
City of Hastings

Comprehensive Annual Financial Report

For the year ended December 31, 2020



**City of Hastings
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INTRODUCTORY SECTION

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June 7, 2021

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 Annual Comprehensive Financial Report (ACFR) 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, 2020.

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, 2020. 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, 2020, 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 23,168 in 2020. The Metropolitan Council projects that the city's population will grow to 25,500 by the year 2030. 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 only make adjustments that reduce 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 with annual budgets, other than the General Fund and the Fire and Ambulance Special Revenue Fund, this comparison is presented in the Governmental Fund subsection of this report, as noted in the table of contents.

Local Economy

In 2020, 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 an increase in both the number of permits as well as the overall value of work done in 2020. Below is a chart that gives a brief building permit history.

Permits	2020	2019	2018	2017	2016	2015
New Residential	56	14	15	30	23	26
New Commercial	2	2	3	1	3	4
Residential remodel	71	77	65	40	64	21
Commercial remodel	81	48	54	40	44	81
All other permits	2,430	1,503	1,604	1,518	1,479	1,373
TOTAL	2,640	1,644	1,741	1,629	1,613	1,505
Dollar value of Permits (in millions)	\$ 45.4	\$ 41.7	\$ 39.8	\$ 26.5	\$ 32.8	\$ 35.4

Major Initiatives

The City saw an increase in the creation of new residential lots for future growth, including the annexation of a 40-acre parcel for an additional 116 homes. Growth included the approval of two new senior housing facilities where construction is expected in 2021. We have also seen increased demand for lot sales within the Hastings Industrial Park for future industrial growth. In 2021 work will begin on reconstruction of State Highway 316 a major trunk highway.

The City also received \$1.7 million through the federal government’s CARES Act to respond to the COVID-19 public health emergency. These funds were spent toward public safety needs, as well as to support businesses impacted by the pandemic. Approximately \$1 million was appropriated toward the City’s public safety response, while the remainder went toward economic support in the community.

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 needs, and maintaining our existing infrastructure.

As part of long-term planning efforts, the City has identified capital equipment and facility improvement needs. The City updates its 5-year capital plan that is part of the annual budget process. These Capital Improvement and Equipment Plans aid in scheduling debt issuance, reserves, grant applications, and other funding sources for equipment and 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 2020 to guide purchases and contracts. The City’s fund balance policy was also updated and adopted in 2020. It specifies a goal to maintain an unassigned fund balance in the General Fund of 35%-45% 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	2020 Year End
a.) Total annual debt service for G.O. debt obligations per legal debt limit to not exceed 25% of total budgeted expenditures.	9.68%
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.	\$609

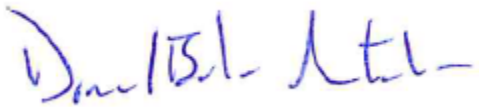
Awards and Acknowledgements

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 was 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,

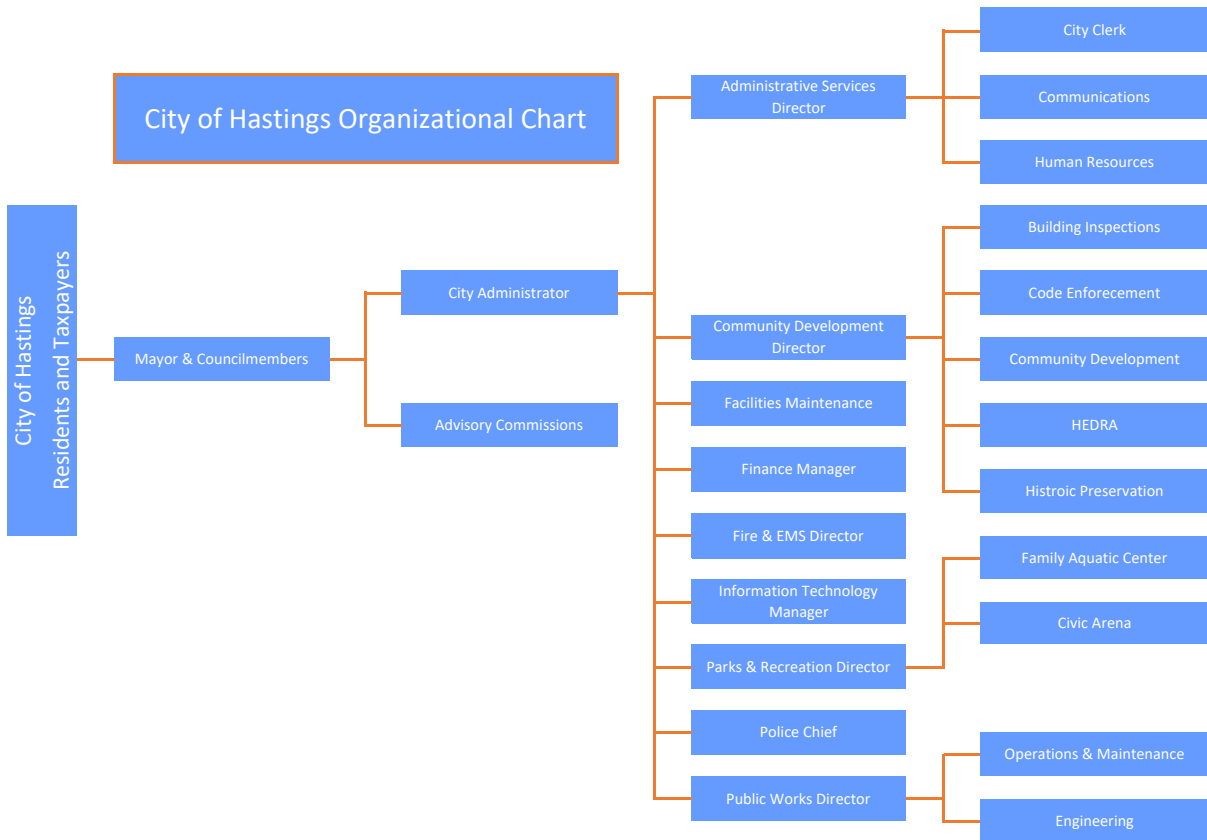


Dan Wietecha
City Administrator

**City of Hastings
Elected Officials and Administration
December 31, 2020**

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Mary Fasbender	Mayor	December 31, 2022
Tina Folch	1st Ward	December 31, 2024
Joe Balsanek	2nd Ward	December 31, 2020
Lisa Leifield	3rd Ward	December 31, 2024
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	Fire & EMS Director	
Chris Jenkins	Parks & Recreation Director	
Bryan Schafer	Police Chief	
Nick Egger	Public Works Director	
Chris Eitemiller	Finance Manager	

**City of Hastings
City and Departmental Organizational Chart
December 31,2020**





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, 2019

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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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, 2020, 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

The City of Hastings's 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund and the Fire and Ambulance Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

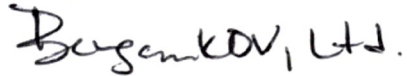
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hastings basic financial statements. The introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.



St. Cloud, Minnesota
May 24, 2021

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City of Hastings
Management's Discussion And Analysis
December 31, 2020

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, 2020. 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, 2020) by \$83,243,428 (*net position*). Of this amount, \$7,331,665 (*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 \$3,354,037. The primary factor was the pandemic. For example, spending restrictions were put in place to guard against decreased City revenues. All capital items were put on hold. In addition, other areas with seasonal expenditures, mostly in Parks, had greatly reduced expenditures as programming was cancelled.
- As of the close of the 2020 fiscal year, the City of Hastings governmental funds ending fund balances were \$20,618,151. Approximately 37.91% is restricted for special revenue-police activities, debt service, capital project programs, tax increment financing, escrow deposits and permanent trust fund—Leduc Historic Estate. Approximately 1.94% of the fund balance is non-spendable. Approximately 19.62% is committed by City Council for the following activities: special revenue funds-parks, police, aquatic, cable television, heritage preservation, fire & ambulance, and the arena. Assigned fund balance for capital projects results in 6.43% of the fund balance, the remaining 34.10% 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 \$7,940,056 or 51.8% of the total 2021 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 a 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.

**City of Hastings
Management's Discussion And Analysis
December 31, 2020**

Overview of the Financial Statements (Continued)

Government-wide financial statements (Continued). The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, health and sanitation, economic development 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 29-31 of this report.

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

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

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

**City of Hastings
Management's Discussion And Analysis
December 31, 2020**

Overview of the Financial Statements (Continued)

Governmental funds (Continued). The City maintains 19 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, road improvement construction and the downtown redevelopment tax increment financing fund, all of which are considered to be major funds. Data from the other 13 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* in the supplementary information section of this report.

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

The basic governmental fund financial statements can be found on pages 32-42 of this report.

Proprietary funds. The City of Hastings maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Hastings uses enterprise funds to account for its water, sewer, storm water, and hydro-electric operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Hastings' various functions. The City of Hastings uses internal service funds to account for its 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 three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* in the supplementary information section of this report.

The basic proprietary fund financial statements can be found on pages 43-45 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 48-49 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 51-92 of this report.

**City of Hastings
Management's Discussion And Analysis
December 31, 2020**

Government-Wide Financial Analysis (Continued)

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 94-157 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 \$83,243,428 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (80.2%) 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 <u>2019</u>	Governmental Activities <u>2020</u>	Business-type Activities <u>2019</u>	Business-type Activities <u>2020</u>	Total <u>2019</u>	Total <u>2020</u>
Current and other assets	\$ 24,341,776	\$ 26,565,216	\$ 7,753,247	\$ 8,771,555	\$ 32,095,023	\$ 35,336,771
Capital assets	60,282,434	60,267,900	28,403,199	29,130,188	88,685,633	89,398,088
Total assets	<u>84,624,210</u>	<u>86,833,116</u>	<u>36,156,446</u>	<u>37,901,743</u>	<u>120,780,656</u>	<u>124,734,859</u>
Total deferred outflows	<u>5,328,840</u>	<u>4,130,090</u>	<u>122,417</u>	<u>189,665</u>	<u>5,451,257</u>	<u>4,319,755</u>
Long-term liabilities outstanding	28,464,514	29,786,818	5,477,484	6,410,803	33,941,998	36,197,621
Other liabilities	4,527,097	4,457,415	576,022	654,710	5,103,119	5,112,125
Total liabilities	<u>32,991,611</u>	<u>34,244,233</u>	<u>6,053,506</u>	<u>7,065,513</u>	<u>39,045,117</u>	<u>41,309,746</u>
Total deferred inflows	<u>7,218,193</u>	<u>4,446,643</u>	<u>200,739</u>	<u>54,797</u>	<u>7,418,932</u>	<u>4,501,440</u>
Net Position						
Net Investment in capital assets	42,075,333	42,768,215	24,159,200	23,964,003	66,234,533	66,732,218
Restricted						
Police activities	40,432	59,697	-	-	40,432	59,697
Tax Increment	5,681	7,157	-	-	5,681	7,157
Debt service	8,169,524	7,182,012	-	-	8,169,524	7,182,012
Capital projects	509,082	630,709	-	-	509,082	630,709
Escrow	11,467	17,240	-	-	11,467	17,240
Permanent endowment						
LeDuc Historic Estate	1,246,991	1,282,730	-	-	1,246,991	1,282,730
Unrestricted	<u>(2,315,264)</u>	<u>324,570</u>	<u>5,865,418</u>	<u>7,007,095</u>	<u>3,550,154</u>	<u>7,331,665</u>
Total net position	<u><u>49,743,246</u></u>	<u><u>52,272,330</u></u>	<u><u>30,024,618</u></u>	<u><u>30,971,098</u></u>	<u><u>79,767,864</u></u>	<u><u>83,243,428</u></u>

**City of Hastings
Management's Discussion And Analysis
December 31, 2020**

Government-wide Financial Analysis (Continued)

City of Hastings' Net Position (Continued)

At the end of 2020, the City of Hastings had positive balances in the categories of net position 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 no longer negative due to positive results in several funds' operations.

Governmental activities. Governmental activities increased the City of Hastings' net position by \$2,407,557. The key element of this increase was spending restrictions, coupled with the federal CARES Act grant in response to the pandemic.

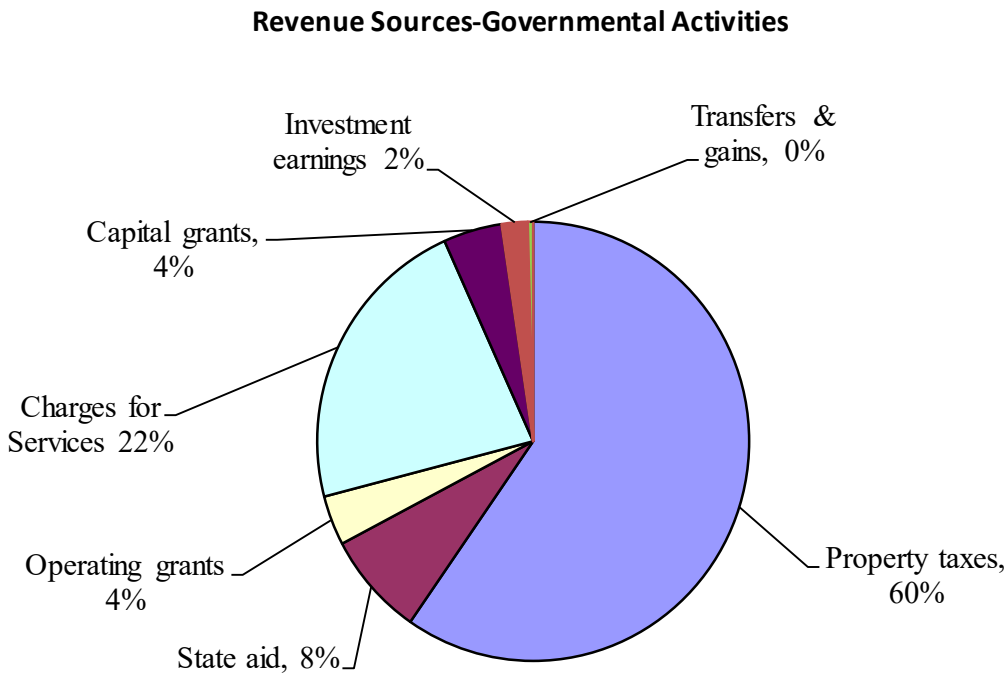
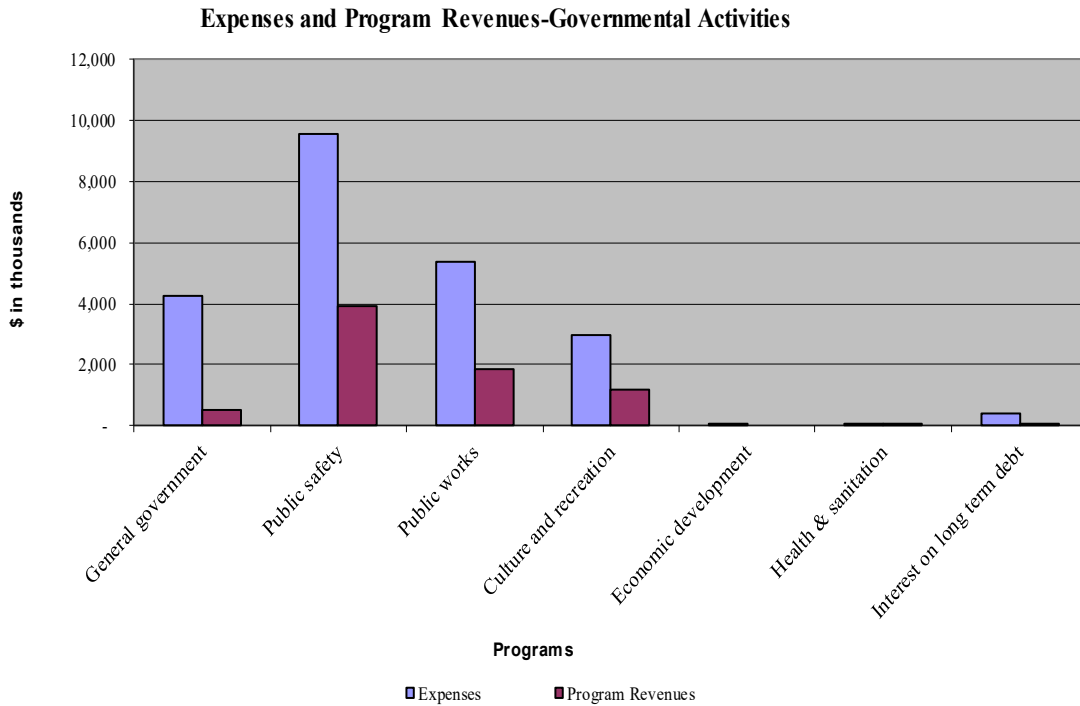
City of Hastings' Changes in Net Position

Revenues						
Program revenues						
Charges for services	\$ 6,057,765	\$ 5,585,985	\$ 6,293,336	\$ 6,368,753	\$ 12,351,101	\$ 11,954,738
Operating grants & contributions	1,117,166	918,951	-	1,888	1,117,166	920,839
Capital grants & contributions	1,763,381	1,098,098	49,281	102,567	1,812,662	1,200,665
General revenues:						
Property taxes	14,247,678	14,927,202	11,376	97	14,259,054	14,927,299
State aid	723,329	1,915,198	-	-	723,329	1,915,198
Other income (loss)	598,222	488,455	168,384	99,249	766,606	587,704
Total Revenues	<u>24,507,541</u>	<u>24,933,889</u>	<u>6,522,377</u>	<u>6,572,554</u>	<u>31,029,918</u>	<u>31,506,443</u>
Expenses						
General government	3,547,503	4,271,705	-	-	3,547,503	4,271,705
Public safety	9,382,761	9,580,764	-	-	9,382,761	9,580,764
Public works	5,885,948	5,355,622	-	-	5,885,948	5,355,622
Culture & recreation	3,506,415	2,944,205	-	-	3,506,415	2,944,205
Economic development	41,369	28,806	-	-	41,369	28,806
Health & sanitation	37,731	28,794	-	-	37,731	28,794
Interest on long-term debt	486,826	415,814	-	-	486,826	415,814
Water	-	-	2,197,954	1,975,443	2,197,954	1,975,443
Sewer	-	-	2,305,382	2,314,153	2,305,382	2,314,153
Storm	-	-	529,092	404,163	529,092	404,163
Hydro	-	-	578,351	832,937	578,351	832,937
Total Expenses	<u>22,888,553</u>	<u>22,625,710</u>	<u>5,610,779</u>	<u>5,526,696</u>	<u>28,499,332</u>	<u>28,152,406</u>
Change in net position before transfers and contributions	1,618,988	2,308,179	911,598	1,045,858	2,530,586	3,354,037
Transfers and contributions	<u>320,378</u>	<u>99,378</u>	<u>(320,378)</u>	<u>(99,378)</u>	<u>-</u>	<u>-</u>
Change in net position	1,939,366	2,407,557	591,220	946,480	2,530,586	3,354,037
Net position-January 1	47,803,714	49,743,246	29,433,398	30,024,618	77,237,112	79,767,864
Prior Period Adjustment	-	121,527	-	-	-	121,527
Change in Accounting Principal	166	-	-	-	166	-
Net position-December 31	<u>\$ 49,743,246</u>	<u>\$ 52,272,330</u>	<u>\$ 30,024,618</u>	<u>\$ 30,971,098</u>	<u>\$ 79,767,864</u>	<u>\$ 83,243,428</u>

On the following page are specific graphs, which provide comparisons of the governmental activities revenues and expenses:

**City of Hastings
Management's Discussion And Analysis
December 31, 2020**

Government-wide Financial Analysis (Continued)

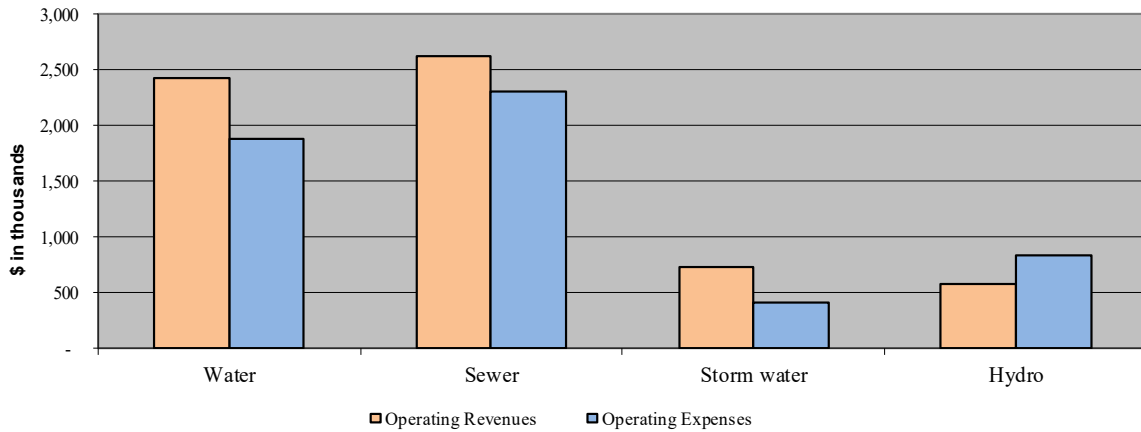


Business-type activities. On the following page are graphs showing the business-type activities revenue and expense comparisons.

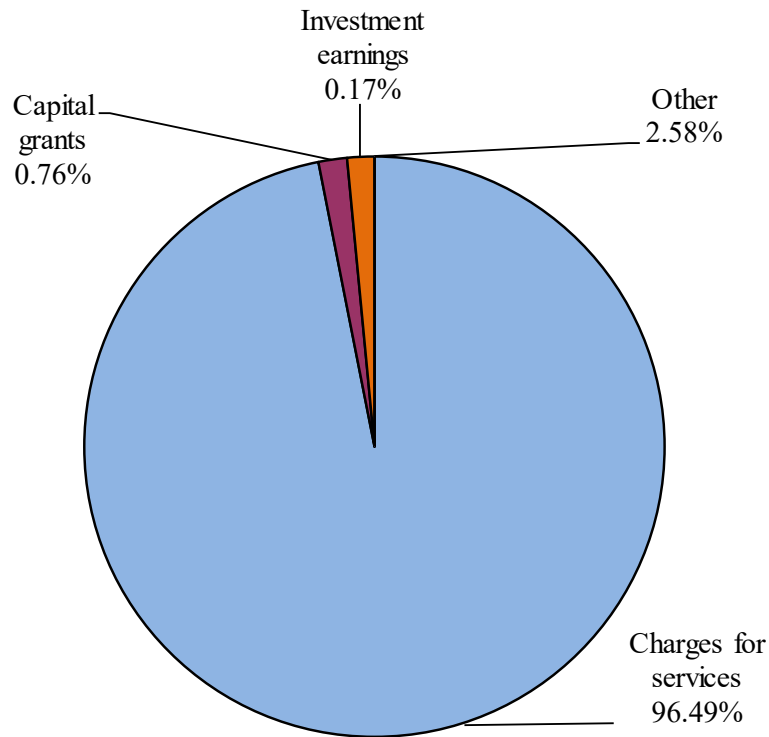
**City of Hastings
Management's Discussion And Analysis
December 31, 2020**

Government-wide Financial Analysis (Continued)

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.

City of Hastings
Management's Discussion And Analysis
December 31, 2020

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 \$20,618,151. Approximately 34.10% of this total amount or \$7,029,625 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 \$2,465,295. The fund balance change is primarily due to the effect of the following factors:

- The General fund balance increased by \$2,393,547 as a result of increased revenues and reduced spending. The increased revenue is primarily due to the federal CARES Act grant to assist with response to the pandemic. Several departments' spending was reduced due to restrictions put in place to guard against a potential economic downturn caused by the pandemic. There was also a prior period adjustment to account for an interfund loan approved in 2015 but not reflected in the financial statements until 2020.
- Fire and Ambulance fund's activity resulted in an increase of \$177,427. This is a result of a lower staff regular and overtime hours, and staff vacancies in 2020.
- Other Governmental Funds such as the Aquatic, Cable TV, Heritage Preservation, LeDuc, and Arena had a cumulative increase of \$457,974 with budgeted tax levies to many of these funds that were received are the reasons for this increase.
- Debt Service funds had a fund balance increase of \$110,962 due to a large amount of special assessment prepayments in 2020.
- Park Projects fund had a fund balance increase of \$119,964 due to restrictions on spending due to COVID-19 and reduced programming.
- Road improvement construction had a fund balance increase of \$51,360 due to bond proceeds for a road project that was not finished during the year.
- Downtown Redevelopment Tax Increment Financing had a fund balance decrease of \$845,939 due to the current and prior year effects of an interfund loan approved in 2015 but not reflected in the financial statements until 2020.

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 \$7,940,056.

The Fire and Ambulance special revenue fund has a total fund balance of \$1,484,942. 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 \$6,023,684, most of which is restricted for the payment of debt service.

**City of Hastings
Management's Discussion And Analysis
December 31, 2020**

Financial Analysis of the Government's Funds (Continued)

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 \$629,046.

The Road Improvement Construction capital project fund accounts for the annual road construction projects. The fund has a total fund balance of \$352,811.

The Downtown Redevelopment Tax Increment Financing Special capital project fund accounts for the Downtown tax increment financing district. The fund has a deficit fund balance of \$864,109.

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	\$ 3,315,499
Sewer	3,325,438
Storm	579,251
Hydro	(250,092)

The Water, Sewer and Stormwater fund's activities resulted in an increase in net position primarily due to an increase in utility rates. All utility funds had rate increases due to the 2019-2020 utility rate study that continues to be implemented. The Hydro fund's activities resulted in a decrease to net position due to repair and maintenance costs. Due to the Hydro plant's high maintenance expenses and stressed financial position, there were no revenue sharing transfers made to the General Fund.

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:

- Most departments were under budget because of spending restrictions put in place due to uncertainty created by the pandemic.

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

- CARES Act funding to respond to the pandemic accounted for \$1.3 million of the nearly \$1.5 million positive variance.
- Charges for services were over budget due to higher engineering fees collected for the 2020 Capital Projects.
- Building permit revenues were over budget due to increased construction work in 2020.

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

- Reduced profit sharing to the general fund from the Hydro-electric plant.
- Recognizing the general fund's share of the CARES Act funding.

Capital assets. The City of Hastings' investment in capital assets for its governmental and business-type activities as of December 31, 2020, amounts to \$89,398,088 (net of accumulated depreciation) an increase of \$712,455. 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, 2020**

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

	2019 Governmental Activities	2020 Governmental Activities	2019 Business- Type Activities	2020 Business- Type Activities	2019 Total	2020 Total
Land	\$ 3,690,160	\$ 3,690,160	\$ 349,300	\$ 349,300	\$ 4,039,460	\$ 4,039,460
Construction in Progress	117,233	633,992	-	44,563	117,233	678,555
Buildings	10,468,903	8,502,466	6,751,830	6,336,681	17,220,733	14,839,147
Improvement other than buildings	1,014,698	2,690,331	1,530,106	1,676,951	2,544,804	4,367,282
Machinery and Equipment	2,606,431	2,336,181	1,873,722	2,293,997	4,480,153	4,630,178
Infrastructure	<u>42,385,009</u>	<u>42,414,770</u>	<u>17,898,241</u>	<u>18,428,696</u>	<u>60,283,250</u>	<u>60,843,466</u>
 Total assets	 <u>\$ 60,282,434</u>	 <u>\$ 60,267,900</u>	 <u>\$ 28,403,199</u>	 <u>\$ 29,130,188</u>	 <u>\$ 88,685,633</u>	 <u>\$ 89,398,088</u>

Additional information on the City of Hastings's capital assets can be found in Note 4 on pages 63-65.

Long-term debt.

At the end of the current fiscal year, the City of Hastings had outstanding G.O. debt of \$6,685,000 comprises debt backed by the full faith and credit of the government and \$11,400,000 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 pages 66-71.

Economic Factors

In 2020, the City experienced higher levels of new construction than 2019. Meanwhile, residential remodels were lower and commercial remodels were higher than 2019. The overall increase in taxable market value of residential and commercial new construction was \$45.4 million which is \$3.7 million higher than 2019. The City experienced an increase of tax capacity of \$1,658,477 between pay year 2019 and pay year 2020.

Next Year's Budget

The 2021 budget included a levy increase of \$524,121. The City anticipates receiving \$891,583 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 2020 to 2021.

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, 2020**

Statement 1

Hastings
Economic
Development
and
Redevelopment
Authority

	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (including cash equivalents)	\$ 18,544,840	\$ 7,137,929	\$ 25,682,769	\$ 1,370,050
Cash with fiscal agent	881,597	-	881,597	-
Restricted cash	80,077	-	80,077	-
Receivables				
Accounts receivable	1,388,114	1,431,230	2,819,344	-
Interest receivable	39,613	25	39,638	3,111
Taxes receivable	1,756,862	147	1,757,009	43,489
Special assessments receivable	1,319,304	81,845	1,401,149	-
Loan receivable	-	-	-	229,603
Due from other governments	391,124	200	391,324	854,266
Inventories	67,838	-	67,838	-
Prepaid items	141,347	120,179	261,526	175
Assets held for resale	-	-	-	3,226,800
Capital assets not being depreciated				
Land	3,690,160	349,300	4,039,460	-
Construction in progress	633,992	44,563	678,555	-
Capital assets net of accumulated depreciation				
Buildings and structures	8,502,466	6,336,681	14,839,147	98,999
Machinery and equipment	2,336,181	2,293,997	4,630,178	-
Improvements other than buildings	2,690,331	1,676,951	4,367,282	-
Infrastructure	42,414,770	18,428,696	60,843,466	-
Net pension asset	1,954,500	-	1,954,500	-
Total assets	\$ 86,833,116	\$ 37,901,743	\$ 124,734,859	\$ 5,826,493
Deferred Outflows of Resources				
Deferred outflows of resources related to fire relief pensions	213,610	-	213,610	-
Deferred outflows of resources related to City pensions	3,006,083	83,377	3,089,460	12,243
Deferred outflows of resources related to OPEB	910,397	106,288	1,016,685	15,330
Total deferred outflows of resources	4,130,090	189,665	4,319,755	27,573
Total assets and deferred outflows of resources	\$ 90,963,206	\$ 38,091,408	\$ 129,054,614	\$ 5,854,066
Liabilities				
Accounts and contracts payable	\$ 597,864	\$ 175,804	\$ 773,668	\$ 3,228
Interest payable	211,099	56,155	267,254	-
Salaries and benefits payable	348,809	45,256	394,065	6,139
Due to other governments	44,502	13,891	58,393	844,239
Deposits payable	199,541	-	199,541	-
Unearned revenue	15,569	-	15,569	-
Bonds payable, net				
Payable within one year	2,955,000	350,000	3,305,000	-
Payable after one year	16,185,938	4,816,185	21,002,123	-
Compensated absences payable				
Payable within one year	85,031	13,604	98,635	-
Payable after one year	1,598,366	268,773	1,867,139	-
Payable after one year				
Net pension liability	8,201,884	878,281	9,080,165	128,961
Total other post employment benefits (OPEB) obligation	3,800,630	447,564	4,248,194	64,553
Total liabilities	34,244,233	7,065,513	41,309,746	1,047,120
Deferred Inflows of Resources				
Deferred inflows of resources related to fire relief pensions	482,692	-	482,692	-
Deferred inflows of resources related to City pensions	3,892,876	45,790	3,938,666	6,723
Deferred inflows of resources related to OPEB	71,075	9,007	80,082	913
Total deferred inflows of resources	4,446,643	54,797	4,501,440	7,636
Net Position				
Net investment in capital assets	42,768,215	23,964,003	66,732,218	98,999
Restricted for				
Debt service	7,182,012	-	7,182,012	-
Tax Increment	7,157	-	7,157	-
Capital projects	630,709	-	630,709	-
Escrow	17,240	-	17,240	-
Police activities	59,697	-	59,697	-
LeDuc Historic Estate - unexpendable	200,000	-	200,000	-
LeDuc Historic Estate - expendable	1,082,730	-	1,082,730	-
Unrestricted	324,570	7,007,095	7,331,665	4,700,311
Total net position	52,272,330	30,971,098	83,243,428	4,799,310
Total liabilities, deferred inflows of resources, and net position	\$ 90,963,206	\$ 38,091,408	\$ 129,054,614	\$ 5,854,066

See notes to financial statements.

**City of Hastings
Statement of Activities
Year Ended December 31, 2020**

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 4,271,705	\$ 522,460	\$ 14,856	\$ -
Public safety	9,580,764	3,420,090	505,892	-
Public works	5,355,622	778,863	292,870	790,450
Health and sanitation	28,794	-	28,316	-
Culture and recreation	2,944,205	779,387	77,017	307,648
Economic development	28,806	-	-	-
Interest and fiscal charges	415,814	85,185	-	-
Total governmental activities	<u>22,625,710</u>	<u>5,585,985</u>	<u>918,951</u>	<u>1,098,098</u>
Business-type activities				
Water	1,975,443	2,445,497	1,129	53,680
Sewer	2,314,153	2,615,539	208	48,887
Storm	404,163	729,711	242	-
Hydro	832,937	578,006	309	-
Total business-type activities	<u>5,526,696</u>	<u>6,368,753</u>	<u>1,888</u>	<u>102,567</u>
Total governmental and business-type activities	<u>\$ 28,152,406</u>	<u>\$ 11,954,738</u>	<u>\$ 920,839</u>	<u>\$ 1,200,665</u>
Component unit				
Hastings Economic Development Redevelopment Authority	<u>\$ 1,275,716</u>	<u>\$ 60,084</u>	<u>\$ 685,061</u>	<u>\$ -</u>
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				
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
\$ (3,734,389)	\$ -	\$ (3,734,389)	\$ -
(5,654,782)	-	(5,654,782)	-
(3,493,439)	-	(3,493,439)	-
(478)	-	(478)	-
(1,780,153)	-	(1,780,153)	-
(28,806)	-	(28,806)	-
(330,629)	-	(330,629)	-
<u>(15,022,676)</u>	<u>-</u>	<u>(15,022,676)</u>	<u>-</u>
-	524,863	524,863	-
-	350,481	350,481	-
-	325,790	325,790	-
-	(254,622)	(254,622)	-
<u>-</u>	<u>946,512</u>	<u>946,512</u>	<u>-</u>
<u>\$ (15,022,676)</u>	<u>\$ 946,512</u>	<u>\$ (14,076,164)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (530,571)</u>
14,925,229	97	14,925,326	374,344
1,973	-	1,973	-
1,915,198	-	1,915,198	-
454,753	99,249	554,002	25,419
33,702	-	33,702	-
99,378	(99,378)	-	-
<u>17,430,233</u>	<u>(32)</u>	<u>17,430,201</u>	<u>399,763</u>
2,407,557	946,480	3,354,037	(130,808)
49,743,246	30,024,618	79,767,864	4,930,118
121,527	-	121,527	-
<u>49,864,773</u>	<u>30,024,618</u>	<u>79,889,391</u>	<u>4,930,118</u>
<u>\$ 52,272,330</u>	<u>\$ 30,971,098</u>	<u>\$ 83,243,428</u>	<u>\$ 4,799,310</u>

City of Hastings
Balance Sheet - Governmental Funds
December 31, 2020

		Special Revenue	Debt Service
	General Fund (101, 220, 221, 223)	Fire and Ambulance (213)	Debt Service
Assets			
Cash and investments	\$ 6,738,903	\$ 465,597	\$ 5,737,358
Cash with fiscal agent	-	-	-
Restricted cash	80,077	-	-
Interest receivable	14,090	1,112	12,663
Due from other governments	22,083	790	4,690
Accounts receivable	164,408	1,050,950	-
Due from other funds	-	-	-
Property taxes receivable	941,233	160,542	318,459
Special assessments receivable	-	-	1,319,304
Advances to other funds	844,239	-	-
Inventory	64,084	-	-
Prepaid items	108,555	19,082	3,042
	\$ 8,977,672	\$ 1,698,073	\$ 7,395,516
Liabilities			
Accounts payable	\$ 254,454	\$ 79,118	\$ 2,546
Due to other governments	33,003	8,724	-
Deposits payable	-	-	-
Salaries and benefits payable	218,028	97,675	-
Due to other funds	-	-	-
Advances from other funds	-	-	-
Unearned revenues	15,569	-	-
Interest payable	-	-	-
Total liabilities	521,054	185,517	2,546
Deferred Inflows of Resources			
Unavailable revenue - taxes and assessments	152,366	27,614	1,369,286
Fund Balances			
Nonspendable			
Prepaid items	108,555	19,082	3,042
Inventories	64,084	-	-
Permanent Endowment-Leduc Historic Estate	-	-	-
Restricted			
Police activities	13,384	-	-
Debt service	-	-	6,020,783
Capital projects	-	-	-
Tax increment financing	-	-	-
Leduc Historic Estate	178,173	-	-
Escrow	-	-	-
Committed			
Park Maintenance	-	-	-
Aquatic operations	-	-	-
Cable TV activities	-	-	-
Heritage preservation activities	-	-	-
Fire and ambulance activities	-	1,465,860	-
Arena activities	-	-	-
Assigned			
Capital	-	-	-
Unassigned	7,940,056	-	(141)
Total fund balances	8,304,252	1,484,942	6,023,684
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,977,672	\$ 1,698,073	\$ 7,395,516

See notes to financial statements.

Statement 3

Capital Projects				
Park Projects (401)	Road Improvement Construction (470-481)	Downtown Redevelopment Tax Increment Financing (409)	Other Governmental Funds	Total Governmental Funds
\$ 336,648	\$ 229,715	\$ -	\$ 3,896,680	\$ 17,404,901
-	-	-	881,597	881,597
-	-	-	-	80,077
695	1,229	-	8,194	37,983
247,848	92,300	-	8,557	376,268
35,000	-	-	137,756	1,388,114
-	66,051	-	-	66,051
17,626	25,906	-	258,106	1,721,872
-	-	-	-	1,319,304
-	-	-	-	844,239
-	-	-	3,754	67,838
-	-	-	2,141	132,820
<u>\$ 637,817</u>	<u>\$ 415,201</u>	<u>\$ -</u>	<u>\$ 5,196,785</u>	<u>\$ 24,321,064</u>
\$ 7,108	\$ 57,945	\$ -	\$ 189,097	\$ 590,268
-	2,000	-	775	44,502
-	-	-	199,541	199,541
-	-	-	33,106	348,809
-	-	19,870	46,181	66,051
-	-	844,239	-	844,239
-	-	-	-	15,569
-	-	-	-	-
<u>7,108</u>	<u>59,945</u>	<u>864,109</u>	<u>468,700</u>	<u>2,108,979</u>
<u>1,663</u>	<u>2,445</u>	<u>-</u>	<u>40,560</u>	<u>1,593,934</u>
-	-	-	2,141	132,820
-	-	-	3,754	67,838
-	-	-	200,000	200,000
-	-	-	46,285	59,669
-	-	-	-	6,020,783
629,046	-	-	-	629,046
-	-	-	7,157	7,157
-	-	-	904,557	1,082,730
-	-	-	17,240	17,240
-	-	-	1,357,981	1,357,981
-	-	-	406,776	406,776
-	-	-	156,073	156,073
-	-	-	108,400	108,400
-	-	-	-	1,465,860
-	-	-	550,064	550,064
-	352,811	-	973,278	1,326,089
-	-	(864,109)	(46,181)	7,029,625
<u>629,046</u>	<u>352,811</u>	<u>(864,109)</u>	<u>4,687,525</u>	<u>20,618,151</u>
<u>\$ 637,817</u>	<u>\$ 415,201</u>	<u>\$ -</u>	<u>\$ 5,196,785</u>	<u>\$ 24,321,064</u>

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City of Hastings
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
December 31, 2020

Statement 4

Total fund balances - governmental funds	\$ 20,618,151
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	150,170,287
Less accumulated depreciation	(90,459,537)
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	(18,085,000)
Unamortized bond premium and discount	(1,055,938)
Net pension liability	(8,201,884)
Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds.	
Taxes and special assessments	1,593,934
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	(482,692)
Deferred inflows of resources related to city pensions	(3,892,876)
Deferred outflows of resources related to fire relief pensions	213,610
Deferred outflows of resources related to city pensions	3,006,083
The Fire Relief Association net pension asset created through contributions to a defined benefit pension plan which is not recognized in the governmental funds.	
	1,954,500
Governmental funds do not report a liability for accrued interest due and payable.	
	(211,099)
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>(2,895,209)</u>
Total net position - governmental activities	<u>\$ 52,272,330</u>

City of Hastings
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2020

	General Fund (101, 220, 221, 223)	Special Revenue Fire and Ambulance (213)	Debt Service
Revenues			
General property taxes	\$ 8,219,091	\$ 1,361,950	\$ 2,310,976
Miscellaneous taxes	1,973	-	-
Licenses and permits	468,688	-	-
Intergovernmental	2,776,050	313,373	-
Special assessments	-	-	1,025,473
Charges for services	1,200,031	2,456,134	85,185
Fines and forfeitures	72,131	-	-
Investment income	120,359	171	106,066
Contributions and donations	1,980	5,550	-
Miscellaneous	16,427	-	-
Total revenues	<u>12,876,730</u>	<u>4,137,178</u>	<u>3,527,700</u>
Expenditures			
Current			
General government	2,971,879	-	-
Public safety	5,684,371	3,834,093	-
Public works	1,520,193	-	-
Health and sanitation	28,794	-	-
Culture and recreation	141,769	-	-
Economic development	-	-	-
Debt service			
Principal	-	-	3,100,000
Interest and fiscal charges	-	-	525,188
Capital outlay			
General government	68,891	-	-
Public safety	50,041	36,878	-
Public works	508,904	-	-
Culture and recreation	-	-	-
Total expenditures	<u>10,974,842</u>	<u>3,870,971</u>	<u>3,625,188</u>
Excess of revenues over (under) expenditures	1,901,888	266,207	(97,488)
Other Financing Sources (Uses)			
Proceeds from sale of capital asset	13,835	10,939	-
Bonds issued	-	-	-
Premium on bonds issued	-	-	-
Insurance recovery	-	1,843	-
Transfers in	267,035	-	208,450
Transfers out	(425,000)	(101,562)	-
Total other financing sources (uses)	<u>(144,130)</u>	<u>(88,780)</u>	<u>208,450</u>
Net change in fund balances	1,757,758	177,427	110,962
Fund Balances			
Beginning of year	5,910,705	1,307,515	5,912,722
Prior period adjustment (Note 14)	635,789	-	-
Beginning of year, restated	<u>6,546,494</u>	<u>1,307,515</u>	<u>5,912,722</u>
End of year	<u>\$ 8,304,252</u>	<u>\$ 1,484,942</u>	<u>\$ 6,023,684</u>

See notes to financial statements.

Statement 5

Capital Projects				
Park Projects (401)	Road Improvement Construction (470-481)	Downtown Redevelopment Tax Increment Financing (409)	Other Governmental Funds	Total Governmental Funds
\$ 168,698	\$ 247,934	\$ -	\$ 2,278,422	\$ 14,587,071
-	-	-	-	1,973
-	-	-	-	468,688
287,848	750,000	-	12,717	4,139,988
-	-	-	-	1,025,473
-	185,065	-	778,563	4,704,978
-	-	-	265	72,396
9,992	17,470	-	175,782	429,840
-	-	-	30,511	38,041
-	-	-	20,814	37,241
<u>466,538</u>	<u>1,200,469</u>	<u>-</u>	<u>3,297,074</u>	<u>25,505,689</u>
-	-	-	-	2,971,879
-	-	-	3,248	9,521,712
-	-	-	-	1,520,193
-	-	-	-	28,794
73,899	-	-	2,501,219	2,716,887
-	-	1,700	27,106	28,806
-	-	-	-	3,100,000
-	35,882	-	1,275	562,345
-	-	-	-	68,891
-	-	-	-	86,919
-	3,460,245	-	-	3,969,149
372,675.00	-	-	170,943	543,618
<u>446,574</u>	<u>3,496,127</u>	<u>1,700</u>	<u>2,703,791</u>	<u>25,119,193</u>
19,964	(2,295,658)	(1,700)	593,283	386,496
-	-	-	5,786	30,560
-	2,045,000	-	-	2,045,000
-	302,018	-	-	302,018
-	-	-	-	1,843
100,000	-	-	50,000	625,485
-	-	(208,450)	(191,095)	(926,107)
<u>100,000</u>	<u>2,347,018</u>	<u>(208,450)</u>	<u>(135,309)</u>	<u>2,078,799</u>
119,964	51,360	(210,150)	457,974	2,465,295
509,082	301,451	(18,170)	4,229,551	18,152,856
-	-	(635,789)	-	-
<u>509,082</u>	<u>301,451</u>	<u>(653,959)</u>	<u>4,229,551</u>	<u>18,152,856</u>
<u>\$ 629,046</u>	<u>\$ 352,811</u>	<u>\$ (864,109)</u>	<u>\$ 4,687,525</u>	<u>\$ 20,618,151</u>

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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, 2020

Statement 6

Net change in fund balances - governmental funds \$ 2,465,295

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	4,628,152
Depreciation expense	(4,992,829)

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	227,519
-----------------	---------

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	3,100,000
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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.

(173,724)

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.

18,237

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.

(2,045,000)

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	(1,091,024)
-----------------------	-------------

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.

270,931

Change in net position - governmental activities \$ 2,407,557

City of Hastings
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended December 31, 2020

Statement 7

	2020			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
General property taxes	\$ 7,957,407	\$ 7,957,407	\$ 8,219,091	\$ 261,684
Lodging taxes	3,255	3,255	1,973	(1,282)
Special assessments	1,000	1,000	-	(1,000)
Licenses and permits	490,250	490,250	468,688	(21,562)
Intergovernmental revenues	1,548,234	1,548,234	2,776,050	1,227,816
Charges for services	756,115	756,115	1,200,031	443,916
Fines and forfeitures	120,500	120,500	72,131	(48,369)
Investment income	49,500	49,500	120,359	70,859
Contributions and donations	-	1,980	1,980	-
Other revenues	57,000	57,000	16,427	(40,573)
Total revenues	<u>10,983,261</u>	<u>10,985,241</u>	<u>12,876,730</u>	<u>1,891,489</u>
Expenditures				
General Government	\$ 3,064,088	\$ 3,084,088	2,971,879	(112,209)
Public safety	5,654,714	5,675,296	5,684,371	9,075
Public works	1,767,875	1,805,115	1,520,193	(284,922)
Health and sanitation	40,050	40,100	28,794	(11,306)
Culture and recreation	157,156	157,156	141,769	(15,387)
Capital outlay	386,699	422,993	627,836	204,843
Total expenditures	<u>11,070,582</u>	<u>11,184,748</u>	<u>10,974,842</u>	<u>(209,906)</u>
Excess of revenues over (under) expenditures	(87,321)	(199,507)	1,901,888	2,101,395
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	13,835	13,835
Transfers in	493,466	493,466	267,035	(226,431)
Transfers out	(425,631)	(425,631)	(425,000)	631
Total other financing sources (uses)	<u>67,835</u>	<u>67,835</u>	<u>(144,130)</u>	<u>(211,965)</u>
Net change in fund balances	<u>\$ (19,486)</u>	<u>\$ (131,672)</u>	<u>1,757,758</u>	<u>\$ 1,889,430</u>
Fund Balances				
Beginning of year			5,910,705	
Prior period adjustment (Note 14)			635,789	
Beginning of year, restated			<u>6,546,494</u>	
End of year			<u>\$ 8,304,252</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, 2020

Statement 8

	2020			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Property taxes	\$ 1,356,924	\$ 1,356,924	\$ 1,361,950	\$ 5,026
Intergovernmental	177,000	177,000	313,373	136,373
Charges for services	2,870,150	2,870,150	2,456,134	(414,016)
Investment income	2,000	2,000	171	(1,829)
Contributions and donations	-	5,300	5,550	250
Total revenues	<u>4,406,074</u>	<u>4,411,374</u>	<u>4,137,178</u>	<u>(274,196)</u>
Expenditures				
Current				
Public safety	4,279,512	4,281,113	3,834,093	(447,020)
Capital outlay				
Public safety	25,000	30,000	36,878	6,878
Total expenditures	<u>4,304,512</u>	<u>4,311,113</u>	<u>3,870,971</u>	<u>(440,142)</u>
Excess of revenues over expenditures	101,562	100,261	266,207	165,946
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	-	10,939	10,939
Insurance recoveries	-	-	1,843	1,843
Transfers out	(101,562)	(101,562)	(101,562)	-
Total other financing sources (uses)	<u>(101,562)</u>	<u>(101,562)</u>	<u>(88,780)</u>	<u>12,782</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,301)</u>	177,427	<u>\$ 178,728</u>
Fund Balance				
Beginning of year			<u>1,307,515</u>	
End of year			<u>\$ 1,484,942</u>	

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City of Hastings
Statement of Net Position - Proprietary Funds
December 31, 2020

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	\$ 3,557,384	\$ 2,676,785	\$ 800,737	\$ 66,504	\$ 7,101,410	\$ 1,176,458
Taxes receivable	-	-	-	-	-	35,137
Interest receivable	-	-	-	-	-	1,655
Due from other governments	-	-	-	200	200	14,856
Accounts receivable - net	510,677	665,580	196,098	58,875	1,431,230	-
Special assessments receivable						
Deferred	63,478	18,065	302	-	81,845	-
Prepaid items	970	117,897	308	31	119,206	9,500
Total current assets	<u>4,132,509</u>	<u>3,478,327</u>	<u>997,445</u>	<u>125,610</u>	<u>8,733,891</u>	<u>1,237,606</u>
Noncurrent assets						
Advances to other funds	-	300,000	-	-	300,000	-
Capital assets, not being depreciated						
Land and construction in progress	393,863	-	-	-	393,863	-
Capital assets, being depreciated						
Buildings	8,046,482	144,798	-	6,831,566	15,022,846	-
Infrastructure	21,808,940	18,782,328	97,373	-	40,688,641	-
Machinery and equipment	2,455,767	868,408	391,560	3,695,929	7,411,664	666,730
Improvements other than buildings	3,988,479	-	-	-	3,988,479	-
Total capital assets	36,693,531	19,795,534	488,933	10,527,495	67,505,493	666,730
Less: accumulated depreciation	(19,245,460)	(11,002,279)	(157,010)	(7,970,556)	(38,375,305)	(109,580)
Net capital assets	<u>17,448,071</u>	<u>8,793,255</u>	<u>331,923</u>	<u>2,556,939</u>	<u>29,130,188</u>	<u>557,150</u>
Total noncurrent assets	<u>17,448,071</u>	<u>9,093,255</u>	<u>331,923</u>	<u>2,556,939</u>	<u>29,430,188</u>	<u>557,150</u>
Total assets	<u>21,580,580</u>	<u>12,571,582</u>	<u>1,329,368</u>	<u>2,682,549</u>	<u>38,164,079</u>	<u>1,794,756</u>
Deferred Outflows of Resources						
Deferred outflows of resources related to pensions	32,905	23,911	23,159	3,402	83,377	-
Deferred outflows of resources related to OPEB	41,902	30,660	29,638	4,088	106,288	910,397
Total deferred outflows of resources	<u>74,807</u>	<u>54,571</u>	<u>52,797</u>	<u>7,490</u>	<u>189,665</u>	<u>910,397</u>
Total assets and deferred outflows of resources	<u>\$ 21,655,387</u>	<u>\$ 12,626,153</u>	<u>\$ 1,382,165</u>	<u>\$ 2,690,039</u>	<u>\$ 38,353,744</u>	<u>\$ 2,705,153</u>
Liabilities						
Current liabilities						
Accounts payable	\$ 152,599	\$ 6,153	\$ 3,645	\$ 12,742	175,139	\$ 8,261
Due to other governments	13,535	-	-	356	13,891	-
Interest payable	45,972	10,183	-	-	56,155	-
Salaries payable	18,099	13,121	12,092	1,944	45,256	-
Compensated absences	4,717	3,591	4,711	585	13,604	85,031
Bonds payable - current portion	310,000	40,000	-	-	350,000	-
Total current liabilities	<u>544,922</u>	<u>73,048</u>	<u>20,448</u>	<u>15,627</u>	<u>654,045</u>	<u>93,292</u>
Noncurrent liabilities						
Advances from other funds	-	-	-	300,000	300,000	-
Compensated absences	116,874	81,169	71,433	12,901	282,377	1,683,397
Bonds payable, net	4,201,176	965,009	-	-	5,166,185	-
Total OPEB obligation	176,443	129,106	124,801	17,214	447,564	3,800,630
Net pension liability	346,613	251,878	243,949	35,841	878,281	-
Less amount due within one year	(314,717)	(43,591)	(4,711)	(585)	(363,604)	(85,031)
Total noncurrent liabilities	<u>4,526,389</u>	<u>1,383,571</u>	<u>435,472</u>	<u>365,371</u>	<u>6,710,803</u>	<u>5,398,996</u>
Total liabilities	<u>5,071,311</u>	<u>1,456,619</u>	<u>455,920</u>	<u>380,998</u>	<u>7,364,848</u>	<u>5,492,288</u>
Deferred Inflows of Resources						
Deferred inflows of resources related to pensions	18,071	13,132	12,718	1,869	45,790	-
Deferred inflows of resources related to OPEB	3,611	2,718	2,353	325	9,007	71,075
Total deferred inflows of resources	<u>21,682</u>	<u>15,850</u>	<u>15,071</u>	<u>2,194</u>	<u>54,797</u>	<u>71,075</u>
Net Position						
Net investment in capital assets	13,246,895	7,828,246	331,923	2,556,939	23,964,003	557,150
Unrestricted	3,315,499	3,325,438	579,251	(250,092)	6,970,096	(3,415,360)
Total net position	<u>16,562,394</u>	<u>11,153,684</u>	<u>911,174</u>	<u>2,306,847</u>	<u>30,934,099</u>	<u>(2,858,210)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 21,655,387</u>	<u>\$ 12,626,153</u>	<u>\$ 1,382,165</u>	<u>\$ 2,690,039</u>	<u>\$ 38,353,744</u>	<u>\$ 2,705,153</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					36,999	
Total business-type activities net position					<u>\$ 30,971,098</u>	

See notes to financial statements.

City of Hastings
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended December 31, 2020

Statement 10

	Business-Type Activities Enterprise Funds				Business-Type Activities Enterprise Funds	Governmental Activities - Internal Service Funds
	Water (600)	Sewer (601)	Storm (603)	Hydro (620)	Total	
Operating revenues						
Charges for services	\$ 2,415,997	\$ 2,612,847	\$ 727,957	\$ 577,617	\$ 6,334,418	\$ 938,913
Operating expenses						
Personnel services	441,400	302,448	318,094	47,492	1,109,434	643,520
Supplies	92,721	3,713	2,943	455	99,832	-
Professional services	504,755	124,012	52,248	617,604	1,298,619	686,184
Metro waste control charge	-	1,412,931	-	-	1,412,931	-
Depreciation	843,051	449,649	31,878	167,608	1,492,186	74,053
Miscellaneous	-	-	-	-	-	2,074
Total operating expenses	<u>1,881,927</u>	<u>2,292,753</u>	<u>405,163</u>	<u>833,159</u>	<u>5,413,002</u>	<u>1,405,831</u>
Operating income (loss)	534,070	320,094	322,794	(255,542)	921,416	(466,918)
Nonoperating revenues (expenses)						
Investment income	61,342	19,441	13,507	4,739	99,029	25,133
Special assessments	27,287	-	-	-	27,287	-
Intergovernmental	1,129	208	242	309	1,888	14,856
Gain (loss) on disposal of capital assets	(1,150)	-	-	-	(1,150)	3,500
Property taxes	-	-	-	-	-	303,292
Interest expense	(91,175)	(22,936)	-	-	(114,111)	-
Total nonoperating revenues (expenses)	<u>(2,567)</u>	<u>(3,287)</u>	<u>13,749</u>	<u>5,048</u>	<u>12,943</u>	<u>346,781</u>
Income (loss) before transfers	531,503	316,807	336,543	(250,494)	934,359	(120,137)
Capital contributions from developers	53,680	48,887	-	-	102,567	-
Transfers in	-	-	-	-	-	400,000
Transfers out	<u>(33,805)</u>	<u>(32,429)</u>	<u>(7,526)</u>	<u>(25,618)</u>	<u>(99,378)</u>	<u>-</u>
Change in net position	551,378	333,265	329,017	(276,112)	937,548	279,863
Net position						
Beginning 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>
End of year	<u>\$ 16,562,394</u>	<u>\$ 11,153,684</u>	<u>\$ 911,174</u>	<u>\$ 2,306,847</u>		<u>\$ (2,858,210)</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>8,932</u>
Change in net position- business-type activities	<u>\$ 946,480</u>

City of Hastings
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2020

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	\$ 2,374,874	\$ 2,595,644	\$ 716,546	\$ 626,654	\$ 6,313,718	\$ -
Interfund services provided and used	-	-	-	-	-	938,913
Payments to suppliers for goods and services	(491,794)	(1,544,672)	(67,664)	(635,967)	(2,740,097)	(717,436)
Payments to employees for services	(521,052)	(372,274)	(364,634)	(52,393)	(1,310,353)	(511,759)
Net cash flows - operating activities	<u>1,362,028</u>	<u>678,698</u>	<u>284,248</u>	<u>(61,706)</u>	<u>2,263,268</u>	<u>(290,282)</u>
Cash Flows - Noncapital Financing Activities						
Property taxes	-	-	-	-	-	294,045
Special assessments	15,742	14,096	-	-	29,838	-
Intergovernmental receipts	1,129	208	242	309	1,888	7,858
Transfer to other funds	(33,805)	(32,429)	(7,526)	(25,618)	(99,378)	-
Transfer from other funds	-	-	-	-	-	400,000
Net cash flows - noncapital financing activities	<u>(16,934)</u>	<u>(18,125)</u>	<u>(7,284)</u>	<u>(25,309)</u>	<u>(67,652)</u>	<u>701,903</u>
Cash Flows - Capital and Related Financing Activities						
Principal paid on debt	(310,000)	(40,000)	-	-	(350,000)	-
Interest paid on debt	(113,234)	(23,957)	-	-	(137,191)	-
Bond proceeds	665,000	470,000	-	-	1,135,000	-
Bond premium issued	97,792	69,196	-	-	166,988	-
Acquisition of capital assets	(1,525,585)	(596,763)	-	-	(2,122,348)	(302,669)
Proceeds from disposal of capital assets	4,590	-	-	-	4,590	3,500
Net cash flows - capital and related financing activities	<u>(1,181,437)</u>	<u>(121,524)</u>	<u>-</u>	<u>-</u>	<u>(1,302,961)</u>	<u>(299,169)</u>
Cash Flows - Investing Activities						
Investment income	65,828	20,973	14,186	5,403	106,390	26,607
Net change in cash and cash equivalents	229,485	560,022	291,150	(81,612)	999,045	139,059
Cash and Cash Equivalents						
January 1	3,327,899	2,116,763	509,587	148,116	6,102,365	1,037,399
December 31	<u>\$ 3,557,384</u>	<u>\$ 2,676,785</u>	<u>\$ 800,737</u>	<u>\$ 66,504</u>	<u>\$ 7,101,410</u>	<u>\$ 1,176,458</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities						
Operating income (loss)	\$ 534,070	\$ 320,094	\$ 322,794	\$ (255,542)	\$ 921,416	\$ (466,918)
Adjustments to reconcile operating income (loss) to net cash flows - operating activities						
Depreciation	843,051	449,649	31,878	167,608	1,492,186	74,053
Pension expense	(74,129)	(63,325)	(49,523)	(5,472)	(192,449)	-
Accounts receivable	(41,123)	(17,203)	(11,411)	49,037	(20,700)	-
Prepaid items	(293)	(39)	(136)	(10)	(478)	-
Accounts payable	105,452	(3,977)	(12,337)	(18,134)	71,004	(5,802)
Salaries payable	3,799	2,400	2,183	555	8,937	-
Due to other governments	523	-	-	236	759	-
OPEB obligation	(8,189)	(7,742)	(1,179)	(162)	(17,272)	(23,376)
Compensated absences payable	(1,133)	(1,159)	1,979	178	(135)	131,761
Total adjustments	<u>827,958</u>	<u>358,604</u>	<u>(38,546)</u>	<u>193,836</u>	<u>1,341,852</u>	<u>176,636</u>
Net cash flows - operating activities	<u>\$ 1,362,028</u>	<u>\$ 678,698</u>	<u>\$ 284,248</u>	<u>\$ (61,706)</u>	<u>\$ 2,263,268</u>	<u>\$ (290,282)</u>
Noncash Capital and Related Financing Activities						
Capital contributions	<u>\$ 53,680</u>	<u>\$ 48,887</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,567</u>	<u>\$ -</u>

See notes to financial statements.

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TRUST FUNDS

City of Hastings
Statement of Fiduciary Net Position
December 31, 2020

Statement 12

Library
Private-Purpose
Trust Fund

Assets

Cash and investments
Accounts receivable

\$ 97,937
176

Total assets

\$ 98,113

Net Position

Held in trust for library

\$ 98,113

City of Hastings
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2020

Statement 13

	Library Private- Purpose Trust Fund
Additions	
Investment earnings	\$ 2,626
Change in net position	2,626
Beginning net position	95,487
Ending net position	\$ 98,113

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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 – This 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 – This 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 – This 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.

Downtown Redevelopment Tax Increment Financing - This fund accounts for the activities the Downtown Redevelopment Tax Increment Financing District.

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 – This fund accounts 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 – This 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 – This 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.

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)**

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

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

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

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

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

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

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

2. Receivables

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

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

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

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

All trade and accounts receivable are shown net of allowance for uncollectible accounts which is determined by analysis of historical collection trends. The allowance for ambulance receivable is equal to 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.

City of Hastings
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Deferred Outflows/Inflows of Resources (Continued)

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.

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, 2020.

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

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

Assigned – These funds consists of internally imposed constraints. These constraints are established by 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 – This 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 35% - 45% of the subsequent year's budgeted expenditures. Any unassigned surplus exceeding 45% upon the completion of the previous year's audit, will be available for the City Council to transfer to a capital project fund, or other special reservation made for those funds.

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.

F. Endowment

On April 27, 1987, the City was a recipient of a \$200,000 endowment for the LeDuc Historic Estate. The net appreciation on the endowment as of December 31, 2020 was \$1,082,730. Both the initial endowment of \$200,000 and the net appreciation of \$1,082,730 are classified as restricted in the Statement of Net Position. The net appreciation is allowed to be spent for the preservation, repair, and operating needs of the LeDuc Historic Estate.

City of Hastings
Notes to Financial Statements

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, Budget Stabilization, City Hall Remodel, and the Road Improvement Capital Projects Funds, which adopt project-length budgets, Guardian Angels 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.

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 2020. Several of the budgets changed in total as a result of the Council approved appropriations.

B. Deficit Fund Equity

The Downtown Redevelopment TIF had a deficit of \$864,109, an increase of \$845,939 from 2019. A large part of this increase was due to the City recording a prior period adjustment related to an interfund loan approved in 2015 but not reflected in the City's financial statements until 2020. 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.

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, 2020, the City was not exposed to custodial credit risk because deposits were fully insured and collateralized. As of December 31, 2020, the City has the following deposits:

Checking	\$ 1,085,540
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City of Hastings
Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

As of December 31, 2020, 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						
Taxable Municipals	A1/A	\$ 1,535,814	\$ 507,395	\$ 1,028,419	\$ -	\$ -
Brokered Certificates of Deposit	NR	7,790,583	1,939,632	5,604,501	246,450	-
External Investment Pool - 4M Fund	NR	10,376,766	10,376,766	-	-	-
Money Market	NR	6,440,250	6,440,250	-	-	-
Total Pooled Investments		<u>26,143,413</u>	<u>19,264,043</u>	<u>6,632,920</u>	<u>246,450</u>	<u>-</u>
Non-Pooled Investments						
Brokered Cash	N/A	14,932	14,932	-	-	-
Equity	N/A	560,556	560,556	-	-	-
Fixed Income Securities	N/A	281,049	281,049	-	-	-
Real Estate	N/A	25,060	25,060	-	-	-
Total Non-Pooled Investments		<u>881,597</u>	<u>881,597</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total		<u>\$ 27,025,010</u>	<u>\$ 20,145,640</u>	<u>\$ 6,632,920</u>	<u>\$ 246,450</u>	<u>\$ -</u>

The City has the following recurring fair value measurements as of December 31, 2020:

- \$8,351,140 of \$27,025,010 are valued using a quoted market prices (Level 1 inputs)
- \$1,841,923 of \$27,025,010 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, Ishares Russell Mid Cap, Ishares Core Msci Emerging Markets, and Ishares Core US Aggregare Bond exceeds 5% of the City's nonpooled investment portfolio.

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.

City of Hastings
Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS

B. Investments (Continued)

Summary of cash deposits and investments as of December 31, 2020, were as follows:

Deposits (Note 3.A.)	\$ 1,085,540
Investments (Note 3.B.)	27,025,010
Petty cash	<u>1,880</u>
 Total deposits and investments	 <u><u>\$ 28,112,430</u></u>

Deposits and investments are presented in the December 31, 2020, basic financial statements as follows:

Statement of Net Position	
Cash and investments - City	\$ 25,682,769
Cash and investments - HEDRA	1,370,050
Cash with fiscal agent	881,597
Restricted cash	80,077
 Statement of Fiduciary Net Position	
Cash and investments	<u>97,937</u>
 Total deposits and investments	 <u><u>\$ 28,112,430</u></u>

City of Hastings
Notes to Financial Statements

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Prior Period Adjustment	Beginning Balance Restated	Increases	Decreases	Ending Balance
Governmental activities						
Capital assets not being depreciated						
Land	\$ 3,690,160	\$ -	\$ 3,690,160	\$ -	\$ -	\$ 3,690,160
Construction in progress	117,233	-	117,233	3,744,347	(3,227,588)	633,992
Total capital assets not being depreciated	<u>3,807,393</u>	<u>-</u>	<u>3,807,393</u>	<u>3,744,347</u>	<u>(3,227,588)</u>	<u>4,324,152</u>
Capital assets being depreciated						
Buildings	20,767,106	-	20,767,106	-	-	20,767,106
Machinery and equipment	12,116,971	(450,282)	11,666,689	609,302	(452,882)	11,823,109
Improvements other than buildings	4,371,851	(10,063)	4,361,788	118,918	(10,062)	4,470,644
Infrastructure	106,916,006	-	106,916,006	3,685,842	(1,149,842)	109,452,006
Total capital assets being depreciated	<u>144,171,934</u>	<u>(460,345)</u>	<u>143,711,589</u>	<u>4,414,062</u>	<u>(1,612,786)</u>	<u>146,512,865</u>
Less accumulated depreciation for						
Buildings	(10,298,203)	(1,464,550)	(11,762,753)	(501,887)	-	(12,264,640)
Machinery and equipment	(9,510,540)	282,806	(9,227,734)	(712,076)	452,882	(9,486,928)
Improvements other than buildings	(3,357,153)	1,763,616	(1,593,537)	(196,838)	10,062	(1,780,313)
Infrastructure	(64,530,997)	-	(64,530,997)	(3,656,081)	1,149,842	(67,037,236)
Total accumulated depreciation	<u>(87,696,893)</u>	<u>581,872</u>	<u>(87,115,021)</u>	<u>(5,066,882)</u>	<u>1,612,786</u>	<u>(90,569,117)</u>
Total capital assets being depreciated, net	<u>56,475,041</u>	<u>121,527</u>	<u>56,596,568</u>	<u>(652,820)</u>	<u>-</u>	<u>55,943,748</u>
Governmental activities capital position, net	<u>\$ 60,282,434</u>	<u>\$ 121,527</u>	<u>\$ 60,403,961</u>	<u>\$ 3,091,527</u>	<u>\$ (3,227,588)</u>	<u>\$ 60,267,900</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	-	44,563	-	44,563
Total capital assets not being depreciated	<u>349,300</u>	<u>44,563</u>	<u>-</u>	<u>393,863</u>
Capital assets being depreciated				
Buildings	15,022,846	-	-	15,022,846
Machinery and equipment	6,846,932	599,211	(34,479)	7,411,664
Improvements other than buildings	3,745,589	242,890	-	3,988,479
Infrastructure	39,523,139	1,338,251	(172,749)	40,688,641
Total capital assets being depreciated	<u>65,138,506</u>	<u>2,180,352</u>	<u>(207,228)</u>	<u>67,111,630</u>
Less accumulated depreciation for				
Buildings	(8,271,016)	(415,149)	-	(8,686,165)
Machinery and equipment	(4,973,210)	(178,935)	34,478	(5,117,667)
Improvements other than buildings	(2,215,483)	(96,045)	-	(2,311,528)
Infrastructure	(21,624,898)	(802,057)	167,010	(22,259,945)
Total accumulated depreciation	<u>(37,084,607)</u>	<u>(1,492,186)</u>	<u>201,488</u>	<u>(38,375,305)</u>
Total capital assets being depreciated, net	<u>28,053,899</u>	<u>688,166</u>	<u>(5,740)</u>	<u>28,736,325</u>
Business-type activities capital assets, net	<u>\$ 28,403,199</u>	<u>\$ 732,729</u>	<u>\$ (5,740)</u>	<u>\$ 29,130,188</u>

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

Governmental activities	
General government	\$ 152,800
Public Safety	488,905
Public Works	3,771,162
Cultural and recreation	579,962
Internal service funds	74,053
Total depreciation expense - governmental activities	<u>\$ 5,066,882</u>
Business-type activities	
Water	\$ 843,051
Sewer	449,649
Storm Water	31,878
Hydro	167,608
Total depreciation expense - business-type activities	<u>\$ 1,492,186</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, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets being depreciated				
Buildings and Structures	\$ 744,195	\$ -	\$ -	\$ 744,195
Less accumulated depreciated for				
Buildings and Structures	(639,697)	(5,499)	-	(645,196)
Total capital assets being depreciated, net	104,498	(5,499)	-	98,999
Component unit capital assets, net	\$ 104,498	\$ (5,499)	\$ -	\$ 98,999

NOTE 5 – INTERFUND ASSETS/LIABILITIES

The composition of interfund balances as of December 31, 2020, is as follows:

Receivable Fund	Payable Fund	Amount
Road Improvement Construction	Downtown Redevelopment TIF	\$ 19,870
Road Improvement Construction	Other Governmental Funds	46,181
Total		\$ 66,051
Advances To/From Other Funds Receivable Fund	Payable Fund	Amount
Sewer Fund	Hydro Fund	\$ 300,000
General Fund	Downtown Redevelopment TIF	\$ 844,239

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.

The \$844,239 from the General Fund was money to make the Bond principal and interest payments for the Downtown Redevelopment TIF District due to delays in development and collection of tax increment revenue. The advance will be paid back when the District starts producing sufficient tax increment revenue.

**City of Hastings
Notes to Financial Statements**

NOTE 6 – INTERFUND TRANSFERS

Transfers Out	Transfers In					Total
	General	Debt Service	Park Projects	Non-major Governmental Funds	Internal Service	
General	\$ -	-	-	\$ 25,000	\$ 400,000	\$ 425,000
Fire and ambulance	76,562	-	-	25,000	-	101,562
Downtown Redevelopment TIF	-	208,450	-	-	-	208,450
Non-major governmental funds	91,095	-	100,000	-	-	191,095
Water	33,805	-	-	-	-	33,805
Sewer	32,429	-	-	-	-	32,429
Storm	7,526	-	-	-	-	7,526
Hydro	25,618	-	-	-	-	25,618
Total	<u>\$ 267,035</u>	<u>208,450</u>	<u>100,000</u>	<u>\$ 50,000</u>	<u>\$ 400,000</u>	<u>\$ 1,025,485</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	\$ 360,000	\$ 180,000

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
2021	\$ 180,000	\$ 8,100	\$ 188,100
2022	180,000	2,700	182,700
Total	<u>\$ 360,000</u>	<u>\$ 10,800</u>	<u>\$ 370,800</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 \$20,555,000. 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 2009A	12/15/09	2.00%-3.55%	\$ 1,750,000	02/01/21	\$ 190,000	\$ 190,000
G.O. Improvement Bonds, Series 2010B	11/01/10	0.60%-2.80%	1,185,000	02/01/22	240,000	120,000
G.O. Improvement Bonds, Series 2011A	09/14/11	0.50%-2.45%	3,720,000	02/01/22	765,000	380,000
G.O. Improvement Bonds, Series 2012A	10/17/12	2.00%-3.00%	1,700,000	02/01/23	540,000	180,000
G.O. Improvement Bonds, Series 2013B	11/20/13	0.40%-2.45%	1,265,000	02/01/24	510,000	125,000
G.O. Improvement Bonds, Series 2014A	11/25/14	0.65%-2.50%	2,345,000	02/01/25	1,310,000	255,000
G.O. Improvement Bonds, Series 2015A	09/03/15	2.00%-2.20%	360,000	02/01/26	220,000	35,000
G.O. Improvement Bonds, Series 2016B	11/03/16	2.00%	995,000	02/01/27	720,000	95,000
G.O. Improvement Bonds, Series 2017A	11/02/17	2.75%-2.875%	1,015,000	02/01/28	830,000	100,000
G.O. Improvement Bonds, Series 2018A	07/18/18	3.00%- 4.00%	1,580,000	02/01/29	1,435,000	145,000
G.O. Improvement Bonds, Series 2019A	08/08/19	5.00%	2,595,000	02/01/30	2,595,000	150,000
G.O. Improvement Bonds, Series 2020A	10/01/20	2.00%-4.00%	2,045,000	02/01/31	2,045,000	-
Total					<u>\$ 11,400,000</u>	<u>\$ 1,775,000</u>

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 1,775,000	\$ 343,680	\$ 2,118,680
2022	1,825,000	303,958	2,128,958
2023	1,370,000	255,047	1,625,047
2024	1,230,000	212,529	1,442,529
2025	1,130,000	172,986	1,302,986
2026-2030	3,830,000	369,071	4,199,071
2031	240,000	2,400	242,400
Total	<u>\$ 11,400,000</u>	<u>\$ 1,659,671</u>	<u>\$ 13,059,671</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	\$ 370,000	\$ 90,000
Certificate of Participation, Series 2014A	11/25/14	0.65%-2.00%	205,000	02/01/21	45,000	45,000
Certificate of Participation, Series 2015A	09/03/15	2.00%	295,000	02/01/21	60,000	60,000
Certificate of Participation, Series 2016B	11/03/16	2.00%	295,000	02/01/22	120,000	60,000
Total					<u>\$ 595,000</u>	<u>\$ 255,000</u>

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
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>\$ 595,000</u>	<u>\$ 20,862</u>	<u>\$ 615,862</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 \$5,635,000.

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	\$ 1,845,000	\$ 250,000
G.O. Improvement Bonds, Series 2018A	07/18/18	3.00%-4.00%	1,260,000	02/01/29	1,150,000	110,000
G.O. Improvement Bonds, Series 2019A	08/08/19	5.00%	675,000	02/01/30	675,000	40,000
G.O. Improvement Bonds, Series 2020A	10/01/20	2.00-4.00%	1,135,000	02/01/31	1,135,000	-
Total					<u>\$ 4,805,000</u>	<u>\$ 400,000</u>

City of Hastings
Notes to Financial Statements

NOTE 7 – LONG-TERM DEBT (CONTINUED)

D. G.O. Revenue Bonds (Continued)

Future revenue pledged for the payment of long-term debt is as follows:

	Use of Proceeds	Type	Revenue Pledged		Remaining Principal and Interest	Current Year	
			Percent of Total Debt Service	Term of Pledge		Principal and Interest paid	Pledged Revenue Received
G.O. Refunding Bonds, Series 2013A	Utility Infrastructure	Utility Charges	100%	2014-2027	\$ 1,976,250	\$ 279,300	\$ 2,415,997
G.O. Improvement Bonds, Series 2018A	Utility Infrastructure	Utility Charges	100%	2019-2029	\$ 1,336,075	\$ 153,950	\$ 5,028,844
G.O. Improvement Bonds, Series 2019A	Utility Infrastructure	Utility Charges	100%	2019-2030	\$ 860,125	\$ 33,094	\$ 2,415,997
G.O. Improvement Bonds, Series 2020A	Utility Infrastructure	Utility Charges	100%	2020-2031	\$ 1,358,800	\$ -	\$ 5,028,844

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 400,000	\$ 139,200	\$ 539,200
2022	515,000	131,950	646,950
2023	540,000	115,450	655,450
2024	560,000	98,125	658,125
2025	565,000	80,825	645,825
2026-2030	2,090,000	159,350	2,249,350
2031	135,000	1,350	136,350
Total	<u>\$ 4,805,000</u>	<u>\$ 726,250</u>	<u>\$ 5,531,250</u>

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	\$ 360,000	\$ 70,000
G.O. Improvement Bond, Series 2015A - Charter	09/03/15	2.00%-2.20%	2,100,000	02/01/26	1,320,000	210,000
G.O. Improvement Bond, Series 2016B - Charter	11/03/16	2.00%	2,005,000	02/01/27	1,540,000	205,000
G.O. Improvement Bond, Series 2018A - Charter	07/18/18	3.00%-4.00%	980,000	02/01/29	900,000	85,000
Total					<u>\$ 4,120,000</u>	<u>\$ 570,000</u>

City of Hastings
Notes to Financial Statements

NOTE 7 – LONG-TERM DEBT (CONTINUED)

E. Charter Bonds (Continued)

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
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	625,000	36,048	661,048
2026-2029	1,135,000	39,255	1,174,255
Total	\$ 4,120,000	\$ 362,356	\$ 4,482,356

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	\$ 1,610,000	\$ 175,000

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
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	180,000	20,950	200,950
2026-2029	730,000	38,538	768,538
Total	\$ 1,610,000	\$ 178,488	\$ 1,788,488

City of Hastings
Notes to Financial Statements

NOTE 7 – LONG-TERM DEBT (CONTINUED)

G. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
General obligation debt	\$ 535,000	\$ -	\$ (175,000)	\$ 360,000	\$ 180,000
GO improvement debt	11,310,000	2,045,000	(1,955,000)	11,400,000	1,775,000
Equipment certificates	840,000	-	(245,000)	595,000	255,000
City charter bonds	4,675,000	-	(555,000)	4,120,000	570,000
Tax increment bonds	1,780,000	-	(170,000)	1,610,000	175,000
Plus (less) deferred amounts for premium and discount	882,214	302,018	(128,294)	1,055,938	-
Total bonds payable	<u>20,022,214</u>	<u>2,347,018</u>	<u>(3,228,294)</u>	<u>19,140,938</u>	<u>2,955,000</u>
Compensated absences	<u>1,551,636</u>	<u>849,633</u>	<u>(717,872)</u>	<u>1,683,397</u>	<u>85,031</u>
Total governmental activities	<u>\$ 21,573,850</u>	<u>\$ 3,196,651</u>	<u>\$ (3,946,166)</u>	<u>\$ 20,824,335</u>	<u>\$ 3,040,031</u>
Business-type activities					
Bonds payable					
G.O. revenue bonds	\$ 4,020,000	\$ 1,135,000	\$ (350,000)	\$ 4,805,000	\$ 400,000
Plus (less) deferred amounts for premium or discount	223,999	166,988	(29,802)	361,185	-
Total bonds payable	<u>4,243,999</u>	<u>1,301,988</u>	<u>(379,802)</u>	<u>5,166,185</u>	<u>400,000</u>
Compensated absences payable	<u>282,512</u>	<u>118,798</u>	<u>(118,933)</u>	<u>282,377</u>	<u>13,604</u>
Total business-type activities	<u>\$ 4,526,511</u>	<u>\$ 1,420,786</u>	<u>\$ (498,735)</u>	<u>\$ 5,448,562</u>	<u>\$ 413,604</u>

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.

City of Hastings
Notes to Financial Statements

NOTE 9 – PENSION PLANS

The City participates in various pension plans. Total pension expense for the year ended December 31, 2020, was \$986,026. 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.

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% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% 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.

City of Hastings
Notes to Financial Statements

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

General Employees Plan Benefits (Continued)

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase is 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.

Police and Fire Plan Benefits

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

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase was 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 fiscal year 2020 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, 2020, were \$363,873. 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

Police and Fire Plan Contributions

Police and Fire member's contribution rates increased from 11.3% of pay to 11.8% and employer rates increased from 16.95% to 17.7% on January 1, 2020. The City's contributions to the Police and Fire Fund for the year ended December 31, 2020, were \$761,102. The City's contributions were equal to the required contributions as set by state statute.

General Employees Fund Pension Costs

At December 31, 2020, the City reported a liability of \$4,256,774 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. 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 \$131,283. The net pension liability was measured as of June 30, 2020, 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, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA’s participating employers. The City’s proportionate share was 0.0710% at the end of the measurement period and 0.0684% for the beginning of the period.

City's proportionate share of the net pension liability	\$ 4,256,774
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>131,283</u>
Total	<u><u>\$ 4,388,057</u></u>

For the year ended December 31, 2020, the City recognized pension expense of \$222,356 for its proportionate share of General Employees Plan’s pension expense. Included in the amount, the City recognized \$11,426 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, 2020, 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	\$ 37,418	\$ 16,105
Changes in actuarial assumptions	-	155,401
Difference between projected and actual investment earnings	76,939	-
Change in proportion	107,811	50,424
Contributions paid to PERA subsequent to the measurement date	181,937	-
Total	\$ 404,105	\$ 221,930

The \$181,937 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, 2021. 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
2021	\$ (234,545)
2022	15,301
2023	116,636
2024	102,846
Total	\$ 238

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, 2020, the City reported a liability of \$4,952,352 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the City's proportionate share was 0.3783%, at the end of the measurement period and 0.3943% for the beginning of the period.

The State of Minnesota also contributed \$13.5 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that does meet the definition of a special funding situation and \$9 million in fire state aid that does not meet the definition of a special funding situation. The \$4.5 million direct state aid was paid on October 1, 2019. Thereafter, by October 1 of each year, the State will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in fire state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later.

As a result, the State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$4.5 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2020, the City recognized pension expense of \$653,342 for its proportionate share of the Police and Fire Plan's pension expense. Included in this amount, the City recognized \$36,140 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$4.5 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in fire state aid. The City also recognized \$34,047 for the year ended December 31, 2020, 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.

At December 31, 2020, 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.

**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)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 222,105	\$ 244,117
Changes in actuarial assumptions	1,722,728	3,184,406
Difference between projected and actual investment earnings	151,010	-
Change in proportion	221,204	294,936
Contributions paid to PERA subsequent to the measurement date	380,551	-
Total	\$ 2,697,598	\$ 3,723,459

The \$380,551 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, 2021. 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
2021	\$ (348,769)
2022	(1,455,364)
2023	190,694
2024	231,906
2025	(24,879)
Total	\$ (1,406,412)

City of Hastings
Notes to Financial Statements

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions

The total pension liability in the June 30, 2020, 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, 2020, 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 assumption changes were adopted by the Board and became effective with the July 1, 2020, actuarial valuation. The most recent four-year experience study for Police and Fire Plan was completed in 2020. The recommended assumptions for that plan was adopted by the Board and will be effective with the July 1, 2021, actual valuation if approved by the Legislature.

The following changes in actuarial assumptions occurred in 2020:

General Employees Fund

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.

**City of Hastings
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees’ Retirement Association (Continued)

E. Actuarial Assumptions (Continued)

General Employees Fund (Continued)

Changes in Actuarial Assumptions: (Continued)

- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023, and 0.0% thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

Police and Fire Fund

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2018 to MP-2019.

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	35.5 %	5.10 %
International stocks	17.5	5.30
Bonds (fixed income)	20.0	0.75
Alternative assets (private markets)	25.0	5.90
Cash	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 2020 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:

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City of Hastings proportionate share of			
General Employees Retirement Fund net pension liability	\$ 6,822,133	\$ 4,256,774	\$ 2,140,560
City of Hastings proportionate share of	1% Decrease in Discount rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Police and Fire Fighters net pension liability	\$ 9,904,564	\$ 4,952,352	\$ 855,264

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.

At December 31, 2020, the City reported its total proportionate share of Net Pension Liability (Asset), Deferred Outflows of Resources, and Deferred Inflows of Resources, related to pensions from the following sources:

	Net Pension Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources
Public Employees' Retirement Association	\$ 4,256,774	\$ 404,105	\$ 221,930
Police and Fire	4,952,352	2,697,598	3,723,459
Total	\$ 9,209,126	\$ 3,101,703	\$ 3,945,389

City of Hastings
Notes to Financial Statements

NOTE 9 – PENSION PLANS (CONTINUED)

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, 2019, 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. 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 \$6,400 for each year of active Fire Department service.

Minnesota Statutes § 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 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)

A. 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 \$202,703 made by the State of Minnesota for the Relief Association.

D. Pension Costs

At December 31, 2019, the City reported an asset of \$1,954,500 for the Association's net pension asset. The net pension asset was measured as of December 31, 2019, 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, 2020, the City recognized pension expense of (\$110,328). At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual liability	\$ -	\$ 130,605
Changes in actuarial assumptions	10,907	104,394
Net difference between projected and actual earnings on pension plan investments	-	247,693
City contributions subsequent to the measurement date	202,703	-
Total	\$ 213,610	\$ 482,692

\$202,703 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:

Year Ended December	Pension Expense
2021	\$ (94,164)
2022	(100,368)
2023	(45,285)
2024	(135,854)
2025	(32,041)
Thereafter	(64,073)
Total	\$ (471,785)

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, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2020
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, 2019 are summarized in the following table:

Asset Class	Allocation at December 31, 2019	Long-Term Expected Real Rate of Return
Cash	9.00 %	2.25 %
Fixed income	29.00	3.60
Equities	62.00	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:

City of Hastings proportionate share of	1% Decrease in Discount Rate (4.75%)	Discount Rate (5.75%)	1% Increase in Discount Rate (6.75%)
Net pension liability	\$ (1,840,959)	\$ (1,954,500)	\$ (2,059,882)

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:

	2020
Total Pension Liability	
Service cost	\$ 100,316
Interest	141,474
Assumption changes	-
Changes of benefit terms	100,388
Gain or loss	-
Benefit payments, including member contribution refunds	(460,667)
	(118,489)
Net Change in Total Pension Liability	
	2,590,439
Total Pension Liability - Beginning	
	2,471,950
Total Pension Liability - Ending (a)	
	192,649
Plan Fiduciary Net Position	
State contributions	220,150
Net investment income	519,294
Gain or loss	(460,667)
Benefit payments	(15,351)
Administrative expenses	456,075
	3,970,375
Net Change in Fiduciary Net Position	
	4,426,450
Fiduciary Net Position - Beginning	
	4,426,450
Fiduciary Net Position - Ending (b)	
	\$ (1,954,500)
Association's Net Pension Liability (Asset) - Ending (a) - (b)	
	\$ (1,954,500)

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* § 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.

Disabled police and firefighter

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

**City of Hastings
Notes to Financial Statements**

NOTE 10 - RETIREE HEALTH INSURANCE (CONTINUED)

C. Contributions

Contribution requirements are established by the City. The required contributions are based on projected pay-as-you-go financing requirements. For year 2020, the City contributed \$369,818 to the plan. As of December 31, 2020, there were 24 retirees receiving health benefits from the City's health plan.

D. Members

As of January 1, 2020, the following were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	24
Active employees	105
Total	129

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2020, with a measurement date of January 1, 2020. 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	2.90%, net of investment expense
Salary increases	Service graded table
Inflation	2.50%
Healthcare cost trend increases	6.50% initially, decreasing over six years to rate of 5.0% and then 4.0% over 48 years
Mortality assumption	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2019 Generational Improvement Scale

The actuarial assumptions used in the January 1, 2020, valuation were based on the results of an actuarial experience study for the period January 1, 2019 – January 1, 2020.

The discount rate used to measure the total OPEB liability was 2.90% based on 20 year municipal bond index.

F. Total OPEB Liability

The City's total OPEB liability of \$4,303,499 was measured as of January 1, 2020, and was determined by an actuarial valuation as of January 1, 2020.

**City of Hastings
Notes to Financial Statements**

NOTE 10 - RETIREE HEALTH INSURANCE (CONTINUED)

F. Total OPEB Liability (Continued)

Changes in the total OPEB liability are as follows:

	<u>Total OPEB Liability</u>
Balances at January 1, 2019	<u>\$ 3,686,983</u>
Changes for the year	
Service cost	89,043
Interest	136,813
Differences between expected and actual economic experience	465,526
Assumption changes	279,831
Benefit payments	<u>(354,697)</u>
Net changes	<u>616,516</u>
Balances at January 1, 2020	<u><u>\$ 4,303,499</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.80% in 2019 to 2.90% in 2020.

G. OPEB Liability Sensitivity

The following presents the City's total OPEB liability calculated using the discount rate of 2.90% 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 (1.90%)	Discount Rate (2.90%)	1% Increase in Discount Rate (3.90%)
\$ 4,661,528	\$ 4,303,499	\$ 3,997,704

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 (5.50% decreasing to 3.0%)	Current (6.50% decreasing to 4.0%)	1% increase (7.50% decreasing to 5.0%)
\$ 3,975,278	\$ 4,303,499	\$ 4,688,573

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

For the year ended December 31, 2020, the City recognized OPEB expense of \$308,882. At December 31, 2020, 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	\$ 244,852	\$ 60,859
Liability Losses	407,335	-
Subsequent contributions	369,818	-
Total	\$ 1,022,005	\$ 60,859

**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 \$369,818 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
2021	\$ 83,026
2022	83,026
2023	83,026
2024	83,026
2025	83,026
Thereafter	176,198
Total	\$ 591,328

NOTE 11 – CONTINGENCIES

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.

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 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, 2020, the City generated \$44,490 in tax increment revenue and made \$27,106 in payments to developers. No other commitments were made by the City as part of these agreements.

City of Hastings
Notes to Financial Statements

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.

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

Building	\$	180,000
Less accumulated depreciation		<u>(99,752)</u>
Net	\$	<u>80,248</u>

NOTE 14 – PRIOR PERIOD ADJUSTMENT

For the year ended December 31, 2020, a prior period adjustment was required to adjust beginning governmental net position by \$121,527 to reflect the correction of errors in previous years related to capital assets.

For the year ended December 31, 2020, a prior period adjustment was required to adjust beginning fund balance for the General Fund and the Downtown Redevelopment Tax Increment Financing Fund to correct a prior year omission. The General Fund beginning fund balance was increased \$635,789 and the Downtown Redevelopment Tax Increment Financing beginning fund balance was decreased \$635,789 to reflect an interfund loan approved in 2015 that was never applied.

NOTE 15 – 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.

**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	December 31, 2020
Total OPEB Liability			
Service cost	\$ 79,277	\$ 74,791	\$ 89,043
Interest	129,783	125,673	136,813
Difference between expected and actual experience	-	-	465,526
Changes of assumptions	-	(81,147)	279,831
Benefit payments	(329,263)	(328,960)	(354,697)
Net change in total OPEB liability	(120,203)	(209,643)	616,516
Beginning of year	4,016,829	3,896,626	3,686,983
Net OPEB liability	<u>\$ 3,896,626</u>	<u>\$ 3,686,983</u>	<u>\$ 4,303,499</u>
Covered-employee payroll	\$ 7,919,006	\$ 8,156,576	\$ 8,548,373
Net OPEB liability as a percentage of covered-employee payroll	49.21%	45.20%	50.34%

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%
2020	0.0710%	4,256,774	131,283	4,388,057	5,062,387	84.1%	79.06%

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)	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	0.3670%	\$ 4,169,979	N/A	\$ 4,169,979	\$ 3,267,043	127.64%	86.61%
2016	0.3900%	15,651,932	N/A	15,651,952	3,757,019	416.61%	63.88%
2017	0.3880%	5,203,542	N/A	5,203,542	3,980,438	130.73%	85.43%
2018	0.3693%	3,903,121	N/A	3,903,121	4,120,810	94.72%	88.84%
2019	0.3943%	4,144,492	N/A	4,144,492	4,066,897	101.91%	89.26%
2020	0.3783%	4,952,352	\$ 117,467	5,069,819	4,178,463	118.52%	87.19%

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

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**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%
2020	363,873	363,873	-	4,851,640	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%
2020	761,102	761,102	-	4,300,011	17.70%

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

	Measurement Date			
	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
Total pension liability (TPL)				
Service cost	\$ 71,430	\$ 77,609	\$ 75,046	\$ 90,905
Interest	158,649	143,266	157,420	150,634
Gain or loss	-	-	-	-
Changes of assumptions	-	-	21,819	-
Changes of benefit terms	-	-	-	408,102
Benefit payments, including refunds or member contributions	(539,157)	(120,042)	(21,445)	(505,314)
Net change in total pension liability	(309,078)	100,833	232,840	144,327
Beginning of year	2,756,871	2,447,793	2,548,626	2,781,466
End of year	<u>\$ 2,447,793</u>	<u>\$ 2,548,626</u>	<u>\$ 2,781,466</u>	<u>\$ 2,925,793</u>
Plan fiduciary net pension (FNP)				
State contributions	\$ 168,589	\$ 176,928	\$ 177,612	\$ 182,415
Net investment income	168,892	(29,966)	231,494	504,320
Gain or loss	-	-	-	-
Benefit payments, including refunds of member contributions	(492,023)	(120,042)	(31,037)	(505,314)
Administrative expense	(5,963)	(5,354)	(5,329)	(5,329)
Other	1,612	1,464	(1,790)	-
Net change in plan fiduciary net position	(158,893)	23,030	370,950	176,092
Beginning of year	3,909,740	3,750,847	3,773,877	4,144,827
End of year	<u>\$ 3,750,847</u>	<u>\$ 3,773,877</u>	<u>\$ 4,144,827</u>	<u>\$ 4,320,919</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>
Plan fiduciary net position as a percentage of the total pension liability	153.2%	148.1%	149.0%	147.7%

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

Schedule 4

Measurement Date	
December 31, 2018	December 31, 2019
\$ 111,448	\$ 100,316
165,333	141,474
(154,138)	-
(134,222)	-
-	100,388
<u>(323,775)</u>	<u>(460,667)</u>
<u>(335,354)</u>	<u>(118,489)</u>
<u>2,925,793</u>	<u>2,590,439</u>
<u>\$ 2,590,439</u>	<u>\$ 2,471,950</u>
\$ 187,040	\$ 192,649
244,368	220,150
(452,848)	519,294
(323,775)	(460,667)
(5,329)	(15,351)
-	-
<u>(350,544)</u>	<u>456,075</u>
<u>4,320,919</u>	<u>3,970,375</u>
<u>\$ 3,970,375</u>	<u>\$ 4,426,450</u>
<u>\$ (1,379,936)</u>	<u>\$ (1,954,500)</u>
153.3%	179.1%

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

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

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

Schedule 5

<u>December 31, 2019</u>	<u>December 31, 2020</u>
\$ -	\$ -
<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>
<u>\$ 190,649</u>	<u>\$ 202,703</u>

City of Hastings
Notes to Required Supplementary Information

GENERAL EMPLOYEES FUND

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023, and 0.0% thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

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.

City of Hastings
Notes to Required Supplementary Information

GENERAL EMPLOYEES FUND (CONTINUED)

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.

Changes in Plan Provisions

- 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.

City of Hastings
Notes to Required Supplementary Information

GENERAL EMPLOYEES FUND (CONTINUED)

2016 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- 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.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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

2020 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2018 to MP-2019.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

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.

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.

City of Hastings
Notes to Required Supplementary Information

POLICE AND FIRE FUND (CONTINUED)

2017 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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%.

City of Hastings
Notes to Required Supplementary Information

POST EMPLOYMENT HEALTH CARE PLAN

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

2020 Changes

- The health care trend rates, mortality tables, and salary scale assumptions were updated.
- The discount rate was changed from 3.80% to 2.90%.

2019 Changes

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

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**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, 2020

Statement 14

	2020			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
General property taxes	\$ 7,957,407	\$ 7,957,407	\$ 8,219,091	\$ 261,684
Lodging taxes	3,255	3,255	1,973	(1,282)
Special assessments	1,000	1,000	-	(1,000)
Licenses and permits	490,250	490,250	468,688	(21,562)
Intergovernmental revenues				
State - police aid	250,000	250,000	296,335	46,335
State-MSA-street construction and maintenance	250,000	250,000	419,497	169,497
State- local government aid	840,634	840,634	849,642	9,008
State - market value credit	-	-	6,812	6,812
Federal grants and aids	-	-	1,056,536	1,056,536
Other grants and aids	207,600	207,600	147,228	(60,372)
Total intergovernmental revenues	<u>1,548,234</u>	<u>1,548,234</u>	<u>2,776,050</u>	<u>1,227,816</u>
Charges for services				
General government	30,119	30,119	86,574	56,455
Public safety	166,495	166,495	168,578	2,083
Public works	557,001	557,001	944,879	387,878
Health and sanitation	2,500	2,500	-	(2,500)
Total charges for services	<u>756,115</u>	<u>756,115</u>	<u>1,200,031</u>	<u>443,916</u>
Fines and forfeitures	120,500	120,500	72,131	(48,369)
Investment income	49,500	49,500	120,359	70,859
Contributions and donations	-	1,980	1,980	-
Other revenues	57,000	57,000	16,427	(40,573)
Total miscellaneous	<u>106,500</u>	<u>108,480</u>	<u>138,766</u>	<u>30,286</u>
Total revenues	<u>10,983,261</u>	<u>10,985,241</u>	<u>12,876,730</u>	<u>1,891,489</u>
Expenditures				
General Government				
Legal	173,680	173,680	224,317	50,637
Mayor, legislative, city administration	405,539	425,539	318,866	(106,673)
Finance and accounting	629,793	629,793	589,991	(39,802)
City clerk and elections	571,179	571,179	519,386	(51,793)
Planning and economic development	133,430	133,430	137,713	4,283
I.T.	568,270	568,270	600,428	32,158
Building maintenance	395,441	395,441	416,468	21,027
Miscellaneous	186,756	186,756	164,710	(22,046)
Capital outlay	40,000	40,000	68,891	28,891
Public safety				
Police	5,052,497	5,073,079	5,082,115	9,036
Building safety and code enforcement	590,647	590,647	594,595	3,948
Emergency management services	5,570	5,570	5,231	(339)
Animal control	6,000	6,000	2,430	(3,570)
Capital outlay	46,699	46,699	50,041	3,342
Public works				
Engineering	541,529	541,529	475,588	(65,941)
Street maintenance	1,008,346	1,025,162	816,093	(209,069)
Street lights	218,000	238,424	228,512	(9,912)
Capital outlay	300,000	336,294	508,904	172,610
Health and sanitation				
Reforestation	21,000	21,050	11,739	(9,311)
Recycling	19,050	19,050	17,055	(1,995)
Culture and recreation				
Senior center	81,900	81,900	79,710	(2,190)
LeDuc historic estate	75,256	75,256	62,059	(13,197)
Total expenditures	<u>11,070,582</u>	<u>11,184,748</u>	<u>10,974,842</u>	<u>(209,906)</u>
Excess of revenues over (under) expenditures	(87,321)	(199,507)	1,901,888	2,101,395
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	13,835	13,835
Transfers in	493,466	493,466	267,035	(226,431)
Transfers out	(425,631)	(425,631)	(425,000)	631
Total other financing sources (uses)	<u>67,835</u>	<u>67,835</u>	<u>(144,130)</u>	<u>(211,965)</u>
Net change in fund balances	(19,486)	(131,672)	1,757,758	1,889,430
Fund Balances				
Beginning of year	5,910,705	5,910,705	5,910,705	-
Prior period adjustment (Note 14)	635,789	635,789	635,789	-
Beginning of year, restated	<u>6,546,494</u>	<u>6,546,494</u>	<u>6,546,494</u>	<u>-</u>
End of year	<u>\$ 6,527,008</u>	<u>\$ 6,414,822</u>	<u>\$ 8,304,252</u>	<u>\$ 1,889,430</u>

City of Hastings
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
Debt Service Fund
Year Ended December 31, 2020

Statement 15

	2020			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
General property taxes	\$ 2,753,681	\$ 2,753,681	\$ 2,540,463	\$ (213,218)
Special assessments	624,731	624,731	1,025,473	400,742
Charges for services	729,526	729,526	85,185	(644,341)
Investment income	-	-	106,066	106,066
Total revenues	4,107,938	4,107,938	3,757,187	(350,751)
Expenditures				
Debt service				
Principal	3,450,000	3,450,000	3,100,000	(350,000)
Interest and fiscal agent	657,938	657,938	525,188	(132,750)
Total expenditures	4,107,938	4,107,938	3,625,188	(482,750)
Net change in fund balance	\$ -	\$ -	131,999	\$ 131,999
Fund Balance				
Beginning of year			5,912,722	
End of year			\$ 6,044,721	

City of Hastings
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual -
Park Projects Capital Projects Fund
Year Ended December 31, 2020

Statement 16

	2020			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
General property taxes	\$ 170,000	\$ 170,000	\$ 168,698	\$ (1,302)
Intergovernmental	-	-	287,848	287,848
Investment income	-	-	9,992	9,992
Total revenues	<u>170,000</u>	<u>170,000</u>	<u>466,538</u>	<u>296,538</u>
Expenditures				
Current				
Culture and recreation	25,000	25,000	73,899	48,899
Capital outlay				
Cultural and recreation	245,000	245,000	372,675	127,675
Total expenditures	<u>270,000</u>	<u>270,000</u>	<u>446,574</u>	<u>176,574</u>
Excess of revenues over (under) expenditures	(100,000)	(100,000)	19,964	119,964
Other Financing Sources				
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	119,964	<u>\$ 119,964</u>
Fund Balance				
Beginning of year			<u>509,082</u>	
End of year			<u>\$ 629,046</u>	

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.

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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.

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

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, 2020

Statement 17

	Special Revenue	Capital Projects	Permanent	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$ 2,450,416	\$ 1,223,701	\$ 222,563	\$ 3,896,680
Cash with fiscal agent	-	-	881,597	881,597
Interest receivable	6,531	1,266	397	8,194
Due from other governments	8,557	-	-	8,557
Accounts receivable	137,756	-	-	137,756
Property taxes receivable	258,106	-	-	258,106
Inventory	3,754	-	-	3,754
Prepaid items	2,141	-	-	2,141
	\$ 2,867,261	\$ 1,224,967	\$ 1,104,557	\$ 5,196,785
Liabilities				
Accounts payable	\$ 161,346	\$ 27,751	\$ -	\$ 189,097
Due to other governments	775	-	-	775
Deposits payable	-	199,541	-	199,541
Salaries and benefits payable	33,106	-	-	33,106
Due to other funds	-	46,181	-	46,181
Total liabilities	195,227	273,473	-	468,700
Deferred Inflows of Resources				
Unavailable revenue - taxes and assessments	40,560	-	-	40,560
Fund Balances				
Nonspendable				
Prepays	2,141	-	-	2,141
Inventories	3,754	-	-	3,754
Permanent Endowment	-	-	200,000	200,000
Restricted				
Police Activities	46,285	-	-	46,285
Tax increment financing	-	7,157	-	7,157
Leduc Historic Estate	-	-	904,557	904,557
Escrow	-	17,240	-	17,240
Committed				
Park maintenance	1,357,981	-	-	1,357,981
Aquatic operations	406,776	-	-	406,776
Cable TV activities	156,073	-	-	156,073
Heritage preservation activities	108,400	-	-	108,400
Arena activities	550,064	-	-	550,064
Assigned				
Capital	-	973,278	-	973,278
Unassigned	-	(46,181)	-	(46,181)
Total fund balances	2,631,474	951,494	1,104,557	4,687,525
Total liabilities and fund balances	\$ 2,867,261	\$ 1,224,967	\$ 1,104,557	\$ 5,196,785

City of Hastings
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2020

Statement 18

	Special Revenue	Capital Projects	Permanent	Total Nonmajor Governmental Funds
Revenues				
General property taxes	\$ 2,233,932	\$ 44,490	\$ -	\$ 2,278,422
Intergovernmental	12,717	-	-	12,717
Charges for services	778,563	-	-	778,563
Fines and forfeitures	265	-	-	265
Investment income	50,819	16,796	108,167	175,782
Contributions and donations	30,511	-	-	30,511
Miscellaneous	20,814	-	-	20,814
Total revenues	<u>3,127,621</u>	<u>61,286</u>	<u>108,167</u>	<u>3,297,074</u>
Expenditures				
Current				
Public safety	3,248	-	-	3,248
Culture and recreation	2,486,425	-	14,794	2,501,219
Economic development	-	27,106	-	27,106
Debt service				
Interest and other charges	-	1,275	-	1,275
Capital outlay				
Culture and recreation	170,943	-	-	170,943
Total expenditures	<u>2,660,616</u>	<u>28,381</u>	<u>14,794</u>	<u>2,703,791</u>
Excess of revenues over expenditures	467,005	32,905	93,373	593,283
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	5,786	-	-	5,786
Transfers in	-	50,000	-	50,000
Transfers out	(148,880)	-	(42,215)	(191,095)
Total other financing sources (uses)	<u>(143,094)</u>	<u>50,000</u>	<u>(42,215)</u>	<u>(135,309)</u>
Net change in fund balances	323,911	82,905	51,158	457,974
Fund Balances				
Beginning of year	<u>2,307,563</u>	<u>868,589</u>	<u>1,053,399</u>	<u>4,229,551</u>
End of year	<u>\$ 2,631,474</u>	<u>\$ 951,494</u>	<u>\$ 1,104,557</u>	<u>\$ 4,687,525</u>

**City of Hastings
Combining Balance Sheet -
Nonmajor Special Revenue Funds
December 31, 2020**

	Special Revenue			
	Parks and Rec (200)	Cable Television (205-206)	Heritage Preservation (210)	Ice Arena (615)
Assets				
Cash and investments	\$ 1,235,622	\$ 152,068	\$ 105,726	\$ 531,972
Interest receivable	3,428	575	292	935
Due from other governments	8,557	-	-	-
Accounts receivable	290	97,130	-	40,336
Property taxes receivable	203,974	-	3,860	16,718
Inventory	3,754	-	-	-
Prepaid items	1,393	22	22	612
Total assets	<u>\$ 1,457,018</u>	<u>\$ 249,795</u>	<u>\$ 109,900</u>	<u>\$ 590,573</u>
Liabilities				
Accounts payable	\$ 37,370	\$ 93,195	\$ 8	\$ 29,744
Due to other governments	31	-	-	744
Salaries payable	24,863	505	870	6,868
Total liabilities	<u>62,264</u>	<u>93,700</u>	<u>878</u>	<u>37,356</u>
Deferred Inflows of Resources				
Unavailable revenue - taxes and assessments	31,626	-	600	2,541
Fund Balances				
Nonspendable				
Prepays	1,393	22	22	612
Inventories	3,754	-	-	-
Restricted				
Police activities	-	-	-	-
Committed				
Park maintenance	1,357,981	-	-	-
Aquatic operations	-	-	-	-
Cable TV activities	-	156,073	-	-
Heritage preservation activities	-	-	108,400	-
Arena activities	-	-	-	550,064
Total fund balances	<u>1,363,128</u>	<u>156,095</u>	<u>108,422</u>	<u>550,676</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,457,018</u>	<u>\$ 249,795</u>	<u>\$ 109,900</u>	<u>\$ 590,573</u>

Special Revenue			
DUI Enforcement/ Equipment (222)	Drug Awareness (224)	Aquatic Center (201)	Total
\$ 33,606	\$ 12,337	\$ 379,085	\$ 2,450,416
204	-	1,097	6,531
-	-	-	8,557
-	-	-	137,756
166	-	33,388	258,106
-	-	-	3,754
-	-	92	2,141
<u>\$ 33,976</u>	<u>\$ 12,337</u>	<u>\$ 413,662</u>	<u>\$ 2,867,261</u>
\$ -	\$ -	\$ 1,029	\$ 161,346
-	-	-	775
-	-	-	33,106
-	-	1,029	195,227
28	-	5,765	40,560
-	-	92	2,141
-	-	-	3,754
33,948	12,337	-	46,285
-	-	-	1,357,981
-	-	406,776	406,776
-	-	-	156,073
-	-	-	108,400
-	-	-	550,064
<u>33,948</u>	<u>12,337</u>	<u>406,868</u>	<u>2,631,474</u>
<u>\$ 33,976</u>	<u>\$ 12,337</u>	<u>\$ 413,662</u>	<u>\$ 2,867,261</u>

City of Hastings
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Special Revenue Funds
Year Ended December 31, 2020

	Special Revenue			
	Parks and Rec (200)	Cable Television (205-206)	Heritage Preservation (210)	Ice Arena (615)
Revenues				
Taxes				
General property taxes	\$ 1,767,953	\$ -	\$ 31,104	\$ 145,599
Intergovernmental	5,764	-	-	6,953
Charges for services	61,090	375,379	-	341,675
Fines and forfeitures	-	-	-	-
Investment income	22,638	4,782	2,587	13,339
Miscellaneous				
Contributions and donations	30,300	-	211	-
Miscellaneous	19,800	-	470	143
Total revenues	<u>1,907,545</u>	<u>380,161</u>	<u>34,372</u>	<u>507,709</u>
Expenditures				
Current				
Public Safety	-	-	-	-
Culture and recreation	1,418,753	508,423	29,717	444,596
Capital outlay				
Culture and recreation	144,793	-	-	-
Total expenditures	<u>1,563,546</u>	<u>508,423</u>	<u>29,717</u>	<u>444,596</u>
Excess of revenues over (under) expenditures	343,999	(128,262)	4,655	63,113
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers out	(128,569)	(381)	(517)	(10,211)
Total other financing sources (uses)	<u>(128,569)</u>	<u>(381)</u>	<u>(517)</u>	<u>(10,211)</u>
Net change in fund balances	215,430	(128,643)	4,138	52,902
Fund Balances				
Beginning of year	<u>1,147,698</u>	<u>284,738</u>	<u>104,284</u>	<u>497,774</u>
End of year	<u>\$ 1,363,128</u>	<u>\$ 156,095</u>	<u>\$ 108,422</u>	<u>\$ 550,676</u>

Special Revenue			
DUI Enforcement/ Equipment (222)	Drug Awareness (224)	Aquatic Center (201)	Total
\$ 1,405	\$ -	\$ 287,871	\$ 2,233,932
-	-	-	12,717
-	-	419	778,563
265	-	-	265
962	308	6,203	50,819
-	-	-	30,511
401	-	-	20,814
<u>3,033</u>	<u>308</u>	<u>294,493</u>	<u>3,127,621</u>
3,248	-	-	3,248
-	-	84,936	2,486,425
-	-	26,150	170,943
<u>3,248</u>	<u>-</u>	<u>111,086</u>	<u>2,660,616</u>
(215)	308	183,407	467,005
5,786	-	-	5,786
-	-	(9,202)	(148,880)
<u>5,786</u>	<u>-</u>	<u>(9,202)</u>	<u>(143,094)</u>
5,571	308	174,205	323,911
<u>28,377</u>	<u>12,029</u>	<u>232,663</u>	<u>2,307,563</u>
<u>\$ 33,948</u>	<u>\$ 12,337</u>	<u>\$ 406,868</u>	<u>\$ 2,631,474</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, 2020

Statement 21

	2020			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Property taxes	\$ 1,764,270	\$ 1,764,270	\$ 1,767,953	\$ 3,683
Intergovernmental revenues	-	-	5,764	5,764
Charges for services	106,500	106,500	61,090	(45,410)
Investment income	10,000	10,000	22,638	12,638
Contributions and donations	5,000	35,300	30,300	(5,000)
Miscellaneous	-	-	19,800	19,800
Total revenues	<u>1,885,770</u>	<u>1,916,070</u>	<u>1,907,545</u>	<u>(8,525)</u>
Expenditures				
Current				
Culture and recreation	1,554,401	1,603,574	1,418,753	(184,821)
Capital outlay				
Culture and recreation	202,800	202,800	144,793	(58,007)
Total expenditures	<u>1,757,201</u>	<u>1,806,374</u>	<u>1,563,546</u>	<u>(242,828)</u>
Excess of revenues over expenditures	128,569	109,696	343,999	234,303
Other Financing Uses				
Transfers out	<u>(128,569)</u>	<u>(128,569)</u>	<u>(128,569)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (18,873)</u>	215,430	<u>\$ 234,303</u>
Fund Balance				
Beginning of year			<u>1,147,698</u>	
End of year			<u>\$ 1,363,128</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, 2020

Statement 22

	2020			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Charges for services	\$ 350,000	\$ 350,000	\$ 375,379	\$ 25,379
Investment income	2,400	2,400	4,782	2,382
Total revenues	352,400	352,400	380,161	27,761
Expenditures				
Current				
Culture and recreation	349,860	349,860	508,423	158,563
Excess of revenues over (under) expenditures	2,540	2,540	(128,262)	(130,802)
Other Financing Uses				
Transfers out	(381)	(381)	(381)	-
Net change in fund balance	\$ 2,159	\$ 2,159	(128,643)	\$ (130,802)
Fund Balance				
Beginning of year			284,738	
End of year			\$ 156,095	

City of Hastings
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual -
Heritage Preservation Special Revenue Fund
Year Ended December 31, 2020

Statement 23

	2020			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Property Taxes	\$ 31,003	\$ 31,003	\$ 31,104	\$ 101
Investment income	1,200	1,200	2,587	1,387
Contributions and donations	-	-	211	211
Miscellaneous	400	400	470	70
Total revenues	<u>32,603</u>	<u>32,603</u>	<u>34,372</u>	<u>1,769</u>
Expenditures				
Current				
Culturae and recreation	<u>32,086</u>	<u>32,579</u>	<u>29,717</u>	<u>(2,862)</u>
Excess of revenues over expenditures	517	24	4,655	4,631
Other Financing Uses				
Transfer out	<u>(517)</u>	<u>(517)</u>	<u>(517)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (493)</u>	4,138	<u>\$ 4,631</u>
Fund Balance				
Beginning of year			<u>104,284</u>	
End of year			<u>\$ 108,422</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, 2020

Statement 24

	2020			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Property Taxes	\$ 145,441	\$ 145,441	\$ 145,599	\$ 158
Intergovernmental revenues	-	-	6,953	6,953
Charges for services	541,150	541,150	341,675	(199,475)
Investment income	5,000	5,000	13,339	8,339
Miscellaneous	-	-	143	143
Total revenues	<u>691,591</u>	<u>691,591</u>	<u>507,709</u>	<u>(183,882)</u>
Expenditures				
Current				
Culture and recreation	561,380	561,380	444,596	(116,784)
Capital Outlay				
Cultural and recreation	120,000	120,000	-	(120,000)
Total expenditures	<u>681,380</u>	<u>681,380</u>	<u>444,596</u>	<u>(236,784)</u>
Excess of revenues over expenditures	10,211	10,211	63,113	52,902
Other Financing Uses				
Transfers Out	<u>(10,211)</u>	<u>(10,211)</u>	<u>(10,211)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	52,902	<u>\$ 52,902</u>
Fund Balance				
Beginning of year			<u>497,774</u>	
End of year			<u>\$ 550,676</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, 2020

Statement 25

	2020			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Property Taxes	\$ 1,400	\$ 1,400	\$ 1,405	\$ 5
Fines and Forfeitures	-	-	265	265
Investment income	200	200	962	762
Miscellaneous	-	-	401	401
Total revenues	<u>1,600</u>	<u>1,600</u>	<u>3,033</u>	<u>1,433</u>
Expenditures				
Current				
Public Safety	<u>1,600</u>	<u>1,600</u>	<u>3,248</u>	<u>1,648</u>
Excess of revenues under expenditures	<u>-</u>	<u>-</u>	<u>(215)</u>	<u>(215)</u>
Other Financing Sources				
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>5,786</u>	<u>5,786</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>5,571</u>	<u>\$ 5,571</u>
Fund Balance				
Beginning of year			<u>28,377</u>	
End of year			<u>\$ 33,948</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, 2020

Statement 26

	2020			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Property taxes	\$ 288,204	\$ 288,204	\$ 287,871	\$ (333)
Charges for services	222,300	222,300	419	(221,881)
Investment income	1,500	1,500	6,203	4,703
Total revenues	<u>512,004</u>	<u>512,004</u>	<u>294,493</u>	<u>(217,511)</u>
Expenditures				
Current				
Culture and recreation	460,802	460,802	84,936	(375,866)
Capital outlay				
Culture and recreation	42,000	51,980	26,150	(25,830)
Total expenditures	<u>502,802</u>	<u>512,782</u>	<u>111,086</u>	<u>(401,696)</u>
Excess of revenues over (under) expenditures	9,202	(778)	183,407	184,185
Other Financing Uses				
Transfers out	<u>(9,202)</u>	<u>(9,202)</u>	<u>(9,202)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (9,980)</u>	174,205	<u>\$ 184,185</u>
Fund Balance				
Beginning of year			<u>232,663</u>	
End of year			<u>\$ 406,868</u>	

City of Hastings
Combining Balance Sheet -
Nonmajor Capital Projects Funds
December 31, 2020

	Capital Projects		
	Budget Stabilization (403)	Guardian Angels Tax Increment Financing (405)	NAPA Tax Increment Financing (408)
Assets			
Cash and investments	\$ 967,014	\$ 32,125	\$ 5,568
Interest receivable	696	158	-
Total assets	\$ 967,710	\$ 32,283	\$ 5,568
Liabilities			
Accounts payable	\$ -	\$ 25,126	\$ -
Due to other funds	-	-	-
Deposits payable	-	-	-
Total liabilities	-	25,126	-
Fund Balances			
Restricted			
Tax increment financing	-	7,157	-
Escrow	-	-	-
Assigned			
Capital	967,710	-	5,568
Unassigned	-	-	-
Total fund balances	967,710	7,157	5,568
Total liabilities and fund balances	\$ 967,710	\$ 32,283	\$ 5,568

Capital Projects

City Hall Remodel (415)	Escrow (807)	Total
\$ -	\$ 218,994	\$ 1,223,701
-	412	1,266
<u>\$ -</u>	<u>\$ 219,406</u>	<u>\$ 1,224,967</u>
\$ -	\$ 2,625	\$ 27,751
46,181	-	46,181
-	199,541	199,541
<u>46,181</u>	<u>202,166</u>	<u>273,473</u>
-	-	7,157
-	17,240	17,240
-	-	973,278
<u>(46,181)</u>	<u>-</u>	<u>(46,181)</u>
<u>(46,181)</u>	<u>17,240</u>	<u>951,494</u>
<u>\$ -</u>	<u>\$ 219,406</u>	<u>\$ 1,224,967</u>

City of Hastings
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Capital Projects Funds
Year Ended December 31, 2020

	Capital Projects		
	Budget Stabilization (403)	Guardian Angels Tax Increment Financing (405)	NAPA Tax Increment Financing (408)
Revenues			
General property taxes	\$ -	\$ 27,917	\$ 16,573
Investment income	10,696	327	-
Total revenues	<u>10,696</u>	<u>28,244</u>	<u>16,573</u>
Expenditures			
Current			
Economic development	-	26,116	990
Debt service			
Interest and other charges	-	652	623
Total expenditures	<u>-</u>	<u>26,768</u>	<u>1,613</u>
Excess of revenues over (under) expenditures	10,696	1,476	14,960
Other Financing Sources			
Transfers in	50,000	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>50,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	60,696	1,476	14,960
Fund Balances			
Beginning of year	<u>907,014</u>	<u>5,681</u>	<u>(9,392)</u>
End of year	<u>\$ 967,710</u>	<u>\$ 7,157</u>	<u>\$ 5,568</u>

Capital Projects

City Hall Remodel (415)	Escrow (807)	Total
\$ -	\$ -	\$ 44,490
-	5,773	16,796
-	5,773	61,286
-	-	27,106
-	-	1,275
-	-	28,381
-	5,773	32,905
-	-	50,000
-	-	-
-	-	50,000
-	5,773	82,905
(46,181)	11,467	868,589
<u>\$ (46,181)</u>	<u>\$ 17,240</u>	<u>\$ 951,494</u>

**City of Hastings
Combining Balance Sheet -
Nonmajor Permanent Fund
December 31, 2020**

Statement 29

C. Simmons
Trust (850)

\$ 222,563
881,597

397

\$ 1,104,557

Assets

Cash and investments
Cash with fiscal agent
Interest receivable

Total assets

Fund Balances

Nonspendable
 Endowment
Restricted
 Leduc Historic Estate

200,000

904,557

Total fund balances

\$ 1,104,557

City of Hastings
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances -
Nonmajor Permanent Fund
Year Ended December 31, 2020

Statement 30

C. Simmons
Trust (850)

Revenues

Investment income

\$ 108,167

Expenditures

Current

Cultural and recreation

14,794

Excess of revenues over expenditures

93,373

Other Financing Uses

Transfers out

(42,215)

Net change in fund balances

51,158

Fund Balances

Beginning of year

1,053,399

End of year

\$ 1,104,557

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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, 2020

Statement 31

	Compensated Absences (702)	Retiree Health Insurance (701)	Vehicle Revolving Fund (703)	Insurance Fund(705)	Total
Assets					
Current assets					
Cash and cash equivalents	\$ 211,633	\$ 217,929	\$ 438,046	\$ 308,850	\$ 1,176,458
Taxes receivable	-	-	33,697	1,440	35,137
Interest receivable	346	324	745	240	1,655
Due from other governments	-	14,856	-	-	14,856
Prepaid items	-	-	-	9,500	9,500
Total current assets	<u>211,979</u>	<u>233,109</u>	<u>472,488</u>	<u>320,030</u>	<u>1,237,606</u>
Noncurrent assets					
Capital assets, being depreciated					
Equipment	-	-	615,828	50,902	666,730
Less accumulated depreciation	-	-	(106,611)	(2,969)	(109,580)
Net capital assets	<u>-</u>	<u>-</u>	<u>509,217</u>	<u>47,933</u>	<u>557,150</u>
Total assets	<u>211,979</u>	<u>233,109</u>	<u>981,705</u>	<u>367,963</u>	<u>1,794,756</u>
Deferred outflows related to OPEB	<u>-</u>	<u>910,397</u>	<u>-</u>	<u>-</u>	<u>910,397</u>
Total assets and deferred outflows of resources	<u>\$ 211,979</u>	<u>\$ 1,143,506</u>	<u>\$ 981,705</u>	<u>\$ 367,963</u>	<u>\$ 2,705,153</u>
Liabilities					
Current liabilities					
Accounts payable	\$ -	\$ -	\$ 1,767	\$ 6,494	\$ 8,261
Compensated absences	85,031	-	-	-	85,031
Total current liabilities	<u>85,031</u>	<u>-</u>	<u>1,767</u>	<u>6,494</u>	<u>93,292</u>
Noncurrent liabilities					
Compensated absences	1,683,397	-	-	-	1,683,397
Total OPEB obligation	-	3,800,630	-	-	3,800,630
Less amount due within one year	(85,031)	-	-	-	(85,031)
Total noncurrent liabilities	<u>1,598,366</u>	<u>3,800,630</u>	<u>-</u>	<u>-</u>	<u>5,398,996</u>
Total liabilities	<u>1,683,397</u>	<u>3,800,630</u>	<u>1,767</u>	<u>6,494</u>	<u>5,492,288</u>
Deferred Inflows of Resources					
Deferred inflows of resources related to OPEB	<u>-</u>	<u>71,075</u>	<u>-</u>	<u>-</u>	<u>71,075</u>
Net Position					
Net investment in capital assets	-	-	509,217	47,933	557,150
Unrestricted	<u>(1,471,418)</u>	<u>(2,728,199)</u>	<u>470,721</u>	<u>313,536</u>	<u>(3,415,360)</u>
Total net position	<u>(1,471,418)</u>	<u>(2,728,199)</u>	<u>979,938</u>	<u>361,469</u>	<u>(2,858,210)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 211,979</u>	<u>\$ 1,143,506</u>	<u>\$ 981,705</u>	<u>\$ 367,963</u>	<u>\$ 2,705,153</u>

City of Hastings
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Internal Service Funds
Year Ended December 31, 2020

Statement 32

	Compensated Absences (702)	Retiree Health Insurance (701)	Vehicle Revolving Fund (703)	Insurance Fund(705)	Total
Operating revenues					
Charges for services	\$ -	\$ -	\$ 142,054	\$ 796,859	\$ 938,913
Operating expenses					
Personnel services	342,169	301,351	-	-	643,520
Professional services	-	-	-	686,184	686,184
Depreciation	-	-	71,508	2,545	74,053
Miscellaneous	-	-	2,074	-	2,074
Total operating expenses	<u>342,169</u>	<u>301,351</u>	<u>73,582</u>	<u>688,729</u>	<u>1,405,831</u>
Operating income (loss)	(342,169)	(301,351)	68,472	108,130	(466,918)
Nonoperating revenues					
Investment income	8,479	5,028	9,480	2,146	25,133
Intergovernmental	-	14,856	-	-	14,856
Gain on disposal of capital assets	-	-	-	3,500	3,500
Property Taxes	-	-	302,344	948	303,292
Total nonoperating revenues	<u>8,479</u>	<u>19,884</u>	<u>311,824</u>	<u>6,594</u>	<u>346,781</u>
Income (loss) before transfers	(333,690)	(281,467)	380,296	114,724	(120,137)
Transfers in	<u>75,000</u>	<u>325,000</u>	<u>-</u>	<u>-</u>	<u>400,000</u>
Change in net position	(258,690)	43,533	380,296	114,724	279,863
Net position					
Beginning 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>
End of year	<u>\$ (1,471,418)</u>	<u>\$ (2,728,199)</u>	<u>\$ 979,938</u>	<u>\$ 361,469</u>	<u>\$ (2,858,210)</u>

City of Hastings
Statement of Cash Flows - Internal Service Funds
Year Ended December 31, 2020

	Internal Service Funds		
	Compensated Absences (702)	Retiree Health Insurance (701)	Vehicle Revolving Fund (703)
Cash Flows - Operating Activities			
Interfund services provided and used	\$ -	\$ -	\$ 142,054
Payments to suppliers for goods and services	-	(23,376)	(307)
Payments to employees for services	(210,408)	(301,351)	-
Net cash flows - operating activities	<u>(210,408)</u>	<u>(324,727)</u>	<u>141,747</u>
Cash Flows - Noncapital Financing Activities			
Intergovernmental receipts	-	7,858	-
Property taxes	-	-	285,291
Transfer in	75,000	325,000	-
Net cash flows - noncapital financing activities	<u>75,000</u>	<u>332,858</u>	<u>285,291</u>
Cash Flows - Capital and Related Financing Activities			
Acquisition of capital assets	-	-	(302,669)
Proceeds from sale of capital assets	-	-	-
Net cash flows - capital and related financing activities	<u>-</u>	<u>-</u>	<u>(302,669)</u>
Cash Flows - Investing Activities			
Investment income	9,229	5,058	9,668
Net cash flows - investing activities	<u>9,229</u>	<u>5,058</u>	<u>9,668</u>
Net change in cash and cash equivalents	(126,179)	13,189	134,037
Cash and Cash Equivalents			
Beginning of year	<u>337,812</u>	<u>204,740</u>	<u>304,009</u>
End of year	<u>\$ 211,633</u>	<u>\$ 217,929</u>	<u>\$ 438,046</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities			
Operating income (loss)	\$ (342,169)	\$ (301,351)	\$ 68,472
Adjustments to reconcile operating income (loss) to net cash flows - operating activities			
Depreciation	-	-	71,508
OPEB obligation	-	(23,376)	-
Accounts payable	-	-	1,767
Compensated absences payable	131,761	-	-
Total adjustments	<u>131,761</u>	<u>(23,376)</u>	<u>73,275</u>
Net cash flows - operating activities	<u>\$ (210,408)</u>	<u>\$ (324,727)</u>	<u>\$ 141,747</u>

Internal Service Funds	
Insurance Fund(705)	Total
\$ 796,859	\$ 938,913
(693,753)	(717,436)
-	(511,759)
<u>103,106</u>	<u>(290,282)</u>
-	7,858
8,754	294,045
-	400,000
<u>8,754</u>	<u>701,903</u>
-	(302,669)
3,500	3,500
<u>3,500</u>	<u>(299,169)</u>
<u>2,652</u>	<u>26,607</u>
<u>2,652</u>	<u>26,607</u>
118,012	139,059
<u>190,838</u>	<u>1,037,399</u>
<u>\$ 308,850</u>	<u>\$ 1,176,458</u>
\$ 108,130	\$ (466,918)
2,545	74,053
-	(23,376)
(7,569)	(5,802)
-	131,761
<u>(5,024)</u>	<u>176,636</u>
<u>\$ 103,106</u>	<u>\$ (290,282)</u>

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COMPONENT UNIT

City of Hastings
Hastings Economic Development and Redevelopment Authority
Balance Sheet
December 31, 2020

Statement 34

Assets

Cash and investments	\$ 1,370,050
Interest receivable	3,111
Due from other governments	854,266
Property taxes receivable	43,489
Loan receivable	229,603
Land Held for Resale	3,226,800
Prepaid items	175

Total assets	<u><u>\$ 5,727,494</u></u>
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Liabilities

Accounts payable	\$ 3,228
Due to other governments	844,239
Salaries and benefits payable	6,139
Total liabilities	<u>853,606</u>

Deferred Inflows of Resources

Unavailable revenue - taxes	18,327
	<u>18,327</u>

Fund Balances

Nonspendable	
Prepaid items	175
Loan receivables	229,603
Unassigned	4,625,783
Total fund balances	<u>4,855,561</u>

Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 5,727,494</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, 2020**

Statement 35

Total fund balances - governmental funds	\$ 4,855,561
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.	98,999
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
OPEB Liability	(64,553)
Net pension liability	(128,961)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	18,327
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	(6,723)
Deferred outflows of resources related to city pensions	12,243
Deferred inflows of resources related to OPEB	(913)
Deferred outflows of resources related to OPEB	15,330
Total net position - governmental activities	\$ 4,799,310

City of Hastings
Hastings Economic and Redevelopment Authority
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Year Ended December 31, 2020

Statement 36

	2020			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Property taxes	\$ 372,196	\$ 372,196	\$ 373,280	\$ 1,084
Intergovernmental revenues	-	-	978,483	978,483
Charges for services	54,300	54,300	60,084	5,784
Investment income	20,000	20,000	25,419	5,419
Miscellaneous	-	-	37,870	37,870
Total revenues	446,496	446,496	1,475,136	1,028,640
Expenditures				
Current				
Economic development				
Personnel services	228,426	228,426	196,133	(32,293)
Services and charges	120,400	120,400	208,448	88,048
Miscellaneous	188,976	188,976	811,118	622,142
Payment to primary government	36,518	36,518	76,682	40,164
Capital outlay				
Economic development	100,000	100,000	-	(100,000)
Total expenditures	674,320	674,320	1,292,381	618,061
Net change in fund balance	\$ (227,824)	\$ (227,824)	182,755	\$ 410,579
Fund Balance				
Beginning of year			4,672,806	
End of year			\$ 4,855,561	

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, 2020

Statement 37

Net change in fund balances	\$ 182,755
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 of the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(5,499)
Property taxes collected for prior years and grant revenue for future periods	(330,228)
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.	914
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>21,250</u>
Change in net position - governmental activities	<u><u>\$ (130,808)</u></u>

City of Hastings
Subcombining Balance Sheet
Debt Service Fund
December 31, 2020

	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	\$ 245,762	\$ 319,591	\$ 268,819
Interest receivable	434	-	582
Due from other governments	-	-	-
Property taxes receivable	27,003	40,609	31,508
Special assessments receivable			
Delinquent	-	1,461	53
Deferred	-	94,614	9,206
Prepaid items	-	-	335
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 273,199</u>	<u>\$ 456,275</u>	<u>\$ 310,503</u>
Liabilities			
Accounts payable	141	225	141
Deferred Inflows of Resources			
Unavailable revenue - taxes and assessments	4,484	102,448	14,603
	<u> </u>	<u> </u>	<u> </u>
Fund Balances			
Nonspendable	-	-	335
Restricted			
Debt service	268,574	353,602	295,424
Unassigned	-	-	-
Total fund balances	<u>268,574</u>	<u>353,602</u>	<u>295,759</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 273,199</u>	<u>\$ 456,275</u>	<u>\$ 310,503</u>

Statement 38

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)
\$ 408,290	\$ 173,322	\$ 413,043	\$ 16,423	\$ 61,892
832	305	841	129	356
-	-	2,430	-	-
36,157	3,672	11,808	-	-
1,359	2,353	-	-	-
51,627	216,925	-	-	-
-	250	180	-	-
<u>\$ 498,265</u>	<u>\$ 396,827</u>	<u>\$ 428,302</u>	<u>\$ 16,552</u>	<u>\$ 62,248</u>
216	141	141	-	-
58,588	220,861	1,961	-	-
-	250	180	-	-
439,461	175,575	426,020	16,552	62,248
-	-	-	-	-
<u>439,461</u>	<u>175,825</u>	<u>426,200</u>	<u>16,552</u>	<u>62,248</u>
<u>\$ 498,265</u>	<u>\$ 396,827</u>	<u>\$ 428,302</u>	<u>\$ 16,552</u>	<u>\$ 62,248</u>

(Continued)

City of Hastings
Subcombining Balance Sheet
Debt Service Fund
December 31, 2020

	Certificate of Participation 2015 (315)	Certificate of Participation 2016 (316)	G.O. Improvement Bonds 2006A (526)
Assets			
Cash and investments	\$ 60,716	\$ 69,668	\$ 872
Interest receivable	209	225	-
Due from other governments	-	-	2,260
Property taxes receivable	7,085	7,912	-
Special assessments receivable			
Delinquent	-	-	-
Deferred	-	-	-
Prepaid items	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 68,010</u>	<u>\$ 77,805</u>	<u>\$ 3,132</u>
Liabilities			
Accounts payable	-	-	-
Deferred Inflows of Resources			
Unavailable revenue - taxes and assessments	1,177	1,314	-
	<hr/>	<hr/>	<hr/>
Fund Balances			
Nonspendable	-	-	-
Restricted			
Debt service	66,833	76,491	3,132
Unassigned	-	-	-
Total fund balances	<u>66,833</u>	<u>76,491</u>	<u>3,132</u>
	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 68,010</u>	<u>\$ 77,805</u>	<u>\$ 3,132</u>

Statement 38 (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)
\$ 42,616	\$ 37,486	\$ 187,420	\$ 232,699	\$ 416,039
176	164	536	617	845
-	-	-	-	-
-	6,756	20,938	23,520	19,297
-	82	2,586	21	820
-	-	-	14,755	54,448
-	-	-	315	368
<u>\$ 42,792</u>	<u>\$ 44,488</u>	<u>\$ 211,480</u>	<u>\$ 271,927</u>	<u>\$ 491,817</u>
-	158	159	141	141
-	3,341	4,022	18,944	59,291
-	-	-	315	368
42,792	40,989	207,299	252,527	432,017
-	-	-	-	-
<u>42,792</u>	<u>40,989</u>	<u>207,299</u>	<u>252,842</u>	<u>432,385</u>
<u>\$ 42,792</u>	<u>\$ 44,488</u>	<u>\$ 211,480</u>	<u>\$ 271,927</u>	<u>\$ 491,817</u>

**City of Hastings
Subcombining Balance Sheet
Debt Service Fund
December 31, 2020**

	G.O. Improvement Bonds 2012 (572)	G.O. Improvement Bonds 2013B (573)	G.O. Improvement Bonds 2017A (577)
Assets			
Cash and investments	\$ 201,676	\$ 147,377	\$ 168,877
Interest receivable	461	362	303
Due from other governments	-	-	-
Property taxes receivable	18,073	13,752	9,735
Special assessments receivable			
Delinquent	3,014	-	541
Deferred	30,974	37,400	110,894
Prepaid items	-	664	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 254,198</u>	<u>\$ 199,555</u>	<u>\$ 290,350</u>
Liabilities			
Accounts payable	162	141	216
Deferred Inflows of Resources			
Unavailable revenue - taxes and assessments	<u>35,917</u>	<u>39,468</u>	<u>112,678</u>
Fund Balances			
Nonspendable	-	664	-
Restricted			
Debt service	218,119	159,282	177,456
Unassigned	-	-	-
Total fund balances	<u>218,119</u>	<u>159,946</u>	<u>177,456</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 254,198</u>	<u>\$ 199,555</u>	<u>\$ 290,350</u>

Statement 38 (Continued)

Certificates of Participation 2013B (398)	Debt Redemption Fund (500)	G.O. Improvement Bonds 2019A (579)	G.O. Improvement Bonds 2020A (580)	Total
\$ 118,723	\$ 1,062,825	\$ 1,083,222	\$ -	\$ 5,737,358
313	2,032	2,941	-	12,663
-	-	-	-	4,690
12,327	-	28,307	-	318,459
-	473	925	-	13,688
-	42,572	642,201	-	1,305,616
-	-	292	638	3,042
<u>\$ 131,363</u>	<u>\$ 1,107,902</u>	<u>\$ 1,757,888</u>	<u>\$ 638</u>	<u>\$ 7,395,516</u>
141	-	141	141	2,546
2,010	43,045	645,134	-	1,369,286
-	-	292	638	3,042
129,212	1,064,857	1,112,321	-	6,020,783
-	-	-	(141)	(141)
<u>129,212</u>	<u>1,064,857</u>	<u>1,112,613</u>	<u>497</u>	<u>6,023,684</u>
<u>\$ 131,363</u>	<u>\$ 1,107,902</u>	<u>\$ 1,757,888</u>	<u>\$ 638</u>	<u>\$ 7,395,516</u>

City of Hastings
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balance
Debt Service Fund
Year Ended December 31, 2020

	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	\$ -	\$ 351,560	\$ 266,102
Special assessments	-	28,580	2,401
Charges for services	-	-	-
Investment income	3,082	(404)	2,823
Total revenues	<u>3,082</u>	<u>379,736</u>	<u>271,326</u>
Expenditures			
Debt service			
Principal	170,000	320,000	240,000
Interest and other charges	39,416	44,108	38,444
Total expenditures	<u>209,416</u>	<u>364,108</u>	<u>278,444</u>
Net change in fund balances	2,116	15,628	(7,118)
Fund Balances			
Beginning of year	<u>266,458</u>	<u>337,974</u>	<u>302,877</u>
End of year	<u><u>\$ 268,574</u></u>	<u><u>\$ 353,602</u></u>	<u><u>\$ 295,759</u></u>

Statement 39

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)
\$ 301,629	\$ 2,852	\$ 100,353	\$ -
14,629	52,611	-	-
-	-	85,185	-
5,820	6,325	9,282	536
<u>322,078</u>	<u>61,788</u>	<u>194,820</u>	<u>536</u>
295,000	225,000	175,000	-
48,481	90,101	14,815	52
<u>343,481</u>	<u>315,101</u>	<u>189,815</u>	<u>52</u>
(21,403)	(253,313)	5,005	484
<u>460,864</u>	<u>429,138</u>	<u>421,195</u>	<u>16,068</u>
<u>\$ 439,461</u>	<u>\$ 175,825</u>	<u>\$ 426,200</u>	<u>\$ 16,552</u>

City of Hastings
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balance
Debt Service Fund
Year Ended December 31, 2020

	Certificate of Participation 2014 (399)	Certificate of Participation 2015 (315)	Certificate of Participation 2016 (316)
Revenues			
General property taxes	\$ -	\$ 60,213	\$ 67,236
Special assessments	-	-	-
Charges for services	-	-	-
Investment income	2,212	721	710
Total revenues	<u>2,212</u>	<u>60,934</u>	<u>67,946</u>
Expenditures			
Debt service			
Principal	40,000	60,000	60,000
Interest and other charges	1,438	4,949	3,000
Total expenditures	<u>41,438</u>	<u>64,949</u>	<u>63,000</u>
Net change in fund balances	(39,226)	(4,015)	4,946
Fund Balances			
Beginning of year	<u>101,474</u>	<u>70,848</u>	<u>71,545</u>
End of year	<u>\$ 62,248</u>	<u>\$ 66,833</u>	<u>\$ 76,491</u>

Statement 39 (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)
\$ -	\$ -	\$ 23,426	\$ 178,584	\$ 196,079	\$ 151,759
-	-	82	28,057	16,793	67,119
-	-	-	-	-	-
-	1,238	2,901	1,418	2,549	7,835
-	1,238	26,409	208,059	215,421	226,713
-	-	345,000	195,000	206,250	288,750
-	-	7,736	10,784	12,680	20,322
-	-	352,736	205,784	218,930	309,072
-	1,238	(326,327)	2,275	(3,509)	(82,359)
3,132	41,554	367,316	205,024	256,351	514,744
<u>\$ 3,132</u>	<u>\$ 42,792</u>	<u>\$ 40,989</u>	<u>\$ 207,299</u>	<u>\$ 252,842</u>	<u>\$ 432,385</u>

City of Hastings
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balance
Debt Service Fund
Year Ended December 31, 2020

	G.O. Improvement Bonds 2012 (572)	G.O. Improvement Bonds 2013B (573)	G.O. Improvement Bonds 2017A (577)
Revenues			
General property taxes	\$ 150,808	\$ 120,100	\$ 80,505
Special assessments	21,649	16,172	21,204
Charges for services	-	-	-
Investment income	2,500	1,653	3,041
Total revenues	<u>174,957</u>	<u>137,925</u>	<u>104,750</u>
Expenditures			
Debt service			
Principal	175,000	125,000	95,000
Interest and other charges	14,198	12,793	24,995
Total expenditures	<u>189,198</u>	<u>137,793</u>	<u>119,995</u>
Net change in fund balances	(14,241)	132	(15,245)
Fund Balances			
Beginning of year	<u>232,360</u>	<u>159,814</u>	<u>192,701</u>
End of year	<u><u>\$ 218,119</u></u>	<u><u>\$ 159,946</u></u>	<u><u>\$ 177,456</u></u>

Statement 39 (Continued)

Certificates of Participation 2013B (398)	Debt Redemption Fund (500)	G.O. Improvement Bonds 2019A (579)	G.O. Improvement Bonds 2020A (580)	Total
\$ 105,315	\$ 83	\$ 154,372	\$ -	\$ 2,310,976
-	584,700	171,476	-	1,025,473
-	-	-	-	85,185
1,330	25,177	25,317	-	106,066
<u>106,645</u>	<u>609,960</u>	<u>351,165</u>	<u>-</u>	<u>3,527,700</u>
85,000	-	-	-	3,100,000
9,132	-	128,241	(497)	525,188
<u>94,132</u>	<u>-</u>	<u>128,241</u>	<u>(497)</u>	<u>3,625,188</u>
12,513	609,960	222,924	497	110,962
<u>116,699</u>	<u>454,897</u>	<u>889,689</u>	<u>-</u>	<u>5,912,722</u>
<u>\$ 129,212</u>	<u>\$ 1,064,857</u>	<u>\$ 1,112,613</u>	<u>\$ 497</u>	<u>\$ 6,023,684</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			
	2011	2012	2013	2014
Governmental activities:				
Net investment in capital assets	\$ 36,720,391	\$ 39,532,965	\$ 42,404,518	\$ 43,801,240
Restricted for:				
Police activities	29,826	14,524	13,898	29,908
Tax increment	-	-	-	-
Debt service	10,355,915	10,278,599	9,292,124	8,228,781
Capital projects	1,110,710	567,457	677,082	617,851
Escrow	-	-	-	-
Net pension asset	-	-	-	-
LeDuc Historic Estate	1,071,986	1,118,669	1,138,006	1,107,821
Unrestricted	3,621,967	2,088,661	3,306,265	3,863,787
Total governmental activities net position	<u>\$ 52,910,795</u>	<u>\$ 53,600,875</u>	<u>\$ 56,831,893</u>	<u>\$ 57,649,388</u>
Business-type activities:				
Net investment in capital assets	\$ 27,280,688	\$ 26,349,437	\$ 25,478,576	\$ 25,016,342
Restricted for:				
Debt service	284,765	291,130	551,253	376,498
Unrestricted	6,225,377	6,322,246	6,176,039	4,917,605
Total business-type activities net position	<u>\$ 33,790,830</u>	<u>\$ 32,962,813</u>	<u>\$ 32,205,868</u>	<u>\$ 30,310,445</u>
Primary government:				
Net investment in capital assets	\$ 64,001,079	\$ 65,882,402	\$ 67,883,094	\$ 68,817,582
Restricted for:				
Police activities	-	14,524	13,898	29,908
Tax Increment	-	-	-	-
Debt service	10,640,680	10,569,729	9,843,377	8,605,279
Capital projects	-	567,457	677,082	617,851
Escrow	-	-	-	-
Net pension asset	-	-	-	-
LeDuc Historic Estate	1,071,986	1,118,669	1,138,006	1,107,821
Unrestricted	9,847,344	8,410,907	9,482,304	8,781,392
Total primary government net position	<u>\$ 85,561,089</u>	<u>\$ 86,563,688</u>	<u>\$ 89,037,761</u>	<u>\$ 5,408,639</u>

Table 1

Fiscal Year						
2015	2016	2017	2018	2019	2020	
\$ 43,540,896	\$ 42,444,675	\$ 43,485,383	\$ 43,158,263	\$ 42,069,591	\$ 42,768,215	
29,796	34,462	42,568	54,842	40,432	59,697	
-	-	2,695	4,924	5,681	7,157	
6,790,580	6,814,431	6,721,124	6,897,969	8,169,524	7,182,012	
605,667	547,257	488,132	494,432	509,082	630,709	
-	-	-	-	11,467	17,240	
-	1,225,251	-	-	-	-	
1,369,956	1,374,830	1,489,982	1,270,770	1,246,991	1,282,730	
(1,019,362)	(3,501,336)	(3,910,559)	(4,077,486)	(2,309,522)	324,570	
<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>	<u>\$ 52,272,330</u>	
\$ 25,317,479	\$ 25,219,313	\$ 25,631,750	\$ 24,353,284	\$ 24,164,942	\$ 23,964,003	
251,499	187,146	-	-	-	-	
4,348,513	3,868,707	3,301,265	5,080,114	5,859,676	7,007,095	
<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>	<u>\$ 30,971,098</u>	
\$ 68,858,375	\$ 68,858,375	\$ 69,117,133	\$ 67,511,547	\$ 66,234,533	\$ 66,732,218	
29,796	34,462	42,568	54,842	40,432	59,697	
-	-	2,695	4,924	5,681	7,157	
7,042,079	7,001,577	6,721,124	6,897,969	8,169,524	7,182,012	
605,667	547,257	488,132	494,432	509,082	630,709	
-	-	-	-	11,467	17,240	
-	-	-	-	-	-	
1,369,956	1,374,830	1,489,982	1,270,770	1,246,991	1,282,730	
3,329,151	367,371	(609,294)	1,002,628	3,550,154	7,331,665	
<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>	<u>\$ 83,243,428</u>	

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

	Fiscal Year			
	2011	2012	2013	2014
Expenses				
Governmental activities:				
General government	\$ 2,664,458	\$ 2,708,887	\$ 2,368,033	\$ 2,912,989
Public safety	7,325,913	7,646,393	8,022,727	8,265,264
Public works	4,343,248	4,939,914	5,059,797	4,825,511
Culture and recreation	2,897,432	2,979,509	2,844,498	2,948,893
Economic development	20,881	24,455	34,119	135,010
Health and sanitation	102,425	24,057	19,447	15,775
Interest on long-term debt	928,432	905,223	647,902	466,445
Total governmental activities expenses	<u>18,282,789</u>	<u>19,228,438</u>	<u>18,996,523</u>	<u>19,569,887</u>
Business-type activities:				
Water	2,030,228	2,003,623	2,181,086	2,065,409
Sewer	1,926,477	1,807,697	1,867,680	1,940,624
Storm	357,476	417,236	346,846	380,251
Transit	-	-	-	-
Hydro	739,600	907,562	941,730	738,402
Total business-type activities expenses	<u>5,053,781</u>	<u>5,136,118</u>	<u>5,337,342</u>	<u>5,124,686</u>
Total primary government expenses	<u>\$ 23,336,570</u>	<u>\$ 24,364,556</u>	<u>\$ 24,333,865</u>	<u>\$ 24,694,573</u>
Program revenues				
Governmental activities:				
Charges for services:				
General Government	\$ -	\$ -	\$ -	\$ -
Public safety	2,182,932	2,617,151	2,925,521	2,726,275
Public works	28,665	5,408,639	35,134	51,342
Culture and recreation	1,179,969	1,183,146	1,156,963	1,147,412
Other activities	408,805	421,246	537,106	470,886
Operating grants and contributions	316,382	933,834	820,431	776,970
Capital grants and contributions	2,352,552	949,617	4,648,382	815,568
Total governmental activities program revenues	<u>6,469,305</u>	<u>11,513,633</u>	<u>10,123,537</u>	<u>5,988,453</u>
Business-type activities:				
Charges for services:				
Water	1,665,738	2,220,064	2,071,576	1,873,918
Sewer	1,775,610	1,859,169	1,915,861	1,938,692
Storm	398,602	435,361	430,074	429,957
Transit	18,109	-	-	-
Hydro	1,468,823	981,819	963,174	921,052
Operating grants and contributions	147,930	32,417	-	-
Capital grants and contributions	-	35,585	-	-
Total business-type activities program revenues	<u>5,474,812</u>	<u>5,564,415</u>	<u>5,380,685</u>	<u>5,163,619</u>
Total primary government program revenues	<u>\$ 11,944,117</u>	<u>\$ 17,078,048</u>	<u>\$ 15,504,222</u>	<u>\$ 11,152,072</u>
Net (expense) revenue:				
Governmental activities	\$ (11,813,484)	\$ (7,714,805)	\$ (8,872,986)	\$ (13,581,434)
Business-type activities	421,031	428,297	43,343	38,933
Total primary government net (expense) revenue	<u>(11,392,453)</u>	<u>(7,286,508)</u>	<u>(8,829,643)</u>	<u>(13,542,501)</u>

2015	Fiscal Year				
	2016	2017	2018	2019	2020
\$ 2,742,065	\$ 2,935,743	\$ 3,129,500	\$ 3,322,254	\$ 3,547,503	\$ 4,271,705
8,354,120	11,060,875	9,386,823	10,167,543	9,382,761	9,580,764
5,213,874	6,345,402	5,638,414	5,438,158	5,885,948	5,355,622
3,087,460	3,396,349	3,398,198	3,588,701	3,506,415	2,944,205
47,129	2,311,500	51,101	40,656	41,369	28,806
21,890	19,301	30,849	34,158	37,731	28,794
453,391	464,205	449,979	428,156	486,826	415,814
<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>	<u>22,625,710</u>
1,963,670	2,120,683	1,866,451	2,053,704	2,197,954	1,975,443
1,958,792	2,118,877	2,213,573	2,160,226	2,305,382	2,314,153
393,535	422,730	403,183	424,791	529,092	404,163
-	-	-	-	-	-
633,196	593,610	838,181	620,320	578,351	832,937
<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>5,526,696</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>	<u>\$ 28,152,406</u>
\$ -	\$ -	\$ -	\$ -	\$ 513,591	\$ 522,460
2,849,915	3,362,113	3,745,444	3,507,476	3,848,715	3,420,090
119,702	271,785	276,721	312,004	438,990	778,863
1,202,465	1,237,031	1,191,970	1,358,186	1,162,764	779,387
537,114	602,296	521,818	496,151	93,705	85,185
649,612	1,560,903	539,343	1,521,330	1,117,166	918,951
1,113,376	3,212,984	1,234,808	622,219	1,553,631	1,098,098
<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>	<u>7,603,034</u>
1,797,562	1,875,712	1,897,865	2,284,680	2,259,917	2,445,497
1,882,901	1,867,425	1,972,116	2,490,514	2,642,559	2,615,539
425,643	435,310	507,721	633,583	718,097	729,711
-	-	-	-	-	-
1,073,234	787,238	784,887	701,729	672,763	578,006
-	-	-	-	-	1,888
-	-	-	150,542	49,281	102,567
<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>6,473,208</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>	<u>\$ 14,076,242</u>
\$ (13,447,745)	\$ (16,286,263)	\$ (14,574,760)	\$ (15,202,260)	\$ (14,159,991)	\$ (15,022,676)
230,147	(290,215)	(158,799)	1,002,007	731,838	946,512
<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>	<u>(14,076,164)</u>

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

	Fiscal Year			
	2011	2012	2013	2014
General revenues and other changes in net position				
Governmental activities:				
Taxes:				
Property taxes, levied for general purposes	\$ 7,648,745	\$ 8,227,080	\$ 8,545,583	\$ 8,719,458
Property taxes, levied for debt service	2,961,928	3,458,479	3,191,407	2,643,067
Unrestricted grants and contributions	46,113	195,713	15,067	593,875
Gain (Loss) on disposal of capital assets	63,245	7,019	20,072	-
Investment earnings (loss)	209,444	293,721	(25,107)	315,388
Contribution to permanent fund	-	-	-	-
Contribution of capital assets	100,893	250,766	-	-
Insurance recoveries	-	-	-	-
Transfers	2,433,679	1,333,377	677,600	2,127,141
Total governmental activities	<u>13,464,047</u>	<u>13,766,155</u>	<u>12,424,622</u>	<u>14,398,929</u>
Business-type activities:				
Property taxes, levied for general purposes	(1,055)	-	-	-
Gain (Loss) on disposal of capital assets	-	-	-	-
Investment earnings	172,762	77,063	(57,568)	192,785
Miscellaneous	-	-	-	-
Transfers	(2,433,679)	(1,333,377)	(677,600)	(2,127,141)
Total business-type activities	<u>(2,261,972)</u>	<u>(1,256,314)</u>	<u>(735,168)</u>	<u>(1,934,356)</u>
Total primary government	<u>\$ 11,202,075</u>	<u>\$ 12,509,841</u>	<u>\$ 11,689,454</u>	<u>\$ 12,464,573</u>
Change in net position:				
Governmental activities	\$ 1,650,563	\$ 6,051,350	\$ 3,551,636	\$ 817,495
Business-type activities	(1,840,941)	(828,017)	(691,825)	(1,895,423)
Total primary government	<u>\$ (190,378)</u>	<u>\$ 5,223,333</u>	<u>\$ 2,859,811</u>	<u>\$ (1,077,928)</u>

	Fiscal Year				
2015	2016	2017	2018	2019	2020
\$ 9,231,748	\$ 9,837,164	\$ 10,271,077	\$ 10,170,181	\$ 11,120,775	\$ 11,455,276
2,650,000	2,650,000	2,650,000	3,424,475	3,126,903	2,310,976
591,572	617,477	639,043	1,106,153	933,079	1,915,198
29,098	111,069	23,272	170,917	7,951	33,702
77,472	211,760	215,284	146,410	590,271	454,753
-	-	-	-	-	-
-	-	-	-	-	-
-	-	24,299	-	-	-
(193,998)	480,830	(132,690)	439,358	320,378	99,378
12,385,892	13,908,300	13,690,285	15,457,494	16,099,357	16,269,283
-	-	-	-	11,376	97
-	-	-	-	-	-
67,811	128,720	4,188	49,772	168,384	99,249
-	-	-	-	-	-
193,998	(480,830)	132,690	(439,358)	(320,378)	(99,378)
261,809	(352,110)	136,878	(389,586)	(140,618)	(32)
\$ 12,647,701	\$ 13,556,190	\$ 13,827,163	\$ 15,067,908	\$ 15,958,739	\$ 16,269,251
\$ (1,061,853)	\$ (2,377,963)	\$ (884,475)	\$ 255,234	\$ 1,939,366	\$ 2,407,557
491,956	(642,325)	(21,921)	612,421	591,220	946,480
\$ (569,897)	\$ (3,020,288)	\$ (906,396)	\$ 867,655	\$ 2,530,586	\$ 3,354,037

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

	Fiscal Year			
	2011	2012	2013	2014
General Fund:				
Reserved for:				
Prepaid items	\$ -	\$ -	\$ -	\$ -
Nonspendable:				
Prepaid items	16,121	23,196	41,660	58,131
Inventories	50,505	49,983	58,634	26,008
Restricted:				
Leduc Historical Estate	-	-	-	-
Restricted:				
Police Activities	-	-	-	-
Unassigned:	3,024,570	3,411,086	3,486,430	3,446,128
Total general fund	<u>\$ 3,091,196</u>	<u>\$ 3,484,265</u>	<u>\$ 3,586,724</u>	<u>\$ 3,530,267</u>
All other governmental funds:				
Unreserved, reported in:	\$ -	\$ -	\$ 5,408,639	\$ -
Nonspendable				
Prepaid	60,694	44,830	70,585	81,494
Inventories	10,685	10,179	6,268	3,322
Permanent endowment-Leduc Historical Estate	200,000	200,000	200,000	200,000
Restricted				
Police activities	29,826	14,524	13,898	29,626
Debt service	5,868,913	6,750,592	7,692,475	5,427,274
Tax Increment Financing	-	-	-	-
Capital projects	1,110,710	684,302	676,672	1,009,983
Permanent endowment-Leduc Historical Estate	871,986	918,669	938,006	907,821
Escrow	-	-	-	-
Committed				
Maintenance	489,345	541,760	705,537	700,601
Aquatic operatins	33,293	62,481	118,588	120,179
Cable TV activities	199,424	210,998	222,044	232,035
Heritage preservation activities	81,426	84,857	86,697	93,499
Fire & ambulance activities	975,108	1,168,697	2,372,686	1,596,429
Arena activities	619,939	636,751	590,646	490,657
Assigned				
Capital	1,864,972	1,523,421	1,394,711	869,337
Unassigned				
Capital	-	(99,131)	(312,971)	(252,583)
Total all other governmental funds	<u>\$ 12,416,321</u>	<u>\$ 12,752,930</u>	<u>\$ 20,184,481</u>	<u>\$ 11,509,674</u>

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

Table 3

2015	2016	2017	2018	2019	2020
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
72,786	119,342	135,921	92,918	86,310	108,555
50,734	35,471	24,517	15,183	34,446	64,084
349,321	346,557	397,985	301,201	193,592	178,173
-	-	-	-	-	13,384
3,621,455	4,403,883	4,576,829	5,047,671	5,596,357	7,940,056
<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>	<u>\$ 8,304,252</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
83,691	105,237	114,968	81,016	77,361	24,265
4,365	4,368	3,223	2,318	2,964	3,754
200,000	200,000	200,000	200,000	200,000	200,000
29,773	34,444	42,547	54,825	40,406	46,285
4,500,299	4,820,295	4,888,739	5,200,767	5,909,532	6,020,783
-	-	2,695	4,924	5,681	7,157
605,667	546,622	487,678	494,432	509,082	629,046
820,635	828,273	891,997	769,569	853,399	904,557
-	-	-	-	11,467	17,240
816,485	870,352	1,020,571	1,084,583	1,144,271	1,357,981
143,507	184,955	188,258	185,144	232,573	406,776
238,133	245,822	243,756	238,553	238,892	156,073
95,860	96,148	97,564	100,481	104,264	108,400
1,362,693	1,111,458	1,251,486	992,209	1,280,178	1,465,860
500,676	388,065	463,992	462,313	497,359	550,064
1,013,965	1,131,904	1,172,982	1,249,299	1,325,392	1,326,089
(899,034)	(416,152)	(300,491)	(217,088)	(190,670)	(910,431)
<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>	<u>\$ 12,313,899</u>

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

	Fiscal Year			
	2011	2012	2013	2014
Revenues:				
Taxes	\$ 10,600,376	\$ 11,726,752	\$ 11,793,014	\$ 11,410,130
Special assessments	1,984,103	1,762,762	1,112,853	1,011,262
Licenses and permits	386,248	403,386	394,821	412,782
Fines and forfeitures	89,732	99,551	95,103	126,565
Intergovernmental	832,084	1,247,726	4,631,888	1,628,541
Charges for services	3,158,347	3,585,565	3,873,062	3,561,470
Investment earnings	179,685	277,752	(15,617)	290,628
Miscellaneous	17,003	69,182	70,404	28,537
Total revenues	<u>17,247,578</u>	<u>19,172,676</u>	<u>21,955,528</u>	<u>18,469,915</u>
Expenditures:				
Current:				
General government	2,203,841	2,188,513	2,070,522	2,411,990
Public safety	6,823,812	7,254,247	7,609,462	7,814,296
Public works	1,533,922	2,147,556	1,670,868	1,873,216
Health and sanitation	102,425	24,057	19,447	15,775
Cultural and recreation	2,375,358	2,456,430	2,316,009	2,429,476
Economic development	20,881	24,455	34,119	135,010
Capital outlay	4,819,686	3,051,655	5,788,889	6,589,320
Debt service:				
Principal retirement	4,065,000	4,340,000	4,501,750	4,094,500
Interest	985,238	911,963	731,640	607,807
Total expenditures	<u>22,930,163</u>	<u>22,398,876</u>	<u>24,742,706</u>	<u>25,971,390</u>
Revenues over (under) expenditures	<u>(5,682,585)</u>	<u>(3,226,200)</u>	<u>(2,787,178)</u>	<u>(7,501,475)</u>

Table 4
Page 1 of 2

		Fiscal Year									
		2015	2016	2017	2018	2019	2020				
\$	11,877,613	\$	12,431,059	\$	12,981,670	\$	13,607,851	\$	13,892,707	\$	14,589,044
	695,211		599,399		501,495		649,146		1,206,298		1,025,473
	449,444		423,861		496,101		585,364		574,169		468,688
	121,259		95,313		128,266		107,512		111,358		72,396
	1,950,871		4,132,072		2,417,114		2,831,355		2,113,639		4,139,988
	3,765,494		4,650,190		4,690,844		4,522,330		4,999,575		4,704,978
	70,516		199,685		207,058		133,040		552,103		429,840
	273,537		1,499,899		37,386		129,348		155,164		75,282
	<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>		<u>25,505,689</u>
	2,290,140		2,498,078		2,540,993		2,800,943		2,663,257		2,971,879
	8,011,113		8,668,178		8,709,899		9,091,243		9,366,019		9,521,712
	1,588,976		1,956,027		1,711,758		1,784,833		1,633,317		1,520,193
	21,890		19,301		30,849		34,158		37,731		28,794
	2,537,383		2,714,594		2,755,083		2,956,232		3,122,497		2,716,887
	44,157		2,303,885		38,752		40,656		41,369		28,806
	5,032,472		6,642,508		2,241,646		4,612,845		4,210,424		4,668,577
	3,874,500		3,234,500		3,369,500		3,295,000		3,300,000		3,100,000
	525,037		549,640		531,468		501,518		549,030		562,345
	<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>25,119,193</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>		<u>386,496</u>

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

	Fiscal Year			
	2011	2012	2013	2014
Other financing sources (uses):				
Bonds issued	\$ 3,964,750	\$ 2,030,000	\$ 5,710,000	\$ 3,200,000
Bond premiums	-	112,181	110,125	88,207
Bond discounts	(1,711)	-	-	-
Payment to refunded bond paying agent	(1,705,000)	-	(1,595,000)	(1,470,000)
Transfers in	4,139,595	3,597,850	1,769,270	4,062,792
Transfers out	(1,172,669)	(1,791,172)	(1,123,580)	(1,723,002)
Insurance recoveries	-	-	20,082	20,852
Proceeds on sale of capital assets	84,545	7,019	21,652	-
Total other financing sources (uses)	<u>5,309,510</u>	<u>3,955,878</u>	<u>4,912,549</u>	<u>4,178,849</u>
Net change in fund balance	<u>\$ (373,075)</u>	<u>\$ 729,678</u>	<u>\$ 2,125,371</u>	<u>\$ (3,322,626)</u>
Debt service as a percentage of noncapital expenditures	27.9%	27.1%	27.6%	24.3%

	2015	2016	2017	2018	2019	2020
\$	2,755,000	\$ 5,560,000	\$ 1,015,000	\$ 2,560,000	\$ 2,595,000	\$ 2,045,000
	47,405	172,612	57,387	138,815	506,618	302,018
	-	-	-	-	-	-
	-	-	-	-	-	-
	1,616,841	1,447,564	775,477	970,501	786,899	625,485
	(1,176,571)	(1,316,732)	(522,308)	(866,143)	(796,521)	(926,107)
	21,020	27,814	24,299	8,150	7,715	1,843
	29,098	111,069	23,272	195,260	11,292	30,560
	<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>2,078,799</u>
\$	<u>(1,428,930)</u>	<u>\$ 1,447,094</u>	<u>\$ 903,113</u>	<u>\$ 455,101</u>	<u>\$ 1,792,372</u>	<u>\$ 2,465,295</u>
	23.3%	17.2%	19.8%	18.0%	18.5%	17.9%

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
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%	1,475,321,176	1.15%
2016	13,501,866	3,852,417	363,149	17,717,432	2,017,091	19,734,523	63.577%	1,544,471,503	1.15%
2017	12,882,237	3,969,456	1,533,473	18,385,166	2,280,954	20,666,120	62.519%	1,604,693,527	1.15%
2018	13,968,781	3,827,760	1,522,837	19,319,378	2,362,509	22,078,920	60.864%	1,733,193,014	1.11%
2019	15,289,744	3,963,729	1,999,997	21,253,470	2,534,898	23,788,368	59.612%	1,883,303,111	1.13%
2020	16,703,875	4,006,572	2,006,179	22,716,626	2,730,219	25,446,845	57.391%	2,025,844,477	1.12%

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	
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
2020	47.594	9.797	57.391	17.924	3.936	24.133	103.384

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	2020			2011		
	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
Xcel Energy (NSP Company)	\$ 253,340	1	1.12%	\$ 167,866	4	0.92%
Wal-Mart	215,630	2	0.95%	256,856	1	1.41%
Hastings MarketPlace Sation LLC	207,662	3	0.92%			0.00%
VMA 1000LLC	187,590	4	0.83%	100,000	7	0.55%
Regina Medical Complex	146,658	5	0.65%	202,461	2	1.11%
Hastings Medical Office Bldg LLC	138,078	6	0.61%			0.00%
Casey Capital V LLC	128,144	7	0.57%			0.00%
Gasparre Hidden Valley LLC	124,809	8	0.55%			0.00%
Three Rivers Partnership	124,558	9	0.55%	140,862	5	0.77%
Voyageur Estates LLC	123,620	10	0.55%	96,203	8	0.53%
Camegaran LLC			0.00%	96,203	8	0.53%
Inch III Hastings LLC	-			185,504	3	1.02%
County Crossroads Ctr. Ltd. Partnership				93,846	10	0.52%
KCP Hastings LLC				95,082	9	0.52%
Target Corporation	-			117,250	6	0.64%
Total	\$ 1,650,089		7.28%	\$ 1,552,133		8.53%
Total all property	\$ 22,667,641			\$ 18,194,684		

Source: Dakota County Taxation Department

**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
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%	84,292	11,609,899	99.99%
2015	12,060,920	11,955,607	99.13%	87,205	12,042,811	99.85%
2016	12,499,621	12,350,917	98.81%	102,915	12,453,832	99.63%
2017	12,960,919	12,810,057	98.84%	90,666	12,900,723	99.54%
2018	13,503,307	13,446,160	99.58%	29,186	13,475,346	99.79%
2019	14,233,201	14,029,829	98.57%	125,153	14,029,829	98.57%
2020	14,788,179	14,675,806	99.24%	N/A	14,675,806	99.24%

* 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		
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	7,163,738	12,012,237	846,240	20,022,215	94.21%
2020	6,231,661	12,312,054	597,223	19,140,938	84.26%

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	
\$ 4,120,250	\$ 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%	
5,166,185	5,166,185	716	24,307,123	1,049	262.82%	

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		
2011	\$ 26,684,750	\$ 5,869,538	\$ 20,815,212	1.3%	\$ 905
2012	24,479,750	6,753,604	17,726,146	1.3%	793
2013	24,426,071	7,692,475	16,733,596	1.3%	749
2014	22,089,651	5,430,602	16,659,049	1.3%	741
2015	20,945,302	4,503,176	16,442,126	1.1%	728
2016	23,351,926	4,821,409	18,530,517	1.2%	817
2017	22,426,562	4,888,739	17,537,823	1.1%	783
2018	20,323,154	5,200,767	15,122,387	0.9%	663
2019	20,022,215	5,909,532	14,112,683	0.7%	619
2020	19,140,938	6,023,684	13,117,254	0.6%	566

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, 2020
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	\$ 58,332,524	65.69%	\$ 38,318,635
Counties:			
Dakota County	0	0.00%	0
Washington County	125,410,000	0.01%	12,541
Other:			
Met Council	1,200,000	0.60%	7,200
Metropolitan Transit District	262,085,000	0.74%	<u>1,939,429</u>
Subtotal - overlapping debt			40,277,805
City direct debt		100.00%	<u>20,022,215</u>
Total direct and overlapping debt			<u><u>\$ 60,300,020</u></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. It implies 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 2020

Estimated Market value	\$ 2,145,797,400
Debt limit (3% of market value)	<u>64,373,922</u>
Debt applicable to limit:	
General obligation bonds	6,231,661
Less: Amount set aside for repayment of general obligation debt	<u>-</u>
Total net debt applicable to limit	<u>6,231,661</u>
Legal debt margin	<u>\$ 58,142,261</u>

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$ 47,898,237	\$ 41,960,825	\$ 39,865,402	\$ 43,998,825	\$ 48,291,162
Total net debt applicable to limit	<u>4,120,000</u>	<u>3,405,000</u>	<u>3,230,000</u>	<u>4,773,500</u>	<u>6,474,000</u>
Legal debt margin	<u>\$ 43,778,237</u>	<u>\$ 38,555,825</u>	<u>\$ 36,635,402</u>	<u>\$ 39,225,325</u>	<u>\$ 41,817,162</u>

Amount of Debt Applicable to Debt Limit:

Total net debt applicable to the limit as a percentage of debt limit	8.60%	8.11%	8.10%	10.85%	13.41%
-------------------------------------------------------------------------	-------	-------	-------	--------	--------

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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 46,420,722	\$ 48,229,996	\$ 56,499,093	\$ 60,356,121	\$ 64,373,922
<u>8,285,000</u>	<u>7,290,000</u>	<u>7,140,000</u>	<u>6,245,000</u>	<u>6,231,661</u>
<u>\$ 38,135,722</u>	<u>\$ 40,939,996</u>	<u>\$ 49,359,093</u>	<u>\$ 54,111,121</u>	<u>\$ 58,142,261</u>
17.85%	15.12%	12.64%	10.35%	9.68%

City of Hastings
Pledged-Revenue Coverage
Last Ten Fiscal Years
Unaudited

Fiscal Year	Water Revenue Bonds						Sewer Revenue Bonds
	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Utility Service Charges
				Principal	Interest		
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	2,490,076
2019	2,235,565	2,200,016	35,549	245,000	74,871	0.11	2,638,103
2020	2,415,997	1,881,927	534,070	310,000	100,644	1.30	2,612,847

Note 1: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Table 13

Less Operating Expenses	Net Available Revenue	Sewer Revenue Bonds								
		Debt Service			Coverage	Special Assessment Collections	Debt Service		Coverage	
		Principal	Interest	Principal			Interest			
	\$ -	\$ -	\$ -	\$ -	-	\$ 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	2,285,000	331,602	0.23	
	-	-	-	-	-	501,495	2,285,000	288,171	0.19	
2,149,571	340,505	-	-	-	-	648,355	2,115,000	130,738	0.29	
2,297,779	340,324	40,000	17,095	5.96	1,206,298	2,025,000	266,100	0.53		
2,292,753	320,094	40,000	15,700	5.75	373,979	1,955,000	334,725	0.16		

**City of Hastings
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited**

Table 14

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2011	22,227	\$ 995,648,685	\$ 44,795	5.20%
2012	22,355	956,141,681	42,771	4.70%
2013	22,339	1,080,604,447	48,373 *	4.00%
2014	22,492	1,116,705,308	49,649 *	3.30%
2015	22,572	1,149,411,384	50,922 *	3.20%
2016	22,687	1,200,301,109	52,907	3.40%
2017	22,400	1,290,934,400	57,631	2.70%
2018	22,800	1,324,098,600	58,075	2.70%
2019	22,800	1,582,411,200	69,404	2.90%
2020	23,168	1,687,325,440	72,830	4.30%

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	2020			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Dakota County	1,870	1	25.08%	1,900	1	23.24%
Independent School District # 200	625	2	8.38%	600	3	7.34%
Regina Medical Center/Allina Clinic	520	3	6.98%	700	2	8.56%
Smead Manufacturing Co.	424	4	5.69%	435	4	5.32%
Wal-Mart	350	5	4.69%	320	5	3.91%
Intek Plastics, Inc	230	6	3.09%	182	6	2.23%
Augustana Health Care center	130	7	1.74%	159	7	1.95%
Quality Once Woodwork	130	7	1.74%			
Ardent Mills/Con-Agra	126	9	1.69%	104	10	1.27%
HD Hudson Manufacturing	125	10	1.68%			
City of Hastings				111	9	1.36%
Allina Medical Clinic				150	8	1.84%
Total	4,530		60.76%	4,661		57.02%

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					
	2011	2012	2013	2014	2015	2016
General government:						
Administration	1.00	1.00	1.00	1.00	1.00	1.00
City Clerk	4.15	4.25	3.15	2.35	2.45	2.50
Finance	3.75	3.75	5.00	5.60	5.60	5.60
Building Maintenance	2.00	2.00	2.00	2.00	2.00	2.00
Planning	2.00	1.00	1.25	1.25	1.25	1.25
Information Technology	3.00	3.00	3.00	3.00	3.00	3.00
Public Safety:						
Police	33.50	33.00	33.50	33.00	35.15	35.35
Building Inspections	4.00	3.60	3.60	3.70	3.70	3.80
Code Enforcement	1.00	0.80	0.80	1.00	1.00	1.00
Public Works:						
Engineering	6.68	4.75	7.80	7.80	7.80	7.80
Streets	4.32	5.30	4.80	5.54	5.54	5.54
Culture and Recreation:						
Reforestation	-	-	-	-	-	-
Parks	9.00	8.63	8.63	8.63	8.60	12.20
Aquatic Center	1.00	1.00	7.50	7.40	7.40	10.00
Cable Television	-	-	0.15	0.20	0.20	0.20
Heritage Preservation	0.75	0.25	0.25	0.25	0.25	0.25
Fire and Ambulance	16.00	15.60	15.60	15.60	19.60	19.6
Civic Arena	2.00	2.00	2.00	4.80	4.80	5.10
Economic Development	1.25	1.05	0.38	0.38	0.63	0.63
Housing and Redevelopment	-	-	0.37	0.37	0.37	0.37
Water	7.05	6.45	5.80	5.10	5.10	5.10
Wastewater	3.55	4.20	3.55	3.70	3.70	3.70
Transit	-	-	-	-	-	-
Stormwater	3.70	3.70	3.50	3.40	3.40	3.40
Hydro Electric	0.70	5.60	5.60	5.60	5.60	7.00
Total	110.40	110.93	119.23	121.67	128.14	116.79

Source: City Budget

Table 16

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
1.00	1.00	1.00	1.00
2.60	3.40	3.70	3.85
6.40	6.40	6.40	6.40
2.00	2.00	2.00	2.00
1.25	1.25	1.25	1.25
3.00	3.00	3.00	3.00
35.35	35.35	35.35	36.35
3.90	3.90	4.00	4.00
1.00	1.00	1.00	1.00
6.80	6.90	6.90	6.90
5.54	5.54	5.54	5.54
-			
13.80	13.80	13.80	13.80
8.70	8.70	8.70	8.70
0.20	0.20	0.30	0.15
0.25	0.25	0.25	0.25
18.80	18.80	18.80	18.80
4.80	4.80	4.70	4.70
0.63	1.75	1.75	1.75
0.37	0.25	0.25	0.25
5.20	5.20	5.20	5.20
3.80	3.90	3.90	3.90
-	-	-	-
3.40	3.50	3.50	3.50
6.20	6.30	6.30	6.30
<u>134.99</u>	<u>137.19</u>	<u>137.59</u>	<u>138.59</u>

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

Function/Program	Fiscal Year				
	2011	2012	2013	2014	2015
Police:					
Physical arrests	*	369	337	427	360
Parking violations	*	*	368	466	293
Traffic violations	*	*	1,561	1,754	1,309
Felony offenses	158	*	*	157	175
Gross misdemeanor offenses	6	*	*	110	139
Minor miscellaneous offenses	65	*	*	718	405
Calls for service	19,434	21,330	20,665	24,553	20,216
Part 1 Crimes	637	*	557	664	631
Part 2 Crimes	789	*	668	720	707
Fire:					
Emergency responses	2,974	2,974	3,201	3,184	3,495
Fires extinguished	86	86	42	49	74
Inspections	288	288	334	468	480
Refuse collection					
Refuse collected (tons per day)					
Recyclables collected (tons per day)					
Building inspection:					
Permits issued:					
Residential	912	1,802	1,549	1,773	1,340
Commercial	157	63	81	49	165
Culture and recreation:					
Students participating in swim lessons	-	-	569	606	640
Ice rental hours	-	-	2,185	2,422	2,400
Turf rental hours	-	-	303	335	216
Recreational skaters	-	-	4,089	1,189	2,400
Water:					
New connections					
Water mains breaks					
Average daily consumption (thousands of gallons)	1,900	1,900	2,554	2,465	2,325
Peak daily consumption (thousands of gallons)	5,180	5,180	6,310	5,520	4,945
Transit:					
Total route miles	-	-	-	-	-
Passengers	-	-	-	-	-

Sources: Various City departments.

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

The City began tracking indicators for culture and recreation in 2013

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

Table 17

		Fiscal Year			
2016	2017	2018	2019	2020	
407	470	389	554	402	
442	225	473	582	347	
1,153	1,455	1,269	1,220	1,095	
177	170	134	151	159	
176	203	164	236	155	
596	656	562	486	351	
24,497	26,147	24,097	23,268	22,888	
693	732	469	504	434	
641	750	875	857	742	
3,249	3,735	3,681	2,991	3,352	
53	38	85	55	97	
580	750	426	569	426	
1,507	1,527	1,638	1,538	2,486	
106	106	103	106	154	
622	732	763	840	-	
2,375	2,470	2,388	2,377	1,755	
325	366	397	352	17	
1,950	1,890	2,278	2,570	1,708	
2,345	2,296	2,195	2,026	2,280	
5,100		4,725	3,965	4,130	
-	-	-	-	-	
-	-	-	-	-	

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

Function/Program	Fiscal Year					
	2011	2012	2013	2014	2015	2016
Police:						
Stations	1	1	1	1	1	1
Fire stations	1	1	1	1	1	1
Refuse collection:						
Collection trucks						
Other public works:						
Streets (miles)	102.1	102.1	102.1	105.0	105.0	105.0
Culture and recreation:						
Acreage	406	406	420	420	413	413
Playgrounds	21	21	21	21	22	22
Baseball/softball diamonds	21	21	21	21	21	21
Soccer/football fields	10	10	10	10	10	21
Water:						
Water mains (miles)	87	87	105	105	105	105
Fire hydrants	1,223	1,223	1,334	1,334	1,094	1,095
Storage capacity (thousands of gallons)	2,275	2,275	2,750	2,750	2,750	2,750
Wastewater:						
Sanitary sewers (miles)	90	90	89	89	89	89
Storm sewers (miles)	55	55	73	74	74	74
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			
2017	2018	2019	2020
1	1	1	1
1	1	1	1
105.3	105.5	105.5	105.5
413	413	413	413
22	22	22	22
21	21	21	21
21	21	21	21
105.2	105.2	110.0	107.0
1,099	1,099	1,101	1,102
2,750	2,750	2,750	2,750
89.1	89.3	89.5	90.0
74.1	74.2	74.5	76.0
-	-	N/A	N/A