



City of Hastings

Dakota County, Minnesota



Photo By: Lee Stoffel

Comprehensive Annual Financial Report

For The Year Ended December 31, 2019

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

For the Year Ended December 31, 2019

Prepared by the City's Finance Department

**City of Hastings
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INTRODUCTORY SECTION

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June 15, 2020

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, 2019.

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, 2019. 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, 2019, 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 22,965 in 2019. 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 operates the Hastings Family Aquatic Center and Civic Arena, contributes to joint powers recreational operations, and supports 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 Council and the requests made, a proposed budget is prepared with input from the City's Finance Committee (a three-member committee of the council) and submitted to the City Council. The preliminary levy is adopted no later than September 15th. The City Council may make adjustments to decrease the final levy from the adopted preliminary levy and is required to adopt a final budget no later than December 31st, the close of the City of Hastings' fiscal year.

Department Heads are held responsible for their budget performance. Department 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 2019, 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 decrease in the number of permits in 2019, however, the overall value of work done increased from prior years. Below is a chart that gives a brief building permit history.

Permits	2019	2018	2017	2016	2015	2014
New Residential	14	15	30	23	26	42
New Commercial	2	3	1	3	4	3
Residential remodel	77	65	40	64	21	64
Commercial remodel	48	54	40	44	81	46
All other permits	1503	1604	1518	1479	1373	1618
TOTAL	1644	1741	1629	1613	1505	1773
Dollar value of Permits (in millions)	\$ 41.7	\$ 39.8	\$ 26.5	\$ 32.8	\$ 35.4	\$ 23.8

Major Initiatives

The Hudson redevelopment project continued to progress through land transfer and construction starting in 2019 with significant work occurring in 2020. A public park adjacent to the building was created and is opening in 2020. The public/private parking ramp began in 2018 and was completed in 2019. In 2019 the City started planning for a major redesign of Highway 316 for traffic flow and safety improvements.

Long-Term Financial Planning

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 Utility, Debt, and Capital plans were all reviewed internally to better position the community for long term fiscal health. Council strategic planning goals and efforts center around Economic Development and Vitality, Community Image, meeting the community's transportation and transit needs, and maintaining our existing infrastructure.

Relevant Financial Policies

The City continues to improve and update its Capital Improvement and Capital Equipment Plans. Policies cover such areas as debt management, investments, capital reserves, and internal controls. The City adopted an updated purchasing policy in 2018 to guide purchases and contracts. 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	2019 Year End
a.) Total annual debt service for G.O. debt obligations will not exceed 35% of total budgeted expenditures.	10.35%
b.) Net bonded debt outstanding will not exceed 3.5% of Assessor's market value of taxable property.	.70%
c.) Gross bonded debt will not exceed \$1,800 per capita.	\$590

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, 2019. This is the 22nd 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,

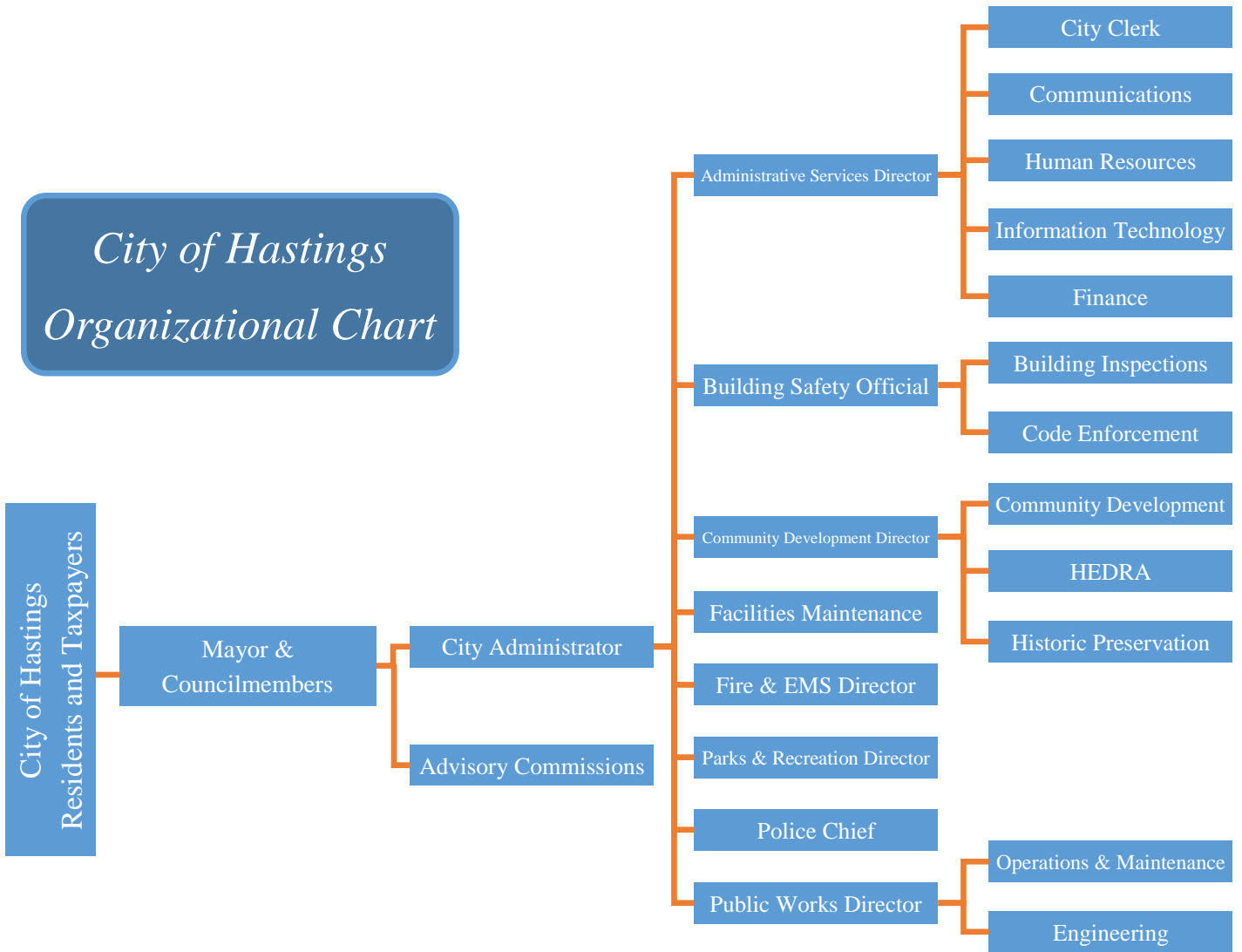


Dan Wietecha
City Administrator

**City of Hastings
Elected Officials and Administration
December 31, 2019**

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Mary Fasbender	Mayor	December 31, 2020
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, 2022
Mark Vaughan	At-Large	December 31, 2022
<u>Administration</u>		
Dan Wietecha	City Administrator	
Julie Flaten	Administrative Services Director	
Tom Bakken	Building Official	
John Hinzman	Community Development Director	
John Townsend	Interim 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, 2018

Christopher P. Morrill

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 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, 2019, 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.

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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hastings, Minnesota, as of December 31, 2019, 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.

Implementation of GASB 84

As discussed in Note 16 to the financial statements, the City has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

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 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.

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.

Other Matters (Continued)

Other Information (Continued)

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 May 26, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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
May 26, 2020

CITY OF HASTINGS
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

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, 2019. 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, 2019) by \$79,767,864 (*net position*). Of this amount, \$3,550,154 (*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 increased by \$2,530,586, which includes a change in accounting principle.
- As of the close of the 2019 fiscal year, the City of Hastings governmental funds ending fund balances were \$18,152,856. Approximately 41.44% is restricted for special revenue-police activities, debt service, capital project programs and permanent trust fund—Leduc Historic Estate. Approximately 2.21% of the fund balance is nonspendable. Approximately 19.27% 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 7.30% of the fund balance, the remaining 29.78% 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 5,596,357 or 52.28% 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, 2019

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 21 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 16 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, 2019

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, insurance expense, 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 four 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 39-41 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 47-81 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 100-143 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 \$79,767,864 at the close of the most recent fiscal year.

CITY OF HASTINGS
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

Government-Wide Financial Analysis (Continued)

By far the largest portion of the City's net position (83.0%) 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 2018	Governmental Activities 2019	Business-type Activities 2018	Business-type Activities 2019	Total 2018	Total 2019
Current and other assets	\$ 22,232,011	\$ 24,341,776	\$ 6,865,307	\$ 7,753,247	\$ 29,097,318	\$ 32,095,023
Capital assets	61,487,444	60,282,434	28,053,308	28,403,199	89,540,752	88,685,633
Total assets	83,719,455	84,624,210	34,918,615	36,156,446	118,638,070	120,780,656
Total deferred outflows	6,823,136	5,328,840	196,880	122,417	7,020,016	5,451,257
Long-term liabilities outstanding	28,778,558	28,464,514	4,967,527	5,477,484	33,746,085	33,941,998
Other liabilities	4,766,819	4,527,097	483,727	576,022	5,250,546	5,103,119
Total liabilities	33,545,377	32,991,611	5,451,254	6,053,506	38,996,631	39,045,117
Total deferred inflows	9,193,500	7,218,193	230,843	200,739	9,424,343	7,418,932
Net Position:						
Net Investment in capital assets	43,158,263	42,075,333	24,353,284	24,159,200	67,511,547	66,234,533
Restricted						
Police activities	54,842	40,432	-	-	54,842	40,432
Tax Increment	4,924	5,681	-	-	4,924	5,681
Debt service	6,897,969	8,169,524	-	-	6,897,969	8,169,524
Capital projects	494,432	509,082	-	-	494,432	509,082
Escrow	-	11,467	-	-	-	11,467
Net pension asset	-	-	-	-	-	-
Permanent endowment						
LeDuc Historic Estate	1,270,770	1,246,991	-	-	1,270,770	1,246,991
Unrestricted	(4,077,486)	(2,315,264)	5,080,114	5,865,418	1,002,628	3,550,154
Total net position	47,803,714	49,743,246	29,433,398	30,024,618	77,237,112	79,767,864

At the end of 2019, 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 is negative due to the City's proportionate share of the State of Minnesota's pension liabilities.

Governmental activities. Governmental activities increased the City of Hastings' net position by \$1,939,532. The key elements of this increase were the change in allocation of the net pension liabilities over the 2018 amount and the increase in debt service assets.

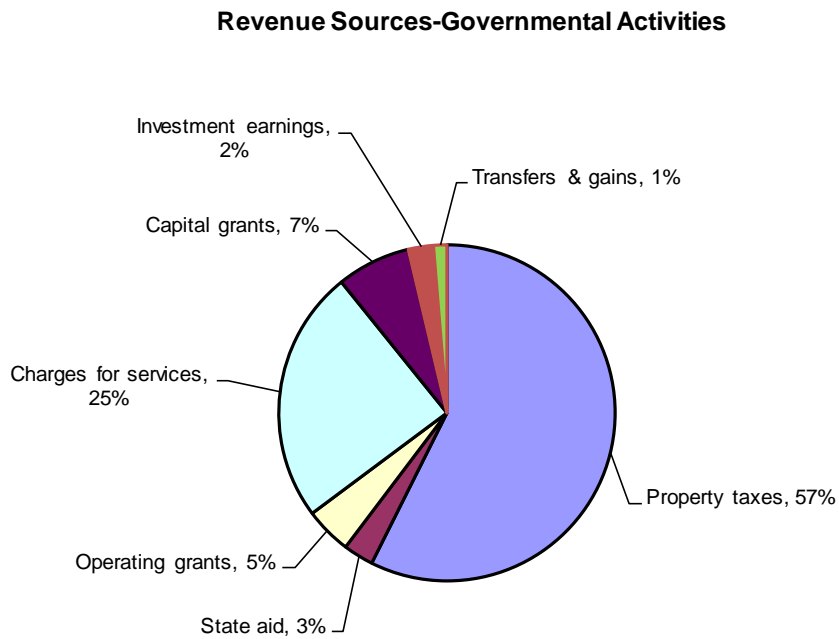
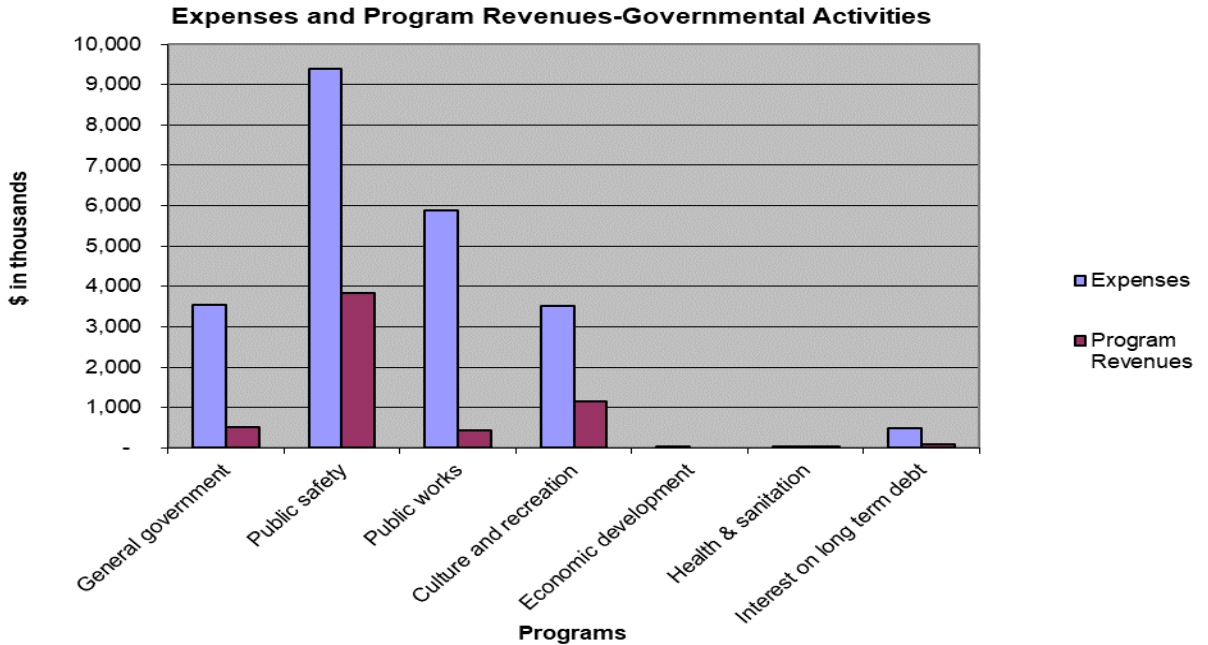
CITY OF HASTINGS
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

City of Hastings' Changes in Net Position

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2018	2019	2018	2019	2018	2019
Revenues:						
Program revenues:						
Charges for services	\$ 5,673,817	\$ 6,057,765	\$ 6,110,506	\$ 6,293,336	\$ 11,784,323	\$ 12,351,101
Operating grants & contributions	1,521,330	1,117,166	-	-	1,521,330	1,117,166
Capital grants & contributions	622,219	1,763,381	150,542	49,281	772,761	1,812,662
General revenues:						
Property taxes	13,594,656	14,247,678	-	11,376	13,594,656	14,259,054
State aid	1,106,153	723,329	-	-	1,106,153	723,329
Other income (loss)	317,327	598,222	49,772	168,384	367,099	766,606
Total Revenues	<u>22,835,502</u>	<u>24,507,541</u>	<u>6,310,820</u>	<u>6,522,377</u>	<u>29,146,322</u>	<u>31,029,918</u>
Expenses						
General government	3,322,254	3,547,503	-	-	3,322,254	3,547,503
Public safety	10,167,543	9,382,761	-	-	10,167,543	9,382,761
Public works	5,438,158	5,885,948	-	-	5,438,158	5,885,948
Culture & recreation	3,588,701	3,506,415	-	-	3,588,701	3,506,415
Economic development	40,656	41,369	-	-	40,656	41,369
Health & sanitation	34,158	37,731	-	-	34,158	37,731
Interest on long-term debt	428,156	486,826	-	-	428,156	486,826
Water	-	-	2,053,704	2,197,954	2,053,704	2,197,954
Sewer	-	-	2,160,226	2,305,382	2,160,226	2,305,382
Storm	-	-	424,791	529,092	424,791	529,092
Hydro	-	-	620,320	578,351	620,320	578,351
Total Expenses	<u>23,019,626</u>	<u>22,888,553</u>	<u>5,259,041</u>	<u>5,610,779</u>	<u>28,278,667</u>	<u>28,499,332</u>
Change in net position before transfers and contributions	(184,124)	1,618,988	1,051,779	911,598	867,655	2,530,586
Transfers and contributions	439,358	320,378	(439,358)	(320,378)	-	-
Change in net position	255,234	1,939,366	612,421	591,220	867,655	2,530,586
Net position-January 1	48,319,325	47,803,714	28,933,015	29,433,398	77,252,340	77,237,112
Prior Period Adjustment	142,782	-	-	-	142,782	-
Change in Accounting Principal	(913,627)	166	(112,038)	-	(1,025,665)	166
Net position-December 31	<u>\$ 47,803,714</u>	<u>\$ 49,743,246</u>	<u>\$ 29,433,398</u>	<u>\$ 30,024,618</u>	<u>\$ 77,237,112</u>	<u>\$ 79,767,864</u>

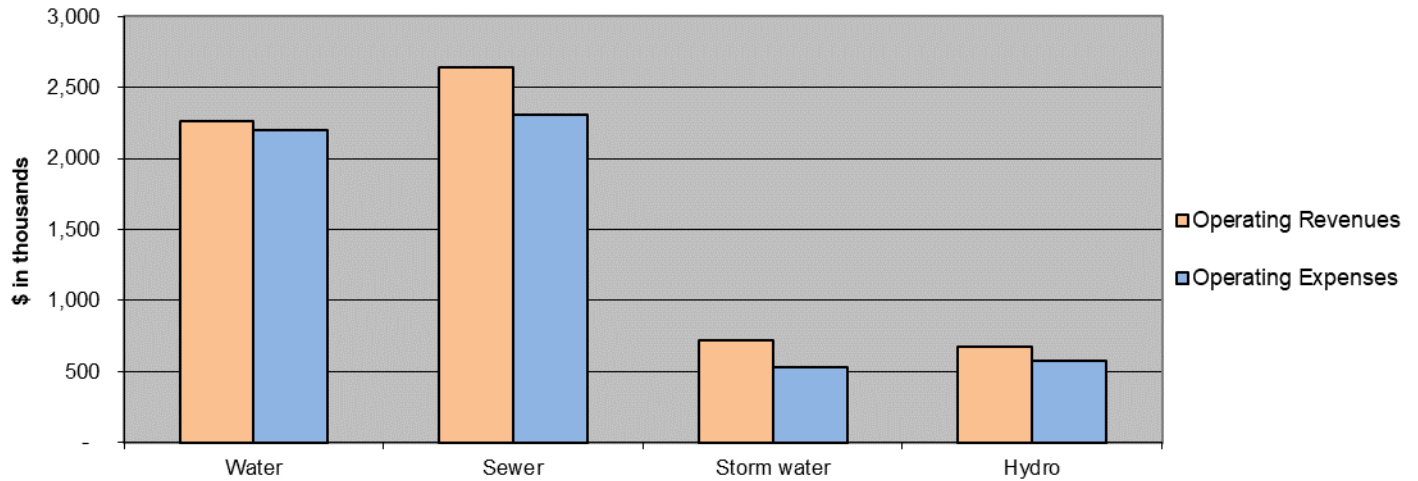
CITY OF HASTINGS
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2019

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

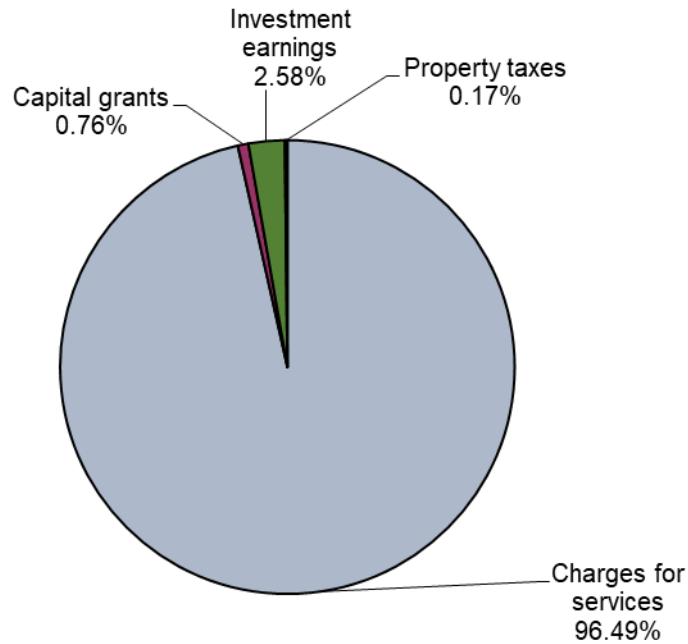


Business-type activities. Below are graphs showing the business-type activities revenue and expense comparisons.

Operating Expenses and Operating Revenues - Business Type Activities



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 \$18,152,856. Approximately 29.78% of this total amount or \$5,405,687 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 \$1,792,538. The fund balance change is primarily due to the effect of the following factors:

- The General fund balance increased by \$453,732 as a result of lower expense than budgeted for in general government, public works, and capital outlay. General government expense and capital project expense was lower than anticipated due to the vacant City Administrator position. The vacancy caused some of our capital projects to be placed on hold in 2019. Public works had staff turnover and the Mill and Overlay project was \$50,000 under budget.
- Fire and Ambulance fund's activity resulted in an increase of \$286,538. This is a result of a lower staff regular and overtime hours, and staff vacancies in 2019.
- Other Governmental Funds such as the Aquatic, Cable TV, Heritage Preservation, LeDuc, and Arena had a cumulative increase of \$169,341.
- Debt Service funds had a fund balance increase of \$707,517 due to an unexpectedly large amount of special assessment prepayments in 2019.

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 \$5,596,357.

The Fire and Ambulance special revenue fund has a total fund balance of \$1,307,515. 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 \$5,912,722, 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 \$509,082.

CITY OF HASTINGS
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

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	\$ 3,067,216
Sewer	2,693,367
Storm	218,356
Hydro	(141,588)

The Water fund had an increase in net position primarily due to an increase in water rates. The Sewer fund's activities also resulted in an increase in net position also due to rate increases for Sewer. The Storm Water fund's rate increase also resulted in an increase to net position. All utility funds had rate increases due to the 2016-2017 utility rate study that continues to be implemented. The Hydro fund's activities resulted in an increase to unrestricted net position due to a reduction in profit sharing with the general fund. 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 lower than the amended expenditure budget. The most significant differences from the final budget amounts are due to the following:

- Administration budget not fully utilized due to City Administrator vacancy;
- Mayor and Council budget not fully utilized due to City Administrator vacancy;

Actual revenues were higher than the amended revenue budget. The difference from the final budget amounts is primarily due to the following:

- Charges for services were over budget due to higher engineering fees collected for the 2019 Capital Projects.
- Investment income was higher than anticipated due to good market conditions.
- Permits, fines and fees were all higher than anticipated in 2019.

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

- Reduced profit sharing to the general fund from the Hydro-electric plant.
- City administrator vacancy.
- Delayed capital project in the general fund due to City Administrator vacancy.

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, 2019, amounts to \$88,685,633 (net of accumulated depreciation) a decrease of \$855,119. 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, 2019

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

	2018 Governmental Activities	2019 Governmental Activities	2018 Business- Type Activities	2019 Business- Type Activities	2018 Total	2019 Total
Land	\$ 3,689,587	\$ 3,690,160	\$ 349,300	\$ 349,300	\$ 4,038,887	\$ 4,039,460
Construction in Progress	2,915,528	117,233	782,695	-	3,698,223	117,233
Buildings	10,152,070	10,468,903	7,169,129	6,751,830	17,321,199	17,220,733
Improvement other than buildings	1,344,671	1,014,698	1,649,382	1,530,106	2,994,053	2,544,804
Machinery and Equipment	2,426,067	2,606,431	1,378,892	1,873,722	3,804,959	4,480,153
Infrastructure	40,959,521	42,385,009	16,723,910	17,898,241	57,683,431	60,283,250
Total assets	\$ 61,487,444	\$ 60,282,434	\$ 28,053,308	\$ 28,403,199	\$ 89,540,752	\$ 88,685,633

Additional information on the City of Hastings's capital assets can be found in Note 4 on pages 59-61.

Long-term debt.

At the end of the current fiscal year, the City of Hastings had outstanding G.O. debt of \$7,830,000 comprises debt backed by the full faith and credit of the government and \$11,310,000 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 62-67.

Economic Factors

In 2019, the City experienced lower levels of new construction than 2018, however, residential remodels were higher than 2018. The overall increase in taxable market value of residential and commercial new construction was \$41.7 million which is \$1.9 million higher than 2018. The City experienced an increase of tax capacity of \$1,520,732 between pay year 2018 and pay year 2019.

Next Year's Budget

The 2020 budget included a levy increase of \$554,978. The City anticipates receiving \$840,634 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 2019 to 2020.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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**City of Hastings
Statement of Net Position
December 31, 2019**

				Statement 1
	Governmental	Business-type		Hastings Economic Development and Redevelopment Authority
	Activities	Activities	Total	
Assets				
Cash and investments (including cash equivalents)	\$ 16,406,481	\$ 6,129,814	\$ 22,536,295	\$ 1,571,487
Cash with fiscal agent	837,340	-	837,340	-
Restricted cash	80,279	-	80,279	-
Receivables				
Accounts receivable	1,416,422	1,410,530	2,826,952	3,860
Interest receivable	40,513	7,446	47,959	1,300
Taxes receivable	1,425,157	1,052	1,426,209	36,068
Special assessments receivable	2,441,096	84,396	2,525,492	-
Loan receivable	-	-	-	241,438
Due from other governments	105,052	200	105,252	828,610
Inventories	37,410	-	37,410	-
Prepaid items	172,090	119,809	291,899	54
Assets held for resale	-	-	-	3,393,300
Capital assets not being depreciated				
Land	3,690,160	349,300	4,039,460	-
Construction in progress	117,233	-	117,233	-
Capital assets net of accumulated depreciation				
Buildings and structures	10,468,903	6,751,830	17,220,733	104,498
Machinery and equipment	2,606,431	1,873,722	4,480,153	-
Improvements other than buildings	1,014,698	1,530,106	2,544,804	-
Infrastructure	42,385,009	17,898,241	60,283,250	-
Net pension asset	1,379,936	-	1,379,936	-
Total assets	\$ 84,624,210	\$ 36,156,446	\$120,780,656	\$ 6,180,615
Deferred Outflows of Resources				
Deferred outflows of resources related to fire relief pensions	464,875	-	464,875	-
Deferred outflows of resources related to City pensions	4,552,895	84,110	4,637,005	11,780
Deferred outflows of resources related to OPEB	311,070	38,307	349,377	5,320
Total deferred outflows of resources	5,328,840	122,417	5,451,257	17,100
Total assets and deferred outflows of resources	\$ 89,953,050	\$ 36,278,863	\$126,231,913	\$ 6,197,715
Liabilities				
Accounts and contracts payable	\$ 463,515	\$ 105,735	\$ 569,250	\$ 1,049,215
Interest payable	229,336	49,433	278,769	-
Salaries and benefits payable	305,517	36,319	341,836	5,541
Due to other governments	56,820	13,132	69,952	-
Deposits payable	207,387	-	207,387	-
Unearned revenue	49,141	-	49,141	-
Bonds payable, net				
Payable within one year	3,100,000	350,000	3,450,000	-
Payable after one year	16,922,214	3,893,999	20,816,213	-
Compensated absences payable				
Payable within one year	115,381	21,403	136,784	-
Payable after one year	1,436,255	261,109	1,697,364	-
Payable after one year				
Net pension liability	6,872,561	924,182	7,796,743	129,432
Total other post employment benefits (OPEB) obligation	3,233,484	398,194	3,631,678	55,305
Total liabilities	32,991,611	6,053,506	39,045,117	1,239,493
Deferred Inflows of Resources				
Deferred inflows of resources related to fire relief pensions	269,721	-	269,721	-
Deferred inflows of resources related to City pensions	6,886,202	193,071	7,079,273	27,039
Deferred inflows of resources related to OPEB	62,270	7,668	69,938	1,065
Total deferred inflows of resources	7,218,193	200,739	7,418,932	28,104
Net Position				
Net investment in capital assets	42,075,333	24,159,200	66,234,533	104,498
Restricted for				
Debt service	8,169,524	-	8,169,524	-
Tax Increment	5,681	-	5,681	-
Capital projects	509,082	-	509,082	-
Escrow	11,467	-	11,467	-
Police activities	40,432	-	40,432	-
LeDuc Historic Estate - unexpendable	200,000	-	200,000	-
LeDuc Historic Estate - expendable	1,046,991	-	1,046,991	-
Unrestricted	(2,315,264)	5,865,418	3,550,154	4,825,620
Total net position	49,743,246	30,024,618	79,767,864	4,930,118
Total liabilities, deferred inflows of resources, and net position	\$ 89,953,050	\$ 36,278,863	\$126,231,913	\$ 6,197,715

See notes to financial statements.

**City of Hastings
Statement of Activities
Year Ended December 31, 2019**

Functions/Programs	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities				
General government	\$ 3,547,503	\$ 513,591	\$ 7,858	\$ -
Public safety	9,382,761	3,848,715	449,299	-
Public works	5,885,948	438,990	455,434	1,763,381
Health and sanitation	37,731	7,665	30,868	-
Culture and recreation	3,506,415	1,162,764	173,707	-
Economic development	41,369	-	-	-
Interest and fiscal charges	486,826	86,040	-	-
Total governmental activities	22,888,553	6,057,765	1,117,166	1,763,381
Business-type activities				
Water	2,197,954	2,259,917	-	-
Sewer	2,305,382	2,642,559	-	-
Storm	529,092	718,097	-	-
Hydro	578,351	672,763	-	49,281
Total business-type activities	5,610,779	6,293,336	-	49,281
Total governmental and business-type activities	\$ 28,499,332	\$ 12,351,101	\$ 1,117,166	\$ 1,812,662
Component unit				
Hastings Economic Development Redevelopment Authority	\$ 3,586,142	\$ 81,661	\$ -	\$ 2,255,452
General revenues				
Property taxes				
Lodging taxes				
Unrestricted state aid				
Unrestricted investment earnings				
Gain on sale of asset				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Change in accounting principle (Note 16)				
Prior period adjustment (Note 14)				
Net position - beginning				
Net position - ending				

Net (Expense) Revenues and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	Hastings Economic and Redevelopment Authority
\$ (3,026,054)	\$ -	\$ (3,026,054)	\$ -
(5,084,747)	-	(5,084,747)	-
(3,228,143)	-	(3,228,143)	-
802	-	802	-
(2,169,944)	-	(2,169,944)	-
(41,369)	-	(41,369)	-
(400,786)	-	(400,786)	-
<u>(13,950,241)</u>	<u>-</u>	<u>(13,950,241)</u>	<u>-</u>
-	61,963	61,963	-
-	337,177	337,177	-
-	189,005	189,005	-
-	143,693	143,693	-
<u>-</u>	<u>731,838</u>	<u>731,838</u>	<u>-</u>
<u>\$ (13,950,241)</u>	<u>\$ 731,838</u>	<u>\$ (13,218,403)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,249,029)</u>
14,244,754	11,376	14,256,130	338,738
2,924	-	2,924	-
723,329	-	723,329	-
590,271	168,384	758,655	59,158
7,951	-	7,951	-
320,378	(320,378)	-	-
<u>15,889,607</u>	<u>(140,618)</u>	<u>15,748,989</u>	<u>397,896</u>
1,939,366	591,220	2,530,586	(851,133)
47,803,714	29,433,398	77,237,112	5,870,051
166	-	166	-
-	-	-	(88,800)
<u>47,803,880</u>	<u>29,433,398</u>	<u>77,237,278</u>	<u>5,781,251</u>
<u>\$ 49,743,246</u>	<u>\$ 30,024,618</u>	<u>\$ 79,767,864</u>	<u>\$ 4,930,118</u>

City of Hastings
Balance Sheet - Governmental Funds
December 31, 2019

	General Fund (101, 220, 221, 223)	Fire and Ambulance (213)	Debt Service
Assets			
Cash and investments	\$ 5,482,373	\$ 227,417	\$ 5,627,447
Cash with fiscal agent	-	-	-
Restricted cash	80,279	-	-
Interest receivable	14,616	-	16,513
Due from other governments	40,737	2,830	2,260
Accounts receivable	68,918	1,125,536	-
Due from other funds	-	-	-
Property taxes receivable	758,635	137,729	318,753
Special assessments receivable	-	-	2,441,096
Inventory	34,446	-	-
Prepaid items	86,310	27,337	3,190
	<u>\$ 6,566,314</u>	<u>\$ 1,520,849</u>	<u>\$ 8,409,259</u>
Liabilities			
Accounts payable	\$ 246,766	\$ 81,445	\$ 10,399
Due to other governments	37,736	17,041	-
Deposits payable	-	-	-
Salaries and benefits payable	183,155	89,052	-
Due to other funds	-	-	-
Unearned revenues	49,141	-	-
Total liabilities	<u>516,798</u>	<u>187,538</u>	<u>10,399</u>
Deferred Inflows of Resources			
Unavailable revenue - taxes and assessments	<u>138,811</u>	<u>25,796</u>	<u>2,486,138</u>
Fund Balances			
Nonspendable			
Prepaid items	86,310	27,337	3,190
Inventories	34,446	-	-
Permanent Endowment-Leduc Historic Estate	-	-	-
Restricted			
Police activities	-	-	-
Debt service	-	-	5,909,532
Capital projects	-	-	-
Tax increment financing	-	-	-
Leduc Historic Estate	193,592	-	-
Escrow			
Committed			
Park Maintenance	-	-	-
Aquatic operations	-	-	-
Cable TV activities	-	-	-
Heritage preservation activities	-	-	-
Fire and ambulance activities	-	1,280,178	-
Arena activities	-	-	-
Assigned			
Capital	-	-	-
Unassigned			
	5,596,357	-	-
Total fund balances	<u>5,910,705</u>	<u>1,307,515</u>	<u>5,912,722</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,566,314</u>	<u>\$ 1,520,849</u>	<u>\$ 8,409,259</u>

Statement 3

Park Projects (401)	Road Improvement Construction (470-479)	Other Governmental Funds	Total Governmental Funds
\$ 508,415	\$ 417,272	\$ 3,133,607	\$ 15,396,531
-	-	837,340	837,340
-	-	-	80,279
667	1,106	4,567	37,469
-	-	51,367	97,194
-	-	221,968	1,416,422
-	-	146,744	146,744
-	-	185,202	1,400,319
-	-	-	2,441,096
-	-	2,964	37,410
-	-	46,834	163,671
<u>\$ 509,082</u>	<u>\$ 418,378</u>	<u>\$ 4,630,593</u>	<u>\$ 22,054,475</u>
\$ -	\$ -	\$ 112,442	\$ 451,052
-	-	2,043	56,820
-	-	207,387	207,387
-	-	33,310	305,517
-	-	146,744	146,744
-	-	-	49,141
-	-	<u>501,926</u>	<u>1,216,661</u>
-	-	34,213	2,684,958
-	-	46,834	163,671
-	-	2,964	37,410
-	-	200,000	200,000
-	-	40,406	40,406
-	-	-	5,909,532
509,082	-	-	509,082
-	-	5,681	5,681
-	-	853,399	1,046,991
-	-	11,467	11,467
-	-	1,144,271	1,144,271
-	-	232,573	232,573
-	-	238,892	238,892
-	-	104,264	104,264
-	-	-	1,280,178
-	-	497,359	497,359
-	418,378	907,014	1,325,392
-	-	(190,670)	5,405,687
<u>509,082</u>	<u>418,378</u>	<u>4,094,454</u>	<u>18,152,856</u>
<u>\$ 509,082</u>	<u>\$ 418,378</u>	<u>\$ 4,630,593</u>	<u>\$ 22,054,475</u>

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City of Hastings
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
December 31, 2019

Statement 4

Total fund balances - governmental funds	\$ 18,152,856
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	147,615,266
Less accumulated depreciation	(87,661,366)
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	(19,140,000)
Unamortized bond premium and discount	(882,214)
Net pension liability	(6,872,561)
Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds.	
Taxes and special assessments	2,684,958
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	(269,721)
Deferred inflows of resources related to city pensions	(6,886,202)
Deferred outflows of resources related to fire relief pensions	464,875
Deferred outflows of resources related to city pensions	4,552,895
The Fire Relief Association net pension asset created through contributions to a defined benefit pension plan which is not recognized in the governmental funds.	
	1,379,936
Governmental funds do not report a liability for accrued interest due and payable.	
	(229,336)
Internal Service Funds are used by management to charge the costs of insurance and capital equipment to individual funds. These assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.	
	<u>(3,166,140)</u>
Total net position - governmental activities	<u><u>\$ 49,743,246</u></u>

City of Hastings
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2019

	General Fund (101, 220, 221, 223)	Fire and Ambulance (213)	Debt Service
Revenues			
General property taxes	\$ 7,519,353	\$ 1,367,404	\$ 3,126,903
Miscellaneous taxes	2,924	-	-
Licenses and permits	574,169	-	-
Intergovernmental	1,696,692	204,760	-
Special assessments	-	-	1,206,298
Charges for services	907,619	2,845,214	86,040
Fines and forfeitures	111,358	-	-
Investment income	140,215	7,112	128,659
Contributions and donations	25,500	1,605	-
Miscellaneous	6,859	-	1,130
Total revenues	<u>10,984,689</u>	<u>4,426,095</u>	<u>4,549,030</u>
Expenditures			
Current			
General government	2,663,257	-	-
Public safety	5,481,303	3,880,191	-
Public works	1,632,888	-	-
Health and sanitation	37,731	-	-
Culture and recreation	135,957	-	-
Economic development	-	-	-
Debt service			
Principal	-	-	3,300,000
Interest and fiscal charges	-	-	547,790
Capital outlay			
General government	338,699	-	-
Public safety	-	270,702	-
Public works	401,561	-	-
Culture and recreation	13,010	-	-
Total expenditures	<u>10,704,406</u>	<u>4,150,893</u>	<u>3,847,790</u>
Excess of revenues over (under) expenditures	280,283	275,202	701,240
Other Financing Sources (Uses)			
Proceeds from sale of capital asset	7,827	183	-
Bonds issued	-	-	-
Premium on bonds issued	-	-	-
Insurance recovery	-	7,715	-
Transfers in	625,622	105,000	6,277
Transfers out	(460,000)	(101,562)	-
Total other financing sources (uses)	<u>173,449</u>	<u>11,336</u>	<u>6,277</u>
Net change in fund balances	453,732	286,538	707,517
Fund Balances			
Beginning of year	5,456,973	1,020,977	5,205,205
Change in accounting principle (Note 16)	-	-	-
Beginning of year, restated	<u>5,456,973</u>	<u>1,020,977</u>	<u>5,205,205</u>
End of year	<u>\$ 5,910,705</u>	<u>\$ 1,307,515</u>	<u>\$ 5,912,722</u>

Statement 5

Park Projects (401)	Road Improvement Construction (470-479)	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,876,123	\$ 13,889,783
-	-	-	2,924
-	-	-	574,169
-	-	212,187	2,113,639
-	-	-	1,206,298
-	60	1,160,642	4,999,575
-	-	-	111,358
13,263	19,579	243,275	552,103
1,587	-	116,757	145,449
-	-	1,726	9,715
<u>14,850</u>	<u>19,639</u>	<u>3,610,710</u>	<u>23,605,013</u>
-	-	-	2,663,257
-	-	4,525	9,366,019
-	429	-	1,633,317
-	-	-	37,731
200	-	2,986,340	3,122,497
-	-	41,369	41,369
-	-	-	3,300,000
-	-	1,240	549,030
-	-	66,367	405,066
-	-	17,351	288,053
-	2,960,234	116,927	3,478,722
-	-	25,573	38,583
<u>200</u>	<u>2,960,663</u>	<u>3,259,692</u>	<u>24,923,644</u>
14,650	(2,941,024)	351,018	(1,318,631)
-	-	3,282	11,292
-	2,595,000	-	2,595,000
-	506,618	-	506,618
-	-	-	7,715
-	-	50,000	786,899
-	-	(234,959)	(796,521)
-	<u>3,101,618</u>	<u>(181,677)</u>	<u>3,111,003</u>
14,650	160,594	169,341	1,792,372
494,432	257,784	3,924,947	16,360,318
-	-	166	166
<u>494,432</u>	<u>257,784</u>	<u>3,925,113</u>	<u>16,360,484</u>
<u>\$ 509,082</u>	<u>\$ 418,378</u>	<u>\$ 4,094,454</u>	<u>\$ 18,152,856</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, 2019

Statement 6

Net change in fund balances - governmental funds \$ 1,792,372

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	4,084,992
Depreciation expense	(5,566,507)
Disposal of capital assets	(52,029)

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	374,863
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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	3,300,000
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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.

(414,060)

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.

(30,354)

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.

(2,595,000)

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	667,332
Grants	(233,697)

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.

611,454

Change in net position - governmental activities

\$ 1,939,366

City of Hastings
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended December 31, 2019

Statement 7

	2019			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
General property taxes	\$ 7,582,246	\$ 7,582,246	\$ 7,519,353	\$ (62,893)
Lodging taxes	3,255	3,255	2,924	(331)
Special assessments	1,000	1,000	-	(1,000)
Licenses and permits	490,263	555,263	574,169	18,906
Intergovernmental revenues	1,632,756	1,658,266	1,696,692	38,426
Charges for services	843,675	843,675	907,619	63,944
Fines and forfeitures	129,244	129,244	111,358	(17,886)
Investment income	49,500	57,500	140,215	82,715
Contributions and donations	-	25,500	25,500	-
Other revenues	64,500	64,500	6,859	(57,641)
Total revenues	<u>10,796,439</u>	<u>10,920,449</u>	<u>10,984,689</u>	<u>64,240</u>
Expenditures				
General Government	\$ 2,898,343	\$ 2,833,343	2,663,257	(170,086)
Public safety	5,465,496	5,521,027	5,481,303	(39,724)
Public works	1,781,728	1,819,728	1,632,888	(186,840)
Health and sanitation	44,850	45,700	37,731	(7,969)
Culture and recreation	157,044	157,044	135,957	(21,087)
Capital outlay	913,898	855,408	753,270	(102,138)
Total expenditures	<u>11,261,359</u>	<u>11,232,250</u>	<u>10,704,406</u>	<u>(527,844)</u>
Excess of revenues over (under) expenditures	(464,920)	(311,801)	280,283	592,084
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	7,827	7,827
Transfers in	932,577	602,577	625,622	23,045
Transfers out	(485,631)	(485,631)	(460,000)	25,631
Total other financing sources (uses)	<u>446,946</u>	<u>116,946</u>	<u>173,449</u>	<u>56,503</u>
Net change in fund balances	<u>\$ (17,974)</u>	<u>\$ (194,855)</u>	<u>453,732</u>	<u>\$ 648,587</u>
Fund Balances				
Beginning of year			<u>5,456,973</u>	
End of year			<u>\$ 5,910,705</u>	

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, 2019

Statement 8

	2019			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Property taxes	\$ 1,378,633	\$ 1,378,633	\$ 1,367,404	\$ (11,229)
Intergovernmental	177,000	177,000	204,760	27,760
Charges for services	2,842,500	2,842,500	2,845,214	2,714
Investment income	4,000	4,000	7,112	3,112
Contributions and donations	-	1,605	1,605	-
Total revenues	<u>4,402,133</u>	<u>4,403,738</u>	<u>4,426,095</u>	<u>22,357</u>
Expenditures				
Current				
Public safety	4,178,252	4,183,227	3,880,191	(303,036)
Capital outlay				
Public safety	227,319	269,319	270,702	1,383
Total expenditures	<u>4,405,571</u>	<u>4,452,546</u>	<u>4,150,893</u>	<u>(301,653)</u>
Excess of revenues over (under) expenditures	(3,438)	(48,808)	275,202	324,010
Other Financing Sources (Uses)				
Sale of city property	-	-	183	183
Insurance recoveries	-	-	7,715	7,715
Transfers in	105,000	105,000	105,000	-
Transfers out	(101,562)	(101,562)	(101,562)	-
Total other financing sources (uses)	<u>3,438</u>	<u>3,438</u>	<u>11,336</u>	<u>7,898</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (45,370)</u>	286,538	<u>\$ 331,908</u>
Fund Balance				
Beginning of year			<u>1,020,977</u>	
End of year			<u>\$ 1,307,515</u>	

City of Hastings
Statement of Net Position - Proprietary Funds
December 31, 2019

Statement 9

	Business-Type Activities Enterprise Funds					Governmental Activities - Internal Service Funds
	Water (600)	Sewer (601)	Storm (603)	Hydro (620)	Total	
Assets						
Current assets						
Cash and cash equivalents	\$ 3,327,899	\$ 2,116,763	\$ 509,587	\$ 148,116	\$ 6,102,365	\$ 1,037,399
Taxes receivable	-	-	-	-	-	25,890
Interest receivable	4,486	1,532	679	664	7,361	3,129
Due from other governments	-	-	-	200	200	7,858
Accounts receivable - net	469,554	648,377	184,687	107,912	1,410,530	-
Special assessments receivable						
Deferred	51,933	32,161	302	-	84,396	-
Prepaid items	677	117,858	172	21	118,728	9,500
Total current assets	<u>3,854,549</u>	<u>2,916,691</u>	<u>695,427</u>	<u>256,913</u>	<u>7,723,580</u>	<u>1,083,776</u>
Noncurrent assets						
Advances to other funds	-	300,000	-	-	300,000	-
Capital assets, not being depreciated						
Land and construction in progress	349,300	-	-	-	349,300	-
Capital assets, being depreciated						
Buildings	8,046,482	144,798	-	6,831,566	15,022,846	-
Infrastructure	21,034,996	18,390,770	97,373	-	39,523,139	-
Machinery and equipment	2,053,305	706,138	391,560	3,695,929	6,846,932	364,061
Improvements other than buildings	3,745,589	-	-	-	3,745,589	-
Total capital assets	35,229,672	19,241,706	488,933	10,527,495	65,487,806	364,061
Less: accumulated depreciation	(18,512,075)	(10,644,452)	(125,132)	(7,802,948)	(37,084,607)	(35,527)
Net capital assets	16,717,597	8,597,254	363,801	2,724,547	28,403,199	328,534
Total noncurrent assets	16,717,597	8,897,254	363,801	2,724,547	28,703,199	328,534
Total assets	<u>20,572,146</u>	<u>11,813,945</u>	<u>1,059,228</u>	<u>2,981,460</u>	<u>36,426,779</u>	<u>1,412,310</u>
Deferred Outflows of Resources						
Deferred outflows of resources related to pensions	33,045	24,784	23,042	3,239	84,110	-
Deferred outflows of resources related to OPEB	15,252	11,350	10,286	1,419	38,307	311,070
Total deferred outflows of resources	<u>48,297</u>	<u>36,134</u>	<u>33,328</u>	<u>4,658</u>	<u>122,417</u>	<u>311,070</u>
Total assets and deferred outflows of resources	<u>\$ 20,620,443</u>	<u>\$ 11,850,079</u>	<u>\$ 1,092,556</u>	<u>\$ 2,986,118</u>	<u>\$ 36,549,196</u>	<u>\$ 1,723,380</u>
Liabilities						
Current liabilities						
Accounts payable	\$ 47,147	\$ 10,130	\$ 15,982	\$ 30,876	104,135	\$ 14,063
Due to other governments	13,012	-	-	120	13,132	-
Interest payable	42,618	6,815	-	-	49,433	-
Salaries payable	14,300	10,721	9,909	1,389	36,319	-
Compensated absences	7,969	6,166	6,245	1,023	21,403	115,381
Bonds payable - current portion	310,000	40,000	-	-	350,000	-
Total current liabilities	<u>435,046</u>	<u>73,832</u>	<u>32,136</u>	<u>33,408</u>	<u>574,422</u>	<u>129,444</u>
Noncurrent liabilities						
Advances from other funds	-	-	-	300,000	300,000	-
Compensated absences	118,007	82,328	69,454	12,723	282,512	1,551,636
Bonds payable, net	3,773,797	470,202	-	-	4,243,999	-
Total OPEB obligation	158,540	117,984	106,922	14,748	398,194	3,233,484
Advance to/from other funds						
Net pension liability	363,098	272,318	253,181	35,585	924,182	-
Less amount due within one year	(317,969)	(46,166)	(6,245)	(1,023)	(371,403)	(115,381)
Total noncurrent liabilities	<u>4,095,473</u>	<u>896,666</u>	<u>423,312</u>	<u>362,033</u>	<u>5,777,484</u>	<u>4,669,739</u>
Total liabilities	<u>4,530,519</u>	<u>970,498</u>	<u>455,448</u>	<u>395,441</u>	<u>6,351,906</u>	<u>4,799,183</u>
Deferred Inflows of Resources						
Deferred inflows of resources related to pensions	75,855	56,890	52,892	7,434	193,071	-
Deferred inflows of resources related to OPEB	3,053	2,272	2,059	284	7,668	62,270
Total deferred inflows of resources	<u>78,908</u>	<u>59,162</u>	<u>54,951</u>	<u>7,718</u>	<u>200,739</u>	<u>62,270</u>
Net Position						
Net investment in capital assets	12,943,800	8,127,052	363,801	2,724,547	24,159,200	328,534
Unrestricted	3,067,216	2,693,367	218,356	(141,588)	5,837,351	(3,466,607)
Total net position	<u>16,011,016</u>	<u>10,820,419</u>	<u>582,157</u>	<u>2,582,959</u>	<u>29,996,551</u>	<u>(3,138,073)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 20,620,443</u>	<u>\$ 11,850,079</u>	<u>\$ 1,092,556</u>	<u>\$ 2,986,118</u>		<u>\$ 1,723,380</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					28,067	
Total business-type activities net position					<u>\$ 30,024,618</u>	

City of Hastings
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended December 31, 2019

Statement 10

	Business-Type Activities Enterprise Funds					Governmental Activities - Internal Service Funds
	Water (600)	Sewer (601)	Storm (603)	Hydro (620)	Total	
Operating revenues						
Charges for services	\$ 2,227,564	\$ 2,638,103	\$ 711,766	\$ 662,347	\$ 6,239,780	\$ 934,812
Other income	7,000	-	-	10,016	17,016	-
Total operating revenues	<u>2,234,564</u>	<u>2,638,103</u>	<u>711,766</u>	<u>672,363</u>	<u>6,256,796</u>	<u>934,812</u>
Operating expenses						
Personnel services	591,344	451,751	418,975	57,456	1,519,526	279,331
Supplies	64,238	5,018	4,118	-	73,374	-
Professional services	618,706	134,846	75,722	353,552	1,182,826	644,469
Metro waste control charge	-	1,274,442	-	-	1,274,442	-
Depreciation	843,433	424,057	31,815	167,607	1,466,912	35,527
Total operating expenses	<u>2,117,721</u>	<u>2,290,114</u>	<u>530,630</u>	<u>578,615</u>	<u>5,517,080</u>	<u>959,327</u>
Operating income (loss)	116,843	347,989	181,136	93,748	739,716	(24,515)
Nonoperating revenues (expenses)						
Investment income	111,763	38,020	16,330	2,258	168,371	38,182
Special assessments	13,462	944	-	-	14,406	-
Intergovernmental	8,000	-	4,000	-	12,000	7,858
Gain (loss) on disposal of capital assets	-	-	-	-	-	7,951
Refunds and reimbursements	-	-	-	49,281	49,281	-
Property taxes	-	-	-	-	-	280,045
Interest expense	(82,658)	(17,585)	-	-	(100,243)	-
Total nonoperating revenues (expenses)	<u>50,567</u>	<u>21,379</u>	<u>20,330</u>	<u>51,539</u>	<u>143,815</u>	<u>334,036</u>
Income (loss) before transfers	167,410	369,368	201,466	145,287	883,531	309,521
Transfers in	-	-	-	-	-	435,000
Transfers out	(33,805)	(32,429)	(7,526)	(246,618)	(320,378)	(105,000)
Change in net position	133,605	336,939	193,940	(101,331)	563,153	639,521
Net position						
Beginning of year	<u>15,877,411</u>	<u>10,483,480</u>	<u>388,217</u>	<u>2,684,290</u>		<u>(3,777,594)</u>
End of year	<u>\$ 16,011,016</u>	<u>\$ 10,820,419</u>	<u>\$ 582,157</u>	<u>\$ 2,582,959</u>		<u>\$ (3,138,073)</u>

Amounts reported for business-type activities in the statement of activities are different because:

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>28,067</u>
Change in net position- business-type activities	<u>\$ 591,220</u>

City of Hastings
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2019

Statement 11

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water (600)	Sewer (601)	Storm (603)	Hydro (620)	Total	
Cash Flows - Operating Activities						
Receipts from customers	\$ 2,188,585	\$ 2,617,042	\$ 709,172	\$ 626,344	\$ 6,141,143	\$ -
Interfund services provided and used	-	-	-	-	-	934,812
Payments to suppliers for goods and services	(751,545)	(1,424,868)	(66,298)	(342,999)	(2,585,710)	(899,684)
Payments to employees for services	(553,697)	(406,366)	(380,372)	(52,748)	(1,393,183)	(299,016)
Other operating revenues	7,000	-	-	10,016	17,016	-
Net cash flows - operating activities	<u>890,343</u>	<u>785,808</u>	<u>262,502</u>	<u>240,613</u>	<u>2,179,266</u>	<u>(263,888)</u>
Cash Flows - Noncapital Financing Activities						
Property taxes	-	-	-	-	-	254,155
Special assessments	25,299	3,280	(113)	-	28,466	-
Refunds and reimbursements	-	-	-	49,281	49,281	-
Intergovernmental receipts	8,000	-	4,000	-	12,000	-
Transfer to other funds	(33,805)	(32,429)	(7,526)	(246,618)	(320,378)	(105,000)
Transfer from other funds	-	-	-	-	-	435,000
Net cash flows - noncapital financing activities	<u>(506)</u>	<u>(29,149)</u>	<u>(3,639)</u>	<u>(197,337)</u>	<u>(230,631)</u>	<u>584,155</u>
Cash Flows - Capital and Related Financing Activities						
Principal paid on debt	(245,000)	-	-	-	(245,000)	-
Interest paid on debt	(81,457)	(17,105)	-	-	(98,562)	-
Bond proceeds	675,000	-	-	-	675,000	-
Bond premium issued	131,227	-	-	-	131,227	-
Acquisition of capital assets	(1,140,495)	(505,386)	(170,922)	-	(1,816,803)	(364,061)
Proceeds from disposal of capital assets	-	-	-	-	-	7,951
Net cash flows - capital and related financing activities	<u>(660,725)</u>	<u>(522,491)</u>	<u>(170,922)</u>	<u>-</u>	<u>(1,354,138)</u>	<u>(356,110)</u>
Cash Flows - Investing Activities						
Investment income	107,277	36,488	15,651	1,594	161,010	35,053
Net change in cash and cash equivalents	336,389	270,656	103,592	44,870	755,507	(790)
Cash and Cash Equivalents						
January 1	2,991,510	1,846,107	405,995	103,246	5,346,858	1,038,189
December 31	<u>\$ 3,327,899</u>	<u>\$ 2,116,763</u>	<u>\$ 509,587</u>	<u>\$ 148,116</u>	<u>\$ 6,102,365</u>	<u>\$ 1,037,399</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities						
Operating income (loss)	\$ 116,843	\$ 347,989	\$ 181,136	\$ 93,748	\$ 739,716	\$ (24,515)
Adjustments to reconcile operating income (loss) to net cash flows - operating activities						
Depreciation	843,433	424,057	31,815	167,607	1,466,912	35,527
Pension expense	45,901	46,029	40,493	5,643	138,066	-
Accounts receivable	(38,979)	(21,061)	(2,594)	(36,003)	(98,637)	-
Prepaid items	385	(11,401)	168	20	(10,828)	(9,500)
Accounts payable	(67,525)	839	13,374	10,885	(42,427)	12,819
Salaries payable	3,577	3,008	2,735	363	9,683	-
Due to other governments	(1,461)	-	-	(352)	(1,813)	-
OPEB obligation	(9,828)	(3,680)	(6,628)	(915)	(21,051)	(258,534)
Compensated absences payable	(2,003)	28	2,003	(383)	(355)	(19,685)
Total adjustments	<u>773,500</u>	<u>437,819</u>	<u>81,366</u>	<u>146,865</u>	<u>1,439,550</u>	<u>(239,373)</u>
Net cash flows - operating activities	<u>\$ 890,343</u>	<u>\$ 785,808</u>	<u>\$ 262,502</u>	<u>\$ 240,613</u>	<u>\$ 2,179,266</u>	<u>\$ (263,888)</u>

See notes to financial statements.

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TRUST AND AGENCY FUNDS

City of Hastings
Statement of Fiduciary Net Position
December 31, 2019

Statement 12

Library
Private-
Trust Fund

Assets

Cash and investments
Accounts receivable

\$ 95,362
125

Total assets

\$ 95,487

Net Position

Held in trust for library

\$ 95,487

City of Hastings
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2019

Statement 13

	Library Private- Purpose Trust Fund
Additions	
Investment earnings	\$ 3,763
Change in net position	3,763
Beginning net position	91,724
Ending net position	\$ 95,487

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City of Hastings
Notes to Financial Statements

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.

City of Hastings
Notes to 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. 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 fire and 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 Fund - This fund accounts for the activities related to street construction and improvements.

City of Hastings
Notes to Financial Statements

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, work comp insurance and 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.

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 Fund – Accounts 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.

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.

City of Hastings
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

City of Hastings
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables (Continued)

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 75% 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 and Activities.

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 presents deferred outflows on the Statements of Net Position for deferred outflows of resources relating to pensions and OPEB for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisitions 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 has two items that qualify for reporting in this category. The city presents deferred inflows of resources on the Government Fund Balance Sheet as unavailable revenue. The governmental funds report unavailable revenues from two sources, taxes and assessments. These amounts are deferred and recognized as an inflow in the period that amounts become available. The City also presents deferred inflows of resources on the Statements of Net Position related to pensions and OPEB for various estimate differences that will be amortized and recognized over future years.

City of Hastings
Notes to Financial Statements

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 one year. 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, 2019.

**City of Hastings
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Capital Assets

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

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, Enterprise Funds and Government-wide Statement of Net Position.

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.

City of Hastings
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Long-term obligations(Continued)

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.

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.

City of Hastings
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Fund Balance (Continued)

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.

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, City Hall Remodel, 2020 Neighborhood Improvement, and the Road Improvement Capital Projects Funds, which adopt project-length budgets, Guardian Angels TIF, Riverfront TIF, NAPA TIF, Downtown Redevelopment TIF, Escrow, Capital Project Funds, and the Permanent Fund, which are not budgeted. All annual appropriations lapse at fiscal year-end.

**City of Hastings
Notes to Financial Statements**

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

A. Budgetary Information (Continued)

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 2019. Several of the budgets changed in total as a result of the Council approved appropriations.

B. Deficit Fund Equity

The NAPA TIF district had a fund balance deficit of \$9,392, an increase of \$321 from 2018. The Downtown Redevelopment TIF had a deficit of \$18,170, an increase of \$2,154 from 2018. These fund's deficits are expected to be covered from future tax increment revenues. The City Hall Remodel Fund had a fund balance deficit of \$46,181. This fund's deficit is expected to be covered by future grant revenues. The 2020 Neighborhood Improvements Fund had a fund balance deficit of \$116,927. This funds deficit is expected to be covered by future special assessment 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, 2019, the City was not exposed to custodial credit risk because deposits were fully insured and collateralized. As of December 31, 2019, the City has the following deposits:

Checking	\$	172,158
Savings deposit account		2,062,150
Certificates of deposit		1,967,700
Total	\$	4,202,008

City of Hastings
Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

As of December 31, 2019 the City had the following investments and maturities:

Investment Type	Rating (Moody/S&P)	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/AA+	\$ 249,665	\$ -	\$ 249,665	\$ -	\$ -
Taxable Municipals	A1/A	1,501,262	244,892	1,256,370	-	-
Brokered Certificates of Deposit	NR	11,163,601	2,027,679	8,405,025	730,897	-
External Investment Pool - 4M Fund	NR	5,901,421	5,901,421	-	-	-
Money Market	NR	1,264,821	1,264,821	-	-	-
Total Pooled Investments		<u>20,080,770</u>	<u>9,438,813</u>	<u>9,911,060</u>	<u>730,897</u>	<u>-</u>
Non-Pooled Investments						
Brokered Cash	N/A	24,990	24,990	-	-	-
Equity	N/A	496,661	496,661	-	-	-
Fixed Income Securities	N/A	280,749	280,749	-	-	-
Real Estate	N/A	29,098	29,098	-	-	-
Commodities	N/A	5,842	5,842	-	-	-
Total Non-Pooled Investments		<u>837,340</u>	<u>837,340</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total		<u>\$ 20,918,110</u>	<u>\$ 10,276,153</u>	<u>\$ 9,911,060</u>	<u>\$ 730,897</u>	<u>\$ -</u>

The City has the following recurring fair value measurements as of December 31, 2019:

- \$11,660,262 of \$20,918,110 are valued using a quoted market prices (Level 1 inputs)
- \$2,066,616 of \$20,918,110 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 above.

Concentration of credit risk – The City's investments in Vanguard Growth Index Fund, Vanguard 500 Admiral, Ishares Core, Msci Total, Ishares Msci Eafe Internation Index Fund, Ishares Core US Aggregare Bond and PGIM Total Return Bond exceeds 5% of the City's nonpooled investment portfolio.

City of Hastings
Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS

B. Investments

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, 2019, were as follows:

Deposits (Note 3.A.)	\$ 4,202,008
Investments (Note 3.B.)	20,918,110
Petty cash	645
	645
Total deposits and investments	\$ 25,120,763

Deposits and investments are presented in the December 31, 2019, basic financial statements as follows:

Statement of Net Position	
Cash and investments - City	\$ 22,536,295
Cash and investments - HEDRA	1,571,487
Cash with fiscal agent	837,340
Restricted cash	80,279
Statement of Fiduciary Net Position	
Cash and investments	95,362
	95,362
Total deposits and investments	\$ 25,120,763

City of Hastings
Notes to Financial Statements

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 3,689,587	\$ 573	\$ -	\$ 3,690,160
Construction in progress	2,915,528	3,155,279	(5,953,574)	117,233
Total capital assets not being depreciated	<u>6,605,115</u>	<u>3,155,852</u>	<u>(5,953,574)</u>	<u>3,807,393</u>
Capital assets being depreciated				
Buildings	19,985,551	833,517	(51,962)	20,767,106
Machinery and equipment	11,633,267	891,845	(408,141)	12,116,971
Improvements other than buildings	4,345,973	25,878	-	4,371,851
Infrastructure	102,870,622	5,495,535	(1,450,151)	106,916,006
Total capital assets being depreciated	<u>138,835,413</u>	<u>7,246,775</u>	<u>(1,910,254)</u>	<u>144,171,934</u>
Less accumulated depreciation for				
Buildings	(9,833,481)	(464,722)	-	(10,298,203)
Machinery and equipment	(9,207,200)	(711,414)	408,074	(9,510,540)
Improvements other than buildings	(3,001,302)	(355,851)	-	(3,357,153)
Infrastructure	(61,911,101)	(4,070,047)	1,450,151	(64,530,997)
Total accumulated depreciation	<u>(83,953,084)</u>	<u>(5,602,034)</u>	<u>1,858,225</u>	<u>(87,696,893)</u>
Total capital assets being depreciated, net	<u>54,882,329</u>	<u>1,644,741</u>	<u>(52,029)</u>	<u>56,475,041</u>
Governmental activities capital position, net	<u>\$ 61,487,444</u>	<u>\$ 4,800,593</u>	<u>\$ (6,005,603)</u>	<u>\$ 60,282,434</u>

City of Hastings
Notes to Financial Statements

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	782,695	1,200,744	(1,983,439)	-
Total capital assets not being depreciated	<u>1,131,995</u>	<u>1,200,744</u>	<u>(1,983,439)</u>	<u>349,300</u>
Capital assets being depreciated				
Buildings	15,025,044	-	(2,198)	15,022,846
Machinery and equipment	6,230,024	616,908	-	6,846,932
Improvements other than buildings	3,744,240	1,349	-	3,745,589
Infrastructure	37,788,987	1,983,439	(249,287)	39,523,139
Total capital assets being depreciated	<u>62,788,295</u>	<u>2,601,696</u>	<u>(251,485)</u>	<u>65,138,506</u>
Less accumulated depreciation for				
Buildings	(7,855,915)	(415,101)	-	(8,271,016)
Machinery and equipment	(4,851,132)	(122,078)	-	(4,973,210)
Improvements other than buildings	(2,094,858)	(120,625)	-	(2,215,483)
Infrastructure	(21,065,077)	(809,108)	249,287	(21,624,898)
Total accumulated depreciation	<u>(35,866,982)</u>	<u>(1,466,912)</u>	<u>249,287</u>	<u>(37,084,607)</u>
Total capital assets being depreciated, net	<u>26,921,313</u>	<u>1,134,784</u>	<u>(2,198)</u>	<u>28,053,899</u>
Business-type activities capital assets, net	<u>\$ 28,053,308</u>	<u>\$ 2,335,528</u>	<u>\$ (1,985,637)</u>	<u>\$ 28,403,199</u>

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

Governmental activities	
General government	\$ 151,434
Public Safety	464,894
Public Works	4,154,495
Cultural and recreation	795,684
Internal service funds	35,527
Total depreciation expense - governmental activities	<u>\$ 5,602,034</u>
Business-type activities	
Water	\$ 843,433
Sewer	424,057
Storm Water	31,815
Hydro	167,607
Total depreciation expense - business-type activities	<u>\$ 1,466,912</u>

City of Hastings
Notes to Financial Statements

NOTE 4 – CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Unit

Activity for the HEDRA for the year ended December 31, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets being depreciated				
Buildings and Structures	\$ 724,195	\$ 20,000	\$ -	\$ 744,195
Less accumulated depreciated for				
Buildings and Structures	(634,947)	(4,750)	-	(639,697)
Total capital assets being depreciated, net	89,248	15,250	-	104,498
Component unit capital assets, net	<u>\$ 89,248</u>	<u>\$ 15,250</u>	<u>\$ -</u>	<u>\$ 104,498</u>

NOTE 5 – INTERFUND ASSETS/LIABILITIES

The composition of interfund balances as of December 31, 2019, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Governmental Funds	Other Governmental Funds	<u>\$ 146,744</u>

Advances To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
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

NOTE 6 – INTERFUND TRANSFERS

	Transfers In					Total
	General	Fire and Ambulance	Debt Service	Non-major Governmental Funds	Internal Service	
<u>Transfers Out</u>						
General	\$ -	\$ -	\$ -	\$ 25,000	\$ 435,000	\$ 460,000
Fire and ambulance	76,562	-	-	25,000	-	101,562
Non-major governmental funds	228,682	-	6,277	-	-	234,959
Internal Service	-	105,000	-	-	-	105,000
Water	33,805	-	-	-	-	33,805
Sewer	32,429	-	-	-	-	32,429
Storm	7,526	-	-	-	-	7,526
Hydro	246,618	-	-	-	-	246,618
Total	<u>\$ 625,622</u>	<u>\$ 105,000</u>	<u>6,277</u>	<u>\$ 50,000</u>	<u>\$ 435,000</u>	<u>\$ 1,221,899</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. 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 issue listed below is \$1,715,000. The bond issue 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	\$ 535,000	\$ 175,000

City of Hastings
Notes to Financial Statements

NOTE 7 – LONG-TERM DEBT (CONTINUED)

A. General Obligation Bonds (Continued)

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2020	\$ 175,000	\$ 14,300	\$ 189,300
2021	180,000	8,100	188,100
2022	180,000	2,700	182,700
Total	<u>\$ 535,000</u>	<u>\$ 25,100</u>	<u>\$ 560,100</u>

B. G.O. Improvement Bonds

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 \$21,615,000. 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 2008A	12/04/08	3.50%-4.20%	\$ 3,105,000	02/01/20	\$ 345,000	\$ 345,000
G.O. Improvement Bonds, Series 2009A	12/15/09	2.00%-3.55%	1,750,000	02/01/21	385,000	195,000
G.O. Improvement Bonds, Series 2010B	11/01/10	0.60%-2.80%	1,185,000	02/01/22	360,000	120,000
G.O. Improvement Bonds, Series 2011A	09/14/11	0.50%-2.45%	3,720,000	02/01/22	1,140,000	375,000
G.O. Improvement Bonds, Series 2012A	10/17/12	2.00%-3.00%	1,700,000	02/01/23	715,000	175,000
G.O. Improvement Bonds, Series 2013B	11/20/13	0.40%-2.45%	1,265,000	02/01/24	635,000	125,000
G.O. Improvement Bonds, Series 2014A	11/25/14	0.65%-2.50%	2,345,000	02/01/25	1,560,000	250,000
G.O. Improvement Bonds, Series 2015A	09/03/15	2.00%-2.20%	360,000	02/01/26	255,000	35,000
G.O. Improvement Bonds, Series 2016B	11/03/16	2.00%	995,000	02/01/27	815,000	95,000
G.O. Improvement Bonds, Series 2017A	11/02/17	2.75%-2.875%	1,015,000	02/01/28	925,000	95,000
G.O. Improvement Bonds, Series 2018A	07/18/18	3.00% - 4.00%	1,580,000	02/01/29	1,580,000	145,000
G.O. Improvement Bonds, Series 2019A	08/08/19	5.00%	2,595,000	02/01/30	2,595,000	-
Total					<u>\$ 11,310,000</u>	<u>\$ 1,955,000</u>

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2020	\$ 1,955,000	\$ 334,724	\$ 2,289,724
2021	1,775,000	285,055	2,060,055
2022	1,675,000	236,608	1,911,608
2023	1,190,000	194,297	1,384,297
2024	1,040,000	159,179	1,199,179
2025-2029	3,345,000	371,933	3,716,933
2030	330,000	8,250	338,250
Total	<u>\$ 11,310,000</u>	<u>\$ 1,590,046</u>	<u>\$ 12,900,046</u>

City of Hastings
Notes to Financial Statements

NOTE 7 – LONG-TERM DEBT (CONTINUED)

C. Equipment Certificates

Equipment Certificates are general obligations of the city and generally are issued as three to five 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 \$2,205,000. 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 2013B	11/20/13	0.40%-2.45%	\$ 1,410,000	02/01/24	\$ 455,000	\$ 85,000
Certificate of Participation, Series 2014A	11/25/14	0.65%-2.00%	205,000	02/01/21	85,000	40,000
Certificate of Participation, Series 2015A	09/03/15	2.00%	295,000	02/01/21	120,000	60,000
Certificate of Participation, Series 2016B	11/03/16	2.00%	295,000	02/01/22	180,000	60,000
Total					<u>\$ 840,000</u>	<u>\$ 245,000</u>

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2020	\$ 245,000	\$ 15,091	\$ 260,091
2021	255,000	10,198	265,198
2022	150,000	6,080	156,080
2023	95,000	3,420	98,420
2024	95,000	1,164	96,164
Total	<u>\$ 840,000</u>	<u>\$ 35,953</u>	<u>\$ 875,953</u>

D. 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). Bonds generally are issued as 12-year serial bonds with equal debt service payments each year. The original amount of general obligation revenue bonds for the issues listed below is \$4,500,000. 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	\$ 2,085,000	\$ 240,000
G.O. Improvement Bonds, Series 2018A	07/18/18	3.00%-4.00%	1,260,000	02/01/29	1,260,000	110,000
G.O. Improvement Bonds, Series 2019A	08/08/19	5.00%	675,000	02/01/30	675,000	-
Total					<u>\$ 4,020,000</u>	<u>\$ 350,000</u>

City of Hastings
Notes to Financial Statements

NOTE 7 – LONG-TERM DEBT (CONTINUED)

D. G.O. Revenue Bonds (Continued)

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2020	\$ 350,000	\$ 116,344	\$ 466,344
2021	400,000	106,700	506,700
2022	430,000	94,650	524,650
2023	440,000	81,850	521,850
2024	455,000	68,625	523,625
2025-2029	1,860,000	148,500	2,008,500
2030	85,000	2,125	87,125
Total	\$ 4,020,000	\$ 618,794	\$ 4,638,794

E. 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). 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 \$5,735,000. 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. Improvement Bond, Series 2014A - Charter	11/25/14	0.65%-2.50%	\$ 650,000	02/01/25	\$ 430,000	\$ 70,000
G.O. Improvement Bond, Series 2015A - Charter	09/03/15	2%-2.20%	2,100,000	02/01/26	1,525,000	205,000
G.O. Improvement Bond, Series 2016B - Charter	11/03/16	2.00%	2,005,000	02/01/27	1,740,000	200,000
G.O. Improvement Bond, Series 2018A - Charter	07/18/18	3.00%-4.00%	980,000	02/01/29	980,000	80,000
Total					\$ 4,675,000	\$ 555,000

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2020	\$ 555,000	\$ 105,310	\$ 660,310
2021	570,000	92,410	662,410
2022	585,000	78,935	663,935
2023	595,000	64,985	659,985
2024	610,000	50,723	660,723
2025-2029	1,760,000	75,302	1,835,302
Total	\$ 4,675,000	\$ 467,665	\$ 5,142,665

City of Hastings
Notes to Financial Statements

NOTE 7 – LONG-TERM DEBT (CONTINUED)

F. 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	\$ 1,780,000	\$ 170,000

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
2020	\$ 170,000	\$ 38,450	\$ 208,450
2021	175,000	35,000	210,000
2022	175,000	31,500	206,500
2023	175,000	28,000	203,000
2024	175,000	24,500	199,500
2025-2029	910,000	59,488	969,488
Total	<u>\$ 1,780,000</u>	<u>\$ 216,938</u>	<u>\$ 1,996,938</u>

G. Changes in Long-Term Liabilities (Continued)

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
General obligation debt	\$ 825,000	\$ -	\$ (290,000)	\$ 535,000	\$ 175,000
GO improvement debt	10,740,000	2,595,000	(2,025,000)	11,310,000	1,955,000
Equipment certificates	1,195,000	-	(355,000)	840,000	245,000
City charter bonds	5,140,000	-	(465,000)	4,675,000	555,000
Tax increment bonds	1,945,000	-	(165,000)	1,780,000	170,000
Plus (less) deferred amounts for premium and discount	468,154	506,618	(92,558)	882,214	-
Total bonds payable	<u>20,313,154</u>	<u>3,101,618</u>	<u>(3,392,558)</u>	<u>20,022,214</u>	<u>3,100,000</u>
Compensated absences	<u>1,571,322</u>	<u>600,716</u>	<u>(620,402)</u>	<u>1,551,636</u>	<u>115,381</u>
Total governmental activities	<u>\$ 21,884,476</u>	<u>\$ 3,702,334</u>	<u>\$ (4,012,960)</u>	<u>\$ 21,573,850</u>	<u>\$ 3,215,381</u>
Business-type activities					
Bonds payable					
G.O. revenue bonds	\$ 3,590,000	\$ 675,000	\$ (245,000)	\$ 4,020,000	\$ 350,000
Plus (less) deferred amounts for premium or discount	110,024	131,227	(17,252)	223,999	-
Total bonds payable	<u>3,700,024</u>	<u>806,227</u>	<u>(262,252)</u>	<u>4,243,999</u>	<u>350,000</u>
Compensated absences payable	<u>282,867</u>	<u>109,827</u>	<u>(110,182)</u>	<u>282,512</u>	<u>21,403</u>
Total business-type activities	<u>\$ 3,982,891</u>	<u>\$ 916,054</u>	<u>\$ (372,434)</u>	<u>\$ 4,526,511</u>	<u>\$ 371,403</u>

City of Hastings
Notes to Financial Statements

NOTE 7 – LONG-TERM DEBT (CONTINUED)

G. Changes in Long-Term Liabilities (Continued)

The governmental activities, compensated absences, pensions and other post employment benefit obligations are generally liquidated by the general and special revenue and internal service 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 \$1,000,000 per occurrence for property loss or damage and \$500,000 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, 2019, was \$949,443. The components of pension expense are noted in the following plan summaries.

The General fund, HEDRA, Water, Sewer, Storm and Hydro Funds typically liquidate the liability related to pensions.

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

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.

City of Hastings
Notes to Financial Statements

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association

A. Plan Description (Continued)

Public Employees Police and Fire Plan

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. 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.

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. Members hired prior to July, 1 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for a Coordinated members is 1.2% of average salary for each of the first ten years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% of average salary for all years 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.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

City of Hastings
Notes to Financial Statements

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

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. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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 2019 and the City was required to contribute 7.5% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2019, were \$333,441. The City's contributions were equal to the required contributions as set by state statute.

Police and Fire Plan Contributions

Police and Fire member's contribution rates increased from 10.8 percent of pay to 11.3 percent and employer rates increased from 16.2 percent to 16.95 percent on January 1, 2019. The City's contributions to the Police and Fire Fund for the year ended December 31, 2019, were \$753,093. The City's contributions were equal to the required contributions as set by state statute.

**City of Hastings
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees’ Retirement Association (Continued)

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2019, the City reported a liability of \$3,781,683 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 \$16 million to the fund in 2019. 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 \$117,495. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportionate share 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, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2019, the City’s proportionate share was 0.0684%, which was a decrease of 0.0013% from its proportionate share measured as of June 30, 2018.

City's proportionate share of the net pension liability	\$ 3,781,683
State of Minnesota's proportionate share of the net pension liability associated with the City	117,495
Total	\$ 3,899,178

For the year ended December 31, 2019, the City recognized pension expense of \$413,868 for its proportionate share of General Employees Plan’s pension expense. Included in the amount, the City recognized \$8,799 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

**City of Hastings
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

At December 31, 2019, 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
Differences between expected and actual economic experience	\$ 106,403	\$ -
Changes in actuarial assumptions	-	303,640
Difference between projected and actual investment earnings	-	403,571
Change in proportion	71,046	82,818
Contributions paid to PERA subsequent to the measurement date	166,721	-
Total	\$ 344,170	\$ 790,029

\$166,721 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, 2020. 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
2020	\$ (178,344)
2021	(345,088)
2022	(95,242)
2023	6,094
Total	\$ (612,580)

**City of Hastings
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Fund Pension Costs

At December 31, 2019, the City reported a liability of \$4,144,492 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share 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, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportionate share was 0.3943 %, which was an increase of 0.0250% from its proportionate share measured as of June 30, 2018. The City also recognized \$53,230 for the year ended December 31, 2019, 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 until the plan is 90% funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. In addition, the state will pay \$4.5 million on October 1, 2018 and October 1, 2019, in direct state aid. Thereafter, by October 1 of each year, the state will pay \$9 million until full funding is reached or July 1, 2048, whichever is earlier.

For the year ended December 31, 2019, the City recognized pension expense of \$625,104 for its proportionate share of the Police and Fire Plan's pension expense.

At December 31, 2019, the City reported its proportionate share of the Police and Fire 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
Differences between expected and actual economic experience	\$ 173,440	\$ 623,492
Changes in actuarial assumptions	3,445,456	4,633,159
Difference between projected and actual investment earnings	-	831,384
Change in proportion	309,172	228,248
Contributions paid to PERA subsequent to the measurement date	376,547	-
Total	\$ 4,304,615	\$ 6,316,283

**City of Hastings
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees’ Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Fund Pension Costs (Continued)

The \$376,547 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, 2020. 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
2020	\$ (242,506)
2021	(539,812)
2022	(1,646,407)
2023	(349)
2024	40,859
Total	\$ (2,388,215)

E. Actuarial Assumptions

The total pension liability in the June 30, 2019, actuarial valuation was determined using an individual 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 for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA’s experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan, 1.0% per year for the Police and Fire Plan.

Actuarial assumptions used in the June 30, 2019 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 2019. The most recent four-year experience study for Police and Fire Plan was completed in 2016. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

**City of Hastings
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees’ Retirement Association (Continued)

E. Actuarial Assumptions (Continued)

The following changes in actuarial assumptions occurred in 2019:

General Employees Fund

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State’s special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

Police and Fire Fund

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions:

- There have been no changes since the prior valuation

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	35.5 %	5.10 %
Private markets	25.0	5.90
Fixed income	20.0	0.75
International equity	17.5	5.90
Cash equivalents	2.0	0.00
Total	<u>100 %</u>	

**City of Hastings
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees’ Retirement Association (Continued)

F. Discount Rate

The discount rate used to measure the total pension liability in 2019 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 these assumptions, the fiduciary net positions of the General Employees Fund and the Police and Fire Fund were 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 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:

<u>City of Hastings proportionate share of</u>	<u>1% Decrease in Discount Rate (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase in Discount Rate (8.5%)</u>
General Employees Retirement Fund net pension liability	\$ 6,216,883	\$ 3,781,683	\$ 1,770,941
<u>City of Hastings proportionate share of</u>	<u>1% Decrease in Discount rate (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase in Discount Rate (8.5%)</u>
Police and Fire Fighters net pension liability	\$ 9,122,210	\$ 4,144,492	\$ (53,149)

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.

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, 2018, membership includes 41 active members and 15 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.

**City of Hastings
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

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

A. Plan Description (Continued)

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

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 \$6,100 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 five 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.

City of Hastings
Notes to Financial Statements

NOTE 9 – PENSION PLANS (CONTINUED)

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

B. Benefits Provided (Continued)

A member of the Association, who has completed five 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 five 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.

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 \$190,649 made by the State of Minnesota for the Relief Association.

D. Pension Costs

At December 31, 2018, the City reported an asset of \$1,379,936 for the Association's net pension asset. The net pension asset was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

**City of Hastings
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

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

D. Pension Costs (Continued)

For the year ended December 31, 2019, the City recognized pension expense of (\$89,529). At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual liability	\$ -	\$ 150,413
Changes in actuarial assumptions	13,635	119,308
Net difference between projected and actual earnings on pension plan investments	260,591	-
City contributions subsequent to the measurement date	<u>190,649</u>	<u>-</u>
 Total	 <u>\$ 464,875</u>	 <u>\$ 269,721</u>

\$190,649 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2020.

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>
2020	\$ 60,855
2021	9,695
2022	3,491
2023	58,574
2024	(31,996)
Thereafter	<u>(96,114)</u>
 Total	 <u>\$ 4,505</u>

**City of Hastings
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

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

E. Actuarial Assumptions

The actuarial total pension liability was determined as of December 31, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2019
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
Inflation	2.50
Age of service retirement	50

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.

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.

**City of Hastings
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

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

E. Actuarial Assumptions (Continued)

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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Allocation at December 31, 2018</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	9.00 %	2.25 %
Fixed income	29.00	3.60
Equities	<u>62.00</u>	7.30
	<u>100.00 %</u>	
Total portfolio		

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:

<u>City of Hastings proportionate share of</u>	<u>1% Decrease in Discount Rate (4.75%)</u>	<u>Discount Rate (5.75%)</u>	<u>1% Increase in Discount Rate (6.75%)</u>
Net pension liability	\$ (1,262,264)	\$ (1,379,936)	\$ (1,488,848)

City of Hastings
Notes to Financial Statements

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:

	2019
Total Pension Liability	
Service cost	\$ 111,448
Interest	165,333
Assumption changes	(134,222)
Gain or loss	(154,138)
Benefit payments, including member contribution refunds	(323,775)
	(335,354)
Net Change in Total Pension Liability	
	(335,354)
Total Pension Liability - Beginning	2,925,793
Total Pension Liability - Ending (a)	2,590,439
Plan Fiduciary Net Position	
State contributions	187,040
Net investment income	244,368
Gain or loss	(452,848)
Benefit payments	(323,775)
Administrative expenses	(5,329)
	(350,544)
Net Change in Fiduciary Net Position	
	(350,544)
Fiduciary Net Position - Beginning	4,320,919
Fiduciary Net Position - Ending (b)	3,970,375
Association's Net Pension Liability (Asset) - Ending (a) - (b)	\$ (1,379,936)

City of Hastings
Notes to Financial Statements

NOTE 10 - RETIREE HEALTH INSURANCE

A. Plan Description

The City provides a single-employer defined benefit OPEB dependent health care plan to retirees after (ten) years of service, that were hired prior to 1993. The benefit commences upon retirement or age 55 (whichever is later) and terminates after ten years or upon reaching Medicare age, whichever comes first. The expenditures for this benefit are accounted for within the internal service fund. 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, and no funds are accumulated in a trust as a trust fund 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**

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. Contributions

Contribution requirements are established by the City. The required contributions are based on projected pay-as-you-go financing requirements. For year 2019, the City contributed \$354,697 to the plan. As of December 31, 2019, there were 21 retirees receiving health benefits from the City's health plan.

D. Members

As of January 1, 2018, the following were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	21
Active employees	103
Total	124

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2018, with a measurement date of January 1, 2019. Using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Investment rate of return	3.80%, net of investment expense
Salary increases	3.00%, including inflation
Inflation	2.50%
Healthcare cost trend increases	6.25% initially, decreasing over five years to an ultimate rate of 5.0%
 Mortality assumption	 RP 2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2017 Generational Improvement Scale

**City of Hastings
Notes to Financial Statements**

NOTE 10 - RETIREE HEALTH INSURANCE (CONTINUED)

E. Actuarial Assumptions (Continued)

The actuarial assumptions used in the January 1, 2018, valuation were based on the results of an actuarial experience study for the period January 1, 2017 – January 1, 2018.

The discount rate used to measure the total OPEB liability was 3.80% based on 20 year municipal bond index.

F. Total OPEB Liability

The City's total OPEB liability of \$3,686,983 was measured as of January 1, 2019, and was determined by an actuarial valuation as of January 1, 2018.

Changes in the total OPEB liability are as follows:

	Total OPEB Liability
Balances at January 1, 2018	\$ 3,896,626
Changes for the year	
Service cost	74,791
Interest	125,673
Assumption changes	(81,147)
Benefit payments	(328,960)
Net changes	(209,643)
Balances at January 1, 2019	\$ 3,686,983

Changes of assumptions and other inputs reflect a change in the discount rate from 3.30% in 2018 to 3.80% in 2019.

G. OPEB Liability Sensitivity

The following presents the City's total OPEB liability calculated using the discount rate of 3.80% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

Total OPEB Liability (Asset)		
1% Decrease in Discount Rate (2.80%)	Discount Rate (3.80%)	1% Increase in Discount Rate (4.80%)
\$ 3,866,003	\$ 3,686,983	\$ 3,518,135

City of Hastings
Notes to Financial Statements

NOTE 10 - RETIREE HEALTH INSURANCE (CONTINUED)

G. OPEB Liability Sensitivity (Continued)

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower and 1% higher than the current healthcare cost trend rates.

Total OPEB Liability/(Asset)		
1% decrease (5.25% decreasing to 4.0%)	Current (6.25% decreasing to 5.0%)	1% increase (7.25% decreasing to 6.0%)
\$ 3,463,879	\$ 3,686,983	\$ 3,934,722

H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the City recognized OPEB expense of \$190,320. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption Changes	\$ -	\$ 71,003
Subsequent contributions	354,697	-
Total	\$ 354,697	\$ 71,003

City of Hastings
Notes to Financial Statements

NOTE 10 - RETIREE HEALTH INSURANCE (CONTINUED)

**H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB (Continued)**

The \$354,697 reported as deferred outflows of resources related to OPEB resulting from City of Hastings contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December	Pension Expense
2020	\$ 60,855
2021	9,695
2022	3,491
2023	58,574
2024	(31,996)
Thereafter	(96,114)
Total	\$ 4,505

NOTE 11 – 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 12 – 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, 2019, the City generated \$40,506 in tax increment revenue and made \$39,215 in payments to developers. No other commitments were made by the City as part of these agreements.

NOTE 13 – 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. In 2019, the City of Hastings extended the agreement with the Independent School District No. 200 (ISD 200) with the same contract terms running from October 1, 2019 through September 1, 2026.

City of Hastings
Notes to Financial Statements

NOTE 13 – LEASE COMMITMENT (CONTINUED)

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

Building	\$ 180,000
Less accumulated depreciation	<u>(95,250)</u>
Net	<u>\$ 84,750</u>

NOTE 14 – PRIOR PERIOD ADJUSTMENT

For the year ended December 31, 2019, a prior period adjustment was required to adjust beginning fund balance for the HEDRA to correct a prior year error. The HEDRA beginning balance was adjusted for land held for resale in the amount of \$88,800, to correct a parcel that was sold in 2017 and wasn't removed until 2019.

NOTE 15 – SUBSEQUENT EVENT

On March 13, 2020, a national emergency was declared for the COVID-19 outbreak in the United States of America. This event affects the economy and financial markets. The extent of the impact on the City may be both direct and indirect and will vary based on the duration of the outbreak and various other factors. An estimate of the financial effect on the City's financial statements at December 31, 2019, cannot be determined at this time.

NOTE 16 – CHANGE IN ACCOUNTING PRINCIPLE

As a result of implementing GASB 84, the Escrow Fund went from being presented as a fiduciary fund to being presented as a capital project fund. This resulted in an adjustment to the beginning net position on the Statement of Activities of \$166 to add the beginning net position of the Escrow fund.

NOTE 17 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

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, 2022.

GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. This statement will be effective for the year ending December 31, 2021.

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

City of Hastings
Schedule of Changes in Total OPEB Liability
and Related Ratios

Schedule 1

	December 31, 2018	December 31, 2019
Total OPEB Liability		
Service cost	\$ 79,277	\$ 74,791
Interest	129,783	125,673
Changes of assumptions	-	(81,147)
Benefit payments	(329,263)	(328,960)
Net change in total OPEB liability	(120,203)	(209,643)
Beginning of year	4,016,829	3,896,626
Net OPEB liability	\$ 3,896,626	\$ 3,686,983
Covered-employee payroll	\$ 7,919,006	\$ 8,156,576
Net OPEB liability as a percentage of covered-employee payroll	49.21%	45.20%

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

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
2015	0.0723%	\$ 3,746,961	\$ -	\$ 3,746,961	\$ 4,181,240	89.6%	78.19%
2016	0.0671%	5,448,187	71,180	5,519,367	4,164,467	130.8%	68.91%
2017	0.0706%	4,507,057	56,664	4,563,721	4,547,520	99.1%	75.90%
2018	0.0697%	3,866,670	126,858	3,993,528	4,686,667	82.5%	79.53%
2019	0.0684%	3,781,683	117,495	3,899,178	4,839,880	78.1%	80.23%

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
2015	0.3670%	\$ 4,169,979	\$ 3,267,043	127.64%	86.61%
2016	0.3900%	15,651,932	3,757,019	416.61%	63.88%
2017	0.3880%	5,203,542	3,980,438	130.73%	85.43%
2018	0.3693%	3,903,121	4,120,810	94.72%	88.84%
2019	0.3943%	4,144,492	4,066,897	101.91%	89.26%

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

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 306,216	\$ 306,216	\$ -	\$ 4,223,670	7.25%
2015	323,987	323,987	-	4,319,887	7.50%
2016	322,594	322,594	-	4,302,155	7.50%
2017	332,019	332,019	-	4,426,920	7.50%
2018	362,596	362,596	-	4,834,613	7.50%
2019	333,441	333,441	-	4,445,880	7.50%

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**

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 514,007	\$ 514,007	\$ -	\$ 3,359,522	15.30%
2015	593,750	593,750	-	3,665,120	16.20%
2016	626,529	626,529	-	3,867,466	16.20%
2017	644,831	644,831	-	3,980,438	16.20%
2018	658,441	658,441	-	4,064,451	16.20%
2019	753,093	753,093	-	4,443,027	16.95%

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	December 31, 2017	December 31, 2018
Total pension liability (TPL)					
Service cost	\$ 71,430	\$ 77,609	\$ 75,046	\$ 90,905	\$ 111,448
Interest	158,649	143,266	157,420	150,634	165,333
Gain or loss	-	-	-	-	(154,138)
Changes of assumptions	-	-	21,819	-	(134,222)
Changes of benefit terms	-	-	-	408,102	-
Benefit payments, including refunds or member contributions	(539,157)	(120,042)	(21,445)	(505,314)	(323,775)
Net change in total pension liability	<u>(309,078)</u>	<u>100,833</u>	<u>232,840</u>	<u>144,327</u>	<u>(335,354)</u>
Beginning of year	<u>2,756,871</u>	<u>2,447,793</u>	<u>2,548,626</u>	<u>2,781,466</u>	<u>2,925,793</u>
End of year	<u>\$ 2,447,793</u>	<u>\$ 2,548,626</u>	<u>\$ 2,781,466</u>	<u>\$ 2,925,793</u>	<u>\$ 2,590,439</u>
Plan fiduciary net pension (FNP)					
State contributions	168,589	176,928	177,612	182,415	187,040
Net investment income	168,892	(29,966)	231,494	504,320	244,368
Gain or loss	-	-	-	-	(452,848)
Benefit payments, including refunds of member contributions	(492,023)	(120,042)	(31,037)	(505,314)	(323,775)
Administrative expense	(5,963)	(5,354)	(5,329)	(5,329)	(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>	<u>176,092</u>	<u>(350,544)</u>
Beginning of year	<u>3,909,740</u>	<u>3,750,847</u>	<u>3,773,877</u>	<u>4,144,827</u>	<u>4,320,919</u>
End of year	<u>\$ 3,750,847</u>	<u>\$ 3,773,877</u>	<u>\$ 4,144,827</u>	<u>\$ 4,320,919</u>	<u>\$ 3,970,375</u>
Net pension liability (NPL)	<u>\$ (1,303,054)</u>	<u>\$ (1,225,251)</u>	<u>\$ (1,363,361)</u>	<u>\$ (1,395,126)</u>	<u>\$ (1,379,936)</u>
Plan fiduciary net position as a percentage of the total pension liability	153.2%	148.1%	149.0%	147.7%	153.3%

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

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019
Employer						
Statutorily determined contribution (SDC)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution in relation to the SDC	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-employer						
2% state aid	\$ 163,589	\$ 174,928	\$ 177,612	\$ 180,415	\$ 185,040	\$ 190,649

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

GENERAL EMPLOYEES FUND

2019 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

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.

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.

City of Hastings
Notes to Required Supplementary Information

GENERAL EMPLOYEES FUND (CONTINUED)

2017 Changes (Continued)

Changes in Plan Provisions (Continued)

- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The State's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

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 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.

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; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

City of Hastings
Notes to Required Supplementary Information

POLICE AND FIRE FUND

2019 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2017 to MP-2018.

2018 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2016 to MP-2017.

Changes in Plan Provisions

- Postretirement benefit increases were changed to 1.00% for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100% funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80% to 11.30% of pay, effective January 1, 2019 and 11.80% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019 and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

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%.

City of Hastings
Notes to Required Supplementary Information

2017 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- 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.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

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 single discount rate changed from 7.90% to 5.60%.
- 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 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.

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%.

OPEB

- There are no assets accumulated in a trust related to other post-employment benefits

2019 Changes

- The discount rate was changed from 3.30% to 3.8%.

**FINANCIAL SECTION
SUPPLEMENTARY
INFORMATION**

City of Hastings
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended December 31, 2019

Statement 14

	2019			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
General property taxes	\$ 7,582,246	\$ 7,582,246	\$ 7,519,353	\$ (62,893)
Lodging taxes	3,255	3,255	2,924	(331)
Special assessments	1,000	1,000	-	(1,000)
Licenses and permits	490,263	555,263	574,169	18,906
Intergovernmental revenues				
State - police aid	250,200	250,200	288,579	38,379
State-MSA-street construction and maintenance	450,000	450,000	452,997	2,997
State- local government aid	710,028	710,028	710,028	-
State - market value credit	-	-	2,466	2,466
Other grants and aids	222,528	248,038	242,622	(5,416)
Total intergovernmental revenues	<u>1,632,756</u>	<u>1,658,266</u>	<u>1,696,692</u>	<u>38,426</u>
Charges for services				
General government	32,179	32,179	38,894	6,715
Public safety	166,995	166,995	163,864	(3,131)
Public works	612,001	612,001	704,012	92,011
Parks and recreation	30,000	30,000	-	(30,000)
Health and sanitation	2,500	2,500	849	(1,651)
Total charges for services	<u>843,675</u>	<u>843,675</u>	<u>907,619</u>	<u>63,944</u>
Fines and forfeitures	129,244	129,244	111,358	(17,886)
Investment income	49,500	57,500	140,215	82,715
Contributions and donations	-	25,500	25,500	-
Other revenues	64,500	64,500	6,859	(57,641)
Total miscellaneous	<u>114,000</u>	<u>147,500</u>	<u>172,574</u>	<u>25,074</u>
Total revenues	<u>10,796,439</u>	<u>10,920,449</u>	<u>10,984,689</u>	<u>64,240</u>
Expenditures				
General Government				
Legal	\$ 167,000	\$ 167,000	\$ 189,388	22,388
Mayor, legislative, city administration	387,483	322,483	214,221	(108,262)
Finance and accounting	587,137	587,137	595,441	8,304
City clerk and elections	525,656	525,656	451,479	(74,177)
Planning and economic development	131,668	131,668	128,889	(2,779)
I.T.	578,727	578,727	588,358	9,631
Building maintenance	386,972	386,972	355,009	(31,963)
Miscellaneous	133,700	133,700	140,472	6,772
Capital outlay	433,898	353,898	338,699	(15,199)
Public safety				
Police	4,887,341	4,920,872	4,881,988	(38,884)
Building safety and code enforcement	566,585	588,585	591,194	2,609
Emergency management services	5,570	5,570	5,293	(277)
Animal control	6,000	6,000	2,828	(3,172)
Public works				
Engineering	543,002	543,002	506,678	(36,324)
Street maintenance	977,726	1,015,726	901,908	(113,818)
Street lights	261,000	261,000	224,302	(36,698)
Capital outlay	480,000	480,000	401,561	(78,439)
Health and sanitation				
Reforestation	24,500	25,350	15,261	(10,089)
Recycling	20,350	20,350	22,470	2,120
Culture and recreation				
Senior center	82,300	82,300	79,158	(3,142)
LeDuc historic estate	74,744	74,744	56,799	(17,945)
Capital outlay	-	21,510	13,010	(8,500)
Total expenditures	<u>11,261,359</u>	<u>11,232,250</u>	<u>10,704,406</u>	<u>(527,844)</u>
Excess of revenues over (under) expenditures	(464,920)	(311,801)	280,283	592,084
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	7,827	7,827
Transfers in	932,577	602,577	625,622	23,045
Transfers out	(485,631)	(485,631)	(460,000)	25,631
Total other financing sources (uses)	<u>446,946</u>	<u>116,946</u>	<u>173,449</u>	<u>56,503</u>
Net change in fund balances	(17,974)	(194,855)	453,732	648,587
Fund Balances				
Beginning of year	5,456,973	5,456,973	5,456,973	-
End of year	<u>\$ 5,438,999</u>	<u>\$ 5,262,118</u>	<u>\$ 5,910,705</u>	<u>\$ 648,587</u>

City of Hastings
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
Debt Service Fund
Year Ended December 31, 2019

Statement 15

	2019			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
General property taxes	\$ 3,141,681	\$ 3,141,681	\$ 3,126,903	\$ (14,778)
Special assessments	295,741	295,741	1,206,298	910,557
Charges for services	515,500	515,500	86,040	(429,460)
Investment income	-	-	128,659	128,659
Other revenues	-	-	1,130	1,130
Total revenues	<u>3,952,922</u>	<u>3,952,922</u>	<u>4,549,030</u>	<u>596,108</u>
Expenditures				
Debt service				
Principal	3,425,000	3,425,000	3,300,000	(125,000)
Interest and fiscal agent	527,922	527,922	547,790	19,868
Total expenditures	<u>3,952,922</u>	<u>3,952,922</u>	<u>3,847,790</u>	<u>(105,132)</u>
Excess of revenues over expenditures	-	-	701,240	701,240
Other Financing Sources				
Transfers in	-	-	6,277	6,277
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	707,517	<u>\$ 707,517</u>
Fund Balance				
Beginning of year			<u>5,205,205</u>	
End of year			<u>\$ 5,912,722</u>	

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City of Hastings
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual -
Park Projects Capital Projects Fund
Year Ended December 31, 2019

Statement 16

	2019			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Investment income	\$ -	\$ -	\$ 13,263	\$ 13,263
Contributions and donations	-	1,587	1,587	-
Total revenues	-	1,587	14,850	13,263
Expenditures				
Current				
Culture and recreation	-	8,587	200	(8,387)
Total expenditures	-	8,587	200	(8,387)
Excess of revenues over (under) expenditures	\$ -	\$ (7,000)	14,650	\$ 21,650
Fund Balance				
Beginning of year			494,432	
End of year			\$ 509,082	

City of Hastings
Non-Major Governmental Funds

Special Revenue Funds

Special revenue funds account for specific revenues that are legally restricted or committed 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 Fund - This fund accounts for the seizure of DUI equipment.

Drug Awareness Fund – 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.

City of Hastings
Non-Major Governmental Funds

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.

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.

City Hall Remodel Fund – This fund accounts for the activities of the City Hall Remodel.

2020 Neighborhood Improvements Fund – This fund accounts for the activities of the 2020 Neighborhood Improvement project

Escrow Fund – This fund accounts for the various escrows held by the City.

Permanent Fund

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. This fund also 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, 2019**

Statement 17

	Special Revenue	Capital Projects	Permanent	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$ 1,934,337	\$ 983,495	\$ 215,775	\$ 3,133,607
Cash with fiscal agent	-	-	837,340	837,340
Interest receivable	3,073	1,210	284	4,567
Due from other governments	51,367	-	-	51,367
Accounts receivable	209,338	12,630	-	221,968
Due from other funds	-	146,744	-	146,744
Property taxes receivable	185,202	-	-	185,202
Inventory	2,964	-	-	2,964
Prepaid items	46,834	-	-	46,834
	<u>\$ 2,433,115</u>	<u>\$ 1,144,079</u>	<u>\$ 1,053,399</u>	<u>\$ 4,630,593</u>
Liabilities				
Accounts payable	\$ 55,986	\$ 56,456	\$ -	\$ 112,442
Due to other governments	2,043	-	-	2,043
Deposits payable	-	207,387	-	207,387
Salaries and benefits payable	33,310	-	-	33,310
Due to other funds	-	146,744	-	146,744
Total liabilities	<u>91,339</u>	<u>410,587</u>	<u>-</u>	<u>501,926</u>
Deferred Inflows of Resources				
Unavailable revenue - taxes and assessments	<u>34,213</u>	<u>-</u>	<u>-</u>	<u>34,213</u>
Fund Balances				
Nonspendable				
Prepays	46,834	-	-	46,834
Inventories	2,964	-	-	2,964
Permanent Endowment	-	-	200,000	200,000
Restricted				
Police Activities	40,406	-	-	40,406
Tax increment financing	-	5,681	-	5,681
Leduc Historic Estate	-	-	853,399	853,399
Escrow	-	11,467	-	11,467
Committed				
Park maintenance	1,144,271	-	-	1,144,271
Aquatic operations	232,573	-	-	232,573
Cable TV activities	238,892	-	-	238,892
Heritage preservation activities	104,264	-	-	104,264
Arena activities	497,359	-	-	497,359
Assigned				
Capital	-	907,014	-	907,014
Unassigned	-	(190,670)	-	(190,670)
Total fund balances	<u>2,307,563</u>	<u>733,492</u>	<u>1,053,399</u>	<u>4,094,454</u>
Total liabilities and fund balances	<u>\$ 2,433,115</u>	<u>\$ 1,144,079</u>	<u>\$ 1,053,399</u>	<u>\$ 4,630,593</u>

City of Hastings
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2019

Statement 18

	Special Revenue	Capital Projects	Permanent	Total Nonmajor Governmental Funds
Revenues				
General property taxes	\$ 1,835,617	\$ 40,506	\$ -	\$ 1,876,123
Intergovernmental	-	212,187	-	212,187
Charges for services	1,160,642	-	-	1,160,642
Investment income	74,353	28,462	140,460	243,275
Contributions and donations	116,757	-	-	116,757
Miscellaneous	1,726	-	-	1,726
Total revenues	<u>3,189,095</u>	<u>281,155</u>	<u>140,460</u>	<u>3,610,710</u>
Expenditures				
Current				
Public safety	4,525	-	-	4,525
Culture and recreation	2,971,401	-	14,939	2,986,340
Economic development	-	41,369	-	41,369
Debt service				
Interest and other charges	-	1,240	-	1,240
Capital outlay				
General government	-	66,367	-	66,367
Public safety	17,351	-	-	17,351
Public works	-	116,927	-	116,927
Culture and recreation	25,573	-	-	25,573
Total expenditures	<u>3,018,850</u>	<u>225,903</u>	<u>14,939</u>	<u>3,259,692</u>
Excess of revenues over expenditures	170,245	55,252	125,521	351,018
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	3,282	-	-	3,282
Transfers in	-	50,000	-	50,000
Transfers out	(41,991)	(151,277)	(41,691)	(234,959)
Total other financing sources (uses)	<u>(38,709)</u>	<u>(101,277)</u>	<u>(41,691)</u>	<u>(181,677)</u>
Net change in fund balances	131,536	(46,025)	83,830	169,341
Fund Balances				
Beginning of year	2,176,027	779,351	969,569	3,924,947
Change in accounting principle (Note 16)	-	166	-	166
Beginning of year, restated	<u>2,176,027</u>	<u>779,517</u>	<u>969,569</u>	<u>3,925,113</u>
End of year	<u>\$ 2,307,563</u>	<u>\$ 733,492</u>	<u>\$ 1,053,399</u>	<u>\$ 4,094,454</u>

**City of Hastings
Combining Balance Sheet -
Nonmajor Special Revenue Funds
December 31, 2019**

	Special Revenue			
	Parks and Rec (200)	Cable Television (205- 206)	Heritage Preservation (210)	Ice Arena (615)
Assets				
Cash and investments	\$ 1,052,556	\$ 144,473	\$ 102,094	\$ 380,554
Interest receivable	1,815	192	142	545
Due from other governments	11,577	-	-	39,790
Accounts receivable	1,028	94,573	-	113,737
Property taxes receivable	146,562	-	3,251	10,783
Inventory	2,964	-	-	-
Prepaid items	463	45,846	20	415
	<u>463</u>	<u>45,846</u>	<u>20</u>	<u>415</u>
Total assets	<u>\$ 1,216,965</u>	<u>\$ 285,084</u>	<u>\$ 105,507</u>	<u>\$ 545,824</u>
Liabilities				
Accounts payable	\$ 19,548	\$ -	\$ -	\$ 34,887
Due to other governments	21	-	1	2,021
Salaries payable	22,708	346	657	9,599
Total liabilities	<u>42,277</u>	<u>346</u>	<u>658</u>	<u>46,507</u>
Deferred Inflows of Resources				
Unavailable revenue - taxes and assessments	26,990	-	565	1,543
Fund Balances				
Nonspendable				
Prepays	463	45,846	20	415
Inventories	2,964	-	-	-
Restricted				
Police activities	-	-	-	-
Committed				
Park maintenance	1,144,271	-	-	-
Aquatic operations	-	-	-	-
Cable TV activities	-	238,892	-	-
Heritage preservation activities	-	-	104,264	-
Arena activities	-	-	-	497,359
Total fund balances	<u>1,147,698</u>	<u>284,738</u>	<u>104,284</u>	<u>497,774</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,216,965</u>	<u>\$ 285,084</u>	<u>\$ 105,507</u>	<u>\$ 545,824</u>

Statement 19

Special Revenue			
DUI Enforcement/ Equipment (222)	Drug Awareness (224)	Aquatic Center (201)	Total
\$ 29,219	\$ 12,013	\$ 213,428	\$ 1,934,337
78	16	285	3,073
-	-	-	51,367
-	-	-	209,338
141	-	24,465	185,202
-	-	-	2,964
-	-	90	46,834
<u>\$ 29,438</u>	<u>\$ 12,029</u>	<u>\$ 238,268</u>	<u>\$ 2,433,115</u>
\$ 1,035	\$ -	\$ 516	\$ 55,986
-	-	-	2,043
-	-	-	33,310
<u>1,035</u>	<u>-</u>	<u>516</u>	<u>91,339</u>
26	-	5,089	34,213
-	-	90	46,834
-	-	-	2,964
28,377	12,029	-	40,406
-	-	-	1,144,271
-	-	232,573	232,573
-	-	-	238,892
-	-	-	104,264
-	-	-	497,359
<u>28,377</u>	<u>12,029</u>	<u>232,663</u>	<u>2,307,563</u>
<u>\$ 29,438</u>	<u>\$ 12,029</u>	<u>\$ 238,268</u>	<u>\$ 2,433,115</u>

City of Hastings
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Special Revenue Funds
Year Ended December 31, 2019

	Special Revenue			
	Parks and Rec (200)	Cable Television (205- 206)	Heritage Preservation (210)	Ice Arena (615)
Revenues				
General property taxes	\$ 1,449,986	\$ -	\$ 30,006	\$ 112,625
Charges for services	96,225	379,863	-	434,554
Investment income	36,870	7,020	3,591	17,085
Contributions and donations	116,610	-	147	-
Miscellaneous	-	-	754	372
Total revenues	<u>1,699,691</u>	<u>386,883</u>	<u>34,498</u>	<u>564,636</u>
Expenditures				
Current				
Public Safety	-	-	-	-
Culture and recreation	1,615,658	386,987	30,192	520,173
Capital outlay				
Public Safety	-	-	-	-
Culture and recreation	573	-	-	-
Total expenditures	<u>1,616,231</u>	<u>386,987</u>	<u>30,192</u>	<u>520,173</u>
Excess of revenues over (under) expenditures	83,460	(104)	4,306	44,463
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
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	59,891	(485)	3,789	35,241
Fund Balances				
Beginning of year	<u>1,087,807</u>	<u>285,223</u>	<u>100,495</u>	<u>462,533</u>
End of year	<u>\$ 1,147,698</u>	<u>\$ 284,738</u>	<u>\$ 104,284</u>	<u>\$ 497,774</u>

Special Revenue			
DUI			
Enforcement/ Equipment (222)	Drug Awareness (224)	Aquatic Center (201)	Total
\$ 1,390	\$ -	\$ 241,610	\$ 1,835,617
-	-	250,000	1,160,642
1,711	474	7,602	74,353
-	-	-	116,757
600	-	-	1,726
<u>3,701</u>	<u>474</u>	<u>499,212</u>	<u>3,189,095</u>
4,525	-	-	4,525
-	-	418,391	2,971,401
17,351	-	-	17,351
-	-	25,000	25,573
<u>21,876</u>	<u>-</u>	<u>443,391</u>	<u>3,018,850</u>
(18,175)	474	55,821	170,245
3,282	-	-	3,282
-	-	(8,302)	(41,991)
<u>3,282</u>	<u>-</u>	<u>(8,302)</u>	<u>(38,709)</u>
(14,893)	474	47,519	131,536
<u>43,270</u>	<u>11,555</u>	<u>185,144</u>	<u>2,176,027</u>
<u>\$ 28,377</u>	<u>\$ 12,029</u>	<u>\$ 232,663</u>	<u>\$ 2,307,563</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, 2019

Statement 21

	2019			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Property Taxes	\$ 1,461,656	\$ 1,461,656	\$ 1,449,986	\$ (11,670)
Charges for services	107,100	107,100	96,225	(10,875)
Investment income	10,000	10,000	36,870	26,870
Contributions and donations	5,000	120,665	116,610	(4,055)
Total revenues	<u>1,583,756</u>	<u>1,699,421</u>	<u>1,699,691</u>	<u>270</u>
Expenditures				
Current				
Culture and recreation	1,560,187	1,591,335	1,615,658	24,323
Capital outlay				
Culture and recreation	-	100,000	573	(99,427)
Total expenditures	<u>1,560,187</u>	<u>1,691,335</u>	<u>1,616,231</u>	<u>(75,104)</u>
Excess of revenues over expenditures	23,569	8,086	83,460	75,374
Other Financing Uses				
Transfers out	<u>(23,569)</u>	<u>(23,569)</u>	<u>(23,569)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (15,483)</u>	59,891	<u>\$ 75,374</u>
Fund Balance				
Beginning of year			<u>1,087,807</u>	
End of year			<u>\$ 1,147,698</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, 2019

Statement 22

	2019			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Charges for services	\$ 339,000	\$ 339,000	\$ 379,863	\$ 40,863
Investment income	2,400	2,400	7,020	4,620
Total revenues	<u>341,400</u>	<u>341,400</u>	<u>386,883</u>	<u>45,483</u>
Expenditures				
Current				
Culture and recreation	<u>342,619</u>	<u>342,619</u>	<u>386,987</u>	<u>44,368</u>
Excess of revenues over (under) expenditures	(1,219)	(1,219)	(104)	1,115
Other Financing Uses				
Transfers out	<u>(381)</u>	<u>(381)</u>	<u>(381)</u>	<u>-</u>
Net change in fund balance	<u>\$ (1,600)</u>	<u>\$ (1,600)</u>	(485)	<u>\$ 1,115</u>
Fund Balance				
Beginning of year			<u>285,223</u>	
End of year			<u>\$ 284,738</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, 2019

Statement 23

	2019			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Property Taxes	\$ 30,244	\$ 30,244	\$ 30,006	\$ (238)
Investment income	1,200	1,200	3,591	2,391
Contributions and donations	-	-	147	147
Miscellaneous	400	400	754	354
Total revenues	<u>31,844</u>	<u>31,844</u>	<u>34,498</u>	<u>2,654</u>
Expenditures				
Current				
Culturae and recreation	<u>31,327</u>	<u>31,992</u>	<u>30,192</u>	<u>(1,800)</u>
Excess of revenues over (under) expenditures	517	(148)	4,306	4,454
Other financing uses				
Transfer out	<u>(517)</u>	<u>(517)</u>	<u>(517)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (665)</u>	3,789	<u>\$ 4,454</u>
Fund Balance				
Beginning of year			<u>100,495</u>	
End of year			<u>\$ 104,284</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, 2019

Statement 24

	2019			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Property Taxes	\$ 113,805	\$ 113,805	\$ 112,625	\$ (1,180)
Charges for services	478,300	478,300	434,554	(43,746)
Investment income	5,000	5,000	17,085	12,085
Miscellaneous	-	-	372	372
Total revenues	<u>597,105</u>	<u>597,105</u>	<u>564,636</u>	<u>(32,469)</u>
Expenditures				
Current				
Culture and recreation	<u>587,883</u>	<u>587,883</u>	<u>520,173</u>	<u>(67,710)</u>
Total expenditures	<u>587,883</u>	<u>587,883</u>	<u>520,173</u>	<u>(67,710)</u>
Excess of revenues over expenditures	9,222	9,222	44,463	35,241
Other Financing Uses				
Transfers Out	<u>(9,222)</u>	<u>(9,222)</u>	<u>(9,222)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	35,241	<u>\$ 35,241</u>
Fund Balance				
Beginning of year			<u>462,533</u>	
End of year			<u>\$ 497,774</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, 2019

Statement 25

	2019			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Property Taxes	\$ 1,400	\$ 1,400	\$ 1,390	\$ (10)
Investment income	200	200	1,711	1,511
Miscellaneous	-	600	600	-
Total revenues	<u>1,600</u>	<u>2,200</u>	<u>3,701</u>	<u>1,501</u>
Expenditures				
Current				
Public Safety	1,600	1,600	4,525	2,925
Capital Outlay				
Public Safety	-	24,000	17,351	(6,649)
Total expenditures	<u>1,600</u>	<u>25,600</u>	<u>21,876</u>	<u>(3,724)</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>(23,400)</u>	<u>(18,175)</u>	<u>5,225</u>
Other Financing Sources				
Proceeds from sale of capital assets	-	3,200	3,282	82
Net change in fund balances	<u>\$ -</u>	<u>\$ (20,200)</u>	<u>(14,893)</u>	<u>\$ 5,307</u>
Fund Balance				
Beginning of year			<u>43,270</u>	
End of year			<u>\$ 28,377</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, 2019

Statement 26

	2019			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Property taxes	\$ 243,536	\$ 243,536	\$ 241,610	\$ (1,926)
Charges for services	237,050	267,050	250,000	(17,050)
Investment income	1,500	8,500	7,602	(898)
Total revenues	<u>482,086</u>	<u>519,086</u>	<u>499,212</u>	<u>(19,874)</u>
Expenditures				
Current				
Culture and recreation	438,784	475,784	418,391	(57,393)
Capital outlay				
Culture and recreation	35,000	35,000	25,000	(10,000)
Total expenditures	<u>473,784</u>	<u>510,784</u>	<u>443,391</u>	<u>(67,393)</u>
Excess of revenues over expenditures	8,302	8,302	55,821	47,519
Other Financing Uses				
Transfers out	<u>(8,302)</u>	<u>(8,302)</u>	<u>(8,302)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	47,519	<u>\$ 47,519</u>
Fund Balance				
Beginning of year			<u>185,144</u>	
End of year			<u>\$ 232,663</u>	

City of Hastings
Combining Balance Sheet -
Nonmajor Capital Projects Funds
December 31, 2019

	Capital Projects			
	Budget Stabilization (403)	Guardian Angels Tax Increment Financing (405)	NAPA Tax Increment Financing (408)	Downtown Redevelopment Tax Increment Financing (409)
Assets				
Cash and investments	\$ 759,567	\$ 15,617	\$ -	\$ -
Accounts receivable	-	-	-	-
Interest receivable	703	94	-	-
Due from other funds	146,744	-	-	-
	<u>907,014</u>	<u>15,711</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 907,014</u>	<u>\$ 15,711</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities				
Accounts payable	\$ -	\$ 10,030	\$ 7,488	\$ -
Due to other funds	-	-	1,904	18,170
Deposits payable	-	-	-	-
Total liabilities	<u>-</u>	<u>10,030</u>	<u>9,392</u>	<u>18,170</u>
Fund Balances				
Restricted				
Tax increment financing	-	5,681	-	-
Escrow	-	-	-	-
Assigned				
Capital	907,014	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>(9,392)</u>	<u>(18,170)</u>
Total fund balances	<u>907,014</u>	<u>5,681</u>	<u>(9,392)</u>	<u>(18,170)</u>
Total liabilities and fund balances	<u>\$ 907,014</u>	<u>\$ 15,711</u>	<u>\$ -</u>	<u>\$ -</u>

Statement 27

Capital Projects

Mill and Overlay (410)	City Hall Remodel (415)	2020 Neighborhood Improvements (480)	Escrow (807)	Total
\$ -	\$ -	\$ -	\$ 208,311	\$ 983,495
-	-	-	12,630	12,630
-	-	-	413	1,210
-	-	-	-	146,744
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 221,354</u>	<u>\$ 1,144,079</u>
\$ -	\$ -	\$ 36,438	\$ 2,500	\$ 56,456
-	46,181	80,489	-	146,744
-	-	-	207,387	207,387
-	46,181	116,927	209,887	410,587
-	-	-	-	5,681
-	-	-	11,467	11,467
-	-	-	-	907,014
-	(46,181)	(116,927)	-	(190,670)
-	(46,181)	(116,927)	11,467	733,492
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 221,354</u>	<u>\$ 1,144,079</u>

City of Hastings
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Capital Projects Funds
Year Ended December 31, 2019

	Capital Projects		
	Budget Stabilization (403)	Guardian Angels Tax Increment Financing (405)	NAPA Tax Increment Financing (408)
Revenues			
General property taxes	\$ -	\$ 23,865	\$ 16,641
Intergovernmental	-	-	-
Investment income	16,529	385	-
Total revenues	<u>16,529</u>	<u>24,250</u>	<u>16,641</u>
Expenditures			
Current			
Economic development	-	22,859	16,356
Debt service			
Interest and other charges	-	634	606
Capital outlay			
General government	-	-	-
Public works	-	-	-
Total expenditures	<u>-</u>	<u>23,493</u>	<u>16,962</u>
Excess of revenues over (under) expenditures	16,529	757	(321)
Other Financing Sources (Uses)			
Transfers in	50,000	-	-
Transfers out	(145,000)	-	-
Total other financing sources (uses)	<u>(95,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(78,471)	757	(321)
Fund Balances			
Beginning of year	985,485	4,924	(9,071)
Change in accounting principle (Note 16)	-	-	-
Beginning of year, restated	<u>985,485</u>	<u>4,924</u>	<u>(9,071)</u>
End of year	<u>\$ 907,014</u>	<u>\$ 5,681</u>	<u>\$ (9,392)</u>

Statement 28

Capital Projects

Downtown Redevelopment Tax Increment Financing (409)	Mill and Overlay (410)	City Hall Remodel (415)	2020 Neighborhood Improvements (480)	Escrow (807)	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,506
-	-	212,187	-	-	212,187
-	247	-	-	11,301	28,462
-	247	212,187	-	11,301	281,155
2,154	-	-	-	-	41,369
-	-	-	-	-	1,240
-	-	66,367	-	-	66,367
-	-	-	116,927	-	116,927
2,154	-	66,367	116,927	-	225,903
(2,154)	247	145,820	(116,927)	11,301	55,252
-	-	-	-	-	50,000
-	(6,277)	-	-	-	(151,277)
-	(6,277)	-	-	-	(101,277)
(2,154)	(6,030)	145,820	(116,927)	11,301	(46,025)
(16,016)	6,030	(192,001)	-	-	779,351
-	-	-	-	166	166
(16,016)	6,030	(192,001)	-	166	779,517
\$ (18,170)	\$ -	\$ (46,181)	\$ (116,927)	\$ 11,467	\$ 733,492

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City of Hastings
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual -
Budget Stabilization Capital Projects Fund
Year Ended December 31, 2019

Statement 29

	2019			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Investment income	\$ -	\$ -	\$ 16,529	\$ 16,529
Excess of revenues over expenditures	-	-	16,529	16,529
Other Financing Sources (Uses)				
Transfers in	-	-	50,000	50,000
Transfers out	(39,100)	-	(145,000)	(145,000)
Total other financing sources (uses)	(39,100)	-	(95,000)	(95,000)
Net change in fund balance	\$ (39,100)	\$ -	(78,471)	\$ (78,471)
Fund Balance				
Beginning of year			985,485	
End of year			\$ 907,014	

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, 2019

Statement 30

	2019			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 250,000	\$ -	\$ -	\$ -
Investment income	-	-	247	247
Total revenues	<u>250,000</u>	<u>-</u>	<u>247</u>	<u>247</u>
Expenditures				
Capital outlay				
Public works	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	-	-	247	247
Other Financing Uses				
Transfers out	<u>-</u>	<u>-</u>	<u>(6,277)</u>	<u>(6,277)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(6,030)</u>	<u>\$ (6,030)</u>
Fund Balance				
Beginning of year			<u>6,030</u>	
End of year			<u>\$ -</u>	

**City of Hastings
Combining Balance Sheet -
Nonmajor Permanent Fund
December 31, 2019**

Statement 31

C. Simmons
Trust (850)

Assets

Cash and investments
Cash with fiscal agent
Interest receivable

\$ 215,775
837,340
284

Total assets

\$ 1,053,399

Fund Balances

Nonspendable
 Endowment
Restricted
 Leduc Historic Estate

200,000

853,399

Total fund balances

\$ 1,053,399

City of Hastings
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances -
Nonmajor Permanent Fund
Year Ended December 31, 2019

Statement 32

C. Simmons
Trust (850)

Revenues		
Investment income		\$ 140,460
Expenditures		
Current		
Cultural and recreation		<u>14,939</u>
	Excess of revenues over expenditures	125,521
Other Financing Uses		
Transfers out		<u>(41,691)</u>
Net change in fund balances		83,830
Fund Balances		
Beginning of year		<u>969,569</u>
End of year		<u><u>\$ 1,053,399</u></u>

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.

Insurance Fund - This fund accounts for the liability and work comp insurance.

City of Hastings
Statement of Net Position - Internal Service Funds
December 31, 2019

Statement 33

	Compensated Absences (702)	Retiree Health Insurance (701)	Vehicle Revolving Fund (703)	Insurance Fund(705)	Total
Assets					
Current assets					
Cash and cash equivalents	\$ 337,812	\$ 204,740	\$ 304,009	\$ 190,838	\$ 1,037,399
Taxes receivable	-	-	16,644	9,246	25,890
Interest receivable	1,096	354	933	746	3,129
Due from other governments	-	7,858	-	-	7,858
Prepaid items	-	-	-	9,500	9,500
Total current assets	<u>338,908</u>	<u>212,952</u>	<u>321,586</u>	<u>210,330</u>	<u>1,083,776</u>
Noncurrent assets					
Capital assets, being depreciated					
Equipment	-	-	313,159	50,902	364,061
Less accumulated depreciation	-	-	(35,103)	(424)	(35,527)
Net capital assets	<u>-</u>	<u>-</u>	<u>278,056</u>	<u>50,478</u>	<u>328,534</u>
Total assets	<u>338,908</u>	<u>212,952</u>	<u>599,642</u>	<u>260,808</u>	<u>1,412,310</u>
Deferred outflows related to OPEB	<u>-</u>	<u>311,070</u>	<u>-</u>	<u>-</u>	<u>311,070</u>
Total assets and deferred outflows of resources	<u>\$ 338,908</u>	<u>\$ 524,022</u>	<u>\$ 599,642</u>	<u>\$ 260,808</u>	<u>\$ 1,723,380</u>
Liabilities					
Current liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 14,063	\$ 14,063
Compensated absences	115,381	-	-	-	115,381
Total current liabilities	<u>115,381</u>	<u>-</u>	<u>-</u>	<u>14,063</u>	<u>129,444</u>
Noncurrent liabilities					
Compensated absences	1,551,636	-	-	-	1,551,636
Total OPEB obligation	-	3,233,484	-	-	3,233,484
Less amount due within one year	(115,381)	-	-	-	(115,381)
Total noncurrent liabilities	<u>1,436,255</u>	<u>3,233,484</u>	<u>-</u>	<u>-</u>	<u>4,669,739</u>
Total liabilities	<u>1,551,636</u>	<u>3,233,484</u>	<u>-</u>	<u>14,063</u>	<u>4,799,183</u>
Deferred Inflows of Resources					
Deferred inflows of resources related to OPEB	-	62,270	-	-	62,270
Net Position					
Net investment in capital assets	-	-	278,056	50,478	328,534
Unrestricted	(1,212,728)	(2,771,732)	321,586	196,267	(3,466,607)
Total net position	<u>(1,212,728)</u>	<u>(2,771,732)</u>	<u>599,642</u>	<u>246,745</u>	<u>(3,138,073)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 338,908</u>	<u>\$ 524,022</u>	<u>\$ 599,642</u>	<u>\$ 260,808</u>	<u>\$ 1,723,380</u>

City of Hastings
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Internal Service Funds
Year Ended December 31, 2019

Statement 34

	<u>Compensated Absences (702)</u>	<u>Retiree Health Insurance (701)</u>	<u>Vehicle Revolving Fund (703)</u>	<u>Insurance Fund(705)</u>	<u>Total</u>
Operating revenues					
Charges for services	\$ -	\$ -	\$ 142,054	\$ 792,758	\$ 934,812
Operating expenses					
Personnel services	259,617	19,714	-	-	279,331
Professional services	-	-	-	644,469	644,469
Depreciation	-	-	35,103	424	35,527
Total operating expenses	<u>259,617</u>	<u>19,714</u>	<u>35,103</u>	<u>644,893</u>	<u>959,327</u>
Operating income (loss)	(259,617)	(19,714)	106,951	147,865	(24,515)
Nonoperating revenues					
Investment income	19,812	4,826	13,436	108	38,182
Intergovernmental	-	7,858	-	-	7,858
Gain on disposal of capital assets	-	-	7,951	-	7,951
Property Taxes	-	-	180,029	100,016	280,045
Total nonoperating revenues	<u>19,812</u>	<u>12,684</u>	<u>201,416</u>	<u>100,124</u>	<u>334,036</u>
Income (loss) before transfers	(239,805)	(7,030)	308,367	247,989	309,521
Transfers in	50,000	325,000	60,000	-	435,000
Transfers out	-	-	(105,000)	-	(105,000)
Change in net position	(189,805)	317,970	263,367	247,989	639,521
Net position					
Beginning of year	<u>(1,022,923)</u>	<u>(3,089,702)</u>	<u>336,275</u>	<u>(1,244)</u>	<u>(3,777,594)</u>
End of year	<u>\$ (1,212,728)</u>	<u>\$ (2,771,732)</u>	<u>\$ 599,642</u>	<u>\$ 246,745</u>	<u>\$ (3,138,073)</u>

City of Hastings
Statement of Cash Flows - Internal Service Funds
Year Ended December 31, 2019

Statement 35

	Internal Service Funds				Total
	Compensated Absences (702)	Retiree Health Insurance (701)	Vehicle Revolving Fund (703)	Insurance Fund(705)	
Cash Flows - Operating Activities					
Interfund services provided and used	\$ -	\$ -	\$ 142,054	\$ 792,758	\$ 934,812
Payments to suppliers for goods and services	-	(258,534)	-	(641,150)	(899,684)
Payments to employees for services	(279,302)	(19,714)	-	-	(299,016)
Net cash flows - operating activities	<u>(279,302)</u>	<u>(278,248)</u>	<u>142,054</u>	<u>151,608</u>	<u>(263,888)</u>
Cash Flows - Noncapital Financing Activities					
Property taxes	-	-	163,385	90,770	254,155
Transfer out	-	-	(105,000)	-	(105,000)
Transfer in	50,000	325,000	60,000	-	435,000
Net cash flows - noncapital financing activities	<u>50,000</u>	<u>325,000</u>	<u>118,385</u>	<u>90,770</u>	<u>584,155</u>
Cash Flows - Capital and Related Financing Activities					
Acquisition of capital assets	-	-	(313,159)	(50,902)	(364,061)
Proceeds from sale of capital assets	-	-	7,951	-	7,951
Net cash flows - capital and related financing activities	<u>-</u>	<u>-</u>	<u>(305,208)</u>	<u>(50,902)</u>	<u>(356,110)</u>
Cash Flows - Investing Activities					
Investment income	18,716	4,472	12,503	(638)	35,053
Net cash flows - investing activities	<u>18,716</u>	<u>4,472</u>	<u>12,503</u>	<u>(638)</u>	<u>35,053</u>
Net change in cash and cash equivalents	(210,586)	51,224	(32,266)	190,838	(790)
Cash and Cash Equivalents					
Beginning of year	548,398	153,516	336,275	-	1,038,189
End of year	<u>\$ 337,812</u>	<u>\$ 204,740</u>	<u>\$ 304,009</u>	<u>\$ 190,838</u>	<u>\$ 1,037,399</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities					
Operating income (loss)	\$ (259,617)	\$ (19,714)	\$ 106,951	\$ 147,865	\$ (24,515)
Adjustments to reconcile operating income (loss) to net cash flows - operating activities					
Depreciation	-	-	35,103	424	35,527
Prepaid items	-	-	-	(9,500)	(9,500)
OPEB obligation	-	(258,534)	-	-	(258,534)
Accounts payable	-	-	-	12,819	12,819
Compensated absences payable	(19,685)	-	-	-	(19,685)
Total adjustments	<u>(19,685)</u>	<u>(258,534)</u>	<u>35,103</u>	<u>3,743</u>	<u>(239,373)</u>
Net cash flows - operating activities	<u>\$ (279,302)</u>	<u>\$ (278,248)</u>	<u>\$ 142,054</u>	<u>\$ 151,608</u>	<u>\$ (263,888)</u>

COMPONENT UNIT

City of Hastings
Hastings Economic Development and Redevelopment Authority
Balance Sheet
December 31, 2019

Statement 36

Assets

Cash and investments	\$ 1,571,487
Accounts receivable	3,860
Interest receivable	1,300
Due from other governments	828,610
Property taxes receivable	36,068
Loan receivable	241,438
Land Held for Resale	3,393,300
Prepaid items	<u>54</u>
Total assets	<u><u>\$ 6,076,117</u></u>

Liabilities

Accounts payable	\$ 1,049,215
Salaries and benefits payable	<u>5,541</u>
Total liabilities	<u><u>1,054,756</u></u>

Deferred Inflows of Resources

Unavailable revenue - taxes	8,552
Unavailable revenue - grants	<u>340,003</u>
	<u><u>348,555</u></u>

Fund Balances

Nonspendable	
Prepaid items	54
Loan receivables	241,438
Unassigned	<u>4,431,314</u>
Total fund balances	<u><u>4,672,806</u></u>

Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 6,076,117</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, 2019

Statement 37

Total fund balances - governmental funds	\$ 4,672,806
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.	104,498
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
OPEB Liability	(55,305)
Net pension liability	(129,432)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	348,555
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 city pensions	(27,039)
Deferred outflows of resources related to city pensions	11,780
Deferred inflows of resources related to OPEB	(1,065)
Deferred outflows of resources related to OPEB	5,320
	4,930,118
Total net position - governmental activities	\$ 4,930,118

City of Hastings
Hastings Economic and Redevelopment Authority
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Year Ended December 31, 2019

Statement 38

	2019			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Property taxes	\$ 345,660	\$ 345,660	\$ 334,190	\$ (11,470)
Intergovernmental revenues	-	1,900,000	2,506,528	606,528
Charges for services	54,300	152,300	81,147	(71,153)
Investment income	24,000	24,000	59,158	35,158
Miscellaneous	-	-	514	514
Total revenues	<u>423,960</u>	<u>2,421,960</u>	<u>2,981,537</u>	<u>559,577</u>
Expenditures				
Current				
Economic development				
Personnel services	226,745	226,745	196,406	(30,339)
Services and charges	38,490	1,938,490	3,261,863	1,323,373
Miscellaneous	188,575	188,575	9,006	(179,569)
Payment to primary government	349,323	337,197	25,390	(311,807)
Capital outlay				
Economic development	-	20,000	20,000	-
Total expenditures	<u>803,133</u>	<u>2,711,007</u>	<u>3,512,665</u>	<u>801,658</u>
Excess of revenues under expenditures	(379,173)	(289,047)	(531,128)	(242,081)
Other Financing Sources (Uses)				
Transfers In	333,697	333,697	-	(333,697)
Transfers out	(5,889)	(18,015)	-	18,015
Total other financing sources (uses)	<u>327,808</u>	<u>315,682</u>	<u>-</u>	<u>(315,682)</u>
Net change in fund balance	<u>\$ (51,365)</u>	<u>\$ 26,635</u>	(531,128)	<u>\$ (557,763)</u>
Fund Balance				
Beginning of year			5,292,734	
Prior period adjustment (Note 14)			(88,800)	
Beginning of year, as restated			<u>5,203,934</u>	
End of year			<u>\$ 4,672,806</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, 2019

Statement 39

Net change in fund balances \$ (531,128)

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.

Capital outlay	20,000
Depreciation expense	(4,750)

Property taxes collected for prior years and grant revenue for future periods	(246,528)
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OPEB are not reported as expenditures in the governmental funds because they do not require the use of current financial resources; instead, they are expense in the Statement of Activities.	(51,050)
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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	<u>(37,677)</u>
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Change in net position - governmental activities	<u><u>\$ (851,133)</u></u>
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**City of Hastings
Subcombining Balance Sheet
Debt Service Fund
December 31, 2019**

	G.O. Tax Increment Bonds 2016A (516)	G.O. Improvement Bonds, 2014A Charter (574)	G.O. Improvement Bonds 2015A- Charter (575)
Assets			
Cash and investments	\$ 246,318	\$ 315,384	\$ 279,631
Interest receivable	1,075	405	492
Due from other governments	-	-	-
Property taxes receivable	22,979	29,408	27,912
Special assessments receivable			
Delinquent	-	1,620	32
Deferred	-	121,158	11,359
Prepaid items	375	278	-
Total assets	\$ 270,747	\$ 468,253	\$ 319,426
Liabilities			
Accounts payable	-	3,920	170
Deferred Inflows of Resources			
Unavailable revenue - taxes and assessments	4,289	126,359	16,379
Fund Balances			
Nonspendable	375	278	-
Restricted			
Debt service	266,083	337,696	302,877
Total fund balances	266,458	337,974	302,877
Total liabilities, deferred inflows of resources and fund balance	\$ 270,747	\$ 468,253	\$ 319,426

Statement 40

G.O. Improvement Bonds 2016B- Charter (576)	G.O. Improvement Bonds 2018A - Charter (578)	G.O. Public Facility Refunding bonds, Series 2010A (370)	City Revenue Refunding Bonds 2013A (350)	Certificate of Participation 2014 (399)
\$ 431,565	\$ 407,098	\$ 411,876	\$ 15,120	\$ 102,137
931	522	1,031	879	449
-	-	-	-	-
35,120	23,578	10,909	1,126	-
597	1,958	-	-	-
64,188	258,845	-	-	-
-	-	179	52	138
<u>\$ 532,401</u>	<u>\$ 692,001</u>	<u>\$ 423,995</u>	<u>\$ 17,177</u>	<u>\$ 102,724</u>
170	-	170	170	1,250
71,367	262,863	2,630	939	-
-	-	179	52	138
460,864	429,138	421,016	16,016	101,336
<u>460,864</u>	<u>429,138</u>	<u>421,195</u>	<u>16,068</u>	<u>101,474</u>
<u>\$ 532,401</u>	<u>\$ 692,001</u>	<u>\$ 423,995</u>	<u>\$ 17,177</u>	<u>\$ 102,724</u>

(Continued)

**City of Hastings
Subcombining Balance Sheet
Debt Service Fund
December 31, 2019**

	Certificate of Participation 2015 (315)	Certificate of Participation 2016 (316)	G.O. Improvement Bonds 2006A (526)
Assets			
Cash and investments	\$ 65,512	\$ 65,739	\$ 771
Interest receivable	362	352	1
Due from other governments	-	-	2,260
Property taxes receivable	6,150	6,718	523
Special assessments receivable			
Delinquent	-	-	-
Deferred	-	-	-
Prepaid items	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 72,024</u>	<u>\$ 72,809</u>	<u>\$ 3,555</u>
Liabilities			
Accounts payable	-	-	170
Deferred Inflows of Resources			
Unavailable revenue - taxes and assessments	<u>1,176</u>	<u>1,264</u>	<u>253</u>
Fund Balances			
Nonspendable	-	-	-
Restricted			
Debt service	<u>70,848</u>	<u>71,545</u>	<u>3,132</u>
Total fund balances	<u>70,848</u>	<u>71,545</u>	<u>3,132</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 72,024</u>	<u>\$ 72,809</u>	<u>\$ 3,555</u>

Statement 40 (Continued)

G.O. Improvement Bonds 2007B (527)	G.O. Improvement Bonds 2008A (528)	G.O. Improvement Bonds 2009A (529)	G.O. Improvement Bonds 2010B (570)	G.O. Improvement Bonds 2011A (571)
\$ 40,670	\$ 339,897	\$ 189,397	\$ 236,168	\$ 491,141
897	1,064	1,158	1,190	925
-	-	-	-	-
1,639	32,027	17,537	23,147	26,087
-	-	5,590	48	1,563
-	-	21,030	30,012	117,666
-	334	358	401	284
<u>\$ 43,206</u>	<u>\$ 373,322</u>	<u>\$ 235,070</u>	<u>\$ 290,966</u>	<u>\$ 637,666</u>
170	170	170	170	170
1,482	5,836	29,876	34,445	122,752
-	334	358	401	284
41,554	366,982	204,666	255,950	514,460
<u>41,554</u>	<u>367,316</u>	<u>205,024</u>	<u>256,351</u>	<u>514,744</u>
<u>\$ 43,206</u>	<u>\$ 373,322</u>	<u>\$ 235,070</u>	<u>\$ 290,966</u>	<u>\$ 637,666</u>

**City of Hastings
Subcombining Balance Sheet
Debt Service Fund
December 31, 2019**

	G.O. Improvement Bonds 2012 <u>(572)</u>	G.O. Improvement Bonds 2013B <u>(573)</u>	G.O. Improvement Bonds 2017A <u>(577)</u>
Assets			
Cash and investments	\$ 216,648	\$ 151,405	\$ 177,717
Interest receivable	1,089	865	677
Due from other governments	-	-	-
Property taxes receivable	17,602	9,680	10,203
Special assessments receivable			
Delinquent	2,191	130	1,450
Deferred	50,379	51,835	132,096
Prepaid items	416	-	375
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 288,325</u>	<u>\$ 213,915</u>	<u>\$ 322,518</u>
Liabilities			
Accounts payable	170	170	170
Deferred Inflows of Resources			
Unavailable revenue - taxes and assessments	55,795	53,931	129,647
	<u> </u>	<u> </u>	<u> </u>
Fund Balances			
Nonspendable	416	-	375
Restricted			
Debt service	231,944	159,814	192,326
Total fund balances	<u>232,360</u>	<u>159,814</u>	<u>192,701</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 288,325</u>	<u>\$ 213,915</u>	<u>\$ 322,518</u>

Statement 40 (Continued)

Certificates of Participation 2013B (398)	Debt Redemption Fund (500)	G.O. Improvement Bonds 2019A (579)	Total
\$ 108,089	\$ 454,215	\$ 880,949	\$ 5,627,447
326	682	1,141	16,513
-	-	-	2,260
10,954	830	4,624	318,753
-	473	-	15,652
-	772,927	793,949	2,425,444
-	-	-	3,190
<u>\$ 119,369</u>	<u>\$ 1,229,127</u>	<u>\$ 1,680,663</u>	<u>\$ 8,409,259</u>
-	-	3,019	10,399
<u>2,670</u>	<u>774,230</u>	<u>787,955</u>	<u>2,486,138</u>
-	-	-	3,190
<u>116,699</u>	<u>454,897</u>	<u>889,689</u>	<u>5,909,532</u>
<u>116,699</u>	<u>454,897</u>	<u>889,689</u>	<u>5,912,722</u>
<u>\$ 119,369</u>	<u>\$ 1,229,127</u>	<u>\$ 1,680,663</u>	<u>\$ 8,409,259</u>

City of Hastings
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balance
Debt Service Fund
Year Ended December 31, 2019

	G.O. Tax Increment Bonds 2016A (516)	G.O. Improvement Bonds, 2014A Charter (574)	G.O. Improvement Bonds 2015A- Charter (575)
Revenues			
General property taxes	\$ 226,887	\$ 297,294	\$ 277,729
Special assessments	-	30,266	2,404
Charges for services	-	-	-
Investment income	5,740	7,112	6,120
Miscellaneous	-	-	-
Total revenues	232,627	334,672	286,253
Expenditures			
Debt service			
Principal	165,000	315,000	235,000
Interest and other charges	42,325	54,550	39,757
Total expenditures	207,325	369,550	274,757
Excess of revenues over (under) expenditures	25,302	(34,878)	11,496
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	25,302	(34,878)	11,496
Fund Balances			
Beginning of year	241,156	372,852	291,381
End of year	\$ 266,458	\$ 337,974	\$ 302,877

Statement 41

G.O. Improvement Bonds 2016B- Charter (576)	G.O. Improvement Bonds 2018A - Charter (578)	G.O. Public Facility Refunding bonds, Series 2010A (370)	City Revenue Refunding Bonds 2013A (350)	Certificate of Participation 2012A (397)
\$ 353,988	\$ 252,099	\$ 99,584	\$ 456	\$ 321
11,604	82,099	-	-	-
-	-	86,040	-	-
10,563	5,654	13,988	1,615	2,153
-	-	-	-	-
<u>376,155</u>	<u>339,852</u>	<u>199,612</u>	<u>2,071</u>	<u>2,474</u>
295,000	-	170,000	120,000	-
54,916	98,123	22,156	1,797	-
<u>349,916</u>	<u>98,123</u>	<u>192,156</u>	<u>121,797</u>	<u>-</u>
26,239	241,729	7,456	(119,726)	2,474
-	-	-	-	-
-	-	-	-	(98,362)
-	-	-	-	<u>(98,362)</u>
26,239	241,729	7,456	(119,726)	(95,888)
434,625	187,409	413,739	135,794	95,888
<u>\$ 460,864</u>	<u>\$ 429,138</u>	<u>\$ 421,195</u>	<u>\$ 16,068</u>	<u>\$ -</u>

(Continued)

City of Hastings
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balance
Debt Service Fund
Year Ended December 31, 2019

	Certificate of Participation 2014 (399)	Certificate of Participation 2015 (315)	Certificate of Participation 2016 (316)
Revenues			
General property taxes	\$ -	\$ 59,552	\$ 66,479
Special assessments	-	-	-
Charges for services	-	-	-
Investment income	4,433	1,534	1,379
Miscellaneous	-	-	-
Total revenues	<u>4,433</u>	<u>61,086</u>	<u>67,858</u>
Expenditures			
Debt service			
Principal	40,000	60,000	60,000
Interest and other charges	3,591	3,212	4,412
Total expenditures	<u>43,591</u>	<u>63,212</u>	<u>64,412</u>
Excess of revenues over (under) expenditures	(39,158)	(2,126)	3,446
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(39,158)	(2,126)	3,446
Fund Balances			
Beginning of year	<u>140,632</u>	<u>72,974</u>	<u>68,099</u>
End of year	<u>\$ 101,474</u>	<u>\$ 70,848</u>	<u>\$ 71,545</u>

Statement 41 (Continued)

G.O. Improvement Bonds 2006A (526)	G.O. Improvement Bonds 2007B (527)	G.O. Improvement Bonds 2008A (528)	G.O. Improvement Bonds 2009A (529)	G.O. Improvement Bonds 2010B (570)	G.O. Improvement Bonds 2011A (571)
\$ 115	\$ 725	\$ 318,103	\$ 173,126	\$ 230,063	\$ 257,908
-	345	23,497	19,074	16,684	64,862
-	-	-	-	-	-
15	3,722	7,338	4,101	4,722	12,999
1,130	-	-	-	-	-
<u>1,260</u>	<u>4,792</u>	<u>348,938</u>	<u>196,301</u>	<u>251,469</u>	<u>335,769</u>
-	250,000	335,000	185,000	205,100	284,900
170	7,350	24,679	17,669	20,107	24,213
<u>170</u>	<u>257,350</u>	<u>359,679</u>	<u>202,669</u>	<u>225,207</u>	<u>309,113</u>
1,090	(252,558)	(10,741)	(6,368)	26,262	26,656
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,090	(252,558)	(10,741)	(6,368)	26,262	26,656
2,042	294,112	378,057	211,392	230,089	488,088
<u>\$ 3,132</u>	<u>\$ 41,554</u>	<u>\$ 367,316</u>	<u>\$ 205,024</u>	<u>\$ 256,351</u>	<u>\$ 514,744</u>

City of Hastings
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balance
Debt Service Fund
Year Ended December 31, 2019

	G.O. Improvement Bonds 2012 (572)	G.O. Improvement Bonds 2013B (573)	G.O. Improvement Bonds 2017A (577)
Revenues			
General property taxes	\$ 173,752	\$ 90,476	\$ 99,212
Special assessments	23,902	17,166	32,705
Charges for services	-	-	-
Investment income	4,943	4,450	4,679
Miscellaneous	-	-	-
Total revenues	<u>202,597</u>	<u>112,092</u>	<u>136,596</u>
Expenditures			
Debt service			
Principal	170,000	125,000	90,000
Interest and other charges	22,811	19,154	27,796
Total expenditures	<u>192,811</u>	<u>144,154</u>	<u>117,796</u>
Excess of revenues over (under) expenditures	9,786	(32,062)	18,800
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	9,786	(32,062)	18,800
Fund Balances			
Beginning of year	<u>222,574</u>	<u>191,876</u>	<u>173,901</u>
End of year	<u>\$ 232,360</u>	<u>\$ 159,814</u>	<u>\$ 192,701</u>

Statement 41 (Continued)

Certificates of Participation 2013B (398)	Certificates of Participation 2011A (396)	G.O. Improvement Refunding Bonds 2013A (509)	Debt Redemption Fund (500)	G.O. Improvement Bonds 2019A (579)	Total
\$ 99,604	\$ -	\$ -	\$ -	\$ 49,430	\$ 3,126,903
-	-	-	-	881,690	1,206,298
-	-	-	-	-	86,040
3,428	38	12,373	1,558	4,002	128,659
-	-	-	-	-	1,130
<u>103,032</u>	<u>38</u>	<u>12,373</u>	<u>1,558</u>	<u>935,122</u>	<u>4,549,030</u>
195,000	-	-	-	-	3,300,000
13,569	-	-	-	45,433	547,790
<u>208,569</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,433</u>	<u>3,847,790</u>
(105,537)	38	12,373	1,558	889,689	701,240
-	-	-	429,974	-	429,974
-	(990)	(324,345)	-	-	(423,697)
<u>-</u>	<u>(990)</u>	<u>(324,345)</u>	<u>429,974</u>	<u>-</u>	<u>6,277</u>
(105,537)	(952)	(311,972)	431,532	889,689	707,517
222,236	952	311,972	23,365	-	5,205,205
<u>\$ 116,699</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 454,897</u>	<u>\$ 889,689</u>	<u>\$ 5,912,722</u>

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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, 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 – Tax Capacity Value and Estimated Market Value of Taxable Property
- Table 6 – Direct and Overlapping Property Tax Rates
- 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 – Ratio 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 – Pledge 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/Program
- 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
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Unaudited

	Fiscal year			
	2010	2011	2012	2013
Governmental activities				
Net investment in capital assets	\$ 35,000,053	\$ 36,720,391	\$ 39,532,965	\$ 42,404,518
Restricted for				
Police activities	-	29,826	14,524	13,898
Tax increment	-	-	-	-
Debt service	13,314,697	10,355,915	10,278,599	9,292,124
Capital projects	-	1,110,710	567,457	677,082
Escrow	-	-	-	-
Net pension asset	-	-	-	-
LeDuc Historic Estate	1,117,351	1,071,986	1,118,669	1,138,006
Unrestricted	1,828,131	3,621,967	2,088,661	3,306,265
Total governmental activities net position	<u>\$ 51,260,232</u>	<u>\$ 52,910,795</u>	<u>\$ 53,600,875</u>	<u>\$ 56,831,893</u>
Business-type activities				
Net investment in capital assets	\$ 28,099,759	\$ 27,280,688	\$ 26,349,437	\$ 25,478,576
Restricted for				
Debt service	283,255	284,765	291,130	551,253
Unrestricted	7,734,552	6,225,377	6,322,246	6,176,039
Total business-type activities net position	<u>\$ 36,117,566</u>	<u>\$ 33,790,830</u>	<u>\$ 32,962,813</u>	<u>\$ 32,205,868</u>
Primary government				
Net investment in capital assets	\$ 63,099,812	\$ 64,001,079	\$ 65,882,402	\$ 67,883,094
Restricted for				
Police activities	-	-	14,524	13,898
Tax Increment	-	-	-	-
Debt service	13,597,952	10,640,680	10,569,729	9,843,377
Capital projects	-	-	567,457	677,082
Escrow	-	-	-	-
Net pension asset	-	-	-	-
LeDuc Historic Estate	1,117,351	1,071,986	1,118,669	1,138,006
Unrestricted	9,562,683	9,847,344	8,410,907	9,482,304
Total primary government net position	<u>\$ 2,047,183</u>	<u>\$ 85,561,089</u>	<u>\$ 86,563,688</u>	<u>\$ 89,037,761</u>

Table 1

2014	2015	2016	2017	2018	2019
\$ 43,801,240	\$ 43,540,896	\$ 42,444,675	\$ 43,485,383	\$ 43,158,263	\$ 42,069,591
29,908	29,796	34,462	42,568	54,842	40,432
-	-	-	2,695	4,924	5,681
8,228,781	6,790,580	6,814,431	6,721,124	6,897,969	8,169,524
617,851	605,667	547,257	488,132	494,432	509,082
-	-	-	-	-	11,467
-	-	1,225,251	-	-	-
1,107,821	1,369,956	1,374,830	1,489,982	1,270,770	1,246,991
3,863,787	(1,019,362)	(3,501,336)	(3,910,559)	(4,077,486)	(2,309,522)
<u>\$ 57,649,388</u>	<u>\$ 51,317,533</u>	<u>\$ 48,939,570</u>	<u>\$ 48,319,325</u>	<u>\$ 47,803,714</u>	<u>\$ 49,743,246</u>
\$ 25,016,342	\$ 25,317,479	\$ 25,219,313	\$ 25,631,750	\$ 24,353,284	\$ 24,164,942
376,498	251,499	187,146	-	-	-
4,917,605	4,348,513	3,868,707	3,301,265	5,080,114	5,859,676
<u>\$ 30,310,445</u>	<u>\$ 29,917,491</u>	<u>\$ 29,275,166</u>	<u>\$ 28,933,015</u>	<u>\$ 29,433,398</u>	<u>\$ 30,024,618</u>
\$ 68,817,582	\$ 68,858,375	\$ 68,858,375	\$ 69,117,133	\$ 67,511,547	\$ 66,234,533
29,908	29,796	34,462	42,568	54,842	40,432
-	-	-	2,695	4,924	5,681
8,605,279	7,042,079	7,001,577	6,721,124	6,897,969	8,169,524
617,851	605,667	547,257	488,132	494,432	509,082
-	-	-	-	-	11,467
-	-	-	-	-	-
1,107,821	1,369,956	1,374,830	1,489,982	1,270,770	1,246,991
8,781,392	3,329,151	367,371	(609,294)	1,002,628	3,550,154
<u>\$ 5,408,639</u>	<u>\$ 81,235,024</u>	<u>\$ 78,183,872</u>	<u>\$ 77,252,340</u>	<u>\$ 77,237,112</u>	<u>\$ 79,767,864</u>

City of Hastings
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Unaudited

	Fiscal Year			
	2010	2011	2012	2013
Expenses				
Governmental activities:				
General government	\$ 2,779,891	\$ 2,664,458	\$ 2,708,887	\$ 2,368,033
Public safety	7,756,228	7,325,913	7,646,393	8,022,727
Public works	5,153,734	4,343,248	4,939,914	5,059,797
Culture and recreation	2,986,387	2,897,432	2,979,509	2,844,498
Economic development	40,217	20,881	24,455	34,119
Health and sanitation	49,720	102,425	24,057	19,447
Interest on long-term debt	986,667	928,432	905,223	647,902
Total governmental activities expenses	<u>19,752,844</u>	<u>18,282,789</u>	<u>19,228,438</u>	<u>18,996,523</u>
Business-type activities:				
Water	2,067,995	2,030,228	2,003,623	2,181,086
Sewer	1,897,487	1,926,477	1,807,697	1,867,680
Storm	187,854	357,476	417,236	346,846
Transit	150,295	-	-	-
Hydro	1,235,657	739,600	907,562	941,730
Total business-type activities expenses	<u>5,539,288</u>	<u>5,053,781</u>	<u>5,136,118</u>	<u>5,337,342</u>
Total primary government expenses	<u>\$ 25,292,132</u>	<u>\$ 23,336,570</u>	<u>\$ 24,364,556</u>	<u>\$ 24,333,865</u>
Program revenues				
Governmental activities:				
Charges for services:				
General Government	\$ -	\$ -	\$ -	\$ -
Public safety	2,287,058	2,182,932	2,617,151	2,925,521
Public works	22,450	28,665	5,408,639	35,134
Culture and recreation	1,085,722	1,179,969	1,183,146	1,156,963
Other activities	360,025	408,805	421,246	537,106
Operating grants and contributions	261,553	316,382	933,834	820,431
Capital grants and contributions	1,140,804	2,352,552	949,617	4,648,382
Total governmental activities program revenues	<u>5,157,612</u>	<u>6,469,305</u>	<u>11,513,633</u>	<u>10,123,537</u>
Business-type activities:				
Charges for services:				
Water	1,849,918	1,665,738	2,220,064	2,071,576
Sewer	1,773,167	1,775,610	1,859,169	1,915,861
Storm	-	398,602	435,361	430,074
Transit	57,673	18,109	-	-
Hydro	1,091,940	1,468,823	981,819	963,174
Operating grants and contributions	274,347	147,930	32,417	-
Capital grants and contributions	-	-	35,585	-
Total business-type activities program revenues	<u>5,047,045</u>	<u>5,474,812</u>	<u>5,564,415</u>	<u>5,380,685</u>
Total primary government program revenues	<u>\$ 10,204,657</u>	<u>\$ 11,944,117</u>	<u>\$ 17,078,048</u>	<u>\$ 15,504,222</u>
Net (expense) revenue				
Governmental activities	\$ (14,595,232)	\$ (11,813,484)	\$ (7,714,805)	\$ (8,872,986)
Business-type activities	(492,243)	421,031	428,297	43,343
Total primary government net (expense) revenue	<u>(15,087,475)</u>	<u>(11,392,453)</u>	<u>(7,286,508)</u>	<u>(8,829,643)</u>

Table 2
Page 1 of 2

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 2,912,989	\$ 2,742,065	\$ 2,935,743	\$ 3,129,500	\$ 3,322,254	\$ 3,547,503
8,265,264	8,354,120	11,060,875	9,386,823	10,167,543	9,382,761
4,825,511	5,213,874	6,345,402	5,638,414	5,438,158	5,885,948
2,948,893	3,087,460	3,396,349	3,398,198	3,588,701	3,506,415
135,010	47,129	2,311,500	51,101	40,656	41,369
15,775	21,890	19,301	30,849	34,158	37,731
466,445	453,391	464,205	449,979	428,156	486,826
<u>19,569,887</u>	<u>19,919,929</u>	<u>26,533,375</u>	<u>22,084,864</u>	<u>23,019,626</u>	<u>22,888,553</u>
2,065,409	1,963,670	2,120,683	1,866,451	2,053,704	2,197,954
1,940,624	1,958,792	2,118,877	2,213,573	2,160,226	2,305,382
380,251	393,535	422,730	403,183	424,791	529,092
-	-	-	-	-	-
738,402	633,196	593,610	838,181	620,320	578,351
<u>5,124,686</u>	<u>4,949,193</u>	<u>5,255,900</u>	<u>5,321,388</u>	<u>5,259,041</u>	<u>5,610,779</u>
<u>\$ 24,694,573</u>	<u>\$ 24,869,122</u>	<u>\$ 31,789,275</u>	<u>\$ 27,406,252</u>	<u>\$ 28,278,667</u>	<u>\$ 28,499,332</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 513,591
2,726,275	2,849,915	3,362,113	3,745,444	3,507,476	3,848,715
51,342	119,702	271,785	276,721	312,004	438,990
1,147,412	1,202,465	1,237,031	1,191,970	1,358,186	1,162,764
470,886	537,114	602,296	521,818	496,151	93,705
776,970	649,612	1,560,903	539,343	1,521,330	1,117,166
815,568	1,113,376	3,212,984	1,234,808	622,219	1,553,631
<u>5,988,453</u>	<u>6,472,184</u>	<u>10,247,112</u>	<u>7,510,104</u>	<u>7,817,366</u>	<u>8,728,562</u>
1,873,918	1,797,562	1,875,712	1,897,865	2,284,680	2,259,917
1,938,692	1,882,901	1,867,425	1,972,116	2,490,514	2,642,559
429,957	425,643	435,310	507,721	633,583	718,097
-	-	-	-	-	-
921,052	1,073,234	787,238	784,887	701,729	672,763
-	-	-	-	-	-
-	-	-	-	150,542	49,281
<u>5,163,619</u>	<u>5,179,340</u>	<u>4,965,685</u>	<u>5,162,589</u>	<u>6,261,048</u>	<u>6,342,617</u>
<u>\$ 11,152,072</u>	<u>\$ 11,651,524</u>	<u>\$ 15,212,797</u>	<u>\$ 12,672,693</u>	<u>\$ 14,078,414</u>	<u>\$ 15,071,179</u>
\$ (13,581,434)	\$ (13,447,745)	\$ (16,286,263)	\$ (14,574,760)	\$ (15,202,260)	\$ (14,159,991)
38,933	230,147	(290,215)	(158,799)	1,002,007	731,838
<u>(13,542,501)</u>	<u>(13,217,598)</u>	<u>(16,576,478)</u>	<u>(14,733,559)</u>	<u>(14,200,253)</u>	<u>(13,428,153)</u>

Continued

City of Hastings
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Unaudited

	Fiscal Year			
	2010	2011	2012	2013
General revenues and other changes in net position				
Governmental activities				
Taxes				
Property taxes, levied for general purposes	\$ 8,231,863	\$ 7,648,745	\$ 8,227,080	\$ 8,545,583
Property taxes, levied for debt service	2,765,702	2,961,928	3,458,479	3,191,407
Unrestricted grants and contributions	48,135	46,113	195,713	15,067
Gain (Loss) on disposal of capital assets	22,064	63,245	7,019	20,072
Investment earnings (loss)	389,655	209,444	293,721	(25,107)
Contribution to permanent fund	-	-	-	-
Contribution of capital assets	25,000	100,893	250,766	-
Insurance recoveries	-	-	-	-
Transfers	539,121	2,433,679	1,333,377	677,600
Total governmental activities	<u>12,021,540</u>	<u>13,464,047</u>	<u>13,766,155</u>	<u>12,424,622</u>
Business-type activities				
Property taxes, levied for general purposes	72,747	(1,055)	-	-
Gain (loss) on disposal of capital assets	-	-	-	-
Investment earnings	177,004	172,762	77,063	(57,568)
Miscellaneous	-	-	-	-
Transfers	(539,121)	(2,433,679)	(1,333,377)	(677,600)
Total business-type activities	<u>(289,370)</u>	<u>(2,261,972)</u>	<u>(1,256,314)</u>	<u>(735,168)</u>
Total primary government	<u>\$ 11,732,170</u>	<u>\$ 11,202,075</u>	<u>\$ 12,509,841</u>	<u>\$ 11,689,454</u>
Change in net position:				
Governmental activities	\$ (2,573,692)	\$ 1,650,563	\$ 6,051,350	\$ 3,551,636
Business-type activities	(781,613)	(1,840,941)	(828,017)	(691,825)
Total primary government	<u>\$ (3,355,305)</u>	<u>\$ (190,378)</u>	<u>\$ 5,223,333</u>	<u>\$ 2,859,811</u>

Table 2
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Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 8,719,458	\$ 9,231,748	\$ 9,837,164	\$ 9,571,077	\$ 10,170,181	\$ 11,120,775
2,643,067	2,650,000	2,650,000	3,350,000	3,424,475	3,126,903
593,875	591,572	617,477	639,043	1,106,153	933,079
-	29,098	111,069	23,272	170,917	7,951
315,388	77,472	211,760	215,284	146,410	590,271
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	24,299	-	-
2,127,141	(193,998)	480,830	(132,690)	439,358	320,378
14,398,929	12,385,892	13,908,300	13,690,285	15,457,494	16,099,357
-	-	-	-	-	11,376
-	-	-	-	-	-
192,785	67,811	128,720	4,188	49,772	168,384
-	-	-	-	-	-
(2,127,141)	193,998	(480,830)	132,690	(439,358)	(320,378)
(1,934,356)	261,809	(352,110)	136,878	(389,586)	(140,618)
\$ 12,464,573	\$ 12,647,701	\$ 13,556,190	\$ 13,827,163	\$ 15,067,908	\$ 15,958,739
\$ 817,495	\$ (1,061,853)	\$ (2,377,963)	\$ (884,475)	\$ 255,234	\$ 1,939,366
(1,895,423)	491,956	(642,325)	(21,921)	612,421	591,220
\$ (1,077,928)	\$ (569,897)	\$ (3,020,288)	\$ (906,396)	\$ 867,655	\$ 2,530,586

City of Hastings
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year			
	2010	2011	2012	2013
General Fund				
Reserved for				
Prepaid items	\$ 25,887	\$ -	\$ -	\$ -
Inventories	2,196	-	-	-
Unreserved				
Designated for working capital	2,325,627	-	-	-
Nonspendable				
Prepaid items	-	16,121	23,196	41,660
Inventories	-	50,505	49,983	58,634
Restricted				
Leduc Historical Estate	-	-	-	-
Unassigned	-	3,024,570	3,411,086	3,486,430
Total general fund	<u>\$ 2,353,710</u>	<u>\$ 3,091,196</u>	<u>\$ 3,484,265</u>	<u>\$ 3,586,724</u>
All other governmental funds				
Reserved for				
Prepaid items	\$ 7,076	\$ -	\$ -	\$ -
Inventories	8,785	-	-	-
Loan receivables	-	-	-	-
Debt service	7,127,461	-	-	-
Unreserved, reported in				5,408,639
Special revenue funds designated for working capital	1,898,549	-	-	-
Capital projects funds designated for working capital	98,134	-	-	-
Special revenue funds	982,832	-	-	-
Capital projects funds	2,234,757	-	-	-
Permanent funds	1,169,288	-	-	-
Nonspendable				
Prepaid	-	60,694	44,830	70,585
Inventories	-	10,685	10,179	6,268
Permanent endowment-Leduc Historical Estate	-	200,000	200,000	200,000
Restricted				
Police activities	-	29,826	14,524	13,898
Debt service	-	5,868,913	6,750,592	7,692,475
Tax Increment Financing	-	-	-	-
Capital projects	-	1,110,710	684,302	676,672
Permanent endowment-Leduc Historical Estate	-	871,986	918,669	938,006
Escrow	-	-	-	-
Committed				
Maintenance	-	489,345	541,760	705,537
Aquatic operatins	-	33,293	62,481	118,588
Cable TV activities	-	199,424	210,998	222,044
Heritage preservation activities	-	81,426	84,857	86,697
Fire & ambulance activities	-	975,108	1,168,697	2,372,686
Arena activities	-	619,939	636,751	590,646
Assigned				
Capital	-	1,864,972	1,523,421	1,394,711
Unassigned				
Capital	-	-	(99,131)	(312,971)
Total all other governmental funds	<u>\$ 13,526,882</u>	<u>\$ 12,416,321</u>	<u>\$ 12,752,930</u>	<u>\$ 20,184,481</u>

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

Table 3

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
58,131	72,786	119,342	135,921	92,918	86,310
26,008	50,734	35,471	24,517	15,183	34,446
-	349,321	346,557	397,985	301,201	193,592
3,446,128	3,621,455	4,403,883	4,576,829	5,047,671	5,596,357
<u>\$ 3,530,267</u>	<u>\$ 4,094,296</u>	<u>\$ 4,905,253</u>	<u>\$ 5,135,252</u>	<u>\$ 5,456,973</u>	<u>\$ 5,910,705</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
81,494	83,691	105,237	114,968	81,016	77,361
3,322	4,365	4,368	3,223	2,318	2,964
200,000	200,000	200,000	200,000	200,000	200,000
29,626	29,773	34,444	42,547	54,825	40,406
5,427,274	4,500,299	4,820,295	4,888,739	5,200,767	5,909,532
-	-	-	2,695	4,924	5,681
1,009,983	605,667	546,622	487,678	494,432	509,082
907,821	820,635	828,273	891,997	769,569	853,399
-	-	-	-	-	11,467
700,601	816,485	870,352	1,020,571	1,084,583	1,144,271
120,179	143,507	184,955	188,258	185,144	232,573
232,035	238,133	245,822	243,756	238,553	238,892
93,499	95,860	96,148	97,564	100,481	104,264
1,596,429	1,362,693	1,111,458	1,251,486	992,209	1,280,178
490,657	500,676	388,065	463,992	462,313	497,359
869,337	1,013,965	1,131,904	1,172,982	1,249,299	1,325,392
(252,583)	(899,034)	(416,152)	(300,491)	(217,088)	(190,670)
<u>\$ 11,509,674</u>	<u>\$ 9,516,715</u>	<u>\$ 10,151,791</u>	<u>\$ 10,769,965</u>	<u>\$ 10,903,345</u>	<u>\$ 12,242,151</u>

City of Hastings
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
Unaudited

	Fiscal Year			
	2010	2011	2012	2013
Revenues				
Taxes	\$ 10,979,537	\$ 10,600,376	\$ 11,726,752	\$ 11,793,014
Special assessments	1,258,181	1,984,103	1,762,762	1,112,853
Licenses and permits	289,754	386,248	403,386	394,821
Fines and forfeitures	102,394	89,732	99,551	95,103
Intergovernmental	973,766	832,084	1,247,726	4,631,888
Charges for services	3,185,599	3,158,347	3,585,565	3,873,062
Investment earnings	353,965	179,685	277,752	(15,617)
Miscellaneous	35,107	17,003	69,182	70,404
Total revenues	<u>17,178,303</u>	<u>17,247,578</u>	<u>19,172,676</u>	<u>21,955,528</u>
Expenditures				
Current				
General government	1,851,881	2,203,841	2,188,513	2,070,522
Public safety	7,335,640	6,823,812	7,254,247	7,609,462
Public works	1,831,715	1,533,922	2,147,556	1,670,868
Health and sanitation	49,720	102,425	24,057	19,447
Cultural and recreation	2,469,108	2,375,358	2,456,430	2,316,009
Economic development	40,187	20,881	24,455	34,119
Capital outlay	2,945,743	4,819,686	3,051,655	5,788,889
Debt service				
Principal retirement	8,135,000	4,065,000	4,340,000	4,501,750
Interest	1,094,782	985,238	911,963	731,640
Total expenditures	<u>25,753,776</u>	<u>22,930,163</u>	<u>22,398,876</u>	<u>24,742,706</u>
Revenues over (under) expenditures	<u>(8,575,473)</u>	<u>(5,682,585)</u>	<u>(3,226,200)</u>	<u>(2,787,178)</u>

Table 4
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Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 11,410,130	\$ 11,877,613	\$ 12,431,059	\$ 12,981,670	\$ 13,607,851	\$ 13,892,707
1,011,262	695,211	599,399	501,495	649,146	1,206,298
412,782	449,444	423,861	496,101	585,364	574,169
126,565	121,259	95,313	128,266	107,512	111,358
1,628,541	1,950,871	4,132,072	2,417,114	2,831,355	2,113,639
3,561,470	3,765,494	4,650,190	4,690,844	4,522,330	4,999,575
290,628	70,516	199,685	207,058	133,040	552,103
28,537	273,537	1,499,899	37,386	129,348	155,164
<u>18,469,915</u>	<u>19,203,945</u>	<u>24,031,478</u>	<u>21,459,934</u>	<u>22,565,946</u>	<u>23,605,013</u>
2,411,990	2,290,140	2,498,078	2,540,993	2,800,943	2,663,257
7,814,296	8,011,113	8,668,178	8,709,899	9,091,243	9,366,019
1,873,216	1,588,976	1,956,027	1,711,758	1,784,833	1,633,317
15,775	21,890	19,301	30,849	34,158	37,731
2,429,476	2,537,383	2,714,594	2,755,083	2,956,232	3,122,497
135,010	44,157	2,303,885	38,752	40,656	41,369
6,589,320	5,032,472	6,642,508	2,241,646	4,612,845	4,210,424
4,094,500	3,874,500	3,234,500	3,369,500	3,295,000	3,300,000
607,807	525,037	549,640	531,468	501,518	549,030
<u>25,971,390</u>	<u>23,925,668</u>	<u>28,586,711</u>	<u>21,929,948</u>	<u>25,117,428</u>	<u>24,923,644</u>
<u>(7,501,475)</u>	<u>(4,721,723)</u>	<u>(4,555,233)</u>	<u>(470,014)</u>	<u>(2,551,482)</u>	<u>(1,318,631)</u>

Continued

City of Hastings
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
Unaudited

	Fiscal Year			
	2010	2011	2012	2013
Other financing sources (uses)				
Bonds issued	\$ 3,185,000	\$ 3,964,750	\$ 2,030,000	\$ 5,710,000
Bond premiums	72,067	-	112,181	110,125
Bond discounts	-	(1,711)	-	-
Payment to refunded bond paying agent	-	(1,705,000)	-	(1,595,000)
Transfers in	1,977,416	4,139,595	3,597,850	1,769,270
Transfers out	(1,375,776)	(1,172,669)	(1,791,172)	(1,123,580)
Insurance recoveries	-	-	-	20,082
Proceeds on sale of capital assets	22,064	84,545	7,019	21,652
Total other financing sources (uses)	<u>3,880,771</u>	<u>5,309,510</u>	<u>3,955,878</u>	<u>4,912,549</u>
Net change in fund balance	<u>\$ (4,694,702)</u>	<u>\$ (373,075)</u>	<u>\$ 729,678</u>	<u>\$ 2,125,371</u>
Debt service as a percentage of noncapital expenditures	40.5%	27.9%	27.1%	27.6%

Table 4
Page 2 of 2

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 3,200,000	\$ 2,755,000	\$ 5,560,000	\$ 1,015,000	\$ 2,560,000	\$ 2,595,000
88,207	47,405	172,612	57,387	138,815	506,618
-	-	-	-	-	-
(1,470,000)	-	-	-	-	-
4,062,792	1,616,841	1,447,564	775,477	970,501	786,899
(1,723,002)	(1,176,571)	(1,316,732)	(522,308)	(866,143)	(796,521)
20,852	21,020	27,814	24,299	8,150	7,715
-	29,098	111,069	23,272	195,260	11,292
<u>4,178,849</u>	<u>3,292,793</u>	<u>6,002,327</u>	<u>1,373,127</u>	<u>3,006,583</u>	<u>3,111,003</u>
<u>\$ (3,322,626)</u>	<u>\$ (1,428,930)</u>	<u>\$ 1,447,094</u>	<u>\$ 903,113</u>	<u>\$ 455,101</u>	<u>\$ 1,792,372</u>
24.3%	23.3%	17.2%	19.6%	18.0%	18.5%

City of Hastings
Tax Capacity Value and Estimated Market Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Table 5

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
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%	1,620,659,200	1.05%
2016	13,501,866	3,852,417	363,149	17,717,432	2,017,091	19,734,523	63.577%	1,685,505,700	1.05%
2017	12,882,237	3,969,456	1,533,473	18,385,166	2,280,954	20,666,120	62.519%	1,744,910,200	1.05%
2018	13,968,781	3,827,760	1,522,837	19,319,378	2,362,509	22,078,920	60.864%	1,868,433,800	1.03%
2019	15,289,744	3,963,729	1,999,997	21,253,470	2,534,898	23,788,368	59.612%	1,886,327,411	1.13%

Source: Dakota County

City of Hastings
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	
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	46.360	16.159	62.519	20.305	5.192	28.004	116.020
2018	45.429	15.435	60.864	20.545	4.657	26.580	112.646
2019	46.462	13.150	59.612	19.079	4.436	25.386	108.513

Source: Dakota County Treasurer - Auditor's Office and City Documents

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

Note: The City's basic property tax rate may be increased only by a majority vote of the City's residents. Rates for debt service are set based on each year's requirements.

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

**City of Hastings
Principal Property Taxpayers
Current Year and Nine Years Ago
Unaudited**

Table 7

Taxpayer	2019			2010		
	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
Xcel Energy (NSP Company)	\$ 244,270	1	1.15%	\$ 159,338	4	0.72%
Wal-Mart	240,334	2	1.13%	259,120	1	1.17%
Hastings MarketPlace Sation LLC	203,642	3	0.96%	-		0.00%
VMA 1000LLC	171,251	4	0.81%	106,251	7	0.48%
Regina Medical Complex	145,326	5	0.68%	208,393	2	0.94%
Hastings Medical Office Bldg LLC	131,770	6	0.62%	-		0.00%
Gasparre Hidden Valley LLC	128,711	7	0.61%	-		0.00%
Three Rivers Partnership	119,567	8	0.56%	140,862	6	0.63%
Camegaran LLC	112,296	9	0.53%	96,645	8	0.43%
Casey Capital V LLC	110,659	10	0.52%	-		0.00%
Inch III Hastings LLC	-		0.00%	187,134	3	0.84%
Augustana HCC of Hastings	-		0.00%	91,503	9	0.41%
Willow Valley LP	-		0.00%	76,250	10	0.34%
Target Corporation	-		0.00%	141,908	5	0.64%
Total	<u>\$ 1,607,826</u>		<u>7.57%</u>	<u>\$ 1,467,404</u>		<u>6.60%</u>
Total all property	<u>\$ 21,253,470</u>			<u>\$ 22,219,254</u>		

**City of Hastings
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
2010	11,581,000	10,699,472	92.39%	269,045	10,968,517	94.71%
2011	11,264,000	10,723,507	95.20%	297,799	11,021,306	97.85%
2012	11,746,000	11,565,238	98.46%	130,730	11,695,968	99.57%
2013	11,980,920	11,855,934	98.96%	88,191	11,944,125	99.69%
2014	11,610,920	11,525,607	99.27%	83,841	11,609,448	99.99%
2015	12,060,920	11,955,607	99.13%	87,193	12,042,800	99.85%
2016	12,499,621	12,350,917	98.81%	101,807	12,452,724	99.62%
2017	12,960,919	12,810,057	98.84%	84,290	12,894,347	99.49%
2018	13,503,307	13,446,160	99.58%	11,470	13,457,630	99.66%
2019	14,233,201	14,029,829	98.57%	N/A	14,029,829	98.57%

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

Source: Dakota County and City Records
Numbers presented are the most recent available

City of Hastings
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year	Governmental Activities			Total Governmental Activities	Percentage of Tax Capacity
	General Obligation Bonds	Improvement Bonds	Certificates of Indebtedness		
2010	6,500,000	20,585,000	1,405,000	28,490,000	136.56%
2011	4,120,000	21,230,000	1,334,750	26,684,750	135.37%
2012	3,405,000	19,790,000	1,284,750	24,479,750	134.28%
2013	3,313,451	18,735,004	2,377,616	24,426,071	157.41%
2014	2,607,830	17,225,271	2,256,550	22,089,651	143.81%
2015	4,489,041	14,348,154	2,108,107	20,945,302	123.27%
2016	8,574,136	12,730,607	2,047,183	23,351,926	131.80%
2017	7,913,453	12,870,925	1,642,184	22,426,562	121.98%
2018	8,115,812	10,992,085	1,215,257	20,323,154	105.20%
2019	7,038,915	12,137,060	846,240	20,022,215	94.21%

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

Table 9

Business-Type Activities					
Sewer/ Water Hydro Bonds	Total Business-Type Activities	Per Customer	Total Primary Government	Per Capita	Percentage of Income
4,135,000	4,135,000	576	32,625,000	1,418	629.59%
4,120,250	4,120,250	574	30,805,000	1,339	595.71%
3,900,250	3,900,250	543	28,380,000	1,270	572.35%
6,507,957	6,507,957	866	30,934,028	1,385	504.95%
6,013,905	6,013,905	800	28,103,556	1,249	444.92%
5,718,774	5,718,774	759	26,664,076	1,181	411.32%
5,408,639	5,408,639	716	28,760,565	1,268	441.38%
2,828,650	2,828,650	375	25,255,212	1,127	389.14%
3,700,024	3,700,024	489	24,023,178	1,054	349.95%
4,243,999	4,243,999	560	24,266,214	1,064	288.49%

City of Hastings
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		
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	1.0%	728
2016	23,351,926	4,821,409	18,530,517	1.1%	817
2017	22,426,562	4,888,739	17,537,823	1.0%	783
2018	20,323,154	5,200,767	15,122,387	0.8%	663
2019	20,022,215	5,909,532	14,112,683	0.7%	619

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

City of Hastings
Direct and Overlapping Governmental Activities Debt
December 31, 2019
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	\$ 61,387,524	58.37%	\$ 35,831,898
Counties			
Dakota County	-	0.00%	-
Washington County	105,370,000	0.01%	10,537
Other			
Met Council	2,950,000	0.60%	17,700
Metropolitan Transit District	182,390,000	0.68%	1,240,252
Subtotal - overlapping debt			37,100,387
City direct debt		100.00%	20,022,215
Total direct and overlapping debt			<u>\$ 57,122,602</u>

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

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

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

**City of Hastings
Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited**

Legal Debt Margin Calculation for Fiscal Year 2019

Market value	\$ 2,011,870,700
Debt limit (3% of market value)	<u>60,356,121</u>
Debt applicable to limit:	
General obligation bonds	7,140,000
Less: Amount set aside for repayment of general obligation debt	<u>5,457,830</u>
Total net debt applicable to limit	<u>1,682,170</u>
Legal debt margin	<u>\$ 58,673,951</u>

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	\$ 51,959,634	\$ 47,898,237	\$ 41,960,825	\$ 39,865,402
Total net debt applicable to limit	<u>6,500,000</u>	<u>4,120,000</u>	<u>3,405,000</u>	<u>3,230,000</u>
Legal debt margin	<u>\$ 45,459,634</u>	<u>\$ 43,778,237</u>	<u>\$ 38,555,825</u>	<u>\$ 36,635,402</u>

Amount of Debt Applicable to Debt Limit:

Total net debt applicable to the limit as a percentage of debt limit	12.51%	8.60%	8.11%	8.10%
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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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 43,998,825	\$ 48,291,162	\$ 46,420,722	\$ 48,229,996	\$ 56,499,093	\$ 60,356,121
<u>4,773,500</u>	<u>6,474,000</u>	<u>8,285,000</u>	<u>7,290,000</u>	<u>7,140,000</u>	<u>6,245,000</u>
<u>\$ 39,225,325</u>	<u>\$ 41,817,162</u>	<u>\$ 38,135,722</u>	<u>\$ 40,939,996</u>	<u>\$ 49,359,093</u>	<u>\$ 54,111,121</u>
10.85%	13.41%	17.85%	15.12%	12.64%	10.35%

City of Hastings
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		
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	1,897,865	1,866,451	31,414	265,000	53,995	0.10	
2018	2,265,956	1,990,126	275,830	235,000	48,950	0.97	
2019	2,235,565	2,200,016	35,549	245,000	74,871	0.11	

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

Table 13

		Sewer 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		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,258,181	\$ 7,265,000	\$ 748,805	0.16	
-	-	-	-	-	-	1,982,875	5,770,000	985,238	0.29	
-	-	-	-	-	-	1,651,781	3,140,000	589,809	0.44	
-	-	-	-	-	-	1,112,853	3,425,000	665,837	0.27	
-	-	-	-	-	-	1,011,262	3,895,000	454,013	0.23	
-	-	-	-	-	-	693,963	3,180,000	380,019	0.19	
-	-	-	-	-	-	599,228	2,585,000	331,602	0.21	
-	-	-	-	-	-	501,495	3,209,500	441,336	0.14	
2,490,076	2,149,571	340,505	-	-	-	648,355	3,135,000	402,453	0.18	
2,638,103	2,297,779	340,324	-	17,095	19.91	1,206,298	3,320,000	468,023	0.32	

City of Hastings
Demographic and Economical Statistics
Last Ten Fiscal Years
Unaudited

Table 14

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
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%
2018	22,800	1,324,098,600	58,075	2.70%
2019	22,800	1,582,411,200	69,404	2.70%

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

* Information for these years obtained from Springsted

**City of Hastings
Principal Employers
Current Year and Nine Years Ago
Unaudited**

Table 15

Employer	2019			2010		
	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	575	2	6.84%	600	3	6.58%
Regina Medical Center	370	3	4.40%	700	2	7.68%
Intek Plastics, Inc	175	4	2.08%	182	6	2.00%
Augustana Health Care center	146	5	1.74%	159	7	1.74%
Allina Medical Clinic	140	6	1.67%	150	8	1.65%
Cub Foods	140	7	1.67%	-	-	
Smead Manufacturing Co.	135	8	1.61%	435	4	
City of Hastings	130	9	1.55%	116	10	1.27%
Ardent Mills	120	10	1.43%			
Wal-Mart				320	5	3.51%
Target				139	9	1.53%
Total	3,781		45.00%	4,701		46.81%

Source: Hastings Community Development Department, Northland Securities & Springsted Inc.

City of Hastings
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years
Unaudited

Function/Program	Full-Time Equivalent Employees as of December 31st			
	2010	2011	2012	2013
General government				
Administration	1.00	1.00	1.00	1.00
City Clerk	4.50	4.15	4.25	3.15
Finance	3.75	3.75	3.75	5.00
Building Maintenance	2.00	2.00	2.00	2.00
Planning	2.60	2.00	1.00	1.25
Information Technology	4.00	3.00	3.00	3.00
Public Safety				
Police	33.50	33.50	33.00	33.50
Building Inspections	4.00	4.00	3.60	3.60
Code Enforcement	1.00	1.00	0.80	0.80
Public Works				
Engineering	6.68	6.68	4.75	7.80
Streets	8.02	4.32	5.30	4.80
Culture and Recreation				
Reforestation	0.50	-	-	-
Parks	9.50	9.00	8.63	8.63
Aquatic Center	1.00	1.00	1.00	7.50
Cable Television	-	-	-	0.15
Heritage Preservation	0.75	0.75	0.25	0.25
Fire and Ambulance	16.00	16.00	15.60	15.60
Civic Arena	2.50	2.00	2.00	2.00
Economic Development	0.65	1.25	1.05	0.38
Housing and Redevelopment	-	-	-	0.37
Water	7.05	7.05	6.45	5.80
Wastewater	3.55	3.55	4.20	3.55
Transit	-	-	-	-
Stormwater	-	3.70	3.70	3.50
Hydro Electric	0.70	0.70	0.50	0.50
	<u>113.25</u>	<u>110.40</u>	<u>105.83</u>	<u>114.13</u>
Total	<u>113.25</u>	<u>110.40</u>	<u>105.83</u>	<u>114.13</u>

Source: City Budget

Table 16

Full-Time Equivalent Employees as of December 31st					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
1.00	1.00	1.00	1.00	1.00	1.00
2.35	2.45	2.45	2.45	3.00	3.00
5.60	5.60	6.40	6.40	6.40	6.40
2.00	2.00	2.00	2.00	2.00	2.00
1.25	1.25	1.25	1.25	1.25	1.25
3.00	3.00	3.00	3.00	3.00	3.00
33.00	34.00	34.00	34.50	34.50	34.50
3.70	3.80	3.90	3.90	4.00	4.00
1.00	1.00	1.00	1.00	1.00	1.00
7.80	7.80	5.80	6.00	6.00	6.00
5.54	5.54	5.54	5.54	5.54	5.54
-	-	-	-	-	-
8.63	12.20	13.80	13.80	14.05	14.05
7.40	10.00	8.70	8.70	8.70	8.70
0.15	0.15	0.15	0.15	0.15	0.15
0.25	0.25	0.25	0.25	0.25	0.25
15.60	19.60	18.80	18.80	18.80	18.80
4.80	5.10	4.70	4.70	4.70	4.70
0.38	0.38	1.38	1.38	1.38	1.38
0.37	0.37	0.37	0.37	0.37	0.37
5.10	5.10	5.20	5.20	5.20	5.20
3.70	3.70	3.80	3.80	3.80	3.80
-	-	-	-	-	-
3.40	3.40	3.40	3.40	3.40	3.40
0.50	0.50	0.50	0.50	0.50	0.50
<u>116.52</u>	<u>128.19</u>	<u>127.39</u>	<u>128.09</u>	<u>128.99</u>	<u>128.99</u>

City of Hastings
Operating Indicators By Function/Program
Last Ten Fiscal Years
Unaudited

Function/Program	Fiscal Year			
	2010	2011	2012	2013
Police				
Physical arrests	*	*	369	337
Parking violations	*	*	*	368
Traffic violations	*	*	*	1,561
Felony offenses	138	158	*	*
Gross misdemeanor offenses	778	6	*	*
Minor miscellaneous offenses	95	65	*	*
Calls for service	18,778	19,434	21,330	20,665
Part 1 Crimes	597	637	*	557
Part 2 Crimes	664	789	*	668
Fire				
Emergency responses	Unavailable	2,974	2,974	3,201
Fires extinguished	Unavailable	86	86	42
Inspections	Unavailable	288	288	334
Refuse collection				
Refuse collected (tons per day)				
Recyclables collected (tons per day)				
Building inspection				
Permits issued				
Residential	885	912	1,802	1,549
Commercial	124	157	63	81
Culture and recreation				
Students participating in swim lessons	-	-	-	569
Ice rental hours	-	-	-	2,185
Turf rental hours	-	-	-	303
Recreational skaters	-	-	-	4,089
Water				
New connections				
Water mains breaks				
Average daily consumption (thousands of gallons)	1,700	1,900	1,900	2,554
Peak daily consumption (thousands of gallons)	5,295	5,180	5,180	6,310
Transit				
Total route miles	29,453	-	-	-
Passengers	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

2014	2015	2016	2017	2018	2019
427	360	407	470	389	554
466	293	442	225	473	582
1,754	1,309	1,153	1,455	1,269	1,220
157	175	177	170	134	151
110	139	176	203	164	236
718	405	596	656	562	486
24,553	20,216	24,497	26,147	24,097	23,268
664	631	693	732	469	504
720	707	641	750	875	857
3,184	3,495	3,249	3,735	3,681	2,580
49	74	53	38	85	55
468	480	580	750	426	569
1,773	1,340	1,507	1,527	1,638	1,538
49	165	106	106	103	106
606	640	622	732	763	820
2,422	2,400	2,375	2,470	2,388	2,377
335	216	325	366	397	352
1,189	2,400	1,950	1,890	2,278	2,570
2,465	2,325	2,345	2,296	2,195	2,026
5,520	4,945	5,100		4,725	3,965
-	-	-	-	-	-
-	-	-	-	-	-

City of Hastings
Capital Asset Statistics By Function/Program
Last Ten Fiscal Years
Unaudited

Function/Program	Fiscal Year			
	2010	2011	2012	2013
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	420
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	105
Fire hydrants	1,223	1,223	1,223	1,334
Storage capacity (thousands of gallons)	2,275	2,275	2,275	2,750
Wastewater				
Sanitary sewers (miles)	90	90	90	89
Storm sewers (miles)	55	55	55	73
Treatment capacity (thousands of gallons)				
Transit-minibuses	-	-	-	-

Sources: Various City departments.

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

Table 18

Fiscal Year					
2014	2015	2016	2017	2018	2019
1	1	1	1	1	1
1	1	1	1	1	1
105.0	105.0	105.0	105.3	105.5	105.5
420	413	413	413	413	413
21	22	22	22	22	22
21	21	21	21	21	21
10	10	21	21	21	21
105	105	105	105.2	105.2	110.0
1,334	1,094	1,095	1,099	1,099	1,101
2,750	2,750	2,750	2,750	2,750	2,750
89	89	89	89.1	89.3	89.5
74	74	74	74.1	74.2	74.5
-	-	-	-	-	N/A