Water 06 and as refunded by GO Refunding 13A	Water Treatment Plant	Revenues	100%	215%	2006-2027	3,008,100	297,400	638,344
Storm Water Equipment	Equipment	Revenues	100%	110%	2012-2017	82,033	41,624	45,809
GO Imp 04A	Street Recon.	Special Assessments	27.67%	0%	2004-2015	178,281	178,281	-
GO Refunding 13A	Street Recon.	Special Assessments	36.72%	N/A	2013-2016	1,124,201	-	85,403
GO Imp 05A and as refunded by GO Refunding 13A	Street Recon.	Special Assessments	49.24%	N/A	2006-2017	1,142,050	-	111,232
GO Imp 06	Street Recon.	Special Assessments	54.32%	17%	2007-2018	646,600	233,500	40,785
GO Imp 07B	Street Recon.	Special Assessments	42.20%	20%	2008-2020	1,070,225	281,420	55,129
GO Imp 08A	Street Recon.	Special Assessments	25.13%	10%	2009-2021	1,813,056	373,118	37,197
GO Imp 09A	Street Recon.	Special Assessments	25.08%	14%	2010-2022	1,215,598	208,733	29,352
GO Imp 10B	Street Recon.	Special Assessments	40.15%	14%	2011-2016	907,428	231,748	32,979
GO Imp 11A	Street Recon.	Special Assessments	43.11%	45%	2013-2022	2,811,966	286,544	128,138
GO Imp 12A	Street Recon.	Special Assessments	35.96%	19%	2013-2023	1,508,225	200,900	38,661
GO Imp 13B	Street Recon.	Special Assessments	38.26%	18%	2014-2024	1,237,341	157,439	28,801
GO Imp 14A	Street Recon.	Special Assessments	19.99%	101%	2015-2025	2,639,272	44,454	44,743
GO Imp 15A	Street Recon.	Special Assessments	41.00%	N/A	2016-2026	360,000	-	60,911

V. OTHER INFORMATION

A. Risk management

The City is exposed to various risks of loss related to torts; theft of damage to, and the destruction of assets; errors and omissions; injuries to employees and natural disasters. The City participates in the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool for its general property and casualty, workers' compensation, and other miscellaneous insurance coverage. The LMCIT operates as a common risk management and insurance program for approximately 780 cities. The city pays an annual premium to the LMCIT for insurance coverage. The LMCIT agreement provides that the Trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits. The major reinsurance points are generally \$200,000 per occurrence for property loss or damage and \$460,000 per occurrence for workers' compensation. The City also carries commercial insurance for certain other risks of loss, including employee health insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There were no significant reductions in insurance from the prior year.

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

B. Contingent liabilities

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

C. Pollution remediation liability

The City's component unit, Hastings Economic Development and Redevelopment Authority (HEDRA) acquired a 1.5 acre Site, which was part of the former H.D. Hudson Manufacturing facility located at 200 West 2nd Street, in December 2010. The property is located in a mixed commercial retail/residential area, and is bounded on the north by the Mississippi River and/or a trail bordering the Mississippi River, on the east by the Highway 61 Bridge, on the south by West 2nd Street, and on the west by vacant land adjacent to Lock and Dam Road. The site was purchased to resell.

Based on site investigations, site soil and groundwater is impacted with hazardous substances at concentrations requiring remedial action. The Site has been entered into the Minnesota Pollution Control Agency (MPCA) Voluntary Investigation and Cleanup Program. Remediation efforts began in 2015. The total remediation is estimated to cost \$781,400 of which \$128,789 was spent in 2015.

Grants in the amount of \$1,027,542 are available to recover the cost of this remediation effort. These grant revenues are due as work is complete. Upon completion of the remediation, the site will be sold for redevelopment. Financial activities related to remediation are recorded in the financial statements of the component unit.

D. Employee retirement systems and pension plans

1. Defined Benefit Plan

Plan Description

The City of Hastings participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401 (a) of the Internal Revenue Code.

General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the City of Hastings are covered by the General Employees Retirement Fund (GERF). GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

Public Employees Police and Fire Fund (PEPFF)

The PEPFF, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the PEPFF also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90% funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

PEPFF Benefits

Benefits for the PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014, vest on a prorated basis from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For PEPFF who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

GERF Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.50%, respectively, of their annual covered salary in calendar year 2015. The City of Hastings was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2015. The City of Hastings contributions to the GERF for the year ended December 31, 2015, were \$323,987. The contributions were equal to the required contributions as set by state statute.

PEPFF Contributions

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2015. The City of Hastings was required to contribute 16.20% of pay for PEPFF members in calendar year 2015. The City contributions to the PEPFF for the year ended December 31, 2015, were \$593,750. The contributions were equal to the required contributions as set by state statute.

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Pension Costs

GERF Pension Costs

At December 31, 2015, the City of Hastings reported a liability of \$3,746,961 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City of Hastings contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the proportion share was .0723% which was a decrease of .0051% from its proportion measured as of June 30, 2014.

There were no provision changes during the measurement period.

For the year ended December 31, 2015, the City of Hastings recognized pension expense of \$439,568 for its proportionate share of the GERF's pension expense.

At December 31, 2015, the City of Hastings reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 188,911
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	354,707	-
Changes in proportion	-	179,883
Contributions paid to PERA subsequent to the measurement date	163,500	-
Total	<u>\$ 518,207</u>	<u>\$368,794</u>

\$153,102 reported as deferred outflows of resources related to pensions resulting from City of Hastings contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31</u>	<u>Pension Expense Amount</u>
2016	\$ (34,254)
2017	(34,254)
2018	(34,254)
2019	88,675
2020	-
Thereafter	-

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

PEPFF Pension Costs

At December 31, 2015, the City of Hastings reported a liability of \$4,169,979 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on the City of Hastings contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the proportion was .367 % which was a decrease of .011 percent from its proportion measured as of June 30, 2014.

There were no provision changes during the measurement period.

For the year ended December 31, 2015, the City of Hastings recognized pension expense of \$698,785 for its proportionate share of the PEPFF's pension expense. The City also recognized \$33,030 for the year ended December 31, 2015, as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

At December 31, 2015, the City of Hastings reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 676,234
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	726,548	-
Changes in proportion	-	99,004
Contributions paid to PERA subsequent to the measurement date	322,024	-
Total	<u>\$ 1,048,572</u>	<u>\$ 775,238</u>

\$322,024 reported as deferred outflows of resources related to pensions resulting from City of Hastings contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31</u>	<u>Pension Expense Amount</u>
2016	\$ 26,590
2017	26,590
2018	26,590
2019	26,590
2020	(155,050)
Thereafter	-

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75% per year
Active Member Payroll Growth	3.50% per year
Investment Rate of Return	7.90%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be: 1% effective every January 1st until 2034, then 2.5% for GERF and PEPFF.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the GERF was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014. The experience study for PEPFF was for the period July 1, 2004, through June 30, 2009.

There were no changes in actuarial assumptions in 2015.

The long-term expected rate of return on pension plan investments is 7.9%. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Domestic stocks	45%	5.50%
International stocks	15%	6.00%
Bonds	18%	1.45%
Alternative assets	20%	6.40%
Cash	2%	0.50%

Discount Rate

The discount rate used to measure the total pension liability was 7.9%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make 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 payments to determine the total pension liability.

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Pension Liability Sensitivity

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

City of Hastings proportionate share of	1% Decrease in discount rate (6.9%)	Discount rate (7.9%)	1% Increase in discount rate (8.9%)
GERF net pension liability	\$ 5,891,555	\$ 3,746,961	\$ 1,975,856
PEPFF net pension liability	8,127,332	4,169,979	900,515

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

2. Defined Contribution Plan

Six council members of the City of Hastings are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA. The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (.0025) of the assets in each member's account annually.

Total contributions made during fiscal year 2015, 2014 and 2013 were:

Year	Amount		Percentage of Covered Payroll		Required Rates
	Employees	Employer	Employees	Employer	
2015	\$ 1,806	\$ 1,806	5.00%	5.00%	5.00%
2014	1,920	1,920	5.00%	5.00%	5.00%
2013	1,920	1,920	5.00%	5.00%	5.00%

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

3. Single employer defined benefit pension plan - volunteer fire relief association.

Plan Description

Firefighters of the City of Hastings are members of the Hastings Firefighters Relief Association. The Association is the administrator of the single-employer defined benefit pension plan available to firefighters. The association is governed by a board of six officers and trustees elected by the members of the Association for three-year terms. The Mayor, City Clerk, and Fire Chief are ex-officio members of the Board of Trustees. The plan is administered pursuant to Minnesota Statutes Chapter 69, Chapter 424A, and the Association's by-laws. As of December 31, 2014, membership includes 42 active members and 14 deferred or inactive members entitled to benefit but not yet receiving them. The plan issues a stand-alone financial statement as it is not a component unit of the City of Hastings.

The Association issues a publicly available financial report that includes financial statements and required supplementary information for the Hastings Firefighters' Relief Association. That report may be obtained by writing to the Hastings Firefighters' Relief Association, 115 West 5th Street, Hastings, MN 55033.

Benefits Provided

Authority for payment of pension benefits is established in *Minnesota Statutes* §69.77 and may be amended only by the Minnesota State Legislature. Each member who is at least 50 years of age, has retired from the Fire Department, has served at least 20 years of active service with such department before retirement shall be entitled to a lump sum service pension in the amount of \$5,100 for each year of active Fire Department service.

Minnesota Statutes Section 424A.10 provides for the payment of a supplemental benefit equal to 10% of a regular lump sum distribution up to a maximum of \$1,000. The supplemental benefit is in lieu of state income tax exclusion for lump sum distributions and will no longer be available if state tax law is modified to exclude lump sum distributions from state income tax. The Association qualifies for these benefits.

The Association provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by the Association with approval by the Hastings City Council under the applicable state statutes. The defined retirement benefits are based on members' years of service. Vesting begins after the 5th year of service with a 40% benefit increasing by 4% per year to 100% after the 20th year of service.

Pursuant to *Minnesota Statutes* §424A.02, Subds. 2 and 4, members who retire with 5 years of service and have reached the age of 50 years are eligible for a retirement benefit. Members who retire before full retirement age and years of service requirements are eligible for a reduced benefit, based on the vesting schedule as set forth in *Minnesota Statutes* §424A.02, Subd. 2(c). During the time a member is on early vested pension, they will not be eligible for disability benefits.

If a member of the Association shall become permanently or totally disabled, the amount to be determined in accordance with the 20-year cumulated table contained in *Minnesota Statutes* §69.772, for each year of service prior to disability as a firefighter in the Fire Department of the City of Hastings. A death benefit is also available, which is payable to a survivor.

A member of the Association, who has completed 5 or more years of active service with the Fire Department prior to reaching age 50, has the right to retire from the Department without forfeiting the right to a service pension. The member shall be placed on the deferred pension roll. Upon reaching age 50, and provided that at that time the individual has been a member of the Association for at least 5 years, the member may apply for the standard service pension as described above. The Association shall pay interest on the deferred service pension during the period of deferral. The interest rate will be compounded annually, at the rate actually earned on the assets of the Pension Fund, not to exceed 5% per year.

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

A member of the Association who becomes sick or temporarily disabled to the extent that he/she is unable to perform their regular occupation for a period of seven consecutive days or more, and who is under the care of a physician, is entitled to a sick benefit of \$4 per day, not to exceed \$225 in one calendar year.

The benefit provisions stated in the previous paragraphs of this section are current provisions which apply to active plan participants. Vested, terminated firefighters, who are entitled to benefits and are not receiving them yet, are bound by the provisions in effect at the time they choose to start their benefit.

Contributions

Minnesota Statutes Chapter 69.772 specifies minimum support rates required on an annual basis. The minimum support rates from the municipality are determined as the amount required to meet the normal cost plus amortizing any existing prior service costs over a 10-year period. The significant actuarial assumptions used to compute the municipal support are the same as those used to compute the accrued pension liability. The association is comprised of volunteers; therefore, there are no payroll expenditures (i.e. there are no covered payroll percentage calculations). The minimum contribution from the City of Hastings and state aid is determined as follows:

Normal Cost	
+	Amortization Payment on Unfunded Accrued Liability Prior to Any Change
+	Amortization Contribution on Unfunded Accrued Liability Attributed to Any Change
+	Administrative Expenses
-	Anticipated State Aid
-	Projected Investment Earnings
=	Total Contribution Required

The Plan is funded in part by fire state aid and, if necessary, City contributions. The State of Minnesota distributed to the City \$168,589 in fire state aid paid by the City to the Relief Association for the year ended December 31, 2014. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contribution to the plan for the year ended December 31, 2014 was \$0.

Pension Costs

At December 31, 2015, the City reported an asset of \$1,303,054 for the Association's net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date

As a result of its requirement to contribute to the Relief Association, the City reduced expense by \$206,953 for the year ended December 31, 2015. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ -
Changes in Actuarial Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	56,768	-
City Contributions Subsequent to the Measurement Date	-	-
Total	\$ 56,768	\$ -

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

The City was not statutorily-required to make contributions to the Association subsequent to the measurement date, so no related deferred outflows of resources were reported. Other amounts reported as deferred outflows and inflows of resources related to the Association's pension will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2016	\$ 14,192
2017	14,192
2018	14,192
2019	14,192
2020	-
Thereafter	-

Actuarial Assumptions

The actuarial total pension liability was determined as of December 31, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	12/31/14
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Closed
Actuarial Assumptions:	
Discount Rate	6.00%
Investment Rate of Return	6.00%
20-Year Municipal Bond Yield	3.50%
Age of Service Retirement	50

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by weighting the expected future real rates of return by the current asset allocation percentage (or target allocation, if available) and by adding expected inflation.

The best-estimate of expected future real rates of return were developed by aggregating data from several published capital market assumption surveys and deriving a single best-estimate based on the average survey values. These capital market assumptions reflect both historical market experience as well as diverse views regarding anticipated future returns. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data. Best estimates of geometric real and nominal rates of return for each major asset class included in the pension plan's asset allocation as of December 31, 2014 are summarized in the following table:

Asset Class	Allocation at December 31, 2014	Long-Term Expected Real Rate of Return
Cash	3.00%	2.00%
Fixed Income	37.00%	4.00%
Equities	51.00%	7.75%
Real Estate	9.00%	6.50%
Total Portfolio	<u>100.00%</u>	6.00%

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Discount Rate

The discount rate used to measure the total pension liability was 6.0%. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments were discounted by year using expected assets return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the municipal bond rate of return. The equivalent single rate is the discount rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Pension Liability Sensitivity

The following presents the City of 100% proportionate share of the net pension liability of the Association, calculated using the discount rate of 6.0%, as well as what the Association's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.0%) or one percentage point higher (7.0%) than the current rate:

	1% Decrease in discount rate (5.0%)	Discount Rate (6.0%)	1% Increase in disocunt rate (7.0%)
Net Pension Liability	\$ (1,224,383)	\$ (1,303,054)	\$ (1,377,124)

Plan's Fiduciary Net Position

Information about the Plan's fiduciary net position is as follows:

Assets

Cash and Investments	\$ 3,732,608
Due from State of Minnesota	5,000
Interest Receivable	13,239
Total Assets	<u>3,750,847</u>

Net Position

Unrestricted	<u>\$ 3,750,847</u>
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Revenues

Fire State Aid	\$ 163,589
State 10% Supplemental Reimbursement	5,000
Municipal Contribution	-
Rural Fire Association Contribution	-
Interest	170,504
Total Revenues	<u>339,093</u>

Expenses

Pension Distributions	<u>497,986</u>
Total Expenses	497,986

Change in Net Position	(158,893)
Beginning Net Position	<u>3,909,740</u>
Ending Net Position	<u>\$ 3,750,847</u>

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

VI. RETIREE HEALTH INSURANCE

A. PLAN DESCRIPTION

The City provides dependent health care coverage to retirees after (10) years of service, that were hired prior to 1993. The benefit commences upon retirement or age 55 (whichever is later) and terminates after 10 years or upon reaching Medicare age, whichever comes first. The expenditures for this benefit are accounted for within the internal service fund. In 2008, the City prospectively implemented the requirement of a new accounting pronouncement, GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. The Other Post Employment Benefit (OPEB) plan is administered by the City. The authority to provide these benefits is established in Minnesota Statutes Sections 471.61 Subd. 2a, and 299A.465. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and collective bargaining agreements with employee groups. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The Plan does not issue a separate report.

B. BENEFITS PROVIDED

Retirees

In addition to the benefits described above, The City is required by State Statute to allow retirees to continue participation in the City's group health insurance plan if the individual terminates service with the City through service retirement or disability retirement. Eligibility for continuing group health and dental insurance for City retirees is defined as follows:

- 1) Retirees who are at least 55 years of age and are PERA Basic, PERA Coordinated, or PERA Defined Contribution eligible; or
- 2) Retirees who are members of the PERA Police and Fire Fund who are at least 50 years of age and are PERA Police and Fire Pension eligible; or
- 3) Former employees approved for disability retirement by PERA.

Employees may obtain spouse coverage at retirement or add spouse coverage at the beginning of an enrollment year. Covered spouses may continue coverage after the retiree's death.

All health care coverage is provided through the City's group health insurance plans. The retiree is required to pay 100% of their premium cost for the City-sponsored group health insurance plan in which they participate. The premium is a blended rate determined on the entire active and retiree population. Since the projected claims costs for retirees exceed the blended premium paid by retirees, the retirees are receiving an implicit rate subsidy (benefit). The coverage levels are the same as those afforded to active employees. Retirees and spouses are eligible to remain in the City-sponsored group health insurance plan until death or the obtainment of Medicare, provided the applicable premiums are paid.

Disabled police and firefighter

In accordance with Minnesota Statute 299A.465, the City is responsible to continue payment of the City's contribution toward health coverage for police officers or the firefighters disabled in the line of duty; or a surviving spouse and/or dependents of a police officer or the firefighters killed in the line of duty. The contribution continues until the police officer, firefighters or surviving spouse reaches age 65 or the dependent is no longer eligible under the contract.

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

C. PARTICIPANTS

As of the actuarial valuation dated January 1, 2013 participants consisted of:

Retirees and beneficiaries currently purchasing health insurance through the City	16
Active Employees	<u>100</u>
Total	<u><u>116</u></u>
Participating employers	1

D. FUNDING POLICY

The additional cost of using a blended rate for actives and retirees is currently funded on a pay-as-you-go basis. The City Council may change the funding policy at any time.

E. ANNUAL OPEB COSTS AND NET OPEB OBLIGATION

The City's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The net OPEB obligation as of December 31, 2015, was calculated as follows:

Annual required contribution (ARC)	\$ 96,688
Interest on net OPEB obligation	141,838
Amortization of net OPEB obligation	(201,081)
Interest on amortization	<u>-</u>
Annual OPEB cost	37,445
Contributions made during the year	<u>(305,953)</u>
Increase (decrease) in net OPEB obligation	(268,508)
Net OPEB obligation - Beginning of the year	<u>3,545,951</u>
Net OPEB obligation - End of year	<u><u>\$ 3,277,443</u></u>

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2015 and the preceding two years was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost	
		Contributed	Net OPEB Obligation
December 31, 2015	\$ 37,445	817.07%	\$ 3,277,443
2014	28,931	1027.31%	3,545,951
2013	30,072	675.40%	3,814,231

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

F. FUNDED STATUS AND FUNDING PROGRESS

The City currently has no assets that have been irrevocably deposited in a trust for future health benefits; therefore, the actuarial value of assets is zero. The funded status of the plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)*	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
January 1,	(a)	(b)	(b-a)			
2013	\$ -	\$ 3,979,142	\$ 3,979,142	-	\$ 6,765,777	58.80%

*Using the entry age normal actuarial pay cost method.

G. ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions (ARC) of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 2013 actuarial valuation, the Entry-age Normal Percent of Pay cost method was used. The following assumptions were used:

- Discount rate – 4% (pay-as-you-go funding)
- Payroll growth rate – N/A
- UAAL amortization method-Level dollar amount on a closed basis
- Salary increase rates – N/A
- Mortality rates – life expectancies were based on the RP 2000 Combined Healthy Table projected to 2013 with blue collar adjustment for Police and Fire.
- Retirement rates – the retirement rates used in the PERA plan of which the employee is a participant.
- Dependent status – the marital percentage assessed in 85% of males and 65% of females. Current and future retirees were assumed to have no children.
- Healthcare Cost Trend Rate – an initial rate of 7.5%, reducing to 5% over 5 years.
- Inflation rate is 2.5%.

There were some changes in assumptions from the 2010 valuation to the 2013 valuation. The discount rate was increased from 3% to 4%, the healthcare cost trend rate was changed from an initial rate of 8% to 7.5%, and the inflation rate was reduced from 3% to 2.5%.

CITY OF HASTINGS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

VII. LEASE COMMITMENT

- A. The City of Hastings entered into an agreement beginning September 1, 2011 through September 1, 2019 to lease space to the Independent School District No. 200 (ISD. 200). The lease requires payments of \$34,000 per year for a total of \$272,000. The City will make payments of \$30,000 each year for a total of \$240,000 for its share of costs associated with renovating the facility for Senior Center purposes.

The prorated carrying value of the building being leased is as follows:

Building	\$ 180,000
Less Accumulated Depreciation	<u>(77,250)</u>
Net	<u><u>\$ 102,750</u></u>

VIII. CHANGE IN ACCOUNTING STANDARDS

During 2015, the City implemented several new accounting pronouncements issued by the Governmental Accounting Standards Board (GASB), including Statement No. 68 Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 and Statement No. 71, Pension Transitions for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68, for the year ended December 31, 2015. These standards required a retroactive implementation which resulted in the restatement of beginning balances in the December 31, 2015 financial statements. Changes related to these standards are reflected in the financial statements and schedules and related disclosures are included in Note V.

As a result of the restatement of beginning balances, the following schedule reconciles the previously reported December 31, 2014 balances to the December 31, 2015 financial statements:

	Net Position January 1, 2015 as Previously Reported	Prior Period Restatement	Net Position January 1, 2015 as Restated
Governmental Activities	\$ 57,649,388	\$ (5,270,002)	\$ 52,379,386
Business-Type Activities			
Water	\$ 15,743,175	\$ (359,829)	\$ 15,383,346
Sewer	10,571,194	(260,180)	10,311,014
Storm	391,902	(229,125)	162,777
Hydro Plant	<u>3,604,174</u>	<u>(35,776)</u>	<u>3,568,398</u>
Total business-type activities	<u><u>\$ 30,310,445</u></u>	<u><u>\$ (884,910)</u></u>	<u><u>\$ 29,425,535</u></u>

IX. SUBSEQUENT EVENT

On January 21, 2016, the City sold \$2,265,000 of G.O. TIF Bonds – Series 2016A. The Hastings Economic Development and Redevelopment Authority called their Taxable Limited Tax Obligation bonds – Series 2010A, and on March 1, 2016, the proceeds of the 2016A issuance were used to fully pay-off HEDRA’s 2010A bonds.

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**REQUIRED SUPPLEMENTARY
INFORMATION OTHER THAN MD&A**

CITY OF HASTINGS**SCHEDULE 1**Schedule of Funding Progress Other Post-Employment Benefits
For the Year Ending December 31, 2015

The City currently has no assets that have been irrevocably deposited in a trust for future health benefits; therefore, the actuarial value of assets is zero. The funded status of the plan was as follows:

Actuarial Valuation Date January 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)* (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ** (c)	UAAL as a percentage of covered payroll ((b-a)/c)
2013	\$ -	\$ 3,979,142	\$ 3,979,142	-	\$ 6,765,777	58.8%
2010	-	4,078,494	4,078,494	-	2,282,530	179.0%
2007	-	3,708,314	3,708,314	-	2,103,025	176.0%

* Using the entry age normal actuarial pay cost method.

** The City changed actuaries for the 2013 actuarial valuation. The covered payroll amounts reported differ by actuary and the nature of the OPEB.

CITY OF HASTINGS

Schedule of Proportionate Share of Net Pension Liability
For the Year Ending December 31, 2015

SCHEDULE 2**Public Employees Police and Fire Plan**

Fiscal Year Ending (for the Measurement Period) June 30,	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Employer's Covered- Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.37%	\$ 4,169,979	\$ 3,665,120	113.77%	86.61%

Public Employees General Employees Plan

Fiscal Year Ending (for the Measurement Period) June 30,	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Employer's Covered- Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.07%	\$ 3,746,961	\$ 4,319,887	86.74%	78.19%

Information to be provided prospectively for the next nine years.

CITY OF HASTINGS

Schedule of Pension Contributions
For the Year Ending December 31, 2015

SCHEDULE 3**Public Employees Police and Fire Plan**

Fiscal Year Ending (for the Financial Reporting Period) December 31,	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered- Employee Payroll (d)	Contributions as a Percentage of Covered-Employee Payroll (b/d)
2015	\$ 593,750	\$ 593,750	\$ -	\$3,665,120	16.20%
2014	514,007	514,007	-	3,359,522	15.30%

Public Employees General Employees Retirement Plan

Fiscal Year Ending (for the Financial Reporting Period) December 31,	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered- Employee Payroll (d)	Contributions as a Percentage of Covered-Employee Payroll (b/d)
2015	\$ 323,987	\$ 323,987	\$ -	\$4,319,887	7.50%
2014	306,216	306,216	-	4,223,670	7.25%

Information to be provided prospectively for the next eight years.

CITY OF HASTINGS

Schedule of changes in Fire Relief's net pension liability
For the Year Ending December 31, 2015

SCHEDULE 4

	<u>2014</u>
Total Pension Liability	
Service Cost	\$ 71,430
Interest	158,649
Differences Between Expected and Actual Experience	-
Changes of Assumptions	-
Changes of Benefit Terms	-
Benefit Payments, Including Member Contribution Refunds	(539,157)
Other Changes	-
Net Change in Total Pension Liability	<u>(309,078)</u>
Total Pension Liability - Beginning	<u>2,756,871</u>
Total Pension Liability - Ending (a)	2,447,793
Plan Fiduciary Net Position	
Municipal Contributions	-
State Contributions	168,589
Net Investment Income	168,892
Benefit Payments	(492,023)
Administrative Expenses	(5,963)
Other Changes	1,612
Net Change in Fiduciary Net Position	<u>(158,893)</u>
Fiduciary Net Position - Beginning	<u>3,909,740</u>
Fiduciary Net Position - Ending (b)	<u>3,750,847</u>
Association's Net Pension Liability/(Asset) - Ending (a) - (b)	<u><u>\$ (1,303,054)</u></u>
Fiduciary Net Position as a Percentage of the Total Pension Liability	120.06%
Covered-Employee Payroll	N/A
Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	N/A

*To be implemented prospectively.

CITY OF HASTINGS

Schedule of contributions to Fire Relief
For the Year Ending December 31, 2015

SCHEDULE 5

	<u>2015</u>	<u>2014</u>
Statutorily Required Contribution	\$ -	\$ -
Contributions in Relation to the Statutorily Required Contribution	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>

Information to be provided prospectively for the next eight years.

**FINANCIAL SECTION
SUPPLEMENTARY INFORMATION**

CITY OF HASTINGS**Statement 14**

Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual

Debt Service Fund

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 2,650,000	\$ 2,650,000	\$ 2,662,300	\$ 12,300
Intergovernmental	-	-	371	371
Special assessments	749,651	749,651	693,963	(55,688)
Charges for services	75,000	75,000	83,644	8,644
Investment earnings (loss)	38,994	38,994	31,833	(7,161)
Total revenues	<u>3,513,645</u>	<u>3,513,645</u>	<u>3,472,111</u>	<u>(41,534)</u>
EXPENDITURES				
Debt:				
Principal	3,864,500	3,864,500	3,874,500	(10,000)
Interest and Fiscal agent	460,978	460,978	525,037	(64,059)
Total expenditures	<u>4,325,478</u>	<u>4,325,478</u>	<u>4,399,537</u>	<u>(74,059)</u>
Excess (deficiency) of revenues over expenditures	<u>(811,833)</u>	<u>(811,833)</u>	<u>(927,426)</u>	<u>(115,593)</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers in	323,278	323,278	355,540	32,262
Transfers out	(322,645)	(322,645)	(355,540)	(32,895)
Total other financing sources and (uses)	<u>633</u>	<u>633</u>	<u>-</u>	<u>(633)</u>
Net change in fund balance	<u>(811,200)</u>	<u>(811,200)</u>	<u>(927,426)</u>	<u>(116,226)</u>
Fund balance--beginning	<u>5,430,602</u>	<u>5,430,602</u>	<u>5,430,602</u>	<u>-</u>
Fund balance--ending	<u>\$ 4,619,402</u>	<u>\$ 4,619,402</u>	<u>\$ 4,503,176</u>	<u>\$ (116,226)</u>

CITY OF HASTINGS**Statement 15**

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Parks Projects Capital Projects Fund

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ 5,049	\$ 5,049
Investment earnings (loss)	-	-	5,842	5,842
Contributions and donations	-	40,000	40,000	-
Total revenues	-	40,000	50,891	10,891
EXPENDITURES				
Capital outlay	14,000	78,000	62,783	15,217
Total expenditures	14,000	78,000	62,783	15,217
Excess (deficiency) of revenues over expenditures	(14,000)	(38,000)	(11,892)	26,108
Fund balance--beginning	617,559	617,559	617,559	-
Fund balance--ending	\$ 603,559	\$ 579,559	\$ 605,667	\$ 26,108

City of Hastings

Non-major Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Parks and Recreation Fund – This fund is used to account for the operations, maintenance and minor improvements of the City’s parks.

Aquatic Center Fund – This fund accounts for the operations and the charges which finance the operating activity of the City’s outdoor aquatic facility.

Cable Television Fund – This fund is used to account for the grant revenues, franchise fees, and access fees used in the operation of the Local Access Cable Television Channel.

Heritage Preservation Fund – The Heritage Preservation fund accounts for activities of the Heritage Preservation Commission.

Ice Arena Fund – This fund accounts for the various sales and charges which finance the operating activity of the civic ice arena.

DUI Enforcement/Equipment – This fund accounts for the seizure of DUI equipment.

Drug Awareness – This fund accounts for the operations and maintenance of the Drug Awareness program.

Capital Projects Funds

Budget Stabilization Fund – This fund is used to account for the departmental purchases of major capital outlays and other significant expenditures.

Guardian Angels Tax Increment Financing (TIF) Fund – This fund accounts for the activities of the Hastings Guardian Angels Tax Increment District.

River Front Tax Increment Financing (TIF) Fund – This fund accounts for the activities of the River front Tax Increment District.

NAPA Tax Increment Financing (TIF) Fund – This fund accounts for the activities of the NAPA property Tax Increment District.

Downtown Redevelopment Tax Increment Financing (TIF) Fund – This fund accounts for the activities of the Downtown Redevelopment Tax Increment District.

Mill and Overlay Fund – This fund accounts for the activities of the City’s mill and overlay program.

Permanent Funds

C. Simmons Trust – This fund accounts for the C. Simmons endowments fund. The principal amount of \$200,000 cannot be spent. Only the interest earned can be spent.

C. Simmons Residuary Trust – This fund accounts for the C. Simmons funds that are held in a trust. These funds can be spent during the year on capital and programming. Programming for the Leduc Historical Estate is provided by the Dakota County Historical Society.

CITY OF HASTINGS
Combining Balance Sheet
Non-major Governmental Funds
December 31, 2015

Statement 16

	Total Special Revenue Non-major Funds	Total Capital Non-major Funds	Total Permanent Non-major Funds	Total All Non-major Funds
ASSETS				
Cash and investments	\$ 1,464,709	\$ 1,036,005	\$ 202,568	\$ 2,703,282
Petty cash	700	-	-	700
Cash and investments held by trustee	-	-	806,158	806,158
Interest receivable	3,029	2,147	422	5,598
Accounts receivable	201,918	-	11,487	213,405
Taxes receivable	173,856	637	-	174,493
Due from other governments	78,275	-	-	78,275
Prepaid items	46,525	-	-	46,525
Inventories	4,365	-	-	4,365
Total assets	<u>\$ 1,973,377</u>	<u>\$ 1,038,789</u>	<u>\$ 1,020,635</u>	<u>\$ 4,032,801</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities:				
Cash overdraft	\$ -	\$ 13,185	\$ -	\$ 13,185
Salaries payable	11,777	-	-	11,777
Accounts payable	61,324	26,882	-	88,206
Contracts payable	-	5,613	-	5,613
Due to other governments	1,469	-	-	1,469
Unearned revenues	700	-	-	700
Total liabilities	<u>75,270</u>	<u>45,680</u>	<u>-</u>	<u>120,950</u>
Deferred inflows of resources:				
Unavailable revenue	22,783	-	-	22,783
Total deferred inflows of resources	<u>22,783</u>	<u>-</u>	<u>-</u>	<u>22,783</u>
Fund Balances:				
Nonspendable				
Prepays	46,525	-	-	46,525
Inventory	4,365	-	-	4,365
Permanent	-	-	200,000	200,000
Restricted for:				
Police Activities	29,773	-	-	29,773
Permanent	-	-	820,635	820,635
Committed for:				
Park maintenance	816,485	-	-	816,485
Aquatic operations	143,507	-	-	143,507
Cable TV activities	238,133	-	-	238,133
Heritage preservation activities	95,860	-	-	95,860
Arena activities	500,676	-	-	500,676
Assigned for:				
Capital	-	1,013,965	-	1,013,965
Unassigned	-	(20,856)	-	(20,856)
Total fund balances	<u>1,875,324</u>	<u>993,109</u>	<u>1,020,635</u>	<u>3,889,068</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,973,377</u>	<u>\$ 1,038,789</u>	<u>\$ 1,020,635</u>	<u>\$ 4,032,801</u>

CITY OF HASTINGS**Statement 17**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-major Governmental Funds

For the Year Ended December 31, 2015

	Total Non-major Special Revenue Funds	Total Non-major Capital Project Funds	Total Non-major Permanent Funds	Total Non-major Governmental Funds
REVENUES				
Property taxes	\$ 1,423,814	\$ 39,276	\$ -	\$ 1,463,090
Fines and forfeitures	16,376	-	-	16,376
Intergovernmental	1,027	240,010	-	241,037
Charges for services	1,184,344	-	-	1,184,344
Investment earnings (loss)	15,218	8,669	(23,586)	301
Contributions and donations	7,780	-	-	7,780
Miscellaneous	9,678	-	-	9,678
Total revenues	<u>2,658,237</u>	<u>287,955</u>	<u>(23,586)</u>	<u>2,922,606</u>
EXPENDITURES				
Current:				
Public safety	7,328	-	-	7,328
Cultural and recreation	2,358,026	-	17,466	2,375,492
Economic development	-	44,157	-	44,157
Capital outlay	107,217	231,801	-	339,018
Total expenditures	<u>2,472,571</u>	<u>275,958</u>	<u>17,466</u>	<u>2,765,995</u>
Excess (deficiency) of revenues over expenditures	185,666	11,997	(41,052)	156,611
OTHER FINANCING SOURCES AND (USES)				
Transfers in	12,000	140,500	-	152,500
Transfers out	(71,991)	(12,750)	(46,134)	(130,875)
Proceeds on sale of capital assets	27,848	-	-	27,848
Total other financing sources and (uses)	<u>(32,143)</u>	<u>127,750</u>	<u>(46,134)</u>	<u>49,473</u>
Net change in fund balances	153,523	139,747	(87,186)	206,084
Fund balances--beginning	<u>1,721,801</u>	<u>853,362</u>	<u>1,107,821</u>	<u>3,682,984</u>
Fund balances--ending	<u>\$ 1,875,324</u>	<u>\$ 993,109</u>	<u>\$ 1,020,635</u>	<u>\$ 3,889,068</u>

CITY OF HASTINGS

Combining Balance Sheet

Non-major Special Revenue Funds

December 31, 2015

	Parks and Recreation	Aquatic Center	Cable Television	Heritage Preservation	Ice Arena
ASSETS					
Cash and investments	\$ 710,449	\$ 128,816	\$ 141,144	\$ 93,139	\$ 361,600
Petty cash	200	-	-	-	500
Interest receivable	1,467	269	293	193	745
Accounts receivable	5,543	-	96,851	-	99,524
Taxes receivable	152,685	17,561	-	3,437	-
Due from other governments	13,576	8	-	-	64,691
Prepaid items	337	-	46,145	5	38
Inventories	4,365	-	-	-	-
Total assets	<u>\$ 888,622</u>	<u>\$ 146,654</u>	<u>\$ 284,433</u>	<u>\$ 96,774</u>	<u>\$ 527,098</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
Salaries payable	\$ 7,241	\$ -	\$ 155	\$ 246	\$ 4,135
Accounts payable	40,443	67	-	34	20,780
Due to other governments	-	-	-	-	1,469
Unearned revenues	-	700	-	-	-
Total liabilities	<u>47,684</u>	<u>767</u>	<u>155</u>	<u>280</u>	<u>26,384</u>
Deferred inflows of resources:					
Unavailable revenue	<u>19,751</u>	<u>2,380</u>	<u>-</u>	<u>629</u>	<u>-</u>
Fund Balances:					
Nonspendable:					
Prepays	337	-	46,145	5	38
Inventories	4,365	-	-	-	-
Restricted:					
Police activities	-	-	-	-	-
Committed:					
Park maintenance	816,485	-	-	-	-
Aquatic operations	-	143,507	-	-	-
Cable TV activities	-	-	238,133	-	-
Heritage preservation activities	-	-	-	95,860	-
Arena activities	-	-	-	-	500,676
Total fund balances	<u>821,187</u>	<u>143,507</u>	<u>284,278</u>	<u>95,865</u>	<u>500,714</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 888,622</u>	<u>\$ 146,654</u>	<u>\$ 284,433</u>	<u>\$ 96,774</u>	<u>\$ 527,098</u>

Statement 18

DUI Enforcement Equipment	Drug Awareness	Total Non-major Special Revenue Funds
\$ 20,606	\$ 8,955	\$ 1,464,709
-	-	700
43	19	3,029
-	-	201,918
173	-	173,856
-	-	78,275
-	-	46,525
-	-	4,365
<u>\$ 20,822</u>	<u>\$ 8,974</u>	<u>\$ 1,973,377</u>
\$ -	\$ -	\$ 11,777
-	-	61,324
-	-	1,469
-	-	700
<u>-</u>	<u>-</u>	<u>75,270</u>
23	-	22,783
-	-	46,525
-	-	4,365
20,799	8,974	29,773
-	-	816,485
-	-	143,507
-	-	238,133
-	-	95,860
-	-	500,676
<u>20,799</u>	<u>8,974</u>	<u>1,875,324</u>
<u>\$ 20,822</u>	<u>\$ 8,974</u>	<u>\$ 1,973,377</u>

CITY OF HASTINGS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-major Special Revenue Funds

For the Year Ended December 31, 2015

	Parks and Recreation	Aquatic Center	Cable Television	Heritage Preservation	Ice Arena
REVENUES					
Property taxes	\$ 1,253,367	\$ 142,567	\$ -	\$ 26,473	\$ -
Fines and forfeitures	-	-	-	-	-
Intergovernmental	61	-	-	966	-
Charges for services	103,002	212,277	379,210	-	489,855
Investment earnings (loss)	5,509	1,304	1,915	936	5,114
Contributions and donations	7,678	-	-	102	-
Miscellaneous	569	221	8,749	129	10
Total revenues	<u>1,370,186</u>	<u>356,369</u>	<u>389,874</u>	<u>28,606</u>	<u>494,979</u>
EXPENDITURES					
Current:					
Public safety	-	-	-	-	-
Cultural and recreation	1,180,466	306,896	381,097	26,138	463,429
Capital outlay	68,968	20,649	-	-	17,600
Total expenditures	<u>1,249,434</u>	<u>327,545</u>	<u>381,097</u>	<u>26,138</u>	<u>481,029</u>
Excess (deficiency) of revenues over expenditures	<u>120,752</u>	<u>28,824</u>	<u>8,777</u>	<u>2,468</u>	<u>13,950</u>
OTHER FINANCING SOURCES AND (USES)					
Transfers in	-	12,000	-	-	-
Transfers out	(23,569)	(18,302)	(381)	(517)	(9,222)
Proceeds on sale of capital assets	18,596	-	-	-	-
Total other financing sources and (uses)	<u>(4,973)</u>	<u>(6,302)</u>	<u>(381)</u>	<u>(517)</u>	<u>(9,222)</u>
Net change in fund balances	115,779	22,522	8,396	1,951	4,728
Fund balances--beginning	<u>705,408</u>	<u>120,985</u>	<u>275,882</u>	<u>93,914</u>	<u>495,986</u>
Fund balances--ending	<u>\$ 821,187</u>	<u>\$ 143,507</u>	<u>\$ 284,278</u>	<u>\$ 95,865</u>	<u>\$ 500,714</u>

Statement 19

DUI Enforcement Equipment	Drug Awareness	Total Non-major Special Revenue Funds
\$ 1,255	\$ 152	\$ 1,423,814
16,376	-	16,376
-	-	1,027
-	-	1,184,344
343	97	15,218
-	-	7,780
-	-	9,678
17,974	249	2,658,237
7,328	-	7,328
-	-	2,358,026
-	-	107,217
7,328	-	2,472,571
10,646	249	185,666
-	-	12,000
(20,000)	-	(71,991)
9,252	-	27,848
(10,748)	-	(32,143)
(102)	249	153,523
20,901	8,725	1,721,801
\$ 20,799	\$ 8,974	\$ 1,875,324

CITY OF HASTINGS**Statement 20**

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Parks and Recreation Special Revenue Fund

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 1,248,507	\$ 1,248,507	\$ 1,253,367	\$ 4,860
Intergovernmental	-	-	61	61
Charges for services	108,700	108,700	103,002	(5,698)
Investment earnings (loss)	6,000	6,000	5,509	(491)
Contributions and donations	-	7,678	7,678	-
Miscellaneous	-	-	569	569
Total revenues	<u>1,363,207</u>	<u>1,370,885</u>	<u>1,370,186</u>	<u>(699)</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Personal services	830,236	830,236	774,488	55,748
Services and charges	316,702	320,036	292,661	27,375
Supplies	116,165	121,074	106,156	14,918
Miscellaneous	6,535	17,142	7,161	9,981
Capital outlay	70,000	85,481	68,968	16,513
Total expenditures	<u>1,339,638</u>	<u>1,373,969</u>	<u>1,249,434</u>	<u>124,535</u>
Excess (deficiency) of revenues over expenditures	<u>23,569</u>	<u>(3,084)</u>	<u>120,752</u>	<u>123,836</u>
OTHER FINANCING SOURCES AND (USES)				
Transfer out	(23,569)	(23,569)	(23,569)	-
Proceeds on sale of capital asset	-	11,994	18,596	6,602
Total other financing sources and (uses)	<u>(23,569)</u>	<u>(11,575)</u>	<u>(4,973)</u>	<u>6,602</u>
Net change in fund balance	-	(14,659)	115,779	130,438
Fund balance--beginning	<u>705,408</u>	<u>705,408</u>	<u>705,408</u>	<u>-</u>
Fund balance--ending	<u>\$ 705,408</u>	<u>\$ 690,749</u>	<u>\$ 821,187</u>	<u>\$ 130,438</u>

CITY OF HASTINGS**Statement 21**

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Aquatic Center Special Revenue Fund

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 141,689	\$ 141,689	\$ 142,567	\$ 878
Charges for services	220,650	220,650	212,277	(8,373)
Investment earnings (loss)	500	500	1,304	804
Miscellaneous	-	-	221	221
Total revenues	<u>362,839</u>	<u>362,839</u>	<u>356,369</u>	<u>(6,470)</u>
EXPENDITURES				
Current:				
Cultural and recreation:				
Personal services	206,976	206,976	198,256	8,720
Services and charges	64,311	64,311	54,348	9,963
Supplies	64,250	64,250	54,292	9,958
Capital outlay	21,000	21,000	20,649	351
Total expenditures	<u>356,537</u>	<u>356,537</u>	<u>327,545</u>	<u>28,992</u>
Excess (deficiency) of revenues over expenditures	6,302	6,302	28,824	22,522
OTHER FINANCING SOURCES AND (USES)				
Transfers in	12,000	12,000	12,000	-
Transfers out	(18,302)	(18,302)	(18,302)	-
Total other financing sources and (uses)	<u>(6,302)</u>	<u>(6,302)</u>	<u>(6,302)</u>	<u>-</u>
Net change in fund balance	-	-	22,522	22,522
Fund balance--beginning	<u>120,985</u>	<u>120,985</u>	<u>120,985</u>	<u>-</u>
Fund balance--ending	<u>\$ 120,985</u>	<u>\$ 120,985</u>	<u>\$ 143,507</u>	<u>\$ 22,522</u>

CITY OF HASTINGS**Statement 22**

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Cable Television Special Revenue Fund

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 337,013	\$ 337,013	\$ 379,210	\$ 42,197
Investment earnings (loss)	2,500	2,500	1,915	(585)
Miscellaneous	-	-	8,749	8,749
Total revenues	<u>339,513</u>	<u>339,513</u>	<u>389,874</u>	<u>50,361</u>
EXPENDITURES				
Current:				
Cultural and recreation:				
Personal services	13,425	13,425	13,479	(54)
Services and charges	<u>326,625</u>	<u>326,625</u>	<u>367,618</u>	<u>(40,993)</u>
Total expenditures	<u>340,050</u>	<u>340,050</u>	<u>381,097</u>	<u>(41,047)</u>
Excess (deficiency) of revenues over expenditures	(537)	(537)	8,777	9,314
OTHER FINANCING SOURCES AND (USES)				
Transfers out	<u>(381)</u>	<u>(381)</u>	<u>(381)</u>	<u>-</u>
Net change in fund balance	(918)	(918)	8,396	9,314
Fund balance--beginning	<u>275,882</u>	<u>275,882</u>	<u>275,882</u>	<u>-</u>
Fund balance--ending	<u>\$ 274,964</u>	<u>\$ 274,964</u>	<u>\$ 284,278</u>	<u>\$ 9,314</u>

CITY OF HASTINGS**Statement 23**

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Heritage Preservation Special Revenue Fund

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 26,368	\$ 26,368	\$ 26,473	\$ 105
Intergovernmental	-	-	966	966
Investment earnings (loss)	1,200	1,200	936	(264)
Contributions and donations	200	200	102	(98)
Miscellaneous	400	400	129	(271)
Total revenues	<u>28,168</u>	<u>28,168</u>	<u>28,606</u>	<u>438</u>
EXPENDITURES				
Current:				
Cultural and recreation:				
Personal services	23,174	23,174	23,010	164
Services and charges	2,402	2,402	2,101	301
Supplies	950	950	65	885
Miscellaneous	1,125	2,251	962	1,289
Total expenditures	<u>27,651</u>	<u>28,777</u>	<u>26,138</u>	<u>2,639</u>
Excess (deficiency) of revenues over expenditures	517	(609)	2,468	3,077
OTHER FINANCING SOURCES AND (USES)				
Transfers out	(517)	(517)	(517)	-
Net change in fund balance	-	(1,126)	1,951	3,077
Fund balance--beginning	<u>93,914</u>	<u>93,914</u>	<u>93,914</u>	<u>-</u>
Fund balance--ending	<u>\$ 93,914</u>	<u>\$ 92,788</u>	<u>\$ 95,865</u>	<u>\$ 3,077</u>

CITY OF HASTINGS**Statement 24**

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Ice Arena Special Revenue Fund

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 472,800	\$ 472,800	\$ 489,855	\$ 17,055
Investment earnings (loss)	10,400	10,400	5,114	(5,286)
Miscellaneous	-	-	10	10
Total revenues	<u>483,200</u>	<u>483,200</u>	<u>494,979</u>	<u>11,779</u>
EXPENDITURES				
Current:				
Cultural and recreation:				
Personal services	250,349	250,349	241,683	8,666
Services and charges	197,544	197,544	181,317	16,227
Supplies	44,285	44,285	39,493	4,792
Miscellaneous	925	925	936	(11)
Capital outlay	19,000	19,000	17,600	1,400
Total expenditures	<u>512,103</u>	<u>512,103</u>	<u>481,029</u>	<u>31,074</u>
Excess (deficiency) of revenues over expenditures	(28,903)	(28,903)	13,950	42,853
OTHER FINANCING SOURCES AND (USES)				
Transfers out	(9,222)	(9,222)	(9,222)	-
Total other financing sources and (uses)	<u>(9,222)</u>	<u>(9,222)</u>	<u>(9,222)</u>	<u>-</u>
Net change in fund balance	(38,125)	(38,125)	4,728	42,853
Fund balance--beginning	<u>495,986</u>	<u>495,986</u>	<u>495,986</u>	<u>-</u>
Fund balance--ending	<u>\$ 457,861</u>	<u>\$ 457,861</u>	<u>\$ 500,714</u>	<u>\$ 42,853</u>

CITY OF HASTINGS**Statement 25**

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

DUI Enforcement/Equipment Special Revenue Fund

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 1,400	\$ 1,400	\$ 1,255	\$ (145)
Fines and forfeitures	-	-	16,376	16,376
Investment earnings (loss)	200	200	343	143
Total revenues	<u>1,600</u>	<u>1,600</u>	<u>17,974</u>	<u>16,374</u>
EXPENDITURES				
Current:				
Public safety:				
Services and Charges	-	-	1,444	(1,444)
Miscellaneous	1,600	1,600	5,884	(4,284)
Total expenditures	<u>1,600</u>	<u>1,600</u>	<u>7,328</u>	<u>(5,728)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>10,646</u>	<u>10,646</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers out	(20,000)	(20,000)	(20,000)	-
Proceeds on sale of capital assets	-	-	9,252	9,252
Total other financing sources and (uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>(10,748)</u>	<u>9,252</u>
Net change in fund balance	<u>(20,000)</u>	<u>(20,000)</u>	<u>(102)</u>	<u>19,898</u>
Fund balance--beginning	<u>20,901</u>	<u>20,901</u>	<u>20,901</u>	<u>-</u>
Fund balance--ending	<u>\$ 901</u>	<u>\$ 901</u>	<u>\$ 20,799</u>	<u>\$ 19,898</u>

CITY OF HASTINGS**Statement 26**

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Drug Awareness Special Revenue Fund

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ -	\$ 152	\$ 152
Investment earnings (loss)	-	-	97	97
Total revenues	<u>-</u>	<u>-</u>	<u>249</u>	<u>249</u>
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	249	249
Fund balance--beginning	<u>8,725</u>	<u>8,725</u>	<u>8,725</u>	<u>-</u>
Fund balance--ending	<u>\$ 8,725</u>	<u>\$ 8,725</u>	<u>\$ 8,974</u>	<u>\$ 249</u>

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CITY OF HASTINGS

Combining Balance Sheet

Non-major Capital Project and Permanent Funds

December 31, 2015

	Capital Project Funds				
	Budget Stabilization	Guardian Angels TIF	Riverfront TIF	NAPA TIF	Downtown Redevelopment TIF
ASSETS					
Cash and investments	\$ 1,003,512	\$ 4,942	\$ -	\$ -	\$ -
Cash and investments held by trustee	-	-	-	-	-
Interest receivable	2,090	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Taxes receivable	-	356	7	274	-
Total assets	<u>\$ 1,005,602</u>	<u>\$ 5,298</u>	<u>\$ 7</u>	<u>\$ 274</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Cash overdraft	\$ -	\$ -	\$ 562	\$ 5,123	\$ 7,500
Accounts payable	-	5,750	-	-	7,500
Contracts payable	-	-	-	-	-
Total liabilities	<u>-</u>	<u>5,750</u>	<u>562</u>	<u>5,123</u>	<u>15,000</u>
Fund Balances:					
Nonspendable:					
Permanent	-	-	-	-	-
Restricted for:					
Permanent	-	-	-	-	-
Assigned for:					
Capital	1,005,602	-	-	-	-
Unassigned	<u>-</u>	<u>(452)</u>	<u>(555)</u>	<u>(4,849)</u>	<u>(15,000)</u>
Total fund balances	<u>1,005,602</u>	<u>(452)</u>	<u>(555)</u>	<u>(4,849)</u>	<u>(15,000)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,005,602</u>	<u>\$ 5,298</u>	<u>\$ 7</u>	<u>\$ 274</u>	<u>\$ -</u>

Statement 27

Mill and Overlay	Total Non-major Capital Project Funds	Permanent Funds		Total Non-major Permanent Funds
		C. Simmons Trust	C. Simmons Residuary Trust	
\$ 27,551	\$ 1,036,005	\$ 201,432	\$ 1,136	\$ 202,568
-	-	-	806,158	806,158
57	2,147	420	2	422
-	-	-	11,487	11,487
-	637	-	-	-
<u>\$ 27,608</u>	<u>\$ 1,038,789</u>	<u>\$ 201,852</u>	<u>\$ 818,783</u>	<u>\$ 1,020,635</u>
\$ -	\$ 13,185	\$ -	\$ -	\$ -
13,632	26,882	-	-	-
5,613	5,613	-	-	-
<u>19,245</u>	<u>45,680</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	200,000	-	200,000
-	-	1,852	818,783	820,635
8,363	1,013,965	-	-	-
-	(20,856)	-	-	-
<u>8,363</u>	<u>993,109</u>	<u>201,852</u>	<u>818,783</u>	<u>1,020,635</u>
<u>\$ 27,608</u>	<u>\$ 1,038,789</u>	<u>\$ 201,852</u>	<u>\$ 818,783</u>	<u>\$ 1,020,635</u>

CITY OF HASTINGS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-major Capital Project and Permanent Funds

For the Year Ended December 31, 2015

	Capital Project Funds				Downtown Redevelopment TIF
	Budget Stabilization	Guardian Angels TIF	Riverfront TIF	NAPA TIF	
REVENUES					
Property taxes	\$ -	\$ 21,918	\$ 457	\$ 16,901	\$ -
Intergovernmental	-	-	-	-	-
Investment earnings (loss)	8,515	-	-	-	-
Total revenues	<u>8,515</u>	<u>21,918</u>	<u>457</u>	<u>16,901</u>	<u>-</u>
EXPENDITURES					
Current:					
Cultural and recreation	-	-	-	-	-
Economic development	-	20,308	713	8,136	15,000
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>20,308</u>	<u>713</u>	<u>8,136</u>	<u>15,000</u>
Excess (deficiency) of revenues over expenditures	8,515	1,610	(256)	8,765	(15,000)
OTHER FINANCING SOURCES AND (USES)					
Transfers in	140,500	-	-	-	-
Transfers out	(12,750)	-	-	-	-
Total other financing sources and (uses)	<u>127,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	136,265	1,610	(256)	8,765	(15,000)
Fund balances--beginning	<u>869,337</u>	<u>(2,062)</u>	<u>(299)</u>	<u>(13,614)</u>	<u>-</u>
Fund balances--ending	<u>\$ 1,005,602</u>	<u>\$ (452)</u>	<u>\$ (555)</u>	<u>\$ (4,849)</u>	<u>\$ (15,000)</u>

Statement 28

Mill and Overlay	Total Non-major Capital Project Funds	Permanent Funds		Total Non-major Permanent Funds
		C. Simmons Trust	C. Simmons Residuary Trust	
\$ -	\$ 39,276	\$ -	\$ -	\$ -
240,010	240,010	-	-	-
154	8,669	2,089	(25,675)	(23,586)
<u>240,164</u>	<u>287,955</u>	<u>2,089</u>	<u>(25,675)</u>	<u>(23,586)</u>
-	-	-	17,466	17,466
-	44,157	-	-	-
231,801	231,801	-	-	-
<u>231,801</u>	<u>275,958</u>	<u>-</u>	<u>17,466</u>	<u>17,466</u>
8,363	11,997	2,089	(43,141)	(41,052)
-	140,500	-	-	-
-	(12,750)	(1,161)	(44,973)	(46,134)
-	127,750	(1,161)	(44,973)	(46,134)
<u>8,363</u>	<u>139,747</u>	<u>928</u>	<u>(88,114)</u>	<u>(87,186)</u>
-	853,362	200,924	906,897	1,107,821
<u>\$ 8,363</u>	<u>\$ 993,109</u>	<u>\$ 201,852</u>	<u>\$ 818,783</u>	<u>\$ 1,020,635</u>

CITY OF HASTINGS**Statement 29**

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 Budget Stabilization Capital Project Fund
 For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings (loss)	\$ -	\$ -	\$ 8,515	\$ 8,515
Total revenues	<u>-</u>	<u>-</u>	<u>8,515</u>	<u>8,515</u>
EXPENDITURES				
Current:				
General Government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>8,515</u>	<u>8,515</u>
OTHER FINANCING SOURCES AND (USES)				
Proceeds of long-term debt				
Transfers in	140,500	140,500	140,500	-
Transfers out	<u>(12,750)</u>	<u>(12,750)</u>	<u>(12,750)</u>	<u>-</u>
Total other financing sources and (uses)	<u>127,750</u>	<u>127,750</u>	<u>127,750</u>	<u>-</u>
Net change in fund balance	127,750	127,750	136,265	8,515
Fund balance--beginning	<u>869,337</u>	<u>869,337</u>	<u>869,337</u>	<u>-</u>
Fund balance--ending	<u>\$ 997,087</u>	<u>\$ 997,087</u>	<u>\$ 1,005,602</u>	<u>\$ 8,515</u>

CITY OF HASTINGS**Statement 30**

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Mill and Overlay Capital Project Fund

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings (loss)	\$ -	\$ -	\$ 154	\$ 154
Intergovernmental	250,000	250,000	240,010	(9,990)
Total revenues	<u>250,000</u>	<u>250,000</u>	<u>240,164</u>	<u>(9,836)</u>
EXPENDITURES				
Capital outlay	250,000	250,000	231,801	18,199
Total expenditures	<u>250,000</u>	<u>250,000</u>	<u>231,801</u>	<u>18,199</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>8,363</u>	<u>8,363</u>
Fund balance--beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance--ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,363</u>	<u>\$ 8,363</u>

City of Hastings

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or division to other departments or divisions of the city and to other governmental units, on a cost reimbursement basis.

Compensated Absences Fund – This fund accounts for the liability of all compensated absences due upon separation from the City.

Retiree Health Insurance Fund – This fund accounts for the liability and annual expenses to the City for health insurance premiums for current retirees and certain employees eligible for this benefit.

CITY OF HASTINGS
Combining Statement of Fund Net Position
Internal Service Funds
December 31, 2015

Statement 31

	Compensated Absences	Retiree Health Insurance	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 676,701	\$ 200,878	\$ 877,579
Interest receivable	1,409	420	1,829
Total assets	<u>\$ 678,110</u>	<u>\$ 201,298</u>	<u>\$ 879,408</u>
LIABILITIES			
Compensated absences	\$ 1,381,049	\$ -	\$ 1,381,049
Retiree health insurance	-	3,277,443	3,277,443
Total liabilities	<u>1,381,049</u>	<u>3,277,443</u>	<u>4,658,492</u>
NET POSITION			
Unrestricted	<u>(702,939)</u>	<u>(3,076,145)</u>	<u>(3,779,084)</u>
Total net position and liabilities	<u>\$ 678,110</u>	<u>\$ 201,298</u>	<u>\$ 879,408</u>

CITY OF HASTINGS**Statement 32**

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

Internal Service Funds

For the Year Ended December 31, 2015

	Compensated Absences	Retiree Health Insurance	Total
Operating revenues:			
Charges for services	\$ -	\$ -	\$ -
Operating expenses:			
Personal services	176,762	3,140	179,902
Operating income (loss)	(176,762)	(3,140)	(179,902)
Non-operating revenues (expenses)			
Intergovernmental	-	10,758	10,758
Investment earnings	7,479	(523)	6,956
Total non-operating revenues	7,479	10,235	17,714
Income (loss) before transfers	(169,283)	7,095	(162,188)
Transfer in	50,000	375,000	425,000
Change in net position	(119,283)	382,095	262,812
Total net position--beginning	(583,656)	(3,458,240)	(4,041,896)
Total net position--ending	\$ (702,939)	\$ (3,076,145)	\$ (3,779,084)

CITY OF HASTINGS**Statement 33**

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2015

	Compensated Absences	Retiree Health Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers for goods and services	\$ (80,000)	\$ (271,648)	\$ (351,648)
Payments to employees	(133,103)	-	(133,103)
Net cash provided (used) by operating activities	(213,103)	(271,648)	(484,751)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer in	50,000	375,000	425,000
Subsidy from federal and state grants	-	10,758	10,758
Net cash provided by noncapital and related financing activities	50,000	385,758	435,758
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	7,842	(772)	7,070
Net cash provided (used) by investing activities	7,842	(772)	7,070
Net (decrease) in cash and cash equivalents	(155,261)	113,338	(41,923)
Cash and cash equivalents--beginning of the year	831,962	87,540	919,502
Cash and cash equivalents--end of the year	<u>\$ 676,701</u>	<u>\$ 200,878</u>	<u>\$ 877,579</u>
Reconciliation of operating income(loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (176,762)	\$ (3,140)	\$ (179,902)
Change in assets and liabilities:			
Accounts payable	(80,000)	(268,508)	(348,508)
Salaries payable	43,659	-	43,659
Total adjustments	(36,341)	(268,508)	(304,849)
Net cash provided (used) by operating activities	<u>\$ (213,103)</u>	<u>\$ (271,648)</u>	<u>\$ (484,751)</u>

City of Hastings Agency Funds

Cable Access Agency Fund – This fund is used to account for cable access security deposits

Letters of Credit Agency Fund – This fund is used to account for letters of credit used in lieu of security deposits

Escrow Agency Fund – This fund is used to account for security deposits for engineering and developer projects

CITY OF HASTINGS**Statement 34**

Combining Statement of Fiduciary Net Position

Agency Funds

December 31, 2015

	Cable Access Agency Fund	Letters of Credit Agency Fund	Escrow Agency Fund	Total Agency Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS:				
Cash and cash equivalents	\$ 12,857	\$ 56,209	\$ 76,715	\$ 145,781
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
LIABILITIES:				
Accounts payable	\$ 12,857	\$ 56,209	\$ 76,715	\$ 145,781
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

CITY OF HASTINGS

Statement 35

Combining Statement of Changes in Fiduciary Net Position
 Agency Funds
 For the year ended December 31, 2015

	Balance 1/1/2015	Additions	Deductions	Balance 12/31/2015
<u>CABLE ACCESS</u>				
ASSETS				
Cash and cash equivalents	\$ 12,857	\$ -	\$ -	\$ 12,857
LIABILITIES				
Accounts payable	\$ 12,857	\$ -	\$ -	\$ 12,857
<u>LETTERS OF CREDIT</u>				
ASSETS				
Cash and cash equivalents	\$ 46,209	\$ 98,582	\$ 88,582	\$ 56,209
LIABILITIES				
Accounts payable	\$ 46,209	\$ 98,582	\$ 88,582	\$ 56,209
<u>ESCROW</u>				
ASSETS				
Cash and cash equivalents	\$ 50,005	\$ 66,025	\$ 39,315	\$ 76,715
LIABILITIES				
Accounts payable	\$ 50,005	\$ 66,025	\$ 39,315	\$ 76,715
<u>TOTAL-ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 109,071	\$ 164,607	\$ 127,897	\$ 145,781
LIABILITIES				
Accounts payable	\$ 109,071	\$ 164,607	\$ 127,897	\$ 145,781

COMPONENT UNIT

CITY OF HASTINGS

Hastings Economic Development and Redevelopment Authority
Balance Sheet
December 31, 2015

Statement 36

ASSETS

Cash and investments	\$	1,941,437
Interest receivable		4,023
Receivables, net		3,175
Taxes receivable		70,227
Due from other governments		55,361
Loan receivable		259,241
Prepaid items		19
Total assets	\$	<u>2,333,483</u>

**LIABILITIES, DEFERRED INFLOWS OF
RESOURCES AND FUND BALANCE**

Liabilities:

Salaries payable	\$	985
Accounts payable		34,192
Contracts payable		468
Due to other governments		66
Total liabilities		<u>35,711</u>

Deferred inflows of resources

Unavailable revenue		281,213
Total deferred inflows of resources		<u>281,213</u>

Fund balances:

Nonspendable

Prepaid items		19
Loan receivables		259,241

Unassigned

Total fund balances		<u>1,757,299</u>
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Total liabilities, deferred inflows of resources and fund balances	\$	<u>2,333,483</u>
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CITY OF HASTINGS

Hastings Economic Development and Redevelopment Authority
 Reconciliation of the Balance Sheet
 To the Statement of Net Position
 December 31, 2015

Statement 37

Amounts reported for governmental activities in the statement of net position
 are different because:

Total fund balances	\$ 2,016,559
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Capital assets (net of depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,707,424
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	281,213
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
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Pollution remediation obligation	(652,611)
Bonds payable	<u>(2,380,000)</u>

Net position of governmental activities	<u><u>\$ 3,922,870</u></u>
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CITY OF HASTINGS**Statement 38**

Hastings Economic Development and Redevelopment Authority
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 564,969	\$ 564,969	\$ 549,461	\$ (15,508)
Intergovernmental	417,858	417,858	122,711	(295,147)
Charges for services	20,000	20,000	23,402	3,402
Investment earnings (loss)	19,000	19,000	18,312	(688)
Miscellaneous	25,000	25,000	23,305	(1,695)
Total revenues	<u>1,046,827</u>	<u>1,046,827</u>	<u>737,191</u>	<u>(309,636)</u>
EXPENDITURES				
Current:				
Economic development:				
Personal services	98,467	98,467	98,029	438
Services and charges	561,757	661,757	197,047	464,710
Supplies	850	850	335	515
Miscellaneous	125,400	125,400	13,660	111,740
Payment to primary government	13,015	13,015	13,015	-
Debt service:				
Principal	125,000	125,000	125,000	-
Interest and other charges	122,338	122,338	122,788	(450)
Total expenditures	<u>1,046,827</u>	<u>1,146,827</u>	<u>569,874</u>	<u>576,953</u>
Excess (deficiency) of revenues over expenditures	-	(100,000)	167,317	267,317
Fund balance--beginning	<u>1,849,242</u>	<u>1,849,242</u>	<u>1,849,242</u>	<u>-</u>
Fund balance--ending	<u>\$ 1,849,242</u>	<u>\$ 1,749,242</u>	<u>\$ 2,016,559</u>	<u>\$ 267,317</u>

CITY OF HASTINGS**Statement 39**

Economic Development and Redevelopment Authority
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances
 of Governmental Funds
 to the Statement of Activities
 For the Year Ended December 31, 2015

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

Net change in fund balances -- Housing and Redevelopment Authority	\$ 167,317
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. This is the amount by which capital outlays exceeded depreciation in the current period.	(58,964)
Special assessments, property tax and tax increment collected for prior years.	(610)
Change in long term debt	126,549
Recognition of pollution remediation obligation	(652,611)
Intergovernmental revenue earned but not available	12,909
Change in loan receivable	<u>(72,962)</u>
Change in net position of governmental activities.	<u>\$ (478,372)</u>

City of Hastings

Statistical Section (Unaudited)

This part of the City of Hastings' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

- Table 1 – Net Position by Component
- Table 2 – Changes in Net Position
- Table 3 – Fund Balances, Governmental Funds
- Table 4 – Changes in Fund Balances of Governmental Funds

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, property taxes.

- Table 5 – Assessed and Estimated Actual Value of Taxable Property
- Table 6 – Property Tax Rates Direct and Overlapping Governments
- Table 7 – Principal Property Taxpayers
- Table 8 – Property Tax Levies and Collections

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.

- Table 9 – Ratios of Outstanding Debt by Type
- Table 10- Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Debt Per Capita
- Table 11 - Direct and Overlapping Governmental Activities Debt
- Table 12 – Legal Debt Margin Information
- Table 13 - Pledged Revenue Coverage

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

- Table 14 – Demographic and Economic Statistics
- Table 15 – Principal Employers

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and activities it performs.

Table 16 – Full-time Equivalent City Government Employees by Function

Table 17 – Operating Indicators by Function/Program

Table 18 – Capital Asset Statistics by Function/Program

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF HASTINGS, MINNESOTA**NET POSITION BY COMPONENT**

Last Ten Fiscal Years

(Accrual Basis of Accounting)

Unaudited

	Fiscal year			
	2006	2007	2008	2009
Governmental activities:				
Net investment in capital assets	\$ 29,378,457	\$ 32,481,716	\$ 34,957,913	\$ 31,650,562
Restricted for:				
Police activities	-	-	-	-
Debt service	6,537,251	6,134,319	6,929,395	10,294,502
Capital projects	-	-	-	-
Permanent Funds	1,317,243	1,387,083	1,152,273	1,117,351
Unrestricted	17,940,780	16,138,431	10,675,588	11,229,027
Total governmental activities net position	<u>\$ 55,173,731</u>	<u>\$ 56,141,549</u>	<u>\$ 53,715,169</u>	<u>\$ 54,291,442</u>
Business-type activities:				
Net investment in capital assets	\$ 21,937,927	\$ 25,083,101	\$ 27,133,948	\$ 29,312,893
Restricted for:				
Debt service	378,630	514,506	626,945	626,945
Unrestricted	13,914,067	12,225,081	9,746,881	6,531,574
Total business-type activities net position	<u>\$ 36,230,624</u>	<u>\$ 37,822,688</u>	<u>\$ 37,507,774</u>	<u>\$ 36,471,412</u>
Primary government:				
Net investment in capital assets	\$ 51,316,384	\$ 57,564,817	\$ 62,091,861	\$ 60,963,455
Restricted for:				
Police activities	-	-	-	-
Debt service	6,915,881	6,648,825	7,556,340	10,921,447
Capital projects	-	-	-	-
LeDuc Historic Estate	1,317,243	1,387,083	1,152,273	1,117,351
Unrestricted	31,854,847	28,363,512	20,422,469	17,760,601
Total primary government net position	<u>\$ 91,404,355</u>	<u>\$ 93,964,237</u>	<u>\$ 91,222,943</u>	<u>\$ 90,762,854</u>

Table 1

2010	2011	2012	2013	2014	2015
\$ 35,000,053	\$ 36,720,391	\$ 39,532,965	\$ 42,404,518	\$ 43,801,240	\$ 43,540,896
-	29,826	14,524	13,898	29,908	29,796
13,314,697	10,355,915	10,278,599	9,292,124	8,228,781	6,790,580
-	1,110,710	567,457	677,082	617,851	605,667
1,117,351	1,071,986	1,118,669	1,138,006	1,107,821	1,369,956
1,828,131	3,621,967	2,088,661	3,306,265	3,863,787	(1,019,362)
<u>\$ 51,260,232</u>	<u>\$ 52,910,795</u>	<u>\$ 53,600,875</u>	<u>\$ 56,831,893</u>	<u>\$ 57,649,388</u>	<u>\$ 51,317,533</u>
\$ 28,099,759	\$ 27,280,688	\$ 26,349,437	\$ 25,478,576	\$ 25,016,342	\$ 25,317,479
283,255	284,765	291,130	551,253	376,498	251,499
7,734,552	6,225,377	6,322,246	6,176,039	4,917,605	4,348,513
<u>\$ 36,117,566</u>	<u>\$ 33,790,830</u>	<u>\$ 32,962,813</u>	<u>\$ 32,205,868</u>	<u>\$ 30,310,445</u>	<u>\$ 29,917,491</u>
\$ 63,099,812	\$ 64,001,079	\$ 65,882,402	\$ 67,883,094	\$ 68,817,582	\$ 68,858,375
-	29,826	14,524	13,898	29,908	29,796
13,597,952	10,640,680	10,569,729	9,843,377	8,605,279	7,042,079
-	1,110,710	567,457	677,082	617,851	605,667
1,117,351	1,071,986	1,118,669	1,138,006	1,107,821	1,369,956
9,562,683	9,847,344	8,410,907	9,482,304	8,781,392	3,329,151
<u>\$ 87,377,798</u>	<u>\$ 86,701,625</u>	<u>\$ 86,563,688</u>	<u>\$ 89,037,761</u>	<u>\$ 87,959,833</u>	<u>\$ 81,235,024</u>

CITY OF HASTINGS, MINNESOTA**CHANGES IN NET POSITION**

Last Ten Fiscal Years

(Accrual Basis of Accounting)

Unaudited

	2006	2007	2008	2009
Expenses				
Governmental activities:				
General government	\$ 2,854,691	\$ 2,713,772	\$ 4,582,428	\$ 2,123,135
Public safety	6,484,190	6,532,532	7,476,921	7,400,096
Public works	4,729,315	4,319,907	4,954,805	5,203,268
Culture and recreation	2,706,743	2,868,371	2,918,080	2,815,492
Economic development	4,667,163	76,570	81,817	21,480
Health and sanitation	45,928	122,491	116,893	115,836
Interest on long-term debt	1,363,336	1,181,604	1,165,837	1,178,588
Total governmental activities expenses	<u>22,851,366</u>	<u>17,815,247</u>	<u>21,296,781</u>	<u>18,857,895</u>
Business-type activities:				
Water	1,373,927	1,533,129	2,132,957	2,198,818
Sewer	1,615,423	1,722,813	1,773,593	1,863,561
Storm	-	-	-	-
Transit	350,679	372,677	402,241	413,870
Hydro	949,906	864,858	806,659	895,453
Total business-type activities expenses	<u>4,289,935</u>	<u>4,493,477</u>	<u>5,115,450</u>	<u>5,371,702</u>
Total primary government expenses	<u>\$ 27,141,301</u>	<u>\$ 22,308,724</u>	<u>\$ 26,412,231</u>	<u>\$ 24,229,597</u>
Program revenues				
Governmental activities:				
Charges for services:				
Public safety	\$ 2,153,352	\$ 2,235,906	\$ 1,878,151	\$ 2,087,384
Public works	295,656	79,463	74,324	34,454
Culture and recreation	1,047,376	1,119,217	1,260,935	1,019,365
Other activities	2,119,861	1,503,592	1,782,460	393,163
Operating grants and contributions	1,010,711	816,105	822,680	1,627,296
Capital grants and contributions	7,421,613	1,057,065	23,026	1,647,922
Total governmental activities program revenues	<u>14,048,569</u>	<u>6,811,348</u>	<u>5,841,576</u>	<u>6,809,584</u>
Business-type activities:				
Charges for services:				
Water	1,891,134	2,373,183	2,170,786	1,954,185
Sewer	1,795,202	1,796,278	1,846,845	1,783,977
Storm	-	-	-	-
Transit	47,376	50,697	52,286	58,229
Hydro	1,715,514	1,411,193	1,142,448	1,150,480
Operating grants and contributions	210,056	246,041	255,293	291,515
Capital grants and contributions	1,860,899	370,274	-	920,008
Total business-type activities program revenues	<u>7,520,181</u>	<u>6,247,666</u>	<u>5,467,658</u>	<u>6,158,394</u>
Total primary government program revenues	<u>\$ 21,568,750</u>	<u>\$ 13,059,014</u>	<u>\$ 11,309,234</u>	<u>\$ 12,967,978</u>
Net (expense) revenue:				
Governmental activities	\$ (8,802,797)	\$(11,003,899)	\$ (15,455,205)	\$ (12,048,311)
Business-type activities	<u>3,230,246</u>	<u>1,754,189</u>	<u>352,208</u>	<u>786,692</u>
Total primary government net (expense) revenue	<u>(5,572,551)</u>	<u>(9,249,710)</u>	<u>(15,102,997)</u>	<u>(11,261,619)</u>

Table 2
Page 1 of 2

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 2,779,891	\$ 2,664,458	\$ 2,708,887	\$ 2,368,033	\$ 2,912,989	\$ 2,742,065
7,756,228	7,325,913	7,646,393	8,022,727	8,265,264	8,354,120
5,153,734	4,343,248	4,939,914	5,059,797	4,825,511	5,213,874
2,986,387	2,897,432	2,979,509	2,844,498	2,948,893	3,087,460
40,217	20,881	24,455	34,119	135,010	47,129
49,720	102,425	24,057	19,447	15,775	21,890
986,667	928,432	905,223	647,902	466,445	453,391
<u>19,752,844</u>	<u>18,282,789</u>	<u>19,228,438</u>	<u>18,996,523</u>	<u>19,569,887</u>	<u>19,919,929</u>
2,067,995	2,030,228	2,003,623	2,181,086	2,065,409	1,963,670
1,897,487	1,926,477	1,807,697	1,867,680	1,940,624	1,958,792
187,854	357,476	417,236	346,846	380,251	393,535
150,295	-	-	-	-	-
1,235,657	739,600	907,562	941,730	738,402	633,196
<u>5,539,288</u>	<u>5,053,781</u>	<u>5,136,118</u>	<u>5,337,342</u>	<u>5,124,686</u>	<u>4,949,193</u>
<u>\$ 25,292,132</u>	<u>\$ 23,336,570</u>	<u>\$ 24,364,556</u>	<u>\$ 24,333,865</u>	<u>\$ 24,694,573</u>	<u>\$ 24,869,122</u>
\$ 2,287,058	\$ 2,182,932	\$ 2,617,151	\$ 2,925,521	\$ 2,726,275	\$ 2,849,915
22,450	28,665	47,369	35,134	51,342	119,702
1,085,722	1,179,969	1,183,146	1,156,963	1,147,412	1,202,465
360,025	408,805	421,246	537,106	470,886	537,114
261,553	316,382	933,834	820,431	776,970	649,612
1,140,804	2,352,552	949,617	4,648,382	815,568	1,113,376
<u>5,157,612</u>	<u>6,469,305</u>	<u>6,152,363</u>	<u>10,123,537</u>	<u>5,988,453</u>	<u>6,472,184</u>
1,849,918	1,665,738	2,220,064	2,071,576	1,873,918	1,797,562
1,773,167	1,775,610	1,859,169	1,915,861	1,938,692	1,882,901
-	398,602	435,361	430,074	429,957	425,643
57,673	18,109	-	-	-	-
1,091,940	1,468,823	981,819	963,174	921,052	1,073,234
274,347	147,930	32,417	-	-	-
-	-	35,585	-	-	-
<u>5,047,045</u>	<u>5,474,812</u>	<u>5,564,415</u>	<u>5,380,685</u>	<u>5,163,619</u>	<u>5,179,340</u>
<u>\$ 10,204,657</u>	<u>\$ 11,944,117</u>	<u>\$ 11,716,778</u>	<u>\$ 15,504,222</u>	<u>\$ 11,152,072</u>	<u>\$ 11,651,524</u>
\$ (14,595,232)	\$ (11,813,484)	\$ (13,076,075)	\$ (8,872,986)	\$ (13,581,434)	\$ (13,447,745)
(492,243)	421,031	428,297	43,343	38,933	230,147
<u>(15,087,475)</u>	<u>(11,392,453)</u>	<u>(12,647,778)</u>	<u>(8,829,643)</u>	<u>(13,542,501)</u>	<u>(13,217,598)</u>

Continued

CITY OF HASTINGS, MINNESOTA
CHANGES IN NET POSITION (CONTINUED)
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)
 Unaudited

	2006	2007	2008	2009
General revenues and other changes in net position				
Governmental activities:				
Taxes:				
Property taxes, levied for general purposes	\$ 7,398,802	\$ 7,703,556	\$ 8,066,976	\$ 8,460,160
Property taxes, levied for debt service	2,072,752	2,485,996	2,713,753	2,546,338
Unrestricted grants and contributions	626,425	569,456	294,736	571,741
Gain (Loss) on disposal of capital assets	27,469	6,938	8,331	15,190
Investment earnings (loss)	824,698	996,040	135,744	464,105
Contribution to permanent fund	-	-	-	-
Contribution of capital assets	-	-	-	-
Transfers	322,768	209,731	1,809,285	760,704
Total governmental activities	<u>11,272,914</u>	<u>11,971,717</u>	<u>13,028,825</u>	<u>12,818,238</u>
Business-type activities:				
Property taxes, levied for general purposes	105	(81)	-	69,126
Gain (Loss) on disposal of capital assets	-	(30,229)	(11,885)	4,626
Investment earnings	532,582	830,451	463,312	187,982
Miscellaneous	29,163	27,473	-	-
Contribution of capital assets	-	-	-	-
Transfers	(322,768)	(209,731)	(1,809,285)	(973,439)
Total business-type activities	<u>239,082</u>	<u>617,883</u>	<u>(1,357,858)</u>	<u>(711,705)</u>
Total primary government	<u>\$ 11,511,996</u>	<u>\$ 12,589,600</u>	<u>\$ 11,670,967</u>	<u>\$ 12,106,533</u>
Change in net position:				
Governmental activities	\$ 2,470,117	\$ 967,818	\$ (2,426,380)	\$ 769,927
Business-type activities	3,469,328	2,372,072	(1,005,650)	74,987
Total primary government	<u>\$ 5,939,445</u>	<u>\$ 3,339,890</u>	<u>\$ (3,432,030)</u>	<u>\$ 844,914</u>

Table 2
Page 2 of 2

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 8,231,863	\$ 7,648,745	\$ 8,227,080	\$ 8,545,583	\$ 8,719,458	\$ 9,231,748
2,765,702	2,961,928	3,458,479	3,191,407	2,643,067	2,650,000
48,135	46,113	195,713	15,067	593,875	591,572
22,064	63,245	7,019	20,072	-	29,098
389,655	209,444	293,721	(25,107)	315,388	77,472
-	-	-	-	-	-
25,000	100,893	250,766	-	-	-
539,121	2,433,679	1,333,377	677,600	2,127,141	(193,998)
<u>12,021,540</u>	<u>13,464,047</u>	<u>13,766,155</u>	<u>12,424,622</u>	<u>14,398,929</u>	<u>12,385,892</u>
72,747	(1,055)	-	-	-	-
-	-	-	-	-	-
177,004	172,762	77,063	(57,568)	192,785	67,811
-	-	-	-	-	-
-	-	-	-	-	-
(539,121)	(2,433,679)	(1,333,377)	(677,600)	(2,127,141)	193,998
<u>(289,370)</u>	<u>(2,261,972)</u>	<u>(1,256,314)</u>	<u>(735,168)</u>	<u>(1,934,356)</u>	<u>261,809</u>
<u>\$ 11,732,170</u>	<u>\$ 11,202,075</u>	<u>\$ 12,509,841</u>	<u>\$ 11,689,454</u>	<u>\$ 12,464,573</u>	<u>\$ 12,647,701</u>
\$ (2,573,692)	\$ 1,650,563	\$ 690,080	\$ 3,551,636	\$ 817,495	\$ (1,061,853)
(781,613)	(1,840,941)	(828,017)	(691,825)	(1,895,423)	491,956
<u>\$ (3,355,305)</u>	<u>\$ (190,378)</u>	<u>\$ (137,937)</u>	<u>\$ 2,859,811</u>	<u>\$ (1,077,928)</u>	<u>\$ (569,897)</u>

CITY OF HASTINGS, MINNESOTA
FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)
 Unaudited

	2006	2007	2008
General Fund:			
Reserved for:			
Prepaid items	\$ 29,661	\$ 45,455	\$ 69,849
Inventories	1,043	1,545	2,384
Unreserved:			
Designated for working capital	3,735,686	3,437,275	2,248,855
Undesignated	577,693	-	-
Nonspendable:			
Prepaid items	-	-	-
Inventories	-	-	-
Restricted:			
Leduc Historical Estate	-	-	-
Committed:			
Maintenance	-	-	-
Unassigned:			
Total general fund	<u>\$ 4,344,083</u>	<u>\$ 3,484,275</u>	<u>\$ 2,321,088</u>
All other governmental funds:			
Reserved for:			
Prepaid items	\$ 2,863	\$ 4,039	\$ 15,372
Encumbrances	-	-	-
Inventories	5,615	6,421	3,129
Loan receivables	-	-	-
Debt service	7,039,058	6,601,983	6,929,395
Unreserved, reported in:			
Special revenue funds designated for working capital	1,748,687	2,455,948	2,100,660
Capital projects funds designated for working capital	440,901	310,873	141,940
Capital projects funds designated for subsequent years expenditures	-	-	-
Special revenue funds	1,137,750	866,262	1,102,628
Capital projects funds	3,324,324	2,741,884	2,594,230
Permanent funds	1,317,152	1,387,083	987,145
Nonspendable			
Prepaid	-	-	-
Inventories	-	-	-
Permanent endowment-Leduc Historical Estate	-	-	-
Restricted			
Police activities	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Permanent endowment-Leduc Historical Estate	-	-	-
Committed			
Maintenance	-	-	-
Aquatic operatins	-	-	-
Cable TV activities	-	-	-
Heritage preservation activities	-	-	-
Fire & ambulance activities	-	-	-
Arena activities	-	-	-
Assigned			
Capital	-	-	-
Unassigned			
Capital	-	-	-
Total all other governmental funds	<u>\$ 15,016,350</u>	<u>\$ 14,374,493</u>	<u>\$ 13,874,499</u>

Note: GASB Statement No. 54 resulted in changes to the components of fund balance beginning in 2011

Table 3

		Fiscal Year							
		2009	2010	2011	2012	2013	2014	2015	
\$	41,997	\$	25,887	\$	-	\$	-	\$	-
	1,607		2,196		-		-		-
	2,760,945		2,325,627		-		-		-
	-		-		-		-		-
	-		-		16,121		41,660		72,786
	-		-		50,505		58,634		50,734
	-		-		-		-		349,321
	-		-		-		-		-
	-		-		3,024,570		3,446,128		3,621,455
	-		-		3,411,086		3,486,430		-
	<u>\$ 2,804,549</u>		<u>\$ 2,353,710</u>		<u>\$ 3,091,196</u>		<u>\$ 3,530,267</u>		<u>\$ 4,094,296</u>
\$	16,840	\$	7,076	\$	-	\$	-	\$	-
	-		-		-		-		-
	5,325		8,785		-		-		-
	-		-		-		-		-
	10,294,502		7,127,461		-		-		-
	-		-		-		-		-
	2,185,268		1,898,549		-		-		-
	98,134		98,134		-		-		-
	-		-		-		-		-
	889,276		982,832		-		-		-
	3,177,071		2,234,757		-		-		-
	1,117,351		1,169,288		-		-		-
	-		-		60,694		70,585		83,691
	-		-		10,685		6,268		4,365
	-		-		200,000		200,000		200,000
	-		-		29,826		13,898		29,773
	-		-		5,868,913		7,692,475		4,500,299
	-		-		1,110,710		676,672		605,667
	-		-		871,986		938,006		820,635
	-		-		489,345		705,537		816,485
	-		-		33,293		118,588		143,507
	-		-		199,424		222,044		238,133
	-		-		81,426		86,697		95,860
	-		-		975,108		2,372,686		1,362,693
	-		-		619,939		590,646		500,676
	-		-		1,864,972		1,394,711		1,013,965
	-		-		-		(312,971)		(899,034)
	-		-		(99,131)		(252,583)		(899,034)
	<u>\$ 17,783,767</u>		<u>\$ 13,526,882</u>		<u>\$ 12,416,321</u>		<u>\$ 11,509,674</u>		<u>\$ 9,516,715</u>

CITY OF HASTINGS, MINNESOTA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 Unaudited

	2006	2007	2008	2009
Revenues:				
Taxes	\$ 9,421,277	\$ 10,162,799	\$ 10,774,232	\$ 10,890,647
Special assessments	1,745,613	1,492,728	1,644,242	1,512,922
Licenses and permits	611,164	597,177	330,184	270,891
Fines and forfeitures	101,843	108,150	109,384	103,759
Intergovernmental	1,855,583	1,537,281	1,077,388	2,664,567
Charges for services	2,648,780	2,905,340	3,265,553	3,159,842
Investment earnings	731,304	879,494	67,260	432,713
Miscellaneous	86,056	138,588	48,638	41,007
Total revenues	<u>17,201,620</u>	<u>17,821,557</u>	<u>17,316,881</u>	<u>19,076,348</u>
Expenditures:				
Current:				
General government	1,834,070	2,066,452	1,457,439	1,767,798
Public safety	5,440,076	6,015,340	6,971,264	6,946,168
Public works	2,232,441	1,543,980	2,049,244	2,027,247
Health and sanitation	45,928	122,491	116,893	115,836
Cultural and recreation	2,191,142	2,319,293	2,406,910	2,232,625
Economic development	454,188	76,206	81,453	21,116
Capital outlay	5,370,762	5,986,008	6,239,208	2,939,974
Debt service:				
Principal retirement	8,070,000	5,590,000	3,790,000	4,150,000
Interest	1,272,263	1,255,428	1,183,146	1,195,773
Paying agent fees	-	-	-	-
Lease payments	-	-	-	-
Total expenditures	<u>26,910,870</u>	<u>24,975,198</u>	<u>24,295,557</u>	<u>21,396,537</u>
Revenues over (under) expenditures	<u>(9,709,250)</u>	<u>(7,153,641)</u>	<u>(6,978,676)</u>	<u>(2,320,189)</u>

Table 4
Page 1 of 2

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 10,979,537	\$ 10,600,376	\$ 11,726,752	\$ 11,793,014	\$ 11,410,130	\$ 11,877,613
1,258,181	1,984,103	1,762,762	1,112,853	1,011,262	695,211
289,754	386,248	403,386	394,821	412,782	449,444
102,394	89,732	99,551	95,103	126,565	121,259
973,766	832,084	1,247,726	4,631,888	1,628,541	1,950,871
3,185,599	3,158,347	3,585,565	3,873,062	3,561,470	3,765,494
353,965	179,685	277,752	(15,617)	290,628	70,516
35,107	17,003	69,182	70,404	28,537	273,537
<u>17,178,303</u>	<u>17,247,578</u>	<u>19,172,676</u>	<u>21,955,528</u>	<u>18,469,915</u>	<u>19,203,945</u>
1,851,881	2,203,841	2,188,513	2,070,522	2,411,990	2,290,140
7,335,640	6,823,812	7,254,247	7,609,462	7,814,296	8,011,113
1,831,715	1,533,922	2,147,556	1,670,868	1,873,216	1,588,976
49,720	102,425	24,057	19,447	15,775	21,890
2,469,108	2,375,358	2,456,430	2,316,009	2,429,476	2,537,383
40,187	20,881	24,455	34,119	135,010	44,157
2,945,743	4,819,686	3,051,655	5,788,889	6,589,320	5,032,472
8,135,000	4,065,000	4,340,000	4,501,750	4,094,500	3,874,500
1,094,782	985,238	911,963	731,640	607,807	525,037
-	-	-	-	-	-
-	-	-	-	-	-
<u>25,753,776</u>	<u>22,930,163</u>	<u>22,398,876</u>	<u>24,742,706</u>	<u>25,971,390</u>	<u>23,925,668</u>
<u>(8,575,473)</u>	<u>(5,682,585)</u>	<u>(3,226,200)</u>	<u>(2,787,178)</u>	<u>(7,501,475)</u>	<u>(4,721,723)</u>

Continued

CITY OF HASTINGS, MINNESOTA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (CONTINUED)
 Last Ten Fiscal Years
 Unaudited

	2006	2007	2008	2009
Other financing sources (uses):				
Bonds issued	\$ 2,335,000	\$ 4,510,000	\$ 3,464,999	\$ 5,805,000
Bond premiums	35,045	12,927	32,880	86,370
Bond discounts	-	-	-	-
Payment to refunded bond paying agent	-	-	-	-
Special items	-	-	-	-
Transfers in	4,281,192	3,148,820	4,391,652	2,830,867
Transfers out	(2,232,421)	(2,026,709)	(2,582,367)	(2,024,509)
Insurance recoveries	-	-	-	-
Proceeds on sale of capital assets	14,676	6,938	8,331	15,190
Total other financing sources (uses)	<u>4,433,492</u>	<u>5,651,976</u>	<u>5,315,495</u>	<u>6,712,918</u>
 Net change in fund balance	 <u>\$ (5,275,758)</u>	 <u>\$ (1,501,665)</u>	 <u>\$ (1,663,181)</u>	 <u>\$ 4,392,729</u>
 Debt service as a percentage of noncapital expenditures	 43.4%	 36.0%	 27.5%	 29.0%

Table 4
Page 2 of 2

Fiscal Year					
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 3,185,000	\$ 3,964,750	\$ 2,030,000	\$ 5,710,000	\$ 3,200,000	\$ 2,755,000
72,067	-	112,181	110,125	88,207	47,405
-	(1,711)	-	-	-	-
-	(1,705,000)	-	(1,595,000)	(1,470,000)	-
-	-	-	-	-	-
1,977,416	4,139,595	3,597,850	1,769,270	4,062,792	1,616,841
(1,375,776)	(1,172,669)	(1,791,172)	(1,123,580)	(1,723,002)	(1,176,571)
-	-	-	20,082	20,852	21,020
22,064	84,545	7,019	21,652	-	29,098
<u>3,880,771</u>	<u>5,309,510</u>	<u>3,955,878</u>	<u>4,912,549</u>	<u>4,178,849</u>	<u>3,292,793</u>
<u>\$ (4,694,702)</u>	<u>\$ (373,075)</u>	<u>\$ 729,678</u>	<u>\$ 2,125,371</u>	<u>\$ (3,322,626)</u>	<u>\$ (1,428,930)</u>
40.5%	27.9%	27.1%	27.6%	24.3%	23.3%

CITY OF HASTINGS, MINNESOTA

Table 5

TAX CAPACITY VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Unaudited

Fiscal Year Ended December 31,	Residential Property	Commercial/Industrial Property	All Other	Total Tax Capacity	Adjustment For Fiscal Disparities	Adjusted Tax Capacity Value	Total Direct Tax Rate	Taxable Market Value	Tax Capacity as a Percent of EMV
2006	14,995,810	4,580,393	338,551	19,914,754	1,268,408	21,183,162	50.010%	1,629,275,900	1.22%
2007	13,688,542	4,181,095	309,037	18,178,675	1,431,710	19,610,385	49.235%	1,777,044,800	1.02%
2008	15,690,677	4,792,637	354,238	20,837,552	1,698,644	22,536,196	49.475%	1,852,486,200	1.12%
2009	15,564,978	4,754,243	351,401	20,670,622	2,000,871	22,671,493	49.730%	1,844,253,600	1.12%
2010	15,709,176	4,798,287	354,656	20,862,119	2,083,795	22,945,914	52.677%	1,731,987,800	1.20%
2011	14,843,341	4,533,823	335,109	19,712,272	2,118,897	21,831,169	55.195%	1,596,607,900	1.23%
2012	13,726,993	4,192,840	309,906	18,229,738	2,083,131	20,312,869	66.083%	1,398,694,164	1.30%
2013	11,684,807	3,569,065	263,800	15,517,672	2,093,112	17,610,784	68.547%	1,328,846,744	1.17%
2014	11,566,078	3,532,800	261,120	15,359,998	2,075,825	17,435,823	66.246%	1,317,650,624	1.17%
2015	12,814,189	3,826,869	349,834	16,990,892	2,069,204	19,060,096	62.581%	1,609,705,400	1.06%

Source: Springsted, Inc

CITY OF HASTINGS, MINNESOTA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
 Last Ten Fiscal Years
 Unaudited

Table 6

Fiscal Year	City Direct Rate	City Debt Rate	Total City Rate	Overlapping Rates*			Total
				School District	Other Districts	County	
2006	36.969	13.041	50.010	18.683	4.996	26.318	100.007
2007	34.986	14.249	49.235	18.157	4.346	25.127	96.865
2008	34.540	14.935	49.475	16.665	4.915	25.201	96.256
2009	35.753	13.977	49.730	16.735	4.834	25.821	97.120
2010	36.496	16.181	52.677	20.206	5.331	27.269	105.483
2011	36.165	19.030	55.195	22.140	5.471	29.149	111.955
2012	47.053	19.030	66.083	25.435	5.827	31.426	128.771
2013	50.496	18.051	68.547	23.932	5.854	33.421	131.754
2014	50.841	15.405	66.246	23.052	5.774	31.827	126.899
2015	48.831	13.750	62.581	20.965	5.120	26.902	115.568

Source: Dakota County Treasurer - Auditor's Office and Springsted

*Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners; for example, although the county property tax rates apply to all City property owners, Other Districts rates apply only to the approximately one-third of City property owners whose

CITY OF HASTINGS, MINNESOTA
PRINCIPAL PROPERTY TAXPAYERS
 Current Year and Nine Years Ago
 Unaudited

Table 7

Taxpayer	2015			2006		
	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
Wal-Mart	\$ 256,856	1	1.35%	\$ 167,170	3	0.79%
Hastings MarketPlace Station LLC	242,022	2	1.27%	169,106	2	0.80%
Xcel Energy (NSP Company)	215,932	3	1.13%	157,322	4	0.74%
Regina Medical Complex	141,898	4	0.74%	181,341	1	0.86%
Three Rivers Partnership	140,862	5	0.74%	127,768	6	0.60%
Target Corporation	117,250	6	0.62%	140,020	5	0.66%
Camegaran LLC	103,001	7	0.54%			0.00%
VMA 1000 LLC	101,529	8	0.53%	102,501	7	0.48%
KCP Hastings LLC	95,684	9	0.50%			0.00%
Crossroads Mall Inc	91,850	10	0.48%			0.00%
Intek Weatherseal Product				90,658	8	0.43%
Augustana HCC of Hastings				89,087	10	0.42%
Minnegasco				90,293	9	0.43%
Total	<u>\$ 1,506,884</u>		<u>6.56%</u>	<u>\$ 1,315,266</u>		<u>6.21%</u>
Total All Property	<u>\$ 19,060,096</u>			<u>\$ 21,183,162</u>		

Source: Springsted, Inc.

CITY OF HASTINGS, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years
 Unaudited

Table 8

Fiscal Year Ended December 31,	Taxes Levied For The Fiscal Year*	Collected Within The Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	9,673,024	9,412,936	97.31%	77,640	9,490,576	98.11%
2007	10,640,171	10,076,645	94.70%	156,386	10,233,031	96.17%
2008	11,547,277	10,578,434	91.61%	153,732	10,732,166	92.94%
2009	11,581,472	10,820,341	93.43%	334,080	11,154,421	96.31%
2010	11,581,000	10,699,472	92.39%	266,054	10,965,526	94.69%
2011	11,264,000	10,723,507	95.20%	284,291	11,007,798	97.73%
2012	11,746,000	11,565,238	98.46%	123,706	11,688,944	99.51%
2013	11,980,920	11,855,934	98.96%	109,145	11,965,079	99.87%
2014	11,610,920	11,554,188	99.51%	212,237	11,766,425	101.34%
2015	12,060,920	11,874,617	98.46%	N/A	11,874,617	98.46%

* The net levy excludes state aid for property tax relief and fiscal disparities, if applicable.

Source: Springsted, Inc. and Dakota County
 Numbers presented are the most recent available

CITY OF HASTINGS, MINNESOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
 Last Ten Fiscal Years
 Unaudited

Fiscal Year	Governmental Activities			Total Governmental Activities	Percentage of Tax Capacity
	General Obligation Bonds	Improvement Bonds	Certificates of Indebtedness		
2006	7,175,000	25,270,000	745,000	33,190,000	166.66%
2007	6,630,000	24,565,000	915,000	32,110,000	176.64%
2008	6,045,000	24,545,000	1,195,000	31,785,000	152.54%
2009	5,425,000	26,665,000	1,350,000	33,440,000	161.78%
2010	6,500,000	20,585,000	1,405,000	28,490,000	136.56%
2011	4,120,000	21,230,000	1,334,750	26,684,750	135.37%
2012	3,405,000	19,790,000	1,284,750	24,479,750	134.28%
2013	3,313,451	18,735,004	2,377,616	24,426,071	157.41%
2014	2,607,830	17,225,271	2,256,550	22,089,651	143.81%
2015	4,489,042	14,348,154	2,108,107	20,945,302	123.27%

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Table 9

Business-Type Activities		Per Customer	Total Primary Government	Per Capita	Percentage of Income
Sewer/ Water Hydro Bonds	Total Business-Type Activities				
8,705,000	8,705,000	1,258	41,895,000	1,850	778.04%
8,365,000	8,365,000	1,193	40,475,000	1,787	730.80%
7,885,000	7,885,000	1,098	39,670,000	1,751	702.33%
4,340,000	4,340,000	605	37,780,000	1,643	731.59%
4,135,000	4,135,000	576	32,625,000	1,418	629.59%
4,120,250	4,120,250	574	30,805,000	1,339	595.71%
3,900,250	3,900,250	543	28,380,000	1,270	572.35%
6,507,957	6,507,957	866	30,934,028	1,385	504.95%
6,013,905	6,013,905	800	28,103,556	1,249	444.92%
5,718,774	5,718,774	738	26,664,076	1,181	411.32%

CITY OF HASTINGS, MINNESOTA**Table 10****RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
AND NET GENERAL OBLIGATION DEBT PER CAPITA**

Last Ten Fiscal Years

Unaudited

Fiscal Year	Governmental Activities			Estimated Market Value	Per Capita
	Gross Governmental Debt	Less Debt Service Fund Balance	Net Governmental Debt		
2006	33,190,000	7,039,058	26,150,942	1.6%	1,217
2007	32,110,000	6,601,983	25,508,017	1.4%	1,126
2008	31,785,000	6,929,395	24,855,605	1.3%	1,097
2009	33,440,000	10,338,297	23,101,703	1.3%	1,020
2010	28,490,000	7,127,461	21,362,539	1.2%	929
2011	26,684,750	5,869,538	20,815,212	1.3%	905
2012	24,479,750	6,753,604	17,726,146	1.3%	793
2013	24,426,071	7,692,475	16,733,596	1.3%	749
2014	22,089,651	5,430,602	16,659,049	1.3%	741
2015	20,945,302	4,503,176	16,442,127	1.0%	728

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF HASTINGS, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 December 31, 2015
 Unaudited

Table 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
School Districts:			
Hastings School District #200	\$ 39,225,000	56.27%	\$ 22,071,908
Counties:			
Dakota County	23,420,000	4.38%	1,025,796
Washington County	125,075,000	0.01%	1,250,750
Other:			
Met Council	20,500,000	0.58%	118,900
Metropolitan Transit District	295,095,000	0.73%	2,154,194
Hastings Economic Development & Redevelopment Authority	2,505,000	100.00%	<u>2,505,000</u>
Subtotal - overlapping debt			29,126,547
City direct debt		100.00%	<u>20,945,302</u>
Total direct and overlapping debt			<u><u>\$ 50,071,849</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Equalization and Assessment. Debt outstanding data provided by Springsted as 11/25/14 - 12/31/14 amounts not available

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

*For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

CITY OF HASTINGS, MINNESOTA
LEGAL DEBT MARGIN INFORMATION
 Last Ten Fiscal Years
 Unaudited

Legal Debt Margin Calculation for Fiscal Year 2015

Market value	\$ 1,609,705,400
Debt limit (3% of market value)	<u>48,291,162</u>
Debt applicable to limit:	
General obligation bonds	6,474,000
Less: Amount set aside for repayment of general obligation debt	<u>-</u>
Total net debt applicable to limit	<u>6,474,000</u>
Legal debt margin	<u><u>\$ 41,817,162</u></u>

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt limit	\$ 53,378,277	\$ 53,311,344	\$ 55,574,586	\$ 55,327,608
Total net debt applicable to limit	<u>7,920,000</u>	<u>6,630,000</u>	<u>6,045,000</u>	<u>5,425,000</u>
Legal debt margin	<u><u>\$ 45,458,277</u></u>	<u><u>\$ 46,681,344</u></u>	<u><u>\$ 49,529,586</u></u>	<u><u>\$ 49,902,608</u></u>

Amount of Debt Applicable to Debt Limit:

Total net debt applicable to the limit as a percentage of debt limit	14.84%	12.44%	10.88%	9.81%
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Note: Under state finance law, the City's outstanding general obligation debt should not exceed 15 percent of total assessed property value. However, the City has established a more conservative internal limit of no more than 5 percent. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Table 12

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 51,959,634	\$ 47,898,237	\$ 41,960,825	\$ 39,865,402	\$ 43,998,825	\$ 48,291,162
<u>6,500,000</u>	<u>4,120,000</u>	<u>3,405,000</u>	<u>3,230,000</u>	<u>4,773,500</u>	<u>6,474,000</u>
<u>\$ 45,459,634</u>	<u>\$ 43,778,237</u>	<u>\$ 38,555,825</u>	<u>\$ 36,635,402</u>	<u>\$ 39,225,325</u>	<u>\$ 41,817,162</u>
12.51%	8.60%	8.11%	8.10%	10.85%	13.41%

CITY OF HASTINGS, MINNESOTA
PLEDGED-REVENUE COVERAGE
 Last Ten Fiscal Years
 Unaudited

Fiscal Year	Water Revenue Bonds					Coverage
	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2006	2,373,183	816,381	1,556,802	40,000	37,793	20.01
2007	2,170,786	1,401,068	769,718	40,000	130,592	4.51
2008	1,939,509	1,889,420	50,089	155,000	243,045	0.13
2009	1,849,918	2,020,737	(170,819)	195,000	177,516	(0.46)
2010	1,665,738	1,875,071	(209,333)	205,000	163,146	(0.57)
2011	1,785,770	1,864,798	(79,028)	215,000	157,901	(0.21)
2012	2,220,064	1,854,061	366,003	220,000	156,401	0.97
2013	2,033,128	1,951,525	81,603	268,250	186,899	0.18
2014	1,867,409	1,897,229	(29,820)	445,000	209,922	(0.05)
2015	1,780,393	1,804,015	(23,622)	285,500	173,274	(0.05)

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Table 13

Hydro Electric Revenue Bonds						Improvement Bonds			
Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Special Assessment Collections	Debt Service		
			Principal	Interest			Principal	Interest	Coverage
1,411,193	481,171	930,022	575,000	266,047	1.11	1,745,613	8,070,000	1,272,263	0.19
1,142,448	615,941	526,507	300,000	237,468	0.98	1,492,725	2,875,000	862,427	0.40
1,150,480	574,043	576,437	325,000	221,167	1.06	1,643,697	3,790,000	1,183,146	0.33
1,091,940	616,995	474,945	3,350,000	186,866	0.13	1,511,966	4,150,000	1,195,773	0.28
899,692	666,526	233,166	-	-	-	1,258,181	7,265,000	748,805	0.16
911,370	739,600	171,770	-	-	-	1,982,875	5,770,000	985,238	0.29
981,819	907,562	74,257	-	-	-	1,651,781	3,140,000	589,809	0.44
963,174	1,228,088	(264,914)	-	-	-	1,112,853	3,425,000	665,837	0.27
921,052	738,402	182,650	-	-	-	1,011,262	3,895,000	454,013	0.23
1,073,234	633,196	440,038	-	-	-	693,963	3,180,000	380,019	0.19

CITY OF HASTINGS, MINNESOTA
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years
 Unaudited

Table 14

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2005	21,489	\$ 889,988,424	\$ 41,416	3.50%
2006	21,998	938,401,243	42,658	3.50%
2007	22,436	985,798,227	43,938	3.50%
2008	23,132	1,046,870,615	45,256	6.10%
2009	23,826	1,089,059,501	45,709	6.75%
2010	22,000	995,542,795	45,252	6.80%
2011	22,227	995,657,248	44,795	5.70%
2012	22,355	956,141,681	42,771	5.80%
2013	22,339	1,080,604,447	48,373 *	4.90%
2014	22,492	1,116,705,308	49,649 *	3.70%
2015	22,572	1,149,411,384	50,922 *	2.80%

Sources: Population, Personal Income and Per Capita Income provided by the Minnesota State Demographic Center.
 Unemployment rate provided by the Minnesota Department of Employment and Economic Assistance.

* Information for these years obtained from Springsted

CITY OF HASTINGS, MINNESOTA
PRINCIPAL EMPLOYERS
 Current Year and Nine Years Ago
 Unaudited

Table 15

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Dakota County	1,775	1	19.98%	2,304	1	26.07%
Regina Medical Center	875	2	9.85%	468	4	5.30%
Independent School District # 200	636	3	7.16%	650	3	7.35%
Wal-Mart	300	4	3.38%	186	6	2.10%
Smead Manufacturing Company	280	5	3.15%	675	2	7.64%
Allina Medical Clinic	267	6	3.01%	140	9	1.58%
Augustana Health Care Center	175	7	1.97%	140	10	1.58%
Intek Plastics	150	8	1.69%	360	5	4.07%
Quality One Woodwork, Inc.	150	9	1.69%			0.00%
Con-Agra	120	10	1.35%			0.00%
City of Hastings				167	7	1.89%
Target				150	8	1.70%
Total	<u>4,728</u>		<u>53.23%</u>	<u>5,240</u>		<u>59.29%</u>

Source: Hastings Community Development Department & Springsted Inc.

CITY OF HASTINGS, MINNESOTA**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**

Last Ten Fiscal Years

Unaudited

Function/Program	Full-Time Equivalent Employees as of December 31,			
	2006	2007	2008	2009
General government:				
Administration	3.00	1.00	1.00	1.00
City Clerk	0.67	3.42	3.17	3.17
Finance	3.75	3.75	3.75	3.75
Building Maintenance	2.00	2.00	2.25	2.00
Planning	1.95	2.60	2.60	2.60
Information Technology	2.00	3.00	4.00	4.00
Public Safety:				
Police	32.50	33.50	35.50	34.50
Building Inspections	5.00	5.00	4.00	4.00
Code Enforcement	1.00	1.00	1.00	1.00
Public Works:				
Engineering	7.98	7.63	6.68	6.68
Streets	9.72	9.72	9.72	8.02
Culture and Recreation:				
Reforestation	0.50	0.50	0.50	0.50
Parks	7.00	8.50	10.00	9.50
Aquatic Center	1.38	1.00	1.00	1.00
Cable Television	-	-	-	-
Heritage Preservation	0.50	0.75	0.75	0.75
Fire and Ambulance	15.50	17.00	17.00	16.00
Civic Arena	2.62	2.50	2.50	2.50
Economic Development	0.65	0.65	0.65	0.65
Housing and Redevelopment	1.10	1.05	1.00	1.00
Water	4.85	4.85	4.85	7.05
Wastewater	3.85	3.85	3.85	3.55
Transit	4.83	4.83	5.18	5.33
Stormwater	-	-	-	-
Hydro Electric	0.90	0.90	0.90	0.70
Total	<u>113.25</u>	<u>119.00</u>	<u>121.85</u>	<u>119.25</u>

Source: City Budget

Table 16

Full-Time Equivalent Employees as of December 31,					
2010	2011	2012	2013	2014	2015
1.00	1.00	1.00	1.00	1.00	1.00
4.50	4.15	4.25	4.10	4.10	4.10
3.75	3.75	3.75	4.75	4.75	3.75
2.00	2.00	2.00	2.00	2.00	2.00
2.60	2.00	1.00	1.00	1.00	1.25
4.00	3.00	3.00	3.00	3.00	3.00
33.50	33.50	33.00	33.50	33.00	34.00
4.00	4.00	3.60	3.60	3.70	3.80
1.00	1.00	0.80	0.80	1.00	1.00
6.68	6.68	4.75	4.75	4.75	4.75
8.02	4.32	5.30	4.80	4.80	4.80
0.50	-	-	-	-	-
9.50	9.00	8.63	8.63	8.63	8.60
1.00	1.00	1.00	1.00	1.00	1.00
-	-	-	0.15	0.15	0.15
0.75	0.75	0.25	0.25	0.25	0.25
16.00	16.00	15.60	15.60	15.60	20.00
2.50	2.00	2.00	2.00	2.00	2.00
0.65	1.25	1.05	0.38	0.38	0.38
-	-	-	0.37	0.37	0.37
7.05	7.05	6.45	5.80	5.80	5.80
3.55	3.55	4.20	3.55	3.55	3.55
-	-	-	-	-	-
-	3.70	3.70	3.50	3.50	3.50
0.70	0.70	0.50	0.50	0.50	0.50
<u>113.25</u>	<u>110.40</u>	<u>105.83</u>	<u>105.03</u>	<u>104.83</u>	<u>109.55</u>

CITY OF HASTINGS, MINNESOTA
OPERATING INDICATORS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years
 Unaudited

Function/Program	Fiscal Year		
	2006	2007	2008
Police:			
Physical arrests	N/A	222	221
Parking violations	N/A	981	603
Traffic violations	6,661	5,193	6,170
Felony offenses	158	167	153
Gross misdemeanor offenses	148	140	129
Minor miscellaneous offenses	110	139	115
Calls for service	13,459	15,638	14,977
Part 1 Crimes	-	-	703
Part 2 Crimes	-	-	757
Fire:			
Emergency responses	N/A	2,752	2,823
Fires extinguished	N/A	N/A	63
Inspections	N/A	N/A	N/A
Building inspection:			
Permits issued:			
Residential	2,006	4,706	1,491
Commercial	147	70	82
Culture and recreation:			
Students participating in swim lessons	-	-	-
Ice rental hours	-	-	-
Turf rental hours	-	-	-
Recreational skaters	-	-	-
Water:			
Average daily consumption (thousands of gallons)	2,000	2,100	2,515
Peak daily consumption (thousands of gallons)	7,500	6,775	6,635
Transit:			
Total route miles	86,165	87,582	93,120
Passengers	31,468	32,355	33,815

Sources: Various City departments.

Note: Indicators are not available for the general government function.

The City began tracking indicators for culture and recreation in 2013

* Police department has changed reporting system and no longer have this data available.

Table 17

Fiscal Year						
2009	2010	2011	2012	2013	2014	2015
281	*	*	369	337	427	360
570	*	*	*	368	466	293
3,943	*	*	*	1,561	1,754	1,309
148	138	158	*	*	157	175
107	778	6	*	*	110	139
86	95	65	*	*	718	405
14,760	18,778	19,434	21,330	20,665	24,553	20,216
631	597	637	*	557	664	631
818	664	789	*	668	720	707
2,507	Unavailable	2,974	2,974	3,201	3,184	3,495
467	Unavailable	86	86	42	49	74
383	Unavailable	288	288	334	468	480
1,025	885	912	1,802	1,549	1,773	1,340
128	124	157	63	81	49	165
-	-	-	-	569	606	640
-	-	-	-	2,185	2,422	2,400
-	-	-	-	303	335	216
-	-	-	-	4,089	1,189	2,400
1,800	1,700	1,900	1,900	2,554	2,465	2,325
6,890	5,295	5,180	5,180	6,310	5,520	4,945
89,351	29,453	-	-	-	-	-
31,525	10,120	-	-	-	-	-

CITY OF HASTINGS, MINNESOTA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years
 Unaudited

Function/Program	Fiscal Year				
	2006	2007	2008	2009	2010
Police:					
Stations	1	1	1	1	1
Fire stations	1	1	1	1	1
Other public works:					
Streets (miles)	102.1	102.1	102.1	102.1	102.1
Culture and recreation:					
Acreage	406	406	406	406	406
Playgrounds	21	21	21	21	21
Baseball/softball diamonds	21	21	21	21	21
Soccer/football fields	10	10	10	10	10
Water:					
Water mains (miles)	86.6	86.6	86.6	86.6	86.6
Fire hydrants	1,223	1,223	1,223	1,223	1,223
Storage capacity (thousands of gallons)	2,275	2,275	2,275	2,275	2,275
Wastewater:					
Sanitary sewers (miles)	89.6	89.6	89.6	89.6	89.6
Storm sewers (miles)	55.0	55.0	55.0	55.0	55.0
Treatment capacity (thousands of gallons)					
Transit-minibuses	4	4	4	4	-

Sources: Various City departments.

Note: No capital asset indicators are available for the general government function.

Table 18

Fiscal Year				
2011	2012	2013	2014	2015
1	1	1	1	1
1	1	1	1	1
102.1	102.1	102.1	105.0	105.0
406	406	420	420	413
21	21	21	21	22
21	21	21	21	21
10	10	10	10	10
86.6	86.6	104.9	105.0	105.0
1,223	1,223	1,334	1,334	1,094
2,275	2,275	2,750	2,750	2,750
89.6	89.6	88.7	89.0	89.0
55.0	55.0	73.0	74.0	74.0
-	-	-	-	-



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Management
City of Hastings
Hastings, Minnesota

In planning and performing our audit of the financial statements of the City of Hastings (the City) as of and for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

However, during our audit, we became aware of a matter that is an opportunity for strengthening internal control and operating efficiency. Our comment and suggestion regarding that matter is summarized below. This letter does not affect our communication dated June 3, 2016.

Approvals

During our audit fieldwork, we noted a disbursement, selected for testing, over \$5,000 that did not have documentation of City Administrator approval, as required per City policy, prior to issuing payment. The disbursement was approved at the subsequent City Council meeting. We also noted an instance where a journal entry selected for testing did not have evidence of approval. It should be noted that the journal entry referenced was determined to be appropriate and had supporting documentation for its purpose. We recommend that going forward, the City ensure these policies and procedures are followed and that required approvals are obtained and documented.

This communication is intended solely for the information and use of management, the Mayor, the City Council, and others within the City, and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
June 3, 2016



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**INDEPENDENT AUDITORS' REPORT
ON MINNESOTA LEGAL COMPLIANCE**

Honorable Mayor and
Members of the City Council
City of Hastings, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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 of the City of Hastings (the City), Minnesota, as of December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents and have issued our report thereon dated June 3, 2016.

The *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. §6.65, contains seven main categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, tax increment financing, and miscellaneous provisions. Our study included all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Cities*, except as described in the Schedule of Findings and Responses as item 2015-001. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The City's written response to the legal compliance finding identified in our audit is described in the Schedule of Findings and Recommendations. 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.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Cities* and the results of that testing and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
June 3, 2016



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**CITY OF HASTINGS, MINNESOTA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2015**

Minnesota Legal Compliance Finding

2015-001

Condition: During 2015, we noted that the City's checks did not include the required declaration per *Minnesota Statutes §471.38*

Criteria or specific requirement: *Minnesota Statutes §471.38* requires the City's checks include a preprinted or stamped declaration, to be signed by the payee, that such account, claim or demand is just and correct and that no part of it has been paid.

Context: City changed banks in June of 2015, and the new check stock did not include the required declaration. Therefore, all checks issued after that point were not in compliance with Minnesota Statutes.

Effect: The City is not in compliance with Minnesota Statutes.

Cause: During 2015, the City changed banks and the new check stock did not include the declaration required by Minnesota Statutes.

Recommendation: We recommend the City take actions to ensure the required declaration is printed on all of its checks issued, going forward.

Views of responsible officials and planned corrective actions: There is no disagreement with this finding and the check stock has been corrected.



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**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**

Honorable Mayor and
Members of the City Council
City of Hastings,
Hastings, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Hastings (the City), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 3, 2016.

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 entity'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.



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Honorable Mayor and
Members of the City Council
City of Hastings,

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*.

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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
June 3, 2016



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Honorable Mayor and
Members of the City Council
City of Hastings,
Hastings, Minnesota

We have audited the financial statements 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 Hastings (the City) for the year ended December 31, 2015, and have issued our report thereon dated June 3, 2016. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Hastings are described in Note 1 to the financial statements.

As described in Note 1, during the fiscal year ended December 31, 2015, the City changed accounting policies related to its accounting for pensions by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 68, *Accounting and Financial Reporting for Pensions*, and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. Accordingly, this change in principle resulted in the restatement of beginning net position related to the recognition of the City's proportionate share of the Public Employees' Retirement Association (PERA) of Minnesota General Employees' Retirement Fund's (GERF) and Public Employees' Police and Fire Fund's (PEPFF) net pension liabilities as well as the Hastings Firefighters' Relief Association net pension asset.

We noted no transactions entered into by the City of Hastings during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the useful lives of capital assets, the valuation of investments, the allowance for uncollectible accounts receivable, other postemployment benefits and the City's proportionate share of the PERA's GERF and PEPFF and Hastings Firefighter Relief Association's net pension liabilities, as well as the related deferred inflows and outflows. Management's estimate of the useful lives of capital assets is based on authoritative guidance and past experience.

Management's estimate of the investments at fair value is based on published market values at December 31, 2015. Management's estimate of the allowance for doubtful accounts is based on collection history of ambulance billings. Management's estimate for other postemployment benefits is based on the actuarial valuation conducted by and independent third-party. Management's estimate of the City's proportionate share of the PERA's GERP and PEPFF and Hastings Firefighter Relief Association's net pension liabilities, as well as the related deferred inflows and outflows, is based on guidance from GASB Statement No. 68, GASB Statement No. 71, and the plans' allocation tables. The plans' allocation tables allocate a portion of the plans' net pension liabilities based on the City's contributions during the plan's fiscal years as a percentage of total contributions received for the related fiscal year by the plans. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The following summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole:

General Fund expenditures and beginning fund balance were understated by approximately \$17,000 due to software maintenance fees for 2015 that should have been recorded as prepaid expenditures at December 31, 2014, but were not. The City plans to correct this billing cycle going forward, and has properly recorded prepaid expenditures as of December 31, 2015. This correction however, results in the understatement of 2015 General Fund expenditures, by approximately \$17,000.

Corrected misstatements

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the attached management representation letter dated June 3, 2016.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the City of Hastings’ financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the City of Hastings’ auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Audits of group financial statements

We noted no matters related to the group audit that we consider to be significant to the responsibilities of those charged with governance of the group.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management’s responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the combining and individual fund financial statements (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated June 3, 2016.

Honorable Mayor and
Members of the City Council
City of Hastings,
Page 4

The introductory and statistical sections accompanying the financial statements, which are the responsibility of management, were prepared for purposes of additional analysis and are not a required part of the financial statements.

Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

This communication is intended solely for the information and use of the Mayor, members of the City Council and management of the City of Hastings, and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
June 3, 2016