



City Council Memorandum

To: Mayor Fasbender & City Councilmembers
From: Melanie Lammers, Finance Manager
Date: July 1, 2019
Item: Presentation and approval of the 2018 Comprehensive Financial Report

Council Action Requested:

Presentation of the 2018 Comprehensive Annual Financial Report by Bergan KDV and Acceptance of the 2018 Comprehensive Annual Financial Report (CAFR).

Background Information:

The annual audit has been completed and the Finance Committee of the Council met on July 1st to review the results of the audit and the Auditor's report. The City earned an unmodified opinion or "clean" opinion which is the best opinion an auditor is able to offer.

Financial Impact:

No financial impact.

Advisory Commission Discussion:

N/A

Council Committee Discussion:

Finance Committee review on July 1st, 2019.

Attachments:

Audit Reports.



City of Hastings

Dakota County, Minnesota



Photo By: Rusty Fifield

Comprehensive Annual Financial Report

For The Year Ended December 31, 2018

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

For the Year Ended December 31, 2018

Prepared by the City's Finance Department

**City of Hastings
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INTRODUCTORY SECTION

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June 28, 2019

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

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

Minnesota state law requires that every city with a population in excess of 2,500 publish within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year ended December 31, 2018.

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, 2018. 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, 2018, are fairly presented in conformity with GAAP. The Independent Auditors' Report is presented as the first component of the financial section of this report.

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

City Profile

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

As a part of the seven-county Minneapolis/St. Paul Metropolitan area, Hastings is within the jurisdiction of the Metropolitan Council, a regional planning agency for the Twin Cities Metropolitan region. The City's population continues to grow from 15,478 in 1990 to an estimated 22,637 in 2017. The Metropolitan Council projects that the city's population will grow to 23,300 by the year 2020. The City encompasses an area of 11.40 square miles.

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

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

The Council is required to adopt a final budget no later than the close of the fiscal year. The annual budget represents the financial plan and priorities of the City of Hastings. It is intended to clearly communicate the City's goals and how resources are allocated to those priorities in an

easy to understand manner. In essence, the budget process is ongoing whereby priorities and goals are established and funded in alignment with Council directives, strategic plan, and our CORE values.

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

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

Local Economy

In 2018, 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 the permit values due to several remodel projects in 2018. Below is a chart that gives a brief building permit history.

Permits	2018	2017	2016	2015	2014	2013
New Residential	15	30	23	26	42	37
New Commercial	3	1	3	4	3	4
Residential remodel	65	40	64	21	64	60
Commercial remodel	54	40	44	81	46	41
All other permits	1604	1518	1479	1373	1618	1488
TOTAL	1741	1629	1613	1505	1773	1630
Dollar value of Permits (in millions)	\$ 39.8	\$ 26.5	\$ 32.8	\$ 35.4	\$ 23.8	\$ 21.9

Major Initiatives

In 2018 the City completed our Comprehensive Plan through 2040 and the Vermillion Corridor Study. These plans will guide the City in long term planning and implementation for positive future economic development, aesthetic, land use, and traffic management initiatives. The Hudson redevelopment project continued to progress through land transfer and construction is expected in 2019 with completion in 2020. A public/private partnership for a parking ramp began in 2018 with completion expected in 2019. The City entered into a joint powers agreement with the Eastern Dakota County Transit Study to review future transit options for 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 City began discussion on a using a two year budget cycle in 2018. 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, and meeting the community’s transportation and transit needs.

Relevant Financial Policies

The City continues to improve and update its Capital Improvement Plan, and split out Capital Equipment into its own book starting with 2018. Policies cover such areas as debt management, investments, capital reserves, and internal controls. The City adopted an updated purchasing policy in 2018 to guide purchases and contracts. The City’s fund balance policy specifies a goal to maintain an unassigned fund balance in the General Fund of 30%-40% of the subsequent year’s budgeted expenditures.

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

Policy	2018 Year End
a.) Total annual debt service for G.O. debt obligations will not exceed 35% of total budgeted expenditures.	11.79%
b.) Net bonded debt outstanding will not exceed 3.5% of Assessor’s market value of taxable property.	1.0%
c.) Gross bonded debt will not exceed \$1,800 per capita.	\$772

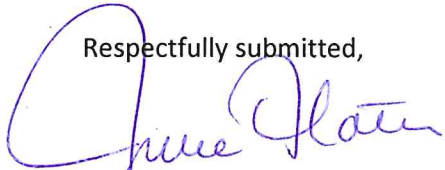
Awards and Acknowledgements

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, 2018. This is the 21st 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,

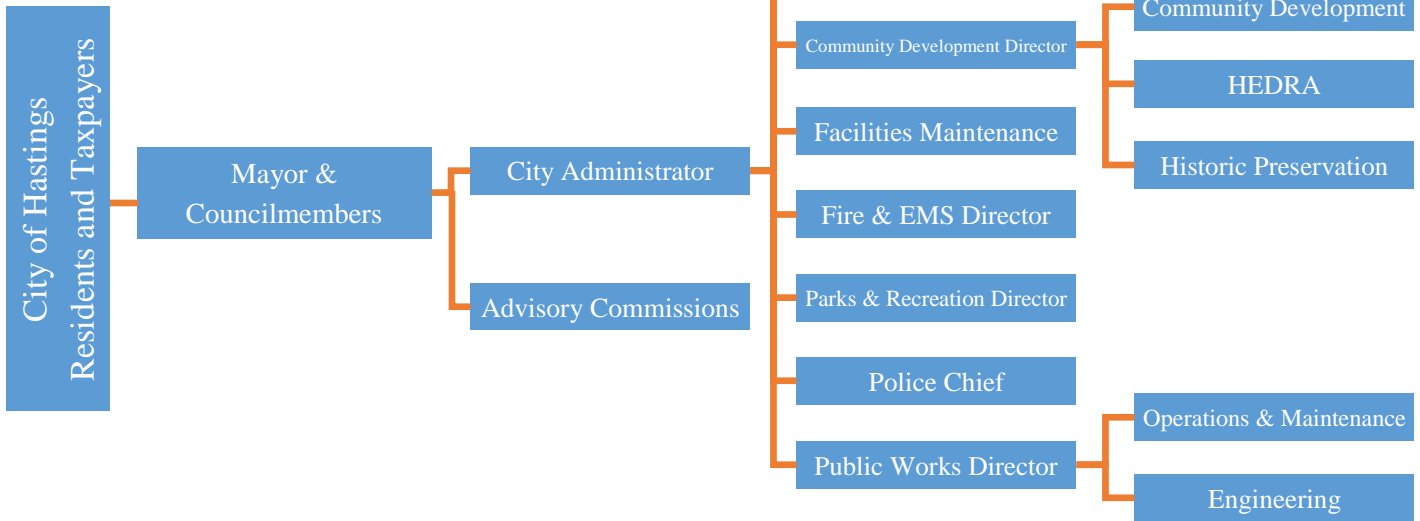


Julie Flaten
Interim City Administrator

**City of Hastings
Elected Officials and Administration
December 31, 2018**

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

City of Hastings Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Hastings
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hastings, Minnesota, as of and for the year ended December 31, 2018, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hastings, Minnesota, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund and the Fire and Ambulance Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Implementation of GASB 75

As discussed in Note 13 to the financial statements, the City has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

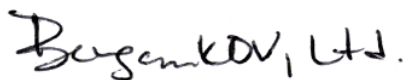
Other Matters (Continued)*Other Information (Continued)*

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2019, 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 the City's 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
June 24, 2019

CITY OF HASTINGS
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

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, 2018. 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, 2018) by \$77,237,112 (*net position*). Of this amount, \$1,002,628 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens or creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net position decreased by \$15,228, including a prior period adjustment and change in accounting principle.
- As of the close of the 2018 fiscal year, the City of Hastings governmental funds ending fund balances were \$16,360,318. Approximately 41.71% is restricted for special revenue-police activities, debt service, capital project programs and permanent trust fund—Leduc Historic Estate. Approximately 2.40% of the fund balance is nonspendable. Approximately 18.72% is committed by City Council for the following activities: special revenue funds-parks, aquatic, cable TV, heritage preservation, fire & ambulance and the arena. Assigned fund balance for capital projects results in 7.64% of the fund balance, the remaining 29.53% is unassigned and is available for spending at the City's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was 4,807,834 or 47.64% of the total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Hastings' basic financial statements. The City of Hastings' basic financial statements comprise three components:

1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of the City of Hastings' assets and deferred outflows of resources; and liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Hastings is improving or deteriorating.

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

CITY OF HASTINGS
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

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

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

The government-wide financial statements can be found on pages 27-29 of this report.

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

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

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

The City maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances of the general fund, the fire and ambulance fund, the debt service fund, and the parks projects fund all of which are considered to be major funds. Data from the other 17 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* in the supplementary information section of this report.

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

The basic governmental fund financial statements can be found on pages 30-38 of this report.

CITY OF HASTINGS
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

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 39-41 of this report.

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

The basic fiduciary fund financial statements can be found on pages 44-45 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47-89 of this report.

Supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information for the reader. The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds, and fiduciary funds are presented immediately following the notes to the financial report. Combining and individual fund statements and schedules can be found on pages 103-144 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position. In the case of the City of Hastings, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$77,237,112 at the close of the most recent fiscal year.

CITY OF HASTINGS MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

Government-Wide Financial Analysis (Continued)

By far the largest portion of the City's net position (87.4%) 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 2017	Governmental Activities 2018	Business-type Activities 2017	Business-type Activities 2018	Total 2017	Total 2018
Current and other assets	\$ 21,327,520	\$ 22,232,011	\$ 5,168,392	\$ 6,865,307	\$ 26,495,912	\$ 29,097,318
Capital assets	62,314,599	61,487,444	28,249,251	28,053,308	90,563,850	89,540,752
Total assets	83,642,119	83,719,455	33,417,643	34,918,615	117,059,762	118,638,070
Total deferred outflows	8,876,977	6,823,136	301,444	196,880	9,178,421	7,020,016
Long-term liabilities outstanding	30,093,697	28,778,558	4,032,850	4,967,527	34,126,547	33,746,085
Other liabilities	4,442,846	4,766,819	525,271	483,727	4,968,117	5,250,546
Total liabilities	34,536,543	33,545,377	4,558,121	5,451,254	39,094,664	38,996,631
Total deferred inflows	9,663,228	9,193,500	227,951	230,843	9,891,179	9,424,343
Net Position:						
Net Investment in capital assets	43,485,383	43,158,263	25,631,750	24,353,284	69,117,133	67,511,547
Restricted						
Police activities	42,568	54,842	-	-	42,568	54,842
Tax Increment	2,695	4,924	-	-	2,695	4,924
Debt service	6,721,124	6,897,969	-	-	6,721,124	6,897,969
Capital projects	488,132	494,432	-	-	488,132	494,432
Permanent endowment						
LeDuc Historic Estate	1,489,982	1,270,770	-	-	1,489,982	1,270,770
Unrestricted	(3,910,559)	(4,077,486)	3,301,265	5,080,114	(609,294)	1,002,628
Total net position	48,319,325	47,803,714	28,933,015	29,433,398	77,252,340	77,237,112

At the end of 2018, the City of Hastings had positive balances in two categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The unrestricted net position for the governmental activities is negative due to the City's proportionate share of the State of Minnesota's pension liabilities.

Governmental activities. Governmental activities decreased the City of Hastings' net position by \$515,611. The key element of this decrease was recording an accounting change of \$913,627 as required by GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.

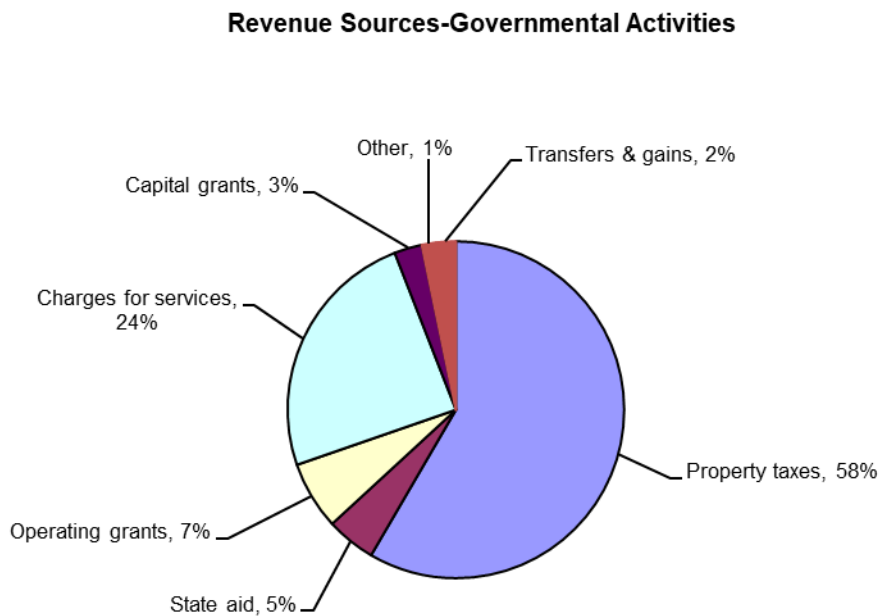
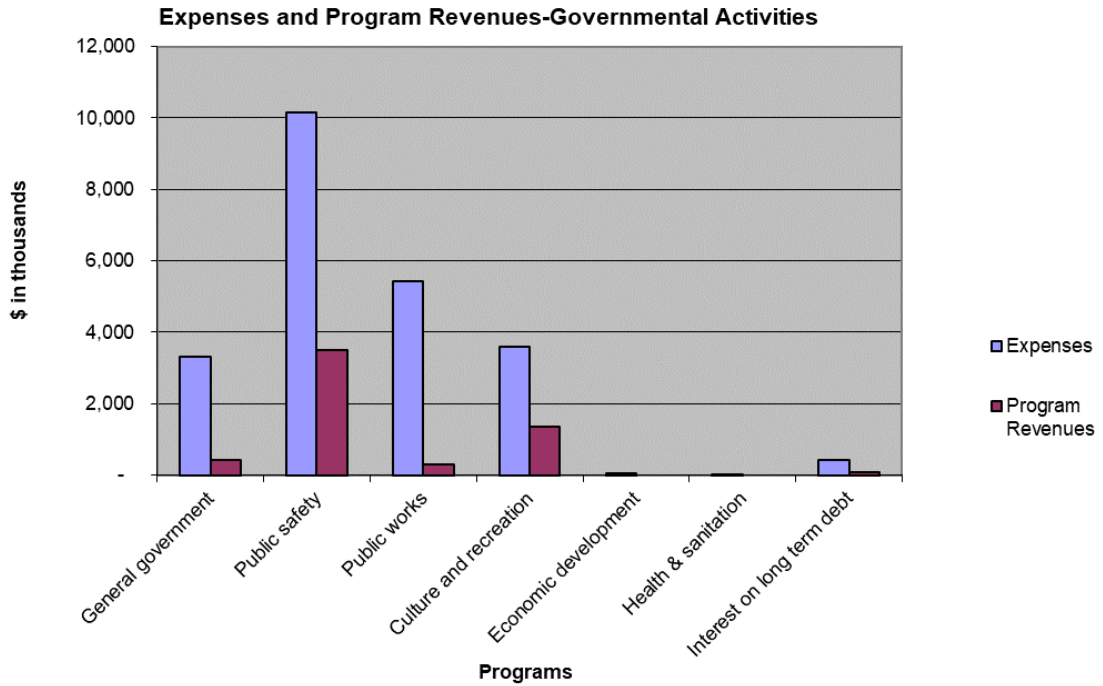
CITY OF HASTINGS
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

City of Hastings' Changes in Net Position

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2017	2018	2017	2018	2017	2018
Revenues:						
Program revenues:						
Charges for services	\$ 5,735,953	\$ 5,673,817	\$ 5,162,589	\$ 6,110,506	\$ 10,898,542	\$ 11,784,323
Operating grants & contributions	539,343	1,521,330	-	150,542	539,343	1,671,872
Capital grants & contributions	1,234,808	622,219	-	-	1,234,808	622,219
General revenues:						
Property taxes	12,921,077	13,594,656	-	-	12,921,077	13,594,656
State aid	639,043	1,106,153	-	-	639,043	1,106,153
Other income (loss)	262,855	317,327	4,188	49,772	267,043	367,099
Total Revenues	21,333,079	22,835,502	5,166,777	6,310,820	26,499,856	29,146,322
Expenses						
General government	3,129,500	3,322,254	-	-	3,129,500	3,322,254
Public safety	9,386,823	10,167,543	-	-	9,386,823	10,167,543
Public works	5,638,414	5,438,158	-	-	5,638,414	5,438,158
Culture & recreation	3,398,198	3,588,701	-	-	3,398,198	3,588,701
Economic development	51,101	40,656	-	-	51,101	40,656
Health & sanitation	30,849	34,158	-	-	30,849	34,158
Interest on long-term debt	449,979	428,156	-	-	449,979	428,156
Water	-	-	1,866,451	2,053,704	1,866,451	2,053,704
Sewer	-	-	2,213,573	2,160,226	2,213,573	2,160,226
Storm	-	-	403,183	424,791	403,183	424,791
Hydro	-	-	838,181	620,320	838,181	620,320
Total Expenses	22,084,864	23,019,626	5,321,388	5,259,041	27,406,252	28,278,667
Change in net position before transfers and contributions	(751,785)	(184,124)	(154,611)	1,051,779	(906,396)	867,655
Transfers and contributions	(132,690)	439,358	132,690	(439,358)	-	-
Change in net position	(884,475)	255,234	(21,921)	612,421	(906,396)	867,655
Net position-January 1	49,203,800	48,319,325	28,954,936	28,933,015	78,158,736	77,252,340
Prior Period Adjustment	-	142,782	-	-	-	142,782
Change in Accounting Principle	-	(913,627)	-	(112,038)	-	(1,025,665)
Net position-December 31	\$ 48,319,325	\$ 47,803,714	\$ 28,933,015	\$ 29,433,398	\$ 77,252,340	\$ 77,237,112

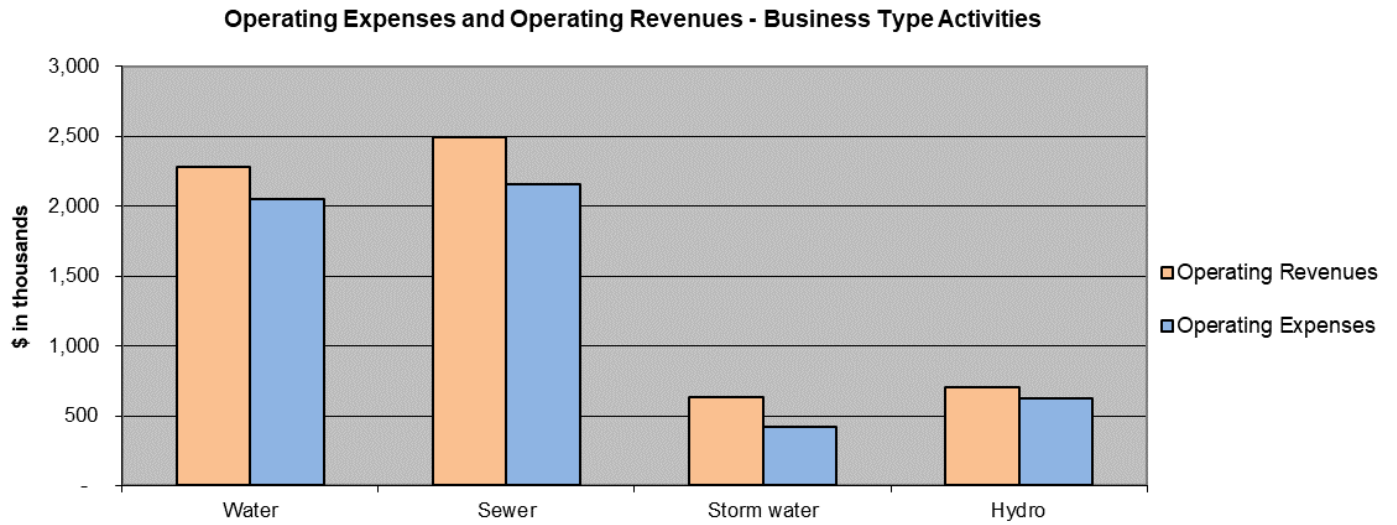
CITY OF HASTINGS
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2018

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

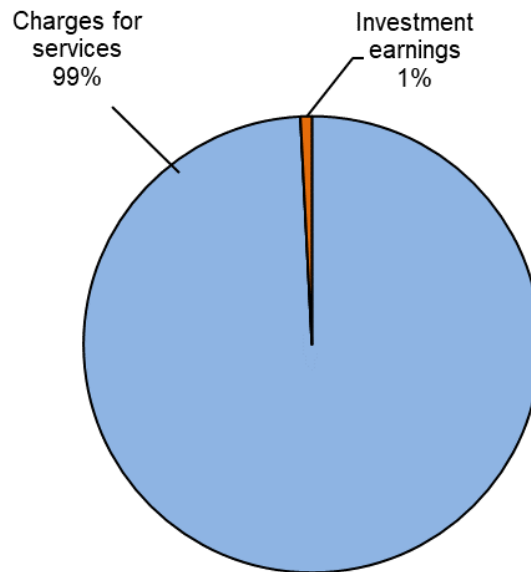


CITY OF HASTINGS
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

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



Revenue Sources - Business Type Activities



CITY OF HASTINGS
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Hastings' governmental funds reported combined ending fund balances of \$16,360,318. Approximately 29.53% of this total amount or \$4,830,583 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 \$455,101. The fund balance change is primarily due to the effect of the following factors:

- The General fund balance increased by \$321,721 as a result of higher revenue than budgeted for across multiple accounts.
- Fire and Ambulance fund's activity resulted in an decrease of \$288,568. This is primarily a result of a lower volume of ambulance calls for 2018.
- Other Governmental Funds such as the Aquatic, Cable TV, Heritage Preservation, LeDuc, and Arena had a cumulative increase of \$103,078.
- Debt Service funds had a fund balance increase of \$312,116.

The General Fund is the chief operating fund of the City of Hastings. At the end of the current fiscal year, unassigned fund balance of the general fund was 5,047,671.

The Fire and Ambulance special revenue fund has a total fund balance of \$1,020,977. This fund accounts for the activities of the Fire and Ambulance department for the City of Hastings.

The Debt Service fund has a total fund balance of \$5,205,205, most of which is restricted for the payment of debt service.

The Parks Projects capital project fund accounts for the building and reconstruction of the City's 26 parks. The fund has a total fund balance of \$494,432.

CITY OF HASTINGS
MANAGEMENT'S DISCUSSION AND ANALYSIS
 December 31, 2018

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	\$	2,684,386
Sewer		2,440,069
Storm		163,523
Hydro		(207,864)

The Water fund had an increase in net position primarily due to an increase in water rates. The Sewer fund's activities also resulted in an increase in net position also due to rate increases for Sewer. The Storm Water fund's activities resulted in an increase to net position. All utility funds had rate increases due to the 2016-2017 utility rate study that continues to be implemented. The Hydro fund's activities resulted in a decrease to net position due to reduction in revenue due to a breakdown. The Hydro plant no longer has debt to support thus the revenues are transferred to debt service and the general fund to help keep the tax levy lower.

General Fund Budgetary Highlights

Actual expenditures were lower than the amended expenditure budget. The most significant differences from the final budget amounts are due to the following:

- Reduced staff costs in street department due to a retirement;
- Capital items purchase delayed to 2019 from the Administrative budget (\$50,000);
- Fiber project capital costs not spent due to project delay to 2019 (\$25,000).

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

- Charges for services were under budget due to less engineering fees collected for the 2018 Capital Projects.

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

- The City increased its budget for Mill and Overlay. Mill and Overlay will be recorded in the general fund for 2018 and future years.

Capital Assets and Debt Administration

Capital assets. The City of Hastings' investment in capital assets for its governmental and business-type activities as of December 31, 2018, amounts to \$89,540,752 (net of accumulated depreciation) a decrease of \$1,023,098. 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, 2018

City of Hastings Capital Assets
(Net of Depreciation)

	2017	2018	2017	2018	2017	2018
	Governmental	Governmental	Business-	Business-	2017	2018
	Activities	Activities	Type	Type	Total	Total
			Activities	Activities		
Land	\$ 3,689,587	\$ 3,689,587	\$ 349,300	\$ 349,300	\$ 4,038,887	\$ 4,038,887
Construction in Progress	60,526	2,915,528	5,572	782,695	66,098	3,698,223
Buildings	10,514,994	10,152,070	7,598,634	7,169,129	18,113,628	17,321,199
Improvement other than buildings	1,370,826	1,344,671	1,762,795	1,649,382	3,133,621	2,994,053
Machinery and Equipment	2,508,498	2,426,067	1,167,522	1,378,892	3,676,020	3,804,959
Infrastructure	44,170,168	40,959,521	17,365,428	16,723,910	61,535,596	57,683,431
Total assets	\$ 62,314,599	\$ 61,487,444	\$ 28,249,251	\$ 28,053,308	\$ 90,563,850	\$ 89,540,752

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

Long-term debt.

At the end of the current fiscal year, the City of Hastings had outstanding G.O. debt of \$9,050,000 comprises debt backed by the full faith and credit of the government and \$10,740,000 of G.O. special assessment debt for which the government is liable in the event of default by the property owners subject to assessment. The remainder of the City of Hastings' debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds) but still carries the City's backing (government obligation).

More detailed information on debt administration can be found in Note 7 on page 62-68.

Economic Factors

In 2018, the City experienced lower levels of new construction than 2017, however, residential and commercial remodels were higher than 2017. The overall increase in taxable market value of residential and commercial new construction was \$39.8 million which is \$13.3 million higher than 2017. The City experienced an increase of tax capacity of \$1,520,732 between pay year 2017 and pay year 2018.

Next Year's Budget

The 2019 budget included a levy increase of \$729,894. The City anticipates receiving \$710,028 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 2018 to 2019.

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, 2018**

Statement 1

	Governmental Activities	Business-type Activities	Total	Hastings Economic Development and Redevelopment Authority
Assets				
Cash and investments (including cash equivalents)	\$ 15,194,876	\$ 5,346,858	\$ 20,541,734	\$ 1,488,605
Cash with fiscal agent	751,545	-	751,545	-
Restricted cash	79,498	-	79,498	-
Receivables				
Accounts receivable	937,873	1,311,893	2,249,766	11,771
Interest receivable	23,011	-	23,011	-
Taxes receivable	1,470,904	-	1,470,904	34,192
Special assessments receivable	1,849,240	98,456	1,947,696	-
Loan receivable	-	-	-	285,836
Due from other governments	338,503	200	338,703	774,980
Inventories	17,501	-	17,501	-
Prepaid items	173,934	107,900	281,834	117
Assets held for resale	-	-	-	3,482,100
Capital assets not being depreciated				
Land	3,689,587	349,300	4,038,887	-
Construction in progress	2,915,528	782,695	3,698,223	-
Capital assets net of accumulated depreciation				
Buildings and structures	10,152,070	7,169,129	17,321,199	89,248
Machinery and equipment	2,426,067	1,378,892	3,804,959	-
Improvements other than buildings	1,344,671	1,649,382	2,994,053	-
Infrastructure	40,959,521	16,723,910	57,683,431	-
Net pension asset	1,395,126	-	1,395,126	-
Total assets	<u>83,719,455</u>	<u>34,918,615</u>	<u>118,638,070</u>	<u>\$ 6,166,849</u>
Deferred Outflows of Resources				
Deferred outflows of resources related to fire relief pensions	201,403	-	201,403	-
Deferred outflows of resources related to City pensions	6,385,264	168,547	6,553,811	20,151
Deferred outflows of resources related to OPEB	236,469	28,333	264,802	-
Total deferred outflows of resources	<u>6,823,136</u>	<u>196,880</u>	<u>7,020,016</u>	<u>20,151</u>
Total assets and deferred outflows of resources	<u>\$ 90,542,591</u>	<u>\$ 35,115,495</u>	<u>\$ 125,658,086</u>	<u>\$ 6,187,000</u>
Liabilities				
Accounts and contracts payable	\$ 683,306	\$ 146,562	\$ 829,868	187,482
Interest payable	198,982	30,500	229,482	-
Salaries and benefits payable	231,652	26,636	258,288	2,115
Due to other governments	65,639	14,945	80,584	187
Unearned revenue	164,192	-	164,192	-
Bonds payable, net				
Payable within one year	3,300,000	245,000	3,545,000	-
Payable after one year	17,013,154	3,455,024	20,468,178	-
Compensated absences payable				
Payable within one year	123,048	20,084	143,132	-
Payable after one year	1,448,273	262,783	1,711,056	-
Payable after one year				
Net pension liability	6,837,444	832,781	7,670,225	99,566
Other post employment benefits (OPEB) obligation	3,479,687	416,939	3,896,626	-
Total liabilities	<u>33,545,377</u>	<u>5,451,254</u>	<u>38,996,631</u>	<u>289,350</u>
Deferred Inflows of Resources				
Deferred inflows of resources related to fire relief pensions	110,968	-	110,968	-
Deferred inflows of resources related to City pensions	9,039,022	230,843	9,269,865	27,599
State aid received for subsequent years	43,510	-	43,510	-
Total deferred inflows of resources	<u>9,193,500</u>	<u>230,843</u>	<u>9,424,343</u>	<u>27,599</u>
Net Position				
Net investment in capital assets	43,158,263	24,353,284	67,511,547	89,248
Restricted for				
Debt service	6,897,969	-	6,897,969	-
Tax Increment	4,924	-	4,924	-
Capital projects	494,432	-	494,432	-
Police activities	54,842	-	54,842	-
LeDuc Historic Estate - unexpendable	200,000	-	200,000	-
LeDuc Historic Estate - expendable	1,070,770	-	1,070,770	-
Unrestricted	(4,077,486)	5,080,114	1,002,628	5,780,803
Total net position	<u>47,803,714</u>	<u>29,433,398</u>	<u>77,237,112</u>	<u>5,870,051</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 90,542,591</u>	<u>\$ 35,115,495</u>	<u>\$ 125,658,086</u>	<u>\$ 6,187,000</u>

See notes to financial statements.

**City of Hastings
Statement of Activities
Year Ended December 31, 2018**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 3,322,254	\$ 413,914	\$ 65,473	\$ -
Public safety	10,167,543	3,507,476	1,054,147	-
Public works	5,438,158	312,004	233,637	622,219
Health and sanitation	34,158	-	29,458	-
Cultural and recreation	3,588,701	1,358,186	138,615	-
Economic development	40,656	-	-	-
Interest and fiscal charges	428,156	82,237	-	-
Total governmental activities	<u>23,019,626</u>	<u>5,673,817</u>	<u>1,521,330</u>	<u>622,219</u>
Business-type activities				
Water	2,053,704	2,284,680	-	-
Sewer	2,160,226	2,490,514	-	4,245
Storm	424,791	633,583	-	-
Hydro	620,320	701,729	-	146,297
Total business-type activities	<u>5,259,041</u>	<u>6,110,506</u>	<u>-</u>	<u>150,542</u>
Total governmental and business-type activities	<u>\$ 28,278,667</u>	<u>\$ 11,784,323</u>	<u>\$ 1,521,330</u>	<u>\$ 772,761</u>
Component unit				
Hastings Economic Development Redevelopment Authority	<u>1,132,382</u>	<u>42,131</u>	<u>-</u>	<u>1,049,931</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				
Change in accounting principle (Note 13)				
Prior period adjustment (Note 16)				
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
\$ (2,842,867)	\$ -	\$ (2,842,867)	\$ -
(5,605,920)	-	(5,605,920)	-
(4,270,298)	-	(4,270,298)	-
(4,700)	-	(4,700)	-
(2,091,900)	-	(2,091,900)	-
(40,656)	-	(40,656)	-
(345,919)	-	(345,919)	-
<u>(15,202,260)</u>	<u>-</u>	<u>(15,202,260)</u>	<u>-</u>
-	230,976	230,976	-
-	334,533	334,533	-
-	208,792	208,792	-
-	227,706	227,706	-
<u>-</u>	<u>1,002,007</u>	<u>1,002,007</u>	<u>-</u>
<u>\$ (15,202,260)</u>	<u>\$ 1,002,007</u>	<u>\$ (14,200,253)</u>	<u>\$ -</u>
-	-	-	(40,320)
13,591,852	-	13,591,852	322,392
2,804	-	2,804	-
1,106,153	-	1,106,153	-
146,410	49,772	196,182	19,333
170,917	-	170,917	-
439,358	(439,358)	-	-
<u>15,457,494</u>	<u>(389,586)</u>	<u>15,067,908</u>	<u>341,725</u>
255,234	612,421	867,655	301,405
48,319,325	28,933,015	77,252,340	5,979,828
(913,627)	(112,038)	(1,025,665)	-
142,782	-	142,782	(411,182)
<u>47,548,480</u>	<u>28,820,977</u>	<u>76,369,457</u>	<u>5,568,646</u>
<u>\$ 47,803,714</u>	<u>\$ 29,433,398</u>	<u>\$ 77,237,112</u>	<u>\$ 5,870,051</u>

**City of Hastings
Balance Sheet - Governmental Funds
December 31, 2018**

	General Fund (101, 220, 221, 223)	Fire and Ambulance (213)	Debt Service
Assets			
Cash and investments	\$ 5,236,353	\$ 389,236	\$ 4,850,526
Cash with fiscal agent	-	-	-
Restricted cash	79,498	-	-
Interest receivable	23,010	-	1
Due from other governments	79,228	790	17,506
Accounts receivable	30,617	641,237	371
Due from other funds	-	-	-
Property taxes receivable	662,750	117,502	319,107
Delinquent property taxes receivable	110,120	18,653	55,762
Special assessments receivable	-	-	1,849,240
Inventory	15,183	-	-
Prepaid items	92,918	28,768	4,438
	<u>\$ 6,329,677</u>	<u>\$ 1,196,186</u>	<u>\$ 7,096,951</u>
Liabilities			
Accounts payable	\$ 365,168	\$ 79,940	\$ -
Due to other governments	49,251	14,816	-
Salaries and benefits payable	140,257	65,418	-
Due to other funds	-	-	-
Unearned revenues	164,192	-	-
	<u>718,868</u>	<u>160,174</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable revenue - taxes and assessments	88,816	15,035	1,891,746
Unavailable revenue - grants	21,510	-	-
State aid received for subsequent years	43,510	-	-
	<u>153,836</u>	<u>15,035</u>	<u>1,891,746</u>
Fund Balances			
Nonspendable			
Prepaid items	92,918	28,768	4,438
Inventories	15,183	-	-
Permanent Endowment-Leduc Historic Estate	-	-	-
Restricted			
Police activities	-	-	-
Debt service	-	-	5,200,767
Capital projects	-	-	-
Tax increment financing	-	-	-
Leduc Historic Estate	301,201	-	-
Permanent	-	-	-
Committed			
Park Maintenance	-	-	-
Aquatic operations	-	-	-
Cable TV activities	-	-	-
Heritage preservation activities	-	-	-
Fire and ambulance activities	-	992,209	-
Arena activities	-	-	-
Assigned			
Capital	-	-	-
Unassigned			
	5,047,671	-	-
	<u>5,456,973</u>	<u>1,020,977</u>	<u>5,205,205</u>
	<u>\$ 6,329,677</u>	<u>\$ 1,196,186</u>	<u>\$ 7,096,951</u>
Total liabilities, deferred inflows of resources, and fund balances			

Statement 3

Park Projects (401)	Other Governmental Funds	Total Governmental Funds
\$ 494,432	\$ 3,186,140	\$ 14,156,687
-	751,545	751,545
-	-	79,498
-	-	23,011
-	240,979	338,503
-	265,648	937,873
-	187,903	187,903
-	159,146	1,258,505
-	27,864	212,399
-	-	1,849,240
-	2,318	17,501
-	47,810	173,934
<u>\$ 494,432</u>	<u>\$ 4,869,353</u>	<u>\$ 19,986,599</u>
\$ -	\$ 236,954	\$ 682,062
-	1,572	65,639
-	25,977	231,652
-	187,903	187,903
-	-	164,192
-	452,406	1,331,448
-	22,029	2,017,626
-	212,187	233,697
-	-	43,510
-	234,216	2,294,833
-	47,810	173,934
-	2,318	17,501
-	200,000	200,000
-	54,825	54,825
-	-	5,200,767
494,432	-	494,432
-	4,924	4,924
-	-	301,201
-	769,569	769,569
-	1,084,583	1,084,583
-	185,144	185,144
-	238,553	238,553
-	100,481	100,481
-	-	992,209
-	462,313	462,313
-	1,249,299	1,249,299
-	(217,088)	4,830,583
<u>494,432</u>	<u>4,182,731</u>	<u>16,360,318</u>
<u>\$ 494,432</u>	<u>\$ 4,869,353</u>	<u>\$ 19,986,599</u>

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**City of Hastings
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
December 31, 2018**

Statement 4

Total fund balances - governmental funds \$ 16,360,318

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	145,440,528
Less accumulated depreciation	(83,953,084)

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

Long-term liabilities at year-end consist of:

Bonds payable	(19,845,000)
Unamortized bond premium and discount	(468,154)
Net pension liability	(6,837,444)

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

Taxes and special assessments	2,017,626
Grants	233,697

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	(110,968)
Deferred inflows of resources related to city pensions	(9,039,022)
Deferred outflows of resources related to fire relief pensions	201,403
Deferred outflows of resources related to city pensions	6,385,264

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

1,395,126

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

(198,982)

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

(3,777,594)

Total net position - governmental activities \$ 47,803,714

City of Hastings
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2018

	General Fund (101, 220, 221, 223)	Fire and Ambulance (213)	Debt Service
Revenues			
General property taxes	\$ 7,138,025	\$ 1,264,038	\$ 3,444,268
Miscellaneous taxes	2,804	-	-
Licenses and permits	585,364	-	-
Intergovernmental	1,717,412	977,623	-
Special assessments	791	-	648,355
Charges for services	787,047	2,296,564	81,866
Fines and forfeitures	105,180	-	-
Investment income	72,003	920	40,843
Contributions and donations	2,700	1,270	-
Miscellaneous	44,812	-	371
Total revenues	<u>10,456,138</u>	<u>4,540,415</u>	<u>4,215,703</u>
Expenditures			
Current			
General government	2,800,943	-	-
Public safety	5,286,518	3,795,827	-
Public works	1,759,226	-	-
Health and sanitation	34,158	-	-
Cultural and recreation	151,746	-	-
Economic development	-	-	-
Debt service			
Principal	-	-	3,295,000
Interest and fiscal charges	-	-	500,337
Capital outlay			
General government	60,389	-	-
Public safety	89,862	970,451	-
Public works	233,987	-	-
Cultural and recreation	178,165	-	-
Total expenditures	<u>10,594,994</u>	<u>4,766,278</u>	<u>3,795,337</u>
Excess of revenues over (under) expenditures	(138,856)	(225,863)	420,366
Other Financing Sources (Uses)			
Bonds issued	-	-	-
Premium on bonds issued	-	-	-
Insurance recovery	8,150	-	-
Transfers in	608,209	13,857	-
Transfers out	(335,000)	(76,562)	(108,250)
Proceeds from sale of capital asset	179,218	-	-
Total other financing sources (uses)	<u>460,577</u>	<u>(62,705)</u>	<u>(108,250)</u>
Net change in fund balances	321,721	(288,568)	312,116
Fund Balances			
Beginning of year	<u>5,135,252</u>	<u>1,309,545</u>	<u>4,893,089</u>
End of year	<u>\$ 5,456,973</u>	<u>\$ 1,020,977</u>	<u>\$ 5,205,205</u>

Statement 5

Park Projects (401)	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,758,716	\$ 13,605,047
-	-	2,804
-	-	585,364
105,000	31,320	2,831,355
-	-	649,146
99,200	1,257,653	4,522,330
-	2,332	107,512
11,195	8,079	133,040
2,000	16,921	22,891
-	61,274	106,457
<u>217,395</u>	<u>3,136,295</u>	<u>22,565,946</u>
-	-	2,800,943
-	8,898	9,091,243
-	25,607	1,784,833
-	-	34,158
900	2,803,586	2,956,232
-	40,656	40,656
-	-	3,295,000
-	1,181	501,518
-	428,375	488,764
-	-	1,060,313
-	2,310,596	2,544,583
209,741	131,279	519,185
<u>210,641</u>	<u>5,750,178</u>	<u>25,117,428</u>
6,754	(2,613,883)	(2,551,482)
-	2,560,000	2,560,000
-	138,815	138,815
-	-	8,150
-	348,435	970,501
-	(346,331)	(866,143)
-	16,042	195,260
<u>-</u>	<u>2,716,961</u>	<u>3,006,583</u>
6,754	103,078	455,101
<u>487,678</u>	<u>4,079,653</u>	<u>15,905,217</u>
<u>\$ 494,432</u>	<u>\$ 4,182,731</u>	<u>\$ 16,360,318</u>

**City of Hastings
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to
the Statement of Activities - Governmental Funds
Year Ended December 31, 2018**

Statement 6

Net change in fund balances - governmental funds	\$ 455,101
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>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.</p>	
Capital outlays	3,982,342
Depreciation expense	(4,785,154)
Disposal of capital assets	(24,343)
<p>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.</p>	
Pension expense	(123,733)
<p>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.</p>	
Bonds payable	3,295,000
<p>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.</p>	
	(71,105)
<p>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.</p>	
	5,652
<p>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.</p>	
	(2,560,000)
<p>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.</p>	
Taxes and assessments	(153,728)
Grants	82,290
<p>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.</p>	
	152,912
Change in net position - governmental activities	\$ 255,234

City of Hastings
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended December 31, 2018

Statement 7

	2018			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
General property taxes	\$ 7,112,257	\$ 7,112,257	\$ 7,138,025	\$ 25,768
Lodging taxes	3,250	3,250	2,804	(446)
Special assessments	-	-	791	791
Licenses and permits	481,250	586,400	585,364	(1,036)
Intergovernmental revenues	1,398,845	1,701,495	1,717,412	15,917
Charges for services	814,570	856,227	787,047	(69,180)
Fines and forfeitures	125,500	125,500	105,180	(20,320)
Investment income	32,500	62,500	72,003	9,503
Contributions and donations	-	2,750	2,700	(50)
Other revenues	64,500	77,000	44,812	(32,188)
Total revenues	<u>10,032,672</u>	<u>10,527,379</u>	<u>10,456,138</u>	<u>(71,241)</u>
Expenditures				
General Government				
Legal	\$ 162,941	\$ 162,941	\$ 170,243	7,302
Mayor, legislative, city administration	444,988	444,988	376,246	(68,742)
Finance and accounting	568,051	568,051	557,974	(10,077)
City clerk and elections	506,243	506,243	474,478	(31,765)
Planning and economic development	136,474	136,474	155,345	18,871
I.T.	580,179	580,179	527,396	(52,783)
Building maintenance	372,970	372,970	441,698	68,728
Miscellaneous	133,700	133,700	157,952	24,252
Public safety				
Police	4,860,512	4,869,792	4,817,947	(51,845)
Building safety and code enforcement	535,398	535,398	546,447	11,049
Emergency management services	6,000	6,000	9,679	3,679
Animal control	7,000	7,000	2,307	(4,693)
Public works				
Engineering	528,147	528,147	504,186	(23,961)
Street maintenance	1,123,367	1,403,367	1,235,538	(167,829)
Street lights	263,500	263,500	253,489	(10,011)
Health and sanitation				
Reforestation	19,750	21,150	15,509	(5,641)
Recycling	17,800	17,800	18,649	849
Culture and recreation				
Senior center	82,300	82,300	78,829	(3,471)
LeDuc historic estate	74,504	73,567	251,082	177,515
Total expenditures	<u>10,423,824</u>	<u>10,713,567</u>	<u>10,594,994</u>	<u>(118,573)</u>
Excess of revenues (over) (under) expenditures	(391,152)	(186,188)	(138,856)	47,332
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	179,218	179,218
Insurance recoveries	6,780	6,780	8,150	1,370
Transfers in	704,368	560,766	608,209	47,443
Transfers out	(335,631)	(335,631)	(335,000)	631
Total other financing sources (uses)	<u>375,517</u>	<u>231,915</u>	<u>460,577</u>	<u>228,662</u>
Net change in fund balances	(15,635)	45,727	321,721	275,994
Fund Balances				
Beginning of year	<u>5,135,252</u>	<u>5,135,252</u>	<u>5,135,252</u>	<u>-</u>
End of year	<u>\$ 5,119,617</u>	<u>\$ 5,180,979</u>	<u>\$ 5,456,973</u>	<u>\$ 275,994</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, 2018

Statement 8

	2018			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Property taxes	\$ 1,260,963	\$ 1,260,963	\$ 1,264,038	\$ 3,075
Intergovernmental	175,000	950,000	977,623	27,623
Charges for services	2,792,500	2,950,000	2,296,564	(653,436)
Investment income	4,000	4,000	920	(3,080)
Contributions and donations	-	1,270	1,270	-
Total revenues	<u>4,232,463</u>	<u>5,166,233</u>	<u>4,540,415</u>	<u>(625,818)</u>
Expenditures				
Current				
Public safety	3,985,420	4,070,247	3,795,827	(274,420)
Capital outlay	250,000	1,025,000	970,451	(54,549)
Total expenditures	<u>4,235,420</u>	<u>5,095,247</u>	<u>4,766,278</u>	<u>(328,969)</u>
Excess of revenues over (under) expenditures	(2,957)	70,986	(225,863)	(296,849)
Other Financing Sources (Uses)				
Transfers in	60,000	60,000	13,857	(46,143)
Transfers out	(76,562)	(76,562)	(76,562)	-
Total other financing sources (uses)	<u>(16,562)</u>	<u>(16,562)</u>	<u>(62,705)</u>	<u>(46,143)</u>
Net change in fund balance	<u>\$ (19,519)</u>	<u>\$ 54,424</u>	(288,568)	<u>\$ (342,992)</u>
Fund Balance				
Beginning of year			<u>1,309,545</u>	
End of year			<u>\$ 1,020,977</u>	

**City of Hastings
Statement of Net Position - Proprietary Funds
December 31, 2018**

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	\$ 2,991,510	\$ 1,846,107	\$ 405,995	\$ 103,246	\$ 5,346,858	\$ 1,038,189
Due from other governments	-	-	-	200	200	-
Accounts receivable - net	430,575	627,316	182,093	71,909	1,311,893	-
Special assessments receivable						
Deferred	63,770	34,497	189	-	98,456	-
Prepaid items	1,062	106,457	340	41	107,900	-
Total current assets	<u>3,486,917</u>	<u>2,614,377</u>	<u>588,617</u>	<u>175,396</u>	<u>6,865,307</u>	<u>1,038,189</u>
Noncurrent assets						
Advances to other funds	-	300,000	-	-	300,000	-
Capital assets, not being depreciated						
Land and construction in progress	852,288	279,707	-	-	1,131,995	-
Capital assets, being depreciated						
Buildings	8,048,680	144,798	-	6,831,566	15,025,044	-
Infrastructure	19,903,794	17,787,820	97,373	-	37,788,987	-
Machinery and equipment	1,607,319	706,138	220,638	3,695,929	6,230,024	-
Improvements other than buildings	3,744,240	-	-	-	3,744,240	-
Total capital assets	<u>34,156,321</u>	<u>18,918,463</u>	<u>318,011</u>	<u>10,527,495</u>	<u>63,920,290</u>	<u>-</u>
Less: accumulated depreciation	<u>(17,735,786)</u>	<u>(10,402,538)</u>	<u>(93,317)</u>	<u>(7,635,341)</u>	<u>(35,866,982)</u>	<u>-</u>
Net capital assets	<u>16,420,535</u>	<u>8,515,925</u>	<u>224,694</u>	<u>2,892,154</u>	<u>28,053,308</u>	<u>-</u>
Total noncurrent assets	<u>16,420,535</u>	<u>8,815,925</u>	<u>224,694</u>	<u>2,892,154</u>	<u>28,353,308</u>	<u>-</u>
Total assets	<u>19,907,452</u>	<u>11,430,302</u>	<u>813,311</u>	<u>3,067,550</u>	<u>35,218,615</u>	<u>1,038,189</u>
Deferred Outflows of Resources						
Deferred outflows of resources related to pensions	67,791	48,657	45,671	6,428	168,547	-
Deferred outflows of resources related to OPEB	11,386	8,209	7,679	1,059	28,333	236,469
Total deferred outflows of resources	<u>79,177</u>	<u>56,866</u>	<u>53,350</u>	<u>7,487</u>	<u>196,880</u>	<u>236,469</u>
Total assets and deferred outflows of resources	<u>\$ 19,986,629</u>	<u>\$ 11,487,168</u>	<u>\$ 866,661</u>	<u>\$ 3,075,037</u>	<u>\$ 35,415,495</u>	<u>\$ 1,274,658</u>
Liabilities						
Current liabilities						
Accounts payable	\$ 114,672	\$ 9,291	\$ 2,608	\$ 19,991	146,562	\$ 1,244
Due to other governments	14,473	-	-	472	14,945	-
Interest payable	26,477	4,023	-	-	30,500	-
Salaries payable	10,723	7,713	7,174	1,026	26,636	-
Compensated absences	7,821	6,311	5,044	908	20,084	123,048
Bonds payable - current portion	245,000	-	-	-	245,000	-
Total current liabilities	<u>419,166</u>	<u>27,338</u>	<u>14,826</u>	<u>22,397</u>	<u>483,727</u>	<u>124,292</u>
Noncurrent liabilities						
Advances from other funds	-	-	-	300,000	300,000	-
Compensated absences	120,010	82,300	67,451	13,106	282,867	1,571,321
Bonds payable, net	3,227,510	472,514	-	-	3,700,024	-
Total OPEB obligation	167,555	120,795	113,002	15,587	416,939	3,479,687
Net pension liability	334,951	240,411	225,658	31,761	832,781	-
Less amount due within one year	<u>(252,821)</u>	<u>(6,311)</u>	<u>(5,044)</u>	<u>(908)</u>	<u>(265,084)</u>	<u>(123,048)</u>
Total noncurrent liabilities	<u>3,597,205</u>	<u>909,709</u>	<u>401,067</u>	<u>359,546</u>	<u>5,267,527</u>	<u>4,927,960</u>
Total liabilities	<u>4,016,371</u>	<u>937,047</u>	<u>415,893</u>	<u>381,943</u>	<u>5,751,254</u>	<u>5,052,252</u>
Deferred Inflows of Resources						
Deferred inflows of resources related to pensions	92,847	66,641	62,551	8,804	230,843	-
Net Position						
Net investment in capital assets	13,193,025	8,043,411	224,694	2,892,154	24,353,284	-
Unrestricted	2,684,386	2,440,069	163,523	(207,864)	5,080,114	(3,777,594)
Total net position	<u>15,877,411</u>	<u>10,483,480</u>	<u>388,217</u>	<u>2,684,290</u>	<u>29,433,398</u>	<u>(3,777,594)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 19,986,629</u>	<u>\$ 11,487,168</u>	<u>\$ 866,661</u>	<u>\$ 3,075,037</u>	<u>\$ 35,415,495</u>	<u>\$ 1,274,658</u>

**City of Hastings
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended December 31, 2018**

Statement 10

	Business-Type Activities Enterprise Funds					Governmental Activities - Internal Service Funds
	Water (600)	Sewer (601)	Storm (603)	Hydro (620)	Total	
Operating revenues						
Charges for services	\$ 2,265,956	\$ 2,490,076	\$ 633,583	\$ 693,503	\$ 6,083,118	\$ 142,053
Operating expenses						
Personnel services	490,769	357,546	338,263	40,314	1,226,892	342,771
Supplies	190,023	3,122	2,224	149	195,518	-
Professional services	467,925	137,304	71,601	406,692	1,083,522	1,244
Metro waste control charge	-	1,234,432	-	-	1,234,432	-
Depreciation	841,409	417,167	12,703	173,165	1,444,444	-
Total operating expenses	<u>1,990,126</u>	<u>2,149,571</u>	<u>424,791</u>	<u>620,320</u>	<u>5,184,808</u>	<u>344,015</u>
Operating income (loss)	275,830	340,505	208,792	73,183	898,310	(201,962)
Nonoperating revenues (expenses)						
Investment income	30,529	13,637	5,367	239	49,772	13,370
Special assessments	18,724	438	-	-	19,162	-
Intergovernmental	-	-	-	-	-	6,504
Refunds and reimbursements	-	4,245	-	146,297	150,542	-
Other income	-	-	-	8,226	8,226	-
Interest expense	(63,578)	(10,655)	-	-	(74,233)	-
Total nonoperating revenues (expenses)	<u>(14,325)</u>	<u>7,665</u>	<u>5,367</u>	<u>154,762</u>	<u>153,469</u>	<u>19,874</u>
Income (loss) before transfers	261,505	348,170	214,159	227,945	1,051,779	(182,088)
Transfers in	-	-	-	-	-	335,000
Transfers out	(33,805)	(32,429)	(7,526)	(365,598)	(439,358)	-
Change in net position	227,700	315,741	206,633	(137,653)	612,421	152,912
Net position						
Beginning of year	15,691,990	10,202,247	213,511	2,825,267	28,933,015	(3,016,879)
Change in accounting principle (Note 13)	(42,279)	(34,508)	(31,927)	(3,324)	(112,038)	(913,627)
Beginning of year, as restated	<u>15,649,711</u>	<u>10,167,739</u>	<u>181,584</u>	<u>2,821,943</u>	<u>28,820,977</u>	<u>(3,930,506)</u>
End of year	<u>\$ 15,877,411</u>	<u>\$ 10,483,480</u>	<u>\$ 388,217</u>	<u>\$ 2,684,290</u>	<u>\$ 29,433,398</u>	<u>\$ (3,777,594)</u>

**City of Hastings
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2018**

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	\$ 2,234,573	\$ 2,383,377	\$ 598,890	\$ 681,030	\$ 5,897,870	\$ -
Interfund services provided and used	-	-	-	-	-	142,053
Payments to suppliers for goods and services	(690,695)	(1,370,936)	(71,220)	(436,780)	(2,569,631)	(68,691)
Payments to employees for services	(544,384)	(392,594)	(372,188)	(51,421)	(1,360,587)	(294,463)
Net cash flows - operating activities	<u>999,494</u>	<u>619,847</u>	<u>155,482</u>	<u>192,829</u>	<u>1,967,652</u>	<u>(221,101)</u>
Cash Flows - Noncapital Financing Activities						
Special assessments	9,270	8,274	(47)	-	17,497	-
Refunds and reimbursements	-	4,245	-	154,523	158,768	6,504
Transfer to other funds	(33,805)	(32,429)	(7,526)	(365,598)	(439,358)	-
Transfer from other funds	-	-	-	-	-	335,000
Net cash flows - noncapital financing activities	<u>(24,535)</u>	<u>(19,910)</u>	<u>(7,573)</u>	<u>(211,075)</u>	<u>(263,093)</u>	<u>341,504</u>
Cash Flows - Capital and Related Financing Activities						
Principal paid on debt	(235,000)	-	-	-	(235,000)	-
Interest paid on debt	(23,281)	15,882	-	-	(7,399)	-
Bond proceeds	810,000	450,000	-	-	1,260,000	-
Acquisition of capital assets	(871,421)	(279,706)	(97,373)	-	(1,248,500)	-
Net cash flows - capital and related financing activities	<u>(319,702)</u>	<u>186,176</u>	<u>(97,373)</u>	<u>-</u>	<u>(230,899)</u>	<u>-</u>
Cash Flows - Investing Activities						
Investment income	33,742	15,181	5,797	440	55,160	14,481
Net cash flows - investing activities	<u>33,742</u>	<u>15,181</u>	<u>5,797</u>	<u>440</u>	<u>55,160</u>	<u>14,481</u>
Net change in cash and cash equivalents	688,999	801,294	56,333	(17,806)	1,528,820	134,884
Cash and Cash Equivalents						
January 1	2,302,511	1,044,813	349,662	121,052	3,818,038	903,305
December 31	<u>\$ 2,991,510</u>	<u>\$ 1,846,107</u>	<u>\$ 405,995</u>	<u>\$ 103,246</u>	<u>\$ 5,346,858</u>	<u>\$ 1,038,189</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities						
Operating income (loss)	\$ 275,830	\$ 340,505	\$ 208,792	\$ 73,183	\$ 898,310	\$ (201,962)
Adjustments to reconcile operating income (loss) to net cash flows - operating activities						
Depreciation	841,409	417,167	12,703	173,165	1,444,444	-
Pension expense	(57,144)	(36,422)	(34,834)	(11,829)	(140,229)	-
Accounts receivable	(29,886)	(106,699)	(34,693)	(12,473)	(183,751)	-
Prepaid items	6,828	1,444	2,805	855	11,932	-
Accounts payable	(38,847)	2,478	(200)	(30,104)	(66,673)	1,244
Salaries payable	1,559	1,148	1,076	153	3,936	-
Due to other governments	(728)	-	-	(690)	(1,418)	-
Unearned revenue	(1,497)	-	-	-	(1,497)	-
OPEB obligation	(3,131)	(2,672)	(2,463)	(228)	(8,494)	(68,691)
Compensated absences payable	5,101	2,898	2,296	797	11,092	48,308
Total adjustments	<u>723,664</u>	<u>279,342</u>	<u>(53,310)</u>	<u>119,646</u>	<u>1,069,342</u>	<u>(19,139)</u>
Net cash flows - operating activities	<u>\$ 999,494</u>	<u>\$ 619,847</u>	<u>\$ 155,482</u>	<u>\$ 192,829</u>	<u>\$ 1,967,652</u>	<u>\$ (221,101)</u>

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TRUST AND AGENCY FUNDS

**City of Hastings
Statement of Fiduciary Net Position
December 31, 2018**

	Library Private-Purpose Trust Fund	Statement 12 Total Combined Agency Funds
Assets		
Cash and investments	\$ 91,724	\$ 295,137
Accounts receivable	-	7,130
Total assets	\$ 91,724	\$ 302,267
Liabilities		
Deposits payable	\$ -	\$ 302,267
Net Position		
Held in trust for library	\$ 91,724	

City of Hastings
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2018

Statement 13

	Library Private- Purpose Trust Fund
Additions	
Investment earnings	\$ 1,286
Deductions	
Other services and charges	1,578
Change in net position	(292)
Beginning net position	92,016
Ending net position	\$ 91,724

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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. The agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

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

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

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

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.

**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:

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

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

Additionally, the City reports the following fund types:

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

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

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

Permanent Funds – account for the trusts of the Simmons family for the LeDuc Historic Estate that was transferred over to the City in 2005. The income of these trust is used for the operations at the LeDuc Historic Estate as a historical museum.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

**City of Hastings
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**D. Assets, Liabilities, and Net Position or Equity****1. Deposits and Investments**

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

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

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

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

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

The City reports restricted cash related to police evidence room funds.

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 86% of outstanding receivables at year end.

3. Prepaid Items and Inventories

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government wide and fund financial statements using the consumption method. Materials and supplies, if material, are recorded at cost using first in first out (FIFO) method and reported under the consumption method in the Governmental Funds.

4. Deferred Outflows/Inflows of Resources

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

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 three sources, taxes, assessments, and grants. These amounts are deferred and recognized as an inflow in the period that amounts become available. The governmental funds also report state aid received for subsequent years. These amounts are deferred and recognized as an inflow in subsequent years. These amounts are also deferred on the Statement of Net Position. The City also presents deferred inflows of resources on the Statement of Net Position related to pensions 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 two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. In the case of donations the government values these capital assets at the acquisition value of the item at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed.

Pursuant to GASB Statement 51, in the case of initial capitalization of intangible assets, the City chose not to retroactively report permanent easements. The City had already accounted for temporary easements and computer software at historical cost and therefore retroactive reporting was not necessary. The amounts of these assets are not material to the financial statements and therefore, have not been reported separately from other capital assets. The City acquired no intangible assets for the year ending December 31, 2018.

**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, proprietary 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.

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.

**City of Hastings
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Pensions

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

9. Fund Balance

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

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

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

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

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

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

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

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

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

**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

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

10. Net Position

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

E. Use of Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

The appropriated budget is prepared by fund and department. The City's department heads may request transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is at the department level. The Council made several supplementary budgetary appropriations for the general fund and various special revenue funds in 2018. Several of the budgets changed in total as a result of the Council approved appropriations.

**City of Hastings
Notes to Financial Statements**

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

B. Deficit Fund Equity

The NAPA TIF district had a fund balance deficit of \$9,071, an increase of \$1,147 from 2017. The Downtown Redevelopment TIF had a deficit of \$16,016, which stayed the same from 2017. 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 \$192,001. 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, 2018, the City was not exposed to custodial credit risk because deposits were fully insured and collateralized. As of December 31, 2018, the City has the following deposits:

Checking	\$ 1,309,544
Savings deposit account	2,018,657
Certificates of deposit	<u>1,482,600</u>
Total	<u><u>\$ 4,810,801</u></u>

City of Hastings
Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

As of December 31, 2018 the City had the following investments and maturities:

Investment Type	Rating	Fair Value	Investment Maturities			
			Less than One Year	1-5 Years	6-10 Years	Greater than 10 Years
Pooled Investments:						
Federal Home Loan Bank Notes	AAA	\$ 492,760	\$ -	\$ 492,760	\$ -	\$ -
Federal Home Loan Bank Corp	AAA	493,360	-	493,360	-	-
Federal National Mortgage Assn.	AAA	296,019	-	296,019	-	-
Taxable Municipals	A	1,228,459	-	1,228,459	-	-
Brokered Certificates of Deposit	NR	9,171,526	2,613,211	6,083,069	475,247	-
External Investment Pool - 4M Fund	NR	5,100,575	5,100,575	-	-	-
Money Market	NR	903,827	903,827	-	-	-
Total Pooled Investments		<u>17,686,526</u>	<u>8,617,613</u>	<u>8,593,667</u>	<u>475,247</u>	<u>-</u>
Non-Pooled Investments						
Brokered Cash	N/A	15,602	15,602	-	-	-
Equity	N/A	420,498	420,498	-	-	-
Fixed Income Securities	N/A	264,104	264,104	-	-	-
Real Estate	N/A	37,654	37,654	-	-	-
Commodities	N/A	12,413	12,413	-	-	-
Total Non-Pooled Investments		<u>750,271</u>	<u>750,271</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total		<u>\$ 18,436,797</u>	<u>\$ 9,367,884</u>	<u>\$ 8,593,667</u>	<u>\$ 475,247</u>	<u>\$ -</u>

The City has the following recurring fair value measurements as of December 31, 2018:

- \$9,592,024 of \$18,436,797 are valued using a quoted market prices (Level 1 inputs)
- \$2,824,769 of \$18,436,797 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 does not have more than 5% of the City's investment portfolio in any one issuer.

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

City of Hastings
Notes to Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS**B. Investments**

Summary of cash deposits and investments as of December 31, 2018, were as follows:

Deposits (Note 3.A.)	\$ 4,810,801
Investments (Note 3.B.)	18,436,797
Petty cash	<u>645</u>
Total deposits and investments	<u><u>\$ 23,248,243</u></u>

Deposits and investments are presented in the December 31, 2018, basic financial statements as follows:

Statement of Net Position	
Cash and investments - City	\$ 20,541,734
Cash and investments - HEDRA	1,488,605
Cash with fiscal agent	751,545
Restricted cash	79,498
Statement of Fiduciary Net Position	
Cash and investments	<u>386,861</u>
Total deposits and investments	<u><u>\$ 23,248,243</u></u>

City of Hastings
Notes to Financial Statements

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 3,689,587	\$ -	\$ -	\$ 3,689,587
Construction in progress	60,526	2,855,002	-	2,915,528
Total capital assets not being depreciated	<u>3,750,113</u>	<u>2,855,002</u>	<u>-</u>	<u>6,605,115</u>
Capital assets being depreciated				
Buildings	19,900,636	84,915	-	19,985,551
Machinery and equipment	11,218,375	515,687	(100,795)	11,633,267
Improvements other than buildings	4,072,353	296,738	(23,118)	4,345,973
Infrastructure	102,836,672	230,000	(196,050)	102,870,622
Total capital assets being depreciated	<u>138,028,036</u>	<u>1,127,340</u>	<u>(319,963)</u>	<u>138,835,413</u>
Less accumulated depreciation for				
Buildings	(9,385,642)	(447,839)	-	(9,833,481)
Machinery and equipment	(8,709,877)	(573,775)	76,452	(9,207,200)
Improvements other than buildings	(2,701,527)	(322,893)	23,118	(3,001,302)
Infrastructure	(58,666,504)	(3,440,647)	196,050	(61,911,101)
Total accumulated depreciation	<u>(79,463,550)</u>	<u>(4,785,154)</u>	<u>295,620</u>	<u>(83,953,084)</u>
Total capital assets being depreciated, net	<u>58,564,486</u>	<u>(3,657,814)</u>	<u>(24,343)</u>	<u>54,882,329</u>
Governmental activities capital position, net	<u>\$ 62,314,599</u>	<u>\$ (802,812)</u>	<u>\$ (24,343)</u>	<u>\$ 61,487,444</u>

**City of Hastings
Notes to Financial Statements**

NOTE 4 – CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 349,300	\$ -	\$ -	\$ 349,300
Construction in progress	5,572	828,704	(51,581)	782,695
Total capital assets not being depreciated	<u>354,872</u>	<u>828,704</u>	<u>(51,581)</u>	<u>1,131,995</u>
Capital assets being depreciated				
Buildings	15,025,044	-	-	15,025,044
Machinery and equipment	5,907,600	322,424	-	6,230,024
Improvements other than buildings	3,744,240	-	-	3,744,240
Infrastructure	37,664,328	148,954	(24,295)	37,788,987
Total capital assets being depreciated	<u>62,341,212</u>	<u>471,378</u>	<u>(24,295)</u>	<u>62,788,295</u>
Less accumulated depreciation for				
Buildings	(7,426,410)	(429,505)	-	(7,855,915)
Machinery and equipment	(4,740,078)	(111,054)	-	(4,851,132)
Improvements other than buildings	(1,981,445)	(113,413)	-	(2,094,858)
Infrastructure	(20,298,900)	(790,472)	24,295	(21,065,077)
Total accumulated depreciation	<u>(34,446,833)</u>	<u>(1,444,444)</u>	<u>24,295</u>	<u>(35,866,982)</u>
Total capital assets being depreciated, net	<u>27,894,379</u>	<u>(973,066)</u>	<u>-</u>	<u>26,921,313</u>
Business-type activities capital assets, net	<u>\$ 28,249,251</u>	<u>\$ (144,362)</u>	<u>\$ (51,581)</u>	<u>\$ 28,053,308</u>

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

Governmental activities	
General government	\$ 149,029
Public Safety	415,345
Public Works	3,619,314
Cultural and recreation	<u>601,466</u>
Total depreciation expense - governmental activities	<u>\$ 4,785,154</u>
Business-type activities	
Water	\$ 841,409
Sewer	417,167
Storm Water	12,703
Hydro	<u>173,165</u>
Total depreciation expense - business-type activities	<u>\$ 1,444,444</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, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets being depreciated				
Buildings and Structures	\$ 724,195	\$ -	\$ -	\$ 724,195
Less accumulated depreciated for				
Buildings and Structures	(630,447)	(4,500)	-	(634,947)
Total capital assets being depreciated, net	<u>93,748</u>	<u>(4,500)</u>	<u>-</u>	<u>89,248</u>
Component unit capital assets, net	<u>\$ 93,748</u>	<u>\$ (4,500)</u>	<u>\$ -</u>	<u>\$ 89,248</u>

NOTE 5 – INTERFUND ASSETS/LIABILITIES

The composition of interfund balances as of December 31, 2018, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Governmental Funds	Other Governmental Funds	<u>\$ 187,903</u>

Advances To/From Other Funds

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

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

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

**City of Hastings
Notes to Financial Statements**

NOTE 6 – INTERFUND TRANSFERS

	Transfers In				Total
	General	Fire and Ambulance	Non-major Governmental Funds	Internal Service	
Transfers Out					
General	\$ -	\$ -	\$ -	\$ 335,000	\$ 335,000
Fire & ambulance	76,562	-	-	-	76,562
Debt service	-	-	108,250	-	108,250
Non-major governmental fund	92,289	13,857	240,185	-	346,331
Water	33,805	-	-	-	33,805
Sewer	32,429	-	-	-	32,429
Stormwater	7,526	-	-	-	7,526
Hydro	365,598	-	-	-	365,598
Total	\$ 608,209	\$ 13,857	\$ 348,435	\$ 335,000	\$ 1,305,501

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 issues listed below is \$2,280,000. Of the two bond issues, one is partially funded by the Hastings School District. The School District is obligated 45% for the Parks Maintenance Garage facility. The city records the full debt on its books with the commitments from the school district reflected as annual revenues

The general obligation bonds currently outstanding are as follows:

	Issue Date	Interest Rates	Original Issue	Final Maturity	Balance End of Year	Due Within One Year
G.O. Public Facility Refunding Bonds, Series 2010A	06/24/10	3.00% - 4.00%	\$ 1,715,000	02/01/22	\$ 705,000	\$ 170,000
G.O. Revenue Refunding Bonds, Series 2013A	02/21/13	2.00%	565,000	02/01/19	120,000	120,000
Total					\$ 825,000	\$ 290,000

**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
2019	\$ 290,000	\$ 22,400	\$ 312,400
2020	175,000	14,300	189,300
2021	180,000	8,100	188,100
2022	180,000	2,700	182,700
Total	<u>\$ 825,000</u>	<u>\$ 47,500</u>	<u>\$ 872,500</u>

B. G.O. Improvement Bonds

Bonds generally are issued as 12-year serial bonds with equal debt service payments each year. The original amount of general obligation bonds for the issues listed below is \$21,410,000. 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 2007B	11/29/07	3.45%-3.80%	2,390,000	02/01/19	250,000	250,000
G.O. Improvement Bonds, Series 2008A	12/04/08	3.50%-4.20%	3,105,000	02/01/20	680,000	335,000
G.O. Improvement Bonds, Series 2009A	12/15/09	2.00%-3.55%	1,750,000	02/01/21	570,000	185,000
G.O. Improvement Bonds, Series 2010B	11/01/10	0.60%-2.80%	1,185,000	02/01/22	480,000	120,000
G.O. Improvement Bonds, Series 2011A	09/14/11	0.50%-2.45%	3,720,000	02/01/22	1,510,000	370,000
G.O. Improvement Bonds, Series 2012A	10/17/12	2.00%-3.00%	1,700,000	02/01/23	885,000	170,000
G.O. Improvement Bonds, Series 2013B	11/20/13	0.40%-2.45%	1,265,000	02/01/24	760,000	125,000
G.O. Improvement Bonds, Series 2014A	11/25/14	0.65%-2.50%	2,345,000	02/01/25	1,810,000	250,000
G.O. Improvement Bonds, Series 2015A	09/03/15	2.00%-2.20%	360,000	02/01/26	290,000	35,000
G.O. Improvement Bonds, Series 2016B	11/03/16	2.00%	995,000	02/01/27	910,000	95,000
G.O. Improvement Bonds, Series 2017A	11/02/17	2.75%-2.875%	1,015,000	02/01/28	1,015,000	90,000
G.O. Improvement Bonds, Series 2018A	07/18/18	3.00%- 4.00%	1,580,000	02/01/29	1,580,000	-
Total					<u>\$ 10,740,000</u>	<u>\$ 2,025,000</u>

**City of Hastings
Notes to Financial Statements**

NOTE 7 – LONG-TERM DEBT (CONTINUED)

B. G.O. Improvement Bonds (Continued)

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2019	\$ 2,025,000	\$ 265,770	\$ 2,290,770
2020	1,955,000	207,497	2,162,497
2021	1,625,000	159,055	1,784,055
2022	1,455,000	119,858	1,574,858
2023	955,000	88,922	1,043,922
2024-2028	2,550,000	168,986	2,718,986
2029	175,000	2,624	177,624
Total	<u>\$ 10,740,000</u>	<u>\$ 1,012,712</u>	<u>\$ 11,752,712</u>

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	650,000	195,000
Certificate of Participation, Series 2014A	11/25/14	0.65%-2.00%	205,000	02/01/21	125,000	40,000
Certificate of Participation, Series 2015A	09/03/15	2.00%	295,000	02/01/21	180,000	60,000
Certificate of Participation, Series 2016B	11/03/16	2.00%	295,000	02/01/22	240,000	60,000
Total					<u>\$ 1,195,000</u>	<u>\$ 355,000</u>

**City of Hastings
Notes to Financial Statements**

NOTE 7 – LONG-TERM DEBT (CONTINUED)

C. Equipment Certificates (Continued)

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2019	\$ 355,000	\$ 20,449	\$ 375,449
2020	245,000	15,091	260,091
2021	255,000	10,198	265,198
2022	150,000	6,080	156,080
2023	95,000	3,420	98,420
2024	95,000	1,163	96,163
Total	<u>\$ 1,195,000</u>	<u>\$ 56,401</u>	<u>\$ 1,251,401</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 \$3,825,000. The general obligation revenue bonds currently outstanding are as follows:

	Issue Date	Interest Rates	Original Issue	Final Maturity	Balance End of Year	Due Within One Year
G.O. Refunding Bonds, Series 2013A	02/21/13	2.00%	\$ 2,565,000	02/01/27	\$ 2,330,000	\$ 245,000
G.O. Improvement Bonds, Series 2018A	07/18/18	3.00%-4.00%	1,260,000	02/01/29	1,260,000	-
Total					<u>\$ 3,590,000</u>	<u>\$ 245,000</u>

**City of Hastings
Notes to Financial Statements**

NOTE 7 – LONG-TERM DEBT (CONTINUED)

D. G.O. Revenue Bonds (Continued)

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2019	\$ 245,000	\$ 91,967	\$ 336,967
2020	350,000	83,250	433,250
2021	360,000	73,950	433,950
2022	370,000	64,400	434,400
2023	380,000	54,600	434,600
2024-2028	1,740,000	122,200	1,862,200
2029	145,000	2,175	147,175
Total	<u>\$ 3,590,000</u>	<u>\$ 492,542</u>	<u>\$ 4,082,542</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	\$ 495,000	\$ 65,000
G.O. Improvement Bond, Series 2015A - Charter	09/03/15	2%-2.20%	2,100,000	02/01/26	1,725,000	200,000
G.O. Improvement Bond, Series 2016B - Charter	11/03/16	2.00%	2,005,000	02/01/27	1,940,000	200,000
G.O. Improvement Bond, Series 2018A - Charter	07/18/18	3.00%-4.00%	980,000	02/01/29	980,000	-
Total					<u>\$ 5,140,000</u>	<u>\$ 465,000</u>

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2019	\$ 465,000	\$ 117,605	\$ 582,605
2020	555,000	105,310	660,310
2021	570,000	92,410	662,410
2022	585,000	78,935	663,935
2023	595,000	64,985	659,985
2024-2028	2,255,000	124,300	2,379,300
2029	115,000	1,725	116,725
Total	<u>\$ 5,140,000</u>	<u>\$ 585,270</u>	<u>\$ 5,725,270</u>

**City of Hastings
Notes to Financial Statements**

NOTE 7 – LONG-TERM DEBT (CONTINUED)

F. General Obligation Tax Increment Revenue Bonds

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

	<u>Issue Date</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Balance End of Year</u>	<u>Due Within One Year</u>
G.O. Tax Increment Bonds, Series 2016A	01/21/16	2.00%-2.75%	\$ 2,265,000	02/01/29	\$ 1,945,000	\$ 165,000

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

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 165,000	\$ 41,800	\$ 206,800
2020	170,000	38,450	208,450
2021	175,000	35,000	210,000
2022	175,000	31,500	206,500
2023	175,000	28,000	203,000
2024-2028	920,000	81,719	1,001,719
2029	165,000	2,269	167,269
Total	<u>\$ 1,945,000</u>	<u>\$ 258,738</u>	<u>\$ 2,203,738</u>

G. Conduit Debt

From time to time, the City issued conduit debt to provide financial assistance to private sector entities for projects deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2018, there was one series of these revenue bonds outstanding, with an aggregate principal amount payable of \$6,780,000.

City of Hastings
Notes to Financial Statements

NOTE 7 – LONG-TERM DEBT (CONTINUED)**H. Changes in Long-Term Liabilities**

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
General obligation debt	\$ 1,095,000	\$ -	\$ (270,000)	\$ 825,000	\$ 290,000
GO improvement debt	11,275,000	1,580,000	(2,115,000)	10,740,000	2,025,000
Equipment certificates	1,615,000	-	(420,000)	1,195,000	355,000
City charter bonds	4,490,000	980,000	(330,000)	5,140,000	465,000
Tax increment bonds	2,105,000	-	(160,000)	1,945,000	165,000
Plus (less) deferred amounts for premium and discount	397,049	138,815	(67,710)	468,154	-
Total bonds payable	<u>20,977,049</u>	<u>2,698,815</u>	<u>(3,362,710)</u>	<u>20,313,154</u>	<u>3,300,000</u>
Compensated absences	<u>1,523,013</u>	<u>890,576</u>	<u>(842,267)</u>	<u>1,571,322</u>	<u>123,048</u>
Total governmental activities	<u>\$ 22,500,062</u>	<u>\$ 3,589,391</u>	<u>\$ (4,204,977)</u>	<u>\$ 21,884,476</u>	<u>\$ 3,423,048</u>
	Ending Balance	Additions	Retirements	Ending Balance	Due Within One Year
Business-type activities					
Bonds payable					
G.O. revenue bonds	\$ 2,565,000	\$ 1,260,000	\$ (235,000)	\$ 3,590,000	\$ 245,000
Plus (less) deferred amounts for premium or discount	52,501	67,968	(10,445)	110,024	-
Total bonds payable	<u>2,617,501</u>	<u>1,327,968</u>	<u>(245,445)</u>	<u>3,700,024</u>	<u>245,000</u>
Compensated absences payable	<u>271,775</u>	<u>131,248</u>	<u>(120,156)</u>	<u>282,867</u>	<u>20,084</u>
Total business-type activities	<u>\$ 2,889,276</u>	<u>\$ 1,459,216</u>	<u>\$ (365,601)</u>	<u>\$ 3,982,891</u>	<u>\$ 265,084</u>
	Ending Balance	Additions	Retirements	Ending Balance	Due Within One Year
Component Unit					
Pollution remediation obligation	<u>\$ 80,210</u>	<u>\$ -</u>	<u>\$ (80,210)</u>	<u>\$ -</u>	<u>\$ -</u>

The governmental activities, compensated absences, pensions and other post employment benefit obligations are generally liquidated by the general and special revenue 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 \$200,000 per occurrence for property loss or damage and \$460,000 per occurrence for workers' compensation. The City also carries commercial insurance for certain other risks of loss, including employee health insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There were no significant reductions in insurance from the prior year.

**City of Hastings
Notes to Financial Statements**

NOTE 9 – PENSION PLANS

The City participates in various pension plans. Total pension expense for the year ended December 31, 2018, was \$1,031,593. The components of pension expense are noted in the following plan summaries.

Public Employees' Retirement Association

A. Plan Description

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

General Employees Retirement Plan (General Employees Plan, accounted for in the General Employees Fund)

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

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

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

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. 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 ten 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. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90% funded for two consecutive years, benefit recipients are given a 2.5% increase. If the plan has not exceeded 90% funded, or have fallen below 80%, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30, will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30, will receive a pro rata increase.

Police and Fire Plan Benefits

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

Benefit increases are provided to benefit recipients each January. Police and Fire Plan benefit recipients receive a future annual 1.0% increase. An annual adjustment will equal 2.5% any time the plan exceeds a 90% funded ratio for two consecutive years. If the adjustment is increased to 2.5% and the funded ratio falls below 80% for one year or 85% for two consecutive years, the post-retirement benefit increase will be lowered to one percent. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase. For retirements after May 31, 2014, the first increase will be delayed two years.

C. Contributions

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

General Employees Plan Contributions

Coordinated Plan members were required to contribute 6.5%, of their annual covered salary in calendar year 2018. The City was required to contribute 7.50% for Coordinated Plan members in calendar year 2018. The City's contributions to the General Employees Fund for the year ended December 31, 2018, were \$362,596. 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)****C. Contributions (Continued)**

Police and Fire Plan Contributions

Plan members were required to contribute 10.8% of their annual covered salary and the City was required to contribute 16.20% of pay for members in fiscal year 2018. The City's contributions to the Police and Fire Fund for the year ended December 31, 2018, were \$658,441. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2018, the City reported a liability of \$3,866,670 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2018. 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 \$126,858. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportion share was 0.0697%, which was an decrease of 0.0009% from its proportion measured as of June 30, 2017.

City's proportionate share of the net pension liability	\$ 3,866,670
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>126,858</u>
Total	<u><u>\$ 3,993,528</u></u>

For the year ended December 31, 2018, the City recognized pension expense of \$339,772 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$29,583 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, 2018, 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	\$ 103,605	\$ 108,567
Changes in actuarial assumptions	355,585	438,301
Difference between projected and actual investment earnings	-	414,491
Change in proportion	142,092	110,465
Contributions paid to PERA subsequent to the measurement date	181,298	-
Total	\$ 782,580	\$ 1,071,824

\$181,298 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, 2019. 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
2019	\$ 104,517
2020	(163,805)
2021	(330,550)
2022	(80,704)
Total	\$ (470,542)

**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, 2018, the City reported a liability of \$3,903,121 for its proportionate share of the Police and Fire Fund’s net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2018, the City’s proportion was 0.3693%, which was an decrease of 0.0187% from its proportion measured as of June 30, 2017. The City also recognized \$33,237 for the year ended December 31, 2018 as revenue and an offsetting reduction of the net pension liability for its proportionate share of the State of Minnesota’s on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year, starting in fiscal year 2014.

For the year ended December 31, 2018, the City recognized pension expense of \$445,929 for its proportionate share of the Police and Fire Fund pension expense

Police and Fire Pension Costs (Continued)

At December 31, 2018, the City of Hastings reported its proportionate share of the Police and Fire’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 163,309	\$ 1,002,863
Changes in actuarial assumptions	5,168,184	6,081,593
Difference between projected and actual investment earnings	-	837,679
Change in proportion	130,668	303,505
Contributions paid to PERA subsequent to the measurement date	<u>329,221</u>	<u>-</u>
Total	<u><u>\$ 5,791,382</u></u>	<u><u>\$ 8,225,640</u></u>

**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)

\$329,221 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, 2019. 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
2019	\$ (115,577)
2020	(297,213)
2021	(594,519)
2022	(1,701,114)
2023	(55,056)
Total	\$ (2,763,479)

E. Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants 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, 2018 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the General Employees Plan was completed in 2015. The most recent four-year experience study for Police and Fire Plan was completed in 2016. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

**City of Hastings
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees’ Retirement Association (Continued)

E. Actuarial Assumptions (Continued)

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the General Employees Plan was completed in 2015. The most recent four-year experience study for Police and Fire Plan was completed in 2016. The five-year experience study for the Correctional Plan, prepared by a former actuary, was completed in 2012. The mortality assumption for the Correctional Plan is based on the Police and Fire Plan experience study completed in 2016. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions occurred in 2018:

General Employees Fund

- 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.

Police and Fire Fund

- The mortality projection scale was changed from MP-2016 to MP-2017.
- As set by statute, the assumed post-retirement benefit increase was changed from 1.0% per year through 2064 and 2.5% per year, thereafter, to 1.0% for all years, with no trigger.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
International stocks	36 %	5.10 %
Bonds	17	5.30
Alternative assets	20	0.75
Cash	25	5.90
	2	0.00
Total	100 %	

**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 2018 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members and employers will be made at rates set in *Minnesota Statutes*. Based on those assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

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

<u>City of Hastings proportionate share of</u>	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
General Employees Retirement Fund net pension liability	\$ 6,283,834	\$ 3,866,670	\$ 1,871,370
<u>City of Hastings proportionate share of</u>	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	\$ 8,406,561	\$ 3,903,121	\$ 178,963

H. Pension Plan Fiduciary Net Position

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

Single Employer Defined Benefit Pension Plan - Volunteer Fire Relief Association

A. Plan Description

Firefighters of the City of Hastings are members of the Hastings Firefighters Relief Association. The Association is the administrator of the single-employer defined benefit pension plan available to firefighters. The association is governed by a board of six officers and trustees elected by the members of the Association for three-year terms. The Mayor, City Clerk, and Fire Chief are ex-officio members of the Board of Trustees. The plan is administered pursuant to Minnesota Statutes Chapter 69, Chapter 424A, and the Association's by-laws. As of December 31, 2017, membership includes 42 active members and 15 deferred or inactive members entitled to benefit but not yet receiving them. The plan issues a stand-alone financial statement as it is not a component unit of the City of Hastings.

**City of Hastings
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

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

A. Plan Description (Continued)

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

B. Benefits Provided

Authority for payment of pension benefits is established in *Minnesota Statutes* §69.77 and may be amended only by the Minnesota State Legislature. Each member who is at least 50 years of age, has retired from the Fire Department, has served at least 20 years of active service with such department before retirement shall be entitled to a lump sum service pension in the amount of \$6,100 for each year of active Fire Department service.

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

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

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

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

**City of Hastings
Notes to Financial Statements**

NOTE 9 – PENSION PLANS (CONTINUED)

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

B. Benefits Provided (Continued)

A member of the Association, who has completed 5 or more years of active service with the Fire Department prior to reaching age 50, has the right to retire from the Department without forfeiting the right to a service pension. The member shall be placed on the deferred pension roll. Upon reaching age 50, and provided that at that time the individual has been a member of the Association for at least 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 \$185,040 made by the State of Minnesota for the Relief Association.

D. Pension Costs

At December 31, 2018, the City reported an asset of \$1,395,126 for the Association's net pension asset. The net pension asset was measured as of December 31, 2017, 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, 2018, the City recognized pension expense of \$245,892. At December 31, 2018, 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	\$ -	\$ 16,083
Changes in actuarial assumptions	16,363	-
Net difference between projected and actual earnings on pension plan investments	-	94,885
City contributions subsequent to the measurement date	185,040	-
Total	\$ 201,403	\$ 110,968

\$185,040 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, 2019.

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
2019	\$ 6,849
2020	2,326
2021	(48,834)
2022	(55,038)
2023	47
Thereafter	45
Total	\$ (94,605)

**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, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

<u>Valuation Date</u>	<u>December 31, 2017</u>
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Closed
Actuarial assumptions:	
Discount rate	5.75 %
Investment rate of return	5.75
20-year municipal bond yield	3.50
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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Allocation at December 31, 2017</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	3.00 %	2.25 %
Fixed income	40.00	3.40
Equities	56.00	7.50
Other	<u>1.00</u>	6.00
 Total portfolio	 <u>0.00 %</u>	

F. Discount Rate

The discount rate used to measure the total pension liability was 5.75%. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments were discounted by year using expected assets return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the municipal bond rate of return. The equivalent single rate is the discount rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

G. Pension Liability Sensitivity

The following presents the City of 100% proportionate share of the net pension asset of the Association, calculated using the discount rate of 5.75%, as well as what the Association's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.75%) or one percentage point higher (6.75%) than the current rate:

<u>City of Hastings proportionate share of</u>	<u>1% Decrease in Discount Rate (4.75%)</u>	<u>Discount Rate (5.75%)</u>	<u>1% Increase in Discount Rate (6.75%)</u>
Net pension liability	\$ (1,308,810)	\$ (1,395,126)	\$ (1,474,822)

**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:

	2017
Total Pension Liability	
Service cost	\$ 90,905
Interest	150,634
Plan changes	408,102
Benefit payments, including member contribution refunds	(505,314)
	144,327
Net Change in Total Pension Liability	
Total Pension Liability - Beginning	2,781,466
Total Pension Liability - Ending (a)	2,925,793
Plan Fiduciary Net Position	
Municipal contributions	-
State contributions	182,415
Net investment income	228,891
Gain or loss	275,429
Benefit payments	(505,314)
Administrative expenses	(5,329)
	176,092
Net Change in Fiduciary Net Position	
Fiduciary Net Position - Beginning	4,144,827
Fiduciary Net Position - Ending (b)	4,320,919
Association's Net Pension Liability (Asset) - Ending (a) - (b)	\$ (1,395,126)

**City of Hastings
Notes to Financial Statements**

NOTE 10 - RETIREE HEALTH INSURANCE

A. Plan Description

The City provides a single-employer defined benefit OPEB dependent health care plan to retirees after (ten) years of service, that were hired prior to 1993. The benefit commences upon retirement or age 55 (whichever is later) and terminates after ten years or upon reaching Medicare age, whichever comes first. The expenditures for this benefit are accounted for within the internal service fund. The Other Post Employment Benefit (OPEB) plan is administered by the City. The authority to provide these benefits is established in Minnesota Statutes Sections 471.61 Subd. 2a, and 299A.465. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and collective bargaining agreements with employee groups. The Plan is not accounted for as a trust fund, and no funds are accumulated in a trust as a trust fund has not been established to account for the plan. The Plan does not issue a separate report.

B. Benefits Provided

Retirees

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

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

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

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

**City of Hastings
Notes to Financial Statements**

NOTE 10 - RETIREE HEALTH INSURANCE (CONTINUED)

B. Benefits Provided (Continued)

Disabled police and firefighter

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

C. Contributions

Contribution requirements are established by the City. The required contributions are based on projected pay-as-you-go financing requirements. For year 2018, the City contributed \$264,802 to the plan. As of December 31, 2018, there were 21 retirees receiving health benefits from the City's health plan.

D. Members

As of December 31, 2018, the following were covered by the benefit terms:

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

E. Actuarial Assumptions

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

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Investment rate of return	3.30%, net of investment expense
Salary increases	3.00%, including inflation
Inflation	2.50%
Healthcare cost trend increases	6.5% initially, decreasing over six years to an ultimate rate of 5.0%
 Mortality assumption	 RP 2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale

**City of Hastings
Notes to Financial Statements**

NOTE 10 - RETIREE HEALTH INSURANCE (CONTINUED)

E. Actuarial Assumptions (Continued)

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

The discount rate used to measure the total OPEB liability was 3.30% based on 20 year municipal bond index.

F. Total OPEB Liability

The City's total OPEB liability of \$3,896,626 was measured as of January 1, 2018, and was determined by an actuarial valuation as of that date.

Changes in the total OPEB liability are as follows:

	<u>Total OPEB Liability</u>
Balances at January 1, 2017	<u>\$ 4,016,829</u>
Changes for the year	
Service cost	79,277
Interest	129,783
Benefit payments	<u>(329,263)</u>
Net changes	<u>(120,203)</u>
Balances at January 1, 2018	<u><u>\$ 3,896,626</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% in 2016 to 3.30% in 2018.

G. OPEB Liability Sensitivity

The following presents the City's total OPEB liability calculated using the discount rate of 3.30% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

<u>Total OPEB Liability/(Asset)</u>		
<u>1% decrease (2.30%)</u>	<u>Current (3.30%)</u>	<u>1% increase (4.30%)</u>
\$ 4,098,339	\$ 3,896,626	\$ 3,706,442

**City of Hastings
Notes to Financial Statements**

NOTE 10 - RETIREE HEALTH INSURANCE (CONTINUED)

G. OPEB Liability Sensitivity

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 (5.5% decreasing to 4.0%)	Current (6.5% decreasing to 5.0%)	1% increase (7.5% decreasing to 6.0%)
\$ 3,683,414	\$ 3,896,626	\$ 4,132,540

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

For the year ended December 31, 2018, the City recognized OPEB expense of \$209,060. At December 31, 2018, 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
Subsequent contributions	\$ 264,802	\$ -

NOTE 11 – COMMITTED CONTRACTS

The City and Component Unit has the following contract commitments as of December 31, 2018:

Project	Paid as of 12/31/2018	Remaining Commitment
City Hall Masonry	\$ 428,374	\$ 58,052
LeDuc Roof Replacement	178,165	13,010

**City of Hastings
Notes to Financial Statements**

NOTE 12 – CONTINGENT LIABILITIES

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

NOTE 13 – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2018, the City implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. This resulted in an adjustment to the beginning net position on the Statement of Activities of \$1,025,665 to add the beginning total OPEB liability.

NOTE 14 – TAX INCREMENT FINANCING

There are two pay-as-you-go Tax Increment Districts in the City of Hastings. *Minnesota Statute* 469.174 to 469.1794 provide authority for Tax Increment Districts. The City agreed to rebate real estate taxes based on the increased property value from improvements on the owned property. The amount rebated is equal to 90% of the tax increment received until the earlier of a maximum dollar value or 2027 tax year. For the year ended December 31, 2018, the City generated \$45,142 in tax increment revenue and made \$25,125 in payments to developers. No other commitments were made by the City as part of these agreements.

NOTE 15 – LEASE COMMITMENT

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

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

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

**City of Hastings
Notes to Financial Statements**

NOTE 16 – PRIOR PERIOD ADJUSTMENT

For the year ended December 31, 2018, a prior period adjustment was required to adjust beginning fund balance for the HEDRA to correct a prior year error. The HEDRA beginning balance was adjusted for land held for resale to correct two parcels were sold in 2017 and weren't removed until 2018.

For the year ended December 31, 2018, a prior period adjustment was required to adjust beginning net position for the HEDRA to correct a prior year error. The HEDRA beginning balance was adjusted for net pension liability and related deferred inflows and outflows of resources to correct an incorrect allocation in prior years.

NOTE 17 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

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

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

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

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

**City of Hastings
Notes to Financial Statements**

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

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

GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements improves the information that is disclosed in the notes to the financial statements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement will be effective for the year ending December 31, 2019.

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, 2020.

GASB Statement No. 90, Majority Equity Interests improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This statement will be effective for the year ending December 31, 2019.

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

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

Schedule 1

	<u>December 31, 2018</u>
Total OPEB Liability	
Service cost	\$ 79,277
Interest	129,783
Benefit payments	(329,263)
Net change in total OPEB liability	(120,203)
Beginning of year	4,016,829
Net OPEB Liability	\$ 3,896,626
Covered-employee payroll	\$ 7,919,006
Net OPEB liability as a percentage of covered-employee payroll	49.21%

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%

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

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

For Fiscal Year Ended June 30,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.3670%	\$ 4,169,979	\$ 3,267,043	127.64%	86.61%
2016	0.3900%	15,651,932	3,757,019	416.61%	63.88%
2017	0.3880%	5,203,542	3,980,438	130.73%	85.43%
2018	0.3693%	3,903,121	4,120,810	94.72%	88.84%

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

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

Schedule 3

<u>Fiscal Year Ending December 31,</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>City's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
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%

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

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

<u>Fiscal Year Ending December 31,</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>City's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
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%

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

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

Schedule 4

	Measurement Date			
	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
Total pension liability (TPL)				
Service cost	\$ 71,430	\$ 77,609	\$ 75,046	\$ 90,905
Interest	158,649	143,266	157,420	150,634
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	<u>(309,078)</u>	<u>100,833</u>	<u>232,840</u>	<u>144,327</u>
Beginning of year	<u>2,756,871</u>	<u>2,447,793</u>	<u>2,548,626</u>	<u>2,781,466</u>
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
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	<u>(158,893)</u>	<u>23,030</u>	<u>370,950</u>	<u>176,092</u>
Beginning of year	<u>3,909,740</u>	<u>3,750,847</u>	<u>3,773,877</u>	<u>4,144,827</u>
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.

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

Schedule 5

	<u>December 31, 2014</u>	<u>December 31, 2015</u>	<u>December 31, 2016</u>	<u>December 31, 2017</u>	<u>December 31, 2018</u>
Employer					
Statutorily determined contribution (SDC)	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution in relation to the SDC	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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.

City of Hastings
Notes to Required Supplementary Information

GENERAL EMPLOYEES FUND

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.

2017 Changes

Changes in Actuarial Assumptions

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

2016 Changes

Changes in Actuarial Assumptions

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

2015 Changes

Changes in Plan Provisions

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

Changes in Actuarial Assumptions

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

City of Hastings
Notes to Required Supplementary Information

POLICE AND FIRE FUND

2018 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2016 to MP-2017.
- As set by statute, the assumed post-retirement benefit increase was changed from 1.0% per year through 2064 and 2.5% per year, thereafter, to 1.0% for all years, with no trigger.

2017 Changes

Changes in Actuarial Assumptions

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

2016 Changes

Changes in Actuarial Assumptions

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

**City of Hastings
Notes to Required Supplementary Information**

POLICE AND FIRE FUND (Continued)

2015 Changes

Changes in Plan Provisions

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

Changes in Actuarial Assumptions

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

OPEB

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

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**FINANCIAL SECTION
SUPPLEMENTARY
INFORMATION**

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City of Hastings
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual -
Debt Service Fund
Year Ended December 31, 2018

Statement 14

	2018			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
General property taxes	\$ 3,339,475	\$ 3,429,475	\$ 3,444,268	\$ 14,793
Special assessments	306,464	306,464	648,355	341,891
Charges for services	81,866	81,866	81,866	-
Investment income	-	-	40,843	40,843
Other revenues	-	-	371	371
Total revenues	<u>3,727,805</u>	<u>3,817,805</u>	<u>4,215,703</u>	<u>397,898</u>
Expenditures				
Debt service				
Principal	3,295,000	3,295,000	3,295,000	-
Interest and fiscal agent	460,961	460,961	500,337	39,376
Total expenditures	<u>3,755,961</u>	<u>3,755,961</u>	<u>3,795,337</u>	<u>39,376</u>
Excess of revenues over (under) expenditures	(28,156)	61,844	420,366	358,522
Other Financing Sources				
Transfers out	-	-	(108,250)	(108,250)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(108,250)</u>	<u>(108,250)</u>
Net change in fund balance	<u>\$ (28,156)</u>	<u>\$ 61,844</u>	312,116	<u>\$ 250,272</u>
Fund Balance				
Beginning of year			4,893,089	
End of year			<u>\$ 5,205,205</u>	

**City of Hastings
Non-Major Governmental Funds**

Special Revenue Funds

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

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

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

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

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

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

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

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

**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.

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

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

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

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

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

Road Improvement Construction Fund - This fund accounts for the activities related to street construction and improvements.

Permanent Funds

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

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

**City of Hastings
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2018**

Statement 15

Total Nonmajor
Governmental
Funds

	Special Revenue	Capital Projects	Permanent	
Assets				
Cash and investments	\$ 1,768,918	\$ 1,209,679	\$ 207,543	\$ 3,186,140
Cash with fiscal agent	-	-	751,545	751,545
Due from other governments	28,792	212,187	-	240,979
Accounts receivable	255,167	-	10,481	265,648
Due from other funds	-	187,903	-	187,903
Property taxes receivable	159,146	-	-	159,146
Delinquent property taxes receivable	27,864	-	-	27,864
Inventory	2,318	-	-	2,318
Prepaid items	47,810	-	-	47,810
	<u>\$ 2,290,015</u>	<u>\$ 1,609,769</u>	<u>\$ 969,569</u>	<u>\$ 4,869,353</u>
Liabilities				
Accounts payable	\$ 64,410	\$ 172,544	\$ -	\$ 236,954
Due to other governments	1,572	-	-	1,572
Salaries and benefits payable	25,977	-	-	25,977
Due to other funds	-	187,903	-	187,903
Total liabilities	<u>91,959</u>	<u>360,447</u>	<u>-</u>	<u>452,406</u>
Deferred Inflows of Resources				
Unavailable revenue - taxes and assessments	22,029	-	-	22,029
Unavailable revenue - grants	-	212,187	-	212,187
Total deferred inflows of resources	<u>22,029</u>	<u>212,187</u>	<u>-</u>	<u>234,216</u>
Fund Balances				
Nonspendable				
Prepays	47,810	-	-	47,810
Inventories	2,318	-	-	2,318
Permanent	-	-	200,000	200,000
Restricted				
Police Activities	54,825	-	-	54,825
Tax increment financing	-	4,924	-	4,924
Permanent	-	-	769,569	769,569
Committed				
Park maintenance	1,084,583	-	-	1,084,583
Aquatic operations	185,144	-	-	185,144
Cable TV activities	238,553	-	-	238,553
Heritage preservation activities	100,481	-	-	100,481
Arena activities	462,313	-	-	462,313
Assigned				
Capital	-	1,249,299	-	1,249,299
Unassigned	-	(217,088)	-	(217,088)
Total fund balances	<u>2,176,027</u>	<u>1,037,135</u>	<u>969,569</u>	<u>4,182,731</u>
Total liabilities and fund balances	<u>\$ 2,290,015</u>	<u>\$ 1,609,769</u>	<u>\$ 969,569</u>	<u>\$ 4,869,353</u>

**City of Hastings
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2018**

Statement 16

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues				
General property taxes	\$ 1,713,574	\$ 45,142	\$ -	\$ 1,758,716
Intergovernmental	-	31,320	-	31,320
Charges for services	1,256,936	717	-	1,257,653
Fines and forfeitures	2,332	-	-	2,332
Investment income	24,047	38,110	(54,078)	8,079
Contributions and donations	16,921	-	-	16,921
Miscellaneous	1,804	59,470	-	61,274
Total revenues	3,015,614	174,759	(54,078)	3,136,295
Expenditures				
Current				
Public safety	8,898	-	-	8,898
Public works	-	25,607	-	25,607
Cultural and recreation	2,787,638	-	15,948	2,803,586
Economic development	-	40,656	-	40,656
Debt service				
Interest and other charges	-	1,181	-	1,181
Capital outlay				
General government	-	428,375	-	428,375
Public works	-	2,310,596	-	2,310,596
Cultural and recreation	131,279	-	-	131,279
Total expenditures	2,927,815	2,806,415	15,948	5,750,178
Excess of revenues over (under) expenditures	87,799	(2,631,656)	(70,026)	(2,613,883)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	16,042	-	-	16,042
Issuance of debt	-	2,560,000	-	2,560,000
Premium on debt issued	-	138,815	-	138,815
Transfers in	1,707	346,728	-	348,435
Transfers out	(41,991)	(251,938)	(52,402)	(346,331)
Total other financing sources (uses)	(24,242)	2,793,605	(52,402)	2,716,961
Net change in fund balances	63,557	161,949	(122,428)	103,078
Fund Balances				
Beginning of year	2,112,470	875,186	1,091,997	4,079,653
End of year	\$ 2,176,027	\$ 1,037,135	\$ 969,569	\$ 4,182,731

**City of Hastings
Combining Balance Sheet -
Nonmajor Special Revenue Funds
December 31, 2018**

	Special Revenue			
	Parks and Rec (200)	Cable Television (205- 206)	Heritage Preservation (210)	Ice Arena (615)
Assets				
Cash and investments	\$ 977,241	\$ 138,831	\$ 97,965	\$ 334,119
Interest receivable	-	-	-	-
Due from other governments	11,004	-	-	17,788
Accounts receivable	-	100,027	-	155,140
Property taxes receivable	130,746	-	2,992	2,982
Delinquent property taxes receivable	23,111	-	463	946
Inventory	2,318	-	-	-
Prepaid items	906	46,670	14	220
Total assets	<u>\$ 1,145,326</u>	<u>\$ 285,528</u>	<u>\$ 101,434</u>	<u>\$ 511,195</u>
Liabilities				
Accounts payable	\$ 20,896	\$ 6	\$ 8	\$ 39,676
Due to other governments	-	-	2	1,562
Salaries payable	18,380	299	559	6,739
Total liabilities	<u>39,276</u>	<u>305</u>	<u>569</u>	<u>47,977</u>
Deferred Inflows of Resources				
Unavailable revenue - taxes and assessments	18,243	-	370	685
Fund Balances				
Nonspendable				
Prepays	906	46,670	14	220
Inventories	2,318	-	-	-
Restricted				
Police activities	-	-	-	-
Committed				
Park maintenance	1,084,583	-	-	-
Aquatic operations	-	-	-	-
Cable TV activities	-	238,553	-	-
Heritage preservation activities	-	-	100,481	-
Arena activities	-	-	-	462,313
Total fund balances	<u>1,087,807</u>	<u>285,223</u>	<u>100,495</u>	<u>462,533</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,145,326</u>	<u>\$ 285,528</u>	<u>\$ 101,434</u>	<u>\$ 511,195</u>

Statement 17

Special Revenue			
DUI Enforcement/E quipment (222)	Drug Awareness (224)	Aquatic Center (201)	Total
\$ 46,030	\$ 11,555	\$ 163,177	\$ 1,768,918
-	-	-	-
-	-	-	28,792
-	-	-	255,167
130	-	22,296	159,146
21	-	3,323	27,864
-	-	-	2,318
-	-	-	47,810
<u>\$ 46,181</u>	<u>\$ 11,555</u>	<u>\$ 188,796</u>	<u>\$ 2,290,015</u>
\$ 2,894	\$ -	\$ 930	\$ 64,410
-	-	8	1,572
-	-	-	25,977
<u>2,894</u>	<u>-</u>	<u>938</u>	<u>91,959</u>
17	-	2,714	22,029
-	-	-	47,810
-	-	-	2,318
43,270	11,555	-	54,825
-	-	-	1,084,583
-	-	185,144	185,144
-	-	-	238,553
-	-	-	100,481
-	-	-	462,313
<u>43,270</u>	<u>11,555</u>	<u>185,144</u>	<u>2,176,027</u>
<u>\$ 46,181</u>	<u>\$ 11,555</u>	<u>\$ 188,796</u>	<u>\$ 2,290,015</u>

City of Hastings
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Special Revenue Funds
Year Ended December 31, 2018

	Special Revenue			
	Parks and Rec (200)	Cable Television (205-206)	Heritage Preservation (210)	Ice Arena (615)
Revenues				
General property taxes	\$ 1,409,188	\$ -	\$ 29,943	\$ 32,616
Charges for services	106,477	391,635	-	534,389
Fines and forfeitures	-	-	-	-
Investment income	11,518	2,578	1,634	5,438
Contributions and donations	16,575	-	346	-
Miscellaneous	-	-	263	714
Total revenues	<u>1,543,758</u>	<u>394,213</u>	<u>32,186</u>	<u>573,157</u>
Expenditures				
Current				
Public Safety	-	-	-	-
Cultural and recreation	1,456,469	402,013	28,747	501,089
Capital outlay				
Cultural and recreation	-	-	-	66,832
Total expenditures	<u>1,456,469</u>	<u>402,013</u>	<u>28,747</u>	<u>567,921</u>
Excess of revenues over (under) expenditures	87,289	(7,800)	3,439	5,236
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(23,569)	(381)	(517)	(9,222)
Total other financing sources (uses)	<u>(23,569)</u>	<u>(381)</u>	<u>(517)</u>	<u>(9,222)</u>
Net change in fund balances	63,720	(8,181)	2,922	(3,986)
Fund Balances				
Beginning of year	<u>1,024,087</u>	<u>293,404</u>	<u>97,573</u>	<u>466,519</u>
End of year	<u>\$ 1,087,807</u>	<u>\$ 285,223</u>	<u>\$ 100,495</u>	<u>\$ 462,533</u>

Statement 18

Special Revenue			
DUI Enforecement/ Equipment	Drug Awareness (224)	Aquatic Center (201)	Total
\$ 1,405	\$ -	\$ 240,422	\$ 1,713,574
-	-	224,435	1,256,936
2,332	-	-	2,332
578	162	2,139	24,047
-	-	-	16,921
650	7	170	1,804
<u>4,965</u>	<u>169</u>	<u>467,166</u>	<u>3,015,614</u>
8,898	-	-	8,898
-	-	399,320	2,787,638
-	-	64,447	131,279
<u>8,898</u>	<u>-</u>	<u>463,767</u>	<u>2,927,815</u>
(3,933)	169	3,399	87,799
16,042	-	-	16,042
-	-	1,707	1,707
-	-	(8,302)	(41,991)
<u>16,042</u>	<u>-</u>	<u>(6,595)</u>	<u>(24,242)</u>
12,109	169	(3,196)	63,557
<u>31,161</u>	<u>11,386</u>	<u>188,340</u>	<u>2,112,470</u>
<u>\$ 43,270</u>	<u>\$ 11,555</u>	<u>\$ 185,144</u>	<u>\$ 2,176,027</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, 2018

Statement 19

	2018			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Property Taxes	\$ 1,403,089	\$ 1,403,089	\$ 1,409,188	\$ 6,099
Charges for services	107,100	107,100	106,477	(623)
Investment income	7,800	7,800	11,518	3,718
Contributions and donations	5,000	21,525	16,575	(4,950)
Total revenues	<u>1,522,989</u>	<u>1,539,514</u>	<u>1,543,758</u>	<u>4,244</u>
Expenditures				
Current				
Cultural and recreation	<u>1,499,385</u>	<u>1,528,733</u>	<u>1,456,469</u>	<u>(72,264)</u>
Total expenditures	<u>1,499,385</u>	<u>1,528,733</u>	<u>1,456,469</u>	<u>(72,264)</u>
Excess of revenues over expenditures	23,604	10,781	87,289	76,508
Other Financing Uses				
Transfers out	<u>(23,569)</u>	<u>(23,569)</u>	<u>(23,569)</u>	<u>-</u>
Net change in fund balance	<u>\$ 35</u>	<u>\$ (12,788)</u>	63,720	<u>\$ 76,508</u>
Fund Balance				
Beginning of year			<u>1,024,087</u>	
End of year			<u>\$ 1,087,807</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, 2018

Statement 20

	2018			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Charges for services	\$ 339,000	\$ 339,000	\$ 391,635	\$ 52,635
Investment income	2,400	2,400	2,578	178
Total revenues	<u>341,400</u>	<u>341,400</u>	<u>394,213</u>	<u>52,813</u>
Expenditures				
Current				
Cultural and recreation	<u>352,205</u>	<u>352,205</u>	<u>402,013</u>	<u>49,808</u>
Excess of revenues over (under) expenditures	(10,805)	(10,805)	(7,800)	3,005
Other Financing Uses				
Transfers out	<u>(381)</u>	<u>(381)</u>	<u>(381)</u>	<u>-</u>
Net change in fund balance	<u>\$ (11,186)</u>	<u>\$ (11,186)</u>	(8,181)	<u>\$ 3,005</u>
Fund Balance				
Beginning of year			<u>293,404</u>	
End of year			<u>\$ 285,223</u>	

City of Hastings
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual -
Heritage Preservation Special Revenue Fund
Year Ended December 31, 2018

Statement 21

	2018			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Property Taxes	\$ 29,846	\$ 29,846	\$ 29,943	\$ 97
Investment income	1,010	1,010	1,634	624
Contributions and donations	-	346	346	-
Miscellaneous	400	400	263	(137)
Total revenues	<u>31,256</u>	<u>31,602</u>	<u>32,186</u>	<u>584</u>
Expenditures				
Current				
Cultural and recreation	<u>30,739</u>	<u>31,779</u>	<u>28,747</u>	<u>(3,032)</u>
Excess of revenues over (under) expenditures	517	(177)	3,439	3,616
Other financing uses				
Transfer out	<u>(517)</u>	<u>(517)</u>	<u>(517)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (694)</u>	2,922	<u>\$ 3,616</u>
Fund Balance				
Beginning of year			<u>97,573</u>	
End of year			<u>\$ 100,495</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, 2018

Statement 22

	2018			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Property Taxes	\$ 32,000	\$ 32,000	\$ 32,616	\$ 616
Charges for services	469,500	469,500	534,389	64,889
Investment income	5,000	5,000	5,438	438
Miscellaneous	-	-	714	714
Total revenues	<u>506,500</u>	<u>506,500</u>	<u>573,157</u>	<u>66,657</u>
Expenditures				
Current				
Cultural and recreation	522,573	522,573	501,089	(21,484)
Capital Outlay				
Cultural and recreation	31,200	68,700	66,832	(1,868)
Total expenditures	<u>553,773</u>	<u>591,273</u>	<u>567,921</u>	<u>(23,352)</u>
Excess of revenues over (under) expenditures	(47,273)	(84,773)	5,236	90,009
Other Financing Uses				
Transfers Out	(9,222)	(9,222)	(9,222)	-
Net Change in Fund Balances	<u>\$ (56,495)</u>	<u>\$ (93,995)</u>	(3,986)	<u>\$ 90,009</u>
Fund Balance				
Beginning of year			<u>466,519</u>	
End of year			<u>\$ 462,533</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, 2018

Statement 23

	2018			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	-	-	2,332	2,332
Investment income	200	200	578	378
Miscellaneous	-	-	650	650
Total revenues	<u>1,600</u>	<u>1,600</u>	<u>4,965</u>	<u>3,365</u>
Expenditures				
Current				
Public Safety	<u>1,600</u>	<u>1,600</u>	<u>8,898</u>	<u>7,298</u>
Excess of revenues under expenditures	<u>-</u>	<u>-</u>	<u>(3,933)</u>	<u>(3,933)</u>
Other Financing Sources				
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>16,042</u>	<u>16,042</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>12,109</u>	<u>\$ 12,109</u>
Fund Balance				
Beginning of year			<u>31,161</u>	
End of year			<u>\$ 43,270</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, 2018

Statement 24

	2018			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Property taxes	\$ 239,277	\$ 239,277	\$ 240,422	\$ 1,145
Charges for services	237,050	237,050	224,435	(12,615)
Investment income	1,000	1,000	2,139	1,139
Miscellaneous	-	-	170	170
Total revenues	<u>477,327</u>	<u>477,327</u>	<u>467,166</u>	<u>(10,161)</u>
Expenditures				
Current				
Cultural and recreation	413,558	413,558	399,320	(14,238)
Capital outlay				
Cultural and recreation	55,000	55,000	64,447	9,447
Total expenditures	<u>468,558</u>	<u>468,558</u>	<u>463,767</u>	<u>(4,791)</u>
Excess of revenues over (under) expenditures	8,769	8,769	3,399	(5,370)
Other Financing Sources (Uses)				
Transfers in	1,707	1,707	1,707	-
Transfers out	(8,302)	(8,302)	(8,302)	-
Total other financing sources (uses)	<u>(6,595)</u>	<u>(6,595)</u>	<u>(6,595)</u>	<u>-</u>
Net change in fund balance	<u>\$ 2,174</u>	<u>\$ 2,174</u>	(3,196)	<u>\$ (5,370)</u>
Fund Balance				
Beginning of year			<u>188,340</u>	
End of year			<u>\$ 185,144</u>	

**City of Hastings
Combining Balance Sheet -
Nonmajor Capital Projects Funds
December 31, 2018**

	Capital Projects			
	Budget Stabilization (403)	Guardian Angels Tax Increment Financing (405)	NAPA Tax Increment Financing (408)	Downtown Redevelopment Tax Increment Financing (409)
Assets				
Cash and investments	\$ 797,582	\$ 17,487	\$ -	\$ -
Due from other governments	-	-	-	-
Due from other funds	187,903	-	-	-
Total assets	<u>\$ 985,485</u>	<u>\$ 17,487</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities				
Accounts payable	\$ -	\$ 12,563	\$ 7,766	\$ -
Due to other funds	-	-	1,305	16,016
Total liabilities	<u>-</u>	<u>12,563</u>	<u>9,071</u>	<u>16,016</u>
Deferred Inflows of Resources				
Unavailable revenue - grants	-	-	-	-
Fund Balances				
Restricted				
Tax increment financing	-	4,924	-	-
Assigned				
Capital	985,485	-	-	-
Unassigned	-	-	(9,071)	(16,016)
Total fund balances	<u>985,485</u>	<u>4,924</u>	<u>(9,071)</u>	<u>(16,016)</u>
Total liabilities and fund balances	<u>\$ 985,485</u>	<u>\$ 17,487</u>	<u>\$ -</u>	<u>\$ -</u>

Statement 25

Capital Projects

<u>Mill and Overlay (410)</u>	<u>City Hall Remodel (415)</u>	<u>Road Improvement Construction (470- 479)</u>	<u>Total</u>
\$ 6,030	\$ -	\$ 388,580	\$ 1,209,679
-	212,187	-	212,187
-	-	-	187,903
<u>\$ 6,030</u>	<u>\$ 212,187</u>	<u>\$ 388,580</u>	<u>\$ 1,609,769</u>
\$ -	\$ 21,419	\$ 130,796	\$ 172,544
-	170,582	-	187,903
-	192,001	130,796	360,447
-	212,187	-	212,187
-	-	-	4,924
6,030	-	257,784	1,249,299
-	(192,001)	-	(217,088)
<u>6,030</u>	<u>(192,001)</u>	<u>257,784</u>	<u>1,037,135</u>
<u>\$ 6,030</u>	<u>\$ 212,187</u>	<u>\$ 388,580</u>	<u>\$ 1,609,769</u>

City of Hastings
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Capital Projects Funds
Year Ended December 31, 2018

	Capital Projects			
	Budget Stabilization (403)	Guardian Angels Tax Increment Financing (405)	River Front Tax Increment Financing (406)	NAPA Tax Increment Financing (408)
Revenues				
General property taxes	\$ -	\$ 27,901	\$ -	\$ 17,241
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	10,700	71	-	-
Miscellaneous	59,470	-	-	-
Total revenues	<u>70,170</u>	<u>27,972</u>	<u>-</u>	<u>17,241</u>
Expenditures				
Current				
Public works	-	-	-	-
Economic development	-	25,125	-	15,531
Debt service				
Interest and other charges	-	618	-	563
Capital outlay				
General government	-	-	-	-
Public works	-	-	-	-
Total expenditures	<u>-</u>	<u>25,743</u>	<u>-</u>	<u>16,094</u>
Excess of revenues over (under) expenditures	70,170	2,229	-	1,147
Other Financing Sources (Uses)				
Issuance of debt	-	-	-	-
Premium on debt issued	-	-	-	-
Transfers in	-	-	2,104	-
Transfers out	<u>(251,938)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(251,938)</u>	<u>-</u>	<u>2,104</u>	<u>-</u>
Net change in fund balances	(181,768)	2,229	2,104	1,147
Fund Balances				
Beginning of year	<u>1,167,253</u>	<u>2,695</u>	<u>(2,104)</u>	<u>(10,218)</u>
End of year	<u>\$ 985,485</u>	<u>\$ 4,924</u>	<u>\$ -</u>	<u>\$ (9,071)</u>

Statement 26

Capital Projects

Downtown Redevelopment Tax Increment Financing (409)	Mill and Overlay (410)	City Hall Remodel (415)	Road Improvement Construction (470- 479)	Total
\$ -	\$ -	\$ -	\$ -	\$ 45,142
-	-	-	31,320	31,320
-	-	-	717	717
-	76	-	27,263	38,110
-	-	-	-	59,470
-	76	-	59,300	174,759
-	-	-	25,607	25,607
-	-	-	-	40,656
-	-	-	-	1,181
-	-	428,375	-	428,375
-	(225)	-	2,310,821	2,310,596
-	(225)	428,375	2,336,428	2,806,415
-	301	(428,375)	(2,277,128)	(2,631,656)
-	-	-	2,560,000	2,560,000
-	-	-	138,815	138,815
-	-	236,374	108,250	346,728
-	-	-	-	(251,938)
-	-	236,374	2,807,065	2,793,605
-	301	(192,001)	529,937	161,949
(16,016)	5,729	-	(272,153)	875,186
<u>\$ (16,016)</u>	<u>\$ 6,030</u>	<u>\$ (192,001)</u>	<u>\$ 257,784</u>	<u>\$ 1,037,135</u>

City of Hastings
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual -
Park Projects Capital Projects Fund
Year Ended December 31, 2018

Statement 27

	2018			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 105,000	\$ 105,000	\$ -
Charges for services	-	-	99,200	99,200
Investment income	-	-	11,195	11,195
Contributions and donations	-	2,000	2,000	-
Total revenues	-	107,000	217,395	110,395
Expenditures				
Current				
Cultural and recreation	-	8,000	900	(7,100)
Capital outlay				
Cultural and recreation	-	210,000	209,741	(259)
Total expenditures	-	218,000	210,641	(7,359)
Excess of revenues over (under) expenditures	\$ -	\$ (111,000)	6,754	\$ 117,754
Fund Balance				
Beginning of year			487,678	
End of year			\$ 494,432	

**City of Hastings
 Schedule of Revenues, Expenditures, and Changes in
 Fund Balance - Budget and Actual -
 Budget Stabilization Capital Projects Fund
 Year Ended December 31, 2018**

Statement 28

	2018			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Investment income	\$ -	\$ -	\$ 10,700	\$ 10,700
Other	-	-	59,470	59,470
Total revenues	<u>-</u>	<u>-</u>	<u>70,170</u>	<u>70,170</u>
Excess of revenues over expenditures	-	-	70,170	70,170
Other Financing Uses				
Transfers out	<u>(39,100)</u>	<u>(275,474)</u>	<u>(251,938)</u>	<u>23,536</u>
Net change in fund balance	<u>\$ (39,100)</u>	<u>\$ (275,474)</u>	<u>(181,768)</u>	<u>\$ 93,706</u>
Fund Balance				
Beginning of year			<u>1,167,253</u>	
End of year			<u>\$ 985,485</u>	

**City of Hastings
 Schedule of Revenues, Expenditures, and Changes in
 Fund Balance - Budget and Actual -
 Mill and Overlay Capital Project Fund
 Year Ended December 31, 2018**

Statement 29

	2018			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 250,000	\$ 250,000	\$ -	\$ (250,000)
Investment income	-	-	76	76
Total revenues	<u>250,000</u>	<u>250,000</u>	<u>76</u>	<u>(249,924)</u>
Expenditures				
Capital outlay				
Public works	<u>250,000</u>	<u>250,000</u>	<u>(225)</u>	<u>(250,225)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>301</u>	<u>\$ 301</u>
Fund Balance				
Beginning of year			<u>5,729</u>	
End of year			<u>\$ 6,030</u>	

**City of Hastings
Combining Balance Sheet -
Nonmajor Permanent Funds
December 31, 2018**

Statement 30

	Permanent Funds		
	C. Simmons Trust (850)	C. Simmons Residuary Trust (851)	Total
Assets			
Cash and investments	\$ 207,543	\$ -	\$ 207,543
Cash with fiscal agent	-	751,545	751,545
Accounts receivable	-	10,481	10,481
 Total assets	 <u>\$ 207,543</u>	 <u>\$ 762,026</u>	 <u>\$ 969,569</u>
 Fund Balances			
Nonspendable			
Permanent	200,000	-	200,000
Restricted			
Permanent	7,543	762,026	769,569
 Total fund balances	 <u>\$ 207,543</u>	 <u>\$ 762,026</u>	 <u>\$ 969,569</u>

City of Hastings
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances -
Nonmajor Permanent Funds
Year Ended December 31, 2018

Statement 31

	Permanent Funds		Total
	C. Simmons Trust (850)	C. Simmons Residuary Trust (851)	
Revenues			
Investment income	\$ 2,877	\$ (56,955)	\$ (54,078)
Expenditures			
Current			
Cultural and recreation	\$ -	\$ 15,948	\$ 15,948
Excess of revenues over (under) expenditures	2,877	(72,903)	(70,026)
Other Financing Uses			
Transfers out	-	(52,402)	(52,402)
Net change in fund balances	2,877	(125,305)	(122,428)
Fund Balances			
Beginning of year	204,666	887,331	1,091,997
End of year	\$ 207,543	\$ 762,026	\$ 969,569

**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, 2018**

Statement 32

	<u>Compensated Absences (702)</u>	<u>Retiree Health Insurance (701)</u>	<u>Vehicle Revolving Fund (703)</u>	<u>Insurance Fund(705)</u>	<u>Total</u>
Assets					
Current assets					
Cash and cash equivalents	\$ 548,398	\$ 153,516	\$ 336,275	\$ -	\$ 1,038,189
Total assets	<u>548,398</u>	<u>153,516</u>	<u>336,275</u>	<u>-</u>	<u>1,038,189</u>
Deferred outflows related to OPEB	-	236,469	-	-	236,469
Total assets and deferred outflows of resources	<u>\$ 548,398</u>	<u>\$ 389,985</u>	<u>\$ 336,275</u>	<u>\$ -</u>	<u>\$ 1,274,658</u>
Liabilities					
Current liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 1,244	\$ 1,244
Compensated absences	123,048	-	-	-	123,048
Total current liabilities	<u>123,048</u>	<u>-</u>	<u>-</u>	<u>1,244</u>	<u>124,292</u>
Noncurrent liabilities					
Compensated absences	1,571,321	-	-	-	1,571,321
Total OPEB obligation	-	3,479,687	-	-	3,479,687
Less amount due within one year	(123,048)	-	-	-	(123,048)
Total noncurrent liabilities	<u>1,448,273</u>	<u>3,479,687</u>	<u>-</u>	<u>-</u>	<u>4,927,960</u>
Total liabilities	<u>1,571,321</u>	<u>3,479,687</u>	<u>-</u>	<u>1,244</u>	<u>5,052,252</u>
Net Position					
Unrestricted	<u>(1,022,923)</u>	<u>(3,089,702)</u>	<u>336,275</u>	<u>(1,244)</u>	<u>(3,777,594)</u>
Total net position	<u>(1,022,923)</u>	<u>(3,089,702)</u>	<u>336,275</u>	<u>(1,244)</u>	<u>(3,777,594)</u>
Total liabilities and net position	<u>\$ 548,398</u>	<u>\$ 389,985</u>	<u>\$ 336,275</u>	<u>\$ -</u>	<u>\$ 1,274,658</u>

**City of Hastings
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Internal Service Funds
Year Ended December 31, 2018**

Statement 33

	<u>Compensated Absences (702)</u>	<u>Retiree Health Insurance (701)</u>	<u>Vehicle Revolving Fund (703)</u>	<u>Insurance Fund(705)</u>	<u>Total</u>
Operating revenues					
Charges for services	\$ -	\$ -	\$ 142,053	\$ -	\$ 142,053
Operating expenses					
Personnel services	146,660	196,111	-	-	342,771
Professional services	-	-	-	1,244	1,244
Total operating expenses	<u>146,660</u>	<u>196,111</u>	<u>-</u>	<u>1,244</u>	<u>344,015</u>
Operating income (loss)	(146,660)	(196,111)	142,053	(1,244)	(201,962)
Nonoperating revenues (expenses)					
Investment income	8,356	1,789	3,225	-	13,370
Intergovernmental	-	6,504	-	-	6,504
Total nonoperating revenues (expenses)	<u>8,356</u>	<u>8,293</u>	<u>3,225</u>	<u>-</u>	<u>19,874</u>
Income (loss) before transfers	(138,304)	(187,818)	145,278	(1,244)	(182,088)
Transfers in	<u>50,000</u>	<u>225,000</u>	<u>60,000</u>	<u>-</u>	<u>335,000</u>
Change in net position	(88,304)	37,182	205,278	(1,244)	152,912
Net position					
Beginning of year	<u>(934,619)</u>	<u>(2,213,257)</u>	<u>130,997</u>	<u>-</u>	<u>(3,016,879)</u>
Change in accounting principle	-	(913,627)	-	-	(913,627)
Beginning of year, as restated	<u>(934,619)</u>	<u>(3,126,884)</u>	<u>130,997</u>	<u>-</u>	<u>(3,930,506)</u>
End of year	<u>\$ (1,022,923)</u>	<u>\$ (3,089,702)</u>	<u>\$ 336,275</u>	<u>\$ (1,244)</u>	<u>\$ (3,777,594)</u>

**City of Hastings
Statement of Cash Flows - Internal Service Funds
Year Ended December 31, 2018**

Statement 34

	Internal Service Funds				Total
	Compensated Absences (702)	Retiree Health Insurance (701)	Vehicle Revolving Fund (703)	Insurance Fund(705)	
Cash Flows - Operating Activities					
Interfund services provided and used	\$ -	\$ -	\$ 142,053	\$ -	\$ 142,053
Payments to suppliers for goods and services	-	(68,691)	-	-	(68,691)
Payments to employees for services	(98,352)	(196,111)	-	-	(294,463)
Net cash flows - operating activities	<u>(98,352)</u>	<u>(264,802)</u>	<u>142,053</u>	<u>-</u>	<u>(221,101)</u>
Cash Flows - Noncapital Financing Activities					
Intergovernmental receipts	-	6,504	-	-	6,504
Transfer in	50,000	225,000	60,000	-	335,000
Net cash flows - noncapital financing activities	<u>50,000</u>	<u>231,504</u>	<u>60,000</u>	<u>-</u>	<u>341,504</u>
Cash Flows - Investing Activities					
Investment income	9,092	2,003	3,386	-	14,481
Net cash flows - investing activities	<u>9,092</u>	<u>2,003</u>	<u>3,386</u>	<u>-</u>	<u>14,481</u>
Net change in cash and cash equivalents	(39,260)	(31,295)	205,439	-	134,884
Cash and Cash Equivalents					
Beginning of year	587,658	184,811	130,836	-	903,305
End of year	<u>\$ 548,398</u>	<u>\$ 153,516</u>	<u>\$ 336,275</u>	<u>\$ -</u>	<u>\$ 1,038,189</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities					
Operating income (loss)	\$ (146,660)	\$ (196,111)	\$ 142,053	\$ (1,244)	\$ (201,962)
Adjustments to reconcile operating income (loss) to net cash flows - operating activities					
OPEB obligation	-	(68,691)	-	-	(68,691)
Accounts payable	-	-	-	1,244	1,244
Compensated absences payable	48,308	-	-	-	48,308
Total adjustments	<u>48,308</u>	<u>(68,691)</u>	<u>-</u>	<u>1,244</u>	<u>(19,139)</u>
Net cash flows - operating activities	<u>\$ (98,352)</u>	<u>\$ (264,802)</u>	<u>\$ 142,053</u>	<u>\$ -</u>	<u>\$ (221,101)</u>

**City of Hastings
Agency Funds**

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

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

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

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City of Hastings
Statement of Changes in Agency Funds
Assets and Liabilities
Year Ended December 31, 2018

	December 31, 2017	Additions	Deductions	Statement 35 December 31, 2018
Total Agency Fund				
Assets				
Cash and investments	\$ 154,120	\$ 487,839	\$ 346,822	\$ 295,137
Accounts receivable	-	7,130	-	7,130
	<u>\$ 154,120</u>	<u>\$ 494,969</u>	<u>\$ 346,822</u>	<u>\$ 302,267</u>
Total assets				
Liabilities				
Accounts payable	<u>\$ 154,120</u>	<u>\$ 487,839</u>	<u>\$ 339,692</u>	<u>\$ 302,267</u>
Cable Access				
Assets				
Cash and investments	<u>\$ 12,879</u>	<u>\$ 22</u>	<u>\$ 12,901</u>	<u>\$ -</u>
Liabilities				
Accounts payable	<u>\$ 12,879</u>	<u>\$ 22</u>	<u>\$ 12,901</u>	<u>\$ -</u>
Letters of Credit				
Assets				
Cash and investments	<u>\$ 46,290</u>	<u>\$ 81</u>	<u>\$ 46,371</u>	<u>\$ -</u>
Liabilities				
Accounts payable	<u>\$ 46,290</u>	<u>\$ 81</u>	<u>\$ 46,371</u>	<u>\$ -</u>
Escrow				
Assets				
Cash and investments	\$ 94,951	\$ 487,736	\$ 287,550	\$ 295,137
Accounts receivable	-	7,130	-	7,130
	<u>94,951</u>	<u>494,866</u>	<u>287,550</u>	<u>302,267</u>
Total assets				
Liabilities				
Deposits payable	<u>\$ 94,951</u>	<u>\$ 487,736</u>	<u>\$ 280,420</u>	<u>\$ 302,267</u>

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COMPONENT UNIT

**City of Hastings
Hastings Economic Development and Redevelopment Authority
Balance Sheet
December 31, 2018**

Statement 36

Assets

Cash and investments	\$	1,488,605
Accounts receivable		11,771
Due from other governments		774,980
Property taxes receivable		34,192
Loan receivable		285,836
Land Held for Resale		3,482,100
Prepaid items		117
		<hr/>
Total assets	\$	<u><u>6,077,601</u></u>

Liabilities

Accounts payable	\$	187,482
Due to other governments		187
Salaries and benefits payable		2,115
Total liabilities		<hr/> <u>189,784</u>

Deferred Inflows of Resources

Unavailable revenue - taxes		4,480
Unavailable revenue - grants		590,603
		<hr/> <u>595,083</u>

Fund Balances

Nonspendable		
Prepaid items		117
Loan receivables		285,836
Unassigned		5,006,781
Total fund balances		<hr/> <u>5,292,734</u>

Total liabilities, deferred inflows of resources, and fund balances	\$	<u><u>6,077,601</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, 2018**

Statement 37

Total fund balances - governmental funds	\$ 5,292,734
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>	
Capital assets used in governmental activities are not current financial resources And, therefore, are not reported as assets in governmental funds.	89,248
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Net pension liability	(99,566)
Other long-term assets are not available to pay for current-period expenditures And therefore are deferred in the funds.	595,083
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	20,151
Deferred outflows of resources related to city pensions	(27,599)
	5,870,051
Total net position - governmental activities	\$ 5,870,051

**Hastings Economic and Redevelopment Authority
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Year Ended December 31, 2018**

Statement 38

	2018			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Property taxes	\$ 322,808	\$ 322,808	\$ 323,712	\$ 904
Intergovernmental revenues	450,000	450,000	458,852	8,852
Charges for services	54,300	54,300	42,131	(12,169)
Investment income	24,000	24,000	19,333	(4,667)
Total revenues	<u>851,108</u>	<u>851,108</u>	<u>844,028</u>	<u>(7,080)</u>
Expenditures				
Current				
Economic development				
Personnel services	211,465	211,465	165,394	(46,071)
Services and charges	308,190	308,190	975,238	667,048
Miscellaneous	573,830	573,830	15,836	(557,994)
Payment to primary government	391,723	391,723	56,408	(335,315)
Capital outlay				
Economic development	-	-	30,984	30,984
Total expenditures	<u>1,485,208</u>	<u>1,485,208</u>	<u>1,243,860</u>	<u>(241,348)</u>
Excess of revenues (under) expenditures	(634,100)	(634,100)	(399,832)	234,268
Other Financing Sources				
Transfers In	<u>333,697</u>	<u>333,697</u>	-	<u>(333,697)</u>
Net change in fund balance	<u>\$ (300,403)</u>	<u>\$ (300,403)</u>	(399,832)	<u>\$ (99,429)</u>
Fund Balance				
Beginning of year			5,960,966	
Prior period adjustment (Note 16)			(268,400)	
Beginning of year, as restated			<u>5,692,566</u>	
End of year			<u>\$ 5,292,734</u>	

**City of Hastings
Hastings Economic Development and Redevelopment Authority
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2018**

Statement 39

Net change in fund balances	\$ (399,832)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation in the current period	(4,500)
Property taxes collected for prior years and grant revenue for future periods	589,759
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	35,768
Recognition of pollution remediation obligation	<u>80,210</u>
Change in net position - governmental activities	<u><u>\$ 301,405</u></u>

**City of Hastings
Subcombining Balance Sheet
Debt Service Fund
December 31, 2018**

	G.O. Tax Increment Bonds 2016A (516)	G.O. Improvement Bonds, 2014A Charter (574)	G.O. Improvement Bonds 2015A- Charter (575)	G.O. Improvement Bonds 2016B- Charter (576)	G.O. Improvement Bonds 2018A - Charter (578)
Assets					
Cash and investments	\$ 219,178	\$ 353,231	\$ 266,160	\$ 400,895	\$ 187,409
Accounts receivable	-	-	371	-	-
Interest receivable	-	-	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Property taxes receivable					
Current	21,310	18,636	24,042	32,708	-
Delinquent	3,588	3,123	3,691	4,177	-
Special assessments receivable					
Delinquent	-	1,226	-	307	-
Deferred	-	145,391	13,252	73,358	328,156
Prepaid items	-	416	333	375	-
	<u>244,076</u>	<u>522,023</u>	<u>307,849</u>	<u>511,820</u>	<u>515,565</u>
Total assets	<u>\$ 244,076</u>	<u>\$ 522,023</u>	<u>\$ 307,849</u>	<u>\$ 511,820</u>	<u>\$ 515,565</u>
Liabilities					
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Deferred Inflows of Resources					
Unavailable revenue - taxes and assessments	<u>2,920</u>	<u>149,171</u>	<u>16,468</u>	<u>77,195</u>	<u>328,156</u>
Fund Balances					
Nonspendable	-	416	333	375	-
Restricted					
Debt service	<u>241,156</u>	<u>372,436</u>	<u>291,048</u>	<u>434,250</u>	<u>187,409</u>
Total fund balances	<u>241,156</u>	<u>372,852</u>	<u>291,381</u>	<u>434,625</u>	<u>187,409</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 244,076</u>	<u>\$ 522,023</u>	<u>\$ 307,849</u>	<u>\$ 511,820</u>	<u>\$ 515,565</u>

**Statement 40
(Continued)**

G.O. Public Facility Refunding bonds, Series 2010A (370)	City Revenue Refunding Bonds 2013A (350)	Certificate of Participation 2012A (397)	Certificate of Participation 2014 (399)	Certificate of Participation 2015 (315)	Certificate of Participation 2016 (316)	G.O. Improvement Bonds 2006A (526)
\$ 393,978	\$ 122,972	\$ 87,132	\$ 140,632	\$ 66,059	\$ 61,330	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,130
-	-	-	-	-	-	-
19,056	12,114	8,461	-	6,244	6,340	3,261
2,295	2,690	1,441	-	1,533	1,282	2,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
379	105	-	-	-	-	-
<u>\$ 415,708</u>	<u>\$ 137,881</u>	<u>\$ 97,034</u>	<u>\$ 140,632</u>	<u>\$ 73,836</u>	<u>\$ 68,952</u>	<u>\$ 6,391</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,340
1,969	2,087	1,146	-	862	853	1,009
379	105	-	-	-	-	-
413,360	135,689	95,888	140,632	72,974	68,099	2,042
413,739	135,794	95,888	140,632	72,974	68,099	2,042
<u>\$ 415,708</u>	<u>\$ 137,881</u>	<u>\$ 97,034</u>	<u>\$ 140,632</u>	<u>\$ 73,836</u>	<u>\$ 68,952</u>	<u>\$ 6,391</u>

**City of Hastings
Subcombining Balance Sheet
Debt Service Fund
December 31, 2018**

	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)
Assets					
Cash and investments	\$ 270,571	\$ 346,173	\$ 193,628	\$ 206,935	\$ 453,686
Accounts receivable	-	-	-	-	-
Interest receivable	-	-	-	-	-
Due from other governments	2,430	2,920	-	1,156	9,870
Due from other funds	-	-	-	-	-
Property taxes receivable					
Current	19,126	27,695	16,121	22,364	22,923
Delinquent	3,464	4,725	3,572	3,780	3,766
Special assessments receivable					
Delinquent	993	1,236	1,165	-	632
Deferred	-	21,416	42,061	45,134	185,343
Prepaid items	-	334	358	315	368
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 296,584</u>	<u>\$ 404,499</u>	<u>\$ 256,905</u>	<u>\$ 279,684</u>	<u>\$ 676,588</u>
Liabilities					
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Deferred Inflows of Resources					
Unavailable revenue - taxes and assessments	<u>2,472</u>	<u>26,442</u>	<u>45,513</u>	<u>49,595</u>	<u>188,500</u>
Fund Balances					
Nonspendable	-	334	358	315	368
Restricted					
Debt service	294,112	377,723	211,034	229,774	487,720
Total fund balances	<u>294,112</u>	<u>378,057</u>	<u>211,392</u>	<u>230,089</u>	<u>488,088</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 296,584</u>	<u>\$ 404,499</u>	<u>\$ 256,905</u>	<u>\$ 279,684</u>	<u>\$ 676,588</u>

**Statement 40
(Continued)**

G.O. Improvement Bonds 2012 (572)	G.O. Improvement Bonds 2013B (573)	G.O. Improvement Bonds 2017A (577)	Certificates of Participation 2013B (398)	Certificates of Participation 2011A (396)	G.O. Improvement Refunding Bonds 2013A (509)	Debt Redemption Fund (500)	Total
\$ 204,859	\$ 177,097	\$ 164,186	\$ 201,467	\$ 952	\$ 311,972	\$ 20,024	\$ 4,850,526
-	-	-	-	-	-	-	371
-	-	-	-	-	-	1	1
-	-	-	-	-	-	-	17,506
-	-	-	-	-	-	3,340	3,340
16,307	13,512	9,318	19,569	-	-	-	319,107
3,028	3,081	676	3,850	-	-	-	55,762
124	-	22	-	-	-	473	6,178
72,020	66,752	162,801	-	-	-	687,378	1,843,062
416	332	375	332	-	-	-	4,438
<u>\$ 296,754</u>	<u>\$ 260,774</u>	<u>\$ 337,378</u>	<u>\$ 225,218</u>	<u>\$ 952</u>	<u>\$ 311,972</u>	<u>\$ 711,216</u>	<u>\$ 7,100,291</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,340
74,180	68,898	163,477	2,982	-	-	687,851	1,891,746
416	332	375	332	-	-	-	4,438
222,158	191,544	173,526	221,904	952	311,972	23,365	5,200,767
222,574	191,876	173,901	222,236	952	311,972	23,365	5,205,205
<u>\$ 296,754</u>	<u>\$ 260,774</u>	<u>\$ 337,378</u>	<u>\$ 225,218</u>	<u>\$ 952</u>	<u>\$ 311,972</u>	<u>\$ 711,216</u>	<u>\$ 7,100,291</u>

City of Hastings
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balance
Debt Service Fund
Year Ended December 31, 2018

	G.O. Tax Increment Bonds 2016A (516)	G.O. Improvement Bonds, 2014A Charter (574)	G.O. Improvement Bonds 2015A- Charter (575)	G.O. Improvement Bonds 2016B- Charter (576)	G.O. Improvement Bonds 2018A - Charter (578)
Revenues					
General property taxes	\$ 229,485	\$ 209,582	\$ 258,534	\$ 350,600	\$ -
Special assessments	-	35,640	2,888	11,730	222,180
Charges for services	-	-	-	-	-
Investment income	1,852	3,513	2,303	3,724	355
Miscellaneous	-	-	371	-	-
Total revenues	<u>231,337</u>	<u>248,735</u>	<u>264,096</u>	<u>366,054</u>	<u>222,535</u>
Expenditures					
Debt service					
Principal	160,000	310,000	235,000	150,000	-
Interest and other charges	46,442	55,695	43,903	59,252	35,126
Total expenditures	<u>206,442</u>	<u>365,695</u>	<u>278,903</u>	<u>209,252</u>	<u>35,126</u>
Excess of revenues over (under) expenditures	24,895	(116,960)	(14,807)	156,802	187,409
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	24,895	(116,960)	(14,807)	156,802	187,409
Fund Balances					
Beginning of year	<u>216,261</u>	<u>489,812</u>	<u>306,188</u>	<u>277,823</u>	<u>-</u>
End of year	<u>\$ 241,156</u>	<u>\$ 372,852</u>	<u>\$ 291,381</u>	<u>\$ 434,625</u>	<u>\$ 187,409</u>

**Statement 41
(Continued)**

G.O. Public Facility Refunding bonds, Series 2010A (370)	City Revenue Refunding Bonds 2013A (350)	Certificate of Participation 2012A (397)	Certificate of Participation 2014 (399)	Certificate of Participation 2015 (315)	Certificate of Participation 2016 (316)	G.O. Improvement Bonds 2006A (526)	G.O. Improvement Bonds 2007B (527)
\$ 204,167	\$ 131,199	\$ 91,135	\$ -	\$ 67,718	\$ 68,490	\$ 36,693	\$ 206,184
-	-	-	-	-	-	-	38,533
81,866	-	-	-	-	-	-	-
4,299	777	605	1,942	544	392	716	1,925
-	-	-	-	-	-	-	-
<u>290,332</u>	<u>131,976</u>	<u>91,740</u>	<u>1,942</u>	<u>68,262</u>	<u>68,882</u>	<u>37,409</u>	<u>246,642</u>
155,000	115,000	70,000	40,000	60,000	55,000	205,000	255,000
27,287	5,195	1,050	2,900	4,200	5,350	5,787	18,399
<u>182,287</u>	<u>120,195</u>	<u>71,050</u>	<u>42,900</u>	<u>64,200</u>	<u>60,350</u>	<u>210,787</u>	<u>273,399</u>
108,045	11,781	20,690	(40,958)	4,062	8,532	(173,378)	(26,757)
-	-	-	-	-	-	-	31,530
-	-	-	-	-	-	(76,530)	-
-	-	-	-	-	-	(76,530)	31,530
108,045	11,781	20,690	(40,958)	4,062	8,532	(249,908)	4,773
305,694	124,013	75,198	181,590	68,912	59,567	251,950	289,339
<u>\$ 413,739</u>	<u>\$ 135,794</u>	<u>\$ 95,888</u>	<u>\$ 140,632</u>	<u>\$ 72,974</u>	<u>\$ 68,099</u>	<u>\$ 2,042</u>	<u>\$ 294,112</u>

City of Hastings
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balance
Debt Service Fund
Year Ended December 31, 2018

	G.O. Improvement Bonds 2008A (528)	G.O. Improvement Bonds 2009A (529)	G.O. Improvement Bonds 2010B (570)	G.O. Improvement Bonds 2011A (571)	G.O. Improvement Bonds 2012 (572)
Revenues					
General property taxes	\$ 297,615	\$ 174,126	\$ 239,078	\$ 246,692	\$ 175,730
Special assessments	33,265	24,733	37,028	98,000	26,702
Charges for services	-	-	-	-	-
Investment income	2,970	1,203	1,394	4,336	1,719
Miscellaneous	-	-	-	-	-
Total revenues	<u>333,850</u>	<u>200,062</u>	<u>277,500</u>	<u>349,028</u>	<u>204,151</u>
Expenditures					
Debt service					
Principal	325,000	180,000	205,100	284,900	170,000
Interest and other charges	35,835	23,633	23,589	29,027	24,628
Total expenditures	<u>360,835</u>	<u>203,633</u>	<u>228,689</u>	<u>313,927</u>	<u>194,628</u>
Excess of revenues over (under) expenditures	(26,985)	(3,571)	48,811	35,101	9,523
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(26,985)	(3,571)	48,811	35,101	9,523
Fund Balances					
Beginning of year	<u>405,042</u>	<u>214,963</u>	<u>181,278</u>	<u>452,987</u>	<u>213,051</u>
End of year	<u>\$ 378,057</u>	<u>\$ 211,392</u>	<u>\$ 230,089</u>	<u>\$ 488,088</u>	<u>\$ 222,574</u>

**Statement 41
(Continued)**

G.O. Improvement Bonds 2013B (573)	G.O. Improvement Bonds 2017A (577)	Certificates of Participation 2013B (398)	Certificates of Participation 2011A (396)	G.O. Improvement Refunding Bonds 2013A (509)	Certificates of Participation 2010A (395)	Debt Redemption Fund (500)	Total
\$ 146,377	\$ 99,330	\$ 211,359	\$ -	\$ -	\$ -	\$ 174	\$ 3,444,268
18,146	26,229	-	-	-	-	73,281	648,355
-	-	-	-	-	-	-	81,866
1,231	1,689	1,293	13	1,437	-	611	40,843
-	-	-	-	-	-	-	371
<u>165,754</u>	<u>127,248</u>	<u>212,652</u>	<u>13</u>	<u>1,437</u>	<u>-</u>	<u>74,066</u>	<u>4,215,703</u>
125,000	-	195,000	-	-	-	-	3,295,000
17,080	22,045	13,727	-	187	-	-	500,337
<u>142,080</u>	<u>22,045</u>	<u>208,727</u>	<u>-</u>	<u>187</u>	<u>-</u>	<u>-</u>	<u>3,795,337</u>
23,674	105,203	3,925	13	1,250	-	74,066	420,366
-	-	-	-	-	1,070	-	32,600
-	-	-	-	-	-	(64,320)	(140,850)
-	-	-	-	-	1,070	(64,320)	(108,250)
23,674	105,203	3,925	13	1,250	1,070	9,746	312,116
<u>168,202</u>	<u>68,698</u>	<u>218,311</u>	<u>939</u>	<u>310,722</u>	<u>(1,070)</u>	<u>13,619</u>	<u>4,893,089</u>
<u>\$ 191,876</u>	<u>\$ 173,901</u>	<u>\$ 222,236</u>	<u>\$ 952</u>	<u>\$ 311,972</u>	<u>\$ -</u>	<u>\$ 23,365</u>	<u>\$ 5,205,205</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 Hasting
 Net Position by Component
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)
 Unaudited**

	Fiscal year			
	2009	2010	2011	2012
Governmental activities:				
Net investment in capital assets	\$ 31,650,562	\$ 35,000,053	\$ 36,720,391	\$ 39,532,965
Restricted for:				
Police activities	-	-	29,826	14,524
Tax increment	-	-	-	-
Debt service	10,294,502	13,314,697	10,355,915	10,278,599
Capital projects	-	-	1,110,710	567,457
Net pension asset	-	-	-	-
LeDuc Historic Estate	1,117,351	1,117,351	1,071,986	1,118,669
Unrestricted	11,229,027	1,828,131	3,621,967	2,088,661
Total governmental activities net position	<u>\$ 54,291,442</u>	<u>\$ 51,260,232</u>	<u>\$ 52,910,795</u>	<u>\$ 53,600,875</u>
Business-type activities:				
Net investment in capital assets	\$ 29,312,893	\$ 28,099,759	\$ 27,280,688	\$ 26,349,437
Restricted for:				
Debt service	626,945	283,255	284,765	291,130
Unrestricted	6,531,574	7,734,552	6,225,377	6,322,246
Total business-type activities net position	<u>\$ 36,471,412</u>	<u>\$ 36,117,566</u>	<u>\$ 33,790,830</u>	<u>\$ 32,962,813</u>
Primary government:				
Net investment in capital assets	\$ 60,963,455	\$ 63,099,812	\$ 64,001,079	\$ 65,882,402
Restricted for:				
Police activities	-	-	-	14,524
Tax Increment	-	-	-	-
Debt service	10,921,447	13,597,952	10,640,680	10,569,729
Capital projects	-	-	-	567,457
Net pension asset	-	-	-	-
LeDuc Historic Estate	1,117,351	1,117,351	1,071,986	1,118,669
Unrestricted	17,760,601	9,562,683	9,847,344	8,410,907
Total primary government net position	<u>\$ 90,762,854</u>	<u>\$ 2,047,183</u>	<u>\$ 85,561,089</u>	<u>\$ 86,563,688</u>

Table 1

Fiscal year					
2013	2014	2015	2016	2017	2018
\$ 42,404,518	\$ 43,801,240	\$ 43,540,896	\$ 42,444,675	\$ 43,485,383	\$ 43,158,263
13,898	29,908	29,796	34,462	42,568	54,842
-	-	-	-	2,695	4,924
9,292,124	8,228,781	6,790,580	6,814,431	6,721,124	6,897,969
677,082	617,851	605,667	547,257	488,132	494,432
-	-	-	1,225,251	-	-
1,138,006	1,107,821	1,369,956	1,374,830	1,489,982	1,270,770
3,306,265	3,863,787	(1,019,362)	(3,501,336)	(3,910,559)	(4,077,486)
<u>\$ 56,831,893</u>	<u>\$ 57,649,388</u>	<u>\$ 51,317,533</u>	<u>\$ 48,939,570</u>	<u>\$ 48,319,325</u>	<u>\$ 47,803,714</u>
\$ 25,478,576	\$ 25,016,342	\$ 25,317,479	\$ 25,219,313	\$ 25,631,750	\$ 24,353,284
551,253	376,498	251,499	187,146	-	-
6,176,039	4,917,605	4,348,513	3,868,707	3,301,265	5,080,114
<u>\$ 32,205,868</u>	<u>\$ 30,310,445</u>	<u>\$ 29,917,491</u>	<u>\$ 29,275,166</u>	<u>\$ 28,933,015</u>	<u>\$ 29,433,398</u>
\$ 67,883,094	\$ 68,817,582	\$ 68,858,375	\$ 68,858,375	\$ 69,117,133	\$ 67,511,547
13,898	29,908	29,796	34,462	42,568	54,842
-	-	-	-	2,695	4,924
9,843,377	8,605,279	7,042,079	7,001,577	6,721,124	6,897,969
677,082	617,851	605,667	547,257	488,132	494,432
-	-	-	-	-	-
1,138,006	1,107,821	1,369,956	1,374,830	1,489,982	1,270,770
9,482,304	8,781,392	3,329,151	367,371	(609,294)	1,002,628
<u>\$ 89,037,761</u>	<u>\$ 5,408,639</u>	<u>\$ 81,235,024</u>	<u>\$ 78,183,872</u>	<u>\$ 77,252,340</u>	<u>\$ 77,237,112</u>

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

	Fiscal Year		
	2009	2010	2011
Expenses			
Governmental activities:			
General government	\$ 2,123,135	\$ 2,779,891	\$ 2,664,458
Public safety	7,400,096	7,756,228	7,325,913
Public works	5,203,268	5,153,734	4,343,248
Culture and recreation	2,815,492	2,986,387	2,897,432
Economic development	21,480	40,217	20,881
Health and sanitation	115,836	49,720	102,425
Interest on long-term debt	1,178,588	986,667	928,432
Total governmental activities expenses	<u>18,857,895</u>	<u>19,752,844</u>	<u>18,282,789</u>
Business-type activities:			
Water	2,198,818	2,067,995	2,030,228
Sewer	1,863,561	1,897,487	1,926,477
Storm	-	187,854	357,476
Transit	413,870	150,295	-
Hydro	895,453	1,235,657	739,600
Total business-type activities expenses	<u>5,371,702</u>	<u>5,539,288</u>	<u>5,053,781</u>
Total primary government expenses	<u>\$ 24,229,597</u>	<u>\$ 25,292,132</u>	<u>\$ 23,336,570</u>
Program revenues			
Governmental activities:			
Charges for services:			
Public safety	\$ 2,087,384	\$ 2,287,058	\$ 2,182,932
Public works	34,454	22,450	28,665
Culture and recreation	1,019,365	1,085,722	1,179,969
Other activities	393,163	360,025	408,805
Operating grants and contributions	1,627,296	261,553	316,382
Capital grants and contributions	1,647,922	1,140,804	2,352,552
Total governmental activities program revenues	<u>6,809,584</u>	<u>5,157,612</u>	<u>6,469,305</u>
Business-type activities:			
Charges for services:			
Water	1,954,185	1,849,918	1,665,738
Sewer	1,783,977	1,773,167	1,775,610
Storm	-	-	398,602
Transit	58,229	57,673	18,109
Hydro	1,150,480	1,091,940	1,468,823
Operating grants and contributions	291,515	274,347	147,930
Capital grants and contributions	920,008	-	-
Total business-type activities program revenues	<u>6,158,394</u>	<u>5,047,045</u>	<u>5,474,812</u>
Total primary government program revenues	<u>\$ 12,967,978</u>	<u>\$ 10,204,657</u>	<u>\$ 11,944,117</u>
Net (expense) revenue:			
Governmental activities	\$ (12,048,311)	\$ (14,595,232)	\$ (11,813,484)
Business-type activities	786,692	(492,243)	421,031
Total primary government net (expense) revenue	<u>(11,261,619)</u>	<u>(15,087,475)</u>	<u>(11,392,453)</u>

Table 2
Page 1 of 2

							Fiscal Year						
2012		2013		2014		2015		2016		2017		2018	
\$ 2,708,887	\$ 2,368,033	\$ 2,912,989	\$ 2,742,065	\$ 2,935,743	\$ 3,129,500	\$ 3,322,254							
7,646,393	8,022,727	8,265,264	8,354,120	11,060,875	9,386,823	10,167,543							
4,939,914	5,059,797	4,825,511	5,213,874	6,345,402	5,638,414	5,438,158							
2,979,509	2,844,498	2,948,893	3,087,460	3,396,349	3,398,198	3,588,701							
24,455	34,119	135,010	47,129	2,311,500	51,101	40,656							
24,057	19,447	15,775	21,890	19,301	30,849	34,158							
905,223	647,902	466,445	453,391	464,205	449,979	428,156							
<u>19,228,438</u>	<u>18,996,523</u>	<u>19,569,887</u>	<u>19,919,929</u>	<u>26,533,375</u>	<u>22,084,864</u>	<u>23,019,626</u>							
2,003,623	2,181,086	2,065,409	1,963,670	2,120,683	1,866,451	2,053,704							
1,807,697	1,867,680	1,940,624	1,958,792	2,118,877	2,213,573	2,160,226							
417,236	346,846	380,251	393,535	422,730	403,183	424,791							
-	-	-	-	-	-	-							
907,562	941,730	738,402	633,196	593,610	838,181	620,320							
<u>5,136,118</u>	<u>5,337,342</u>	<u>5,124,686</u>	<u>4,949,193</u>	<u>5,255,900</u>	<u>5,321,388</u>	<u>5,259,041</u>							
<u>\$ 24,364,556</u>	<u>\$ 24,333,865</u>	<u>\$ 24,694,573</u>	<u>\$ 24,869,122</u>	<u>\$ 31,789,275</u>	<u>\$ 27,406,252</u>	<u>\$ 28,278,667</u>							
\$ 2,617,151	\$ 2,925,521	\$ 2,726,275	\$ 2,849,915	\$ 3,362,113	\$ 3,745,444	\$ 3,507,476							
5,408,639	35,134	51,342	119,702	271,785	276,721	312,004							
1,183,146	1,156,963	1,147,412	1,202,465	1,237,031	1,191,970	1,358,186							
421,246	537,106	470,886	537,114	602,296	521,818	496,151							
933,834	820,431	776,970	649,612	1,560,903	539,343	1,521,330							
949,617	4,648,382	815,568	1,113,376	3,212,984	1,234,808	622,219							
<u>11,513,633</u>	<u>10,123,537</u>	<u>5,988,453</u>	<u>6,472,184</u>	<u>10,247,112</u>	<u>7,510,104</u>	<u>7,817,366</u>							
2,220,064	2,071,576	1,873,918	1,797,562	1,875,712	1,897,865	2,284,680							
1,859,169	1,915,861	1,938,692	1,882,901	1,867,425	1,972,116	2,490,514							
435,361	430,074	429,957	425,643	435,310	507,721	633,583							
-	-	-	-	-	-	-							
981,819	963,174	921,052	1,073,234	787,238	784,887	701,729							
32,417	-	-	-	-	-	-							
35,585	-	-	-	-	-	150,542							
<u>5,564,415</u>	<u>5,380,685</u>	<u>5,163,619</u>	<u>5,179,340</u>	<u>4,965,685</u>	<u>5,162,589</u>	<u>6,261,048</u>							
<u>\$ 17,078,048</u>	<u>\$ 15,504,222</u>	<u>\$ 11,152,072</u>	<u>\$ 11,651,524</u>	<u>\$ 15,212,797</u>	<u>\$ 12,672,693</u>	<u>\$ 14,078,414</u>							
\$ (7,714,805)	\$ (8,872,986)	\$ (13,581,434)	\$ (13,447,745)	\$ (16,286,263)	\$ (14,574,760)	\$ (15,202,260)							
428,297	43,343	38,933	230,147	(290,215)	(158,799)	1,002,007							
<u>(7,286,508)</u>	<u>(8,829,643)</u>	<u>(13,542,501)</u>	<u>(13,217,598)</u>	<u>(16,576,478)</u>	<u>(14,733,559)</u>	<u>(14,200,253)</u>							

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

	Fiscal Year		
	2009	2010	2011
General revenues and other changes in net position			
Governmental activities:			
Taxes:			
Property taxes, levied for general purposes	\$ 8,460,160	\$ 8,231,863	\$ 7,648,745
Property taxes, levied for debt service	2,546,338	2,765,702	2,961,928
Unrestricted grants and contributions	571,741	48,135	46,113
Gain (Loss) on disposal of capital assets	15,190	22,064	63,245
Investment earnings (loss)	464,105	389,655	209,444
Contribution to permanent fund	-	-	-
Contribution of capital assets	-	25,000	100,893
Insurance recoveries	-	-	-
Transfers	760,704	539,121	2,433,679
Total governmental activities	<u>12,818,238</u>	<u>12,021,540</u>	<u>13,464,047</u>
Business-type activities:			
Property taxes, levied for general purposes	69,126	72,747	(1,055)
Gain (Loss) on disposal of capital assets	4,626	-	-
Investment earnings	187,982	177,004	172,762
Miscellaneous	-	-	-
Transfers	(973,439)	(539,121)	(2,433,679)
Total business-type activities	<u>(711,705)</u>	<u>(289,370)</u>	<u>(2,261,972)</u>
Total primary government	<u>\$ 12,106,533</u>	<u>\$ 11,732,170</u>	<u>\$ 11,202,075</u>
Change in net position:			
Governmental activities	\$ 769,927	\$ (2,573,692)	\$ 1,650,563
Business-type activities	74,987	(781,613)	(1,840,941)
Total primary government	<u>\$ 844,914</u>	<u>\$ (3,355,305)</u>	<u>\$ (190,378)</u>

							Fiscal Year
2012	2013	2014	2015	2016	2017	2018	
\$ 8,227,080	\$ 8,545,583	\$ 8,719,458	\$ 9,231,748	\$ 9,837,164	\$ 9,571,077	\$ 10,170,181	
3,458,479	3,191,407	2,643,067	2,650,000	2,650,000	3,350,000	3,424,475	
195,713	15,067	593,875	591,572	617,477	639,043	1,106,153	
7,019	20,072	-	29,098	111,069	23,272	170,917	
293,721	(25,107)	315,388	77,472	211,760	215,284	146,410	
-	-	-	-	-	-	-	
250,766	-	-	-	-	-	-	
-	-	-	-	-	24,299	-	
1,333,377	677,600	2,127,141	(193,998)	480,830	(132,690)	439,358	
13,766,155	12,424,622	14,398,929	12,385,892	13,908,300	13,690,285	15,457,494	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
77,063	(57,568)	192,785	67,811	128,720	4,188	49,772	
-	-	-	-	-	-	-	
(1,333,377)	(677,600)	(2,127,141)	193,998	(480,830)	132,690	(439,358)	
(1,256,314)	(735,168)	(1,934,356)	261,809	(352,110)	136,878	(389,586)	
<u>\$ 12,509,841</u>	<u>\$ 11,689,454</u>	<u>\$ 12,464,573</u>	<u>\$ 12,647,701</u>	<u>\$ 13,556,190</u>	<u>\$ 13,827,163</u>	<u>\$ 15,067,908</u>	
\$ 6,051,350	\$ 3,551,636	\$ 817,495	\$ (1,061,853)	\$ (2,377,963)	\$ (884,475)	\$ 255,234	
(828,017)	(691,825)	(1,895,423)	491,956	(642,325)	(21,921)	612,421	
<u>\$ 5,223,333</u>	<u>\$ 2,859,811</u>	<u>\$ (1,077,928)</u>	<u>\$ (569,897)</u>	<u>\$ (3,020,288)</u>	<u>\$ (906,396)</u>	<u>\$ 867,655</u>	

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

	Fiscal Year			
	2009	2010	2011	2012
General Fund:				
Reserved for:				
Prepaid items	\$ 41,997	\$ 25,887	\$ -	\$ -
Inventories	1,607	2,196	-	-
Unreserved:				
Designated for working capital	2,760,945	2,325,627	-	-
Nonspendable:				
Prepaid items	-	-	16,121	23,196
Inventories	-	-	50,505	49,983
Restricted:				
Leduc Historical Estate	-	-	-	-
Unassigned:	-	-	3,024,570	3,411,086
Total general fund	<u>\$ 2,804,549</u>	<u>\$ 2,353,710</u>	<u>\$ 3,091,196</u>	<u>\$ 3,484,265</u>
All other governmental funds:				
Reserved for:				
Prepaid items	\$ 32,950	\$ 7,076	\$ -	\$ -
Inventories	4,736	8,785	-	-
Loan receivables	-	-	-	-
Debt service	10,294,502	7,127,461	-	-
Unreserved, reported in:	2,047,183	-	-	-
Special revenue funds designated for working capital	2,185,268	1,898,549	-	-
Capital projects funds designated for working capital	98,134	98,134	-	-
Special revenue funds	889,276	982,832	-	-
Capital projects funds	3,177,071	2,234,757	-	-
Permanent funds	1,117,351	1,169,288	-	-
Nonspendable				
Prepaid	-	-	60,694	44,830
Inventories	-	-	10,685	10,179
Permanent endowment-Leduc Historical Estate	-	-	200,000	200,000
Restricted				
Police activities	-	-	29,826	14,524
Debt service	-	-	5,868,913	6,750,592
Tax Increment Financing	-	-	-	-
Capital projects	-	-	1,110,710	684,302
Permanent endowment-Leduc Historical Estate	-	-	871,986	918,669
Committed				
Maintenance	-	-	489,345	541,760
Aquatic operatins	-	-	33,293	62,481
Cable TV activities	-	-	199,424	210,998
Heritage preservation activities	-	-	81,426	84,857
Fire & ambulance activities	-	-	975,108	1,168,697
Arena activities	-	-	619,939	636,751
Assigned				
Capital	-	-	1,864,972	1,523,421
Unassigned				
Capital	-	-	-	(99,131)
Total all other governmental funds	<u>\$ 19,846,471</u>	<u>\$ 13,526,882</u>	<u>\$ 12,416,321</u>	<u>\$ 12,752,930</u>

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

Table 3

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
41,660	58,131	72,786	119,342	135,921	92,918
58,634	26,008	50,734	35,471	24,517	15,183
-	-	349,321	346,557	397,985	301,201
3,486,430	3,446,128	3,621,455	4,403,883	4,576,829	5,047,671
<u>\$ 3,586,724</u>	<u>\$ 3,530,267</u>	<u>\$4,094,296</u>	<u>\$ 4,905,253</u>	<u>\$ 5,135,252</u>	<u>\$ 5,456,973</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,408,639	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
70,585	81,494	83,691	105,237	114,968	81,016
6,268	3,322	4,365	4,368	3,223	2,318
200,000	200,000	200,000	200,000	200,000	200,000
13,898	29,626	29,773	34,444	42,547	54,825
7,692,475	5,427,274	4,500,299	4,820,295	4,888,739	5,200,767
-	-	-	-	2,695	4,924
676,672	1,009,983	605,667	546,622	487,678	494,432
938,006	907,821	820,635	828,273	891,997	769,569
705,537	700,601	816,485	870,352	1,020,571	1,084,583
118,588	120,179	143,507	184,955	188,258	185,144
222,044	232,035	238,133	245,822	243,756	238,553
86,697	93,499	95,860	96,148	97,564	100,481
2,372,686	1,596,429	1,362,693	1,111,458	1,251,486	992,209
590,646	490,657	500,676	388,065	463,992	462,313
1,394,711	869,337	1,013,965	1,131,904	1,172,982	1,249,299
(312,971)	(252,583)	(899,034)	(416,152)	(300,491)	(217,088)
<u>\$ 20,184,481</u>	<u>\$ 11,509,674</u>	<u>\$9,516,715</u>	<u>\$ 10,151,791</u>	<u>\$ 10,769,965</u>	<u>\$ 10,903,345</u>

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

	Fiscal Year		
	2009	2010	2011
Revenues:			
Taxes	\$ 10,890,647	\$ 10,979,537	\$ 10,600,376
Special assessments	1,512,922	1,258,181	1,984,103
Licenses and permits	270,891	289,754	386,248
Fines and forfeitures	103,759	102,394	89,732
Intergovernmental	2,664,567	973,766	832,084
Charges for services	3,159,842	3,185,599	3,158,347
Investment earnings	432,713	353,965	179,685
Miscellaneous	41,007	35,107	17,003
Total revenues	<u>19,076,348</u>	<u>17,178,303</u>	<u>17,247,578</u>
Expenditures:			
Current:			
General government	1,767,798	1,851,881	2,203,841
Public safety	6,946,168	7,335,640	6,823,812
Public works	2,027,247	1,831,715	1,533,922
Health and sanitation	115,836	49,720	102,425
Cultural and recreation	2,232,625	2,469,108	2,375,358
Economic development	21,116	40,187	20,881
Capital outlay	2,939,974	2,945,743	4,819,686
Debt service:			
Principal retirement	4,150,000	8,135,000	4,065,000
Interest	1,195,773	1,094,782	985,238
Total expenditures	<u>21,396,537</u>	<u>25,753,776</u>	<u>22,930,163</u>
Revenues over (under) expenditures	<u>(2,320,189)</u>	<u>(8,575,473)</u>	<u>(5,682,585)</u>

Table 4
Page 1 of 2

Fiscal Year						
2012	2013	2014	2015	2016	2017	2018
\$ 11,726,752	\$ 11,793,014	\$ 11,410,130	\$ 11,877,613	\$ 12,431,059	\$ 12,981,670	\$ 13,607,851
1,762,762	1,112,853	1,011,262	695,211	599,399	501,495	649,146
403,386	394,821	412,782	449,444	423,861	496,101	585,364
99,551	95,103	126,565	121,259	95,313	128,266	107,512
1,247,726	4,631,888	1,628,541	1,950,871	4,132,072	2,417,114	2,831,355
3,585,565	3,873,062	3,561,470	3,765,494	4,650,190	4,690,844	4,522,330
277,752	(15,617)	290,628	70,516	199,685	207,058	133,040
69,182	70,404	28,537	273,537	1,499,899	37,386	129,348
<u>19,172,676</u>	<u>21,955,528</u>	<u>18,469,915</u>	<u>19,203,945</u>	<u>24,031,478</u>	<u>21,459,934</u>	<u>22,565,946</u>
2,188,513	2,070,522	2,411,990	2,290,140	2,498,078	2,540,993	2,800,943
7,254,247	7,609,462	7,814,296	8,011,113	8,668,178	8,709,899	9,091,243
2,147,556	1,670,868	1,873,216	1,588,976	1,956,027	1,711,758	1,784,833
24,057	19,447	15,775	21,890	19,301	30,849	34,158
2,456,430	2,316,009	2,429,476	2,537,383	2,714,594	2,755,083	2,956,232
24,455	34,119	135,010	44,157	2,303,885	38,752	40,656
3,051,655	5,788,889	6,589,320	5,032,472	6,642,508	2,241,646	4,612,845
4,340,000	4,501,750	4,094,500	3,874,500	3,234,500	3,369,500	3,295,000
911,963	731,640	607,807	525,037	549,640	531,468	501,518
<u>22,398,876</u>	<u>24,742,706</u>	<u>25,971,390</u>	<u>23,925,668</u>	<u>28,586,711</u>	<u>21,929,948</u>	<u>25,117,428</u>
<u>(3,226,200)</u>	<u>(2,787,178)</u>	<u>(7,501,475)</u>	<u>(4,721,723)</u>	<u>(4,555,233)</u>	<u>(470,014)</u>	<u>(2,551,482)</u>

**City of Hastings
Changes in Fund Balances, Governmental Funds (Continued)
Last Ten Fiscal Years
Unaudited**

	Fiscal Year		
	2009	2010	2011
Other financing sources (uses):			
Bonds issued	\$ 5,805,000	\$ 3,185,000	\$ 3,964,750
Bond premiums	86,370	72,067	-
Bond discounts	-	-	(1,711)
Payment to refunded bond paying agent	-	-	(1,705,000)
Transfers in	2,830,867	1,977,416	4,139,595
Transfers out	(2,024,509)	(1,375,776)	(1,172,669)
Insurance recoveries	-	-	-
Proceeds on sale of capital assets	15,190	22,064	84,545
Total other financing sources (uses)	<u>6,712,918</u>	<u>3,880,771</u>	<u>5,309,510</u>
 Net change in fund balance	 <u>\$ 4,392,729</u>	 <u>\$ (4,694,702)</u>	 <u>\$ (373,075)</u>
 Debt service as a percentage of noncapital expenditures	 29.0%	 40.5%	 27.9%

							Fiscal Year
2012	2013	2014	2015	2016	2017	2018	
\$ 2,030,000	\$ 5,710,000	\$ 3,200,000	\$ 2,755,000	\$ 5,560,000	\$ 1,015,000	\$ 2,560,000	
112,181	110,125	88,207	47,405	172,612	57,387	138,815	
-	-	-	-	-	-	-	
-	(1,595,000)	(1,470,000)	-	-	-	-	
3,597,850	1,769,270	4,062,792	1,616,841	1,447,564	775,477	970,501	
(1,791,172)	(1,123,580)	(1,723,002)	(1,176,571)	(1,316,732)	(522,308)	(866,143)	
-	20,082	20,852	21,020	27,814	24,299	8,150	
7,019	21,652	-	29,098	111,069	23,272	195,260	
<u>3,955,878</u>	<u>4,912,549</u>	<u>4,178,849</u>	<u>3,292,793</u>	<u>6,002,327</u>	<u>1,373,127</u>	<u>3,006,583</u>	
<u>\$ 729,678</u>	<u>\$ 2,125,371</u>	<u>\$ (3,322,626)</u>	<u>\$ (1,428,930)</u>	<u>\$ 1,447,094</u>	<u>\$ 903,113</u>	<u>\$ 455,101</u>	
27.1%	27.6%	24.3%	23.3%	17.2%	19.6%	18.0%	

**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
2009	15,564,978	4,754,243	351,401	20,670,622	2,000,871	22,671,493	49.730%	1,844,253,600	1.12%
2010	15,709,176	4,798,287	354,656	20,862,119	2,083,795	22,945,914	52.677%	1,731,987,800	1.20%
2011	14,843,341	4,533,823	335,109	19,712,272	2,118,897	21,831,169	55.195%	1,596,607,900	1.23%
2012	13,726,993	4,192,840	309,906	18,229,738	2,083,131	20,312,869	66.083%	1,398,694,164	1.30%
2013	11,684,807	3,569,065	263,800	15,517,672	2,093,112	17,610,784	68.547%	1,328,846,744	1.17%
2014	11,566,078	3,532,800	261,120	15,359,998	2,075,825	17,435,823	66.246%	1,317,650,624	1.17%
2015	12,814,189	3,826,869	349,834	16,990,892	2,069,204	19,060,096	62.581%	1,478,163,476	1.15%
2016	13,501,866	3,852,417	363,149	17,717,432	2,017,091	19,734,523	63.577%	1,547,357,403	1.15%
2017	12,882,237	3,969,456	1,533,473	18,385,166	2,280,954	20,666,120	62.519%	1,607,666,527	1.14%
2018	13,968,781	3,827,760	1,522,837	19,319,378	2,362,509	22,078,920	60.864%	1,736,262,314	1.11%

Source: Springsted, Inc

**City of Hastings
Direct and Overlapping Property Tax Rate
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	
2009	35.753	13.977	49.730	16.735	4.834	25.821	97.120
2010	36.496	16.181	52.677	20.206	5.331	27.269	105.483
2011	36.165	19.030	55.195	22.140	5.471	29.149	111.955
2012	47.053	19.030	66.083	25.435	5.827	31.426	128.771
2013	50.496	18.051	68.547	23.932	5.854	33.421	131.754
2014	50.841	15.405	66.246	23.052	5.774	31.827	126.899
2015	48.831	13.750	62.581	20.965	5.120	26.902	115.568
2016	48.154	15.423	63.577	20.938	5.353	28.570	118.438
2017	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

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

*Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners; for example, although the county property tax rates apply to all City property owners, Other Districts rates apply only to the approximately one-third of City property owners whose 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	2018			2009		
	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
Wal-Mart	\$ 263,410	1	1.19%	\$ 249,298	1	1.09%
Xcel Energy (NSP Company)	248,292	2	1.12%	158,286	4	0.69%
Hastings MarketPlace Sation LI	205,692	3	0.93%	166,768		0.73%
VMA 1000LLC	157,640	4	0.71%	103,751	7	0.45%
Regina Medical Complex	146,134	5	0.66%	192,529	2	0.84%
Three Rivers PTNSHP	143,680	6	0.65%	140,862	6	0.62%
Gasparre Hidden Valley LLC	114,048	7	0.52%	-		0.00%
Camegaran LLC	109,729	8	0.50%	94,192	9	0.41%
Casey Capital V LLC	107,705	9	0.49%	-		0.00%
Dayton Hudson Corp	102,754	10	0.47%	152,374	5	0.67%
Inch III Hastings LLC	-		-	188,700	3	0.83%
Augustana HCC of Hastings	-		-	92,875	10	0.41%
Intek Weatherseal Products	-		-	96,174	8	0.42%
Total	<u>\$ 1,599,084</u>		<u>7.24%</u>	<u>\$ 1,635,809</u>		<u>7.17%</u>
Total all property	<u>\$ 22,078,920</u>			<u>\$ 22,816,240</u>		

**City of Hastings
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited**

Table 8

Fiscal Year Ended <u>December 31,</u>	Taxes Levied For The Fiscal Year*	Collected Within The Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2009	11,581,472	10,820,341	93.43%	339,493	11,159,834	96.36%
2010	11,581,000	10,699,472	92.39%	269,045	10,968,517	94.71%
2011	11,264,000	10,723,507	95.20%	297,799	11,021,306	97.85%
2012	11,746,000	11,565,238	98.46%	130,730	11,695,968	99.57%
2013	11,980,920	11,855,934	98.96%	114,448	11,970,382	99.91%
2014	11,610,920	11,525,607	99.27%	83,871	11,609,478	99.99%
2015	12,060,920	11,955,607	99.13%	87,225	12,042,832	99.85%
2016	12,499,621	12,350,917	98.81%	100,751	12,451,668	99.62%
2017	12,960,919	12,810,057	98.84%	105,658	12,915,715	99.65%
2018	13,503,307	13,446,160	99.58%	N/A	13,446,160	99.58%

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

Source: Springsted, Inc. and Dakota County
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		
2009	5,425,000	26,665,000	1,350,000	33,440,000	161.78%
2010	6,500,000	20,585,000	1,405,000	28,490,000	136.56%
2011	4,120,000	21,230,000	1,334,750	26,684,750	135.37%
2012	3,405,000	19,790,000	1,284,750	24,479,750	134.28%
2013	3,313,451	18,735,004	2,377,616	24,426,071	157.41%
2014	2,607,830	17,225,271	2,256,550	22,089,651	143.81%
2015	4,489,041	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	9,807,812	11,752,712	1,251,401	22,811,925	118.08%

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

Table 9

<u>Business-Type Activities</u>					
<u>Sewer/ Water</u>	<u>Total</u>	<u>Per</u>	<u>Total</u>	<u>Per</u>	<u>Percentage</u>
<u>Hydro</u>	<u>Business-Type</u>	<u>Customer</u>	<u>Primary</u>	<u>Capita</u>	<u>of</u>
<u>Bonds</u>	<u>Activities</u>		<u>Government</u>		<u>Income</u>
4,340,000	4,340,000	605	37,780,000	1,643	731.59%
4,135,000	4,135,000	576	32,625,000	1,418	629.59%
4,120,250	4,120,250	574	30,805,000	1,339	595.71%
3,900,250	3,900,250	543	28,380,000	1,270	572.35%
6,507,957	6,507,957	866	30,934,028	1,385	504.95%
6,013,905	6,013,905	800	28,103,556	1,249	444.92%
5,718,774	5,718,774	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%
3,590,000	3,590,000	474	26,401,925	1,158	392.80%

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		
2009	33,440,000	10,338,297	23,101,703	1.3%	1,020
2010	28,490,000	7,127,461	21,362,539	1.2%	929
2011	26,684,750	5,869,538	20,815,212	1.3%	905
2012	24,479,750	6,753,604	17,726,146	1.3%	793
2013	24,426,071	7,692,475	16,733,596	1.3%	749
2014	22,089,651	5,430,602	16,659,049	1.3%	741
2015	20,945,302	4,503,176	16,442,126	1.1%	728
2016	23,351,926	4,821,409	18,530,517	1.2%	817
2017	22,426,562	4,888,739	17,537,823	1.1%	783
2018	22,811,925	5,200,767	17,611,158	1.0%	772

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, 2018
Unaudited**

Table 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
School Districts:			
Hastings School District #200	\$ 81,067,524	60.37%	\$ 48,940,464
Counties:			
Dakota County	-	0.00%	-
Washington County	116,345,000	0.01%	11,635
Other:			
Met Council	8,360,000	0.60%	50,160
Metropolitan Transit District	182,425,000	0.75%	<u>1,368,188</u>
Subtotal - overlapping debt			50,370,447
City direct debt		100.00%	<u>22,811,925</u>
Total direct and overlapping debt			<u><u>\$ 73,182,372</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2018

Market value	\$ 1,883,303,111
Debt limit (3% of market value)	56,499,093
Debt applicable to limit:	
General obligation bonds	7,140,000
Less: Amount set aside for repayment of general obligation debt	5,200,767
Total net debt applicable to limit	1,939,233
Legal debt margin	\$ 54,559,860

	2009	2010	2011	2012
Debt limit	\$ 55,327,608	\$ 51,959,634	\$ 47,898,237	\$ 41,960,825
Total net debt applicable to limit	5,425,000	6,500,000	4,120,000	3,405,000
Legal debt margin	\$ 49,902,608	\$ 45,459,634	\$ 43,778,237	\$ 38,555,825

Amount of Debt Applicable to Debt Limit:

Total net debt applicable to the limit as a percentage of debt limit	9.81%	12.51%	8.60%	8.11%
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Note: Under state finance law, the City's outstanding general obligation debt should not exceed 15 percent of total assessed property value. However, the City has established a more conservative internal limit of no more than 5 percent. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Table 12

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 39,865,402	\$ 43,998,825	\$ 48,291,162	\$ 46,420,722	\$ 48,229,996	\$ 56,499,093
<u>3,230,000</u>	<u>4,773,500</u>	<u>6,474,000</u>	<u>8,285,000</u>	<u>7,290,000</u>	<u>7,140,000</u>
<u>\$ 36,635,402</u>	<u>\$ 39,225,325</u>	<u>\$ 41,817,162</u>	<u>\$ 38,135,722</u>	<u>\$ 40,939,996</u>	<u>\$ 49,359,093</u>
8.10%	10.85%	13.41%	17.85%	15.12%	12.64%

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

Fiscal Year	Water Revenue Bonds					Coverage
	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2009	1,849,918	2,020,737	(170,819)	195,000	177,516	(0.46)
2010	1,665,738	1,875,071	(209,333)	205,000	163,146	(0.57)
2011	1,785,770	1,864,798	(79,028)	215,000	157,901	(0.21)
2012	2,220,064	1,854,061	366,003	220,000	156,401	0.97
2013	2,033,128	1,951,525	81,603	268,250	186,899	0.18
2014	1,867,409	1,897,229	(29,820)	445,000	209,922	(0.05)
2015	1,780,393	1,804,015	(23,622)	285,500	173,274	(0.05)
2016	1,875,074	1,969,781	(94,707)	300,500	164,159	(0.20)
2017	1,897,865	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

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

Table 13

Sewer Revenue Bonds							Improvement Bonds			
Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Special Assessment Collections	Debt Service		Coverage	
			Principal	Interest			Principal	Interest		
-	-	-	-	-	-	1,511,966	4,150,000	1,195,773	0.28	
-	-	-	-	-	-	1,258,181	7,265,000	748,805	0.16	
-	-	-	-	-	-	1,982,875	5,770,000	985,238	0.29	
-	-	-	-	-	-	1,651,781	3,140,000	589,809	0.44	
-	-	-	-	-	-	1,112,853	3,425,000	665,837	0.27	
-	-	-	-	-	-	1,011,262	3,895,000	454,013	0.23	
-	-	-	-	-	-	693,963	3,180,000	380,019	0.19	
-	-	-	-	-	-	599,228	2,585,000	331,602	0.21	
-	-	-	-	-	-	501,495	3,209,500	441,336	0.14	
2,490,076	2,149,571	340,505	-	-	-	648,355	3,135,000	402,453	0.18	

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
2009	23,826	1,089,050,322	45,709	6.75%
2010	22,000	995,534,320	45,252	6.80%
2011	22,227	995,648,685	44,795	5.70%
2012	22,355	956,141,681	42,771	5.80%
2013	22,339	1,080,604,447	48,373 *	4.90%
2014	22,492	1,116,705,308	49,649 *	3.70%
2015	22,572	1,149,411,384	50,922 *	2.80%
2016	22,687	1,200,301,109	52,907	3.40%
2017	22,400	1,290,934,400	57,631	3.60%
2018	22,800	1,324,098,600	58,075	2.70%

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

* Information for these years obtained from Springsted

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

Table 15

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Dakota County	1,850	1	22.02%	1,904	1	20.89%
Independent School District # 200	693	2	8.25%	680	3	7.46%
Regina Medical Center	370	3	4.40%	700	2	7.68%
Allina Medical Clinic	300	4	3.57%	140	8	1.54%
Wal-Mart	300	5	3.57%	315	5	3.46%
Intek Plastics	180	6	2.14%	305	6	3.35%
Smead Manufacturing Company	154	7	1.83%	550	4	6.03%
Quality One Woodwork, Inc.	150	8	1.79%	-	-	
Augustana Health Care Center	146	9	1.74%	135	9	1.48%
Con-Agra	120	10	1.43%			
City of Hastings				121	10	1.33%
Target				145	7	1.59%
Total	4,263		50.73%	4,995		54.81%

Source: Hastings Community Development Department & 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				
	2009	2010	2011	2012	2013
General government:					
Administration	1.00	1.00	1.00	1.00	1.00
City Clerk	3.17	4.50	4.15	4.25	3.15
Finance	3.75	3.75	3.75	3.75	5.00
Building Maintenance	2.00	2.00	2.00	2.00	2.00
Planning	2.60	2.60	2.00	1.00	1.25
Information Technology	4.00	4.00	3.00	3.00	3.00
Public Safety:					
Police	34.50	33.50	33.50	33.00	33.50
Building Inspections	4.00	4.00	4.00	3.60	3.60
Code Enforcement	1.00	1.00	1.00	0.80	0.80
Public Works:					
Engineering	6.68	6.68	6.68	4.75	7.80
Streets	8.02	8.02	4.32	5.30	4.80
Culture and Recreation:					
Reforestation	0.50	0.50	-	-	-
Parks	9.50	9.50	9.00	8.63	8.63
Aquatic Center	1.00	1.00	1.00	1.00	7.50
Cable Television	-	-	-	-	0.15
Heritage Preservation	0.75	0.75	0.75	0.25	0.25
Fire and Ambulance	16.00	16.00	16.00	15.60	15.60
Civic Arena	2.50	2.50	2.00	2.00	2.00
Economic Development	0.65	0.65	1.25	1.05	0.38
Housing and Redevelopment	1.00	-	-	-	0.37
Water	7.05	7.05	7.05	6.45	5.80
Wastewater	3.55	3.55	3.55	4.20	3.55
Transit	5.33	-	-	-	-
Stormwater	-	-	3.70	3.70	3.50
Hydro Electric	0.70	0.70	0.70	0.50	0.50
Total	<u>119.25</u>	<u>113.25</u>	<u>110.40</u>	<u>105.83</u>	<u>114.13</u>

Source: City Budget

Table 16

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

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

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

Sources: Various City departments.

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

The City began tracking indicators for culture and recreation in 2013

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

Table 17

Fiscal Year						
2012	2013	2014	2015	2016	2017	2018
369	337	427	360	407	470	389
*	368	466	293	442	225	473
*	1,561	1,754	1,309	1,153	1,455	1,269
*	*	157	175	177	170	134
*	*	110	139	176	203	164
*	*	718	405	596	656	562
21,330	20,665	24,553	20,216	24,497	26,147	24,097
*	557	664	631	693	732	469
*	668	720	707	641	750	875
2,974	3,201	3,184	3,495	3,249	3,735	3,681
86	42	49	74	53	38	85
288	334	468	480	580	750	426
1,802	1,549	1,773	1,340	1,507	1,527	1,638
63	81	49	165	106	106	103
-	569	606	640	622	732	763
-	2,185	2,422	2,400	2,375	2,470	2,388
-	303	335	216	325	366	397
-	4,089	1,189	2,400	1,950	1,890	2,278
1,900	2,554	2,465	2,325	2,345	2,296	2,195
5,180	6,310	5,520	4,945	5,100		4,725
-	-	-	-	-	-	-
-	-	-	-	-	-	-

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

Function/Program	Fiscal Year			
	2009	2010	2011	2012
Police:				
Stations	1	1	1	1
Fire stations	1	1	1	1
Other public works:				
Streets (miles)	102.1	102.1	102.1	102.1
Culture and recreation:				
Acreage	406	406	406	406
Playgrounds	21	21	21	21
Baseball/softball diamonds	21	21	21	21
Soccer/football fields	10	10	10	10
Water:				
Water mains (miles)	87	87	87	87
Fire hydrants	1,223	1,223	1,223	1,223
Storage capacity (thousands of gallons)	2,275	2,275	2,275	2,275
Wastewater:				
Sanitary sewers (miles)	90	90	90	90
Storm sewers (miles)	55	55	55	55
Treatment capacity (thousands of gallons)				
Transit-minibuses	4	-	-	-

Sources: Various City departments.

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

Table 18

Fiscal Year					
2013	2014	2015	2016	2017	2018
1	1	1	1	1	1
1	1	1	1	1	1
102.1	105.0	105.0	105.0	105.3	105.5
420	420	413	413	413	413
21	21	22	22	22	22
21	21	21	21	21	21
10	10	10	21	21	21
105	105	105	105	105.2	105.2
1,334	1,334	1,094	1,095	1,099	1,099
2,750	2,750	2,750	2,750	2,750	2,750
89	89	89	89	89.1	89.3
73	74	74	74	74.1	74.2
-	-	-	-	-	-