



# City of Hastings

Dakota County, Minnesota



Comprehensive Annual  
Financial Report  
Fiscal Year Ended December 31, 2017

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
OF  
THE CITY OF HASTINGS  
MINNESOTA**

For the Year Ended December 31, 2017

Prepared by the City's Finance Department

**CITY OF HASTINGS, MINNESOTA**  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 For the Fiscal Year Ended December 31, 2017  
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# **INTRODUCTORY SECTION**

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June 29, 2018

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 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, 2017.

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 established a comprehensive internal control framework 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 the benefits, the City of Hastings' comprehensive framework of internal controls is designed to provide reasonable rather than absolute assurance that 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 were audited by Bergan KDV, a firm of licensed certified public accountants who issued an unmodified ("clean") opinion on the financial statements of the City of Hastings for the fiscal year ended December 31, 2017. 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, there was a reasonable basis for rendering an unmodified opinion the City of Hastings' financial statements for the fiscal year ended December 31, 2017, 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 22,400 in 2017. The Metropolitan Council projects that the city's population will grow to 23,300 by the year 2020. The City encompasses an area of 11.40 square miles.

The City Charter declares the City operate 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 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 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 ongoing 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 prepared and submitted to the City Council. The preliminary levy is adopted no later than September 15<sup>th</sup>. 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 31<sup>st</sup>, the close of the City of Hastings’ fiscal year.

Department Heads are held responsible for their budget performance. Department Heads 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 is 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 2017, 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 the Dakota County main governmental complex and Hastings’ Independent School District 200 offices.

We experienced a slight decrease in the permit values due to less commercial permits in 2017. Below is a chart that gives a brief building permit history.

Permits	2017	2016	2015	2014	2013	2012
New Residential	30	23	26	42	37	39
New Commercial	1	3	4	3	4	1
Residential remodel	40	64	21	64	60	53
Commercial remodel	40	44	81	46	41	29
All other permits	1518	1479	1373	1618	1488	1743
<b>TOTAL</b>	<b>1629</b>	<b>1613</b>	<b>1505</b>	<b>1773</b>	<b>1630</b>	<b>1865</b>
Dollar value of Permits (in millions)	\$ 26.5	\$ 32.8	\$ 35.4	\$ 23.8	\$ 21.9	\$ 23.8

## Major Initiatives

In 2017 the City began two visioning processes—one for an update to our Comprehensive Plan and one for the Vermillion Street Corridor. Both plans are community based, and intended to guide the City in long term planning and implementation for positive future economic development, aesthetic, land use, and traffic management initiatives. The ArtSpace building opened for tenants, anchoring the downtown revitalization of the riverfront Renaissance project. The Hudson redevelopment project continued to progress through land transfer and plans are expected by mid-2018 for redevelopment efforts to begin in earnest.

## Long-Term Financial Planning

The City is required to strategically develop and adopt a Comprehensive Plan; the 2030 plan was completed 2010. The updating process began in 2017 for the 2040 plan. 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 finalized its utility rate study and underwent a debt study to better position the community for long term fiscal health. Council strategic planning goals and efforts center around Economic Development and Vitality, Community Image, and meeting the community's transportation and transit needs.

## Relevant Financial Policies

The City adopted a set of financial management policies to focus on long-term financial planning and strategic budgeting and review the policies on a regular basis. The City conducted a utility rate study in 2016/2017 and adopted a new utility rate structure intended to ensure long term sustainability for these funds. 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.

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	2017 Year End
a.) Total annual debt service for G.O. debt obligations will not exceed 35% of total budgeted expenditures.	13.57%
b.) Net bonded debt outstanding will not exceed 3.5% of Assessor's market value of taxable property.	1.33%
c.) Gross bonded debt will not exceed \$1,800 per capita.	\$1,035

## **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, 2017. This is the 20<sup>th</sup> consecutive year the City 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,

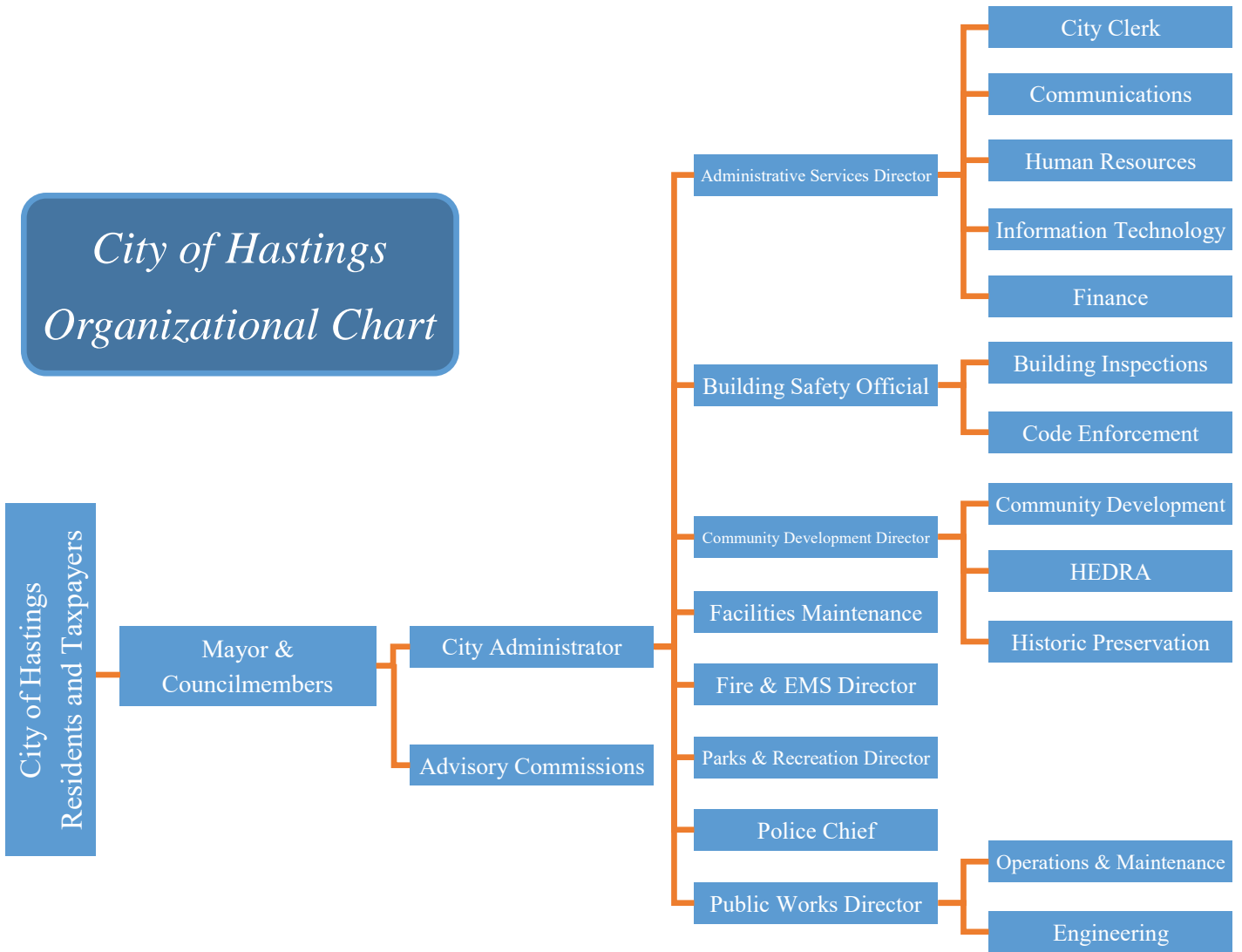
A handwritten signature in black ink, appearing to read 'Melanie Mesko Lee', written in a cursive style.

Melanie Mesko Lee  
City Administrator

**City of Hastings  
Elected Officials and Administration  
December 31, 2017**

Elected Officials	Position	Term Expires
Paul Hicks	Mayor	December 31, 2018
Tina Folch	1st Ward	December 31, 2020
Joe Balsanek	2nd Ward	December 31, 2020
Lisa Leifield	3rd Ward	December 31, 2020
Trevor Lund	4th Ward	December 31, 2020
Lori Braucks	At-Large	December 31, 2018
Mark Vaughan	At-Large	December 31, 2018
<hr/> <b>Administration</b> <hr/>		
Melanie Mesko Lee	City Administrator	
Julie Flaten	Administrative Services Director	
Tom Bakken	Building Official	
John Hinzman	Community Development Director	
Michal Schutt	Fire & EMS Director	
Chris Jenkins	Parks & Recreation Director	
Bryan Schafer	Police Chief	
Nick Egger	Public Works Director	
Melanie Lammers	Finance Manager	

# 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, 2016**

*Christopher P. Morill*

Executive Director/CEO

## **FINANCIAL SECTION**



## Independent Auditor's 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hastings, Minnesota, as of and for the year ended December 31, 2017, and the related notes to 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.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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 City'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.



### **Auditor's Responsibility (Continued)**

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

### **Opinions**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hastings, Minnesota, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund and the Fire and Ambulance Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and Required Supplementary Information as listed in 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 (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hastings basic financial statements. The introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.



## **Other Matters (Continued)**

### *Other Information (Continued)*

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

*BerganKDV, Ltd.*

St. Cloud, Minnesota  
June 25, 2018

**CITY OF HASTINGS**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2017

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, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3-7 of this report.

**Financial Highlights**

- The assets and deferred outflows of resources of the City of Hastings exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year (December 31, 2017) by \$77,252,340 (*net position*). Of this amount, (\$609,294) (*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 \$962,396.
- As of the close of the 2017 fiscal year, the City of Hastings governmental funds ending fund balances were \$15,905,217. Approximately 42.20% is restricted for special revenue-police activities, debt service, capital project programs and permanent trust fund—Leduc Historic Estate. Approximately 3.01% of the fund balance is nonspendable. Approximately 20.53% 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 7.37% of the fund balance, the remaining 26.89% 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 \$4,576,829 or 42.9% of the total General Fund expenditures.

**Overview of the Financial Statements**

This discussion and analysis is 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 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 and deferred outflows of resources; and liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City 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).

**CITY OF HASTINGS**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2017

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 and 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 27-29 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 of 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 30-38 of this report.

**CITY OF HASTINGS**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2017

**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 governmental vehicle expenses, retiree health insurance costs and compensated absences liability. 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, the three 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 39-42 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 44-45 of this report.

**Notes to 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 47-89 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 101-137 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$77,252,340 at the close of the most recent fiscal year.

**CITY OF HASTINGS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2017

**Government-Wide Financial Analysis (Continued)**

By far the largest portion of the City's net position (89.5%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is 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 Activities 2016	Governmental Activities 2017	Business-type Activities 2016	Business-type Activities 2017	Total 2016	Total 2017
Current and other assets	\$ 21,442,798	\$ 21,327,520	\$ 8,118,977	\$ 5,168,392	\$ 29,561,775	\$ 26,495,912
Capital assets	65,796,597	62,314,599	27,972,952	28,249,251	93,769,549	90,563,850
Total assets	87,239,395	83,642,119	36,091,929	33,417,643	123,331,324	117,059,762
Total deferred outflows	13,484,720	8,876,977	566,107	301,444	14,050,827	9,178,421
Long-term liabilities outstanding	44,135,469	30,093,697	4,247,618	4,032,850	48,383,087	34,126,547
Other liabilities	5,206,798	4,442,846	2,945,698	525,271	8,152,496	4,968,117
Total liabilities	49,342,267	34,536,543	7,193,316	4,558,121	56,535,583	39,094,664
Total deferred inflows	2,442,278	9,663,228	189,554	227,951	2,631,832	9,891,179
Net position						
Net Investment in capital assets	42,444,675	43,485,383	25,219,313	25,631,750	67,663,988	69,117,133
Restricted						
Police activities	34,462	42,568	-	-	34,462	42,568
Tax Increment	-	2,695	-	-	-	2,695
Debt service	6,814,431	6,721,124	187,146	-	7,001,577	6,721,124
Capital projects	547,257	488,132	-	-	547,257	488,132
Net pension asset	1,225,251	-	-	-	1,225,251	-
Permanent endowment						
LeDuc Historic Estate	1,374,830	1,489,982	-	-	1,374,830	1,489,982
Unrestricted	(3,501,336)	(3,910,559)	3,868,707	3,301,265	367,371	(609,294)
Total net position	48,939,570	48,319,325	29,275,166	28,933,015	78,214,736	77,252,340

At the end of 2017, the City of Hastings had positive balances in two categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The unrestricted net position for the governmental activities and for the government as a whole is negative due to the City's proportionate share of the State of Minnesota's pension liabilities.

**Governmental activities.** Governmental activities decreased the City of Hastings' net position by \$620,245. The key element of this decrease was recording pension expense of \$548,326 as required by GASB 68.

**CITY OF HASTINGS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2017

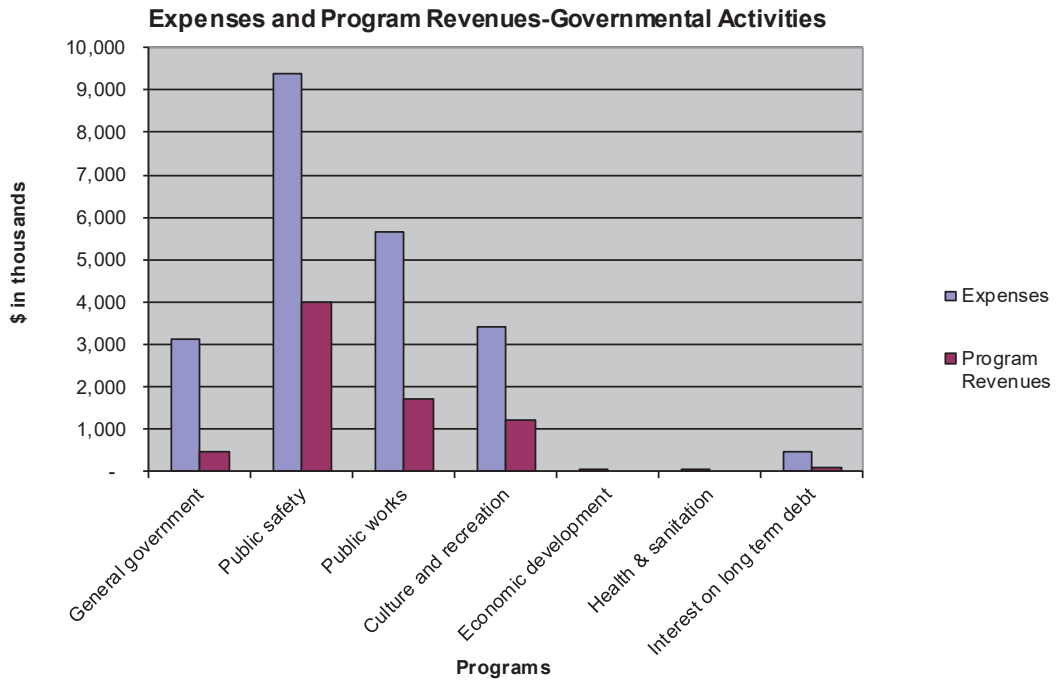
**City of Hastings' Changes in Net Position**

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2016	2017	2016	2017	2016	2017
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 5,473,225	\$ 5,735,953	\$ 4,965,685	\$ 5,162,589	\$ 10,438,910	\$ 10,898,542
Operating grants & contributions	1,560,903	539,343	-	-	1,560,903	539,343
Capital grants & contributions	3,212,984	1,234,808	-	-	3,212,984	1,234,808
General revenues						
Property taxes	12,487,164	12,921,077	-	-	12,487,164	12,921,077
State aid	617,477	639,043	-	-	617,477	639,043
Other income (loss)	322,829	262,855	128,720	4,188	451,549	267,043
Total revenues	<u>23,674,582</u>	<u>21,333,079</u>	<u>5,094,405</u>	<u>5,166,777</u>	<u>28,768,987</u>	<u>26,499,856</u>
<b>Expenses</b>						
General government	2,935,743	3,129,500	-	-	2,935,743	3,129,500
Public safety	11,060,875	9,386,823	-	-	11,060,875	9,386,823
Public works	6,345,402	5,638,414	-	-	6,345,402	5,638,414
Culture & recreation	3,396,349	3,398,198	-	-	3,396,349	3,398,198
Economic development	2,311,500	51,101	-	-	2,311,500	51,101
Health & sanitation	19,301	30,849	-	-	19,301	30,849
Interest on long-term debt	464,205	449,979	-	-	464,205	449,979
Water	-	-	2,120,683	1,866,451	2,120,683	1,866,451
Sewer	-	-	2,118,877	2,213,573	2,118,877	2,213,573
Storm	-	-	422,730	403,183	422,730	403,183
Hydro	-	-	593,610	838,181	593,610	838,181
Total expenses	<u>26,533,375</u>	<u>22,084,864</u>	<u>5,255,900</u>	<u>5,321,388</u>	<u>31,789,275</u>	<u>27,406,252</u>
Change in net position before transfers and contributions	(2,858,793)	(751,785)	(161,495)	(154,611)	(3,020,288)	(906,396)
Transfers and contributions	480,830	(132,690)	(480,830)	132,690	-	-
Change in net position	(2,377,963)	(884,475)	(642,325)	(21,921)	(3,020,288)	(906,396)
Net position-January 1	51,317,533	49,203,800	29,917,491	28,954,936	81,235,024	78,158,736
Prior Period Adjustment	264,230	-	(320,230)	-	(56,000)	-
Net position-December 31	<u>\$ 49,203,800</u>	<u>\$ 48,319,325</u>	<u>\$ 28,954,936</u>	<u>\$ 28,933,015</u>	<u>\$ 78,158,736</u>	<u>\$ 77,252,340</u>

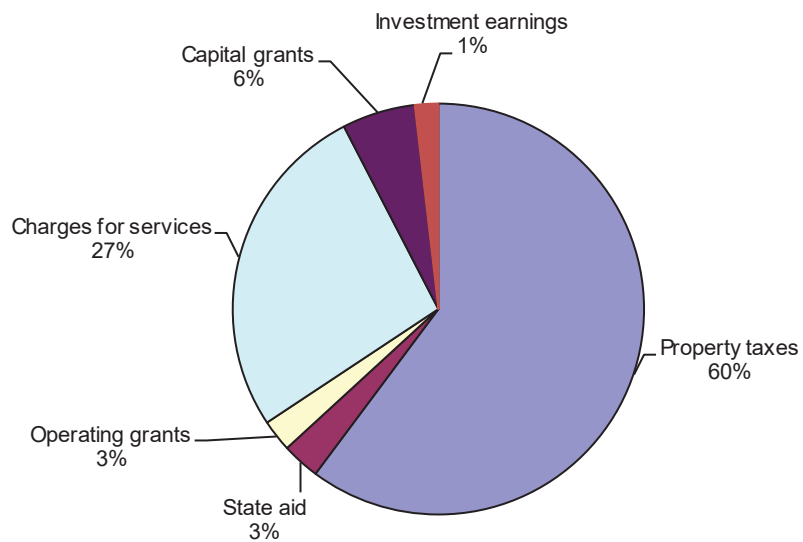


**CITY OF HASTINGS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 December 31, 2017

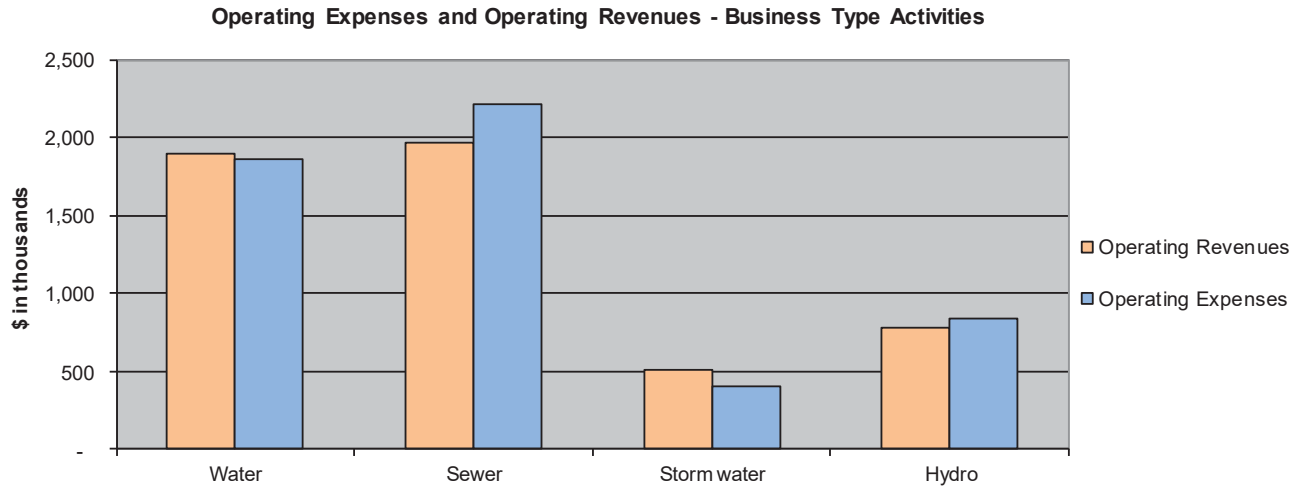
Below are specific graphs, which provide comparisons of the governmental activities revenues and expenses:



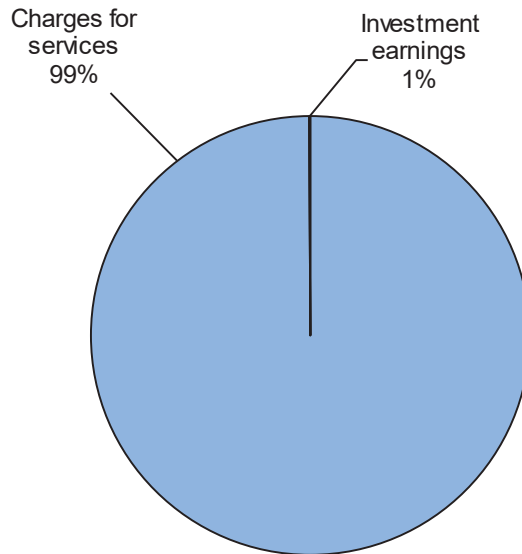
**Revenue Sources-Governmental Activities**



**Business-type activities.** Below are graphs showing the business-type activities revenue and expense comparisons.



**Revenue Sources - Business Type Activities**



## **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 \$15,905,217. Approximately 26.9% of this total amount or \$4,276,338 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is restricted or 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 increase of \$847,113. The fund balance change is primarily due to the effect of the following factors:

- The General fund balance increased by \$229,999 as a result of lower spending than budgeted for across multiple accounts.
- Fire and Ambulance fund's activity resulted in an increase of \$143,834. This is primarily a result of a higher volume of ambulance calls and flat expense for 2017.
- Other Governmental Funds such as the Aquatic, Cable TV, Heritage Preservation, LeDuc, and Arena had a cumulative increase of \$292,530.
- Debt Service funds had a fund balance increase of \$71,680.

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 \$4,576,829 .

The Fire and Ambulance special revenue fund has a total fund balance of \$1,309,545. 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 \$4,893,089, 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 \$487,678.

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 total fund balance of \$(272,153).

**CITY OF HASTINGS**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2017

**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	\$	1,918,968
Sewer		1,548,861
Storm		73,488
Hydro		(240,052)

The Water fund had a decrease in net position primarily due to decreased water sales. The Sewer fund's activities also resulted in a decrease in net position primarily due to increased cost of operation by Metropolitan Waste Control Commission. 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 due to reduction in revenue and an increase in expenses. 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 \$706,100 less than the amended expenditure budget. The most significant differences from the final budget amounts are due to the following:

- Reduced staff costs in various department resulted in savings of \$155,813;
- Delay of a Roofing project for the LeDuc Mansion resulted in savings of \$234,746;
- Savings in multiple departments from conservative spending.

Actual revenues were \$134,746 lower than the amended revenue budget. The difference from the final budget amounts is primarily due to the following:

- Intergovernmental revenue was \$101,164 under budget primarily due to some MSA dollars being allocated to a Mill and Overlay Fund.

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

- The City decreased its budget for bonds issued in the general fund. It was decided to not take out equipment certificates for vehicles and instead use revenue from 2017.

**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, 2017, amounts to \$90,563,850 (net of accumulated depreciation) a decrease of \$3,205,698. This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, and infrastructure.

**CITY OF HASTINGS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 December 31, 2017

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

	2016 Governmental Activities	2017 Governmental Activities	2016 Business- Type Activities	2017 Business- Type Activities	2016 Total	2017 Total
Land	\$ 3,689,587	\$ 3,689,587	\$ 349,300	\$ 349,300	\$ 4,038,887	\$ 4,038,887
Construction in progress	2,383,707	60,526	240,000	5,572	2,623,707	66,098
Buildings	10,807,168	10,514,994	8,028,139	7,598,634	18,835,307	18,113,628
Improvement other than buildings	1,519,917	1,370,826	1,868,504	1,762,795	3,388,421	3,133,621
Machinery and equipment	2,963,798	2,508,498	991,923	1,167,522	3,955,721	3,676,020
Infrastructure	44,432,421	44,170,168	16,495,084	17,365,428	60,927,505	61,535,596
<b>Total assets</b>	<b>\$ 65,796,598</b>	<b>\$ 62,314,599</b>	<b>\$ 27,972,950</b>	<b>\$ 28,249,251</b>	<b>\$ 93,769,548</b>	<b>\$ 90,563,850</b>

Additional information on the City of Hastings's capital assets can be found in Note 4 on pages 58-60.

**Long-term debt.**

At the end of the current fiscal year, the City of Hastings had outstanding G.O. debt of \$7,290,000 comprises debt backed by the full faith and credit of the government and \$11,185,000 of G.O. 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 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 7 on page 61-67.

**Economic Factors**

In 2017, the City experienced higher levels of new construction than 2016; with a total of 30 new homes being built. The overall increase in taxable market value of residential and commercial new construction was \$26.5 million. The City experienced an increase of tax capacity of \$616,529 between pay year 2016 and pay year 2017.

**Next Year's Budget**

The 2018 budget included a levy increase of \$542,388. The City anticipates receiving \$704,117 of Local Government Aid from the State of Minnesota, which is dedicated to funding one time expenditures. Cost of Living increases and Capital projects made up the increase from 2017 to 2018.

**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 4<sup>th</sup> Street East, Hastings, MN 55033, [FinanceDept@hastingsmn.gov](mailto:FinanceDept@hastingsmn.gov) or 651-480-2350.

## **BASIC FINANCIAL STATEMENTS**

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City of Hastings  
Statement of Net Position  
For the Year Ended December 31, 2017

Statement 1

	Governmental Activities	Business-type Activities	Total	Hastings Economic Development and Redevelopment Authority
<b>Assets</b>				
Cash and investments (including cash equivalents)	\$ 13,545,818	\$ 3,818,038	\$ 17,363,856	\$ 1,414,983
Cash with fiscal agent	876,587	-	876,587	-
Receivables				
Accounts receivable	1,520,511	1,128,142	2,648,653	5,132
Interest receivable	14,629	5,389	20,018	1,520
Taxes receivable	1,505,081	-	1,505,081	36,644
Special assessments receivable	1,992,540	96,791	2,089,331	-
Loan receivable	-	-	-	244,765
Due from other governments	230,364	200	230,564	-
Inventories	27,740	-	27,740	-
Prepaid items	250,889	119,832	370,721	1,916
Assets held for resale	-	-	-	4,381,025
Capital assets not being depreciated				
Land	3,689,587	349,300	4,038,887	-
Construction in progress	60,526	5,572	66,098	-
Capital assets net of accumulated depreciation				
Buildings and structures	10,514,994	7,598,634	18,113,628	93,748
Machinery and equipment	2,508,498	1,167,522	3,676,020	-
Improvements other than buildings	1,370,826	1,762,795	3,133,621	-
Infrastructure	44,170,168	17,365,428	61,535,596	-
Net pension asset	1,363,361	-	1,363,361	-
<b>Total assets</b>	<b>83,642,119</b>	<b>33,417,643</b>	<b>117,059,762</b>	<b>\$ 6,179,733</b>
<b>Deferred Outflows of Resources</b>				
Deferred outflows of resources related to fire relief pensions	386,856	-	386,856	-
Deferred outflows of resources related to City pensions	8,490,121	301,444	8,791,565	-
<b>Total deferred outflows of resources</b>	<b>8,876,977</b>	<b>301,444</b>	<b>9,178,421</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 92,519,096</b>	<b>\$ 33,719,087</b>	<b>\$ 126,238,183</b>	<b>\$ 6,179,733</b>
<b>Liabilities</b>				
Accounts and contracts payable	\$ 401,172	\$ 213,235	\$ 614,407	116,058
Interest payable	204,634	21,189	225,823	-
Salaries and benefits payable	268,000	22,700	290,700	3,637
Due to other governments	46,121	16,363	62,484	-
Unearned revenue	116,472	1,497	117,969	-
Bonds payable, net				
Payable within one year	3,295,000	235,000	3,530,000	-
Payable after one year	17,682,049	2,382,501	20,064,550	-
Pollution remediation payable	-	-	-	80,210
Compensated absences payable				
Payable within one year	111,447	15,287	126,734	-
Payable after one year	1,411,566	256,488	1,668,054	-
Net pension liability	8,601,800	1,108,799	9,710,599	-
Other post employment benefits (OPEB) obligation	2,398,282	285,062	2,683,344	-
<b>Total liabilities</b>	<b>34,536,543</b>	<b>4,558,121</b>	<b>39,094,664</b>	<b>199,905</b>
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources related to fire relief pensions	18,764	-	18,764	-
Deferred inflows of resources related to City pensions	9,644,464	227,951	9,872,415	-
<b>Total deferred inflows of resources</b>	<b>9,663,228</b>	<b>227,951</b>	<b>9,891,179</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	43,485,383	25,631,750	69,117,133	93,748
Restricted for				
Debt service	6,721,124	-	6,721,124	-
Tax Increment	2,695	-	2,695	-
Capital projects	488,132	-	488,132	-
Police activities	42,568	-	42,568	-
LeDuc Historic Estate - unexpendable	200,000	-	200,000	-
LeDuc Historic Estate - expendable	1,289,982	-	1,289,982	-
Unrestricted	(3,910,559)	3,301,265	(609,294)	5,886,080
<b>Total net position</b>	<b>48,319,325</b>	<b>28,933,015</b>	<b>77,252,340</b>	<b>5,979,828</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 92,519,096</b>	<b>\$ 33,719,087</b>	<b>\$ 126,238,183</b>	<b>\$ 6,179,733</b>

See notes to financial statements.



**City of Hastings**  
Statement of Activities  
Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities</b>				
General government	\$ 3,129,500	\$ 426,721	\$ 15,709	\$ -
Public safety	9,386,823	3,745,444	248,806	-
Public works	5,638,414	276,721	212,801	1,234,808
Health and sanitation	30,849	8,855	27,000	-
Cultural and recreation	3,398,198	1,191,970	35,027	-
Economic development	51,101	-	-	-
Interest and fiscal charges	449,979	86,242	-	-
Total governmental activities	<u>22,084,864</u>	<u>5,735,953</u>	<u>539,343</u>	<u>1,234,808</u>
<b>Business-type activities</b>				
Water	1,866,451	1,897,865	-	-
Sewer	2,213,573	1,972,116	-	-
Storm	403,183	507,721	-	-
Hydro	838,181	784,887	-	-
Total business-type activities	<u>5,321,388</u>	<u>5,162,589</u>	<u>-</u>	<u>-</u>
Total governmental and business-type activities	<u>\$ 27,406,252</u>	<u>\$ 10,898,542</u>	<u>\$ 539,343</u>	<u>\$ 1,234,808</u>
<b>Component unit</b>				
Hastings Economic Development Redevelopment Authority	<u>954,452</u>	<u>40,713</u>	<u>-</u>	<u>912,024</u>
General revenues				
Property taxes				
Lodging taxes				
Unrestricted state aid				
Unrestricted investment earnings				
Insurance recoveries				
Gain on sale of asset				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Prior period adjustment (Note 16)				
Net position - beginning				
Net position - ending				

See notes to financial statements.

Statement 2

Net (Expense) Revenues  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total	Hastings Economic and Redevelopment Authority
\$ (2,687,070)	\$ -	\$ (2,687,070)	\$ -
(5,392,573)	-	(5,392,573)	-
(3,914,084)	-	(3,914,084)	-
5,006	-	5,006	-
(2,171,201)	-	(2,171,201)	-
(51,101)	-	(51,101)	-
(363,737)	-	(363,737)	-
<u>(14,574,760)</u>	<u>-</u>	<u>(14,574,760)</u>	<u>-</u>
-	31,414	31,414	-
-	(241,457)	(241,457)	-
-	104,538	104,538	-
-	(53,294)	(53,294)	-
-	(158,799)	(158,799)	-
<u>\$ (14,574,760)</u>	<u>\$ (158,799)</u>	<u>\$ (14,733,559)</u>	<u>\$ -</u>
-	-	-	(1,715)
12,917,873	-	12,917,873	299,549
3,204	-	3,204	-
639,043	-	639,043	-
215,284	4,188	219,472	12,178
24,299	-	24,299	-
23,272	-	23,272	-
(132,690)	132,690	-	-
<u>13,690,285</u>	<u>136,878</u>	<u>13,827,163</u>	<u>311,727</u>
(884,475)	(21,921)	(906,396)	310,012
48,939,570	29,275,166	78,214,736	5,669,816
264,230	(320,230)	(56,000)	-
<u>49,203,800</u>	<u>28,954,936</u>	<u>78,158,736</u>	<u>5,669,816</u>
<u>\$ 48,319,325</u>	<u>\$ 28,933,015</u>	<u>\$ 77,252,340</u>	<u>\$ 5,979,828</u>

**City of Hastings**

Balance Sheet - Governmental Funds

December 31, 2017

	General Fund	Fire and Ambulance	Debt Service
<b>Assets</b>			
Cash and investments	\$ 4,455,313	\$ 94,879	\$ 4,509,727
Cash with fiscal agent	-	-	-
Interest receivable	4,485	55	4,491
Due from other governments	80,730	790	40,400
Accounts receivable	55,960	1,216,552	-
Due from other funds	291,120	-	-
Property taxes receivable	790,540	124,327	387,367
Special assessments receivable	4,617	-	1,987,923
Inventory	24,517	-	-
Prepaid items	135,921	58,059	4,350
	<u>\$ 5,843,203</u>	<u>\$ 1,494,662</u>	<u>\$ 6,934,258</u>
<b>Liabilities</b>			
Accounts payable	\$ 220,114	\$ 79,763	\$ 8,500
Due to other governments	30,412	14,038	-
Salaries and benefits payable	167,410	76,506	-
Due to other funds	-	-	-
Unearned revenues	116,472	-	-
	<u>534,408</u>	<u>170,307</u>	<u>8,500</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - taxes and assessments	98,258	14,810	2,032,669
Unavailable revenue - grants	75,285	-	-
	<u>173,543</u>	<u>14,810</u>	<u>2,032,669</u>
<b>Fund Balances</b>			
Nonspendable			
Prepaid items	135,921	58,059	4,350
Inventories	24,517	-	-
Permanent Endowment-Leduc Historic Estate	-	-	-
Restricted			
Police activities	-	-	-
Debt service	-	-	4,888,739
Capital projects	-	-	-
Tax increment financing	-	-	-
Leduc Historic Estate	397,985	-	-
Permanent	-	-	-
Committed			
Park Maintenance	-	-	-
Aquatic operations	-	-	-
Cable TV activities	-	-	-
Heritage preservation activities	-	-	-
Fire and ambulance activities	-	1,251,486	-
Arena activities	-	-	-
Assigned			
Capital	-	-	-
Unassigned			
	4,576,829	-	-
	<u>5,135,252</u>	<u>1,309,545</u>	<u>4,893,089</u>
	<u>\$ 5,843,203</u>	<u>\$ 1,494,662</u>	<u>\$ 6,934,258</u>
Total liabilities, deferred inflows of resources, and fund balances			

See notes to financial statements.

Statement 3

Parks Project	Road Improvement Construction	Other Governmental Funds	Total Governmental Funds
\$ 486,573	\$ -	\$ 3,096,021	\$ 12,642,513
-	-	876,587	876,587
764	276	3,447	13,518
-	87,989	20,455	230,364
-	-	247,999	1,520,511
-	-	-	291,120
795	-	202,052	1,505,081
-	-	-	1,992,540
-	-	3,223	27,740
-	-	52,559	250,889
<u>\$ 488,132</u>	<u>\$ 88,265</u>	<u>\$ 4,502,343</u>	<u>\$ 19,350,863</u>
\$ -	\$ 13,815	\$ 78,980	\$ 401,172
-	-	1,671	46,121
-	-	24,084	268,000
-	270,481	20,639	291,120
-	-	-	116,472
-	284,296	125,374	1,122,885
454	-	25,163	2,171,354
-	76,122	-	151,407
<u>454</u>	<u>76,122</u>	<u>25,163</u>	<u>2,322,761</u>
-	-	52,559	250,889
-	-	3,223	27,740
-	-	200,000	200,000
-	-	42,547	42,547
-	-	-	4,888,739
487,678	-	-	487,678
-	-	2,695	2,695
-	-	-	397,985
-	-	891,997	891,997
-	-	1,020,571	1,020,571
-	-	188,258	188,258
-	-	243,756	243,756
-	-	97,564	97,564
-	-	-	1,251,486
-	-	463,992	463,992
-	-	1,172,982	1,172,982
-	(272,153)	(28,338)	4,276,338
<u>487,678</u>	<u>(272,153)</u>	<u>4,351,806</u>	<u>15,905,217</u>
<u>\$ 488,132</u>	<u>\$ 88,265</u>	<u>\$ 4,502,343</u>	<u>\$ 19,350,863</u>

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**City of Hastings**

Reconciliation of the Balance Sheet to  
the Statement of Net Position - Governmental Funds  
December 31, 2017

**Statement 4**

Total fund balances - governmental funds \$ 15,905,217

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.

Cost of capital assets 141,778,149  
Less accumulated depreciation (79,463,550)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bonds payable (20,580,000)  
Unamortized bond premium and discount (397,049)  
Net pension liability (8,601,800)

Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds.

Taxes and special assessments 2,171,354  
Grants 151,407

Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.

Deferred inflows of resources related to fire relief pensions (18,764)  
Deferred inflows of resources related to city pensions (9,644,464)  
Deferred outflows of resources related to fire relief pensions 386,856  
Deferred outflows of resources related to city pensions 8,490,121

The Fire Relief Association net pension asset created through contributions to a defined benefit pension plan which is not recognized in the governmental funds.

1,363,361

Governmental funds do not report a liability for accrued interest due and payable.

(204,634)

Internal Service Funds are used by management to charge the costs of insurance and capital equipment to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.

(3,016,879)

Total net position - governmental activities \$ 48,319,325

**City of Hastings**  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Governmental Funds  
Year Ended December 31, 2017

	General Fund	Fire and Ambulance	Debt Service
<b>Revenues</b>			
General property taxes	\$ 6,772,231	\$ 1,080,314	\$ 3,342,849
Miscellaneous taxes	3,204	-	-
Licenses and permits	496,101	-	-
Intergovernmental	1,225,556	198,500	26,473
Special assessments	4,009	-	497,486
Charges for services	752,662	2,672,575	86,242
Fines and forfeitures	125,963	-	-
Investment income	31,576	488	19,598
Contributions and donations	2,200	2,100	-
Miscellaneous	9,739	-	-
Total revenues	<u>9,423,241</u>	<u>3,953,977</u>	<u>3,972,648</u>
<b>Expenditures</b>			
Current			
General government	2,540,993	-	-
Public safety	4,929,266	3,765,521	-
Public works	1,706,115	-	-
Health and sanitation	30,849	-	-
Cultural and recreation	148,486	-	-
Economic development	-	-	-
Debt service			
Principal	-	-	3,369,500
Interest and fiscal charges	-	-	531,468
Capital outlay			
General government	101,438	-	-
Public safety	101,987	-	-
Public works	5,535	-	-
Cultural and recreation	-	-	-
Total expenditures	<u>9,564,669</u>	<u>3,765,521</u>	<u>3,900,968</u>
Excess of revenues over (under) expenditures	(141,428)	188,456	71,680
<b>Other Financing Sources (Uses)</b>			
Bonds issued	-	-	-
Premium on bonds issued	-	-	-
Insurance recovery	24,299	-	-
Transfers in	680,858	23,100	-
Transfers out	(340,519)	(67,722)	-
Proceeds from sale of capital asset	6,789	-	-
Total other financing sources (uses)	<u>371,427</u>	<u>(44,622)</u>	<u>-</u>
Net change in fund balances	229,999	143,834	71,680
<b>Fund Balances</b>			
Beginning of year	4,905,253	1,165,711	4,821,409
Prior Period Adjustment	-	-	-
Beginning of year, restated	<u>4,905,253</u>	<u>1,165,711</u>	<u>4,821,409</u>
End of year	<u>\$ 5,135,252</u>	<u>\$ 1,309,545</u>	<u>\$ 4,893,089</u>

See notes to financial statements.

Statement 5

<u>Parks Projects</u>	<u>Road Improvement Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 534	\$ -	\$ 1,782,538	\$ 12,978,466
-	-	-	3,204
-	-	-	496,101
-	786,838	179,747	2,417,114
-	-	-	501,495
-	-	1,179,365	4,690,844
-	-	2,303	128,266
4,524	1,804	149,068	207,058
6,000	-	15,669	25,969
-	-	1,678	11,417
<u>11,058</u>	<u>788,642</u>	<u>3,310,368</u>	<u>21,459,934</u>
-	-	-	2,540,993
-	-	15,112	8,709,899
-	5,643	-	1,711,758
-	-	-	30,849
313	-	2,606,284	2,755,083
-	-	38,752	38,752
-	-	-	3,369,500
-	-	-	531,468
-	-	-	101,438
-	-	-	101,987
-	1,682,720	182,210	1,870,465
69,689	-	98,067	167,756
<u>70,002</u>	<u>1,688,363</u>	<u>2,940,425</u>	<u>21,929,948</u>
(58,944)	(899,721)	369,943	(470,014)
-	1,015,000	-	1,015,000
-	57,387	-	57,387
-	-	-	24,299
-	-	71,519	775,477
-	-	(114,067)	(522,308)
-	-	16,483	23,272
-	<u>1,072,387</u>	<u>(26,065)</u>	<u>1,373,127</u>
(58,944)	172,666	343,878	903,113
546,622	(388,819)	4,007,928	15,058,104
-	(56,000)	-	(56,000)
<u>546,622</u>	<u>(444,819)</u>	<u>4,007,928</u>	<u>15,002,104</u>
<u>\$ 487,678</u>	<u>\$ (272,153)</u>	<u>\$ 4,351,806</u>	<u>\$ 15,905,217</u>



**City of Hastings**

Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances to  
the Statement of Activities - Governmental Funds  
Year Ended December 31, 2017

**Statement 6**

Net change in fund balances - governmental funds \$ 903,113

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

Capital outlays are reported in governmental funds as expenditures. However, in the  
Statement of Activities, the cost of those assets is allocated over the estimated useful  
lives as depreciation expense.

Capital outlays	2,039,686
Depreciation expense	(4,860,825)
Assets contributed to Enterprise and Internal Service Funds	(660,859)

Governmental funds recognize pension contributions as expenditures at the time of payment in the funds  
whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.

Pension expense	(548,326)
-----------------	-----------

Principal payments on long-term debt are recognized as expenditures in the governmental  
funds but have no impact on net position in the Statement of Activities.

Bonds payable	3,369,500
---------------	-----------

Governmental funds report the effects of bond premiums and discounts when  
debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

	20,373
--	--------

Interest on long-term debt in the Statement of Activities differs from the amount reported in  
the governmental funds because interest is recognized as an expenditure in the funds when it  
is due and, thus, requires use of current financial resources. In the Statement of Activities,  
however, interest expense is recognized as the interest accrues, regardless of when it is due.

	3,729
--	-------

Proceeds from long-term debt are recognized as an other financing source in the governmental  
funds but have no impact on net assets in the Statement of Activities.

	(1,015,000)
--	-------------

Certain receivables will be collected in subsequent years, but are not available soon enough  
to pay for the current period's expenditures and, therefore, are deferred in the funds.

Taxes and assessments	(227,962)
Grants	(91,964)

Internal Service Funds are used by management to charge the costs of insurance and capital  
equipment to individual funds. The net revenue of certain activities of Internal Service Funds  
is reported with governmental activities in the government-wide financial statements.

	<u>184,060</u>
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Change in net position - governmental activities

	<u>\$ (884,475)</u>
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**City of Hastings**

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - General Fund  
Year Ended December 31, 2017

**Statement 7**

	2017			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>Revenues</b>				
General property taxes	\$ 6,779,810	\$ 6,779,810	\$ 6,772,231	\$ (7,579)
Lodging taxes	3,250	3,250	3,204	(46)
Special assessments	-	-	4,009	4,009
Licenses and permits	482,800	471,494	496,101	24,607
Intergovernmental revenues	1,295,574	1,326,720	1,225,556	(101,164)
Charges for services	709,053	740,068	752,662	12,594
Fines and forfeitures	95,500	130,300	125,963	(4,337)
Investment income	31,000	31,000	31,576	576
Contributions and donations	-	2,400	2,200	(200)
Other revenues	57,000	72,945	9,739	(63,206)
Total revenues	<u>9,453,987</u>	<u>9,557,987</u>	<u>9,423,241</u>	<u>(134,746)</u>
<b>Expenditures</b>				
General Government				
Legal	\$ 160,941	\$ 210,941	\$ 211,620	679
Mayor, legislative, city administration	354,151	379,151	358,729	(20,422)
Finance and accounting	538,482	538,482	491,809	(46,673)
City clerk and elections	377,829	377,829	356,402	(21,427)
Planning and economic development	161,798	161,798	156,935	(4,863)
I.T.	607,907	607,907	591,445	(16,462)
Building maintenance	342,242	342,242	310,904	(31,338)
Miscellaneous	125,660	125,660	164,587	38,927
Public safety				
Police	4,736,307	4,706,701	4,510,888	(195,813)
Building safety and code enforcement	518,777	518,777	508,579	(10,198)
Emergency management services	5,500	7,700	7,632	(68)
Animal control	7,000	4,800	4,154	(646)
Public works				
Engineering	507,116	525,116	474,455	(50,661)
Street maintenance	1,093,175	1,100,675	1,003,345	(97,330)
Street Lights	255,000	237,000	233,850	(3,150)
Health and sanitation				
Reforestation	9,250	24,655	18,491	(6,164)
Recycling	15,800	16,400	12,358	(4,042)
Culture and recreation				
Senior center	85,750	80,450	78,747	(1,703)
LeDuc historic estate	304,485	304,485	69,739	(234,746)
Total expenditures	<u>10,207,170</u>	<u>10,270,769</u>	<u>9,564,669</u>	<u>(706,100)</u>
Excess of revenues over (under) expenditures	(753,183)	(712,782)	(141,428)	571,354
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	-	7,000	6,789	(211)
Bonds issued	157,300	-	-	-
Insurance recoveries	6,780	24,280	24,299	19
Transfers in	682,868	682,868	680,858	(2,010)
Transfers out	(339,381)	(339,381)	(340,519)	(1,138)
Total other financing sources (uses)	<u>507,567</u>	<u>374,767</u>	<u>371,427</u>	<u>(3,340)</u>
Net change in fund balances	(245,616)	(338,015)	229,999	568,014
<b>Fund Balances</b>				
Beginning of year	4,905,253	4,905,253	4,905,253	-
End of year	<u>\$ 4,659,637</u>	<u>\$ 4,567,238</u>	<u>\$ 5,135,252</u>	<u>\$ 568,014</u>

See notes to financial Statements

**City of Hastings**

Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 Fire and Ambulance Special Revenue Fund  
 Year Ended December 31, 2017

**Statement 8**

	2017			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 1,083,580	\$ 1,083,580	\$ 1,080,314	\$ (3,266)
Intergovernmental	124,480	195,061	198,500	3,439
Charges for services	2,701,694	2,674,094	2,672,575	(1,519)
Investment income	4,500	4,500	488	(4,012)
Contributions and donations	-	2,100	2,100	-
Total revenues	<u>3,914,254</u>	<u>3,959,335</u>	<u>3,953,977</u>	<u>(5,358)</u>
<b>Expenditures</b>				
Current				
Public safety	3,853,292	3,919,789	3,765,521	(154,268)
Capital outlay	7,500	7,500	-	(7,500)
Total expenditures	<u>3,860,792</u>	<u>3,927,289</u>	<u>3,765,521</u>	<u>(161,768)</u>
Excess of revenues over expenditures	53,462	32,046	188,456	156,410
<b>Other Financing Sources (Uses)</b>				
Transfers in	23,100	23,100	23,100	-
Transfers out	(76,562)	(76,562)	(67,722)	8,840
Total other financing sources (uses)	<u>(53,462)</u>	<u>(53,462)</u>	<u>(44,622)</u>	<u>8,840</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (21,416)</u>	143,834	<u>\$ 165,250</u>
<b>Fund Balance</b>				
Beginning of year			<u>1,165,711</u>	
End of year			<u>\$ 1,309,545</u>	

See notes to financial statements

	Business-Type Activities Enterprise Funds				Business Type Activities Enterprise Funds	Governmental Activities - Internal Service Funds
	Water (600)	Sewer (601)	Storm (603)	Hydro (620)	Total	
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	\$ 2,302,511	\$ 1,044,813	\$ 349,662	\$ 121,052	\$ 3,818,038	\$ 903,305
Interest receivable	3,213	1,544	431	201	5,389	1,111
Due from other governments	-	-	-	200	200	-
Accounts receivable - net	400,689	520,617	147,400	59,436	1,128,142	-
Special assessments receivable:						
Deferred	54,316	42,333	142	-	96,791	-
Prepaid items	7,890	107,901	3,145	896	119,832	-
Total current assets	<u>2,768,619</u>	<u>1,717,208</u>	<u>500,780</u>	<u>181,785</u>	<u>5,168,392</u>	<u>904,416</u>
<b>Noncurrent assets</b>						
Advances to other funds	-	300,000	-	-	300,000	-
<b>Capital assets</b>						
Land and construction in progress	354,872	-	-	-	354,872	-
Buildings	8,048,680	144,798	-	6,831,566	15,025,044	-
Infrastructure	19,870,505	17,793,823	-	-	37,664,328	-
Machinery and equipment	1,284,895	706,138	220,638	3,695,929	5,907,600	-
Improvements other than buildings	3,744,240	-	-	-	3,744,240	-
Total capital assets	<u>33,303,192</u>	<u>18,644,759</u>	<u>220,638</u>	<u>10,527,495</u>	<u>62,696,084</u>	<u>-</u>
Less: accumulated depreciation	<u>(16,912,669)</u>	<u>(9,991,373)</u>	<u>(80,615)</u>	<u>(7,462,176)</u>	<u>(34,446,833)</u>	<u>-</u>
Net capital assets	<u>16,390,523</u>	<u>8,653,386</u>	<u>140,023</u>	<u>3,065,319</u>	<u>28,249,251</u>	<u>-</u>
Total noncurrent assets	<u>16,390,523</u>	<u>8,953,386</u>	<u>140,023</u>	<u>3,065,319</u>	<u>28,549,251</u>	<u>-</u>
Total assets	<u>19,159,142</u>	<u>10,670,594</u>	<u>640,803</u>	<u>3,247,104</u>	<u>33,717,643</u>	<u>904,416</u>
<b>Deferred Outflows of Resources</b>						
Deferred outflows of resources related to pensions	121,459	85,841	80,761	13,383	301,444	-
Total assets and deferred outflows of resources	<u>\$ 19,280,601</u>	<u>\$ 10,756,435</u>	<u>\$ 721,564</u>	<u>\$ 3,260,487</u>	<u>\$ 34,019,087</u>	<u>\$ 904,416</u>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Accounts payable	\$ 153,519	\$ 6,813	\$ 2,808	\$ 50,095	213,235	\$ -
Due to other governments	15,201	-	-	1,162	16,363	-
Interest payable	21,189	-	-	-	21,189	-
Salaries payable	9,164	6,565	6,098	873	22,700	-
Compensated absences	6,039	4,608	3,931	709	15,287	111,447
Unearned revenue	1,497	-	-	-	1,497	-
Bonds payable - current portion	235,000	-	-	-	235,000	-
Total current liabilities	<u>441,609</u>	<u>17,986</u>	<u>12,837</u>	<u>52,839</u>	<u>525,271</u>	<u>111,447</u>
<b>Noncurrent liabilities</b>						
Advances from other funds	-	-	-	300,000	300,000	-
Compensated Absences	114,909	79,402	65,155	12,309	271,775	1,523,013
Bonds payable, net	2,617,501	-	-	-	2,617,501	-
Retiree health insurance	117,021	80,750	75,859	11,432	285,062	2,398,282
Net pension liability	446,763	315,746	297,062	49,228	1,108,799	-
Less amount due within one year	<u>(241,039)</u>	<u>(4,608)</u>	<u>(3,931)</u>	<u>(709)</u>	<u>(250,287)</u>	<u>(111,447)</u>
Total noncurrent liabilities	<u>3,055,155</u>	<u>471,290</u>	<u>434,145</u>	<u>372,260</u>	<u>4,332,850</u>	<u>3,809,848</u>
Total liabilities	<u>3,496,764</u>	<u>489,276</u>	<u>446,982</u>	<u>425,099</u>	<u>4,858,121</u>	<u>3,921,295</u>
<b>Deferred Inflows of Resources</b>						
Deferred inflows of resources related to pensions	91,847	64,912	61,071	10,121	227,951	-
<b>Net Position</b>						
Net investment in capital assets	13,773,022	8,653,386	140,023	3,065,319	25,631,750	-
Unrestricted	1,918,968	1,548,861	73,488	(240,052)	3,301,265	(3,016,879)
Total net position	<u>15,691,990</u>	<u>10,202,247</u>	<u>213,511</u>	<u>2,825,267</u>	<u>28,933,015</u>	<u>(3,016,879)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 19,280,601</u>	<u>\$ 10,756,435</u>	<u>\$ 721,564</u>	<u>\$ 3,260,487</u>	<u>\$ 34,019,087</u>	<u>\$ 904,416</u>

**City of Hastings**  
Statement of Revenues, Expenses, and Changes  
in Fund Net Position - Proprietary Funds  
Year Ended December 31, 2017

**Statement 10**

	Business-Type Activities Enterprise Funds				Business Type Activities Enterprise Funds	Governmental Activities - Internal Service Funds
	Water (600)	Sewer (601)	Storm (603)	Hydro (620)	Total	
Operating revenues						
Charges for services	\$ 1,872,300	\$ 1,968,435	\$ 507,721	\$ 784,887	\$ 5,133,343	\$ 130,216
Operating expenses						
Personal services	532,682	382,734	360,536	60,550	1,336,502	236,440
Supplies	87,029	4,074	3,501	808	95,412	-
Professional services	384,429	119,315	26,385	606,749	1,136,878	-
Metro waste control charge	-	1,292,153	-	-	1,292,153	-
Depreciation	826,542	415,297	12,703	170,074	1,424,616	-
Total operating expenses	<u>1,830,682</u>	<u>2,213,573</u>	<u>403,125</u>	<u>838,181</u>	<u>5,285,561</u>	<u>236,440</u>
Operating income (loss)	41,618	(245,138)	104,596	(53,294)	(152,218)	(106,224)
Nonoperating revenues (expenses)						
Investment income	(8,928)	8,221	2,714	2,181	4,188	8,226
Special assessments	25,565	3,681	-	-	29,246	-
Intergovernmental	-	-	-	-	-	7,058
Interest expense	(35,769)	-	(58)	-	(35,827)	-
Total nonoperating revenues (expenses)	<u>(19,132)</u>	<u>11,902</u>	<u>2,656</u>	<u>2,181</u>	<u>(2,393)</u>	<u>15,284</u>
Income (loss) before contributions and transfers	22,486	(233,236)	107,252	(51,113)	(154,611)	(90,940)
Capital contributions from other funds	-	660,859	-	-	660,859	-
Transfers in	-	-	-	-	-	275,000
Transfers out	<u>(29,805)</u>	<u>(32,429)</u>	<u>(7,526)</u>	<u>(458,409)</u>	<u>(528,169)</u>	<u>-</u>
Change in net position	(7,319)	395,194	99,726	(509,522)	(21,921)	184,060
Net position						
Beginning of year	15,830,767	9,897,765	199,003	3,347,631	29,275,166	(3,521,169)
Prior period adjustment (Note 16)	<u>(131,458)</u>	<u>(90,712)</u>	<u>(85,218)</u>	<u>(12,842)</u>	<u>(320,230)</u>	<u>320,230</u>
Beginning of year, as restated	<u>15,699,309</u>	<u>9,807,053</u>	<u>113,785</u>	<u>3,334,789</u>	<u>28,954,936</u>	<u>(3,200,939)</u>
End of year	<u>\$ 15,691,990</u>	<u>\$ 10,202,247</u>	<u>\$ 213,511</u>	<u>\$ 2,825,267</u>	<u>\$ 28,933,015</u>	<u>\$ (3,016,879)</u>

	Business-Type Activities - Enterprise Funds				Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
	Water (600)	Sewer (601)	Storm (603)	Hydro (620)	Total	
<b>Cash Flows - Operating Activities</b>						
Receipts from customers	\$ 1,803,707	\$ 1,867,965	\$ 484,240	\$ 786,730	\$ 4,942,642	\$ -
Interfund services provided and used	-	-	-	-	-	130,216
Payments to suppliers for goods and services	(356,562)	(1,421,384)	(27,652)	(564,047)	(2,369,645)	(296,084)
Payments to employees for services	(528,170)	(370,346)	(346,720)	(56,713)	(1,301,949)	(205,019)
Net cash flows - operating activities	<u>918,975</u>	<u>76,235</u>	<u>109,868</u>	<u>165,970</u>	<u>1,271,048</u>	<u>(370,887)</u>
<b>Cash Flows - Noncapital</b>						
<b>Financing Activities</b>						
Special assessments	(16,822)	3,229	-	-	(13,593)	-
Intergovernmental receipts	-	-	-	-	-	7,058
Transfer to other funds	(29,805)	(32,429)	(7,526)	(458,409)	(528,169)	-
Transfer from other funds	-	-	-	-	-	275,000
Net cash flows - noncapital financing activities	<u>(46,627)</u>	<u>(29,200)</u>	<u>(7,526)</u>	<u>(458,409)</u>	<u>(541,762)</u>	<u>282,058</u>
<b>Cash Flows - Capital and Related</b>						
<b>Financing Activities</b>						
Principal Paid On Debt	(2,725,000)	-	(40,500)	-	(2,765,500)	-
Interest Paid On Debt	(80,213)	-	(284)	-	(80,497)	-
Acquisition of capital assets	(561,359)	(447,790)	-	(30,907)	(1,040,056)	-
Net cash flows - capital and related financing activities	<u>(3,366,572)</u>	<u>(447,790)</u>	<u>(40,784)</u>	<u>(30,907)</u>	<u>(3,886,053)</u>	<u>-</u>
<b>Cash Flows - Investing Activities</b>						
Investment income	(10,132)	13,058	2,838	2,843	8,607	9,035
Net cash flows - investing activities	<u>(10,132)</u>	<u>13,058</u>	<u>2,838</u>	<u>2,843</u>	<u>8,607</u>	<u>9,035</u>
Net change in cash and cash equivalents	(2,504,356)	(387,697)	64,396	(320,503)	(3,148,160)	(79,794)
<b>Cash and Cash Equivalents</b>						
January 1	<u>4,806,867</u>	<u>1,432,510</u>	<u>285,266</u>	<u>441,555</u>	<u>6,966,198</u>	<u>983,099</u>
December 31	<u>\$ 2,302,511</u>	<u>\$ 1,044,813</u>	<u>\$ 349,662</u>	<u>\$ 121,052</u>	<u>\$ 3,818,038</u>	<u>\$ 903,305</u>

	Business-Type Activities - Enterprise Funds				Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
	Water (600)	Sewer (601)	Storm (603)	Hydro (620)	Total	
<b>Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities</b>						
Operating income (loss)	\$ 41,618	\$ (245,138)	\$ 104,596	\$ (53,294)	\$ (152,218)	\$ (106,224)
Adjustments to reconcile operating income (loss) to net cash flows - operating activities						
Miscellaneous revenue	-	-	-	-	-	-
Other expense	-	-	-	-	-	-
Depreciation	826,542	415,297	12,703	170,074	1,424,616	-
Pension expense	15,868	17,707	18,311	5,408	57,294	-
Accounts receivable	(68,739)	(100,470)	(23,393)	1,843	(190,759)	-
Special assessments receivable	-	-	(88)	-	(88)	-
Due from other governments	146	-	-	-	146	-
Prepaid items	385	5,340	66	117	5,908	-
Accounts payable	105,160	(11,182)	2,168	42,667	138,813	-
Salaries payable	1,662	1,408	1,223	118	4,411	-
Due to other governments	9,351	-	-	726	10,077	-
OPEB obligation	(14,437)	(9,962)	(9,359)	(1,410)	(35,168)	(296,084)
Compensated absences payable	1,419	3,235	3,641	(279)	8,016	31,421
Total adjustments	<u>877,357</u>	<u>321,373</u>	<u>5,272</u>	<u>219,264</u>	<u>1,423,266</u>	<u>(264,663)</u>
Net cash flows - operating activities	<u>\$ 918,975</u>	<u>\$ 76,235</u>	<u>\$ 109,868</u>	<u>\$ 165,970</u>	<u>\$ 1,271,048</u>	<u>\$ (370,887)</u>
<b>Noncash Capital and Related Financing Activities</b>						
Capital contributions	<u>\$ -</u>	<u>\$ 660,859</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 660,859</u>	<u>\$ -</u>

## **TRUST and AGENCY FUNDS**



**City of Hastings**  
Statement of Fiduciary Net Position  
December 31, 2017

**Statement 12**

	<u>Total Combined Trust Funds</u>	<u>Total Combined Agency Funds</u>
<b>Assets</b>		
Cash and investments	\$ 91,899	\$ 154,120
Interest receivable	117	-
	<u>\$ 92,016</u>	<u>\$ 154,120</u>
Total assets		
<b>Liabilities</b>		
Deposits payable	<u>\$ -</u>	<u>\$ 154,120</u>
<b>Net Position</b>		
Held in trust for library	<u>\$ 92,016</u>	

See notes to financial statements.

**City of Hastings**

Statement of Changes in Fiduciary Net Position  
December 31, 2017

**Statement 13**

Library  
Private-  
Purpose  
Trust Fund

**Additions**

Investment earnings

\$ 852

**Deductions**

Other services and charges

1,992

Change in net position

(1,140)

Beginning net position

93,156

Ending net position

\$ 92,016

See notes to financial statements.

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**NOTE 1 – 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 Board 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 was 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 in 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.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

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:

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.

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.

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.

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

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)**

The City reports the following major proprietary funds:

Water Fund – This fund accounts for the activities related to the operation of a water distribution system.

Sewer Fund – This fund accounts for resources and payments related to the operation of a sanitary collection system.

Storm Fund – This fund accounts for resources and payments related to the operation of the storm water system.

Hydro Fund – This fund accounts for the funds generated by the hydroelectric plant. These funds are used to finance the hydroelectric operating expenses.

Additionally, the City reports the following fund types:

Internal Service Funds – account for the retiree health insurance expenses and the related liability, the expenses for the compensated absences paid out upon termination or retirement as well as, expenses for vehicle revolving services provided to other departments, on a cost reimbursement basis.

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

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.

Permanent Funds – account for the trusts of the Simmons family for the LeDuc Historic Estate that was transferred over to the City in 2005. The income of these trust is used for the operations at 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. Exceptions to this general rule are charges between the City's utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)**

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**

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances.

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.

Minnesota Statutes authorizes the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.

Certain investments for the City as well as for its component unit are reported at fair value as disclosed in Note 3. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

In accordance with GASB Statement No. 79, the Minnesota Municipal Investment Pool securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption.

**2. Receivables**

All trade and property tax receivables are shown at a gross amount since both are assessable to the property taxes and are collectible upon the sale of the property.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Position or Equity (Continued)**

The City levies its property tax for the subsequent year during the month of December. December 28 is the last day the City can certify a tax levy to the County Auditor for collection the following year. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. The property tax is recorded as revenue when it becomes measurable and available. Dakota County is the collecting agency for the levy and remit the collections to the City three times a year. The tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Taxes not collected as of December 31 each year are shown as delinquent taxes receivable.

The County Auditor prepares the tax list for all taxable property in the City, applying the applicable tax rate to the tax capacity of individual properties, to arrive at the actual tax for each property. The County Auditor also collects all special assessments, except for certain prepayments paid directly to the City.

The County Auditor submits the list of taxes and special assessments to be collected on each parcel of property to the County Treasurer in January of each year.

All trade and accounts receivable are shown net of allowance for uncollectible accounts which is determined by analysis of historical collection trends. The allowance for ambulance receivable is equal to 77% of outstanding receivables at year end.

**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 using the consumption method.

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, and grants.



**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Position or Equity (Continued)**

**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 acquisition 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, 2017.

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	15 - 50
Furniture and fixtures	5 - 20
Motor vehicles	5
Heavy equipment	10
Fire trucks	10
Park trails	25 - 30
Streets and public infrastructure	20
Utility distribution systems	40
Sirens	10
Bridges	45
Improvements other than buildings	10 - 20

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Position or Equity (Continued)**

**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.

**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 the fire relief association and additions to/deductions from PERA's and the fire relief association's fiduciary net position are determined on the same basis as they are reported by PERA and the fire relief association 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.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Position or Equity (Continued)**

**9. Fund Balance**

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:

Nonspendable – 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.

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.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Position or Equity (Continued)**

**10. Net Position**

Net position represents the difference between assets and deferred outflows of resources; and liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations on use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**E. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

**NOTE 2 – 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 Drug Awareness Special Revenue Fund, the Road Improvement Capital Projects Fund, which adopt project-length budgets, Guardian Angels TIF, Riverfront TIF, NAPA TIF, and the permanent funds, which are not budgeted. All annual appropriations lapse at fiscal year-end.

On or before mid-June 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 2017. Several of the budgets changed in total as a result of the Council approved appropriations.

**CITY OF HASTINGS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**B. Deficit Fund Equity**

The Road Improvement Construction Fund had a fund deficit of \$272,153, a decrease of \$116,666 from 2016. This fund deficit is expected to be recovered from intergovernmental revenue. The NAPA TIF district had a fund balance deficit of \$10,218, a decrease of \$1,145 from 2016. The Riverfront TIF district had a deficit of \$2,104, an increase of \$1,134 from 2016. The Downtown Redevelopment TIF had a deficit of \$16,016, an increase of \$1,016. These fund's deficits are expected to be covered from future tax increment revenues.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

**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. As of December 31, 2017, the City was not exposed to custodial credit risk because deposits were fully collateralized. The City's book balance for cash as of December 31, 2017 was \$(32,827).

**B. Investments**

As of December 31, 2017 the City had the following investments and maturities:

Investment Type	Rating	Fair Value	Investment Maturities			
			Less than One Year	1-5 Years	6-10 Years	Greater than 10 Years
Pooled Investments:						
Federal Home Loan Bank Notes	AAA	\$ 491,730	\$ -	\$ 248,995	\$ 242,735	\$ -
Federal Home Loan Bank Corp	AAA	492,580	-	492,580	-	-
Federal National Mortgage Assn.	AAA	295,926	-	295,926	-	-
Taxable Municipals	AAA/AA+	1,225,558	-	981,078	244,480	-
Brokered Certificates of Deposit	NR	8,794,889	2,371,673	5,934,084	489,132	-
External Investment Pool - 4M Fund	NR	2,379,525	2,379,525	-	-	-
Money Market	NR	5,377,398	5,377,398	-	-	-
Total Pooled Investments		<u>19,057,606</u>	<u>10,128,596</u>	<u>7,952,663</u>	<u>976,347</u>	<u>-</u>
Non-Pooled Investments						
Brokered Cash	N/A	39,732	39,732	-	-	-
Equity	N/A	533,149	533,149	-	-	-
Fixed Income Securities	N/A	250,821	250,821	-	-	-
Real Estate	N/A	36,188	36,188	-	-	-
Commodities	N/A	16,131	16,131	-	-	-
Total Non-Pooled Investments		<u>876,021</u>	<u>876,021</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total		<u>\$ 19,933,627</u>	<u>\$ 11,004,617</u>	<u>\$ 7,952,663</u>	<u>\$ 976,347</u>	<u>\$ -</u>

**CITY OF HASTINGS**  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2017

**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

The City has the following recurring fair value measurements as of December 31, 2017:

- \$8,794,889 of \$19,057,606 are valued using a quoted market prices (Level 1 inputs)
- \$2,505,794 of \$19,057,606 are valued using a matrix pricing model (Level 2 inputs)

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. Investments are rated as noted on the previous page.

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.

Summary of cash deposits and investments as of December 31, 2017, were as follows:

Deposits (Note 3.A.)	\$ (32,827)
Investments (Note 3.B.)	19,933,627
Petty cash	<u>645</u>
 Total deposits and investments	 <u><u>\$ 19,901,445</u></u>

**CITY OF HASTINGS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

Deposits and investments are presented in the December 31, 2017, basic financial statements as follows:

Statement of Net Position		
Cash and investments - City		\$ 17,363,856
Cash and investments - HEDRA		1,414,983
Cash with fiscal agent		876,587
Statement of Fiduciary Net Position		
Cash and investments		<u>246,019</u>
Total deposits and investments		<u><u>\$ 19,901,445</u></u>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 3,689,587	\$ -	\$ -	\$ 3,689,587
Construction in progress	2,383,707	2,228,644	(4,551,825)	60,526
Total capital assets not being depreciated	<u>6,073,294</u>	<u>2,228,644</u>	<u>(4,551,825)</u>	<u>3,750,113</u>
Capital assets being depreciated				
Buildings	19,740,470	160,166	-	19,900,636
Improvements other than buildings	3,892,391	179,962	-	4,072,353
Machinery and equipment	11,145,332	138,700	(65,657)	11,218,375
Infrastructure	99,681,929	3,223,180	(68,437)	102,836,672
Total capital assets being depreciated	<u>134,460,122</u>	<u>3,702,008</u>	<u>(134,094)</u>	<u>138,028,036</u>
Less accumulated depreciation for				
Buildings	(8,933,303)	(452,339)	-	(9,385,642)
Improvements other than buildings	(2,372,474)	(329,053)	-	(2,701,527)
Machinery and equipment	(8,181,534)	(594,000)	65,657	(8,709,877)
Infrastructure	(55,249,508)	(3,485,433)	68,437	(58,666,504)
Total accumulated depreciation	<u>(74,736,819)</u>	<u>(4,860,825)</u>	<u>134,094</u>	<u>(79,463,550)</u>
Total capital assets being depreciated, net	<u>59,723,303</u>	<u>(1,158,817)</u>	<u>-</u>	<u>58,564,486</u>
Governmental activities capital position, net	<u><u>\$ 65,796,597</u></u>	<u><u>\$ 1,069,827</u></u>	<u><u>\$ (4,551,825)</u></u>	<u><u>\$ 62,314,599</u></u>

**CITY OF HASTINGS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

**NOTE 4 – CAPITAL ASSETS (CONTINUED)**

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 349,300	\$ -	\$ -	\$ 349,300
Construction in progress	240,000	252,666	(487,094)	5,572
Total capital assets not being depreciated	<u>589,300</u>	<u>252,666</u>	<u>(487,094)</u>	<u>354,872</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	5,624,686	282,914	-	5,907,600
Infrastructure	36,103,884	1,652,431	(91,987)	37,664,328
Total capital assets being depreciated	<u>60,497,854</u>	<u>1,935,345</u>	<u>(91,987)</u>	<u>62,341,212</u>
Less accumulated depreciation for				
Buildings	(6,996,905)	(429,505)	-	(7,426,410)
Improvements other than buildings	(1,875,736)	(105,709)	-	(1,981,445)
Machinery and equipment	(4,632,763)	(107,315)	-	(4,740,078)
Infrastructure	(19,608,800)	(782,087)	91,987	(20,298,900)
Total accumulated depreciation	<u>(33,114,204)</u>	<u>(1,424,616)</u>	<u>91,987</u>	<u>(34,446,833)</u>
Total capital assets being depreciated, net	<u>27,383,650</u>	<u>510,729</u>	<u>-</u>	<u>27,894,379</u>
Business-type activities capital assets, net	<u>\$ 27,972,950</u>	<u>\$ 763,395</u>	<u>\$ (487,094)</u>	<u>\$ 28,249,251</u>

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

Governmental activities	
General government	\$ 147,945
Cultural and recreation	593,246
Public Safety	368,964
Public Works	<u>3,750,670</u>
Total depreciation expense - governmental activities	<u>\$ 4,860,825</u>
Business-type activities	
Water	\$ 826,542
Sewer	415,297
Storm Water	12,703
Hydro	<u>170,074</u>
Total depreciation expense - business-type activities	<u>\$ 1,424,616</u>



**CITY OF HASTINGS**  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2017

**NOTE 4 – CAPITAL ASSETS (CONTINUED)**

**Discretely Presented Component Unit**

Activity for the HEDRA for the year ended December 31, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets being depreciated				
Buildings	\$ 724,195	\$ -	\$ -	\$ 724,195
Less accumulated depreciated for				
Buildings	(625,947)	(4,500)	-	(630,447)
Total capital assets being depreciated, net	98,248	(4,500)	-	93,748
Component unit capital assets, net	<u>\$ 98,248</u>	<u>\$ (4,500)</u>	<u>\$ -</u>	<u>\$ 93,748</u>

**NOTE 5 – INTERFUND ASSETS/LIABILITIES**

The composition of interfund balances as of December 31, 2017, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 20,639
General Fund	Road Improvement Construction	270,481
Total		<u>\$ 291,120</u>

Advances To/From Other Funds

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

The due from/due to other funds balances represent borrowing to resolves deficit cash balances.

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.

**CITY OF HASTINGS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

**NOTE 6 – INTERFUND TRANSFERS**

Transfers Out					
General	\$ -	\$ -	\$ 65,519	\$ 275,000	\$ 340,519
Fire & ambulance	67,722	-	-	-	67,722
Non-major governmental fund	84,967	23,100	6,000	-	114,067
Water	29,805	-	-	-	29,805
Sewer	32,429	-	-	-	32,429
Stormwater	7,526	-	-	-	7,526
Hydro	458,409	-	-	-	458,409
Total	<u>\$ 680,858</u>	<u>\$ 23,100</u>	<u>\$ 71,519</u>	<u>\$ 275,000</u>	<u>\$ 1,050,477</u>

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

**NOTE 7 – LONG-TERM DEBT**

**A. 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.

**CITY OF HASTINGS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

**NOTE 7 – LONG-TERM DEBT (CONTINUED)**

**B. 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 \$2,280,000. Of the two 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:

	Issue Date	Interest Rates	Original Issue	Final Maturity	Balance End of Year	Due Within One Year
G.O. Public Facility Refunding Bonds, Series 2010A	06/24/10	3.00% - 4.00%	\$ 1,715,000	02/01/22	\$ 860,000	\$ 155,000
G.O. Revenue Refunding Bonds, Series 2013A	02/21/13	2.00%	565,000	02/01/19	235,000	115,000
					<u>\$ 1,095,000</u>	<u>\$ 270,000</u>

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 270,000	\$ 30,475	\$ 300,475
2019	290,000	22,400	312,400
2020	175,000	14,300	189,300
2021	180,000	8,100	188,100
2022	180,000	2,700	182,700
Total	<u>\$ 1,095,000</u>	<u>\$ 77,975</u>	<u>\$ 1,172,975</u>

**CITY OF HASTINGS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

**NOTE 7 – LONG-TERM DEBT (CONTINUED)**

**C. G.O. Improvement Bonds**

In August 2017, the City issued \$1,015,000 G.O. Improvement Bonds, Series 2017A. 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 \$21,770,000. The G.O. Improvement Bonds currently outstanding are as follows:

	Issue Date	Interest Rates	Original Issue	Final Maturity	Balance End of Year	Due Within One Year
G.O. Improvement Bonds, Series 2006A	12/14/06	4.00%	\$ 1,940,000	02/01/18	\$ 205,000	\$ 205,000
G.O. Improvement Bonds, Series 2007B	11/29/07	3.45%-3.80%	2,390,000	02/01/19	505,000	255,000
G.O. Improvement Bonds, Series 2008A	12/04/08	3.50%-4.20%	3,105,000	02/01/20	1,005,000	325,000
G.O. Improvement Bonds, Series 2009A	12/15/09	2.00%-3.55%	1,750,000	02/01/21	750,000	180,000
G.O. Improvement Bonds, Series 20010B	11/01/10	0.60%-2.80%	1,185,000	02/01/22	600,000	120,000
G.O. Improvement Bonds, Series 2011A	09/14/11	0.50%-2.45%	3,720,000	02/01/22	1,880,000	370,000
G.O. Improvement Bonds, Series 2012A	10/17/12	2.00%-3.00%	1,700,000	02/01/23	1,055,000	170,000
G.O. Improvement Bonds, Series 2013B	11/20/13	0.40%-2.45%	1,265,000	02/01/24	885,000	125,000
G.O. Improvement Bonds, Series 2014A	11/25/14	0.65%-2.50%	2,345,000	02/01/25	2,055,000	245,000
G.O. Improvement Bonds, Series 2015A	09/03/15	2.00%-2.20%	360,000	02/01/26	325,000	35,000
G.O. Improvement Bonds, Series 2016B	11/03/16	2.00%	995,000	02/01/27	995,000	85,000
G.O. Improvement Bonds, Series 2017A	11/02/17	2.75%-2.875%	1,015,000	02/01/28	1,015,000	-
					<u>\$ 11,275,000</u>	<u>\$ 2,115,000</u>

Annual debt service requirements to maturity for G.O. Improvement Bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 2,115,000	\$ 256,385	\$ 2,371,385
2019	2,025,000	205,572	2,230,572
2020	1,810,000	152,297	1,962,297
2021	1,480,000	109,655	1,589,655
2022	1,305,000	76,358	1,381,358
2023-2027	2,430,000	123,102	2,553,102
2028-2032	110,000	1,581	111,581
Total	<u>\$ 11,275,000</u>	<u>\$ 924,950</u>	<u>\$ 12,199,950</u>

**CITY OF HASTINGS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

**NOTE 7 – LONG-TERM DEBT (CONTINUED)**

**D. 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 \$2,535,000. The equipment certificates currently outstanding are as follows:

	Issue Date	Interest Rates	Original Issue	Final Maturity	Balance End of Year	Due Within One Year
Certificate of Participation, Series 2012A	10/17/12	2.00%-3.00%	\$ 330,000	02/01/18	\$ 70,000	\$ 70,000
Certificate of Participation, Series 2013B	11/20/13	0.40%-2.45%	1,410,000	02/01/24	845,000	195,000
Certificate of Participation, Series 2014A	11/25/14	0.65%-2.00%	205,000	02/01/21	165,000	40,000
Certificate of Participation, Series 2015A	09/03/15	2.00%	295,000	02/01/21	240,000	60,000
Certificate of Participation, Series 2016B	11/03/16	2.00%	295,000	2/1/2022	295,000	55,000
					<u>\$ 1,615,000</u>	<u>\$ 420,000</u>

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 420,000	\$ 27,184	\$ 447,184
2019	355,000	20,449	375,449
2020	245,000	15,091	260,091
2021	255,000	10,198	265,198
2022	150,000	6,080	156,080
2023-2027	<u>190,000</u>	<u>4,584</u>	<u>194,584</u>
Total	<u>\$ 1,615,000</u>	<u>\$ 83,586</u>	<u>\$ 1,698,586</u>

**E. G.O. 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 \$2,565,000. The general obligation revenue bonds currently outstanding are as follows:

	Issue Date	Interest Rates	Original Issue	Final Maturity	Balance End of Year	Due Within One Year
G.O. Refunding Bonds, Series 2013A	02/21/13	2.00%	\$ 2,565,000	02/01/27	<u>\$ 2,565,000</u>	<u>\$ 235,000</u>
Total business-type activities						

**CITY OF HASTINGS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

**NOTE 7 – LONG-TERM DEBT (CONTINUED)**

**E. Revenue Bonds**

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 235,000	\$ 48,950	\$ 283,950
2019	245,000	44,150	289,150
2020	240,000	39,300	279,300
2021	250,000	34,400	284,400
2022	255,000	29,350	284,350
2023-2027	<u>1,340,000</u>	<u>67,500</u>	<u>1,407,500</u>
Total	<u>\$ 2,565,000</u>	<u>\$ 263,650</u>	<u>\$ 2,828,650</u>

**F. Charter Bonds**

The City also issues bonds that use 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 \$4,755,000. The general obligation charter bonds currently outstanding are as follows:

	Issue Date	Interest Rates	Original Issue	Final Maturity	Balance End of Year	Due Within One Year
G.O. Imprvment Bonds, Series 2014A - Charter	11/25/14	0.65%-2.50%	\$ 650,000	02/01/25	\$ 560,000	\$ 65,000
G.O. Improvement Bond, Series 2015A - Charter	09/03/15	2%-2.20%	2,100,000	02/01/26	1,925,000	200,000
G.O. Improvement Bond, Series 2016B - Charter	11/03/16	2.00%	2,005,000	02/01/27	<u>2,005,000</u>	<u>65,000</u>
					<u>\$ 4,490,000</u>	<u>\$ 330,000</u>

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 330,000	\$ 88,410	\$ 418,410
2019	465,000	80,460	545,460
2020	475,000	71,060	546,060
2021	485,000	61,460	546,460
2022	495,000	51,485	546,485
2023-2027	<u>2,240,000</u>	<u>103,385</u>	<u>2,343,385</u>
Total	<u>\$ 4,490,000</u>	<u>\$ 456,260</u>	<u>\$ 4,946,260</u>

**CITY OF HASTINGS**  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2017

**NOTE 7 – LONG-TERM DEBT (CONTINUED)**

**G. General Obligation Tax Increment Revenue Bonds**

In August 2016, the City issued \$2,265,000 GO Tax Increment Revenue bonds. The bonds are backed by the full faith and credit of the City of Hastings. Tax increment revenue from District 7 is pledged to repay the bonds.

	Issue Date	Interest Rates	Original Issue	Final Maturity	Balance End of Year	Due Within One Year
G.O. Tax Increment Bonds, Series 2016A	01/21/16	2.00%-2.75%	\$ 2,265,000	02/01/29	<u>\$ 2,105,000</u>	<u>\$ 160,000</u>

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 160,000	\$ 45,050	\$ 205,050
2019	165,000	41,800	206,800
2020	170,000	38,450	208,450
2021	175,000	35,000	210,000
2022	175,000	31,500	206,500
2023-2027	900,000	102,500	1,002,500
2028-2032	<u>360,000</u>	<u>9,488</u>	<u>369,488</u>
Total	<u>\$ 2,105,000</u>	<u>\$ 303,788</u>	<u>\$ 2,408,788</u>

**H. Conduit Debt**

From time to time, the City 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, 2017 there were three series of these revenue bonds outstanding, with an aggregate principal amount payable of \$11,302,742.

**CITY OF HASTINGS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

**NOTE 7 – LONG-TERM DEBT (CONTINUED)**

**I. Changes in Long-Term Liabilities**

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Bonds payable					
General obligation debt	\$ 1,370,000	\$ -	\$ (275,000)	\$ 1,095,000	\$ 270,000
GO improvement debt	12,545,000	1,015,000	(2,285,000)	11,275,000	2,115,000
Equipment certificates	2,024,500	-	(409,500)	1,615,000	420,000
City charter bonds	4,730,000	-	(240,000)	4,490,000	330,000
Tax increment bonds	2,265,000	-	(160,000)	2,105,000	160,000
Plus (less) deferred amounts for premium and discount	417,426	57,387	(77,764)	397,049	-
Total bonds payable	<u>23,351,926</u>	<u>1,072,387</u>	<u>(3,447,264)</u>	<u>20,977,049</u>	<u>3,295,000</u>
Compensated absences	1,491,590	741,125	(709,702)	1,523,013	111,447
Governmental activity					
Long-term liabilities	<u>\$ 24,843,516</u>	<u>\$ 1,813,512</u>	<u>\$ (4,156,966)</u>	<u>\$ 22,500,062</u>	<u>\$ 3,406,447</u>
	Ending Balance	Additions	Retirements	Ending Balance	Due Within One Year
<b>Business-type activities</b>					
Bonds payable					
G.O. revenue bonds	\$ 5,330,500	\$ -	\$ (2,765,500)	\$ 2,565,000	\$ 235,000
Plus (less) deferred amounts for premium or discount	78,139	-	(25,638)	52,501	-
Total bonds payable	<u>5,408,639</u>	<u>-</u>	<u>(2,791,138)</u>	<u>2,617,501</u>	<u>235,000</u>
Compensated absences payable	\$ 263,759	\$ 116,481	\$ (108,465)	271,775	\$ 15,287
Total business-type activities	<u>\$ 5,672,398</u>	<u>\$ 116,481</u>	<u>\$ (2,899,603)</u>	<u>\$ 2,889,276</u>	<u>\$ 250,287</u>
	Ending Balance	Additions	Retirements	Ending Balance	Due Within One Year
<b>Component Unit</b>					
Pollution remediation obligation	\$ 862,983	\$ 60,000	\$ (842,773)	\$ 80,210	\$ -
Total business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The governmental activities, compensated absences, pensions and other post employment benefit obligations are generally liquidated by the general and special revenue funds.

**NOTE 8 – 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 1,200 members. 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.



**NOTE 9 – PENSION PLANS**

The city participates in various pension plans, total pension expense for the year ended December 31, 2017 was \$1,622,518. The components of pension expense are noted in the following plan summaries.

**Public Employees' Retirement Association**

**A. 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 Plan (General Employees Plan (accounted for in the General Employees Fund))

All full-time and certain part-time employees of the City are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

Public Employees Police and Fire Plan (Police and Fire Plan (accounted for in the Police and Fire Fund))

The Police and Fire Plan, 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 Police and Fire Plan also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

**B. 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.

**NOTE 9 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**B. Benefits Provided (Continued)**

General Employees Plan Benefits

General Employees Plan 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 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 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 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.

Police and Fire Plan Benefits

Benefits for the Police and Fire Plan 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 Police and Fire Plan 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 Police and Fire Plan who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

**C. Contributions**

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

General Employees Plan Contributions

Coordinated Plan members were required to contribute 6.5%, of their annual covered salary in calendar year 2017. The City was required to contribute 7.50% for Coordinated Plan members in calendar year 2017. The City's contributions to the General Employees Fund for the year ended December 31, 2017, were \$299,960. The City's contributions were equal to the required contributions as set by state statute.

Police and Fire Plan Contributions

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2017. The City was required to contribute 16.2% of pay for members in calendar year 2017. The City's contributions to the Police and Fire Fund for the year ended December 31, 2017, were \$644,831. The City's contributions were equal to the required contributions as set by state statute.

**CITY OF HASTINGS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

**NOTE 9 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs**

General Employees Fund Pension Costs

At December 31, 2017, the City reported a liability of \$4,507,057 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund in 2017. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$56,664. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the City's proportion share was 0.0706%, which was an increase of 0.0035% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the City recognized pension expense of \$580,610 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$1,637 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the General Employees Fund.

At December 31, 2017, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual economic experience	\$ 148,538	\$ 280,105
Changes in actuarial assumptions	711,172	451,833
Difference between projected and actual investment earnings	2,485	-
Change in proportion	213,138	194,639
Contributions paid to PERA subsequent to the measurement date	<u>149,980</u>	<u>-</u>
Total	<u>\$ 1,225,313</u>	<u>\$ 926,577</u>

**CITY OF HASTINGS**  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2017

**NOTE 9 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

General Employees Fund Pension Costs (Continued)

\$149,980 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, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2018	\$ 120,889
2019	243,754
2020	(24,572)
2021	(191,315)
Total	<u>\$ 148,756</u>

Police and Fire Fund Pension Costs

At December 31, 2017, the City reported a liability of \$5,203,542 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the City's proportion was 0.3880 %, which was an decrease of 0.0020% from its proportion measured as of June 30, 2016. The City also recognized \$34,920 for the year ended December 31, 2017 as revenue and an offsetting reduction of the net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year, starting in fiscal year 2014.

For the year ended December 31, 2017, the City recognized pension expense of \$1,330,970 for its proportionate share of the Police and Fire Fund pension expense

**CITY OF HASTINGS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

**NOTE 9 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

Police and Fire Pension Costs (Continued)

At December 31, 2017, the City of Hastings reported its proportionate share of the Police and Fire'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	\$ 120,578	\$ 1,382,234
Changes in actuarial assumptions	6,890,912	7,437,316
Difference between projected and actual investment earnings	58,122	-
Change in proportion	174,224	126,288
Contributions paid to PERA subsequent to the measurement date	<u>322,416</u>	<u>-</u>
Total	<u>\$ 7,566,252</u>	<u>\$ 8,945,838</u>

\$322,416 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, 2018. 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>
2018	\$ 108,826
2019	108,829
2020	(72,814)
2021	(370,120)
2022	<u>(1,476,723)</u>
Total	<u>\$ (1,702,002)</u>

**NOTE 9 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2017, actuarial valuation was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2014 tables for all plans for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be 1% per year for the General Employees plan through 2044 and the Police and Fire Plan through 2064 and then 2.5% thereafter for both plans.

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015. The most recent five-year experience study for Police and Fire Plan was completed in 2016.

The following changes in actuarial assumptions occurred in 2017:

**General Employees Fund**

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability, and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1% per year for all years to 1% per year through 2044 and 2.5% per year thereafter.

**Police and Fire Fund**

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.

**NOTE 9 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**E. Actuarial Assumptions (Continued)**

Police and Fire Fund (Continued)

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be 3 years younger) and female members (husbands assumed to be 4 years older) to the assumption that males are 2 years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return 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 geometric 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
International stocks	39 %	5.10 %
Bonds	19	5.30
Alternative assets	20	0.75
Cash	20	5.90
	2	0.00
	100 %	

**NOTE 9 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**F. Discount Rate**

The discount rate used to measure the total pension liability in 2017 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members and employers will be made at rates set in *Minnesota Statutes*. Based on those assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**G. Pension Liability Sensitivity**

The following table 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 City's 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 (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
General Employees Retirement Fund net pension liability	\$ 6,990,781	\$ 4,507,057	\$ 2,473,679
City of Hastings proportionate share of	1% Decrease in Discount rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Police and Fire Fighters net pension liability	\$ 9,865,552	\$ 5,203,542	\$ 1,418,544

**H. 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](http://www.mnpera.org).

**Public Employees Defined Contribution Plan (Defined Contribution Plan)**

Six council members of the City of Hastings are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan 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.



**NOTE 9 – PENSION PLANS (CONTINUED)**

**Public Employees Defined Contribution Plan (Defined Contribution Plan) (Continued)**

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 by the City during fiscal year 2017 were:

Year	Contribution Amount		Percentage of Covered Payroll		Required Rates
	Employees	Employer	Employees	Employer	
2017	\$ 1,200	\$ 1,200	5.00%	5.00%	5.00%
2016	1,920	1,920	5.00%	5.00%	5.00%
2015	1,806	1,806	5.00%	5.00%	5.00%

**Single Employer Defined Benefit Pension Plan - Volunteer Fire Relief Association**

**A. 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, 2016, membership includes 49 active members and 18 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 5<sup>th</sup> Street, Hastings, MN 55033.

**NOTE 9 – PENSION PLANS (CONTINUED)**

**Single Employer Defined Benefit Pension Plan - Volunteer Fire Relief Association (Continued)**

**B. 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, Subd. 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.

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.

**NOTE 9 – PENSION PLANS (CONTINUED)**

**Single Employer Defined Benefit Pension Plan - Volunteer Fire Relief Association (Continued)**

**B. Benefits Provided (Continued)**

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.

**C. Contributions**

*Minnesota Statutes* Chapter 424A.092 specifies minimum support rates required on an annual basis. The minimum support rates from the municipality and from State aids are determined as the amount required to meet the normal cost plus amortizing any existing prior service costs over a ten year period. The City's obligation is the financial requirement for the year less state aids. Any additional payments by the City shall be used to amortize the unfunded liability of the relief association. The Association is comprised of volunteers: therefore, there are no payroll expenditures (i.e. there are no covered payroll percentage calculations). During the year, the City recognized as revenue and as an expenditure an on behalf payment of \$180,415 made by the State of Minnesota for the Relief Association.

**D. Pension Costs**

At December 31, 2017, the City reported an asset of \$1,363,361 for the Association's net pension asset. The net pension asset was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

For the year ended December 31, 2017, the City recognized pension expense of \$(289,062). At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

Description	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual liability	\$ -	\$ 18,764
Changes in actuarial assumptions	19,091	-
Net difference between projected and actual earnings on pension plan investments	187,350	-
City contributions subsequent to the measurement date	<u>180,415</u>	<u>-</u>
Total	<u>\$ 386,856</u>	<u>\$ 18,764</u>

**CITY OF HASTINGS**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9 – PENSION PLANS (CONTINUED)**

**Single Employer Defined Benefit Pension Plan - Volunteer Fire Relief Association (Continued)**

**D. Pension Costs (Continued)**

Amounts reported as deferred outflows and inflows of resources related to the Association's pension will be recognized in pension expense as follows:

<u>Year Ended December</u>	<u>Pension Expense</u>
2018	\$ 61,935
2019	61,935
2020	57,412
2021	6,252
2022	47
Thereafter	96
Total	<u>\$ 187,677</u>

**E. Actuarial Assumptions**

The actuarial total pension liability was determined as of December 31, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

<u>Valuation Date</u>	<u>12/31/2016</u>
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Actuarial assumptions:	
Discount rate	5.75 %
Investment rate of return	5.75
20-year municipal bond yield	3.50
Age of service retirement	50.00

The value of death benefits is similar to the value of the retirement pension. Because of low retirement ages, the plan assumes no pre-retirement mortality. Post retirement mortality does not apply as the benefit structure and form of payment do not reflect lifetime benefits.

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.

**NOTE 9 – PENSION PLANS (CONTINUED)**

**Single Employer Defined Benefit Pension Plan - Volunteer Fire Relief Association (Continued)**

**E. Actuarial Assumptions(Continued)**

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, 2016 are summarized in the following table:

Asset Class	Allocation at December 31, 2016	Long-Term Expected Real Rate of Return
Cash	3.00 %	2.25 %
Fixed income	40.00	3.40
Equities	56.00	7.50
Other	<u>1.00</u>	6.00
Total portfolio	<u><u>100.00 %</u></u>	

**F. Discount Rate**

The discount rate used to measure the total pension liability was 5.75%. 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.

**G. Pension Liability Sensitivity**

The following presents the City of 100% proportionate share of the net pension asset of the Association, calculated using the discount rate of 5.75%, 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 (4.75%) or one percentage point higher (6.75%) than the current rate:

	1% Decrease in Discount Rate (4.75%)	Discount Rate (5.75%)	1% Increase in Discount Rate (6.75%)
Net pension liability	\$ (1,271,752)	\$ (1,363,361)	\$ (1,448,172)

**CITY OF HASTINGS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

**NOTE 9 – PENSION PLANS (CONTINUED)**

**Single Employer Defined Benefit Pension Plan - Volunteer Fire Relief Association (Continued)**

**H. Plan's Fiduciary Net Position**

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

	<u>2016</u>
<b>Total Pension Liability</b>	
Service cost	\$ 75,046
Interest	157,420
Changes of assumptions	21,819
Gain or loss	(21,445)
Benefit payments, including member contribution refunds	-
	<u>232,840</u>
<b>Net Change in Total Pension Liability</b>	<u>232,840</u>
<b>Total Pension Liability - Beginning</b>	<u>2,548,626</u>
<b>Total Pension Liability - Ending (a)</b>	2,781,466
<b>Plan Fiduciary Net Position</b>	
Municipal contributions	-
State contributions	177,612
Net investment income	231,494
Gain or loss	(31,037)
Benefit payments	-
Administrative expenses	(5,329)
Other	(1,790)
	<u>370,950</u>
<b>Net Change in Fiduciary Net Position</b>	<u>370,950</u>
<b>Fiduciary Net Position - Beginning</b>	<u>3,773,877</u>
<b>Fiduciary Net Position - Ending (b)</b>	<u>4,144,827</u>
<b>Association's Net Pension Liability (Asset) - Ending (a) - (b)</b>	<u>\$ (1,363,361)</u>

**NOTE 10 - 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.

**CITY OF HASTINGS**  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2017

**NOTE 10 - RETIREE HEALTH INSURANCE (CONTINUED)**

**B. Benefits Provided (Continued)**

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.

**C. Participants**

As of the actuarial valuation dated January 1, 2016 participants consisted of:

Retirees and beneficiaries currently purchasing health insurance through the city	19
Active employees	<u>100</u>
Total	<u><u>119</u></u>

**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.



**CITY OF HASTINGS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017

**NOTE 10 - RETIREE HEALTH INSURANCE (CONTINUED)**

**E. Annual Other Post Employment Benefit Costs and Net Other Post Employment Benefit 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, 2017, was calculated as follows:

Annual required contribution (ARC)	\$ 53,612
Interest on net OPEB obligation	105,511
Amortization of net OPEB obligation	(161,112)
Interest on amortization	-
Annual OPEB cost	<u>(1,989)</u>
Contributions made during the year	329,263
Increase (decrease) in net OPEB obligation	<u>(331,252)</u>
Net OPEB obligation - beginning of the year	<u>3,014,596</u>
Net OPEB obligation - end of year	<u><u>\$ 2,683,344</u></u>

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2017 and the preceding two years was as follows:

Fiscal Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	\$ (1,989)	16,545 %	\$ 2,683,344
2016	(6,837)	(3,747) %	3,014,596
2015	37,445	817	3,277,443

**NOTE 10 - RETIREE HEALTH INSURANCE (CONTINUED)**

**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 January 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)* (b)	Unfunded Actuarial Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
2016	\$ -	\$ 3,387,323	\$ 3,387,323	-	\$7,236,106	46.80%
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 2016 actuarial valuation, the Entry-age Normal Level Dollar cost method was used. The following assumptions were used:

- Discount rate – 3.5% (pay-as-you-go funding)
- Payroll growth rate – N/A

**NOTE 10 - RETIREE HEALTH INSURANCE (CONTINUED)**

**G. Actuarial Methods and Assumptions (Continued)**

- UAAL amortization method-Level dollar amount on a closed basis
- Salary increase rates – N/A
- Mortality rates – life expectancies were based on the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale (Blue Collar Tables for Police and Fire Personnel).
- 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 6.75%, reducing to 5% over 7 years.
- Inflation rate is 2.5%.

Since the last actuarial valuation as of January 1, 2013, the following actuarial assumptions changed:

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality table was updated from the projection of RP 2000 rates to 2013 (with Blue Collar adjustment for Police & Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale (Blue Collar Tables for Police and Fire Personnel).
- The retirement tables for all employees were updated, as well as the withdrawal table for police and fire employees.
- The discount rate was changed from 4.00% to 3.50%.

Since the last actuarial valuation as of January 1, 2013, the following plan provisions have changed:

- Years of Service required for benefit eligibility (implicit rate subsidy) increased from three to five years.

**NOTE 11 – COMMITTED CONTRACTS**

The City and Component Unit has the following contract commitments as of December 31, 2017:

<u>Contractor</u>	<u>Project</u>	<u>Paid as of 12/31/2017</u>	<u>Remaining Commitment</u>
Traut Companies	Well No. 7 Rehab	\$ -	\$ 99,400

**CITY OF HASTINGS**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017

**NOTE 12 – 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.

**NOTE 13 – 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 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 \$1,333,875 of which \$1,253,665 was spent to date.

Grants in the amount of \$1,277,542 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.

**NOTE 14 – TAX INCREMENT FINANCING**

There are two pay-as-you-go Tax Increment Districts in the City of Hastings. Minnesota Statute 469.174 to 469.1794 provide authority for Tax Increment Districts. The City agreed to rebate real estate taxes based on the increased property value from improvements on the owned property. The amount rebated is equal to 90% of the tax increment received until the earlier of a maximum dollar value or 2027 tax year. For the year ended December 31, 2017, the City generated \$39,381 in tax increment revenue and made \$20,044 in payments to developers. No other commitments were made by the City as part of these agreements.

**NOTE 15 – LEASE COMMITMENT**

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.

**CITY OF HASTINGS**  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2017

**NOTE 15 – LEASE COMMITMENT (CONTINUED)**

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

Building	\$ 180,000
Less accumulated depreciation	<u>(86,250)</u>
Net	<u>\$ 93,750</u>

**NOTE 16 – PRIOR PERIOD ADJUSTMENTS**

For the year ended December 31, 2017, prior period adjustments were required to adjust beginning fund balance for the Road Improvement Construction governmental fund, governmental activities, enterprise funds, internal service funds, business-type activities and the HEDRA to correct prior year errors. The City corrected an error related to the incorrect recording of a payable in the Road Improvement Construction Fund. This error affected beginning fund balance in the amount \$56,000. The City also recorded OPEB liability in the enterprise funds in the amount of \$320,230 that was previously recorded in the internal service funds. Additionally, the HEDRA beginning balances were adjusted for deferred inflows of resources related to loans receivable already presented in fund balance and capital assets and land held for resale to reclassify land held for resale.

**NOTE 17 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED**

GASB has issued GASB statement 75 relating to accounting and financial reporting for postemployment benefits other than pensions. The new statement requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about OPEB liabilities. This statement will be effective for the year ending December 31, 2018.

GASB Statement No. 83, Certain Asset Retirement Obligations establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for Asset Retirement Obligations (AROs). This statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. This statement will be effective for the year ending December 31, 2019.

GASB Statement No. 84, Fiduciary Activities establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement will be effective for the year ending December 31, 2019.

**NOTE 17 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED (CONTINUED)**

GASB Statement No. 85, Omnibus 2017 addresses practice issues that have been identified during implementation and application of certain GASB statements, including issues related to blending component units, goodwill, fair value measurement and application, and post employment benefits. This statement will be effective for the year ending December 31, 2018.

GASB Statement No. 86, Certain Debt Extinguishment Issues improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to the financial statements for debt that is defeased in substance. This statement will be effective for the year ending December 31, 2018.

GASB Statement No. 87, Leases establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement will be effective for the year ending December 31, 2020.

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



**City of Hastings**

Schedule of Funding Progress - Other Post Employment Benefits  
December 31, 2017

**SCHEDULE 1**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2016	\$ -	\$ 3,387,323	\$ 3,387,323	0.0%	\$ 7,236,106	46.8%
2013	-	3,979,142	3,979,142	0.0%	6,765,777	58.8%
2010	-	4,078,494	4,078,494	0.0%	2,282,530	179.0%

**City of Hastings**  
**Schedule of City's Proportionate Share**  
**of Net Pension Liability**  
**General Employees Retirement Fund**  
**Last Ten Years**

**SCHEDULE 2**

For Fiscal Year Ended June 30,	City's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2017	0.0706%	\$ 4,507,057	\$ 56,664	\$ 4,563,721	\$ 4,547,520	99.1%	78.19%
2016	0.0671%	5,448,187	71,180	5,519,367	4,302,155	126.6%	68.91%
2015	0.0723%	3,746,961	-	3,746,961	4,319,887	86.7%	78.19%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**Schedule of City's Proportionate Share**  
**of Net Pension Liability**  
**Public Employees Police and Fire Retirement Fund**  
**Last Ten Years**

For Fiscal Year Ended June 30,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2017	0.3880%	\$ 5,203,542	\$ 3,980,438	130.73%	86.61%
2016	0.3900%	15,651,932	3,867,466	404.71%	63.88%
2015	0.3670%	4,169,979	3,665,120	113.77%	86.61%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**City of Hastings  
Schedule of City Contributions -  
General Employees Retirement Fund  
Last Ten Years**

**SCHEDULE 3**

<u>Fiscal Year Ending December 31,</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>City's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2017	\$ 299,960	\$ 299,960	\$ -	\$ 3,999,467	7.50%
2016	322,594	322,594	-	4,302,155	7.50%
2015	323,987	323,987	-	4,319,887	7.50%
2014	306,216	306,216	-	4,223,670	7.25%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**Schedule of City Contributions -  
Public Employees Police and Fire Retirement Fund  
Last Ten Years**

<u>Fiscal Year Ending December 31,</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>City's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2017	\$ 644,831	\$ 644,831	\$ -	\$ 3,980,438	16.20%
2016	626,529	626,529	-	3,867,466	16.20%
2015	593,750	593,750	-	3,665,120	16.20%
2014	514,007	514,007	-	3,359,522	15.30%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**City of Hastings**

Schedule of Changes in Net Pension Liability  
and Related Ratios - Hastings Firefighters' Benefit Association

**SCHEDULE 4**

	Measurement Date		
	December 31, 2014	December 31, 2015	December 31, 2016
Total pension liability (TPL)			
Service cost	\$ 71,430	\$ 77,609	\$ 75,046
Interest	158,649	143,266	157,420
Changes of assumptions	-	-	21,819
Changes of benefit terms	-	-	-
Benefit payments, including refunds or member contributions	(539,157)	(120,042)	(21,445)
Net change in total pension liability	<u>(309,078)</u>	<u>100,833</u>	<u>232,840</u>
Beginning of year	<u>2,756,871</u>	<u>2,447,793</u>	<u>2,548,626</u>
End of year	<u>\$ 2,447,793</u>	<u>\$ 2,548,626</u>	<u>\$ 2,781,466</u>
Plan fiduciary net pension (FNP)			
Contributions - employer	\$ -	\$ -	\$ -
State contributions	168,589	176,928	177,612
Net investment income	168,892	(29,966)	231,494
Benefit payments, including refunds of member contributions	(492,023)	(120,042)	(31,037)
Administrative expense	(5,963)	(5,354)	(5,329)
Other	1,612	1,464	(1,790)
Net change in plan fiduciary net position	<u>(158,893)</u>	<u>23,030</u>	<u>370,950</u>
Beginning of year	<u>3,909,740</u>	<u>3,750,847</u>	<u>3,773,877</u>
End of year	<u>\$ 3,750,847</u>	<u>\$ 3,773,877</u>	<u>\$ 4,144,827</u>
Net pension liability (NPL)	<u>\$ (1,303,054)</u>	<u>\$ (1,225,251)</u>	<u>\$ (1,363,361)</u>
Plan fiduciary net position as a percentage of the total pension liability	153.2%	148.1%	149.0%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**City of Hastings**Schedule of City and Non-Employer Entity Contributions -  
Hastings Firefighters' Benefit Association**SCHEDULE 5**

	<u>December 31, 2014</u>	<u>December 31, 2015</u>	<u>December 31, 2016</u>	<u>December 31, 2017</u>
Employer				
Statutorily determined contribution (SDC)	\$ -	\$ -	\$ -	\$ -
Contribution in relation to the SDC	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

## **CITY OF HASTINGS**

Notes to Required Supplementary Information  
December 31, 2017

### **GENERAL EMPLOYEES FUND**

#### **2017 Changes**

##### Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

#### **2016 Changes**

##### Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, the inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

#### **2015 Changes**

##### Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

##### Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

## **CITY OF HASTINGS**

Notes to Required Supplementary Information  
December 31, 2017

### **POLICE AND FIRE FUND**

#### **2017 Changes**

##### Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.

#### **2016 Changes**

##### Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

#### **2015 Changes**

##### Changes in Plan Provisions

- The post-retirement benefit increase to be paid after attainment of the 90% funding threshold was changed, from inflation up to 2.5%, to a fixed rate of 2.5%.

##### Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2037 and 2.5% per year thereafter.

**FINANCIAL SECTION  
SUPPLEMENTARY  
INFORMATION**



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**City of Hastings**

Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual -  
Debt Service Fund  
Year Ended December 31, 2017

**Statement 14**

	2017			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>Revenues</b>				
General property taxes	\$ 3,350,000	\$ 3,350,000	\$ 3,342,849	\$ (7,151)
Special assessments	342,653	342,653	497,486	154,833
Intergovernmental	-	-	26,473	26,473
Charges for services	95,825	95,825	86,242	(9,583)
Investment income	-	-	19,598	19,598
Total revenues	<u>3,788,478</u>	<u>3,788,478</u>	<u>3,972,648</u>	<u>184,170</u>
<b>Expenditures</b>				
Debt				
Principal	3,369,500	3,369,500	3,369,500	-
Interest and fiscal agent	<u>505,517</u>	<u>505,517</u>	<u>531,468</u>	<u>25,951</u>
Total expenditures	<u>3,875,017</u>	<u>3,875,017</u>	<u>3,900,968</u>	<u>25,951</u>
Excess of revenues over (under) expenditures	(86,539)	(86,539)	71,680	158,219
<b>Other Financing Sources</b>				
Transfers in	<u>389,855</u>	<u>389,855</u>	-	<u>(389,855)</u>
Net change in fund balance	<u>\$ 303,316</u>	<u>\$ 303,316</u>	71,680	<u>\$ (231,636)</u>
<b>Fund Balance</b>				
Beginning of year			<u>4,821,409</u>	
End of year			<u>\$ 4,893,089</u>	

# City of Hastings

## Non-Major Governmental Funds

### Special Revenue Funds

Special revenue funds 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.

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.

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

### 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 -  
Nonmajor Governmental Funds  
December 31, 2017

Statement 15

	Special Revenue	Capital Projects	Permanent	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 1,707,407	\$ 1,184,207	\$ 204,407	\$ 3,096,021
Cash with fiscal agent	-	-	876,587	876,587
Interest receivable	1,696	1,492	259	3,447
Due from other governments	20,455	-	-	20,455
Accounts receivable	237,255	-	10,744	247,999
Taxes receivable	202,052	-	-	202,052
Inventory	3,223	-	-	3,223
Prepaid items	52,559	-	-	52,559
	<u>2,224,647</u>	<u>1,185,699</u>	<u>1,091,997</u>	<u>4,502,343</u>
Total assets	<u>\$ 2,224,647</u>	<u>\$ 1,185,699</u>	<u>\$ 1,091,997</u>	<u>\$ 4,502,343</u>
<b>Liabilities</b>				
Due to other funds	\$ -	\$ 20,639	\$ -	\$ 20,639
Accounts payable	61,259	17,721	-	78,980
Due to other governments	1,671	-	-	1,671
Salaries and benefits payable	24,084	-	-	24,084
Total liabilities	<u>87,014</u>	<u>38,360</u>	<u>-</u>	<u>125,374</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - taxes and assessments	<u>25,163</u>	<u>-</u>	<u>-</u>	<u>25,163</u>
<b>Fund Balances</b>				
Nonspendable				
Prepays	52,559	-	-	52,559
Inventories	3,223	-	-	3,223
Permanent	-	-	200,000	200,000
Restricted				
Police Activities	42,547	-	-	42,547
Tax increment financing	-	2,695	-	2,695
Permanent	-	-	891,997	891,997
Committed				
Park maintenance	1,020,571	-	-	1,020,571
Aquatic operations	188,258	-	-	188,258
Cable TV activities	243,756	-	-	243,756
Heritage preservation activities	97,564	-	-	97,564
Arena activities	463,992	-	-	463,992
Assigned				
Capital	-	1,172,982	-	1,172,982
Unassigned	-	(28,338)	-	(28,338)
Total fund balances	<u>2,112,470</u>	<u>1,147,339</u>	<u>1,091,997</u>	<u>4,351,806</u>
Total liabilities and fund balances	<u>\$ 2,224,647</u>	<u>\$ 1,185,699</u>	<u>\$ 1,091,997</u>	<u>\$ 4,502,343</u>

**City of Hastings**  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Nonmajor Governmental Funds  
Year Ended December 31, 2017

**Statement 16**

	Special Revenue	Capital Projects	Permanent	Total Nonmajor Governmental Funds
<b>Revenues</b>				
General property taxes	\$ 1,743,157	\$ 39,381	\$ -	\$ 1,782,538
Intergovernmental	412	179,335	-	179,747
Charges for services	1,179,365	-	-	1,179,365
Fines and forfeitures	2,303	-	-	2,303
Investment income	13,614	9,304	126,150	149,068
Contributions and donations	15,669	-	-	15,669
Miscellaneous	1,678	-	-	1,678
Total revenues	<u>2,956,198</u>	<u>228,020</u>	<u>126,150</u>	<u>3,310,368</u>
<b>Expenditures</b>				
Current				
Public safety	15,112	-	-	15,112
Cultural and recreation	2,586,834	-	19,450	2,606,284
Economic development	-	38,752	-	38,752
Capital outlay				
Public works	-	182,210	-	182,210
Cultural and recreation	98,067	-	-	98,067
Total expenditures	<u>2,700,013</u>	<u>220,962</u>	<u>19,450</u>	<u>2,940,425</u>
Excess of revenues over expenditures	256,185	7,058	106,700	369,943
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	16,483	-	-	16,483
Transfers in	7,769	63,750	-	71,519
Transfers out	(41,991)	(29,100)	(42,976)	(114,067)
Total other financing sources (uses)	<u>(17,739)</u>	<u>34,650</u>	<u>(42,976)</u>	<u>(26,065)</u>
Net change in fund balances	238,446	41,708	63,724	343,878
<b>Fund Balances</b>				
Beginning of year	<u>1,874,024</u>	<u>1,105,631</u>	<u>1,028,273</u>	<u>4,007,928</u>
End of year	<u>\$ 2,112,470</u>	<u>\$ 1,147,339</u>	<u>\$ 1,091,997</u>	<u>\$ 4,351,806</u>

**City of Hastings**  
Combining Balance Sheet -  
Nonmajor Special Revenue Funds  
December 31, 2017

	Special Revenue			
	Parks and Recreation	Cable Television	Heritage Preservation	Ice Arena
<b>Assets</b>				
Cash and investments	\$ 893,954	\$ 145,919	\$ 95,149	\$ 357,436
Interest receivable	681	229	115	453
Due from other governments	-	-	-	20,455
Accounts receivable	23,650	97,902	-	115,703
Taxes receivable	168,589	-	3,466	8,445
Inventory	3,223	-	-	-
Prepaid items	293	49,648	9	2,527
	<u>293</u>	<u>49,648</u>	<u>9</u>	<u>2,527</u>
Total assets	<u>\$ 1,090,390</u>	<u>\$ 293,698</u>	<u>\$ 98,739</u>	<u>\$ 505,019</u>
<b>Liabilities</b>				
Accounts payable	\$ 27,962	\$ -	\$ 283	\$ 30,397
Due to other governments	237	-	-	1,426
Salaries payable	17,407	294	478	5,905
Total liabilities	<u>45,606</u>	<u>294</u>	<u>761</u>	<u>37,728</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - taxes and assessments	20,697	-	405	772
<b>Fund Balances</b>				
Nonspendable				
Prepays	293	49,648	9	2,527
Inventories	3,223	-	-	-
Restricted				
Police activities	-	-	-	-
Committed				
Park maintenance	1,020,571	-	-	-
Aquatic operations	-	-	-	-
Cable TV activities	-	243,756	-	-
Heritage preservation activities	-	-	97,564	-
Arena activities	-	-	-	463,992
Total fund balances	<u>1,024,087</u>	<u>293,404</u>	<u>97,573</u>	<u>466,519</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,090,390</u>	<u>\$ 293,698</u>	<u>\$ 98,739</u>	<u>\$ 505,019</u>

Special Revenue

DUI Enforcement/ Equipment	Drug Awareness	Aquatic Center	Total
\$ 33,003	\$ 11,370	\$ 170,576	\$ 1,707,407
41	16	161	1,696
-	-	-	20,455
-	-	-	237,255
164	-	21,388	202,052
-	-	-	3,223
-	-	82	52,559
<u>\$ 33,208</u>	<u>\$ 11,386</u>	<u>\$ 192,207</u>	<u>\$ 2,224,647</u>
\$ 2,026	\$ -	\$ 591	\$ 61,259
-	-	8	1,671
-	-	-	24,084
<u>2,026</u>	<u>-</u>	<u>599</u>	<u>87,014</u>
21	-	3,268	25,163
-	-	82	52,559
-	-	-	3,223
31,161	11,386	-	42,547
-	-	-	1,020,571
-	-	188,258	188,258
-	-	-	243,756
-	-	-	97,564
-	-	-	463,992
<u>31,161</u>	<u>11,386</u>	<u>188,340</u>	<u>2,112,470</u>
<u>\$ 33,208</u>	<u>\$ 11,386</u>	<u>\$ 192,207</u>	<u>\$ 2,224,647</u>



**City of Hastings**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -  
 Nonmajor Special Revenue Funds  
 Year Ended December 31, 2017

	Special Revenue			
	Parks and Recreation	Cable Television	Heritage Preservation	Ice Arena
<b>Revenues</b>				
General property taxes	\$ 1,454,002	\$ -	\$ 27,980	\$ 77,535
Intergovernmental	-	-	412	-
Charges for services	103,918	401,434	-	481,743
Fines and forfeitures	-	-	-	-
Investment income	5,563	1,734	804	3,689
Contributions and donations	15,325	-	344	-
Miscellaneous	380	-	251	149
Total revenues	<u>1,579,188</u>	<u>403,168</u>	<u>29,791</u>	<u>563,116</u>
<b>Expenditures</b>				
Current				
Cultural and recreation	1,330,598	402,730	27,849	477,785
Public Safety	-	-	-	-
Capital outlay				
Cultural and recreation	75,654	-	-	-
Total expenditures	<u>1,406,252</u>	<u>402,730</u>	<u>27,849</u>	<u>477,785</u>
(under) expenditures	172,936	438	1,942	85,331
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(23,569)	(381)	(517)	(9,222)
Total other financing sources (uses)	<u>(23,569)</u>	<u>(381)</u>	<u>(517)</u>	<u>(9,222)</u>
Net change in fund balances	149,367	57	1,425	76,109
<b>Fund Balances</b>				
Beginning of year	<u>874,720</u>	<u>293,347</u>	<u>96,148</u>	<u>390,410</u>
End of year	<u>\$ 1,024,087</u>	<u>\$ 293,404</u>	<u>\$ 97,573</u>	<u>\$ 466,519</u>

Special Revenue			
DUI Enforcement/ Equipment	Drug Awareness	Aquatic Center	Total
\$ 1,397	\$ -	\$ 182,243	\$ 1,743,157
-	-	-	412
-	-	192,270	1,179,365
2,250	53	-	2,303
299	108	1,417	13,614
-	-	-	15,669
496	360	42	1,678
<u>4,442</u>	<u>521</u>	<u>375,972</u>	<u>2,956,198</u>
-	-	347,872	2,586,834
15,112	-	-	15,112
-	-	22,413	98,067
<u>15,112</u>	<u>-</u>	<u>370,285</u>	<u>2,700,013</u>
(10,670)	521	5,687	256,185
16,483	-	-	16,483
-	1,769	6,000	7,769
-	-	(8,302)	(41,991)
<u>16,483</u>	<u>1,769</u>	<u>(2,302)</u>	<u>(17,739)</u>
5,813	2,290	3,385	238,446
<u>25,348</u>	<u>9,096</u>	<u>184,955</u>	<u>1,874,024</u>
<u>\$ 31,161</u>	<u>\$ 11,386</u>	<u>\$ 188,340</u>	<u>\$ 2,112,470</u>

**City of Hastings**

Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual -  
Parks and Recreation Special Revenue Fund  
Year Ended December 31, 2017

**Statement 19**

	2017			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 1,457,482	\$ 1,457,482	\$ 1,454,002	\$ (3,480)
Charges for services	126,490	126,490	103,918	(22,572)
Investment income	7,000	7,000	5,563	(1,437)
Contributions and donations	5,000	20,325	15,325	(5,000)
Miscellaneous	-	-	380	380
<b>Total revenues</b>	<u>1,595,972</u>	<u>1,611,297</u>	<u>1,579,188</u>	<u>(32,109)</u>
<b>Expenditures</b>				
Current				
Cultural and recreation	1,425,403	1,452,421	1,330,598	(121,823)
Capital outlay				
Cultural and recreation	<u>77,000</u>	<u>77,000</u>	<u>75,654</u>	<u>(1,346)</u>
<b>Total expenditures</b>	<u>1,502,403</u>	<u>1,529,421</u>	<u>1,406,252</u>	<u>(123,169)</u>
<b>Excess of revenues over expenditures</b>	93,569	81,876	172,936	91,060
<b>Other Financing Uses</b>				
Transfers out	<u>(163,569)</u>	<u>(163,569)</u>	<u>(23,569)</u>	<u>140,000</u>
<b>Net change in fund balance</b>	<u>\$ (70,000)</u>	<u>\$ (81,693)</u>	149,367	<u>\$ 231,060</u>
<b>Fund Balance</b>				
Beginning of year			<u>874,720</u>	
End of year			<u>\$ 1,024,087</u>	

**City of Hastings**

Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual -  
Cable Television Special Revenue Fund  
Year Ended December 31, 2017

**Statement 20**

	2017			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>Revenues</b>				
Charges for services	337,013	337,013	401,434	64,421
Investment income	2,400	2,400	1,734	(666)
Total revenues	<u>339,413</u>	<u>339,413</u>	<u>403,168</u>	<u>63,755</u>
<b>Expenditures</b>				
Current				
Cultural and recreation	<u>341,077</u>	<u>341,077</u>	<u>402,730</u>	<u>61,653</u>
Excess of revenues over (under) expenditures	(1,664)	(1,664)	438	2,102
<b>Other Financing Uses</b>				
Transfers out	<u>(381)</u>	<u>(381)</u>	<u>(381)</u>	<u>-</u>
Net change in fund balance	<u>\$ (2,045)</u>	<u>\$ (2,045)</u>	57	<u>\$ 2,102</u>
<b>Fund Balance</b>				
Beginning of year			<u>293,347</u>	
End of year			<u>\$ 293,404</u>	

**City of Hastings**

Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual -  
Heritage Preservation Special Revenue Fund  
Year Ended December 31, 2017

**Statement 21**

	2017			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 28,038	\$ 28,038	\$ 27,980	\$ (58)
Intergovernmental revenues	-	-	412	412
Investment income	1,000	1,000	804	(196)
Contributions and donations	-	344	344	-
Miscellaneous	400	400	251	(149)
Total revenues	<u>29,438</u>	<u>29,782</u>	<u>29,791</u>	<u>9</u>
<b>Expenditures</b>				
Current				
Cultural and recreation	<u>28,921</u>	<u>30,541</u>	<u>27,849</u>	<u>(2,692)</u>
Excess of revenues over (under) expenditures	517	(759)	1,942	2,701
<b>Other financing uses</b>				
Transfer out	<u>(517)</u>	<u>(517)</u>	<u>(517)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,276)</u>	1,425	<u>\$ 2,701</u>
<b>Fund Balance</b>				
Beginning of year			<u>96,148</u>	
End of year			<u>\$ 97,573</u>	

**City of Hastings**

Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual -  
Ice Arena Special Revenue Fund  
Year Ended December 31, 2017

**Statement 22**

	2017			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 78,118	\$ 78,118	\$ 77,535	\$ (583)
Charges for services	462,800	462,800	481,743	18,943
Investment income	5,000	5,000	3,689	(1,311)
Miscellaneous	-	-	149	149
Total revenues	<u>545,918</u>	<u>545,918</u>	<u>563,116</u>	<u>17,198</u>
<b>Expenditures</b>				
Current				
Cultural and recreation	536,696	536,696	477,785	(58,911)
Capital Outlay				
Cultural and recreation	6,000	6,000	-	(6,000)
Total expenditures	<u>542,696</u>	<u>542,696</u>	<u>477,785</u>	<u>(64,911)</u>
Excess of revenues over expenditures	3,222	3,222	85,331	82,109
<b>Other Financing Uses</b>				
Transfers Out	<u>(9,222)</u>	<u>(9,222)</u>	<u>(9,222)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (6,000)</u>	<u>\$ (6,000)</u>	76,109	<u>\$ 82,109</u>
<b>Fund Balance</b>				
Beginning of year			<u>390,410</u>	
End of year			<u>\$ 466,519</u>	

**City of Hastings**

Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual -  
DUI Enforcement/Equipment Special Revenue Fund  
Year Ended December 31, 2017

**Statement 23**

	2017			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 1,400	\$ 1,400	\$ 1,397	\$ (3)
Fines and Forfeitures	-	-	2,250	2,250
Investment income	200	200	299	99
Miscellaneous	-	-	496	496
Total revenues	<u>1,600</u>	<u>1,600</u>	<u>4,442</u>	<u>2,842</u>
<b>Expenditures</b>				
Current				
Public Safety	<u>1,600</u>	<u>1,600</u>	<u>15,112</u>	<u>13,512</u>
Excess of revenues under expenditures	<u>-</u>	<u>-</u>	<u>(10,670)</u>	<u>(10,670)</u>
<b>Other Financing Sources</b>				
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>16,483</u>	<u>16,483</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>5,813</u>	<u>\$ 5,813</u>
<b>Fund Balance</b>				
Beginning of year			<u>25,348</u>	
End of year			<u>\$ 31,161</u>	

**City of Hastings**

Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual -  
Aquatic Center Special Revenue Fund  
Year Ended December 31, 2017

**Statement 24**

	2017			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 182,492	\$ 182,492	\$ 182,243	\$ (249)
Charges for services	227,350	227,350	192,270	(35,080)
Investment income	1,000	1,000	1,417	417
Miscellaneous	-	-	42	42
Total revenues	<u>410,842</u>	<u>410,842</u>	<u>375,972</u>	<u>(34,870)</u>
<b>Expenditures</b>				
Current				
Cultural and recreation	386,540	386,540	347,872	(38,668)
Capital outlay				
Cultural and recreation	22,000	22,000	22,413	413
Total expenditures	<u>408,540</u>	<u>408,540</u>	<u>370,285</u>	<u>(38,255)</u>
Excess of revenues over expenditures	2,302	2,302	5,687	3,385
<b>Other Financing Sources (Uses)</b>				
Transfers in	6,000	6,000	6,000	-
Transfers out	<u>(8,302)</u>	<u>(8,302)</u>	<u>(8,302)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,302)</u>	<u>(2,302)</u>	<u>(2,302)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	3,385	<u>\$ 3,385</u>
<b>Fund Balance</b>				
Beginning of year			<u>184,955</u>	
End of year			<u>\$ 188,340</u>	



**City of Hastings**

Combining Balance Sheet -

Nonmajor Capital Projects Funds

December 31, 2017

	Capital Projects		
	Budget Stabilization	Guardian Angels TIF	Riverfront TIF
<b>Assets</b>			
Cash and investments	\$ 1,165,761	\$ 12,717	\$ -
Interest receivable	1,492	-	-
Total assets	<u>\$ 1,167,253</u>	<u>\$ 12,717</u>	<u>\$ -</u>
<b>Liabilities</b>			
Due to other funds	\$ -	\$ -	\$ 2,104
Accounts payable	-	10,022	-
Total liabilities	<u>-</u>	<u>10,022</u>	<u>2,104</u>
<b>Fund Balances</b>			
Restricted			
Tax increment financing	-	2,695	-
Assigned			
Capital	1,167,253	-	-
Unassigned	-	-	(2,104)
Total fund balances	<u>1,167,253</u>	<u>2,695</u>	<u>(2,104)</u>
Total liabilities and fund balances	<u>\$ 1,167,253</u>	<u>\$ 12,717</u>	<u>\$ -</u>

Capital Projects			
NAPA TIF	Downtown Redevelopment TIF	Mill and Overlay	Total
\$ -	\$ -	\$ 5,729	\$ 1,184,207
-	-	-	1,492
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,729</u>	<u>\$ 1,185,699</u>
\$ 2,519	\$ 16,016	\$ -	\$ 20,639
7,699	-	-	17,721
<u>10,218</u>	<u>16,016</u>	<u>-</u>	<u>38,360</u>
-	-	-	2,695
-	-	5,729	1,172,982
(10,218)	(16,016)	-	(28,338)
<u>(10,218)</u>	<u>(16,016)</u>	<u>5,729</u>	<u>1,147,339</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,729</u>	<u>\$ 1,185,699</u>

**City of Hastings**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -  
 Nonmajor Capital Projects Funds  
 Year Ended December 31, 2017

	Capital Projects			
	Budget Stabilization	Guardian Angels TIF	Riverfront TIF	NAPA TIF
<b>Revenues</b>				
General property taxes	\$ -	\$ 22,285	\$ -	\$ 17,096
Intergovernmental	-	-	-	-
Investment income	9,289	1	-	-
Total revenues	<u>9,289</u>	<u>22,286</u>	<u>-</u>	<u>17,096</u>
<b>Expenditures</b>				
Current				
Economic development	-	20,651	1,134	15,951
Capital outlay				
Public works	-	-	-	-
Total expenditures	<u>-</u>	<u>20,651</u>	<u>1,134</u>	<u>15,951</u>
Excess of revenues over (under) expenditures	9,289	1,635	(1,134)	1,145
<b>Other Financing Sources (Uses)</b>				
Transfers in	63,750	-	-	-
Transfers out	<u>(29,100)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>34,650</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	43,939	1,635	(1,134)	1,145
<b>Fund Balances</b>				
Beginning of year	<u>1,123,314</u>	<u>1,060</u>	<u>(970)</u>	<u>(11,363)</u>
End of year	<u>\$ 1,167,253</u>	<u>\$ 2,695</u>	<u>\$ (2,104)</u>	<u>\$ (10,218)</u>

Capital Projects

Downtown Redevelopment TIF	Mill and Overlay	Total
\$ -	\$ -	\$ 39,381
-	179,335	179,335
-	14	9,304
-	179,349	228,020
1,016	-	38,752
-	182,210	182,210
1,016	182,210	220,962
(1,016)	(2,861)	7,058
-	-	63,750
-	-	(29,100)
-	-	34,650
(1,016)	(2,861)	41,708
(15,000)	8,590	1,105,631
<u>\$ (16,016)</u>	<u>\$ 5,729</u>	<u>\$ 1,147,339</u>

**City of Hastings**

Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual -  
Park Projects Capital Projects Fund  
Year Ended December 31, 2017

**Statement 27**

	2017			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>Revenues</b>				
General property taxes	\$ -	\$ -	\$ 534	\$ 534
Investment income	-	-	4,524	4,524
Contributions and donations	-	6,000	6,000	-
Total revenues	<u>-</u>	<u>6,000</u>	<u>11,058</u>	<u>5,058</u>
<b>Expenditures</b>				
Current				
Cultural and recreation	-	1,000	313	(687)
Capital outlay				
Cultural and recreation	175,000	180,000	69,689	(110,311)
Total expenditures	<u>175,000</u>	<u>181,000</u>	<u>70,002</u>	<u>(110,998)</u>
Excess of revenues over (under) expenditures	(175,000)	(175,000)	(58,944)	116,056
<b>Other Financing Sources</b>				
Transfers in	140,000	140,000	-	(140,000)
Net change in fund balance	<u>\$ (35,000)</u>	<u>\$ (35,000)</u>	<u>(58,944)</u>	<u>\$ (23,944)</u>
<b>Fund Balance</b>				
Beginning of year			<u>546,622</u>	
End of year			<u>\$ 487,678</u>	

**City of Hastings**

Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual -  
Budget Stabilization Capital Projects Fund  
Year Ended December 31, 2017

**Statement 28**

	2017			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>Revenues</b>				
Investment income	-	-	9,289	9,289
Excess of revenues over expenditures	-	-	9,289	9,289
<b>Other Financing Sources (Uses)</b>				
Transfers From Other Funds	63,750	63,750	63,750	-
Transfers to other funds	(29,100)	(38,100)	(29,100)	9,000
Total other financing sources (uses)	34,650	25,650	34,650	9,000
Net change in fund balance	<u>\$ 34,650</u>	<u>\$ 25,650</u>	43,939	<u>\$ 18,289</u>
<b>Fund Balance</b>				
Beginning of year			<u>1,123,314</u>	
End of year			<u>\$ 1,167,253</u>	

**City of Hastings**

Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual -  
Mill and Overlay Capital Project Fund  
Year Ended December 31, 2017

**Statement 29**

	2017			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenues	\$ 250,000	\$ 250,000	\$ 179,335	\$ (70,665)
Investment income	-	-	14	14
Total revenues	<u>250,000</u>	<u>250,000</u>	<u>179,349</u>	<u>(70,651)</u>
<b>Expenditures</b>				
Capital outlay				
Public works	<u>250,000</u>	<u>250,000</u>	<u>182,210</u>	<u>(67,790)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(2,861)	<u>\$ (2,861)</u>
<b>Fund Balance</b>				
Beginning of year			<u>8,590</u>	
End of year			<u>\$ 5,729</u>	

**City of Hastings**  
 Combining Balance Sheet -  
 Nonmajor Permanent Funds  
 December 31, 2017

**Statement 30**

	Permanent Funds		
	C. Simmons Trust	C. Simmons Residuary Trust	Total
<b>Assets</b>			
Cash and investments	\$ 204,407	\$ -	\$ 204,407
Cash with fiscal agent	-	876,587	876,587
Accounts receivable	-	10,744	10,744
Interest receivable	259	-	259
	<u>204,666</u>	<u>887,331</u>	<u>1,091,997</u>
Total assets	<u>\$ 204,666</u>	<u>\$ 887,331</u>	<u>\$ 1,091,997</u>
<b>Fund Balances</b>			
Nonspendable			
Permanent	200,000	-	200,000
Restricted			
Permanent	4,666	887,331	891,997
Total fund balances	<u>204,666</u>	<u>887,331</u>	<u>1,091,997</u>
	<u>\$ 204,666</u>	<u>\$ 887,331</u>	<u>\$ 1,091,997</u>



**City of Hastings**

Combining Statement of Revenues,  
Expenditures, and Changes in Fund Balances -  
Nonmajor Permanent Funds  
Year Ended December 31, 2017

**Statement 31**

	Permanent Funds		Total
	C. Simmons Trust	C. Simmons Residuary Trust	
<b>Revenues</b>			
Investment income	\$ 1,881	\$ 124,269	\$ 126,150
<b>Expenditures</b>			
Current			
Cultural and recreation	\$ -	\$ 19,450	\$ 19,450
Excess of revenues over expenditures	1,881	104,819	106,700
<b>Other Financing Uses</b>			
Transfers out	-	(42,976)	(42,976)
Net change in fund balances	1,881	61,843	63,724
<b>Fund Balances</b>			
Beginning of year	202,785	825,488	1,028,273
End of year	\$ 204,666	\$ 887,331	\$ 1,091,997

## **City of Hastings**

### **Internal Service Funds**

Internal Service Funds 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.

Vehicle Revolving Fund - This fund accounts for the replacement of the City's vehicles.

**City of Hastings**  
Statement of Net Position - Internal Service Funds  
December 31, 2017

**Statement 32**

	Compensated Absences	Retiree Health Insurance	Vehicle Revolving Fund	Total
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 587,658	\$ 184,811	\$ 130,836	\$ 903,305
Interest receivable	736	214	161	1,111
Total current assets	<u>\$ 588,394</u>	<u>\$ 185,025</u>	<u>\$ 130,997</u>	<u>\$ 904,416</u>
<b>Liabilities</b>				
Current liabilities				
Compensated absences	111,447	-	-	111,447
Total current liabilities	<u>111,447</u>	<u>-</u>	<u>-</u>	<u>111,447</u>
Noncurrent liabilities				
Compensated absences	1,523,013	-	-	1,523,013
Retiree health insurance	-	2,398,282	-	2,398,282
Less amount due within one year	<u>(111,447)</u>	<u>-</u>	<u>-</u>	<u>(111,447)</u>
Total noncurrent liabilities	<u>1,411,566</u>	<u>2,398,282</u>	<u>-</u>	<u>3,809,848</u>
Total liabilities	<u>1,523,013</u>	<u>2,398,282</u>	<u>-</u>	<u>3,921,295</u>
<b>Net Position</b>				
Unrestricted	<u>(934,619)</u>	<u>(2,213,257)</u>	<u>130,997</u>	<u>(3,016,879)</u>
Total net position	<u>(934,619)</u>	<u>(2,213,257)</u>	<u>130,997</u>	<u>(3,016,879)</u>
Total liabilities and net position	<u>\$ 588,394</u>	<u>\$ 185,025</u>	<u>\$ 130,997</u>	<u>\$ 904,416</u>

**City of Hastings**

Statement of Revenues, Expenses, and Changes  
in Fund Net Position - Internal Service Funds  
Year Ended December 31, 2017

**Statement 33**

	Compensated Absences	Retiree Health Insurance	Vehicle Revolving Fund	Total
Operating revenues				
Charges for services	\$ -	\$ -	\$ 130,216	\$ 130,216
Operating expenses				
Personnel services	<u>230,242</u>	<u>6,198</u>	<u>-</u>	<u>236,440</u>
Operating income (loss)	(230,242)	(6,198)	130,216	(106,224)
Nonoperating revenues (expenses)				
Investment income	5,811	1,634	781	8,226
Intergovernmental	<u>-</u>	<u>7,058</u>	<u>-</u>	<u>7,058</u>
Total nonoperating revenues (expenses)	<u>5,811</u>	<u>8,692</u>	<u>781</u>	<u>15,284</u>
Income (loss) before transfers	(224,431)	2,494	130,997	(90,940)
Transfers in	<u>50,000</u>	<u>225,000</u>	<u>-</u>	<u>275,000</u>
Change in net position	(174,431)	227,494	130,997	184,060
Net position				
Beginning of year	<u>(760,188)</u>	<u>(2,760,981)</u>	<u>-</u>	<u>(3,521,169)</u>
Prior period adjustment	<u>-</u>	<u>320,230</u>	<u>-</u>	<u>320,230</u>
Beginning of year, as restated	<u>(760,188)</u>	<u>(2,440,751)</u>	<u>-</u>	<u>(3,200,939)</u>
End of year	<u>\$ (934,619)</u>	<u>\$ (2,213,257)</u>	<u>\$ 130,997</u>	<u>\$ (3,016,879)</u>

**City of Hastings**Statement of Cash Flows - Internal Service Funds  
Year Ended December 31, 2017**Statement 34**

	Internal Service Funds			Total
	Compensated Absences (702)	Retiree Health Insurance (701)	Vehicle Revolving Fund (703)	
<b>Cash Flows - Operating Activities</b>				
Interfund services provided and used	\$ -	\$ -	\$ 130,216	\$ 130,216
Payments to suppliers for goods and services	-	(296,084)	-	(296,084)
Payments to employees for services	(198,821)	(6,198)	-	(205,019)
Net cash flows - operating activities	<u>(198,821)</u>	<u>(302,282)</u>	<u>130,216</u>	<u>(370,887)</u>
<b>Cash Flows - Noncapital Financing Activities</b>				
Intergovernmental receipts	-	7,058	-	7,058
Transfer in	50,000	225,000	-	275,000
Net cash flows - noncapital financing activities	<u>50,000</u>	<u>232,058</u>	<u>-</u>	<u>282,058</u>
<b>Cash Flows - Investing Activities</b>				
Investment income	6,501	1,914	620	9,035
Net cash flows - investing activities	<u>6,501</u>	<u>1,914</u>	<u>620</u>	<u>9,035</u>
Net change in cash and cash equivalents	(142,320)	(68,310)	130,836	(79,794)
<b>Cash and Cash Equivalents</b>				
Beginning of year	729,978	253,121	-	983,099
End of year	<u>\$ 587,658</u>	<u>\$ 184,811</u>	<u>\$ 130,836</u>	<u>\$ 903,305</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities</b>				
Operating income (loss)	\$ (230,242)	\$ (6,198)	\$ 130,216	\$ (106,224)
Adjustments to reconcile operating income (loss) to net cash flows - operating activities				
Retiree health insurance payable	-	(296,084)	-	(296,084)
Compensated absences payable	31,421	-	-	31,421
Total adjustments	<u>31,421</u>	<u>(296,084)</u>	<u>-</u>	<u>(264,663)</u>
Net cash flows - operating activities	<u>\$ (198,821)</u>	<u>\$ (302,282)</u>	<u>\$ 130,216</u>	<u>\$ (370,887)</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

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**City of Hastings**

Combing Statement of Assets and Liabilities  
Agency Funds  
Year Ended December 31, 2017

**Statement 35**

	<u>Cable Access Agency Fund</u>	<u>Letters of Credit Agency Fund</u>	<u>Escrow Agency Fund</u>	<u>Total Agency Funds</u>
Assets				
Cash and investments	<u>\$ 12,879</u>	<u>\$ 46,290</u>	<u>\$ 94,951</u>	<u>\$ 154,120</u>
Liabilities				
Accounts payable	<u>\$ 12,879</u>	<u>\$ 46,290</u>	<u>\$ 94,951</u>	<u>\$ 154,120</u>



**City of Hastings**

## Statement of Changes in Agency Funds

## Assets and Liabilities

Year Ended December 31, 2017

**Statement 36**

	<u>December 31,</u> <u>2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31,</u> <u>2017</u>
<b>Total Agency Fund</b>				
Assets				
Cash and investments	<u>\$ 179,240</u>	<u>\$ 120,835</u>	<u>\$ 145,955</u>	<u>\$ 154,120</u>
Liabilities				
Accounts payable	<u>\$ 179,240</u>	<u>\$ 120,835</u>	<u>\$ 145,955</u>	<u>\$ 154,120</u>
<b>Cable Access</b>				
Assets				
Cash and investments	<u>\$ 12,857</u>	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ 12,879</u>
Liabilities				
Accounts payable	<u>\$ 12,857</u>	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ 12,879</u>
<b>Letters of Credit</b>				
Assets				
Cash and investments	<u>\$ 46,209</u>	<u>\$ 81</u>	<u>\$ -</u>	<u>\$ 46,290</u>
Liabilities				
Accounts payable	<u>\$ 46,209</u>	<u>\$ 81</u>	<u>\$ -</u>	<u>\$ 46,290</u>
<b>Escrow</b>				
Assets				
Cash and investments	<u>\$ 120,174</u>	<u>\$ 120,732</u>	<u>\$ 145,955</u>	<u>\$ 94,951</u>
Liabilities				
Deposits payable	<u>\$ 120,174</u>	<u>\$ 120,732</u>	<u>\$ 145,955</u>	<u>\$ 94,951</u>

## **COMPONENT UNIT**

**City of Hastings**

Hastings Economic Development and Redevelopment Authority

Balance Sheet

December 31, 2017

**Statement 37****Assets**

Cash and investments	\$	1,414,983
Accounts receivable		5,132
Interest receivable		1,520
Property taxes receivable		36,644
Loan receivable		244,765
Land Held for Resale		4,381,025
Prepaid items		1,916
		<hr/>
Total assets	\$	<u><u>6,085,985</u></u>

**Liabilities**

Accounts payable	\$	115,590
Contracts payable		468
Salaries and benefits payable		3,637
Total liabilities		<hr/> <u>119,695</u>

**Deferred Inflows of Resources**

Unavailable revenue - taxes		<hr/> <u>5,324</u>
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**Fund Balances**

Nonspendable		
Prepaid items		1,916
Loan receivables		244,765
Unassigned		<hr/> <u>5,714,285</u>
Total fund balances		<hr/> <u>5,960,966</u>

Total liabilities, deferred inflows of resources, and fund balances	\$	<u><u>6,085,985</u></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, 2017

**Statement 38**

Total fund balances - governmental funds	\$ 5,960,966
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources And, therefore, are not reported as assets in governmental funds.	93,748
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Pollution remediation obligation	(80,210)
Other long-term assets are not available to pay for current-period expenditures And therefore are deferred in the funds.	<u>5,324</u>
Total net position - governmental activities	<u>\$ 5,979,828</u>

**Hastings Economic and Redevelopment Authority**  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual  
Year Ended December 31, 2017

**Statement 39**

	2017			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 311,819	\$ 311,819	\$ 310,553	\$ (1,266)
Intergovernmental Revenues	-	-	912,024	912,024
Charges for services	43,000	43,000	20,615	(22,385)
Investment income	24,000	24,000	12,178	(11,822)
Miscellaneous	-	-	20,098	20,098
Total revenues	<u>378,819</u>	<u>378,819</u>	<u>1,275,468</u>	<u>896,649</u>
<b>Expenditures</b>				
Current				
Economic development				
Personnel services	211,465	211,465	204,049	(7,416)
Services and charges	83,400	83,400	962,978	879,578
Miscellaneous	6,150	6,150	498,523	492,373
Payment to primary government	354,545	354,545	47,655	(306,890)
Capital outlay				
Economic development	-	-	19,520	19,520
Total expenditures	<u>655,560</u>	<u>655,560</u>	<u>1,732,725</u>	<u>1,077,165</u>
Excess of revenues under expenditures	(276,741)	(276,741)	(457,257)	(180,516)
<b>Other Financing Sources</b>				
Transfers In	<u>324,230</u>	<u>324,230</u>	-	<u>(324,230)</u>
Net change in fund balance	<u>\$ 47,489</u>	<u>\$ 47,489</u>	(457,257)	<u>\$ (504,746)</u>
<b>Fund Balance</b>				
Beginning of year			1,703,925	
Prior period adjustment			<u>4,714,298</u>	
Beginning of year, as restated			<u>6,418,223</u>	
End of year			<u>\$ 5,960,966</u>	

**CITY OF HASTINGS**

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  
For the Year Ended December 31, 2017

**Statement 40**

Net change in fund balances \$ (457,257)

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

Governmental funds report capital outlays as expenditures. However, in the  
statement of activities the costs of those assets is allocated over their  
estimated useful lives and reported as depreciation expense. This is the  
amount of depreciation in the current period (4,500)

Property taxes collected for prior years (11,004)

Recognition of pollution remediation obligation 782,773

Change in net position - governmental activities \$ 310,012

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# 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 – 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			
	2008	2009	2010	2011
<b>Governmental activities:</b>				
Net investment in capital assets	\$ 34,957,913	\$ 31,650,562	\$ 35,000,053	\$ 36,720,391
Restricted for:				
Police activities	-	-	-	29,826
Tax increment	-	-	-	-
Debt service	6,929,395	10,294,502	13,314,697	10,355,915
Capital projects	-	-	-	1,110,710
Net pension asset	-	-	-	-
LeDuc Historic Estate	1,152,273	1,117,351	1,117,351	1,071,986
Unrestricted	10,675,588	11,229,027	1,828,131	3,621,967
Total governmental activities net position	<u>\$ 53,715,169</u>	<u>\$ 54,291,442</u>	<u>\$ 51,260,232</u>	<u>\$ 52,910,795</u>
<b>Business-type activities:</b>				
Net investment in capital assets	\$ 27,133,948	\$ 29,312,893	\$ 28,099,759	\$ 27,280,688
Restricted for:				
Debt service	626,945	626,945	283,255	284,765
Unrestricted	9,746,881	6,531,574	7,734,552	6,225,377
Total business-type activities net position	<u>\$ 37,507,774</u>	<u>\$ 36,471,412</u>	<u>\$ 36,117,566</u>	<u>\$ 33,790,830</u>
<b>Primary government:</b>				
Net investment in capital assets	\$ 62,091,861	\$ 60,963,455	\$ 63,099,812	\$ 64,001,079
Restricted for:				
Police activities	-	-	-	29,826
Tax Increment	-	-	-	-
Debt service	7,556,340	10,921,447	13,597,952	10,640,680
Capital projects	-	-	-	1,110,710
Net pension asset	-	-	-	-
LeDuc Historic Estate	1,152,273	1,117,351	1,117,351	1,071,986
Unrestricted	20,422,469	17,760,601	9,562,683	9,847,344
Total primary government net position	<u>\$ 91,222,943</u>	<u>\$ 90,762,854</u>	<u>\$ 87,377,798</u>	<u>\$ 86,701,625</u>

Note:

The City of Hastings adopted GASB 34 in 2003. Data for this table is unavailable prior to 2003.

Table 1

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 39,532,965	\$ 42,404,518	\$ 43,801,240	\$ 43,540,896	\$ 42,444,675	\$ 43,485,383
14,524	13,898	29,908	29,796	34,462	42,568
-	-	-	-	-	2,695
10,278,599	9,292,124	8,228,781	6,790,580	6,814,431	6,721,124
567,457	677,082	617,851	605,667	547,257	488,132
-	-	-	-	1,225,251	-
1,118,669	1,138,006	1,107,821	1,369,956	1,374,830	1,489,982
2,088,661	3,306,265	3,863,787	(1,019,362)	(3,501,336)	(3,910,559)
<u>\$ 53,600,875</u>	<u>\$ 56,831,893</u>	<u>\$ 57,649,388</u>	<u>\$ 51,317,533</u>	<u>\$ 48,939,570</u>	<u>\$ 48,319,325</u>
\$ 26,349,437	\$ 25,478,576	\$ 25,016,342	\$ 25,317,479	\$ 25,219,313	\$ 25,631,750
291,130	551,253	376,498	251,499	187,146	-
6,322,246	6,176,039	4,917,605	4,348,513	3,868,707	3,301,265
<u>\$ 32,962,813</u>	<u>\$ 32,205,868</u>	<u>\$ 30,310,445</u>	<u>\$ 29,917,491</u>	<u>\$ 29,275,166</u>	<u>\$ 28,933,015</u>
\$ 65,882,402	\$ 67,883,094	\$ 68,817,582	\$ 68,858,375	\$ 67,663,988	\$ 69,117,133
14,524	13,898	29,908	29,796	34,462	42,568
-	-	-	-	-	2,695
10,569,729	9,843,377	8,605,279	7,042,079	7,001,577	6,721,124
567,457	677,082	617,851	605,667	547,257	488,132
-	-	-	-	1,225,251	-
1,118,669	1,138,006	1,107,821	1,369,956	1,374,830	1,489,982
8,410,907	9,482,304	8,781,392	3,329,151	367,371	(609,294)
<u>\$ 86,563,688</u>	<u>\$ 89,037,761</u>	<u>\$ 87,959,833</u>	<u>\$ 81,235,024</u>	<u>\$ 78,214,736</u>	<u>\$ 77,252,340</u>

**CITY OF HASTINGS, MINNESOTA**

Changes In Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting)

Unaudited

	Fiscal Year		
	2008	2009	2010
<b>Expenses</b>			
Governmental activities:			
General government	\$ 4,582,428	\$ 2,123,135	\$ 2,779,891
Public safety	7,476,921	7,400,096	7,756,228
Public works	4,954,805	5,203,268	5,153,734
Culture and recreation	2,918,080	2,815,492	2,986,387
Economic development	81,817	21,480	40,217
Health and sanitation	116,893	115,836	49,720
Interest on long-term debt	1,165,837	1,178,588	986,667
Total governmental activities expenses	<u>21,296,781</u>	<u>18,857,895</u>	<u>19,752,844</u>
Business-type activities:			
Water	2,132,957	2,198,818	2,067,995
Sewer	1,773,593	1,863,561	1,897,487
Storm	-	-	187,854
Transit	402,241	413,870	150,295
Hydro	806,659	895,453	1,235,657
Total business-type activities expenses	<u>5,115,450</u>	<u>5,371,702</u>	<u>5,539,288</u>
Total primary government expenses	<u>\$ 26,412,231</u>	<u>\$ 24,229,597</u>	<u>\$ 25,292,132</u>
<b>Program revenues</b>			
Governmental activities:			
Charges for services:			
Public safety	\$ 1,878,151	\$ 2,087,384	\$ 2,287,058
Public works	74,324	34,454	22,450
Culture and recreation	1,260,935	1,019,365	1,085,722
Other activities	1,782,460	393,163	360,025
Operating grants and contributions	822,680	1,627,296	261,553
Capital grants and contributions	23,026	1,647,922	1,140,804
Total governmental activities program revenues	<u>5,841,576</u>	<u>6,809,584</u>	<u>5,157,612</u>
Business-type activities:			
Charges for services:			
Water	2,170,786	1,954,185	1,849,918
Sewer	1,846,845	1,783,977	1,773,167
Storm	-	-	-
Transit	52,286	58,229	57,673
Hydro	1,142,448	1,150,480	1,091,940
Operating grants and contributions	255,293	291,515	274,347
Capital grants and contributions	-	920,008	-
Total business-type activities program revenues	<u>5,467,658</u>	<u>6,158,394</u>	<u>5,047,045</u>
Total primary government program revenues	<u>\$ 11,309,234</u>	<u>\$ 12,967,978</u>	<u>\$ 10,204,657</u>
<b>Net (expense) revenue:</b>			
Governmental activities	\$ (15,455,205)	\$ (12,048,311)	\$ (14,595,232)
Business-type activities	352,208	786,692	(492,243)
Total primary government net (expense) revenue	<u>(15,102,997)</u>	<u>(11,261,619)</u>	<u>(15,087,475)</u>

**Table 2**  
**Page 1 of 2**

Fiscal Year						
2011	2012	2013	2014	2015	2016	2017
\$ 2,664,458	\$ 2,708,887	\$ 2,368,033	\$ 2,912,989	\$ 2,742,065	\$ 2,935,743	\$ 3,129,500
7,325,913	7,646,393	8,022,727	8,265,264	8,354,120	11,060,875	9,386,823
4,343,248	4,939,914	5,059,797	4,825,511	5,213,874	6,345,402	5,638,414
2,897,432	2,979,509	2,844,498	2,948,893	3,087,460	3,396,349	3,398,198
20,881	24,455	34,119	135,010	47,129	2,311,500	51,101
102,425	24,057	19,447	15,775	21,890	19,301	30,849
928,432	905,223	647,902	466,445	453,391	464,205	449,979
<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>	<u>26,533,375</u>	<u>22,084,864</u>
2,030,228	2,003,623	2,181,086	2,065,409	1,963,670	2,120,683	1,866,451
1,926,477	1,807,697	1,867,680	1,940,624	1,958,792	2,118,877	2,213,573
357,476	417,236	346,846	380,251	393,535	422,730	403,183
-	-	-	-	-	-	-
739,600	907,562	941,730	738,402	633,196	593,610	838,181
<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>5,255,900</u>	<u>5,321,388</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>	<u>\$ 31,789,275</u>	<u>\$ 27,406,252</u>
\$ 2,182,932	\$ 2,617,151	\$ 2,925,521	\$ 2,726,275	\$ 2,849,915	\$ 3,362,113	\$ 3,745,444
28,665	47,369	35,134	51,342	119,702	271,785	276,721
1,179,969	1,183,146	1,156,963	1,147,412	1,202,465	1,237,031	1,191,970
408,805	421,246	537,106	470,886	537,114	602,296	521,818
316,382	933,834	820,431	776,970	649,612	1,560,903	539,343
2,352,552	949,617	4,648,382	815,568	1,113,376	3,212,984	1,234,808
<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>	<u>10,247,112</u>	<u>7,510,104</u>
1,665,738	2,220,064	2,071,576	1,873,918	1,797,562	1,875,712	1,897,865
1,775,610	1,859,169	1,915,861	1,938,692	1,882,901	1,867,425	1,972,116
398,602	435,361	430,074	429,957	425,643	435,310	507,721
18,109	-	-	-	-	-	-
1,468,823	981,819	963,174	921,052	1,073,234	787,238	784,887
147,930	32,417	-	-	-	-	-
-	35,585	-	-	-	-	-
<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>4,965,685</u>	<u>5,162,589</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>	<u>\$ 15,212,797</u>	<u>\$ 12,672,693</u>
\$ (11,813,484)	\$ (13,076,075)	\$ (8,872,986)	\$ (13,581,434)	\$ (13,447,745)	\$ (16,286,263)	\$ (14,574,760)
421,031	428,297	43,343	38,933	230,147	(290,215)	(158,799)
<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>	<u>(16,576,478)</u>	<u>(14,733,559)</u>

**CITY OF HASTINGS, MINNESOTA**  
Changes in Net Position (continued)  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)  
Unaudited

	Fiscal Year		
	2008	2009	2010
<b>General revenues and other changes in net position</b>			
Governmental activities:			
Taxes:			
Property taxes, levied for general purposes	\$ 8,066,976	\$ 8,460,160	\$ 8,231,863
Property taxes, levied for debt service	2,713,753	2,546,338	2,765,702
Unrestricted grants and contributions	294,736	571,741	48,135
Gain (Loss) on disposal of capital assets	8,331	15,190	22,064
Investment earnings (loss)	135,744	464,105	389,655
Contribution to permanent fund	-	-	-
Contribution of capital assets	-	-	25,000
Insurance recoveries	-	-	-
Transfers	1,809,285	760,704	539,121
Total governmental activities	<u>13,028,825</u>	<u>12,818,238</u>	<u>12,021,540</u>
Business-type activities:			
Property taxes, levied for general purposes	-	69,126	72,747
Gain (Loss) on disposal of capital assets	(11,885)	4,626	-
Investment earnings	463,312	187,982	177,004
Miscellaneous	-	-	-
Transfers	(1,809,285)	(973,439)	(539,121)
Total business-type activities	<u>(1,357,858)</u>	<u>(711,705)</u>	<u>(289,370)</u>
Total primary government	<u>\$ 11,670,967</u>	<u>\$ 12,106,533</u>	<u>\$ 11,732,170</u>
<b>Change in net position:</b>			
Governmental activities	\$ (2,426,380)	\$ 769,927	\$ (2,573,692)
Business-type activities	(1,005,650)	74,987	(781,613)
Total primary government	<u>\$ (3,432,030)</u>	<u>\$ 844,914</u>	<u>\$ (3,355,305)</u>

Fiscal Year						
2011	2012	2013	2014	2015	2016	2017
\$ 7,648,745	\$ 8,227,080	\$ 8,545,583	\$ 8,719,458	\$ 9,231,748	\$ 9,837,164	\$ 10,271,077
2,961,928	3,458,479	3,191,407	2,643,067	2,650,000	2,650,000	2,650,000
46,113	195,713	15,067	593,875	591,572	617,477	639,043
63,245	7,019	20,072	-	29,098	111,069	23,272
209,444	293,721	(25,107)	315,388	77,472	211,760	215,284
-	-	-	-	-	-	-
100,893	250,766	-	-	-	-	-
-	-	-	-	-	-	24,299
<u>2,433,679</u>	<u>1,333,377</u>	<u>677,600</u>	<u>2,127,141</u>	<u>(193,998)</u>	<u>480,830</u>	<u>(132,690)</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>	<u>13,908,300</u>	<u>13,690,285</u>
(1,055)	-	-	-	-	-	-
-	-	-	-	-	-	-
172,762	77,063	(57,568)	192,785	67,811	128,720	4,188
-	-	-	-	-	-	-
<u>(2,433,679)</u>	<u>(1,333,377)</u>	<u>(677,600)</u>	<u>(2,127,141)</u>	<u>193,998</u>	<u>(480,830)</u>	<u>132,690</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>(352,110)</u>	<u>136,878</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>	<u>\$ 13,556,190</u>	<u>\$ 13,827,163</u>
\$ 1,650,563	\$ 690,080	\$ 3,551,636	\$ 817,495	\$ (1,061,853)	\$ (2,377,963)	\$ (884,475)
(1,840,941)	(828,017)	(691,825)	(1,895,423)	491,956	(642,325)	(21,921)
<u>\$ (190,378)</u>	<u>\$ (137,937)</u>	<u>\$ 2,859,811</u>	<u>\$ (1,077,928)</u>	<u>\$ (569,897)</u>	<u>\$ (3,020,288)</u>	<u>\$ (906,396)</u>

**CITY OF HASTINGS, MINNESOTA**  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)  
Unaudited

	Fiscal Year		
	2008	2009	2010
General Fund:			
Reserved for:			
Prepaid items	\$ 69,849	\$ 41,997	\$ 25,887
Inventories	2,384	1,607	2,196
Unreserved:			
Designated for working capital	2,248,855	2,760,945	2,325,627
Nonspendable:			
Prepaid items	-	-	-
Inventories	-	-	-
Restricted:			
Leduc Historical Estate	-	-	-
Unassigned:	-	-	-
Total general fund	<u>\$ 2,321,088</u>	<u>\$ 2,804,549</u>	<u>\$ 2,353,710</u>
All other governmental funds:			
Reserved for:			
Prepaid items	\$ 15,372	\$ 16,840	\$ 7,076
Inventories	3,129	5,325	8,785
Loan receivables	-	-	-
Debt service	6,929,395	10,294,502	7,127,461
Unreserved, reported in:			
Special revenue funds designated for working capital	2,100,660	2,185,268	1,898,549
Capital projects funds designated for working capital	141,940	98,134	98,134
Special revenue funds	1,102,628	889,276	982,832
Capital projects funds	2,594,230	3,177,071	2,234,757
Permanent funds	987,145	1,117,351	1,169,288
Nonspendable			
Prepaid	-	-	-
Inventories	-	-	-
Permanent endowment-Leduc Historical Estate	-	-	-
Restricted			
Police activities	-	-	-
Debt service	-	-	-
Tax Increment Financing	-	-	-
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>\$ 13,874,499</u>	<u>\$ 17,783,767</u>	<u>\$ 13,526,882</u>

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

Table 3

Fiscal Year						
2011	2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
16,121	23,196	41,660	58,131	72,786	119,342	135,921
50,505	49,983	58,634	26,008	50,734	35,471	24,517
-	-	-	-	349,321	346,557	397,985
3,024,570	3,411,086	3,486,430	3,446,128	3,621,455	4,403,883	4,576,829
<u>\$ 3,091,196</u>	<u>\$ 3,484,265</u>	<u>\$ 3,586,724</u>	<u>\$ 3,530,267</u>	<u>\$ 4,094,296</u>	<u>\$ 4,905,253</u>	<u>\$ 5,135,252</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
60,694	44,830	70,585	81,494	83,691	105,237	114,968
10,685	10,179	6,268	3,322	4,365	4,368	3,223
200,000	200,000	200,000	200,000	200,000	200,000	200,000
29,826	14,524	13,898	29,626	29,773	34,444	42,547
5,868,913	6,750,592	7,692,475	5,427,274	4,500,299	4,820,295	4,888,739
-	-	-	-	-	-	2,695
1,110,710	684,302	676,672	1,009,983	605,667	546,622	487,678
871,986	918,669	938,006	907,821	820,635	828,273	891,997
489,345	541,760	705,537	700,601	816,485	870,352	1,020,571
33,293	62,481	118,588	120,179	143,507	184,955	188,258
199,424	210,998	222,044	232,035	238,133	245,822	243,756
81,426	84,857	86,697	93,499	95,860	96,148	97,564
975,108	1,168,697	2,372,686	1,596,429	1,362,693	1,111,458	1,251,486
619,939	636,751	590,646	490,657	500,676	388,065	463,992
1,864,972	1,523,421	1,394,711	869,337	1,013,965	1,131,904	1,172,982
-	(99,131)	(312,971)	(252,583)	(899,034)	(416,152)	(300,491)
<u>\$ 12,416,321</u>	<u>\$ 12,752,930</u>	<u>\$ 14,775,842</u>	<u>\$ 11,509,674</u>	<u>\$ 9,516,715</u>	<u>\$ 10,151,791</u>	<u>\$ 10,769,965</u>



**CITY OF HASTINGS, MINNESOTA**  
 Changes In Fund Balances, Governmental Funds  
 Last Ten Fiscal Years  
 Unaudited

	Fiscal Year		
	2008	2009	2010
Revenues:			
Taxes	\$ 10,774,232	\$ 10,890,647	\$ 10,979,537
Special assessments	1,644,242	1,512,922	1,258,181
Licenses and permits	330,184	270,891	289,754
Fines and forfeitures	109,384	103,759	102,394
Intergovernmental	1,077,388	2,664,567	973,766
Charges for services	3,265,553	3,159,842	3,185,599
Investment earnings	67,260	432,713	353,965
Miscellaneous	48,638	41,007	35,107
Total revenues	<u>17,316,881</u>	<u>19,076,348</u>	<u>17,178,303</u>
Expenditures:			
Current:			
General government	1,457,439	1,767,798	1,851,881
Public safety	6,971,264	6,946,168	7,335,640
Public works	2,049,244	2,027,247	1,831,715
Health and sanitation	116,893	115,836	49,720
Cultural and recreation	2,406,910	2,232,625	2,469,108
Economic development	81,453	21,116	40,187
Capital outlay	6,239,208	2,939,974	2,945,743
Debt service:			
Principal retirement	3,790,000	4,150,000	8,135,000
Interest	1,183,146	1,195,773	1,094,782
Total expenditures	<u>24,295,557</u>	<u>21,396,537</u>	<u>25,753,776</u>
Revenues over (under) expenditures	<u>(6,978,676)</u>	<u>(2,320,189)</u>	<u>(8,575,473)</u>

**Table 4**  
**Page 1 of 2**

Fiscal Year						
2011	2012	2013	2014	2015	2016	2017
\$ 10,600,376	\$ 11,726,752	\$ 11,793,014	\$ 11,410,130	\$ 11,877,613	\$ 12,431,059	\$ 12,981,670
1,984,103	1,762,762	1,112,853	1,011,262	695,211	599,399	501,495
386,248	403,386	394,821	412,782	449,444	423,861	496,101
89,732	99,551	95,103	126,565	121,259	95,313	128,266
832,084	1,247,726	4,631,888	1,628,541	1,950,871	4,132,072	2,417,114
3,158,347	3,585,565	3,873,062	3,561,470	3,765,494	4,650,190	4,690,844
179,685	277,752	(15,617)	290,628	70,516	199,685	207,058
17,003	69,182	70,404	28,537	273,537	1,499,899	37,386
<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>	<u>24,031,478</u>	<u>21,459,934</u>
2,203,841	2,188,513	2,070,522	2,411,990	2,290,140	2,498,078	2,540,993
6,823,812	7,254,247	7,609,462	7,814,296	8,011,113	8,668,178	8,709,899
1,533,922	2,147,556	1,670,868	1,873,216	1,588,976	1,956,027	1,711,758
102,425	24,057	19,447	15,775	21,890	19,301	30,849
2,375,358	2,456,430	2,316,009	2,429,476	2,537,383	2,714,594	2,755,083
20,881	24,455	34,119	135,010	44,157	2,303,885	38,752
4,819,686	3,051,655	5,788,889	6,589,320	5,032,472	6,642,508	2,241,646
4,065,000	4,340,000	4,501,750	4,094,500	3,874,500	3,234,500	3,369,500
985,238	911,963	731,640	607,807	525,037	549,640	531,468
<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>28,586,711</u>	<u>21,929,948</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>	<u>(4,555,233)</u>	<u>(470,014)</u>

**CITY OF HASTINGS, MINNESOTA**

Changes In Fund Balances, Governmental Funds (Continued)

Last Ten Fiscal Years

Unaudited

	Fiscal Year		
	2008	2009	2010
Other financing sources (uses):			
Bonds issued	\$ 3,464,999	\$ 5,805,000	\$ 3,185,000
Bond premiums	32,880	86,370	72,067
Bond discounts	-	-	-
Payment to refunded bond paying agent	-	-	-
Transfers in	4,391,652	2,830,867	1,977,416
Transfers out	(2,582,367)	(2,024,509)	(1,375,776)
Insurance recoveries	-	-	-
Proceeds on sale of capital assets	8,331	15,190	22,064
Total other financing sources (uses)	<u>5,315,495</u>	<u>6,712,918</u>	<u>3,880,771</u>
 Net change in fund balance	 <u>\$ (1,663,181)</u>	 <u>\$ 4,392,729</u>	 <u>\$ (4,694,702)</u>
 Debt service as a percentage of noncapital expenditures	 27.5%	 29.0%	 40.5%

Fiscal Year						
2011	2012	2013	2014	2015	2016	2017
\$ 3,964,750	\$ 2,030,000	\$ 5,710,000	\$ 3,200,000	\$ 2,755,000	\$ 5,560,000	\$ 1,015,000
-	112,181	110,125	88,207	47,405	172,612	57,387
(1,711)	-	-	-	-	-	-
(1,705,000)	-	(1,595,000)	(1,470,000)	-	-	-
4,139,595	3,597,850	1,769,270	4,062,792	1,616,841	1,447,564	775,477
(1,172,669)	(1,791,172)	(1,123,580)	(1,723,002)	(1,176,571)	(1,316,732)	(522,308)
-	-	20,082	20,852	21,020	27,814	24,299
84,545	7,019	21,652	-	29,098	111,069	23,272
<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>6,002,327</u>	<u>1,373,127</u>
<u>\$ (373,075)</u>	<u>\$ 729,678</u>	<u>\$ 2,125,371</u>	<u>\$ (3,322,626)</u>	<u>\$ (1,428,930)</u>	<u>\$ 1,447,094</u>	<u>\$ 903,113</u>
27.9%	27.1%	27.6%	24.3%	23.3%	17.2%	19.8%

**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
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%	1,478,163,476	1.15%
2016	13,501,866	3,852,417	363,149	17,717,432	2,017,091	19,734,523	63.577%	1,547,357,403	1.15%
2017	12,882,237	3,969,456	1,533,473	18,385,166	2,280,954	20,666,120	60.864%	1,607,666,527	1.14%

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	
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
2016	48.154	15.423	63.577	20.938	5.353	28.570	118.438
2017	45.429	15.435	60.864	20.545	4.657	26.580	112.646

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

**CITY OF HASTINGS, MINNESOTA**

Principal Property Taxpayers  
 Current Year And Nine Years Ago  
 Unaudited

**Table 7**

Taxpayer	2017			2008		
	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
Wal-Mart	\$ 261,892	1	1.27%	\$ 249,298	1	1.11%
Xcel Energy (NSP Company)	232,096	2	1.12%	158,286	4	0.70%
Hastings MarketPlace Sation LLC	205,634	3	1.00%	166,768		0.74%
Three River Partnership	143,680	4	0.70%	140,862	6	0.63%
Regina Medical Complex	142,978	5	0.69%	192,529	2	0.85%
VMA 1000 LLC	118,476	6	0.57%	103,751	7	0.46%
Camegaran LLC	106,119	7	0.51%	94,192	9	0.42%
Target Corporation	102,754	8	0.50%	152,374	5	0.68%
Crossroads Mall Inc	93,272	9	0.45%	-		0.00%
Augustana Apartments of Hastings	91,040	10	0.44%	92,875	10	0.41%
Inch III Hastings LLC	-			188,700	3	0.84%
Intek Weatherseal Product	-			96,174	8	0.43%
<b>Total</b>	<b>\$ 1,497,941</b>		<b>7.25%</b>	<b>\$ 1,635,809</b>		<b>7.26%</b>
<b>Total all property</b>	<b>\$ 20,666,120</b>			<b>\$ 22,536,196</b>		

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
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	12,428,188	103.05%	116,375	12,544,563	104.01%
2016	12,499,621	12,378,567	99.03%	137,832	12,516,399	100.13%
2017	12,960,919	13,007,996	100.36%	N/A	13,007,996	100.36%

\* 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
	General Obligation Bonds	Improvement Bonds	Certificates of Indebtedness	
2008	6,045,000	24,545,000	1,195,000	31,785,000
2009	5,425,000	26,665,000	1,350,000	33,440,000
2010	6,500,000	20,585,000	1,405,000	28,490,000
2011	4,120,000	21,230,000	1,334,750	26,684,750
2012	3,405,000	19,790,000	1,284,750	24,479,750
2013	3,313,451	18,735,004	2,377,616	24,426,071
2014	2,607,830	17,225,271	2,256,550	22,089,651
2015	4,489,041	14,348,154	2,108,107	20,945,302
2016	8,574,136	12,730,607	2,047,183	23,351,926
2017	7,872,174	11,474,964	1,629,911	20,977,049

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

**Table 9**

Percentage of Tax Capacity	Business-Type Activities		Per Customer	Total Primary Government	Per Capita	Percentage of Income
	Sewer/ Water Hydro Bonds	Total Business-Type Activities				
152.54%	7,885,000	7,885,000	1,098	39,670,000	1,751	702.34%
161.78%	4,340,000	4,340,000	605	37,780,000	1,643	731.59%
136.56%	4,135,000	4,135,000	576	32,625,000	1,418	629.59%
135.37%	4,120,250	4,120,250	574	30,805,000	1,339	595.71%
134.28%	3,900,250	3,900,250	543	28,380,000	1,270	572.35%
157.41%	6,507,957	6,507,957	866	30,934,028	1,385	504.95%
143.81%	6,013,905	6,013,905	800	28,103,556	1,249	444.92%
123.27%	5,718,774	5,718,774	759	26,664,076	1,181	411.32%
131.80%	5,408,639	5,408,639	716	28,760,565	1,268	441.38%
114.10%	2,617,501	2,617,501	347	23,594,550	1,053	363.99%

**CITY OF HASTINGS, MINNESOTA**

Ratio of Net General Obligation Bonded Debt To Assessed Value  
and Net General Obligation Debt Per Capita  
Last Ten Fiscal Years  
Unaudited

**Table 10**

Fiscal Year	Governmental Activities			Estimated Market Value	Per Capita
	Gross Governmental Debt	Less Debt Service Fund Balance	Net Governmental Debt		
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	16,442,126	1.1%	728
2016	23,351,926	4,821,409	18,530,517	1.2%	817
2017	20,977,049	4,893,089	16,083,960	1.0%	718

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, 2017  
 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	\$ 33,990,000	56.79%	\$ 19,302,921
Counties:			
Dakota County	-	4.38%	-
Washington County	129,790,000	0.01%	12,979
Other:			
Met Council	10,910,000	0.56%	61,096
Metropolitan Transit District	181,455,000	0.70%	<u>1,270,185</u>
Subtotal - overlapping debt			20,647,181
City direct debt		100.00%	<u>20,977,049</u>
Total direct and overlapping debt			<u><u>\$ 41,624,230</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Equalization and Assessment. Springsted, Inc.

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 to 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 2017**

Market value	<u>\$ 1,607,666,527</u>
Debt limit (3% of market value)	<u>48,229,996</u>
Debt applicable to limit:	
General obligation bonds	7,290,000
Less: Amount set aside for repayment of general obligation debt	<u>4,893,089</u>
Total net debt applicable to limit	<u>2,396,911</u>
Legal debt margin	<u><u>\$ 45,833,085</u></u>

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$ 55,574,586	\$ 55,327,608	\$ 51,959,634	\$ 47,898,237
Total net debt applicable to limit	<u>6,045,000</u>	<u>5,425,000</u>	<u>6,500,000</u>	<u>4,120,000</u>
Legal debt margin	<u><u>\$ 49,529,586</u></u>	<u><u>\$ 49,902,608</u></u>	<u><u>\$ 45,459,634</u></u>	<u><u>\$ 43,778,237</u></u>

Amount of Debt Applicable to Debt Limit:

Total net debt applicable to the limit as a percentage of debt limit	10.88%	9.81%	12.51%	8.60%
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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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 41,960,825	\$ 39,865,402	\$ 43,998,825	\$ 48,291,162	\$ 46,420,722	\$ 48,229,996
<u>3,405,000</u>	<u>3,230,000</u>	<u>4,773,500</u>	<u>6,474,000</u>	<u>8,285,000</u>	<u>7,290,000</u>
<u>\$ 38,555,825</u>	<u>\$ 36,635,402</u>	<u>\$ 39,225,325</u>	<u>\$ 41,817,162</u>	<u>\$ 38,135,722</u>	<u>\$ 40,939,996</u>
8.11%	8.10%	10.85%	13.41%	17.85%	15.12%

**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		
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)	
2016	1,875,074	1,969,781	(94,707)	300,500	164,159	(0.20)	
2017	1,872,300	1,830,682	41,618	305,500	60,852	0.11	

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		Coverage
			Principal	Interest			Principal	Interest	
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
787,238	593,610	193,628	-	-	-	693,963	3,180,000	380,019	0.19
787,238	593,610	193,628	-	-	-	599,228	2,585,000	331,602	0.21
784,887	838,181	(53,294)	-	-	-	501,495	2,285,000	288,171	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>
2008	23,132	1,046,861,792	45,256	6.10%
2009	23,826	1,089,050,322	45,709	6.75%
2010	22,000	995,534,320	45,252	6.80%
2011	22,227	995,648,685	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%
2016	22,687	1,200,301,109	52,907	3.40%
2017	22,400	1,290,934,400	57,631	3.60%

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

Note: Population, median age, and education level information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

**CITY OF HASTINGS, MINNESOTA**

Principal Employers  
 Current Year And Nine Years Ago  
 Unaudited

**Table 15**

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Dakota County	1,850	1	22.02%	1,900	1	20.85%
Independent School District # 200	693	2	8.25%	680	3	7.46%
Regina Medical Center	370	3	4.40%	700	2	7.68%
Allina Medical Clinic	300	4	3.57%	140	8	1.54%
Wal-Mart	300	5	3.57%	315	5	3.46%
Intek Plastics	180	6	2.14%	305	6	3.35%
Smead Manufacturing Company	154	7	1.83%	550	4	6.03%
Quality One Woodwork, Inc.	150	8	1.79%	-	-	
Augustana Health Care Center	146	9	1.74%	135	9	1.48%
Con-Agra	120	10	1.43%			
City of Hastings				121	10	1.33%
Target				145	7	1.59%
<b>Total</b>	<b>4,263</b>		<b>50.73%</b>	<b>4,991</b>		<b>54.76%</b>

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,			
	2008	2009	2010	2011
General government:				
Administration	1.00	1.00	1.00	1.00
City Clerk	3.17	3.17	4.50	4.15
Finance	3.75	3.75	3.75	3.75
Building Maintenance	2.25	2.00	2.00	2.00
Planning	2.60	2.60	2.60	2.00
Information Technology	4.00	4.00	4.00	3.00
Public Safety:				
Police	35.50	34.50	33.50	33.50
Building Inspections	4.00	4.00	4.00	4.00
Code Enforcement	1.00	1.00	1.00	1.00
Public Works:				
Engineering	6.68	6.68	6.68	6.68
Streets	9.72	8.02	8.02	4.32
Culture and Recreation:				
Reforestation	0.50	0.50	0.50	-
Parks	10.00	9.50	9.50	9.00
Aquatic Center	1.00	1.00	1.00	1.00
Cable Television	-	-	-	-
Heritage Preservation	0.75	0.75	0.75	0.75
Fire and Ambulance	17.00	16.00	16.00	16.00
Civic Arena	2.50	2.50	2.50	2.00
Economic Development	0.65	0.65	0.65	1.25
Housing and Redevelopment	1.00	1.00	-	-
Water	4.85	7.05	7.05	7.05
Wastewater	3.85	3.55	3.55	3.55
Transit	5.18	5.33	-	-
Stormwater	-	-	-	3.70
Hydro Electric	0.90	0.70	0.70	0.70
Total	<u>121.85</u>	<u>119.25</u>	<u>113.25</u>	<u>110.40</u>

Source: City Budget

<sup>(a)</sup>The police department began the hiring of additional police officers in 2000 to staff community policing positions.

<sup>(b)</sup>The City has added additional engineering and water staff in recent years in connections with several infrastructure improvement initiatives.

Full-Time Equivalent Employees as of December 31,					
2012	2013	2014	2015	2016	2017
1.00	1.00	1.00	1.00	1.00	1.00
4.25	3.15	2.35	2.45	2.45	2.45
3.75	5.00	5.60	5.60	6.40	6.40
2.00	2.00	2.00	2.00	2.00	2.00
1.00	1.25	1.25	1.25	1.25	1.25
3.00	3.00	3.00	3.00	3.00	3.00
33.00	33.50	33.00	34.00	34.00	34.50
3.60	3.60	3.70	3.80	3.90	3.90
0.80	0.80	1.00	1.00	1.00	1.00
4.75	7.80	7.80	7.80	5.80	6.00
5.30	4.80	5.54	5.54	5.54	5.54
-	-	-	-	-	-
8.63	8.63	8.63	12.20	13.80	13.80
1.00	7.50	7.40	10.00	8.70	8.70
-	0.15	0.15	0.15	0.15	0.15
0.25	0.25	0.25	0.25	0.25	0.25
15.60	15.60	15.60	19.60	18.80	18.80
2.00	2.00	4.80	5.10	4.70	4.70
1.05	0.38	0.38	0.38	1.38	1.38
-	0.37	0.37	0.37	0.37	0.37
6.45	5.80	5.10	5.10	5.20	5.20
4.20	3.55	3.70	3.70	3.80	3.80
-	-	-	-	-	-
3.70	3.50	3.40	3.40	3.40	3.40
0.50	0.50	0.50	0.50	0.50	0.50
<u>105.83</u>	<u>114.13</u>	<u>116.52</u>	<u>128.19</u>	<u>127.39</u>	<u>128.09</u>

**CITY OF HASTINGS, MINNESOTA**  
 Operating Indicators By Function/program  
 Last Ten Fiscal Years  
 Unaudited

Function/Program	Fiscal Year			
	2008	2009	2010	2011
<b>Police:</b>				
Physical arrests	221	281	*	*
Parking violations	603	570	*	*
Traffic violations	6,170	3,943	*	*
Felony offenses	153	148	138	158
Gross misdemeanor offenses	129	107	778	6
Minor miscellaneous offenses	115	86	95	65
Calls for service	14,977	14,760	18,778	19,434
Part 1 Crimes	703	631	597	637
Part 2 Crimes	757	818	664	789
<b>Fire:</b>				
Emergency responses	2,823	2,507	Unavailable	2,974
Fires extinguished	63	467	Unavailable	86
Inspections	N/A	383	Unavailable	288
<b>Building inspection:</b>				
Permits issued:				
Residential	1,491	1,025	885	912
Commercial	82	128	124	157
<b>Culture and recreation:</b>				
Students participating in swim lessons	-	-	-	-
Ice rental hours	-	-	-	-
Turf rental hours	-	-	-	-
Recreational skaters	-	-	-	-
<b>Water:</b>				
Average daily consumption (thousands of gallons)	2,515	1,800	1,700	1,900
Peak daily consumption (thousands of gallons)	6,635	6,890	5,295	5,180
<b>Transit:</b>				
Total route miles	93,120	89,351	29,453	-
Passengers	33,815	31,525	10,120	-

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					
2012	2013	2014	2015	2016	2017
369	337	427	360	407	470
*	368	466	293	442	225
*	1,561	1,754	1,309	1,153	1,455
*	*	157	175	177	170
*	*	110	139	176	203
*	*	718	405	596	656
21,330	20,665	24,553	20,216	24,497	26,147
*	557	664	631	693	732
*	668	720	707	641	750
2,974	3,201	3,184	3,495	3,249	3,735
86	42	49	74	53	38
288	334	468	480	580	750
1,802	1,549	1,773	1,340	1,507	1,527
63	81	49	165	106	106
-	569	606	640	622	732
-	2,185	2,422	2,400	2,375	2,470
-	303	335	216	325	366
-	4,089	1,189	2,400	1,950	1,890
1,900	2,554	2,465	2,325	2,345	2,296
5,180	6,310	5,520	4,945	5,100	
-	-	-	-	-	
-	-	-	-	-	

**CITY OF HASTINGS, MINNESOTA**  
 Capital Asset Statistics By Function/Program  
 Last Ten Fiscal Years  
 Unaudited

Function/Program	Fiscal Year			
	2008	2009	2010	2011
Police:				
Stations	1	1	1	1
Fire stations	1	1	1	1
Other public works:				
Streets (miles)	102.1	102.1	102.1	102.1
Culture and recreation:				
Acreage	406	406	406	406
Playgrounds	21	21	21	21
Baseball/softball diamonds	21	21	21	21
Soccer/football fields	10	10	10	10
Water:				
Water mains (miles)	87	87	87	87
Fire hydrants	1,223	1,223	1,223	1,223
Storage capacity (thousands of gallons)	2,275	2,275	2,275	2,275
Wastewater:				
Sanitary sewers (miles)	90	90	90	90
Storm sewers (miles)	55	55	55	55
Treatment capacity (thousands of gallons)				
Transit-minibuses	4	4	-	-

Sources: Various City departments.  
 Note: No capital asset indicators are available for the general government function.

Table 18

Fiscal Year					
2012	2013	2014	2015	2016	2017
1	1	1	1	1	1
1	1	1	1	1	1
102.1	102.1	105.0	105.0	105.0	105.3
406	420	420	413	413	413
21	21	21	22	22	22
21	21	21	21	21	21
10	10	10	10	21	21
87	105	105	105	105	105.2
1,223	1,334	1,334	1,094	1,095	1,099
2,275	2,750	2,750	2,750	2,750	2,750
90	89	89	89	89	89.1
55	73	74	74	74	74.1
-	-	-	-	-	-