

CITY OF HUTCHINSON  
HUTCHINSON, MINNESOTA

ANNUAL COMPREHENSIVE  
FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2021

PREPARED BY:

FINANCE DEPARTMENT

ANDREW REID  
Finance Director

Member GFOA of U.S. and Canada  
Published June 21, 2022

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INTRODUCTORY SECTION

CITY OF HUTCHINSON  
HUTCHINSON, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2021

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June 21, 2022

To the Honorable Mayor and City Council  
City of Hutchinson  
Hutchinson, MN 55350

Dear Honorable Mayor and City Council:

Minnesota statutes require all cities to issue an annual report on its financial position and activity prepared in accordance with generally accepted accounting principles in the United States of America (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants or the Office of the State Auditor. Pursuant to these requirements, we hereby issue the annual comprehensive financial report of the City of Hutchinson for the fiscal year ended December 31, 2021.

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

The City's financial statements have been audited by Abdo, LLP, a firm of independent licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2021 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2021 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing single auditor engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements. The auditor places a special emphasis on internal controls and legal requirements involving the administration of federal awards. The City did meet the requirement for a Single Audit in 2021.

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 the (MD&A) and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.



## PROFILE OF THE GOVERNMENT

The City of Hutchinson was incorporated in 1855 and exists under the state laws of Minnesota. The City is located in McLeod County in south-central Minnesota, 60 miles west of the Twin Cities at the junctions of Highways 7, 15, and 22 and occupies 4,734 acres. Considered a Greater Minnesota Regional Center, Hutchinson's economy is diverse and includes retail, manufacturing, agricultural and services. For 2021, the latest estimate of the City's population is 14,487.

The City is governed under City charter, which was readopted by voters on November 5, 2002. The charter provides for a separate electric and gas commission that oversees its operations but requires Council rate review. The Council is comprised of a mayor, serving a two (2) year term, and four Council members, each serving four (4) year staggered terms. Council members are elected at large but each candidate must file by seat. The City shall hold a primary election if there should be three or more candidates filing for one designated seat. The City Administrator is appointed by the Council and serves as the City Clerk.

The City's mission statement is as follows; "The City of Hutchinson exists so that residents, businesses, property owners and visitors are provided with quality services and programs that support a safe, healthy, sustainable and business-friendly community with a small town atmosphere, for a cost of government similar to, or less than, comparable out-state Minnesota cities". To achieve its mission, the City has established six core areas of focus:

- 1) Public Safety
  - Provide residents and visitors a "safe" environment with protection of property.
- 2) Health and Recreation
  - Provide and contribute to a "healthy quality of life".
- 3) Transportation
  - Provide safe and effective movement throughout the city.
- 4) Economic Development
  - Provide diversification, job growth and employment opportunities.
- 5) Environment
  - Provide concepts that are sustainable and environmentally friendly.
- 6) Good Government
  - Citizens perceive the City is delivering quality services at a reasonable price and that there is adequate planning for the future.

The City provides the full range of municipal services prescribed by statute or charter. This includes police and fire protection, construction and maintenance of highways, streets and other infrastructure, and recreational and cultural events. Enterprise activities include water, sewer, storm water, refuse, composting services and a municipal off-sale liquor store. The City owns and operates the airport, gas and electric services and continues to maintain a lease arrangement with Hutchinson Health, which is a 501c3 tax-exempt nonprofit health care organization.

Each year the Council approves an annual budget, which serves as the foundation for the City of Hutchinson's financial planning and control. Requests from all departments and agencies are submitted and prepared by the City Administrator for presentation to the Council. The Council, following a public hearing no later than December 31, approves the budgets. Page 49 of this 2021 ACFR provides the General fund budget to actual results.



## **FACTORS AFFECTING FINANCIAL CONDITION**

### **Local Economy**

Hutchinson's economy continued to reflect stability and growth during the second year of the COVID-19 public health pandemic. Construction activity has remained steady over the past several years, contributing to the City's tax base growth. Since 2018, the City has annually averaged \$39,000,000 in building permit valuation while the tax base has grown 5.5%.

The 2021 local average annual unemployment rate bounced back to a pre-pandemic level of 3.7%, down from 5.4% in 2020. This is slightly higher than the State average of 3.4% but significantly lower than the national average of 5.3%. The low unemployment rate has negatively impacted local businesses struggling to fill open staff positions.

The City's overall market value increased 11.2% in 2021, which is the eighth consecutive annual increase after values stabilized from the recession in 2013. The City's market valuation is comprised of Residential (73.3%), Commercial & Industrial (17.6%), Apartments (8.6%) and Agriculture (0.5%). The market values increased for Residential (11.1%), Commercial & Industrial (1.8%) and Apartments (40.6%) while Agricultural values decreased (2.1%). The significant increase in Apartment values is attributed to several new multi-family complexes being constructed in the past two years. The 2021 market values serve as the basis for property taxes paid in 2022.

Minnesota Mining & Manufacturing (3M) has its largest North American production facility in Hutchinson, employing approximately 1,675 people in the production of tape and related adhesive product lines. Resonetics, a medical device manufacturer currently employs 162 people. Other major manufacturing employers in the community include Heartland Ag Systems, Hutchinson Manufacturing, Goebel Fixture Company, Warrior Manufacturing, MITGI, Uponor and TDK-HTI.

Hutchinson serves as a regional retail-shopping hub with a variety of local retailers as well as national and regional retail stores such as Target, Wal-Mart and Menards. The City's retail trade area covers a 30-mile radius with an estimated customer base of 128,000 people. A sizable number of fast food franchise restaurants are present in the community along with locally owned full-service establishments. Hutchinson is also home to a 233,300 square foot enclosed shopping mall with Marshall's, Running's Fleet and Dunham's Sports as anchor tenants. Three strip malls add to Hutchinson's retail shopping base, providing dining and personal services.

The downtown business climate provides vitality and a strong sense of community. Businesses range from retail stores, locally owned restaurants, local and nation-wide banks and personal service businesses. Investments continue to be made to preserve and promote the downtown area because of the vital aspect it brings to the community.

### **Long-term Financial Planning**

The City annually prepares a 5-year capital improvement plan detailing specific projects and proposed financing sources. The plan is a collaborative effort between the City's fleet committee, facility committee, resource allocation committee, department directors and city council. In addition, as part of the annual General fund budget process, a 5-year financial forecast is updated, trending revenues and expenditures. The intent of the 5-year forecast is to determine how easily a future balanced budget can be achieved based on a set of assumptions. Management can then make operational changes in the near-term that will positively affect the long-term budget outlook.



## **Relevant Financial Policies**

The City of Hutchinson approved a Financial Management Plan in May 2018. The Plan is designed to serve as the framework upon which consistent operations may be built and sustained, guides responsible use of municipal resources and contributes to the City's overall financial health. The Plan serves three main purposes:

- 1) Draws together the City's major financial policies into a single document.
- 2) Establishes principles to guide both staff and city council members to make consistent and informed financial decisions.
- 3) Provides guidelines for ensuring and maintaining an appropriate level of funds, unreserved and reserved, to sustain the financial integrity of the City.

Management philosophy used in the General fund budget for City Council consideration and approval included conservative revenue estimates and realistic expenditures. The City's fund balance policy designates 40 percent of General fund reserves for working capital. This threshold ensures the City can meet ongoing monthly obligations with cash on hand. In addition, management maintains a philosophy that expenditures included in the budget are not automatically considered "approved". Capital expenditures as well as other significant expenditures are not approved until it has been determined that adequate monies are available and the expenditure is necessary.

The City annually issues 15-year general obligation debt for major roadway and infrastructure projects. A debt tax levy and assessments against benefitting properties are the main revenue sources for debt service payments. Federal and State Aid, Enterprise fund transfers, and other City funding are other financing sources annually leveraged to reduce the project costs to a level supported by the City's Debt Management plan. The Debt Management plan is a mechanism to control long-term debt funded by the debt tax levy and to assist in prioritizing capital infrastructure needs. The City's bond rating from Standard & Poor's was reaffirmed in 2021 at AA- up

The City uses a "pooled cash" concept of investing, which means that all the funds with cash balances participate in an investment pool. Available cash is invested in short-term government money market accounts, certificates of deposit, obligations of the U.S. Treasury and its agencies, and municipal bonds.

## **Major Initiatives**

The City commenced construction of a new police facility on a site adjacent to the City's municipal liquor store. The \$14.5M project is expected to be complete in late 2022 or early 2023. The City issued 25-year bonds at a par value of \$7,320,000 in 2021 to finance a portion of the construction costs and is expecting to issue another \$5,000,000 in 2022 to finalize the construction. The project will consolidate several existing facilities into one, including police services, emergency operations and the municipal DMV.

The City continued to invest in street improvements as part of its annual pavement management program. The 2021 program focused on streets to the east of Linden Park, where a new storm water retention pond was built in 2018 to help alleviate flooding in that area. In addition to addressing poor roadway surfaces, the project included new storm water infrastructure to feed into the new retention pond. Streets to the west of Linden Park will be addressed in 2022.

A \$5M project commenced at the City's wastewater treatment facility, replacing and upgrading certain processes and equipment. The facility was built in 1988 with some renovations completed in 2007. The City issued 10-year bonds at a par value of \$3,460,000 to help finance the project costs.



## AWARDS & ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hutchinson, Minnesota for its financial report for the fiscal year ended December 31, 2020. The Certificate of Achievement is a prestigious national award recognizing the City's conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a certificate of achievement, a government must publish an easily readable and efficiently organized financial report, with contents conforming to program standards. Such financial report must satisfy both generally accepted accounting principles and applicable legal requirements. A certificate of achievement is valid for a period of one year. The City of Hutchinson has received a certificate of achievement award each year since fiscal year ended 1996. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

We would like to express our appreciation to all members of the finance department who assisted and contributed to the preparation of this report. Without their efficient and dedicated service, this report could not be accomplished. Special recognition is in order for Justin Juergensen, Assistant Finance Director, for his major contribution to the preparation and production of this report. We also thank Mayor Forcier and the City Council members for their interest and support in planning and conducting the financial operations of the City in a responsible manner.

Respectfully submitted,

### CITY OF HUTCHINSON

Matthew Jaunich  
City Administrator

Andrew J. Reid  
Finance Director

# City of Hutchinson Organizational Chart

**Citizens of Hutchinson**

**Mayor and City Council**

**City  
Administrator**

Airport Commission  
Bicycle/Pedestrian Advisory Committee  
Charter Commission  
City/School/Community Advisory Committee  
Library Board  
Economic Development Authority (EDA)  
Housing & Redevelopment Authority (HRA)

Parks/Recreation/Comm Ed. Advisory Board  
Planning Commission  
Police Civil Service Commission  
Senior Advisory Board  
Sustainability Committee  
Utilities Commission

**Economic  
Development  
Director**

**Human Resources  
Director**

**City Attorney**

**Motor Vehicle  
Supervisor**

**Information  
Technology  
Director**

**Compost  
Manager**

**Public Works  
Director &  
City Engineer**

Public Works Manager  
Water Supervisor  
Wastewater Supervisor

**Finance  
Director**

Asst. Fin Director

**PRCE  
Director**

Rec Facilities/Oper Mgr  
Rec Services Coordinator  
Parks Supervisor

**Fire  
Chief**

**Planning  
Director**

Building Officials  
Facilities Manager

**Liquor Sales  
Manager**

**Police Chief /  
Emergency  
Management**

Lieutenant  
Sergeants

## **CITY OFFICIALS**

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The City of Hutchinson operates under its own Home Rule Charter. The City is governed by the Council, consisting of the mayor (2-year term) and four council members elected at large (4-year staggered terms). The Council exercises legislative authority and determines all matters of policy.

<b><u>Council Members</u></b>	<b><u>Term Expires</u></b>
Gary Forcier, Mayor	12/31/2022
Mary Christensen	12/31/2022
Dave Sebesta	12/31/2022
Chad Czmowski	12/31/2024
Pat May	12/31/2024

### **City Administrator**

Matt Jaunich

### **Department Directors**

Police	Tom Gifferson	Legal	Marc Sebor
Fire	Mike Schumann	Informational Tech.	Tom Kloss
Public Works	Kent Exner	Human Resources	Brenda Ewing
Parks/Recreation	Lynn Neumann	Finance	Andy Reid
Planning	Dan Jochum	Motor Vehicle	Mary Filzen
EDA	Miles Seppelt	Liquor Store	Candice Woods
HRA	Judy Flemming	Compost/Refuse	Andy Kosek



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Hutchinson  
Minnesota**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2020

*Christopher P. Morill*

Executive Director/CEO



FINANCIAL SECTION  
CITY OF HUTCHINSON  
HUTCHINSON, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2021

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Hutchinson, Minnesota

### Report on the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Hutchinson, Minnesota (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

We did not audit the financial statements of the Hutchinson Public Utilities Commission, which is a major fund and 58 percent, 57 percent and 78 percent, respectively, of the assets, net position and revenues of the business-type activities. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hutchinson Public Utilities Commission mentioned above, is based solely on the reports of the other auditors.

#### **Emphasis of Matter – Prior Period Adjustment**

As described in Note 11, the City reported a prior period adjustment during 2021 to correctly state housing rehabilitation loans receivable. 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 starting on page 23 and the Schedules of Employer's Share of the Net Pension Liability, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios, the Schedules of Employer's Contributions, the related note disclosures, and the Schedule of Changes in the City's Total OPEB Liability and Related Ratios starting on page 114 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



### **Supplementary Information**

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2022, 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.



**Abdo**  
Mankato, Minnesota  
June 21, 2022



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## Management's Discussion and Analysis

As management of the City of Hutchinson, Minnesota (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2021. 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 starting on page 9 of this report.

### Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the 2021 fiscal year by \$225,162,825 (net position). Of this amount, \$54,145,123 may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$4,508,161 compared to an increase of \$7,722,389 in the previous year. Government-type activities increased by \$1,455,507 mainly due to an increase in charges for service as all recreational activities were open following their closure in 2020 due to COVID-19. Business-type activities net position increased by \$3,052,654 mainly due to an increase in charges for services related to electric and gas operations.
- As of the close of 2021, the City's combined governmental funds reported ending fund balances of \$28,161,003, an increase of \$4,548,371 in comparison with the prior year. The increase is due primarily to the issuance of bonds to finance the construction of a new police facility, offset by increased debt service for the early retirement of prior debt. The City issued bonds with a par value of \$7,320,000 to finance the 2021 police facility construction costs in addition to our annual bonding for roadway improvements in the amount of \$2,300,000. This resulted in an increase of \$7,215,000 when compared to the 2020 bonds issued. The principal amount of debt retired early totaled \$2,555,000. The debt payoff was completed with Community Improvement funds that were originally intended to finance costs for the new police facility. Paying off the prior debt with higher interest rates was more prudent than using those funds to reduce new debt at lower interest rates for the police facility project. Approximately \$1,301,646, or 4.6 percent, is available for spending at the City's discretion (unassigned fund balance).
- During the year, the City's governmental expenditures and financing uses totaled \$28,714,417 compared to \$33,262,788 generated in revenues and other financing sources for governmental programs.
- At the end of the current fiscal year, the fund balance for the General fund was \$8,342,253, or 61.5 percent of total General fund expenditures and transfers out. The unassigned fund balance of the General fund was \$2,752,309 or 20.3 percent of total General fund expenditures and transfers out.

## Overview of the Financial Statements

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 reflects how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

**Figure 1**  
**Required Components of the**  
**City's Annual Financial Report**

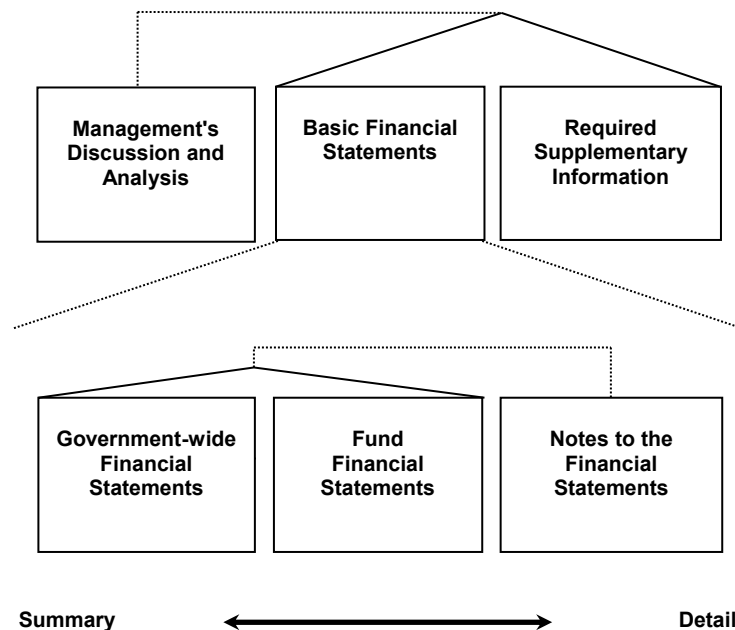




Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Figure 2**  
**Major Features of the Government-wide and Fund Financial Statements**

	<b>Government-wide Statements</b>	<b>Fund Financial Statements</b>	
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses and Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid.	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of outflow/inflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

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

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference 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 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 and earned but unused vacation leave).

Both 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, streets and highways, culture and recreation and housing and economic development. The business-type activities of the City include electric, natural gas, water, sewer, refuse, composting, storm water, and a municipal liquor store operation.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also two legally separate component units under the community redevelopment agency, the Economic Development Authority (EDA) and the Housing and Redevelopment Authority (HRA). Financial information for these component units is discretely presented in the government-wide financial statements.

The government-wide financial statements can be found starting on page 39 of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is 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. These statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions 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 financing requirement.

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 numerous individual governmental funds, many of which are Debt Service funds, which are reported as one major fund for financial reporting. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund and the Debt Service fund, both of which are considered to be major funds. Data from the other nonmajor 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 or schedules* elsewhere in the report.

The City adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided for the General fund on page 49 in this report to demonstrate compliance with this budget. The basic governmental fund financial statements can be found starting on page 44 of this report.

**Proprietary Funds.** The City 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 uses enterprise funds to account for its residential refuse pickup, compost, water and sewer, electric and gas, storm water, and liquor operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its central garage and insurance operations. Because both of these services predominantly benefit governmental rather than business-type functions, they 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 its operations that are considered to be major funds of the City. Both internal service funds balances have been incorporated into the functions of the governmental activities that benefited from these services. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found starting on page 50 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 65 of this report.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Hutchinson's share of net pension liabilities (assets) for defined benefits plans, schedules of contributions, and progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found starting on page 114 of this report.

**Other Information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund financial statements and schedules can be found starting on page 126 of this report.

Further, a statistical section has been included as part of the comprehensive annual financial report to facilitate additional analysis and can be found starting on page 184 of this report.

### **Government-wide Financial Analysis**

The two government-wide statements report the City's net position and how they have changed. The table below presents net position - the difference between the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources - is one way to measure the City's financial health, or position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City consider additional nonfinancial factors such as changes in the City's property tax base and the condition of the City's roads.

By far the largest portion of the City's net position (72.0 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its 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 Hutchinson's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Current and Other Assets	\$ 36,122,783	\$ 29,905,120	\$ 6,217,663	\$ 56,831,011	\$ 54,279,124	\$ 2,551,887
Capital Assets	88,244,990	86,461,306	1,783,684	131,980,607	132,752,883	(772,276)
Total Assets	<u>124,367,773</u>	<u>116,366,426</u>	<u>8,001,347</u>	<u>188,811,618</u>	<u>187,032,007</u>	<u>1,779,611</u>
Deferred Outflows of Resources	<u>4,148,092</u>	<u>1,761,343</u>	<u>2,386,749</u>	<u>3,135,206</u>	<u>602,561</u>	<u>2,532,645</u>
Noncurrent Liabilities	30,174,884	26,428,735	3,746,149	48,541,075	51,290,378	(2,749,303)
Other Liabilities	2,408,432	998,922	1,409,510	4,426,317	4,145,522	280,795
Total Liabilities	<u>32,583,316</u>	<u>27,427,657</u>	<u>5,155,659</u>	<u>52,967,392</u>	<u>55,435,900</u>	<u>(2,468,508)</u>
Deferred Inflows of Resources	<u>5,767,838</u>	<u>2,104,776</u>	<u>3,663,062</u>	<u>3,981,318</u>	<u>253,208</u>	<u>3,728,110</u>
Net Position						
Net investment in capital						
assets	68,307,217	66,566,111	1,741,106	93,747,446	92,049,992	1,697,454
Restricted	8,963,039	11,102,357	(2,139,318)	-	-	-
Unrestricted	<u>12,894,455</u>	<u>10,926,868</u>	<u>1,967,587</u>	<u>41,250,668</u>	<u>39,895,468</u>	<u>1,355,200</u>
Total Net Position	<u>\$ 90,164,711</u>	<u>\$ 88,595,336</u>	<u>\$ 1,569,375</u>	<u>\$ 134,998,114</u>	<u>\$ 131,945,460</u>	<u>\$ 3,052,654</u>

An additional portion of the City's net position (4.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (24.0 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of 2021, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

**Governmental Activities.** Governmental activities increased the City's net position by \$1,455,507, thereby accounting for 32.3 percent of the total growth in the net position of the City. Key elements of the activities are shown below:

### City of Hutchinson's Changes in Net Position

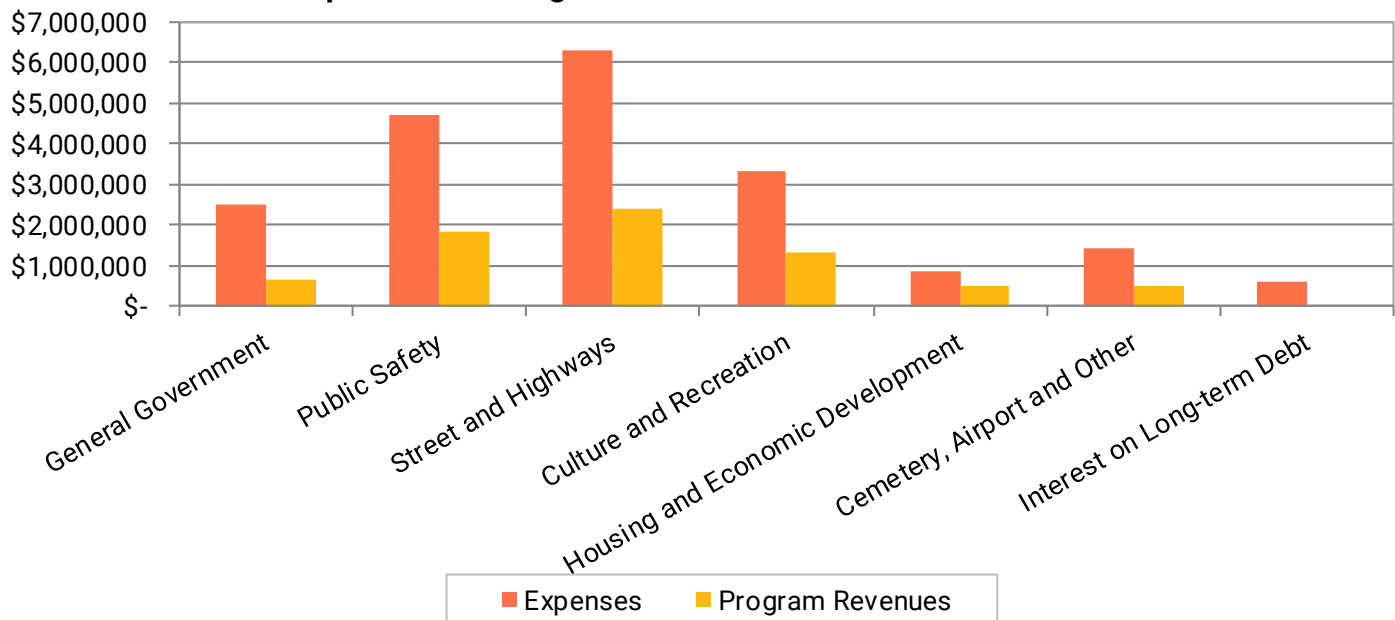
	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 4,258,912	\$ 3,348,309	\$ 910,603	\$ 63,262,600	\$ 58,475,863	\$ 4,786,737
Operating grants and contributions	2,055,168	1,962,884	92,284	16,146	17,483	(1,337)
Capital grants and contributions	906,335	1,759,802	(853,467)	227,296	298,848	(71,552)
General Revenues						
Property taxes/tax increments	7,636,822	7,488,603	148,219	-	-	-
Other taxes	633,594	486,963	146,631	1,751,928	1,571,978	179,950
Grants and contributions not restricted to specific programs	2,646,782	2,577,193	69,589	-	-	-
Unrestricted investment earnings	68,252	539,587	(471,335)	25,400	1,130,054	(1,104,654)
Other	5,077	-	5,077	-	-	-
Gain on sale of capital assets	138,006	97,194	40,812	102,802	120,746	(17,944)
Total Revenues	18,348,948	18,260,535	88,413	65,386,172	61,614,972	3,771,200
Expenses						
General government	2,490,920	3,020,058	(529,138)	-	-	-
Public safety	4,717,193	4,999,680	(282,487)	-	-	-
Streets and highways	6,273,183	5,771,299	501,884	-	-	-
Culture and recreation	3,339,956	3,117,665	222,291	-	-	-
Housing and economic development	859,162	1,332,749	(473,587)	-	-	-
Cemetery, airport and other	1,439,747	1,432,116	7,631	-	-	-
Interest on long-term debt	634,759	496,265	138,494	-	-	-
Electric	-	-	-	29,063,843	25,726,245	3,337,598
Natural gas	-	-	-	13,573,448	9,337,234	4,236,214
Water	-	-	-	2,497,449	2,515,244	(17,795)
Sewer	-	-	-	3,091,075	2,757,621	333,454
Refuse	-	-	-	1,188,408	1,202,458	(14,050)
Composting	-	-	-	2,603,527	2,704,006	(100,479)
Storm water	-	-	-	701,092	794,014	(92,922)
Liquor	-	-	-	6,753,197	6,946,464	(193,267)
Total Expenses	19,754,920	20,169,832	(414,912)	59,472,039	51,983,286	7,488,753
Increase (Decrease) in Net Position Before Transfers	(1,405,972)	(1,909,297)	503,325	5,914,133	9,631,686	(3,717,553)
Transfers	3,030,570	1,858,758	1,171,812	(3,030,570)	(1,858,758)	(1,171,812)
Contributed capital	(169,091)	-	(169,091)	169,091	-	169,091
Change in Net Position	1,455,507	(50,539)	1,506,046	3,052,654	7,772,928	(4,720,274)
Net Position - January 1	88,595,336	88,645,875	(50,539)	131,945,460	124,172,532	7,772,928
Prior Period Adjustment (Note 11)	113,868	-	113,868	-	-	-
Net Position - December 31	\$ 90,164,711	\$ 88,595,336	\$ 1,569,375	\$ 134,998,114	\$ 131,945,460	\$ 3,052,654

The City of Hutchinson governmental revenues increased and business-type activity revenue increased for 2021 while governmental expenses decreased and business-type expenses increased. Governmental revenues increased in 2021 primarily due to the return of recreational activities after the vast majority of them were suspended in 2020 due to COVID-19. This created an increase of \$910,603 in charges for services. These increased charges for services helped to offset the \$635,683 decrease in grants received in 2021 from 2020. This large decrease from 2020 was primarily due to the \$1,074,352 of CARES Act funding that was received in 2020. Decreases in governmental expenses were \$251,606, or 1.2 percent. Governmental expenses decreased in 2021, primarily due to the CARES Act monies spent in 2020 on various projects, including \$700,000 in grants for small business assistance as administered through the City's EDA.

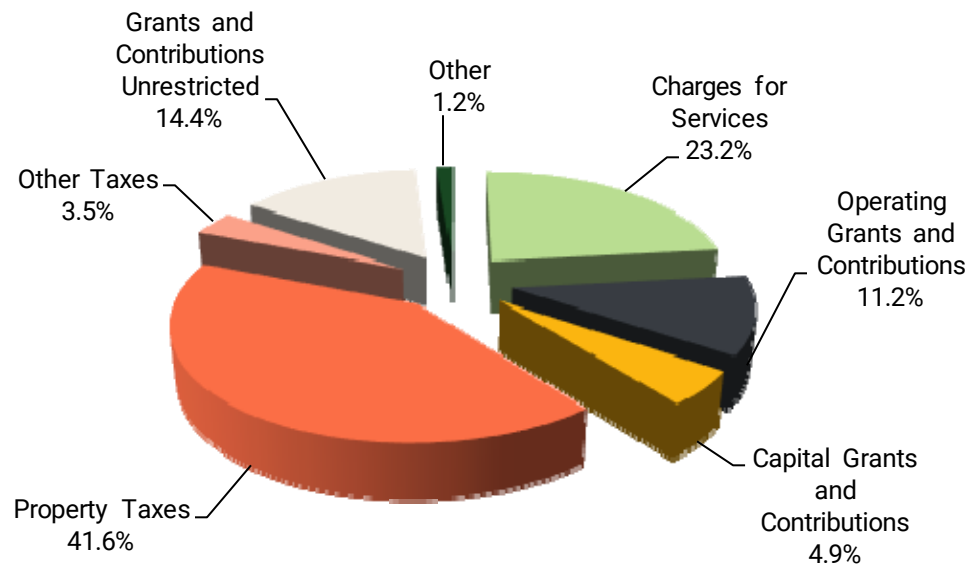
Business-type activities had an aggregate revenue increase of \$3,771,200 or 6.1 percent. The increase is due to a significant increase in charges for service for the Electric and Gas divisions based on customer demand. This increase is lessened by a major decrease in unrestricted investment earnings related to the market valuation adjustment for investments held. The Refuse, Water, Sewer, and Storm Water funds saw moderate revenue increases for the year, while the Compost and Liquor funds had moderate revenue decreases. As customers were able to return to restaurants and other establishments, the liquor business saw a minor decrease in sales that was partially offset by a decrease in cost of goods sold. Staff continued to see increasing freight costs and credit card fees. As a whole, business-type activities saw an aggregate expense increase of \$7,488,753 or 14.4 percent. Nearly all of this large increase can be attributed to the Electric and Gas divisions as a result of increased demand. The Electric and Gas divisions saw a nearly \$5 million increase in purchased power/gas for 2021 when comparing to 2020 due to rising natural gas prices. The Refuse, Water and Storm Water funds reflected a moderate increase in expenses for the year, while the Liquor, Compost and Sewer funds had moderate expense decreases.

The following graphs depict various governmental activities and show the revenue and expenses directly related to those activities.

### Expenses and Program Revenues - Governmental Activities

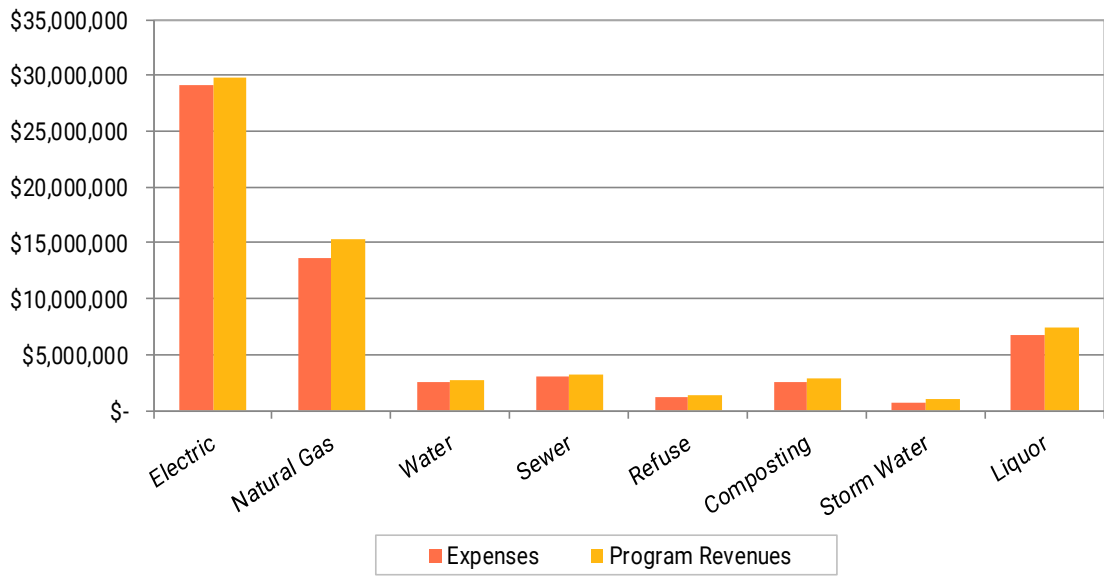


### Revenues by Source - Governmental Activities

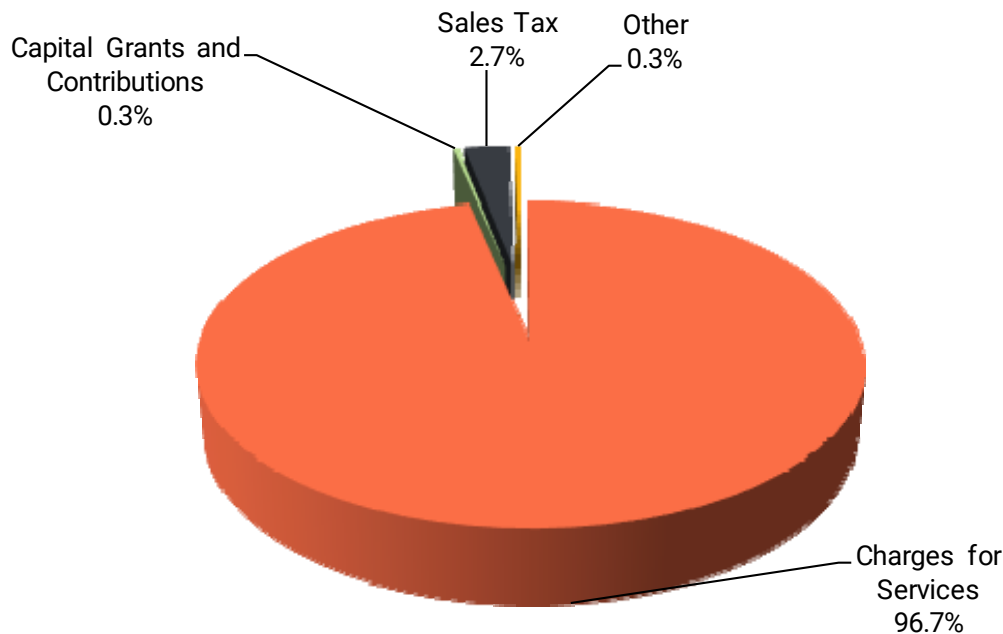


**Business-type Activities.** Business-type activities increased the City’s net position by \$3,052,654 for 2021, thereby accounting for 67.7 percent of the total growth in net position of the City. Key elements of the activities are shown below:

**Expenses and Program Revenues - Business - type Activities**



**Revenues by Source Business - type Activities**





## Financial Analysis of City's Funds

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

**Governmental Funds** - The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's 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.

The General fund is the chief operating fund of the City. At the end of 2021, fund balance of the General fund was \$8,342,253. During 2021, the fund balance of the General fund increased by \$176,756. One of the main factors for this fund balance increase was due to substantial revenues for building permits. In 2021, we continued to see new homes being constructed, at a valuation of more than \$7 million. Commercial and Industrial permits also were significantly higher than anticipated due to the beginning stages of our new Police facility, a large remodel at Uponor, a complete renovation of a downtown restaurant, as well as additions and remodels to several other commercial properties. Another contributing factor to our fund balance increase was in savings for Parks & Recreation wages. As starting wages for entry level positions rose drastically across the jobs market, the City was a bit behind and had difficulties in fully hiring our summer seasonal staff. These beginning wages have been revised for future years, but as a result of less staff than desired in 2021, the City saw some significant savings in this expense category. As a measure of the General fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Total fund balance represents 61.5 percent of total General fund expenditures and transfers out.

The Debt Service fund has a total fund balance of \$4,801,759, all of which is restricted for future debt service principal and interest. The Debt Service fund's fund balance decreased by \$1,360,933 during the current year mainly due to the early retirement of the City's 2009 – 2012 debt service funds.

**Proprietary Funds** - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Liquor fund operation sales decreased in 2021 by \$326,281 or 4.3 percent, while gross profit decreased by \$89,170 from 2020. The operating income decreased by \$137,036 due to both the decrease in gross profit along with an increase in personal services expenditures. The Municipal Liquor fund's net position at year end was \$1,430,158 which was an increase of \$41,477 from the previous year.

The Water fund's net position at year end was \$17,964,483, which was an increase of \$953,354 from the previous year.

The Sewer fund's net position at year end was \$25,051,641, which was an increase of \$952,839 from the previous year.

Rates in the Water and Sewer funds remained unchanged in 2021 and were last increased in 2011. The local sales tax of 0.5 percent in place since January 1, 2012 resulted in \$1.752 million of revenue for these two funds in 2021, an 11.5% increase from 2020. The local sales tax revenue is being used exclusively for debt service payments on the Water and Sewer facilities.

The City's Electric and Gas Utilities provide services to residents of the City. Increased electric and gas demand, offset by increased purchased power expenses, resulting in an operating income of \$3,030,842. The net position of the Utilities increased by \$653,314 in 2021.

## General Fund Budgetary Highlights

Several positive fluctuations in actual versus budgeted revenues resulted in a positive budget variance of \$42,812. Actual expenditures came in lower than budget by \$153,192. Significant budget variances are summarized below:

- Licenses and permit revenue exceeded the budget by \$184,239 due mainly to building permit activity.
- Investment earnings came in \$123,870 less than budgeted in 2021. This is primarily due to a \$108,845 decrease in the fair market value of our investments.
- The only expense category that expended more than budgeted was public safety. During 2021, the City completed the transition of our 9-1-1 responsibilities over to McLeod County. As part of this transition, the City was obligated to transfer our remaining E911 fund balance to the County, which resulted in an unplanned expense of \$170,343.
- Overall, General Fund expenditures were lower than budgeted by \$153,192 in 2021. The largest budgetary variance occurred in the culture and recreation category. Savings resulting from a retirement, coupled with less than anticipated seasonal wages were the main factors contributing to the \$268,364 budgetary savings. Another area where the City had less than budgeted expenditures was in the streets and highways category, which was \$101,235 less than budgeted. The vast majority of this variance took place due to major pieces of equipment functioning properly for the whole year, and not having the necessary repairs and maintenance that was anticipated.

## Capital Assets and Debt Administration

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of December 31, 2021, amounts to \$220,225,597 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure and improvements, machinery and equipment, office furniture and fixtures, automotive equipment and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was 0.5 percent (a 2.1 percent increase for governmental activities and a 0.6 percent decrease for business-type activities).

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

- The City completed the reconstruction of the parking lot at the recreation center.
- The City completed the extension of Jefferson Street as a part of the construction of the new Police Facility.
- The City purchased and completed the installation of a new tanker truck for the Fire Department.
- Creekside Soils completed its pipe extension project, allowing for nearly an extra acre for storage of their products on their landlocked property.

Additional information on the City's capital assets can be found in Note 3C starting on page 80 of this report.

### City of Hutchinson's Capital Assets (Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Land	\$ 9,071,306	\$ 8,992,736	\$ 78,570	\$ 1,994,381	\$ 1,994,381	\$ -
Buildings	6,866,806	7,190,510	(323,704)	18,852,158	19,938,963	(1,086,805)
Infrastructure and Improvements	62,030,776	64,632,089	(2,601,313)	104,315,501	105,856,170	(1,540,669)
Machinery and Equipment	2,132,764	2,190,204	(57,440)	3,686,794	3,922,606	(235,812)
Automotive Equipment	1,601,563	1,495,734	105,829	348,074	437,957	(89,883)
Construction in Progress	6,541,775	1,960,033	4,581,742	2,783,699	602,806	2,180,893
<b>Total</b>	<b>\$ 88,244,990</b>	<b>\$ 86,461,306</b>	<b>\$ 1,783,684</b>	<b>\$ 131,980,607</b>	<b>\$ 132,752,883</b>	<b>\$ (772,276)</b>

**Long-term Debt** - At the end of the current fiscal year, the City had total bonded debt outstanding of \$65,009,370. This consists of bonds secured by special assessments (\$16,595,000) and specified revenue sources (i.e., revenue bonds of \$40,619,370 and G.O. bonds of \$7,795,000).

### City of Hutchinson's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
G.O. Bonds	\$ 7,795,000	\$ -	\$ 7,795,000	\$ -	\$ -	\$ -
G.O. Improvement Bonds	16,595,000	19,415,000	(2,820,000)	-	-	-
G.O. Revenue Bonds	-	-	-	16,379,370	15,564,370	815,000
Revenue Bonds	-	-	-	24,240,000	26,480,000	(2,240,000)
Contracts and Notes	-	-	-	274,418	423,600	(149,182)
<b>Total</b>	<b>\$ 24,390,000</b>	<b>\$ 19,415,000</b>	<b>\$ 4,975,000</b>	<b>\$ 40,893,788</b>	<b>\$ 42,467,970</b>	<b>\$ (1,574,182)</b>

The City's total debt increased by \$3,400,818 during 2021. Issuances of debt totaled \$13,080,000 and long-term debt of \$9,679,182 was retired during the year.

Standard & Poor's rates the City of Hutchinson's 2021 bonds as "AA-". The revenue bonds of the Electric and Gas Utility fund are separately rated "Aa3" by Moody's Investor Service.

Additional information on the City's long-term debt can be found in Note 3F starting on page 86 of this report.

## **Economic Factors and Next Year's Budgets and Rates**

- Hutchinson had an average unemployment rate of 3.7 percent during the fiscal year end 2021. This is an estimate based on information obtained from the Minnesota Department of Employment and Economic Development, which compares favorably to the average rate of 5.4 percent in the City a year ago. This current rate compares unfavorably to the state average unemployment rate of 3.4 percent and favorably to the federal average unemployment rate of 5.3 percent.
- Inflationary trends in the region on average for fiscal year 2021 were similar to national indices (i.e. Consumer Price Index).

All of these factors were considered in preparing the City's budget for the 2022 fiscal year.

City management and City Council continually look at cooperative partnerships as a cost savings measure, reductions in program and service areas, and where personnel cost savings can be achieved while at the same time minimizing service impacts on the community. The City continues to rely on a 5-year budget model to predict long-term challenges that may be faced so that in the near-term they can be addressed. Every effort is made each year to provide a realistic balanced budget to maintain long-term financial viability for the City of Hutchinson.

Factors involved in balancing the 2022 General fund budget included a 3.2 percent tax levy increase to address rising costs.

Aquatic Center rates were increased for the first time in several years for 2022 following another year operating at a loss.

The City's LGA received from the state increased by \$22,013 in 2022 to a total of \$2,668,410. The City decided in 2021 to begin allocating the LGA as a 50/50 split between the General fund and the Capital Improvement Projects fund. This decision led to an additional \$65,732 being allocated to the General fund, for a total of \$1,334,205 which is being used to cover operating expenses. The remaining LGA is being reserved in the Capital Improvements Projects fund for General fund facility improvements, miscellaneous infrastructure maintenance, playground replacements, and other projects as approved by City Council.

The transfers in from the Compost fund increased in 2022 by \$10,000. The City also increased annual contributions towards the funding of General fund vehicles by \$25,000 in 2022.

The Storm Water fund rates were increased 3 percent in 2022 to address cash flow needs within the fund. Liquor license fees were brought back to full price for 2022, after a one-year 50% decrease to assist establishments during the COVID-19 pandemic. Water, Sewer and Refuse rates remained unchanged for the year. The Compost pricing has been adjusted either up or down depending on the product line for 2022. Pricing adjustments occurred based on the actual cost to produce a certain product line or to neutralize market pricing from competitors.

## **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Hutchinson, 111 Hassan Street Southeast, Hutchinson, Minnesota 55350.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF HUTCHINSON  
HUTCHINSON, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2021

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City of Hutchinson, Minnesota  
Statement of Net Position  
December 31, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Economic Development Authority	Housing and Redevelopment Authority
<b>Assets</b>					
Cash and temporary investments	\$ 29,412,879	\$ 43,690,374	\$ 73,103,253	\$ 154,248	\$ 2,773,424
Restricted assets	-	3,688,606	3,688,606	-	37,152
Receivables					
Interest	54,259	138,608	192,867	321	6,718
Delinquent taxes	92,316	-	92,316	-	-
Accounts, net of allowances	284,673	4,831,743	5,116,416	-	-
Sales taxes receivable	-	140,776	140,776	-	-
Notes	1,144,649	-	1,144,649	-	9,246
Special assessments	2,154,015	-	2,154,015	-	-
Intergovernmental	2,594,656	167,499	2,762,155	1,027	1,025
Internal balances	8,578	(8,578)	-	-	-
Due from component unit	9	-	9	-	-
Inventories	-	4,130,002	4,130,002	-	-
Prepaid items	5,000	51,981	56,981	-	5,052
Net pension asset	371,749	-	371,749	-	-
Capital assets					
Nondepreciable	15,613,081	4,778,080	20,391,161	-	92,775
Depreciable, net of accumulated depreciation	72,631,909	127,202,527	199,834,436	-	1,285,229
Total Assets	<u>124,367,773</u>	<u>188,811,618</u>	<u>313,179,391</u>	<u>155,596</u>	<u>4,210,621</u>
<b>Deferred Outflows of Resources</b>					
Deferred pension resources	4,093,848	3,110,947	7,204,795	51,944	-
Deferred other postemployment benefit resources	54,244	24,259	78,503	669	-
Total Deferred Outflows of Resources	<u>4,148,092</u>	<u>3,135,206</u>	<u>7,283,298</u>	<u>52,613</u>	<u>-</u>
<b>Liabilities</b>					
Accounts payable	921,040	3,312,875	4,233,915	1,449	22,041
Contracts payable	225,939	96,482	322,421	-	-
Due to primary government	-	-	-	9	-
Due to other governments	15,628	97,686	113,314	-	84,056
Accrued interest payable	256,767	261,865	518,632	-	-
Accrued salaries payable	176,747	343,858	520,605	2,748	3,309
Deposits payable	26	313,551	313,577	-	37,152
Unearned revenue	812,285	-	812,285	-	13,051
Noncurrent liabilities					
Due within one year					
Long-term liabilities	2,011,787	5,584,351	7,596,138	3,099	3,610
Due in more than one year					
Long-term liabilities	24,046,692	38,429,785	62,476,477	-	321,563
Net pension liability	3,639,795	4,236,635	7,876,430	69,007	-
Other postemployment benefits liability	476,610	290,304	766,914	5,879	-
Total Liabilities	<u>32,583,316</u>	<u>52,967,392</u>	<u>85,550,708</u>	<u>82,191</u>	<u>484,782</u>
<b>Deferred Inflows of Resources</b>					
Deferred pension resources	5,641,487	3,937,641	9,579,128	67,173	-
Deferred other postemployment benefit resources	126,351	43,677	170,028	1,558	-
Total Deferred Inflows of Resources	<u>5,767,838</u>	<u>3,981,318</u>	<u>9,749,156</u>	<u>68,731</u>	<u>-</u>
<b>Net Position</b>					
Net investment in capital assets	68,307,217	93,747,446	162,054,663	-	1,065,004
Restricted					
Debt service	5,946,516	-	5,946,516	-	-
Future loans	2,351,184	-	2,351,184	-	-
Public sites	246,618	-	246,618	-	-
Rural fire	23,761	-	23,761	-	-
Tax increment activities	367,503	-	367,503	-	-
Capital improvements	27,457	-	27,457	-	-
Unrestricted	<u>12,894,455</u>	<u>41,250,668</u>	<u>54,145,123</u>	<u>57,287</u>	<u>2,660,835</u>
Total Net Position	<u>\$ 90,164,711</u>	<u>\$ 134,998,114</u>	<u>\$ 225,162,825</u>	<u>\$ 57,287</u>	<u>\$ 3,725,839</u>

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

City of Hutchinson, Minnesota  
Statement of Activities  
For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 2,490,920	\$ 625,642	\$ 5,966	\$ 4,800
Public safety	4,717,193	1,152,422	432,290	267,902
Streets and highways	6,273,183	808,966	966,099	610,063
Culture and recreation	3,339,956	1,251,824	58,027	23,570
Housing and economic development	859,162	135,844	355,883	-
Miscellaneous	1,439,747	284,214	236,903	-
Interest on long-term debt	634,759	-	-	-
Total Governmental Activities	<u>19,754,920</u>	<u>4,258,912</u>	<u>2,055,168</u>	<u>906,335</u>
Business-type Activities				
Electric	29,063,843	29,763,957	-	-
Natural gas	13,573,448	15,264,718	-	-
Water	2,497,449	2,533,715	536	98,427
Sewer	3,091,075	3,165,477	788	128,869
Refuse	1,188,408	1,304,109	13,060	-
Composting	2,603,527	2,868,093	669	-
Storm water	701,092	1,019,255	276	-
Liquor	6,753,197	7,343,276	817	-
Total Business-type Activities	<u>59,472,039</u>	<u>63,262,600</u>	<u>16,146</u>	<u>227,296</u>
Total Primary Government	<u>\$ 79,226,959</u>	<u>\$ 67,521,512</u>	<u>\$ 2,071,314</u>	<u>\$ 1,133,631</u>
Component units				
Economic development	\$ 190,168	\$ 869	\$ 180	\$ -
Housing and redevelopment	<u>895,462</u>	<u>376,128</u>	<u>649,141</u>	<u>-</u>
Total Component Units	<u>\$ 1,085,630</u>	<u>\$ 376,997</u>	<u>\$ 649,321</u>	<u>\$ -</u>

General Revenues
Property taxes, levied for general purposes
Property taxes, levied for debt service
Tax increments
Sales tax
Hotel/motel tax
Franchise taxes
Grants and contributions not restricted to specific programs
Unrestricted investment earnings (loss)
Other revenues
Gain on sale of capital assets
Transfers
Capital contributions
Total General Revenues and Transfers

Change in Net Position

Net Position - January 1

Prior Period Adjustment (Note 11)

Net Position - December 31

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



Net (Expense) Revenue and  
Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Economic Development Authority	Housing and Redevelopment Authority
\$ (1,854,512)		\$ (1,854,512)		
(2,864,579)		(2,864,579)		
(3,888,055)		(3,888,055)		
(2,006,535)		(2,006,535)		
(367,435)		(367,435)		
(918,630)		(918,630)		
(634,759)		(634,759)		
<u>(12,534,505)</u>		<u>(12,534,505)</u>		
-	\$ 700,114	700,114		
-	1,691,270	1,691,270		
-	135,229	135,229		
-	204,059	204,059		
-	128,761	128,761		
-	265,235	265,235		
-	318,439	318,439		
-	590,896	590,896		
-	<u>4,034,003</u>	<u>4,034,003</u>		
<u>(12,534,505)</u>	<u>4,034,003</u>	<u>(8,500,502)</u>		
			\$ (189,119)	\$ -
			<u>-</u>	<u>129,807</u>
			<u>(189,119)</u>	<u>129,807</u>
5,436,822	-	5,436,822	199,437	199,095
2,200,000	-	2,200,000	-	-
296,729	-	296,729	-	-
-	1,751,928	1,751,928	-	-
124,033	-	124,033	-	-
212,832	-	212,832	-	-
2,646,782	-	2,646,782	-	-
68,252	25,400	93,652	(781)	15,224
5,077	-	5,077	-	-
138,006	102,802	240,808	-	-
3,030,570	(3,030,570)	-	-	-
(169,091)	169,091	-	-	-
<u>13,990,012</u>	<u>(981,349)</u>	<u>13,008,663</u>	<u>198,656</u>	<u>214,319</u>
1,455,507	3,052,654	4,508,161	9,537	344,126
88,595,336	131,945,460	220,540,796	47,750	3,381,713
<u>113,868</u>	<u>-</u>	<u>113,868</u>	<u>-</u>	<u>-</u>
<u>\$ 90,164,711</u>	<u>\$ 134,998,114</u>	<u>\$ 225,162,825</u>	<u>\$ 57,287</u>	<u>\$ 3,725,839</u>

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

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FUND FINANCIAL STATEMENTS

CITY OF HUTCHINSON  
HUTCHINSON, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2021

# City of Hutchinson, Minnesota

## Balance Sheet Governmental Funds December 31, 2021

	General	Debt Service	Other Governmental Funds	Total
<b>Assets</b>				
Cash and investments	\$ 7,940,621	\$ 4,395,717	\$ 15,699,905	\$ 28,036,243
Receivables				
Interest	19,543	-	31,609	51,152
Delinquent taxes	92,316	-	-	92,316
Accounts	258,227	-	26,434	284,661
Notes	-	-	1,144,649	1,144,649
Special assessments	-	1,400,718	753,297	2,154,015
Intergovernmental	720,407	8,605	1,865,347	2,594,359
Advances to other funds	-	397,785	972,465	1,370,250
Prepaid items	4,347	-	-	4,347
	<u>\$ 9,035,461</u>	<u>\$ 6,202,825</u>	<u>\$ 20,493,706</u>	<u>\$ 35,731,992</u>
<b>Liabilities</b>				
Accounts payable	\$ 384,151	\$ -	\$ 495,846	\$ 879,997
Contracts payable	-	-	225,939	225,939
Advances from other funds	-	-	1,370,250	1,370,250
Due to other governments	15,618	-	10	15,628
Accrued salaries payable	166,962	-	9,785	176,747
Deposits payable	26	-	-	26
Unearned revenue	34,135	-	778,150	812,285
Total Liabilities	<u>600,892</u>	<u>-</u>	<u>2,879,980</u>	<u>3,480,872</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue				
Interest receivable	-	348	-	348
Loan interest receivable	-	-	4,659	4,659
Taxes	92,316	-	-	92,316
Special assessments	-	1,400,718	753,297	2,154,015
Intergovernmental	-	-	1,838,779	1,838,779
Total Deferred Inflows of Resources	<u>92,316</u>	<u>1,401,066</u>	<u>2,596,735</u>	<u>4,090,117</u>
<b>Fund Balances</b>				
Nonspendable	4,347	-	-	4,347
Restricted	-	4,801,759	8,582,677	13,384,436
Committed	5,585,597	-	2,214,322	7,799,919
Assigned	-	-	5,670,655	5,670,655
Unassigned	2,752,309	-	(1,450,663)	1,301,646
Total Fund Balances	<u>8,342,253</u>	<u>4,801,759</u>	<u>15,016,991</u>	<u>28,161,003</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 9,035,461</u>	<u>\$ 6,202,825</u>	<u>\$ 20,493,706</u>	<u>\$ 35,731,992</u>

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

City of Hutchinson, Minnesota  
Reconciliation of the Balance Sheet  
to the Statement of Net Position  
Governmental Funds  
December 31, 2021

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

Total Fund Balances - Governmental Funds	\$ 28,161,003
Long-term assets from pension reported in governmental activities are not financial resources and therefore are not reported as assets in the funds.	371,749
Net capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	85,851,441
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Noncurrent liabilities at year-end consist of	
Severance payable	(549,893)
Other postemployment benefit liability	(476,610)
Net pension liability	(3,639,795)
Bonds payable	(24,335,000)
Bond premiums issued, net of accumulated amortization	(1,118,586)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Interest receivable	5,007
Delinquent property taxes receivable	92,316
Special assessments receivable	2,154,015
Intergovernmental receivable	1,838,779
Governmental funds do not report long-term amounts related to pensions and other post employment benefits.	
Deferred outflows of pension resources	4,093,848
Deferred inflows of pension resources	(5,641,487)
Deferred outflows of other postemployment benefit resources	54,244
Deferred inflows of other postemployment benefit resources	(126,351)
Governmental funds do not report a liability for accrued interest until due and payable.	(256,309)
Internal service funds are used by management to charge the costs of various services to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.	<u>3,686,340</u>
Total Net Position - Governmental Activities	<u>\$ 90,164,711</u>

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

City of Hutchinson, Minnesota  
Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2021

	General	Debt Service	Other Governmental Funds	Total
Revenues				
Taxes	\$ 5,745,790	\$ 2,141,095	\$ 310,462	\$ 8,197,347
Special assessments	-	580,499	33,815	614,314
Licenses and permits	564,539	-	-	564,539
Intergovernmental	1,840,677	-	2,825,091	4,665,768
Charges for services	2,439,057	-	519,639	2,958,696
Fines and forfeits	45,356	-	-	45,356
Investment earnings (loss)	(43,870)	111,430	60,059	127,619
Miscellaneous	424,213	-	515,813	940,026
Total Revenues	<u>11,015,762</u>	<u>2,833,024</u>	<u>4,264,879</u>	<u>18,113,665</u>
Expenditures				
Current				
General government	2,464,006	-	-	2,464,006
Public safety	5,044,986	-	166,292	5,211,278
Streets and highways	1,845,246	-	571,744	2,416,990
Culture and recreation	2,903,172	-	60,522	2,963,694
Housing and economic development	-	-	775,348	775,348
Miscellaneous	1,105,590	-	-	1,105,590
Capital outlay				
General government	5,827	-	140,685	146,512
Public safety	29,832	-	2,397,942	2,427,774
Streets and highways	10,000	-	3,978,641	3,988,641
Culture and recreation	17,587	-	209,236	226,823
Housing and economic development	-	-	127,070	127,070
Miscellaneous	8,554	-	8,580	17,134
Debt service				
Principal	-	4,490,000	-	4,490,000
Interest and other	-	483,631	26,624	510,255
Bond issuance costs	-	-	143,484	143,484
Total Expenditures	<u>13,434,800</u>	<u>4,973,631</u>	<u>8,606,168</u>	<u>27,014,599</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,419,038)</u>	<u>(2,140,607)</u>	<u>(4,341,289)</u>	<u>(8,900,934)</u>
Other Financing Sources (Uses)				
Sale of capital assets	7,000	-	34,628	41,628
Transfers in	2,723,192	911,131	1,142,065	4,776,388
Bonds issued	-	-	9,620,000	9,620,000
Premium on bonds issued	-	-	711,107	711,107
Transfers out	(134,398)	(131,457)	(1,433,963)	(1,699,818)
Total Other Financing Sources (Uses)	<u>2,595,794</u>	<u>779,674</u>	<u>10,073,837</u>	<u>13,449,305</u>
Net Change in Fund Balances	176,756	(1,360,933)	5,732,548	4,548,371
Fund Balances, January 1	8,165,497	6,162,692	9,170,575	23,498,764
Prior Period Adjustment (Note 11)	-	-	113,868	113,868
Fund Balances, December 31	<u>\$ 8,342,253</u>	<u>\$ 4,801,759</u>	<u>\$ 15,016,991</u>	<u>\$ 28,161,003</u>

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

City of Hutchinson, Minnesota  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Governmental Funds  
For the Year Ended December 31, 2021

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

Net Change in Fund Balances - Governmental Funds	\$ 4,548,371
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.	
Capital outlay	6,223,649
Depreciation expense	(4,168,033)
The net effect of various miscellaneous transactions involving capital assets is to increase (decrease) net position.	
Sale/disposal of capital assets	(46,437)
Capital contributions to business-type activities, net	(169,091)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Principal repayments	4,490,000
Debt issued or incurred	(9,620,000)
Premium on bonds issued, net of amortization expense	(645,910)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the 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.	
	(52,378)
Long-term pension activity is not reported in governmental funds.	
Pension expense	896,432
Direct aid contributions	29,241
Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.	
Property taxes/tax increments	14,164
Special assessments	(168,527)
Intergovernmental	217,784
Interest earnings	(49,713)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(18,257)
Other postemployment benefits costs	(1,793)
Internal service funds are used by management to charge the costs of various services to individual funds. The net revenues of certain activities of internal service funds is reported with governmental activities.	
	(23,995)
Change in Net Position - Governmental Activities	<u>\$ 1,455,507</u>

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

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City of Hutchinson, Minnesota  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
General Fund  
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 5,747,778	\$ 5,747,778	\$ 5,745,790	\$ (1,988)
Licenses and permits	380,300	380,300	564,539	184,239
Intergovernmental	1,841,220	1,841,220	1,840,677	(543)
Charges for services	2,498,500	2,498,500	2,439,057	(59,443)
Fines and forfeits	55,000	55,000	45,356	(9,644)
Investment earnings (loss)	80,000	80,000	(43,870)	(123,870)
Miscellaneous	370,152	370,152	424,213	54,061
Total Revenues	<u>10,972,950</u>	<u>10,972,950</u>	<u>11,015,762</u>	<u>42,812</u>
Expenditures				
Current				
General government	2,500,473	2,500,473	2,464,006	36,467
Public safety	4,823,141	4,823,141	5,044,986	(221,845)
Streets and highways	1,946,481	1,946,481	1,845,246	101,235
Culture and recreation	3,171,536	3,171,536	2,903,172	268,364
Miscellaneous	1,126,361	1,126,361	1,105,590	20,771
Capital outlay				
General government	-	-	5,827	(5,827)
Public safety	20,000	20,000	29,832	(9,832)
Streets and highways	-	-	10,000	(10,000)
Culture and recreation	-	-	17,587	(17,587)
Miscellaneous	-	-	8,554	(8,554)
Total Expenditures	<u>13,587,992</u>	<u>13,587,992</u>	<u>13,434,800</u>	<u>153,192</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,615,042)</u>	<u>(2,615,042)</u>	<u>(2,419,038)</u>	<u>196,004</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	-	7,000	7,000
Transfers in	2,723,192	2,723,192	2,723,192	-
Transfers out	(108,150)	(108,150)	(134,398)	(26,248)
Total Other Financing Sources (Uses)	<u>2,615,042</u>	<u>2,615,042</u>	<u>2,595,794</u>	<u>(19,248)</u>
Net Change in Fund Balances	-	-	176,756	176,756
Fund Balances, January 1	<u>8,165,497</u>	<u>8,165,497</u>	<u>8,165,497</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 8,165,497</u>	<u>\$ 8,165,497</u>	<u>\$ 8,342,253</u>	<u>\$ 176,756</u>

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

City of Hutchinson, Minnesota  
Statement of Net Position (Continued on the Following Pages)  
Proprietary Funds  
December 31, 2021

	Business-type Activities - Enterprise Funds	
	<b>601</b>	<b>602</b>
	<u>Water</u>	<u>Sewer</u>
Assets		
Current Assets		
Cash and investments	\$ 3,768,563	\$ 9,572,335
Receivables		
Interest	9,478	21,732
Accounts, net of allowance of \$73,427	229,993	348,008
Sales tax	-	-
Intergovernmental	75,356	74,415
Advances to other funds	-	35,921
Inventories	-	-
Prepaid items	-	-
Total Current Assets	<u>4,083,390</u>	<u>10,052,411</u>
Noncurrent Assets		
Restricted assets		
Cash and investments	-	-
Advances to other funds	-	36,999
Capital assets		
Land	16,282	311,915
Buildings and structures	17,698,455	28,270,454
Infrastructure and improvements	19,450,658	21,765,124
Machinery and equipment	3,572,738	7,395,215
Automotive equipment	87,948	463,056
Construction in progress	66,172	2,679,970
Less accumulated depreciation	(20,398,013)	(35,332,538)
Total Capital Assets		
(Net of Accumulated Depreciation)	<u>20,494,240</u>	<u>25,553,196</u>
Total Noncurrent Assets	<u>20,494,240</u>	<u>25,590,195</u>
Total Assets	<u>24,577,630</u>	<u>35,642,606</u>
Deferred Outflows of Resources		
Deferred pension resources	156,075	227,248
Deferred other postemployment benefit resources	3,349	4,688
Total Deferred Outflows of Resources	<u>159,424</u>	<u>231,936</u>

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

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Public Utilities Commission	Other Enterprise Funds	Total	
\$ 24,267,648	\$ 6,081,828	\$ 43,690,374	\$ 1,376,636
94,416	12,982	138,608	3,107
3,824,441	429,301	4,831,743	12
140,776	-	140,776	-
-	17,728	167,499	297
-	-	35,921	-
2,184,064	1,945,938	4,130,002	-
47,047	4,934	51,981	653
<u>30,558,392</u>	<u>8,492,711</u>	<u>53,186,904</u>	<u>1,380,705</u>
3,688,606	-	3,688,606	-
-	-	36,999	-
559,528	1,106,656	1,994,381	-
-	4,043,558	50,012,467	-
157,801,555	7,911,667	206,929,004	-
-	4,683,408	15,651,361	2,017,048
-	859,925	1,410,929	3,797,779
37,557	-	2,783,699	49,627
<u>(82,858,982)</u>	<u>(8,211,701)</u>	<u>(146,801,234)</u>	<u>(3,470,905)</u>
<u>75,539,658</u>	<u>10,393,513</u>	<u>131,980,607</u>	<u>2,393,549</u>
<u>79,228,264</u>	<u>10,393,513</u>	<u>135,706,212</u>	<u>2,393,549</u>
<u>109,786,656</u>	<u>18,886,224</u>	<u>188,893,116</u>	<u>3,774,254</u>
2,168,819	558,805	3,110,947	-
5,509	10,713	24,259	-
<u>2,174,328</u>	<u>569,518</u>	<u>3,135,206</u>	<u>-</u>

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

City of Hutchinson, Minnesota  
Statement of Net Position (Continued)  
Proprietary Funds  
December 31, 2021

	Business-type Activities - Enterprise Funds	
	601	602
	Water	Sewer
Liabilities		
Current Liabilities		
Accounts payable	\$ 36,640	\$ 257,472
Contracts payable	-	96,482
Advances from other funds	-	-
Due to other governments	1,548	-
Accrued interest payable	64,075	98,441
Accrued salaries payable	8,679	12,464
Accrued vacation payable	17,244	35,836
Deposits payable	-	-
Current portion of debt	1,303,000	1,279,000
Total Current Liabilities	<u>1,431,186</u>	<u>1,779,695</u>
Noncurrent Liabilities		
Advances from other funds	-	-
Accrued vacation payable	12,278	6,433
Other postemployment benefit liability	29,426	41,194
Net pension liability	220,733	302,545
Capital leases and notes payable	-	-
Bonds payable	6,173,656	9,667,302
Less current portion of debt	(1,303,000)	(1,279,000)
Total Noncurrent Liabilities	<u>5,133,093</u>	<u>8,738,474</u>
Total Liabilities	<u>6,564,279</u>	<u>10,518,169</u>
Deferred pension resources	200,491	293,811
Deferred other postemployment benefit resources	7,801	10,921
Total Deferred Inflows of Resources	<u>208,292</u>	<u>304,732</u>
Net Position		
Net investment in capital assets	14,320,584	17,094,170
Unrestricted	3,643,899	7,957,471
Total Net Position	<u>\$ 17,964,483</u>	<u>\$ 25,051,641</u>

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

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Public Utilities Commission	Other Enterprise Funds	Total	
\$ 2,586,056	\$ 432,707	\$ 3,312,875	\$ 41,043
-	-	96,482	-
-	35,921	35,921	-
-	96,138	97,686	-
75,075	24,274	261,865	458
291,596	31,119	343,858	-
29,757	64,846	147,683	-
313,551	-	313,551	-
2,649,065	205,603	5,436,668	55,000
5,945,100	890,608	10,046,589	96,501
-	36,999	36,999	-
688,640	29,059	736,410	-
125,549	94,135	290,304	-
2,959,420	753,937	4,236,635	-
-	274,418	274,418	-
25,685,097	1,329,570	42,855,625	55,000
(2,649,065)	(205,603)	(5,436,668)	(55,000)
26,809,641	2,312,515	42,993,723	-
32,754,741	3,203,123	53,040,312	96,501
2,721,857	721,482	3,937,641	-
-	24,955	43,677	-
2,721,857	746,437	3,981,318	-
53,543,167	8,789,525	93,747,446	2,338,549
22,941,219	6,716,657	41,259,246	1,339,204
<u>\$ 76,484,386</u>	<u>\$ 15,506,182</u>	135,006,692	<u>\$ 3,677,753</u>

Adjustment to reflect the consolidation  
of internal service fund activities  
related to enterprise funds. (8,578)

Net position of business-type  
activities \$ 134,998,114

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

City of Hutchinson, Minnesota  
Statement of Revenues, Expenses, and Changes in Net Position (Continued on the Following Pages)  
Proprietary Funds  
For the Year Ended December 31, 2021

	Business-type Activities Enterprise Funds	
	601	602
	Water	Sewer
Operating Revenues		
Sales	\$ -	\$ -
Cost of sales	-	-
Gross Profit	-	-
Charges for services	2,444,464	3,129,949
Penalties	4,148	4,536
Other operating revenue	536	788
Total Operating Revenues	2,449,148	3,135,273
Operating Expenses		
Personal services	524,193	744,271
Supplies and maintenance	154,362	204,245
Other services and charges	522,708	813,856
Depreciation and depletion	1,139,427	1,108,374
Production	-	-
Purchased power/gas	-	-
Transmission	-	-
Distribution	-	-
Customer accounts expense	-	-
Sales expense	-	-
Administration and general	-	-
Total Operating Expenses	2,340,690	2,870,746
Operating Income (Loss)	108,458	264,527
Nonoperating Revenues (Expenses)		
Property taxes	-	-
Sales tax	875,964	875,964
Interest earnings (loss)	(5,134)	1,873
Rents	69,968	4,700
Merchandise and contract work, net	-	-
Other income	15,135	26,292
Gain (loss) on sale of capital assets	9,494	-
Interest expense - bonds	(183,131)	(242,017)
Bond premium amortization	26,112	21,404
Total Nonoperating Revenues (Expenses)	808,408	688,216

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

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Public Utilities Commission	Other Enterprise Funds	Total	
\$ -	\$ 10,198,375	\$ 10,198,375	\$ -
-	(7,524,209)	(7,524,209)	-
-	2,674,166	2,674,166	-
43,073,758	2,310,906	50,959,077	442,191
-	2,998	11,682	-
1,829,095	36,902	1,867,321	-
44,902,853	5,024,972	55,512,246	442,191
-	1,647,520	2,915,984	-
-	224,161	582,768	-
-	1,229,030	2,565,594	110,324
4,431,549	559,101	7,238,451	434,456
5,052,088	-	5,052,088	-
23,570,638	-	23,570,638	-
3,339,575	-	3,339,575	-
2,430,749	-	2,430,749	-
437,379	-	437,379	-
211,321	-	211,321	-
2,398,712	-	2,398,712	-
41,872,011	3,659,812	50,743,259	544,780
3,030,842	1,365,160	4,768,987	(102,589)
-	-	-	58,905
-	-	1,751,928	-
43,804	(15,143)	25,400	(9,654)
-	-	74,668	-
(38,938)	-	(38,938)	-
164,760	-	206,187	-
85,318	(815)	93,997	68,517
(984,345)	(59,400)	(1,468,893)	(1,358)
219,065	5,652	272,233	7,519
(510,336)	(69,706)	916,582	123,929

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

City of Hutchinson, Minnesota  
Statement of Revenues, Expenses, and Changes in Net Position (Continued)  
Proprietary Funds  
For the Year Ended December 31, 2021

	Business-type Activities Enterprise Funds	
	<b>601</b>	<b>602</b>
	Water	Sewer
Income Before Contributions and Transfers	\$ 916,866	\$ 952,743
Capital Contributions From Other Funds	57,153	41,913
Capital Contributions From Others	-	-
Other Capital Contributions		
Special assessments	374	-
Connection fees	98,053	128,869
Transfers Out	(119,092)	(170,686)
Change in Net Position	953,354	952,839
Net Position, January 1	17,011,129	24,098,802
Net Position, December 31	<u>\$ 17,964,483</u>	<u>\$ 25,051,641</u>

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



Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Public Utilities Commission	Other Enterprise Funds	Total	
\$ 2,520,506	\$ 1,295,454	\$ 5,685,569	\$ 21,340
-	70,025	169,091	-
-	-	-	2,000
-	-	374	-
-	-	226,922	-
<u>(1,867,192)</u>	<u>(873,600)</u>	<u>(3,030,570)</u>	<u>(46,000)</u>
653,314	491,879	3,051,386	(22,660)
<u>75,831,072</u>	<u>15,014,303</u>	<u>131,955,306</u>	<u>3,700,413</u>
<u>\$ 76,484,386</u>	<u>\$ 15,506,182</u>	<u>\$ 135,006,692</u>	<u>\$ 3,677,753</u>
Change in net position as shown above		\$ 3,051,386	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		<u>1,268</u>	
Change in net position of business-type activities.		<u>\$ 3,052,654</u>	

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

City of Hutchinson, Minnesota  
Statement of Cash Flows (Continued on the Following Pages)  
Proprietary Funds  
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds	
	601	602
	Water	Sewer
Cash Flows from Operating Activities		
Receipts from customers	\$ 2,427,776	\$ 3,080,996
Receipts from interfund services provided	-	-
Other receipts	85,103	30,992
Payments to vendors and suppliers	(834,483)	(1,209,770)
Payments to or on behalf of employees	(524,148)	(756,149)
Net Cash Provided by Operating Activities	<u>1,154,248</u>	<u>1,146,069</u>
Cash Flows from Noncapital Financing Activities		
Transfers out	<u>(119,092)</u>	<u>(170,686)</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	-	(2,203,691)
Capital grants and contributions received	-	-
Proceeds from sale of capital assets	9,494	-
Property taxes received	-	-
Sales tax received	875,964	875,964
Special assessments received	374	-
Connection fees collected	98,053	128,869
Net proceeds from issuance of debt	-	4,053,328
Principal paid on long-term debt	(1,269,000)	(1,236,000)
Interest paid on long-term debt	(196,003)	(205,360)
Interfund advance activity for capital improvements	-	34,876
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(481,118)</u>	<u>1,447,986</u>
Cash Flows from Investing Activities		
Interest received (paid) on investments	<u>(2,927)</u>	<u>5,267</u>
Net Increase (Decrease) in Cash and Cash Equivalents	551,111	2,428,636
Cash and Cash Equivalents, January 1	<u>3,217,452</u>	<u>7,143,699</u>
Cash and Cash Equivalents, December 31	<u>\$ 3,768,563</u>	<u>\$ 9,572,335</u>
Cash and Cash Equivalents, Reported on Statement of Net Position		
Unrestricted cash and investments	\$ 3,768,563	\$ 9,572,335
Restricted cash and investments	-	-
Total Cash and Cash Equivalents	<u>\$ 3,768,563</u>	<u>\$ 9,572,335</u>

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

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Public Utilities Commission	Other Enterprise Funds	Total	
\$ 42,609,364	\$ 12,647,427	\$ 60,765,563	\$ -
-	-	-	442,191
1,938,388	-	2,054,483	-
(32,546,999)	(9,319,093)	(43,910,345)	(162,192)
(5,099,449)	(1,671,743)	(8,051,489)	-
<u>6,901,304</u>	<u>1,656,591</u>	<u>10,858,212</u>	<u>279,999</u>
 (1,867,192)	 (873,600)	 (3,030,570)	 (46,000)
 (3,269,717)	 (547,570)	 (6,020,978)	 (374,785)
-	-	-	2,000
117,891	179,618	307,003	98,230
-	-	-	59,787
-	-	1,751,928	-
-	-	374	-
-	-	226,922	-
-	-	4,053,328	-
(2,240,000)	(289,182)	(5,034,182)	(155,000)
(991,812)	(63,399)	(1,456,574)	(2,650)
<u>-</u>	<u>-</u>	<u>34,876</u>	<u>-</u>
 (6,383,638)	 (720,533)	 (6,137,303)	 (372,418)
 47,374	 (8,833)	 40,881	 (7,905)
 (1,302,152)	 53,625	 1,731,220	 (146,324)
<u>29,258,406</u>	<u>6,028,203</u>	<u>45,647,760</u>	<u>1,522,960</u>
<u>\$ 27,956,254</u>	<u>\$ 6,081,828</u>	<u>\$ 47,378,980</u>	<u>\$ 1,376,636</u>
 \$ 24,267,648	 \$ 6,081,828	 43,690,374	 \$ 1,376,636
<u>3,688,606</u>	<u>-</u>	<u>3,688,606</u>	<u>-</u>
<u>\$ 27,956,254</u>	<u>\$ 6,081,828</u>	<u>\$ 47,378,980</u>	<u>\$ 1,376,636</u>

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

City of Hutchinson, Minnesota  
Statement of Cash Flows (Continued)  
Proprietary Funds  
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds	
	601	602
	Water	Sewer
Reconciliation of Operating Income (Loss) to Net Cash		
Provided by Operating Activities		
Operating income (loss)	\$ 108,458	\$ 264,527
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Other income related to operations	85,103	30,992
Depreciation and amortization (see note below)	1,139,427	1,108,374
Pension related adjustments	-	-
(Increase) decrease in assets		
Accounts receivable	(23,342)	(56,439)
Due from other governments	1,970	2,162
Inventories	-	-
Prepaid items	3,097	2,290
(Increase) decrease in deferred outflows of resources		
Deferred pension resources	(126,089)	(185,389)
Deferred other postemployment benefit resources	(1,834)	(2,037)
Increase (decrease) in liabilities		
Accounts payable	(160,536)	(193,959)
Due to other governments	26	-
Advances from other funds	-	-
Accrued salaries payable	2,160	3,029
Accrued vacation payable	4,686	4,570
Deposits payable	-	-
Other postemployment benefit liability	4,197	(2,944)
Net pension liability	(76,417)	(112,257)
Increase (decrease) in deferred inflows of resources		
Deferred pension resources	187,560	275,761
Deferred other postemployment benefit resources	5,782	7,389
Net Cash Provided by Operating Activities	<u>\$ 1,154,248</u>	<u>\$ 1,146,069</u>

Note: Depreciation expense for the Composting fund includes \$160,716 allocated to costs of good sold.

Schedule of Noncash Investing, Capital and Financing Activities		
Capital contributions from other funds	\$ 57,153	\$ 41,913
Gain (loss) on disposal of capital assets	\$ -	\$ -
Book value of disposed/traded capital assets	\$ -	\$ -
Capital assets acquired on account	\$ 120,801	\$ 368,311
Amortization of bond (premium) discount	\$ (26,112)	\$ (21,404)

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

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Public Utilities Commission	Other Enterprise Funds	Total	
\$ 3,030,842	\$ 1,365,160	\$ 4,768,987	\$ (102,589)
125,822	-	241,917	-
4,431,549	559,101	7,238,451	434,456
(274,004)	-	(274,004)	-
(369,409)	56,369	(392,821)	-
-	41,877	46,009	-
(222,681)	(258,789)	(481,470)	-
(17,459)	5,474	(6,598)	(653)
-	(455,493)	(766,971)	-
-	(5,031)	(8,902)	-
291,613	(52,766)	(115,648)	(51,215)
-	(736)	(710)	-
-	(34,876)	(34,876)	-
(5,088)	7,135	7,236	-
9,146	5,148	23,550	-
(111,514)	-	(111,514)	-
12,487	(461)	13,279	-
-	(269,838)	(458,512)	-
-	676,931	1,140,252	-
-	17,386	30,557	-
<u>\$ 6,901,304</u>	<u>\$ 1,656,591</u>	<u>\$ 10,858,212</u>	<u>\$ 279,999</u>

<u>\$ -</u>	<u>\$ 70,025</u>	<u>\$ 169,091</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,517</u>
<u>\$ 32,573</u>	<u>\$ 180,433</u>	<u>\$ 213,006</u>	<u>\$ 29,713</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 489,112</u>	<u>\$ 32,980</u>
<u>\$ (219,065)</u>	<u>\$ (5,652)</u>	<u>\$ (272,233)</u>	<u>\$ -</u>

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

City of Hutchinson, Minnesota  
Statement of Fiduciary Net Position  
Fiduciary Fund  
December 31, 2021

	Custodial Fund State
Assets	
Cash and investments	<u>\$ 15,658</u>
Liabilities	
Due to primary government	<u>\$ 10,000</u>
Total Liabilities	
Net Position	
Restricted	
Other governments	<u><u>\$ 5,658</u></u>

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

City of Hutchinson, Minnesota  
Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
For the Year Ended December 31, 2021

	Custodial Fund State
Additions	
Fees collected on behalf of the state	\$ 4,912,204
Deductions	
Payments to state	<u>4,915,352</u>
Net Increase (Decrease) in Fiduciary Net Position	(3,148)
Net Position, January 1	<u>8,806</u>
Net Position, December 31	<u><u>\$ 5,658</u></u>

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

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City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies**

**A. Reporting Entity**

The City of Hutchinson (the City) operates under its own Home Rule Charter. The City is governed by an elected mayor and a four-member council. The Council exercises legislative authority and determines all matters of policy. The Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. Each discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separate from the City. Each discretely presented component unit has a December 31 year end.

**Discretely Presented Component Units.** The Hutchinson Housing and Redevelopment Authority (HRA) was created pursuant to Minnesota statutes to carry out housing and redevelopment within the City in accordance with policies established by the City Council. The HRA is presented as a discretely presented component unit as a proprietary fund type. It is classified as a discretely presented component unit because the five-member board consists of five mayor-approved members, the HRA may not exercise any of the powers enumerated by the authorizing statutes without prior approval of the City Council, the HRA does not provide services entirely, or almost entirely, to the City and there is no debt that is expected to be repaid almost entirely with the City's resources. Separate financial statements for the HRA may be obtained at the City's offices.

The Hutchinson Economic Development Authority (EDA) was created pursuant to Minnesota statutes 469.090 through 469.108 to carry out economic and industrial development and redevelopment within the City in accordance with policies established by the City Council. The EDA is presented as a discretely presented component unit as a governmental fund type. It is classified as a discretely presented component unit because the seven-member board consists of two Council members and five other Council approved members, the EDA may not exercise any of the powers enumerated by the authorizing statutes without prior approval of the City Council, the EDA does not provide services entirely, or almost entirely, to the City and there is no debt that is expected to be repaid almost entirely with the City's resources. Separate financial statements are not issued for this component unit.

**Other Agencies.** The Hutchinson Public Utilities Commission (PUC) was established and statutory authority is provided in accordance with chapter 412.321 of the Minnesota statutes. The Commission has five Council approved members who serve overlapping five-year terms for no more than two successive terms. The statutes provide the City Council all the discretionary authority necessary to operate the utilities except as its powers has been delegated to the Commission. The PUC fund is considered to be part of the primary government and is included with the enterprise funds of this report. Separate financial statements are issued for the PUC and may be obtained at the City's offices.

**Joint Ventures**

The City has entered into a joint powers agreement with the Minnesota Department of Transportation and McLeod County. The purpose of the agreement is to provide policies and procedures for the joint operation of the Hutchinson Area Transportation Facility. The Joint Powers Board consists of four members. Two members are appointed by the Hutchinson City Council, one member is appointed by the Minnesota Commissioner of Transportation, and one member is appointed by the McLeod County Commissioners. The present budget funding for the operation is as follows:

City of Hutchinson	36 %
State of Minnesota	32 %
McLeod County	32 %

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies (Continued)**

The City is the fiscal agent for the venture, whose operations are reported as a special revenue fund of the City. Since inception in 1996, the joint venture has accumulated sufficient financial resources from the funding sources to provide for operations. No separate financial statements are issued for this joint venture.

**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 activities of the primary government and its component units. *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 certain legally separate *component units* for which the primary government is financially accountable.

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. Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, 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 not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the custodial fund financial statements and the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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, other postemployment benefits, and 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.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies (Continued)**

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The City reports the following major governmental funds:

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

The *Debt Service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The City reports the following major proprietary funds:

The *Water fund* is used to account for the operation, maintenance, and capital improvements of the City's water, system.

The *Sewer fund* is used to account for the operation, maintenance, and capital improvements of the City's sewer system.

The *Public Utilities Commission fund* is used to account for the operation, maintenance, and capital improvements, of the municipally owned electric and natural gas systems in the City.

Additionally, the City reports the following fund types:

*Internal service funds* account for operations that provide central garage and insurance services to other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

*Fiduciary Funds*

Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds or private-purpose trust funds. The City's Custodial fund accounts for activities of State of Minnesota's motor vehicle, licensing and DNR services.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

## Note 1: Summary of Significant Accounting Policies (Continued)

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and charges between the City's water, sewer, refuse, electric and natural gas 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 revenues of the City's enterprise funds and of the City's internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. 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.

### D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance

#### *Deposits and Investments*

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Certain restricted assets are included in cash and cash equivalents. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the statements of cash flows.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings on investments are allocated to the individual funds based upon the average of month-end cash and investment balances.

The City may also invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies (Continued)**

8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed investment contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

***Investment Policy***

The purpose of this policy is to establish specific guidelines the City of Hutchinson will use in the investment of City funds. It will be the responsibility of the City Administrator to invest City Funds in order to attain the highest market rate of return with the maximum security while meeting the daily cash flow demands of the City and protecting the capital of the overall portfolio. Investments will be made in accordance with all state and local statutes governing the investment of public funds.

Investment officers acting in accordance with this policy, with Minnesota statutes, chapter 118A, and exercising due diligences shall be relieved of personal responsibility for an individual security's risk or market price change, provided that reasonable action is taken to control adverse developments and unexpected deviations are reported in a timely manner.

***Objective***

**A. Safety** - Safety of principal is of critical importance to the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of principal in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

1. Credit Risk - the risk of loss due to failure of the security issuer or backer, will be minimized by:
  - Limiting investments to the types of securities listed in Section VIII of this investment policy.
  - Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business in accordance with Section VII.
  - Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized. Insurance or collateral may be required to ensure return of principal.
2. Interest Rate Risk - the risk that the fair value of securities in the portfolio will fall due to changes in market interest rates will be minimized to:
  - Provide for liquidity by reviewing cash flow requirements and make investments to meet the shorter cash flow needs, thereby avoiding the need to sell securities in the open market prior to maturity.
  - Manage the average maturity of the overall portfolio to be consistent with the risk of the City.

**B. Liquidity** - The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements reasonably anticipated. The portfolio will be structured so that the portfolio emphasizes liquidity and consists largely of securities with active secondary or resale markets (dynamic liquidity). A portion of the portfolio may be placed in money market mutual funds or local government investment pools which offer same day liquidity for short-term funds.

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies (Continued)**

**C. Yield** - The City's investment portfolio shall be designed with the objective of attaining a market rate of return. The core of investments is limited to low-risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:

- A security with declining credit may be sold early to minimize loss of principal.
- A security swap would improve the quality, yield, or target duration in the portfolio.
- Liquidity needs of the portfolio require that the security be sold.

The City Administrator or investment designee will attempt to diversify its investments according to type and maturity. The City will attempt to match its investments with anticipated cash flow requirements. Extended maturities may be utilized to take advantage of higher yields. Diversifications strategies shall be determined and revised periodically by the City Council for all funds.

Broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the shares.

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. There were no changes in valuation techniques that have a significant impact to the City and there are no nonrecurring fair value measurements. The City has the following recurring fair value measurements as of December 31, 2021:

- Government agency securities of \$497,290 are valued using quoted market prices (Level 1 inputs)
- Municipal bonds of \$18,805,433, FHLB bonds of \$1,690,500 and negotiable certificates of deposits of \$8,417,521 are valued using a matrix pricing model (Level 2 inputs)

***Property Taxes***

The City Council annually adopts a tax levy and certifies it to the County in December for collection the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments in May and October. The taxes are collected by the County Treasurer and tax settlements are made to the City during January, June and November each year.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for delinquent taxes not received within 60 days after year end in the governmental fund financial statements.

***Accounts Receivable***

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2021. All trade receivables are shown net of an allowance for uncollectible accounts. The allowance in the Public Utilities Commission enterprise fund at December 31, 2021 was \$73,427. The other utility funds do not record an allowance because uncollected bills may be certified to the County for collection.

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies (Continued)**

***Special Assessments***

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are received in cash or within 60 days after year end. All governmental special assessments receivable are offset by a deferred inflow of resources in the fund financial statements.

***Interfund Receivables and Payables***

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds are offset by a fund balance nonspendable account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

***Inventories and Prepaid Items***

The inventories are stated at cost on the first-in, first-out (FIFO) method. The cost of inventory is recorded as expenditure at the time inventory is purchased in the General fund and as an expense when consumed in the proprietary fund types.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

***Capital Assets***

Capital assets, which include property, plant, equipment, 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 \$1 for land and more than \$5,000 (amount not rounded) for all other assets and an estimated useful life in excess of one year. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include items dating back to June 30, 1980. The City had already accounted for its prior infrastructure at historical cost for the initial reporting of these assets. As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the City values these capital assets at the acquisition value of the item at the date of its donation.

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies (Continued)**

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land Improvements	20
Buildings and Improvements	15 - 40
System Improvements/Infrastructure	40
Office Furniture and Fixtures	7
Machinery and Equipment	3 - 10
Automotive Equipment	3 - 20

**Deferred Outflows of Resources**

In addition to assets, the statements of net position 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 has two items which qualify for reporting in this category. Accordingly, the items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position. These items result from actuarial calculations and current year pension contributions and OPEB contributions made subsequent to the measurement dates.

**Pensions**

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

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit plan administered by Hutchinson Fire Department Relief Association and additions to and deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. Investments are reported at fair value. For the most part, the General fund is typically used to liquidate governmental net pension liability.

The total pension expense for the General Employee Plan (GERP), Police and Fire Plan (PEPFP), Defined Contribution Plan (DCP) and Hutchinson Fire Relief Association is as follows:

	Public Employees Retirement Association of Minnesota (PERA)			Fire Relief Association	Total
	GERP	PEPFP	PEDCP		
Pension Expense	\$ 127,437	\$ (127,849)	\$ 1,090	\$ 297,011	\$ 297,689



## **Note 1: Summary of Significant Accounting Policies (Continued)**

### ***Compensated Absences***

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is recorded for unpaid accumulated sick leave. However, a liability is recognized for that portion of accumulated sick leave that is estimated will be taken as "terminal leave" prior to retirement. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For the most part, the General fund is typically used to liquidate governmental compensated absences payable.

### ***Postemployment Benefits Other Than Pensions***

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis. The liability was actuarially determined, in accordance with GASB Statement 75, at January 1, 2021. For the most part, the General fund is typically used to liquidate governmental OPEB liabilities.

### ***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 obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognized 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.

### ***Deferred Inflows of Resources***

In addition to liabilities, the statements of net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from four sources: property taxes, special assessments, intergovernmental and interest. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Furthermore, the City has additional items which qualify for reporting in this category on the statement of net position. The items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position and results from actuarial calculations involving net differences between projected and actual earnings on plan investments and changes in proportions.

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies (Continued)**

***Fund Balance***

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are as follows:

*Nonspendable* - consists of amounts that cannot be spent because it is not in spendable form, such as prepaid items.

*Restricted* - consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

*Committed* - consists of amounts that are constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

*Assigned* - consists of amounts intended to be used for specific purposes set by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to the City's fund balance policy, the City Administrator is authorized to establish assignments of fund balance.

*Unassigned* - is the residual classification for the General fund and also reflects negative residual amounts in other funds.

When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order: (1) committed, (2) assigned, and (3) unassigned.

The City's fund balance policy requires an unrestricted fund balance in the General fund of an amount not less than 40 percent of the next year's budgeted expenditures of the General fund.

***Net Position***

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position - Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

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

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

## 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 the General and Rural Fire Department and Hutchinson Area Transportation Facility special revenue funds. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

In July of each year, all departments of the City submit requests for appropriations to the City Administrator so that a budget may be prepared. Before September 30, the proposed budget is presented to the Council for review. The Council holds public hearings and a final budget is prepared and adopted in early December.

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control is the department level. Budgeted amounts are as originally adopted, or as amended by the Council.

There were no budget amendments made by the City in 2021.

### B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2021, expenditures exceeded appropriations in the following fund:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Special Revenue			
Rural Fire Department	\$ 147,512	\$ 429,957	\$ 282,445

The excess expenditures over appropriations can be attributed to Rural Fire's purchase of a new tanker truck for \$263,665. The excess was funded by higher revenues than anticipated.

### C. Deficit Fund Equity

The following funds had fund equity deficits at December 31, 2021:

Fund	Amount
Special Revenue	
Hutchinson Enterprise Center	213,387
Tax Increments 2016	\$ 397,325
TIF #4-17 Enterprise Center	123,298
TIF #4-20 Warrior Expansion	1,407
TIF #4-21 1105 Benjamin Ave SE	13,101
TIF #4-22 Jorgenson Hotel	86
Capital Projects	
Airport Renovation	76,915
Special Assessment Improvement 2019	133,995
Special Assessment Improvement 2020	263,649
Special Assessment Improvement 2021	227,500

The City intends to fund these deficits through future tax increments and special assessment levies, grants, transfers from other funds and various other sources.

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

### **Note 3: Detailed Notes on All Funds**

#### **A. Deposits and Investments**

##### ***Deposits***

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City's deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the Council, the City maintains deposits at those depository banks, 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 fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, with the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

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

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the City.

At year end, the City's carrying amount of deposits, including the EDA, was \$42,326,980 and the bank balance was \$44,477,568. The bank balance was covered by federal depository insurance and securities pledged by the financial institution's trust department in the City's and the Public Utilities Commission's names. The primary government and the EDA component unit deposits and investments are pooled.

At year end, the HRA's (discretely presented component unit) carrying amount of deposits was \$2,810,576 and the bank balance was \$2,812,724. Of the bank balance, \$750,000 was covered by federal depository insurance and the remaining balance was collateralized with securities held by the pledging financial institution's trust department in the HRA's name.

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 3: Detailed Notes on All Funds (Continued)**

**Investments**

As of December 31, 2021, the City had the following investments that are insured or registered, or securities held by the City or it's agent in the City's name:

Types of Investments	Credit Quality Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using	
				Level 1	Level 2
Pooled Investments at Amortized Costs					
Broker Mutual Funds	N/A	less than 1 year	\$ 5,202,597		
Broker Deposits	N/A	less than 1 year	1,081		
Non-pooled Investments at Fair Value					
Municipal Bonds	A1	less than 1 year	431,548	\$ -	\$ 431,548
Municipal Bonds	A2	less than 1 year	146,970	-	146,970
Municipal Bonds	AA1	less than 1 year	1,505,520	-	1,505,520
Municipal Bonds	AA2	less than 1 year	1,210,188	-	1,210,188
Municipal Bonds	AA	1 to 5 years	1,388,145	-	1,388,145
Municipal Bonds	AA-	1 to 5 years	315,225	-	315,225
Municipal Bonds	AA+	1 to 5 years	722,870	-	722,870
Municipal Bonds	AA1	1 to 5 years	2,003,979	-	2,003,979
Municipal Bonds	AA2	1 to 5 years	782,921	-	782,921
Municipal Bonds	AA3	1 to 5 years	586,918	-	586,918
Municipal Bonds	N/A	1 to 13 years	9,711,149	-	9,711,149
FHLB Bonds	N/A	1 to 5 years	1,690,500		1,690,500
Government Agency Securities	N/A	1 to 5 years	497,290	497,290	-
Negotiable Certificates of Deposit	N/A	less than 1 year	1,737,318	-	1,737,318
Negotiable Certificates of Deposit	N/A	1 to 5 years	6,680,203	-	6,680,203
Total Investments			\$ 34,614,422	\$ 497,290	\$ 28,913,454

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicates not applicable or available.

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 3: Detailed Notes on All Funds (Continued)**

The investments of the City are subject to the following risks:

- *Credit Risk.* The credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota Statutes limit the City's investments to the list on page 68 of the notes.
- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City typically limits its exposure by purchasing insured or registered investments.
- *Concentration of Credit Risk.* The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At December 31, 2021, there were no investments in one issuer (other than investments issued by or explicitly guaranteed by U.S. government, mutual funds, external investment pools, and other pooled investments) that represent 5 percent or more of the City's investments.
- *Interest Rate Risk.* In accordance with its investment policy, the City diversifies its investment portfolio to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity. The maturities selected shall provide for stability of income and reasonable liquidity.

**Cash on Hand**

Cash in the possession of the City, consisting of petty cash and change funds totals \$4,705.

**Cash and Investments Summary**

Cash and investments as shown on the statement of net position for the City as follows:

	Primary Government	Component Unit - EDA	Component Unit - HRA	Total Reporting Entity
Deposits	\$ 42,172,732	\$ 154,248	\$ 2,810,576	\$ 45,137,556
Investments	34,614,422	-	-	34,614,422
Cash on Hand	4,705	-	-	4,705
<b>Total</b>	<b>\$ 76,791,859</b>	<b>\$ 154,248</b>	<b>\$ 2,810,576</b>	<b>\$ 79,756,683</b>
Cash and Investments				
Unrestricted	\$ 73,103,253	\$ 154,248	\$ 2,773,424	\$ 76,030,925
Restricted	3,688,606	-	37,152	3,725,758
<b>Total</b>	<b>\$ 76,791,859</b>	<b>\$ 154,248</b>	<b>\$ 2,810,576</b>	<b>\$ 79,756,683</b>

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 3: Detailed Notes on All Funds (Continued)**

***Cash and Investments - Restricted***

Cash and investments - restricted are deposits designated by bond covenants in the City's Public Utilities Commission fund for specific purposes. At December 31, 2021, restricted cash and investments consisted of the following:

***Primary Government***

Hutchinson Public Utilities Commission

Public Utility Revenue Refunding Bonds, Series 2012A

Funds required to be held in a debt service account based  
on criteria set aside in the bond issuance document.

\$ 2,367,865

Public Utility Revenue Bonds, Series 2017B

Funds required to be held in a debt service account based  
on criteria set aside in the bond issuance document.

1,320,741

Total Restricted Cash and Investments

\$ 3,688,606

***Component Unit - HRA***

Cash and investments - restricted are tenant security deposits in the HRA at December 31, 2021 in the amount of \$37,152.

**B. Notes Receivable**

***Primary Government***

The City has issued various notes to local residents and businesses which are payable to the City with variable payments and interest rates. The balance on these notes as of December 31, 2021 is \$1,144,649. Most of the notes to local residents do not have to be repaid if they remain property owners for ten years. This applies to Housing Rehabilitation Grant special revenue fund notes totaling \$0. This City also has TIF loans that do not have to be repaid if they remain in the property for five years totaling \$0. The Economic Development Loan fund has notes with local businesses outstanding of \$112,691 and the Minnesota Investment funds has loans outstanding of \$602,140. The City also has notes receivable in the Energy Loan fund of \$338,431 at year end.

***Component Unit - HRA***

The HRA has received grants to be used for economic development and housing redevelopment services. The proceeds of these grants were loan to individuals and are to be paid back to the HRA. The balances of these notes at December 31, 2021 is \$9,246.

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 3: Detailed Notes on All Funds (Continued)**

**C. Capital Assets**

**Primary Government**

Capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets not Being Depreciated				
Land	\$ 8,992,736	\$ 121,320	\$ (42,750)	\$ 9,071,306
Construction in progress	1,960,033	4,597,277	(15,535)	6,541,775
Total Capital Assets not Being Depreciated	<u>10,952,769</u>	<u>4,718,597</u>	<u>(58,285)</u>	<u>15,613,081</u>
Capital Assets Being Depreciated				
Buildings and structures	12,877,772	-	-	12,877,772
Infrastructure and improvements	110,983,263	992,281	-	111,975,544
Machinery and equipment	5,652,995	360,100	(203,590)	5,809,505
Automotive equipment	5,001,885	406,880	(234,852)	5,173,913
Total Capital Assets Being Depreciated	<u>134,515,915</u>	<u>1,759,261</u>	<u>(438,442)</u>	<u>135,836,734</u>
Less Accumulated Depreciation for				
Buildings and structures	(5,687,262)	(323,704)	-	(6,010,966)
Infrastructure and improvements	(46,351,174)	(3,593,594)	-	(49,944,768)
Machinery and equipment	(3,462,791)	(403,645)	189,695	(3,676,741)
Automotive equipment	(3,506,151)	(281,546)	215,347	(3,572,350)
Total Accumulated Depreciation	<u>(59,007,378)</u>	<u>(4,602,489)</u>	<u>405,042</u>	<u>(63,204,825)</u>
Total Capital Assets Being Depreciated, Net	<u>75,508,537</u>	<u>(2,843,228)</u>	<u>(33,400)</u>	<u>72,631,909</u>
Governmental Activities Capital Assets, Net	<u>\$ 86,461,306</u>	<u>\$ 1,875,369</u>	<u>\$ (91,685)</u>	<u>\$ 88,244,990</u>



City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 3: Detailed Notes on All Funds (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
Capital Assets not Being Depreciated				
Land	\$ 1,994,381	\$ -	\$ -	\$ 1,994,381
Construction in progress	602,806	4,175,281	(1,994,388)	2,783,699
Total Capital Assets not Being Depreciated	<u>2,597,187</u>	<u>4,175,281</u>	<u>(1,994,388)</u>	<u>4,778,080</u>
Capital Assets Being Depreciated				
Buildings and structures	50,012,467	-	-	50,012,467
Infrastructure and improvements	203,202,082	4,095,558	(368,636)	206,929,004
Machinery and equipment	15,365,194	402,730	(116,563)	15,651,361
Automotive equipment	1,410,929	-	-	1,410,929
Total Capital Assets Being Depreciated	<u>269,990,672</u>	<u>4,498,288</u>	<u>(485,199)</u>	<u>274,003,761</u>
Less Accumulated Depreciation for				
Buildings and structures	(30,073,504)	(1,086,805)	-	(31,160,309)
Infrastructure and improvements	(97,345,912)	(5,603,654)	336,063	(102,613,503)
Machinery and equipment	(11,442,588)	(618,825)	96,846	(11,964,567)
Automotive equipment	(972,972)	(89,883)	-	(1,062,855)
Total Accumulated Depreciation	<u>(139,834,976)</u>	<u>(7,399,167)</u>	<u>432,909</u>	<u>(146,801,234)</u>
Total Capital Assets Being Depreciated, Net	<u>130,155,696</u>	<u>(2,900,879)</u>	<u>(52,290)</u>	<u>127,202,527</u>
Business-type Activities Capital Assets, Net	<u>\$ 132,752,883</u>	<u>\$ 1,274,402</u>	<u>\$ (2,046,678)</u>	<u>\$ 131,980,607</u>

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 3: Detailed Notes on All Funds (Continued)**

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

**Governmental Activities**

General government	\$ 53,769
Public safety	166,999
Streets and highways, including depreciation of general infrastructure assets	3,013,851
Culture and recreation	657,948
Housing and economic development	73,064
Miscellaneous	202,402
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>434,456</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 4,602,489</u></u>

**Business-type Activities**

Electric	\$ 3,334,286
Natural gas	1,097,263
Water	1,139,427
Sewer	1,108,374
Refuse	134,067
Composting	118,935
Storm water	229,362
Liquor	<u>76,737</u>
Total Depreciation Expense - Business-type Activities	<u><u>\$ 7,238,451</u></u>

**Construction Commitments**

The City has active projects as of December 31, 2021. At year end the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Recreation Center Improvements	\$ 876,822	\$ 50,332
TH7/Montana	385,992	32,396
2021 PMP	1,712,857	73,394
WWTF Headworks	1,833,162	2,410,063
Police Department Facility Construction	<u>1,317,149</u>	<u>9,624,933</u>
Total	<u><u>\$ 6,125,982</u></u>	<u><u>\$ 12,191,118</u></u>

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 3: Detailed Notes on All Funds (Continued)**

***Discretely Presented Component Unit***

Capital asset activity for the HRA for the year ending December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>HRA</b>				
Capital Assets not Being Depreciated				
Land	\$ 92,775	\$ -	\$ -	\$ 92,775
Capital Assets Being Depreciated				
Buildings and structures	5,226,263	43,542	(2,416)	5,267,389
Machinery and equipment	672,350	2,200	(12,376)	662,174
Total Capital Assets Being Depreciated	5,898,613	45,742	(14,792)	5,929,563
Less Accumulated Depreciation for				
Buildings and structures	(4,039,534)	(176,355)	785	(4,215,104)
Machinery and equipment	(424,461)	(17,128)	12,359	(429,230)
Total Accumulated Depreciation	(4,463,995)	(193,483)	13,144	(4,644,334)
Total Capital Assets Being Depreciated, Net	1,434,618	(147,741)	(1,648)	1,285,229
HRA Capital Assets, Net	\$ 1,527,393	\$ (147,741)	\$ (1,648)	\$ 1,378,004

Depreciation expense was charged to functions/programs of the discretely presented component unit is as follows:

Discretely Presented Component Unit	
HRA	\$ 193,483

**D. Interfund Receivables, Payables and Transfers**

***Advances from/to Other Funds***

The Capital Improvement Projects fund advanced dollars to the Airport Renovation fund, the 2019 Improvement fund, the 2020 Improvement fund and the 2021 Improvement fund as temporary cash advances to eliminate fund deficits. The balances will be paid back as future funding becomes available.

The EDA Loan fund loaned funds to the Hutchinson Enterprise Center fund for construction costs. This balance will be paid back as future funding becomes available.

The Debt Service fund loaned funds to the Tax Increment 2016 fund, the TIF #4-17 Enterprise Center fund, and the TIF 4-21 1105 Benjamin Ave SE to pay for costs identified in the TIF plans. These balances will be paid back as the TIF districts generate future tax increment revenues.

The Sewer fund loaned the Storm Water fund for the purchase of a new street sweeper. The loan is to be paid back with annual payment of \$38,109 including interest at 3.00 percent from December 31, 2019 to December 31, 2023.

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 3: Detailed Notes on All Funds (Continued)**

Amounts due from/to the EDA component unit representing monthly and year-end charges to other funds are as follows:

Receivable Entity	Payable Entity	Amount
Primary Government Internal service - Central Garage	Component unit EDA	\$ 9

**Interfund Transfers**

The following transfers were made for the year ended December 31, 2021:

Transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, 3) move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

Fund	Transfer In			
	General	Debt Service	Nonmajor Governmental	Total
Transfer Out				
General	\$ -	\$ -	\$ 134,398	\$ 134,398
Debt Service	-	-	131,457	131,457
Nonmajor governmental	-	911,131	522,832	1,433,963
Water enterprise	70,000	-	49,092	119,092
Sewer enterprise	80,000	-	90,686	170,686
Public Utilities Commission enterprise	1,867,192	-	-	1,867,192
Nonmajor enterprise	660,000	-	213,600	873,600
Self Insurance internal service	46,000	-	-	46,000
Total	<u>\$ 2,723,192</u>	<u>\$ 911,131</u>	<u>\$ 1,142,065</u>	<u>\$ 4,776,388</u>

For the year ended December 31, 2021, the City made the following unbudgeted transfers:

- From the General fund (\$26,248) to the Capital Improvement Projects fund for the remaining police drug forfeiture balance.
- From the Debt Service (\$131,457) to the Community Improvement fund to close the Special Assessment Bonds 2006/2012B fund.
- From the Special Assessment Improvement 2018 fund (\$120,615) to the Special Assessment Improvement 2019 fund to close the 2018 Construction fund.
- From the Water fund (\$49,092), Sewer fund (\$90,686), Stormwater fund (\$158,600) and Capital Improvement Projects fund (\$317,564) to the Special Assessment Improvement 2021 fund for the 2021 Improvement Bonds.

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 3: Detailed Notes on All Funds (Continued)**

**E. Inventories**

Inventories at December 31, 2021 consist of the following:

Fund	Amount
Municipal Liquor Store	
Liquor	\$ 284,500
Wine	236,788
Beer	135,990
Miscellaneous	24,170
Total	<u>681,448</u>
Composting	
Processed materials	348,662
Bulk product	291,742
Bagged product	558,967
Parts	65,119
Total	<u>1,264,490</u>
Public Utilities Commission	
Electric division	
Fuel oil and lubricants	92,623
Plant	6,070
Engine parts	892,632
Distribution materials	533,962
Transformers	152,575
Total	<u>1,677,862</u>
Natural gas division	
Fittings	202,632
Transmission line gas	303,570
Total	<u>506,202</u>
Total	<u>\$ 4,130,002</u>

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 3: Detailed Notes on All Funds (Continued)**

**F. Long-term Debt**

*General Obligation Bonds.* The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund both general obligation and revenue bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows:

**Primary Government Debt - Governmental Activity Debt**

General Obligation Bonds

These bonds were issued to finance various improvements and will be repaid entirely by ad valorem tax levies.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Improvement Bonds of 2021A					
Police Facility	\$ 7,320,000	2.00 - 4.00 %	08/19/21	02/01/52	\$ 7,320,000
Tax Abatement Bonds of 2021A	475,000	2.00 - 4.00	08/19/21	02/01/37	<u>475,000</u>
Total General Obligation Bonds					<u>\$ 7,795,000</u>

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31	General Obligation Bonds Governmental Activities		
	Principal	Interest	Total
2022	\$ -	\$ 211,292	\$ 211,292
2023	475,000	212,913	687,913
2024	590,000	191,613	781,613
2025	465,000	170,513	635,513
2026	405,000	153,113	558,113
2027 - 2031	1,285,000	575,163	1,860,163
2032 - 2036	1,055,000	417,513	1,472,513
2037 - 2041	1,010,000	311,263	1,321,263
2042 - 2046	1,075,000	208,813	1,283,813
2047 - 2051	1,180,000	92,225	1,272,225
2052	<u>255,000</u>	<u>2,865</u>	<u>257,865</u>
Total	<u>\$ 7,795,000</u>	<u>\$ 2,547,286</u>	<u>\$ 10,342,286</u>

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 3: Detailed Notes on All Funds (Continued)**

General Obligation Special Assessment Bonds

These bonds were issued to finance various improvements and will be repaid primarily by ad valorem tax levies. Some issues, however, are partly financed from special assessments levied on the properties benefiting from the improvements.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Improvement Bonds of 2013A Improvement and Refunding	\$ 2,230,000	2.00 - 3.50 %	09/05/13	02/01/29	\$ 1,100,000
Bonds of 2014A	3,415,000	2.00 - 3.00	11/04/14	02/01/30	1,510,000
Improvement Bonds of 2015A	2,140,000	2.85 - 3.00	10/01/15	02/01/31	1,445,000
Improvement Bonds of 2016A	3,880,000	2.00	10/06/16	02/01/32	1,815,000
Improvement Bonds of 2017A	2,445,000	2.00 - 3.00	10/31/17	02/01/33	1,895,000
Improvement Bonds of 2018A	2,395,000	3.00 - 4.00	10/31/18	02/01/34	2,090,000
Improvement Bonds of 2019A	2,675,000	2.00 - 3.00	11/05/19	02/01/35	2,510,000
Improvement Bonds of 2020A	2,405,000	0.35 - 1.40	08/06/20	02/01/36	2,405,000
Improvement Bonds of 2021A	1,825,000	2.00 - 4.00	08/19/21	02/01/37	1,825,000
Total G.O. Special Assessment Bonds					<u>\$ 16,595,000</u>

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

Year Ending December 31	G.O. Special Assessment Bonds Governmental Activities		
	Principal	Interest	Total
2022	\$ 1,585,000	\$ 400,210	\$ 1,985,210
2023	1,680,000	360,455	2,040,455
2024	1,515,000	319,098	1,834,098
2025	1,440,000	280,135	1,720,135
2026	1,390,000	242,811	1,632,811
2027 - 2031	6,175,000	686,930	6,861,930
2032 - 2036	2,685,000	117,277	2,802,277
2037	125,000	1,250	126,250
Total	<u>\$ 16,595,000</u>	<u>\$ 2,408,166</u>	<u>\$ 19,003,166</u>

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 3: Detailed Notes on All Funds (Continued)**

***Business-type Activity Debt***

General Obligation Revenue Bonds

These bonds were issued to finance capital improvements to the Water, Sewer and Storm Water funds. These bonds will be retired from net revenue of these enterprise funds.

ription	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Water Revenue Bonds of 2005 (PFA)	\$ 5,696,371	2.53 %	09/28/05	08/20/24	\$ 1,088,370
G.O. Water Revenue Bonds of 2006 (PFA)	12,216,000	2.63	08/07/06	08/20/25	3,157,000
G.O. Sewer Revenue Bonds of 2007 (PFA)	13,696,602	2.15	06/26/07	08/20/26	4,429,000
G.O. Water and Sewer Refunding Bonds of 2012B	2,700,000	3.00	10/30/12	02/01/28	385,000
G.O. Storm Water Bonds of 2018B	1,550,000	3.00 - 4.00	10/31/18	02/01/29	1,290,000
G.O. Water and Sewer Refunding Bonds of 2019A	2,790,000	2.00 - 3.00	11/05/19	02/01/29	2,570,000
G.O. Wastewater Bonds of 2021A	3,460,000	3.00 - 4.00	08/19/21	02/01/32	<u>3,460,000</u>
Total G.O. Revenue Bonds					<u>\$ 16,379,370</u>

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

Year Ending December 31	G.O. Revenue Bonds Business-type Activities		
	Principal	Interest	Total
2022	\$ 2,722,000	\$ 451,896	\$ 3,173,896
2023	2,724,000	387,220	3,111,220
2024	2,850,370	312,066	3,162,436
2025	2,719,000	231,065	2,950,065
2026	1,694,000	158,721	1,852,721
2027 - 2031	3,255,000	299,550	3,554,550
2032	<u>415,000</u>	<u>6,225</u>	<u>421,225</u>
Total	<u>\$ 16,379,370</u>	<u>\$ 1,846,743</u>	<u>\$ 18,226,113</u>



City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 3: Detailed Notes on All Funds (Continued)**

The G.O. revenue bonds were issued to finance capital improvements. The bonds are payable from future revenues pledged from the Water, Sewer and Storm Water funds and are backed by the full faith and credit of the City. Annual revenues from charges for services, restricted sales tax revenues, principal and interest payments, and percentage of revenue required to cover principal and interest payments are as follows:

	Water	Sewer	Storm Water
Revenue	\$ 3,325,112	\$ 4,011,237	\$ 1,019,531
Principal and Interest	1,465,003	1,441,360	190,939
Percent of Revenue	44.1%	35.9%	18.7%

Revenue Bonds

These bonds were issued to finance capital improvements to the Public Utilities Commission. These bonds will be retired from net revenue of this enterprise fund.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Public Utility Revenue					
Refunding Bonds of 2012A	\$ 20,720,000	4.00 - 5.00 %	07/19/12	12/01/26	\$ 9,510,000
Public Utility Revenue Bonds, 2017B	16,675,000	3.00 - 4.00	10/31/17	12/01/37	14,730,000
Total Revenue Bonds					<u>\$ 24,240,000</u>

The annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending December 31	<b>Revenue Bonds</b>		
	Business-type Activities		
	Principal	Interest	Total
2022	\$ 2,430,000	\$ 900,906	\$ 3,330,906
2023	2,555,000	786,406	3,341,406
2024	2,655,000	702,456	3,357,456
2025	2,770,000	596,256	3,366,256
2026	2,900,000	465,656	3,365,656
2027 - 2031	4,535,000	1,368,506	5,903,506
2032 - 2036	5,250,000	660,406	5,910,406
2037	1,145,000	35,783	1,180,783
Total	<u>\$ 24,240,000</u>	<u>\$ 5,516,375</u>	<u>\$ 29,756,375</u>

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 3: Detailed Notes on All Funds (Continued)**

The G.O. revenue bonds were issued to finance capital improvements. The bonds are payable from future revenues pledged from the PUC and are backed by the full faith and credit of the City. Annual revenues from charges for services, principal and interest payments, and percentage of revenue required to cover principal and interest payments for the PUC are as follows:

	<u>PUC</u>
Revenue	\$ 43,073,758
Principal and Interest	3,230,506
Percent of Revenue	7.5%

Capital Leases Payable

An obligation was issued by the City for the purchase of equipment in the Compost fund. The cost of the Komptech Compost Turner was \$475,175 and accumulated depreciation at December 31, 2021 was \$118,794, for a book value of \$356,381. The capitalized asset value of \$475,175 differs from the lease obligation of \$473,775 due to the capitalization of a net gain of \$1,400 on a like-kind trade.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Komptech Compost Turner	\$ 473,775	2.99 %	04/29/19	04/29/25	<u>\$ 274,418</u>

The annual debt service requirements to maturity for capital leases payable are as follows:

Year Ending December 31	<b>Capital Leases</b>		
	Business-type Activities		
	Principal	Interest	Total
2022	\$ 65,603	\$ 8,205	\$ 73,808
2023	67,565	6,244	73,809
2024	69,585	4,223	73,808
2025	71,665	2,143	73,808
Total	<u>\$ 274,418</u>	<u>\$ 20,815</u>	<u>\$ 295,233</u>

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 3: Detailed Notes on All Funds (Continued)**

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds Payable					
General obligation bonds	\$ -	\$ 7,795,000	\$ -	\$ 7,795,000	\$ -
General obligation special assessment bonds	19,415,000	1,825,000	(4,645,000)	16,595,000	1,585,000
Bond premium	480,195	711,107	(72,716)	1,118,586	-
Total Bonds Payable	<u>19,895,195</u>	<u>10,331,107</u>	<u>(4,717,716)</u>	<u>25,508,586</u>	<u>1,585,000</u>
Compensated Absences Payable	<u>531,636</u>	<u>487,395</u>	<u>(469,138)</u>	<u>549,893</u>	<u>426,787</u>
Governmental Activity Long-term Liabilities	<u>\$ 20,426,831</u>	<u>\$ 10,818,502</u>	<u>\$ (5,186,854)</u>	<u>\$ 26,058,479</u>	<u>\$ 2,011,787</u>
<b>Business-type Activities</b>					
Bonds Payable					
General obligation revenue bonds	\$ 15,564,370	\$ 3,460,000	\$ (2,645,000)	\$ 16,379,370	\$ 2,722,000
Revenue bonds	26,480,000	-	(2,240,000)	24,240,000	2,430,000
Bond premium	1,915,160	593,328	(272,233)	2,236,255	219,065
Total Bonds Payable	<u>43,959,530</u>	<u>4,053,328</u>	<u>(5,157,233)</u>	<u>42,855,625</u>	<u>5,371,065</u>
Capital Leases Payable	423,600	-	(149,182)	274,418	65,603
Compensated Absences Payable	<u>860,543</u>	<u>597,829</u>	<u>(574,279)</u>	<u>884,093</u>	<u>147,683</u>
Business-type Activity Long-term Liabilities	<u>\$ 45,243,673</u>	<u>\$ 4,651,157</u>	<u>\$ (5,880,694)</u>	<u>\$ 44,014,136</u>	<u>\$ 5,584,351</u>

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 3: Detailed Notes on All Funds (Continued)**

***Component Unit Debt***

Loans Payable

The HRA's long-term debt balance as of December 31, 2021 was for the 2013 and 2016 Minnesota Housing Finance Agency Publicly Owned Housing Program.

The HRA's long term debt consists of the following:

On December 12, 2013, the HRA issued an MHFA loan in the amount of \$79,000. The bond is interest free and the loan will be forgiven on December 12, 2033 as long as the HRA complies with the terms and conditions of the loan agreement.

On May 31, 2016, the HRA issued an MHFA loan in the amount of \$234,000. The bond is interest free and the loan will be forgiven on May 31, 2036 as long as the HRA complies with the terms and conditions of the loan agreement.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
2013 MHFA Loan - Boiler Replacement Project	\$ 79,000	0.00 %	12/12/13	12/12/33	\$ 79,000
2016 MHFA Loan - Elevator Project	234,000	0.00	05/31/16	05/31/36	234,000
Total Loans Payable					<u>\$ 313,000</u>

Change in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Component Unit Activities (EDA)</b>					
Compensated Absences Payable	<u>\$ 4,712</u>	<u>\$ 9,837</u>	<u>\$ (11,450)</u>	<u>\$ 3,099</u>	<u>\$ 3,099</u>
<b>Component Unit Activities (HRA)</b>					
Loans Payable	\$ 313,000	\$ -	\$ -	\$ 313,000	\$ -
Compensated Absences Payable	<u>45,431</u>	<u>28,719</u>	<u>(61,977)</u>	<u>12,173</u>	<u>3,610</u>
Total	<u>\$ 358,431</u>	<u>\$ 28,719</u>	<u>\$ (61,977)</u>	<u>\$ 325,173</u>	<u>\$ 3,610</u>

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 3: Detailed Notes on All Funds (Continued)**

**G. Fund Balance Classification**

At December 31, 2021, a summary of the governmental fund balance classifications are as follows:

	General	Debt Service	Other Governmental Funds	Total
Fund Balances				
Nonspendable				
Prepaid items	\$ 4,347	\$ -	\$ -	\$ 4,347
Restricted				
Drug forfeiture	-	-	27,457	27,457
Debt service	-	4,801,759	-	4,801,759
Parkland dedication	-	-	220,429	220,429
Police Memorial Park maintenance	-	-	26,189	26,189
Rural fire department	-	-	23,761	23,761
Economic development loans	-	-	510,304	510,304
Energy loans	-	-	877,026	877,026
HRA loans	-	-	82,761	82,761
Housing rehabilitation	-	-	859,121	859,121
Minnesota investment	-	-	17,313	17,313
Tax increment financing	-	-	367,503	367,503
Police facility construction project	-	-	5,570,813	5,570,813
Total Restricted	-	4,801,759	8,582,677	13,384,436
Committed				
Working capital	5,585,597	-	-	5,585,597
Tree escrow	-	-	74,460	74,460
Tree mitigation	-	-	488,293	488,293
Future police facility	-	-	1,187,966	1,187,966
Public arts commission	-	-	15,334	15,334
Lakes and River Basin project	-	-	448,269	448,269
Total Committed	5,585,597	-	2,214,322	7,799,919
Assigned				
Hutchinson area transportation facility	-	-	506,602	506,602
Public arts commission (maintenance)	-	-	10,000	10,000
Capital projects	-	-	2,546,558	2,546,558
Community improvement	-	-	2,607,495	2,607,495
Total Assigned	-	-	5,670,655	5,670,655
Unassigned	2,752,309	-	(1,450,663)	1,301,646
Total Fund Balance	\$ 8,342,253	\$ 4,801,759	\$ 15,016,991	\$ 28,161,003

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

## **Note 4: Defined Benefit Pension Plan - Statewide**

### **A. Plan Description**

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

#### General Employees Retirement Plan

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

#### Public Employees Police and Fire Plan

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

### **B. Benefits Provided**

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

Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

#### General Employee Plan Benefits

General Employee 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 Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

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

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent 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 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3.0 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

**C. Contributions**

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

General Employees Fund Contributions

Coordinated Plan member were required to contribute 6.50 percent of their annual covered salary in the fiscal year 2021 and the City was required to pay 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ending December 31, 2021, 2020 and 2019 were \$860,768, \$862,466 and \$813,778, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2021 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the years ending December 31, 2021, 2020 and 2019 were \$336,868, \$322,455 and \$296,227, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

**D. Pension Costs**

General Employees Fund Pension Costs

At December 31, 2021, the City of Hutchinson reported a liability of \$6,772,930 for its proportionate share of the General Employees Fund's net pension liability of which the EDA's portion was calculated at \$69,007. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$206,903. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021 relative to the total employer contributions received from all of PERA's participating employers. The City's proportion was 0.1586 percent which was a 0.0035 percent increase from its proportion measured as of June 30, 2020.

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

City's Proportionate Share of the Net Pension Liability	\$ 6,772,930
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>206,903</u>
Total	<u><u>\$ 6,979,833</u></u>

For the year ended December 31, 2021, the City recognized pension expense of \$366,661 for its proportionate share of the General Employees Plan's pension expense of which the EDA's portion was calculated at \$6,635. In addition, the City recognized \$16,694 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.

At December 31, 2021, 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:

	Primary Government		Component Unit - EDA	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 39,003	\$ 204,633	\$ 405	\$ 2,108
Changes in Actuarial Assumptions	4,093,276	143,556	42,134	1,488
Net Difference Between Projected and Actual Earnings on Plan Investments	-	5,810,567	-	63,436
Changes in Proportion	276,296	9,026	2,161	141
Contributions Paid to PERA Subsequent to the Measurement Date	<u>439,298</u>	<u>-</u>	<u>7,244</u>	<u>-</u>
Total	<u><u>\$ 4,847,873</u></u>	<u><u>\$ 6,167,782</u></u>	<u><u>\$ 51,944</u></u>	<u><u>\$ 67,173</u></u>

The \$446,542 reported as deferred outflows related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

	Primary Government	Component Unit - EDA
2022	\$ (170,065)	\$ (2,002)
2023	18,095	9
2024	(27,273)	(577)
2025	(1,579,964)	(19,903)



City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

Police and Fire Fund Pension Costs

At December 31, 2021, the City reported a liability of \$1,172,507 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2021, the City's proportionate share was 0.1519 percent which was a 0.0024 percent decrease from its proportionate share measured as of June 30, 2020.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2020. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2021, the City recognized negative pension expense of \$137,453 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional \$9,604 as pension expense for its proportionate share of the State of Minnesota's Contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$13,887 for the year ended December 31, 2021 as pension expense and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2021, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources, from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 229,010	\$ 14,006
Changes in Actuarial Assumptions	1,765,020	716,408
Net Difference Between Projected and Actual Earnings on Plan Investments	-	2,240,110
Changes in Proportion	66,008	169,878
Contributions Paid to PERA Subsequent to the Measurement Date	190,349	-
Total	<u>\$ 2,250,387</u>	<u>\$ 3,140,402</u>

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

The \$190,349 reported as deferred outflows related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2022	\$ (844,095)
2023	(164,851)
2024	(175,256)
2025	(273,420)
2026	377,258

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2021 actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan and 2.25 percent for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan. The Police and Fire Plan benefit increase is fixed at 1 percent per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 29 years of service and 6.0 percent per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan is based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions used in the June 30, 2021 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

The following changes in actuarial assumptions and plan provisions occurred in 2021:

General Employees Fund

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

Police and Fire Fund

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
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**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Bonds (Fixed Income)	25.0	0.75
Alternative Assets (Private Markets)	25.0	5.90
Total	<u>100.0 %</u>	

**F. Discount Rate**

The discount rate used to measure the total pension liability in 2021 was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**G. Pension Liability Sensitivity**

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

	City Proportionate Share of NPL		
	1 Percent Decrease (5.50%)	Current (6.50%)	1 Percent Increase (7.50%)
General Employees Fund			
Primary Government	\$ 13,672,582	\$ 6,703,923	\$ 985,715
Component Unit - EDA	140,739	69,007	10,146
Police and Fire Fund	3,722,512	1,172,507	(917,865)

**H. Pension Plan Fiduciary Net Position**

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

City of Hutchinson, Minnesota  
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**Note 5: Public Employees Defined Contribution Plans (Defined Contribution Plan)**

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses, therefore, there is no future liability to the employer. *Minnesota statutes*, chapter 353d.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.0 percent of employer contributions and twenty-five hundredths of 1.0 percent (0.25 percent) of the assets in each member's account annually.

The City's contributions to the DCP for the years ended December 31, 2021, 2020 and 2019 were \$1,090, \$1,405 and \$1,090, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 10,901	\$ 1,090	5.00%	5.00%	5.00%

**Note 6: Defined Contribution Plans (Component Unit)**

**HRA**

All eligible employees as determined by the local HRA HUD approved personnel policy are covered by a pension plan with The Housing Renewal and Local Agency Retirement Plan. The HRA's contributions to the DCP for the years ended December 31, 2021, 2020 and 2019 were \$17,305, \$16,779 and \$16,644, respectively. Pension contributions for the year under the plan were as follows:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 14,918	\$ 17,305	6.50%	7.50%	N/A

## **Note 7: Defined Benefit Pension Plans - Fire Relief Association**

### **A. Plan Description**

Firefighters, retired and active, of the City are members of the Hutchinson Fire Department Relief Association (the Association). The Association is the administrator of a single-employer defined benefit pension plan available to firefighters. The Association was established May 6, 1907, and operates under the provisions of Minnesota statutes, chapters 69 and 424. It is governed by a Board of Trustees made up of nine members, of which six are elected by the members of the Association for three-year terms, the Mayor, the City Clerk and the fire chief, who serve as ex-officio voting members of the board. As of December 31, 2021, the plan covered 35 active firefighters, 1 inactive members, 47 vested terminated fire fighters and 12 surviving beneficiaries whose pension benefits are deferred.

### **B. Benefits Provided**

A fire fighter who completes at least 20 years as an active member of the Municipal Fire Department (the Department) is entitled, after age 50, to a full service pension upon retirement.

The bylaws of the Association also provide for an early vested service pension for a retiring member who has completed fewer than 20 years of service. The reduced pension, available to members with 10 years of service, shall be equal to 60 percent of the pension as prescribed by the bylaws. This percentage increases 4 percent per year so that at 20 years of service, the full amount prescribed is paid. Members who retire at or after age 50 with 10 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to the applicable vesting percentage times \$17 per month per year of service up to a maximum benefit of \$450 per month. The City has agreed to contribute an annual amount equal to the greater of the statutorily-required amount or \$2,500 per active firefighter.

### **C. Contributions**

Minnesota statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by property taxes, fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed \$122,893 in fire state aid to the plan on behalf of the Hutchinson Fire Department for the year ended December 31, 2021, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the plan for the year ended December 31, 2021 were \$122,893. The City's contributions were equal to the required contributions as set by state statute. The City also made \$81,259 of voluntary contributions to the plan. Furthermore, the firefighter has no obligation to contribute to the plan.

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 7: Defined Benefit Pension Plans - Fire Relief Association (Continued)**

**D. Pension Costs**

At December 31, 2021, the City reported a net pension liability (asset) of (\$371,749) for the plan. The net pension liability was measured as of December 31, 2021. The total pension liability used to calculate the net pension liability in accordance with GASB 68 was determined by Van Iwaarden Associates applying an actuarial formula to specific census data certified by the Department as of December 31, 2021. The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance January 1, 2021	\$ 2,781,294	\$ 2,838,349	\$ (57,055)
Changes for the Year			
Service cost	51,445	-	51,445
Interest on pension liability (asset)	140,602	-	140,602
Nonemployer contributions	-	204,152	(204,152)
Net investment income	-	322,787	(322,787)
Benefit payments	(552,680)	(552,680)	-
Administrative expenses	-	(20,198)	20,198
Total Net Changes	(360,633)	(45,939)	(314,694)
Ending Balance December 31, 2021	\$ 2,420,661	\$ 2,792,410	\$ (371,749)

For the year ended December 31, 2021, the City recognized negative pension expense of \$297,011.

At December 31, 2021, the City reported deferred inflows of resources and deferred outflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 8,513	\$ 4,426
Changes in Actuarial Assumptions	98,022	18,511
Net Difference Between Projected and Actual Earnings on Plan Investments	-	248,007
Total	\$ 106,535	\$ 270,944

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 7: Defined Benefit Pension Plans - Fire Relief Association (Continued)**

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

2022	\$ (24,909)
2023	(69,060)
2024	(35,304)
2025	(35,136)

**E. Actuarial Assumptions**

The total pension liability at December 31, 2021 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Retirement Eligibility at Later of Age 50 and 20 Years of Service	N/A
Salary Increases	5.50%
Discount Rate	2.25%
Inflation Rate	5.50%
Expected Return on Plan Assets	2.75%
20 Year Municipal Bond Yield	

No changes in benefits occurred in 2021.

No changes in actuarial assumptions occurred in 2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using the plan's target investment allocation along with long-term return expectations by asset class. Inflation expectations were applied to derive the nominal rate of return for the portfolio.



City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 7: Defined Benefit Pension Plans - Fire Relief Association (Continued)**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equities	45.00 %	4.90 %
International Equities	15.00	5.32
Fixed Income	25.00	1.40
Cash	<u>15.00</u>	0.90
Total	<u><u>100.00 %</u></u>	

**F. Discount Rate**

The discount rate used to measure the total pension liability was 5.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**G. Pension Liability Sensitivity**

The following presents the City's net pension liability for the plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's net pension liability would be if it were calculated using a discount rate one percent lower or one percent higher than the current discount rate:

	<u>1 Percent Decrease (4.50%)</u>	<u>Current (5.50%)</u>	<u>1 Percent Increase (6.50%)</u>
Defined Benefit Plan	\$ (95,775)	\$ (371,749)	\$ (604,538)

**H. Pension Plan Fiduciary Net Position**

For financial reporting purposes, the Association's financial statements are not included with the City's financial statements because the Association is not a component unit of the City. The financial statements of the Association may be obtained at the City's offices.

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

## Note 8: Postemployment Benefits Other Than Pensions

### A. Plan Description

The City administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiations between the City and the union representing employees and are renegotiated each three-year bargaining period. The component unit is included in the City's plan. The Retiree Health Plan does not issue a publicly available financial report and is not administered through a trust or equivalent arrangement and thus there are no assets accumulated in a GASB-compliant trust.

At December 31, 2021, the following employees were covered by the benefit terms:

	City	PUC
Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	-	1
Active Plan Members	101	51
Total Plan Members	101	52

### B. Funding Policy

Contribution requirements also are negotiated between the City and union representatives. The City does not contribute to the cost of current-year premiums for eligible retired plan members and their spouses. For fiscal year 2021, the City did not directly contribute to the Plan, while the implicit contributions totaled \$36,673.

### C. Actuarial Methods and Assumptions

The City's total OPEB liability of \$772,793 was measured as of January 1, 2021. The EDA's portion of the OPEB liability is \$5,879.

The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	City Plan	PUC Plan
Discount Rate	2.00%	2.00%
20-Year Municipal Bond Yield	2.00%	2.00%
Inflation Rate	2.00%	2.50%
Salary Increases	Service graded table	Based on the most recently disclosed assumptions for the pension plan in which the employee participates.
Medical Trend Rate	6.5% as of January 1, 2021 grading to 5.0% over 6 years and then to 4.0% over the next 48 years	6.20% in 2020 decreasing on average .04% per year to an ultimate rate of 4.00% for 2075 and later years.

The discount rate used to measure the total OPEB liability was 2.00 percent. Since the plan is not funded (has no assets), the discount rate was developed by estimating the long term investment yield on the employer funds that will be used to pay benefits as they come due.

City: Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale.

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 8: Postemployment Benefits Other Than Pensions (Continued)**

PUC: Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

Economic assumptions are based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

**D. Changes in the Total OPEB Liability**

	Primary Government	Component Unit Economic Development Authority	Total OPEB Liability
Balances at December 31, 2020	\$ 812,525	\$ 6,025	\$ 818,550
Changes for the Year			
Service Cost	55,480	836	56,316
Interest	26,358	254	26,612
Differences Between Expected and Actual Experience	(140,968)	(1,292)	(142,260)
Changes in Assumptions or Other Inputs	55,559	441	56,000
Benefit payments	(42,040)	(385)	(42,425)
Net Changes	(45,611)	(146)	(45,757)
Balances at December 31, 2021	\$ 766,914	\$ 5,879	\$ 772,793

Since the prior measurement date, the following assumptions changed (City):

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale.
- The inflation rate was changed from 2.50% to 2.00%.
- The retirement and withdrawal tables for non-public safety employees were updated.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 3.80% to 2.00%.

Since the prior measurement date, the following assumptions changed (PUC):

- The discount rate was changed from 2.75% to 2.00%.

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 8: Postemployment Benefits Other Than Pensions (Continued)**

**E. Sensitivity of the Total OPEB Liability**

The following presents the total OPEB liability of the City and the EDA, as well as what the City's and EDA's total OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (1.00 percent) or one-percentage-point higher (3.00 percent) than the current discount rate:

	City Plan		
	1 Percent Decrease (1.00%)	Current (2.00%)	1 Percent Increase (3.00%)
Primary Government Component Unit - EDA	\$ 762,909 6,993	\$ 641,365 5,879	\$ 642,189 5,887

	PUC Plan		
	1 Percent Decrease (1.00%)	Current (2.00%)	1 Percent Increase (3.00%)
Primary Government	\$ 135,759	\$ 125,549	\$ 115,696

The following presents the total OPEB liability of the City and EDA as well as what the City's and EDA's total OPEB liability would be if it were calculated using a Healthcare Cost Trend Rates that is one-percentage point lower (5.50 percent decreasing to 4.00 percent) or one-percentage-point higher (7.50 percent increasing to 6.00 percent) than the current cost trend rate:

	City Plan		
	1 Percent Decrease (5.5% Decreasing to 4%)	Healthcare Cost Trend Rates (6.5% Decreasing to 5%)	1 Percent Increase (7.5% Decreasing to 6%)
Primary Government Component Unit - EDA	\$ 694,982 6,370	\$ 641,365 5,879	\$ 590,834 5,416

	PUC Plan		
	1 Percent Decrease (5.2% Decreasing to 3%)	Healthcare Cost Trend Rates (6.2% Decreasing to 4%)	1 Percent Increase (7.2% Decreasing to 5%)
Primary Government	\$ 108,897	\$ 125,549	\$ 145,159

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 8: Postemployment Benefits Other Than Pensions (Continued)**

**F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2021, the City recognized OPEB expense of \$60,265. At December 31, 2021, the City and the EDA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Unit - EDA	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	\$ 42,114	\$ 16,664	\$ 386	\$ 153
Net Difference Between Projected and Actual Earnings on Plan Investments	-	153,364	-	1,405
Contributions to OPEB Subsequent to the Measurement Date	36,389	-	283	-
Total	<u>\$ 78,503</u>	<u>\$ 170,028</u>	<u>\$ 669</u>	<u>\$ 1,558</u>

Deferred outflows of resources totaling \$36,389 from the City and \$283 from the EDA related to the contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2022.

Year ended December 31

2022	\$ 21,134	\$ 195
2023	21,134	195
2024	21,134	195
2025	21,134	195
2026	21,134	195
Thereafter	22,244	197

**Note 9: Other Information**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT) which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City's management is not aware of any incurred but not reported claims.

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 9: Other Information (Continued)**

**B. Commitments and Contingencies**

The City has received Federal and State grants in current and past years for specific purposes that are subject to review and audit by the grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. The City administration believes such disallowances if any, will be immaterial.

The City is a defendant in various legal proceedings; however, City administration believes that the ultimate disposition of these proceedings will not have a material adverse effect on the City's financial position.

The PUC is committed to purchase 25 MW of its power requirements from Missouri River Power Company through pursuant to the Power Sale Agreement dated April 28, 2010. This contract is effective through January 1, 2046.

**C. Self-Insurance - Benefit Plans**

**Self-funded Dental Insurance:** The City (internal service self-insurance fund) and Public Utilities Commission (the funds) provide dental insurance coverage to its employees under a self-funded plan. The funds pay the dental insurance claims as they are incurred by the employee up to \$1,000. The Funds record a liability for claims incurred but not reported or paid, which is included in accrued expenses on the balance sheet. Settled claims have not exceeded coverage in either of the past three years.

The claims liability at December 31, 2021 is based on requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the funds' claims liability amount in fiscal years 2021, 2020 and 2019 were:

Year	January 1 Claims Liability	Current Year Claims and Changes in Estimates	Current Year Claim Payments	December 31 Claims Liability
2021	\$ 338	\$ 93,822	\$ (85,705)	\$ 7,779
2020	6,341	73,522	(79,525)	338
2019	3,956	87,919	(85,534)	6,341
2018	6,127	97,638	(99,809)	3,956
2017	7,577	93,145	(94,595)	6,127

**D. Major Customers**

For the year ended December 31, 2021, the PUC's Electric Division derived approximately 50 percent of utility revenue from the top five major industrial customers.

For the year ended December 31, 2021, the PUC's Natural Gas Division derived approximately 44 percent of its utility revenue from the top five major industrial customers.

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 9: Other Information (Continued)**

**E. Tax Increment Districts**

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

	City Tax Rate (Year of Establishment)	District Tax Capacity	Amount of Taxes Abated the Fiscal Year
Tax Increment Districts (PAYGO)			
TIF District 4-13 (Downtown Theater)	56.919%	\$ 16,426	\$ 9,350
TIF District 4-14 (Conerstone Commons)	59.363%	23,790	14,122
TIF District 4-17 (Econ, Industrial Park)	73.966%	7,479	5,532
TIF District 4-18 (Highfield Apartments)	73.966%	80,325	59,413
TIF District 4-19 (Cobblestone Hotel & Suites)	71.953%	27,276	19,626
TIF District 4-21 (Fifth Ave Ind Park)	66.473%	44,132	29,336
Total			<u>\$ 137,379</u>

**F. Tax Abatements**

As of December 31, 2021, the City has one agreement entered into by the City listed below that abate City property taxes. Below is information specific to the agreement:

The City entered into a tax abatement agreement with Uponor Inc., dated 2/13/2018 for a manufacturing project located at 500 Technology Drive. The project includes the acquisition of and improvements to an approximately 36-acre parcel of land and approximately 237,000 square-foot facility. The improvements include the renovation, retrofitting, upgrading and use of the manufacturing facility on said property. The abatement is for the increase in City taxes over and above the taxes based on the payable 2017 market value of \$4,702,500, beginning for taxes payable in 2019. The agreement, negotiated under state law (Minnesota Statute 469.1812-469-1815), has a maximum abatement amount of \$902,291 and a maximum duration of 15 years (2019-2033). Total taxes abated during 2021 amount to \$26,437.

**G. Legal Debt Margin**

In accordance with Minnesota statutes, the City may not incur or be subject to general obligation debt in excess of three percent of the market value of taxable property within the City. General obligation debt is payable solely from ad valorem taxes and therefore, excludes debt financed partially or entirely by special assessments, enterprise fund receipts or tax increments. Currently, the City has no general obligation debt outstanding subject to this limit.

**H. Concentrations**

The City receives a significant amount of its annual General fund revenues from the State of Minnesota from the Local Government Aid (LGA) program. The amount received in 2021 was \$1,268,473 for LGA. This accounted 11.5 percent of General fund revenues. In addition to the General fund amount noted above, the City has allocated \$0 of LGA to the Capital Projects fund.

City of Hutchinson, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 9: Other Information (Continued)**

**I. Economic Dependency**

The programs of the HRA are economically dependent on annual contributions and grants from HUD. Without those contributions and grants, the programs would operate at a loss.

**Note 10: COVID-19**

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus ("COVID-19") and the risks to the international community as virus spreads globally. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. In response to the pandemic, the State of Minnesota has issued stay-at-home orders and other measures aimed at slowing the spread of the coronavirus.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Due to the rapid development and fluidity of this situation, the City cannot determine the ultimate impact that the COVID-19 pandemic will have on its financial condition, liquidity, and future revenue collection, and therefore any prediction as to the ultimate impact on the City's financial condition, liquidity, and future results of its revenue collections is uncertain.

**Note 11: Prior Period Adjustment**

A prior period adjustment was made in the amount of \$113,868 to correctly state housing rehabilitation loans receivable.

	Net Position December 31, 2021 as Previously Reported	Prior Period Adjustment	Net Position January 1, 2021 as Restated
Governmental Activities	\$ 88,595,336	\$ 113,868	\$ 88,709,204
Governmental Funds			
Nonmajor Governmental Fund	\$ 649,430	\$ 113,868	\$ 763,298



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HUTCHINSON  
HUTCHINSON, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2021

City of Hutchinson, Minnesota  
Required Supplementary Information  
For the Year Ended December 31, 2021

**Schedule of Employer's Share of PERA Net Pension Liability - General Employees Retirement Fund**

Fiscal Year Ending	City's Proportion of the Net Pension Liability *	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the Primary Government (b)	Total (a+b)	City's Covered Payroll (c) *	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/21	0.1586 %	\$ 6,772,930	\$ 206,903	\$ 6,979,833	\$ 11,475,587	60.8 %	87.0 %
06/30/20	0.1551	9,298,954	286,598	9,585,552	11,108,419	86.3	79.1
06/30/19	0.1502	8,304,222	257,988	8,562,210	10,646,616	80.4	80.2
06/30/18	0.1508	8,365,767	274,506	8,640,273	10,145,867	85.2	79.5
06/30/17	0.1497	9,556,749	120,135	9,676,884	9,641,342	100.4	75.9
06/30/16	0.1547	12,560,874	164,029	12,724,903	9,593,197	132.6	68.9
06/30/15	0.1559	8,079,548	-	8,079,548	9,207,014	87.8	78.2

\* Includes EDA activity

*Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.*

**Schedule of Employer's PERA Contributions - General Employees Retirement Fund**

Year Ending	Statutorily Required Contribution (a) *	Contributions in Relation to the Statutorily Required Contribution (b) *	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c) *	Contributions as a Percentage of Covered Payroll (b/c)
12/31/21	\$ 860,768	\$ 860,768	\$ -	\$ 11,476,908	7.5 %
12/31/20	862,466	862,466	-	11,499,551	7.5
12/31/19	813,778	813,778	-	10,850,378	7.5
12/31/18	782,227	782,227	-	10,429,696	7.5
12/31/17	735,178	735,178	-	9,803,713	7.5
12/31/16	715,812	715,812	-	9,544,167	7.5
12/31/15	708,668	708,668	-	9,448,902	7.5

\* Includes EDA activity

*Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.*

City of Hutchinson, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2021

**Notes to the Required Supplementary Information - General Employees Retirement Fund**

Changes in Actuarial Assumptions

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

City of Hutchinson, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2021

**Notes to the Required Supplementary Information - General Employees Retirement Fund (Continued)**

Changes in Plan Provisions

2021 - There were no changes in plan provisions since the previous valuation.

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

2019 - The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

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

2017 - The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 - There were no changes in plan provisions since the previous valuation.

2015 - 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.

City of Hutchinson, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2021

**Schedule of Employer's Share of PERA Net Pension Liability – Public Employees Police and Fire Fund**

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/21	0.1519 %	\$ 1,172,507	\$ 52,736	\$ 1,225,243	\$ 1,795,809	65.3 %	93.7 %
06/30/20	0.1543	2,033,839	47,933	2,081,772	1,742,264	116.7	87.2
06/30/19	0.1672	1,780,013	-	1,780,013	1,764,991	100.9	89.3
06/30/18	0.1631	1,738,478	-	1,738,478	1,719,323	101.1	88.8
06/30/17	0.1580	2,133,188	-	2,133,188	1,621,218	131.6	85.4
06/30/16	0.1590	6,380,947	-	6,380,947	1,531,607	416.6	63.9
06/30/15	0.1630	1,852,061	-	1,852,061	1,472,983	125.7	86.6

*Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.*

**Schedule of Employer's PERA Contributions – Public Employees Police and Fire Fund**

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/21	\$ 336,868	\$ 336,868	\$ -	\$ 1,903,212	17.70 %
12/31/20	322,455	322,455	-	1,821,780	17.70
12/31/19	296,227	296,227	-	1,747,653	16.95
12/31/18	284,969	284,969	-	1,759,067	16.20
12/31/17	270,509	270,509	-	1,669,810	16.20
12/31/16	256,640	256,640	-	1,584,198	16.20
12/31/15	240,427	240,427	-	1,484,116	16.20

*Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.*

City of Hutchinson, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2021

**Notes to the Required Supplementary Information – Public Employees Police and Fire Fund**

Changes in Actuarial Assumptions

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The inflation assumption was changed from 2.50 percent to 2.25 percent. The payroll growth assumption was changed from 3.25 percent to 3.00 percent. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020. The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020). Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates. Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements. Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations. Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities. Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020 - The mortality projection scale was changed from MP-2018 to MP-2019.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2016 to MP-2017.

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent 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 3.0 percent 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 percent to 60 percent. 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 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.6 percent to 7.5 percent.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 5.6 percent. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2037 and 2.5 percent per year thereafter.

City of Hutchinson, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2021

**Notes to the Required Supplementary Information – Public Employees Police and Fire Fund (Continued)**

Changes in Plan Provisions

2021 - There were no changes in plan provisions since the previous valuation.

2020 - There were no changes in plan provisions since the previous valuation.

2019 - There were no changes in plan provisions since the previous valuation.

2018 - As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger. An end date of July 1, 2048 was added to the existing \$9.0 million state contribution. New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier. Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020. Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent 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 3.00 percent 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 65.00 percent to 60.00 percent. 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 postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016 - There were no changes in plan provisions since the previous valuation.

2015 - The post-retirement benefit increase to be paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.5 percent, to a fixed rate of 2.5 percent.

City of Hutchinson, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2021

**Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios**

	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>							
Service cost	\$ 51,445	\$ 37,705	\$ 39,252	\$ 33,093	\$ 32,207	\$ 31,267	\$ 37,483
Interest	140,602	155,596	152,579	159,108	158,458	144,254	141,826
Changes of benefit terms	-	(34,805)	-	-	-	165,505	61,339
Differences between expected and actual experience	-	15,323	-	(53,618)	-	23,647	-
Changes of assumptions	-	140,688	(72,427)	240,542	-	114,838	(200,047)
Benefit payments	(552,680)	(177,560)	(178,718)	(180,382)	(182,707)	(176,770)	(156,240)
<b>Net Change in Total Pension Liability</b>	<b>(360,633)</b>	<b>136,947</b>	<b>(59,314)</b>	<b>198,743</b>	<b>7,958</b>	<b>302,741</b>	<b>(115,639)</b>
<b>Total Pension Liability - January 1</b>	<b>2,781,294</b>	<b>2,644,347</b>	<b>2,703,661</b>	<b>2,504,918</b>	<b>2,496,960</b>	<b>2,194,219</b>	<b>2,309,858</b>
<b>Total Pension Liability - December 31 (A)</b>	<b>\$ 2,420,661</b>	<b>\$ 2,781,294</b>	<b>\$ 2,644,347</b>	<b>\$ 2,703,661</b>	<b>\$ 2,504,918</b>	<b>\$ 2,496,960</b>	<b>\$ 2,194,219</b>
<b>Plan Fiduciary Net Position</b>							
Contributions - State	\$ 122,893	\$ 117,030	\$ 111,162	\$ 109,292	\$ 108,253	\$ 106,662	\$ 106,989
Contributions - employer	81,259	75,236	83,074	75,000	75,000	75,000	96,664
Projected investment return	322,787	243,347	377,486	(83,675)	264,914	165,615	(54,069)
Benefit payments, including refunds of employee contributions	(552,680)	(177,560)	(178,718)	(180,382)	(182,707)	(176,770)	(156,240)
Administrative expenses	(20,198)	(19,969)	(20,740)	(14,379)	(17,714)	(16,414)	(19,904)
Other	-	-	-	-	-	(1,534)	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(45,939)</b>	<b>238,084</b>	<b>372,264</b>	<b>(94,144)</b>	<b>247,746</b>	<b>152,559</b>	<b>(26,560)</b>
<b>Plan Fiduciary Net Position - January 1</b>	<b>2,838,349</b>	<b>2,600,265</b>	<b>2,228,001</b>	<b>2,322,145</b>	<b>2,074,399</b>	<b>1,921,840</b>	<b>1,948,400</b>
<b>Plan Fiduciary Net Position - December 31 (B)</b>	<b>\$ 2,792,410</b>	<b>\$ 2,838,349</b>	<b>\$ 2,600,265</b>	<b>\$ 2,228,001</b>	<b>\$ 2,322,145</b>	<b>\$ 2,074,399</b>	<b>\$ 1,921,840</b>
<b>Fire Relief's Net Pension Liability (Asset) - December 31 (A-B)</b>	<b>\$ (371,749)</b>	<b>\$ (57,055)</b>	<b>\$ 44,082</b>	<b>\$ 475,660</b>	<b>\$ 182,773</b>	<b>\$ 422,561</b>	<b>\$ 272,379</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (B/A)</b>	115.36%	102.05%	98.33%	82.41%	92.70%	83.08%	87.59%
<b>Covered Payroll</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.*

**Notes to the Required Supplementary Information - Fire Relief Association**

Changes in Benefits

2021 - There were no changes in benefits since the previous valuation.

2020 - The lump sum option was added for active members. The annuity option was eliminated for members hired after October 8, 2020. Survivor benefit was changed from annuity to lump sum.

2019 - There were no changes in benefits since the previous valuation.

2018 - There were no changes in benefits since the previous valuation.

2017 - There were no changes in benefits since the previous valuation.

2016 - There were no changes in benefits since the previous valuation.

2015 - Monthly benefit was increased from \$15 to \$17 per month.



City of Hutchinson, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2021

**Notes to the Required Supplementary Information - Fire Relief Association (Continued)**

Changes in Assumptions

2021 - There were no changes in assumptions since the previous valuation.

2020 - The expected investment return and discount rate decreased from 6.00% to 5.50% to reflect updated capital market assumptions. The mortality assumptions were updated from the rates used in the July 1, 2018 Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the July 1, 2020 Minnesota PERA Police & Fire Plan actuarial valuation. The inflation assumption decreased from 2.50% to 2.25%. The election assumption for future retirees of 50% electing a lump sum plan and 50% electing a monthly plan was added to reflect new pension options for those hired before 10/8/2020.

2019 - The expected investment return and discount rate increased from 5.75% to 6.00% to reflect updated capital market assumptions. The mortality and withdrawal assumptions were updated from the rates used in the July 1, 2018 Minnesota PERA Police & Fire.

2018 - The expected investment return and discount rate decreased from 6.50% to 5.75% to reflect updated capital market assumptions. The mortality and withdrawal assumptions were updated from the rates used in the July 1, 2016 Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the July 1, 2018 Minnesota PERA Police & Fire plan actuarial valuation.

2017 - There were no changes in assumptions since the previous valuation.

2016 - There were no changes in assumptions since the previous valuation.

2015 - The discount rate was updated to reflect current asset returns. The index rate for 20-year municipal bonds was updated to reflect index rates as of December 31, 2015. Retirement rates were updated to reflect plan experience and expectations.

**Schedule of Employer's Fire Relief Association Contributions**

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/21	*	\$ 204,152	\$ 204,152
12/31/20	188,996	192,266	(3,270)
12/31/19	188,037	194,236	(6,199)
12/31/18	184,292	188,037	(3,745)
12/31/17	144,183	183,253	(39,070)
12/31/16	144,183	181,662	(37,479)

\* Actuarially report does not disclose an amount for actuarial determined contribution

City of Hutchinson, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2021

**Schedule of Changes in the City's Total OPEB Liability and Related Ratios**

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 56,316	\$ 52,612	\$ 52,767	\$ 56,111
Interest	31,131	30,427	27,430	25,975
Differences between expected and actual experience	(142,260)	(10,484)	(48,475)	-
Changes in assumptions	56,000	11,924	(30,750)	4,199
Benefit payments	(46,944)	(31,476)	(26,943)	(23,931)
Net Change in Total OPEB Liability	(45,757)	53,003	(25,971)	62,354
 Total OPEB Liability - Beginning	 818,550	 765,547	 791,518	 729,164
 Total OPEB Liability - Ending	 <u>\$ 772,793</u>	 <u>\$ 818,550</u>	 <u>\$ 765,547</u>	 <u>\$ 791,518</u>
 Covered-Employee Payroll	 \$ 7,775,549	 \$ 7,775,549	 \$ 7,549,077	 \$ 11,238,479
 City's Total OPEB Liability as a Percentage of Covered-Employee Payroll	 9.94 %	 10.53 %	 10.14 %	 7.04 %

*Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.  
There are no assets accumulated in a GASB-compliant trust.*

**Notes to the Required Supplementary Information - City's Total OPEB Liability and Related Ratios**

Changes in Plan

2021 - There were no changes in plan provisions since the previous valuation.

2020 - There were no changes in plan provisions since the previous valuation.

2019 - There were no changes in plan provisions since the previous valuation.

2018 - There were no changes in plan provisions since the previous valuation.

City of Hutchinson, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2021

**Notes to the Required Supplementary Information - City's Total OPEB Liability and Related Ratios (Continued)**

Changes in Assumptions

2021 - The health care trend rates were changed to better anticipate short term and long term medical increases. The mortality tables were updated from the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale. The retirement and withdrawal rates were updated for non-safety personnel. The inflation rate changed from 2.50% to 2.00%. The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group. The discount rate was changed from 3.80% to 2.00%. The discount rate was changed from 2.75% to 2.00% based on the updated 20-year municipal bond rates for the PUC plan.

2020 - The health care trend rates were changed to better anticipate short term and long term medical increases. The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel). The retirement and withdrawal tables for all employees were updated. PUC: The discount rate was changed from 3.71% to 2.75% based on the updated 20-year municipal bond rates. Healthcare trend rates were reset to reflect updated cost increase expectations. Mortality and salary increase rates were update from the rates used in the 7/1/2017 PERA General Employees Plan valuation to the rates used in the 7/1/2019 valuation. The inflation assumption was changed from 2.75% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

2019 - The discount rate was changed from 3.30 to 3.80% for the City plan. PUC: The index rate for 20 year, tax-exempt municipal bonds used in the determination of the discount rate was changed from 3.31% to 3.71%. Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans.

2018 - The discount rate was changed from 3.50% to 3.30% for the City plan.

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COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF HUTCHINSON  
HUTCHINSON, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2021

City of Hutchinson, Minnesota  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2021

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total
<b>Assets</b>			
Cash and investments	\$ 3,366,788	\$ 12,333,117	\$ 15,699,905
Receivables			
Interest	6,551	25,058	31,609
Accounts	26,434	-	26,434
Notes	1,144,649	-	1,144,649
Delinquent special assessments	-	35,645	35,645
Noncurrent special assessments	-	717,652	717,652
Intergovernmental	22,774	1,842,573	1,865,347
Advances to other funds	382,965	589,500	972,465
<b>Total Assets</b>	<b>\$ 4,950,161</b>	<b>\$ 15,543,545</b>	<b>\$ 20,493,706</b>
<b>Liabilities</b>			
Accounts payable	\$ 56,865	\$ 438,981	\$ 495,846
Contracts payable	-	225,939	225,939
Advances from other funds	780,750	589,500	1,370,250
Due to other governments	10	-	10
Accrued salaries payable	9,785	-	9,785
Unearned revenue	778,150	-	778,150
<b>Total Liabilities</b>	<b>1,625,560</b>	<b>1,254,420</b>	<b>2,879,980</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue			
Loan interest receivable	4,659	-	4,659
Special assessments	-	753,297	753,297
Intergovernmental	-	1,838,779	1,838,779
<b>Total Deferred Inflows of Resources</b>	<b>4,659</b>	<b>2,592,076</b>	<b>2,596,735</b>
<b>Fund Balances</b>			
Restricted	2,984,407	5,598,270	8,582,677
Committed	577,537	1,636,785	2,214,322
Assigned	506,602	5,164,053	5,670,655
Unassigned	(748,604)	(702,059)	(1,450,663)
<b>Total Fund Balances</b>	<b>3,319,942</b>	<b>11,697,049</b>	<b>15,016,991</b>
<b>Total Liabilities, Deferred Inflows of     Resources and Fund Balances</b>	<b>\$ 4,950,161</b>	<b>\$ 15,543,545</b>	<b>\$ 20,493,706</b>

City of Hutchinson, Minnesota  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2021

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total
Revenues			
Taxes			
Property taxes	\$ -	\$ 13,733	\$ 13,733
Tax increment district taxes	296,729	-	296,729
Special assessments	-	33,815	33,815
Intergovernmental			
Federal			
Street maintenance and construction aid	-	30,457	30,457
Other	355,883	133,819	489,702
State			
Local government aid	-	1,387,924	1,387,924
Street maintenance and construction aid	96,202	600,000	696,202
Other	5,866	118,738	124,604
County			
County shared aids	96,202	-	96,202
Charges for services			
Public safety	130,000	-	130,000
Streets and highways	303,859	-	303,859
Housing and economic development	71,380	-	71,380
Miscellaneous	-	14,400	14,400
Investment earnings (loss)	(9,105)	69,164	60,059
Miscellaneous			
Contributions and donations	7,410	42,037	49,447
Loan interest	12,053	-	12,053
Refunds and reimbursements	356,328	5,159	361,487
Other	11,275	81,551	92,826
Total Revenues	<u>1,734,082</u>	<u>2,530,797</u>	<u>4,264,879</u>
Expenditures			
Current			
Public safety	166,292	-	166,292
Streets and highways	571,744	-	571,744
Culture and recreation	60,522	-	60,522
Housing and economic development	775,348	-	775,348
Capital outlay			
General government	-	140,685	140,685
Public safety	263,665	2,134,277	2,397,942
Streets and highways	6,686	3,971,955	3,978,641
Culture and recreation	7,211	202,025	209,236
Housing and economic development	127,070	-	127,070
Miscellaneous	-	8,580	8,580
Debt service			
Interest and other	26,624	-	26,624
Bond issuance costs	-	143,484	143,484
Total Expenditures	<u>2,005,162</u>	<u>6,601,006</u>	<u>8,606,168</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(271,080)</u>	<u>(4,070,209)</u>	<u>(4,341,289)</u>
Other Financing Sources (Uses)			
Sale of capital assets	18,250	16,378	34,628
Transfers in	247,803	894,262	1,142,065
Bonds issued	-	9,620,000	9,620,000
Premium on bonds issued	-	711,107	711,107
Transfers out	(92,002)	(1,341,961)	(1,433,963)
Total Other Financing Sources (Uses)	<u>174,051</u>	<u>9,899,786</u>	<u>10,073,837</u>
Net Change in Fund Balances	(97,029)	5,829,577	5,732,548
Fund Balances, January 1	3,303,103	5,867,472	9,170,575
Prior Period Adjustment (Note 11)	113,868	-	113,868
Fund Balances, December 31	<u>\$ 3,319,942</u>	<u>\$ 11,697,049</u>	<u>\$ 15,016,991</u>

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## NONMAJOR ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises- where the intent of the City's Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City's Council has decided that periodic determination of net income is appropriate for accountability purposes.

**Refuse Fund:** This fund is used to account for the operation, maintenance and capital improvements of the City's refuse system.

**Composting Fund:** This fund is used to account for the operation, maintenance and capital improvements of the City's composting system.

**Storm Water Fund:** This fund is used to account for the operation, maintenance, and capital improvement of the City's storm water system.

**Municipal Liquor Store Fund:** This fund is used to account for the operation, maintenance, and capital improvement of the City's liquor store.

City of Hutchinson, Minnesota  
Statement of Net Position (Continued on the Following Page)  
Nonmajor Proprietary Funds  
December 31, 2021

	Business-type Activities - Enterprise Funds				
	603	651	652	609	
	Refuse	Composting	Storm Water	Municipal Liquor Store	Total
<b>Assets</b>					
<b>Current Assets</b>					
Cash and investments	\$ 1,954,511	\$ 2,436,718	\$ 1,275,505	\$ 415,094	\$ 6,081,828
Receivables					
Interest	4,882	5,601	2,499	-	12,982
Accounts	119,995	216,742	20,958	71,606	429,301
Intergovernmental	3,170	14,558	-	-	17,728
Inventories	-	1,264,490	-	681,448	1,945,938
Prepaid items	-	1,625	-	3,309	4,934
<b>Total Current Assets</b>	<b>2,082,558</b>	<b>3,939,734</b>	<b>1,298,962</b>	<b>1,171,457</b>	<b>8,492,711</b>
<b>Noncurrent Assets</b>					
<b>Capital assets</b>					
Land	10,913	400,608	387,063	308,072	1,106,656
Buildings and structures	2,355,400	57,121	-	1,631,037	4,043,558
Infrastructure and improvements	138,775	662,096	6,963,578	147,218	7,911,667
Machinery and equipment	1,156,470	3,240,255	165,691	120,992	4,683,408
Automotive equipment	45,938	460,593	353,394	-	859,925
Less accumulated depreciation	(2,712,705)	(2,576,299)	(1,699,481)	(1,223,216)	(8,211,701)
<b>Total Noncurrent Assets</b>	<b>994,791</b>	<b>2,244,374</b>	<b>6,170,245</b>	<b>984,103</b>	<b>10,393,513</b>
<b>Total Assets</b>	<b>3,077,349</b>	<b>6,184,108</b>	<b>7,469,207</b>	<b>2,155,560</b>	<b>18,886,224</b>
<b>Deferred Outflows of Resources</b>					
Deferred pension resources	49,652	192,927	79,767	236,459	558,805
Deferred other postemployment benefit resources	669	4,688	2,008	3,348	10,713
<b>Total Deferred Outflows of Resources</b>	<b>50,321</b>	<b>197,615</b>	<b>81,775</b>	<b>239,807</b>	<b>569,518</b>

City of Hutchinson, Minnesota  
Statement of Net Position (Continued)  
Nonmajor Proprietary Funds  
December 31, 2021

	Business-type Activities - Enterprise Funds				
	603	651	652	609	
	Refuse	Composting	Storm Water	Municipal Liquor Store	Total
Liabilities					
Current Liabilities					
Accounts payable	\$ 68,166	\$ 192,724	\$ 8,904	\$ 162,913	\$ 432,707
Advances from other funds	-	-	35,921	-	35,921
Due to other governments	10,406	875	-	84,857	96,138
Accrued interest payable	-	5,470	18,804	-	24,274
Accrued salaries payable	2,718	10,526	4,498	13,377	31,119
Accrued vacation payable	4,085	30,441	5,452	24,868	64,846
Current portion of debt	-	65,603	140,000	-	205,603
Total Current Liabilities	85,375	305,639	213,579	286,015	890,608
Noncurrent Liabilities					
Advances from other funds	-	-	36,999	-	36,999
Accrued vacation payable	-	15,554	-	13,505	29,059
Other postemployment benefit liability	5,879	41,194	17,647	29,415	94,135
Net pension liability	67,639	256,351	106,305	323,642	753,937
Capital leases and notes payable	-	274,418	-	-	274,418
Bonds payable	-	-	1,329,570	-	1,329,570
Less current portion of debt	-	(65,603)	(140,000)	-	(205,603)
Total Noncurrent Liabilities	73,518	521,914	1,350,521	366,562	2,312,515
Total Liabilities	158,893	827,553	1,564,100	652,577	3,203,123
Deferred Inflows of Resources					
Deferred pension resources	64,041	249,487	103,120	304,834	721,482
Deferred other post employment benefit resources	1,558	10,921	4,678	7,798	24,955
Total Deferred Inflows of Resources	65,599	260,408	107,798	312,632	746,437
Net Position					
Net investment in capital assets	994,791	1,969,956	4,840,675	984,103	8,789,525
Unrestricted	1,908,387	3,323,806	1,038,409	446,055	6,716,657
Total Net Position	\$ 2,903,178	\$ 5,293,762	\$ 5,879,084	\$ 1,430,158	\$ 15,506,182

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City of Hutchinson, Minnesota  
Statement of Revenues, Expenses, and Changes in Net Position  
Nonmajor Proprietary Funds  
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds				
	603	651	652	609	
	Refuse	Composting	Storm Water	Municipal Liquor Store	Total
Operating Revenues					
Sales	\$ -	\$ 2,863,862	\$ -	\$ 7,334,513	\$ 10,198,375
Cost of sales	-	(1,766,443)	-	(5,757,766)	(7,524,209)
Gross Profit	-	1,097,419	-	1,576,747	2,674,166
Charges for services	1,299,821	-	1,011,085	-	2,310,906
Penalties	2,998	-	-	-	2,998
Other operating revenue	14,350	4,900	8,446	9,206	36,902
Total Operating Revenues	1,317,169	1,102,319	1,019,531	1,585,953	5,024,972
Operating Expenses					
Personal services	191,979	438,805	276,074	740,662	1,647,520
Supplies and maintenance	31,949	41,942	122,181	28,089	224,161
Other services and charges	830,475	218,743	30,050	149,762	1,229,030
Depreciation and depletion	134,067	118,935	229,362	76,737	559,101
Total Operating Expenses	1,188,470	818,425	657,667	995,250	3,659,812
Operating Income	128,699	283,894	361,864	590,703	1,365,160
Nonoperating Revenues (Expenses)					
Interest earnings (loss)	(5,018)	(8,203)	(2,696)	774	(15,143)
Gain (loss) on sale/disposal of capital assets	7,990	(8,805)	-	-	(815)
Interest expense - bonds	-	(10,211)	(49,189)	-	(59,400)
Bond premium amortization	-	-	5,652	-	5,652
Total Nonoperating Revenues (Expenses)	2,972	(27,219)	(46,233)	774	(69,706)
Income Before Contributions and Transfers	131,671	256,675	315,631	591,477	1,295,454
Capital Contributions From Other Funds	-	-	70,025	-	70,025
Transfers Out	(55,000)	(110,000)	(158,600)	(550,000)	(873,600)
Change in Net Position	76,671	146,675	227,056	41,477	491,879
Net Position, January 1	2,826,507	5,147,087	5,652,028	1,388,681	15,014,303
Net Position, December 31	\$ 2,903,178	\$ 5,293,762	\$ 5,879,084	\$ 1,430,158	\$ 15,506,182

City of Hutchinson, Minnesota  
Statement of Cash Flows (Continued on the Following Page)  
Nonmajor Proprietary Funds  
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds				
	603	651	652	609	
	Refuse	Composting	Storm Water	Municipal Liquor Store	Total
Cash Flows from Operating Activities					
Receipts from customers	\$ 1,314,799	\$ 2,944,816	\$ 1,016,796	\$ 7,371,016	\$ 12,647,427
Payments to vendors and suppliers	(865,497)	(2,189,279)	(197,579)	(6,066,738)	(9,319,093)
Payments to or on behalf of employees	(197,756)	(455,626)	(275,317)	(743,044)	(1,671,743)
Net Cash Provided by Operating Activities	251,546	299,911	543,900	561,234	1,656,591
Cash Flows from Noncapital Financing Activities					
Transfers out	(55,000)	(110,000)	(158,600)	(550,000)	(873,600)
Cash Flows from Capital and Related Financing Activities					
Acquisition of capital assets	(66,770)	(337,616)	(135,173)	(8,011)	(547,570)
Proceeds from sale of capital assets	7,990	162,784	8,844	-	179,618
Principal paid on long-term debt	-	(149,182)	(140,000)	-	(289,182)
Interest paid on long-term debt	-	(12,460)	(50,939)	-	(63,399)
Net Cash Used by Capital and Related Financing Activities	(58,780)	(336,474)	(317,268)	(8,011)	(720,533)
Cash Flows from Investing Activities					
Interest received (paid) on investments	(3,094)	(4,735)	(1,778)	774	(8,833)
Net Increase (Decrease) in Cash and Cash Equivalents	134,672	(151,298)	66,254	3,997	53,625
Cash and Cash Equivalents, January 1	1,819,839	2,588,016	1,209,251	411,097	6,028,203
Cash and Cash Equivalents, December 31	\$ 1,954,511	\$ 2,436,718	\$ 1,275,505	\$ 415,094	\$ 6,081,828

City of Hutchinson, Minnesota  
Statement of Cash Flows (Continued)  
Nonmajor Proprietary Funds  
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds				
	603	651	652	609	Total
	Refuse	Composting	Storm Water	Municipal Liquor Store	
Reconciliation of Operating Income to Net Cash					
Provided by Operating Activities					
Operating income	\$ 128,699	\$ 283,894	\$ 361,864	\$ 590,703	\$ 1,365,160
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation and amortization (see note below)	134,067	118,935	229,362	76,737	559,101
(Increase) decrease in assets					
Accounts receivable	(2,377)	34,184	(2,735)	27,297	56,369
Due from other governments	7	41,870	-	-	41,877
Inventories	-	(236,191)	-	(22,598)	(258,789)
Prepaid items	1,225	(446)	-	4,695	5,474
(Increase) decrease in deferred outflows of resources					
Deferred pension resources	(40,107)	(156,918)	(65,749)	(192,719)	(455,493)
Deferred other postemployment benefit resources	(290)	(2,037)	(871)	(1,833)	(5,031)
Increase (decrease) in liabilities					
Accounts payable	(4,648)	74,077	(10,472)	(111,723)	(52,766)
Due to other governments	350	409	-	(1,495)	(736)
Advances from other funds	-	-	(34,876)	-	(34,876)
Accrued salaries payable	612	2,380	1,129	3,014	7,135
Accrued vacation payable	402	1,829	(106)	3,023	5,148
Other postemployment benefit liability	(424)	(2,944)	(1,279)	4,186	(461)
Pension liability	(26,949)	(100,479)	(32,606)	(109,804)	(269,838)
Increase (decrease) in deferred inflows of resources					
Deferred pension resources	59,925	233,959	97,075	285,972	676,931
Deferred other postemployment benefit resources	1,054	7,389	3,164	5,779	17,386
Net Cash Provided by Operating Activities	<u>\$ 251,546</u>	<u>\$ 299,911</u>	<u>\$ 543,900</u>	<u>\$ 561,234</u>	<u>\$ 1,656,591</u>

Note: Depreciation expense for the Composting fund includes \$160,716 allocated to costs of good sold.

Schedule of Noncash Investing, Capital and Financing Activities					
Capital contributions from other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,025</u>	<u>\$ -</u>	<u>\$ 70,025</u>
Book value of disposed/traded capital assets	<u>\$ -</u>	<u>\$ 171,589</u>	<u>\$ 8,844</u>	<u>\$ -</u>	<u>\$ 180,433</u>
Amortization of bond (premium) discount	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,652)</u>	<u>\$ -</u>	<u>\$ (5,652)</u>

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## NONMAJOR SPECIAL REVENUE FUNDS

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

**Rural Fire Department Fund:** This fund accounts for funds from rural townships to support their equipment and expenditures of the fire department while training and responding to rural fires.

**Hutchinson Area Transportation Services Facility Fund:** This fund accounts for the expenditures and revenues of the transportation building. This building is jointly operated by the City of Hutchinson, McLeod County and the Minnesota Department of Transportation.

**Economic Development Loan Fund:** This fund loans monies which have been originally received by the City from the State of Minnesota. As the original loan is repaid, funds are subsequently loaned under City guidelines as approved by the State of Minnesota.

**Energy Loan Fund:** Revolving loan funds received from the City and State which are under Hutchinson Economic Development Authority (EDA) guidelines are approved by City Council for downtown commercial rehabilitation loans.

**HRA Loan Fund:** This fund accounts for the housing rehabilitation loans with the City and the Minnesota Housing Finance Agency (MnHFA).

**Housing Rehabilitation Grant Fund:** This fund accounts for the Hutchinson housing rehabilitation project grant from the State of Minnesota Department of Trade and Economic Development.

**Tax Increment Fund:** This fund includes TIF districts 7, 8, 13 and 14.

**Minnesota Investment Fund:** This fund loans monies which have been originally received by the City from the State of Minnesota. As the original loan is repaid, funds are subsequently loaned under City guidelines as approved by the State of Minnesota.

**Tax Increment Fund 2016 Fund:** This fund includes TIF district 16.

**Tax Increment Fund #4-17 Enterprise Center Fund:** This fund includes TIF district 17.

**Tax Increment Fund #4-18 Highfield Housing Development Fund:** This fund includes TIF district 18.

**Tax Increment Fund #4-19 Highway 7 & 15 Soils Condition Fund:** This fund includes TIF district 19.

**Tax Increment Fund #4-20 Warrior Expansion Fund:** This fund includes TIF district 20.

**Tax Increment Fund #4-21 1105 Benjamin Ave SE Fund:** This fund includes TIF district 21.

**Tax Increment Fund #4-22 Jorgenson Hotel:** This fund includes TIF district 22.

**Public Sites Fund:** This fund is used to account for payments made by developments in lieu of land contributions for parkland purchases and improvements.

**Hutchinson Enterprise Center Fund:** This fund accounts for the expenditures and revenues of the Hutchinson Enterprise Center building, a 20,000 square foot business incubator to help small business grow.

**Tree Disease Mitigation Fund:** This fund is used for the City's efforts in restoring its tree canopy due to tree disease infestation, including proactive plantings of new tree species, treatment or removal of infected trees and future replacements

**COVID Relief Funding Fund:** This fund is used to account for American Rescue Plan Act money received from the U.S. Treasury through the State of Minnesota that was used to help offset costs associated with the COVID-19 pandemic.

City of Hutchinson, Minnesota  
Nonmajor Special Revenue Funds  
Combining Balance Sheet (Continued on the Following Pages)  
December 31, 2021

	<b>225</b>	<b>226</b>	<b>231</b>	<b>232</b>	<b>233/234/235</b>
	Rural Fire Department	Hutchinson Area Transportation Facility	Economic Development Loan	Energy Loan	Minnesota Investment
<b>Assets</b>					
Cash and investments	\$ 16,060	\$ 531,407	\$ 151,217	\$ 405,421	\$ 6,342
Receivables					
Interest	32	1,255	375	1,003	16
Accounts	18,254	-	-	-	-
Notes	-	-	112,691	338,431	10,956
Intergovernmental	-	22,774	-	-	-
Advance to other funds	-	-	246,052	136,913	-
<b>Total Assets</b>	<b>\$ 34,346</b>	<b>\$ 555,436</b>	<b>\$ 510,335</b>	<b>\$ 881,768</b>	<b>\$ 17,314</b>
<b>Liabilities</b>					
Accounts payable	\$ 1,324	\$ 48,300	\$ 31	\$ 83	\$ 1
Due to other governments	-	10	-	-	-
Advances from other funds	-	-	-	-	-
Accrued salaries payable	9,261	524	-	-	-
Unearned revenue	-	-	-	-	-
<b>Total Liabilities</b>	<b>10,585</b>	<b>48,834</b>	<b>31</b>	<b>83</b>	<b>1</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue					
Loan interest receivable	-	-	-	4,659	-
<b>Fund Balances</b>					
Restricted	23,761	-	510,304	877,026	17,313
Committed	-	-	-	-	-
Assigned	-	506,602	-	-	-
Unassigned	-	-	-	-	-
<b>Total Fund Balances</b>	<b>23,761</b>	<b>506,602</b>	<b>510,304</b>	<b>877,026</b>	<b>17,313</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 34,346</b>	<b>\$ 555,436</b>	<b>\$ 510,335</b>	<b>\$ 881,768</b>	<b>\$ 17,314</b>

239	240	241	250	258
Hutchinson Enterprise Center	HRA Loan	Housing Rehabilitation Grant	Tax Increment	Tax Increment 2016
\$ 34,593	\$ 82,576	\$ 256,406	\$ 278,078	\$ -
103	202	628	882	-
8,180	-	-	-	-
-	-	602,140	80,431	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 42,876</u>	<u>\$ 82,778</u>	<u>\$ 859,174</u>	<u>\$ 359,391</u>	<u>\$ -</u>
\$ 4,758	\$ 17	\$ 53	\$ 75	\$ -
-	-	-	-	-
246,052	-	-	-	397,325
-	-	-	-	-
5,453	-	-	-	-
<u>256,263</u>	<u>17</u>	<u>53</u>	<u>75</u>	<u>397,325</u>
-	-	-	-	-
-	82,761	859,121	359,316	-
-	-	-	-	-
-	-	-	-	-
(213,387)	-	-	-	(397,325)
<u>(213,387)</u>	<u>82,761</u>	<u>859,121</u>	<u>359,316</u>	<u>(397,325)</u>
<u>\$ 42,876</u>	<u>\$ 82,778</u>	<u>\$ 859,174</u>	<u>\$ 359,391</u>	<u>\$ -</u>

City of Hutchinson, Minnesota  
Nonmajor Special Revenue Funds  
Combining Balance Sheet (Continued)  
December 31, 2021

	259	260	261	262	263
	TIF #4-17 Enterprise Center	TIF #4-18 Highfield Housing Development	TIF #4-19 Highway 7 & 15 Soils Condition	TIF #4-20 Warrior Expansion	TIF #4-21 1105 Benjamin Ave SE
<b>Assets</b>					
Cash and investments	\$ 972	\$ 5,688	\$ 2,518	\$ 443	\$ -
Receivables					
Interest	2	14	6	-	-
Accounts	-	-	-	-	-
Notes	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Advance to other funds	-	-	-	-	-
<b>Total Assets</b>	<u>\$ 974</u>	<u>\$ 5,702</u>	<u>\$ 2,524</u>	<u>\$ 443</u>	<u>\$ -</u>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 1	\$ 38	\$ 1,850	\$ -
Due to other governments	-	-	-	-	-
Advances from other funds	124,272	-	-	-	13,101
Accrued salaries payable	-	-	-	-	-
Unearned revenue	-	-	-	-	-
<b>Total Liabilities</b>	<u>124,272</u>	<u>1</u>	<u>38</u>	<u>1,850</u>	<u>13,101</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue					
Loan interest receivable	-	-	-	-	-
<b>Fund Balances</b>					
Restricted	-	5,701	2,486	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(123,298)	-	-	(1,407)	(13,101)
<b>Total Fund Balances</b>	<u>(123,298)</u>	<u>5,701</u>	<u>2,486</u>	<u>(1,407)</u>	<u>(13,101)</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 974</u>	<u>\$ 5,702</u>	<u>\$ 2,524</u>	<u>\$ 443</u>	<u>\$ -</u>

<b>264</b>	<b>270</b>	<b>275</b>	<b>299</b>	
TIF #4-22 Jorgenson Hotel	Public Sites	Tree Disease Mitigation	COVID Relief Funding	Total
\$ 8,710	\$ 335,110	\$ 487,200	\$ 764,047	\$ 3,366,788
19	821	1,193	-	6,551
-	-	-	-	26,434
-	-	-	-	1,144,649
-	-	-	-	22,774
-	-	-	-	382,965
<u>\$ 8,729</u>	<u>\$ 335,931</u>	<u>\$ 488,393</u>	<u>\$ 764,047</u>	<u>\$ 4,950,161</u>
\$ 165	\$ 69	\$ 100	\$ -	\$ 56,865
-	-	-	-	10
-	-	-	-	780,750
-	-	-	-	9,785
8,650	-	-	764,047	778,150
<u>8,815</u>	<u>69</u>	<u>100</u>	<u>764,047</u>	<u>1,625,560</u>
-	-	-	-	4,659
-	246,618	-	-	2,984,407
-	89,244	488,293	-	577,537
-	-	-	-	506,602
(86)	-	-	-	(748,604)
<u>(86)</u>	<u>335,862</u>	<u>488,293</u>	<u>-</u>	<u>3,319,942</u>
<u>\$ 8,729</u>	<u>\$ 335,931</u>	<u>\$ 488,393</u>	<u>\$ 764,047</u>	<u>\$ 4,950,161</u>

City of Hutchinson, Minnesota  
Nonmajor Special Revenue Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
(Continued on the Following Pages)  
For the Year Ended December 31, 2021

	225	226	231	232	233/234/235
	Rural Fire Department	Hutchinson Area Transportation Facility	Economic Development Loan	Energy Loan	Minnesota Investment
Revenues					
Taxes					
Tax increment district taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental					
Federal					
Other	-	-	-	-	-
State					
Street maintenance aid	-	96,202	-	-	-
Other	-	-	-	-	-
County					
County shared aids	-	96,202	-	-	-
Charges for services					
Public safety	130,000	-	-	-	-
Streets and highways	-	303,859	-	-	-
Housing and economic development	-	-	-	-	-
Investment earnings (loss)	(693)	(1,357)	5,108	(5,573)	-
Miscellaneous					
Contributions and donations	-	-	-	-	-
Loan interest	-	-	3,410	8,643	-
Refunds and reimbursements	264,625	27,002	-	800	-
Other	-	-	-	-	-
Total Revenues	<u>393,932</u>	<u>521,908</u>	<u>8,518</u>	<u>3,870</u>	<u>-</u>
Expenditures					
Current					
Public safety	166,292	-	-	-	-
Streets and highways	-	571,744	-	-	-
Culture and recreation	-	-	-	-	-
Housing and economic development	-	-	-	45,193	1,175
Capital outlay					
Public safety	263,665	-	-	-	-
Streets and highways	-	6,686	-	-	-
Culture and recreation	-	-	-	-	-
Housing and economic development	-	-	-	-	-
Debt service					
Interest and other	-	-	-	-	-
Total Expenditures	<u>429,957</u>	<u>578,430</u>	<u>-</u>	<u>45,193</u>	<u>1,175</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(36,025)</u>	<u>(56,522)</u>	<u>8,518</u>	<u>(41,323)</u>	<u>(1,175)</u>
Other Financing Sources (Uses)					
Sale of capital assets	18,250	-	-	-	-
Transfers in	-	108,150	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>18,250</u>	<u>108,150</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(17,775)	51,628	8,518	(41,323)	(1,175)
Fund Balances, January 1	41,536	454,974	501,786	918,349	18,488
Prior Period Adjustment (Note 11)	-	-	-	-	-
Fund Balances, December 31	<u>\$ 23,761</u>	<u>\$ 506,602</u>	<u>\$ 510,304</u>	<u>\$ 877,026</u>	<u>\$ 17,313</u>

<b>239</b>	<b>240</b>	<b>241</b>	<b>250</b>	<b>258</b>
Hutchinson Enterprise Center	HRA Loan	Housing Rehabilitation Grant	Tax Increment	Tax Increment 2016
\$ -	\$ -	\$ -	\$ 56,873	\$ -
-	-	355,883	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
65,440	-	-	-	-
(5)	(310)	(451)	(2,469)	-
-	-	-	-	-
-	-	-	-	-
53,768	-	3,783	-	-
-	-	-	-	-
<u>119,203</u>	<u>(310)</u>	<u>359,215</u>	<u>54,404</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
87,141	-	263,392	154,457	5
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	127,070
5,196	-	-	-	15,856
<u>92,337</u>	<u>-</u>	<u>263,392</u>	<u>154,457</u>	<u>142,931</u>
26,866	(310)	95,823	(100,053)	(142,931)
-	-	-	-	-
-	-	-	-	84,653
-	-	-	(84,653)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(84,653)</u>	<u>84,653</u>
26,866	(310)	95,823	(184,706)	(58,278)
(240,253)	83,071	649,430	544,022	(339,047)
-	-	113,868	-	-
<u>\$ (213,387)</u>	<u>\$ 82,761</u>	<u>\$ 859,121</u>	<u>\$ 359,316</u>	<u>\$ (397,325)</u>

City of Hutchinson, Minnesota  
Nonmajor Special Revenue Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)  
For the Year Ended December 31, 2021

	259	260	261	262	263
	TIF #4-17 Enterprise Center	TIF #4-18 Highfield Housing Development	TIF #4-19 Highway 7 & 15 Soils Condition	TIF #4-20 Warrior Expansion	TIF #4-21 1105 Benjamin Ave SE
Revenues					
Taxes					
Tax increment district taxes	\$ 11,625	\$ 121,220	\$ 41,554	\$ 65,457	\$ -
Intergovernmental					
Federal					
Other	-	-	-	-	-
State					
Street maintenance aid	-	-	-	-	-
Other	-	-	-	-	-
County					
County shared aids	-	-	-	-	-
Charges for services					
Public safety	-	-	-	-	-
Streets and highways	-	-	-	-	-
Housing and economic development	-	-	-	-	-
Investment earnings (loss)	33	(476)	(188)	37	-
Miscellaneous					
Contributions and donations	-	-	-	-	-
Loan interest	-	-	-	-	-
Refunds and reimbursements	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	<u>11,658</u>	<u>120,744</u>	<u>41,366</u>	<u>65,494</u>	<u>-</u>
Expenditures					
Current					
Public safety	-	-	-	-	-
Streets and highways	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Housing and economic development	1,054	125,287	32,040	57,341	1,750
Capital outlay					
Public safety	-	-	-	-	-
Streets and highways	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Housing and economic development	-	-	-	-	-
Debt service					
Interest and other	5,164	-	-	171	237
Total Expenditures	<u>6,218</u>	<u>125,287</u>	<u>32,040</u>	<u>57,512</u>	<u>1,987</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,440</u>	<u>(4,543)</u>	<u>9,326</u>	<u>7,982</u>	<u>(1,987)</u>
Other Financing Sources (Uses)					
Sale of capital assets	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	(7,349)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(7,349)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	5,440	(4,543)	1,977	7,982	(1,987)
Fund Balances, January 1	(128,738)	10,244	509	(9,389)	(11,114)
Prior Period Adjustment (Note 11)	-	-	-	-	-
Fund Balances, December 31	<u>\$ (123,298)</u>	<u>\$ 5,701</u>	<u>\$ 2,486</u>	<u>\$ (1,407)</u>	<u>\$ (13,101)</u>



264	270	275	299	
TIF #4-22 Jorgenson Hotel	Public Sites	Tree Disease Mitigation	COVID Relief Funding	Total
\$ -	\$ -	\$ -	\$ -	\$ 296,729
-	-	-	-	355,883
-	-	-	-	96,202
-	5,866	-	-	5,866
-	-	-	-	96,202
-	-	-	-	130,000
-	-	-	-	303,859
-	5,940	-	-	71,380
77	(1,079)	(1,759)	-	(9,105)
-	7,410	-	-	7,410
-	-	-	-	12,053
6,350	-	-	-	356,328
-	11,275	-	-	11,275
6,427	29,412	(1,759)	-	1,734,082
-	-	-	-	166,292
-	-	-	-	571,744
-	9,919	50,603	-	60,522
6,513	-	-	-	775,348
-	-	-	-	263,665
-	-	-	-	6,686
-	7,211	-	-	7,211
-	-	-	-	127,070
-	-	-	-	26,624
6,513	17,130	50,603	-	2,005,162
(86)	12,282	(52,362)	-	(271,080)
-	-	-	-	18,250
-	-	55,000	-	247,803
-	-	-	-	(92,002)
-	-	55,000	-	174,051
(86)	12,282	2,638	-	(97,029)
-	323,580	485,655	-	3,303,103
-	-	-	-	113,868
\$ (86)	\$ 335,862	\$ 488,293	\$ -	\$ 3,319,942

City of Hutchinson, Minnesota  
Rural Fire Department Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual  
For the Year Ended December 31, 2021  
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021			2020
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Charges for services				
Public safety	\$ 130,000	\$ 130,000	\$ -	\$ 130,000
Investment earnings (loss)	250	(693)	(943)	1,087
Miscellaneous				
Refunds and reimbursements	-	264,625	264,625	1,498
Total Revenues	<u>130,250</u>	<u>393,932</u>	<u>263,682</u>	<u>132,585</u>
Expenditures				
Current				
Public safety				
Rural fire department				
Personal services	85,337	91,229	(5,892)	86,830
Supplies	20,700	28,369	(7,669)	20,387
Other services and charges	41,475	46,694	(5,219)	18,301
Capital outlay				
Public safety				
Rural fire department	-	263,665	(263,665)	-
Total Expenditures	<u>147,512</u>	<u>429,957</u>	<u>(282,445)</u>	<u>125,518</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,262)	(36,025)	(18,763)	7,067
Other Financing Sources (Uses)				
Sale of capital assets	-	18,250	18,250	-
Net Change in Fund Balances	(17,262)	(17,775)	(513)	7,067
Fund Balances, January 1	<u>41,536</u>	<u>41,536</u>	<u>-</u>	<u>34,469</u>
Fund Balances, December 31	<u>\$ 24,274</u>	<u>\$ 23,761</u>	<u>\$ (513)</u>	<u>\$ 41,536</u>

City of Hutchinson, Minnesota  
Hutchinson Area Transportation Facility Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual  
For the Year Ended December 31, 2021  
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021			2020
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Intergovernmental				
State				
Street maintenance aid	\$ 96,202	\$ 96,202	\$ -	\$ 93,400
County				
County shared aids	96,202	96,202	-	93,400
Charges for services				
Streets and highways	315,580	303,859	(11,721)	225,574
Investment earnings (loss)	3,500	(1,357)	(4,857)	12,036
Miscellaneous				
Refunds and reimbursements	29,000	27,002	(1,998)	28,580
Total Revenues	<u>540,484</u>	<u>521,908</u>	<u>(18,576)</u>	<u>452,990</u>
Expenditures				
Current				
Streets and highways				
Streets and alleys				
Personal services	38,969	40,401	(1,432)	36,157
Supplies	379,425	385,936	(6,511)	286,929
Other services and charges	176,075	145,407	30,668	143,325
Capital outlay				
Streets and highways				
Streets and alleys	54,165	6,686	47,479	-
Total Expenditures	<u>648,634</u>	<u>578,430</u>	<u>70,204</u>	<u>466,411</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(108,150)	(56,522)	51,628	(13,421)
Other Financing Sources (Uses)				
Transfers in	<u>108,150</u>	<u>108,150</u>	<u>-</u>	<u>105,000</u>
Net Change in Fund Balances	-	51,628	51,628	91,579
Fund Balances, January 1	<u>454,974</u>	<u>454,974</u>	<u>-</u>	<u>363,395</u>
Fund Balances, December 31	<u>\$ 454,974</u>	<u>\$ 506,602</u>	<u>\$ 51,628</u>	<u>\$ 454,974</u>

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## **NONMAJOR CAPITAL PROJECTS FUNDS**

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

City of Hutchinson, Minnesota  
Nonmajor Capital Projects Funds  
Combining Balance Sheet  
December 31, 2021

	401	402	407	408	438
	Capital Improvement Projects	MSA Construction	Community Improvement	Airport Renovation	Special Assessment Improvement 2018
<b>Assets</b>					
Cash and investments	\$ 2,049,677	\$ -	\$ 4,266,352	\$ -	\$ -
Receivables					
Interest	7,065	-	4,085	-	-
Delinquent special assessments	-	-	35,645	-	-
Noncurrent special assessments	-	-	717,652	-	-
Intergovernmental	30	1,838,779	3,764	-	-
Advances to other funds	589,500	-	-	-	-
<b>Total Assets</b>	<b>\$ 2,646,272</b>	<b>\$ 1,838,779</b>	<b>\$ 5,027,498</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Liabilities</b>					
Accounts payable	\$ 26,108	\$ -	\$ 19,921	\$ -	\$ -
Contracts payable	46,149	-	-	-	-
Advances from other funds	-	-	-	76,915	-
<b>Total Liabilities</b>	<b>72,257</b>	<b>-</b>	<b>19,921</b>	<b>76,915</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue					
Special assessments	-	-	753,297	-	-
Intergovernmental	-	1,838,779	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>1,838,779</b>	<b>753,297</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>					
Restricted	27,457	-	-	-	-
Committed	-	-	1,636,785	-	-
Assigned	2,546,558	-	2,617,495	-	-
Unassigned	-	-	-	(76,915)	-
<b>Total Fund Balances</b>	<b>2,574,015</b>	<b>-</b>	<b>4,254,280</b>	<b>(76,915)</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 2,646,272</b>	<b>\$ 1,838,779</b>	<b>\$ 5,027,498</b>	<b>\$ -</b>	<b>\$ -</b>

<b>439</b> Special Assessment Improvement 2019	<b>440</b> Special Assessment Improvement 2020	<b>441</b> Special Assessment Improvement 2021	<b>496</b> Police Facility Construction	Total
\$ -	\$ -	\$ -	\$ 6,017,088	\$ 12,333,117
-	-	-	13,908	25,058
-	-	-	-	35,645
-	-	-	-	717,652
-	-	-	-	1,842,573
-	-	-	-	589,500
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,030,996</u>	<u>\$ 15,543,545</u>
\$ -	\$ -	\$ 2,093	\$ 390,859	\$ 438,981
-	-	110,466	69,324	225,939
133,995	263,649	114,941	-	589,500
<u>133,995</u>	<u>263,649</u>	<u>227,500</u>	<u>460,183</u>	<u>1,254,420</u>
-	-	-	-	753,297
-	-	-	-	1,838,779
-	-	-	-	2,592,076
-	-	-	5,570,813	5,598,270
-	-	-	-	1,636,785
-	-	-	-	5,164,053
<u>(133,995)</u>	<u>(263,649)</u>	<u>(227,500)</u>	<u>-</u>	<u>(702,059)</u>
<u>(133,995)</u>	<u>(263,649)</u>	<u>(227,500)</u>	<u>5,570,813</u>	<u>11,697,049</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,030,996</u>	<u>\$ 15,543,545</u>

City of Hutchinson, Minnesota  
Nonmajor Capital Projects Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended December 31, 2021

	401	402	407	408	438 Special Assessment Improvement 2018
	Capital Improvement Projects	MSA Construction	Community Improvement	Airport Renovation	
Revenues					
Taxes					
Property taxes	\$ 7,510	\$ -	\$ 6,223	\$ -	\$ -
Special assessments	-	-	33,815	-	-
Intergovernmental					
Federal					
Street construction aid	-	-	-	-	-
Other	133,819	-	-	-	-
State					
Local government aid	1,377,924	-	10,000	-	-
Street maintenance and construction aid	-	-	-	-	-
Other	118,738	-	-	-	-
Charges for services					
Miscellaneous	-	-	-	14,400	-
Investment earnings (loss)	(3,791)	-	11,005	-	818
Miscellaneous					
Contributions and donations	34,437	-	7,600	-	-
Refunds and reimbursements	4,800	-	-	359	-
Other	81,551	-	-	-	-
Total Revenues	<u>1,754,988</u>	<u>-</u>	<u>68,643</u>	<u>14,759</u>	<u>818</u>
Expenditures					
Capital outlay					
General government	129,757	-	10,928	-	-
Public safety	11,089	-	-	-	-
Streets and highways	455,590	-	66,569	-	-
Culture and recreation	157,675	-	44,350	-	-
Miscellaneous	8,580	-	-	-	-
Debt service					
Bond issuance costs	-	-	-	-	-
Total Expenditures	<u>762,691</u>	<u>-</u>	<u>121,847</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>992,297</u>	<u>-</u>	<u>(53,204)</u>	<u>14,759</u>	<u>818</u>
Other Financing Sources (Uses)					
Sale of capital assets	-	-	16,378	-	-
Transfers in	26,248	-	131,457	-	-
Bonds issued	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-
Transfers out	(317,564)	-	(903,782)	-	(120,615)
Total Other Financing Sources (Uses)	<u>(291,316)</u>	<u>-</u>	<u>(755,947)</u>	<u>-</u>	<u>(120,615)</u>
Net Change in Fund Balances	700,981	-	(809,151)	14,759	(119,797)
Fund Balances, January 1	<u>1,873,034</u>	<u>-</u>	<u>5,063,431</u>	<u>(91,674)</u>	<u>119,797</u>
Fund Balances, December 31	<u>\$ 2,574,015</u>	<u>\$ -</u>	<u>\$ 4,254,280</u>	<u>\$ (76,915)</u>	<u>\$ -</u>



<b>439</b> Special Assessment Improvement 2019	<b>440</b> Special Assessment Improvement 2020	<b>441</b> Special Assessment Improvement 2021	<b>496</b> Police Facility Construction	Total
\$ -	\$ -	\$ -	\$ -	\$ 13,733
-	-	-	-	33,815
-	30,457	-	-	30,457
-	-	-	-	133,819
-	-	-	-	1,387,924
600,000	-	-	-	600,000
-	-	-	-	118,738
-	-	-	-	14,400
(1,941)	-	2,111	60,962	69,164
-	-	-	-	42,037
-	-	-	-	5,159
-	-	-	-	81,551
<u>598,059</u>	<u>30,457</u>	<u>2,111</u>	<u>60,962</u>	<u>2,530,797</u>
-	-	-	-	140,685
-	-	-	2,123,188	2,134,277
-	48,597	3,401,199	-	3,971,955
-	-	-	-	202,025
-	-	-	-	8,580
-	-	34,305	109,179	143,484
<u>-</u>	<u>48,597</u>	<u>3,435,504</u>	<u>2,232,367</u>	<u>6,601,006</u>
<u>598,059</u>	<u>(18,140)</u>	<u>(3,433,393)</u>	<u>(2,171,405)</u>	<u>(4,070,209)</u>
-	-	-	-	16,378
120,615	-	615,942	-	894,262
-	-	2,300,000	7,320,000	9,620,000
-	-	289,951	421,156	711,107
-	-	-	-	(1,341,961)
<u>120,615</u>	<u>-</u>	<u>3,205,893</u>	<u>7,741,156</u>	<u>9,899,786</u>
718,674	(18,140)	(227,500)	5,569,751	5,829,577
<u>(852,669)</u>	<u>(245,509)</u>	<u>-</u>	<u>1,062</u>	<u>5,867,472</u>
<u>\$ (133,995)</u>	<u>\$ (263,649)</u>	<u>\$ (227,500)</u>	<u>\$ 5,570,813</u>	<u>\$ 11,697,049</u>

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## **GENERAL FUND**

The General fund is used to account for resources traditionally associated with the City which are not required legally or by sound financial management to be accounted for in another fund.

City of Hutchinson, Minnesota  
General Fund  
Comparative Balance Sheets  
December 31, 2021 and 2020

	2021	2020
Assets		
Cash and investments	\$ 7,940,621	\$ 8,384,214
Receivables		
Interest	19,543	26,395
Delinquent taxes	92,316	78,152
Accounts	258,227	129,869
Intergovernmental	720,407	93,779
Prepaid items	4,347	11,371
Total Assets	<u>\$ 9,035,461</u>	<u>\$ 8,723,780</u>
Liabilities		
Accounts payable	\$ 384,151	\$ 292,187
Due to other governments	15,618	16,326
Accrued salaries payable	166,962	150,658
Deposits payable	26	273
Unearned revenue	34,135	20,687
Total Liabilities	<u>600,892</u>	<u>480,131</u>
Deferred Inflows of Resources		
Unavailable revenue		
Taxes	92,316	78,152
Fund Balances		
Nonspendable	4,347	11,371
Restricted	-	220,052
Committed	5,585,597	5,478,457
Unassigned	2,752,309	2,455,617
Total Fund Balances	<u>8,342,253</u>	<u>8,165,497</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 9,035,461</u>	<u>\$ 8,723,780</u>

City of Hutchinson, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Continued on the Following Pages)  
For the Year Ended December 31, 2021  
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues					
Taxes					
Property taxes	\$ 5,442,778	\$ 5,442,778	\$ 5,408,925	\$ (33,853)	\$ 5,267,063
Hotel/motel tax	110,000	110,000	124,033	14,033	86,660
Franchise fees	195,000	195,000	212,832	17,832	192,677
Total taxes	5,747,778	5,747,778	5,745,790	(1,988)	5,546,400
Licenses and permits					
Business	33,850	33,850	22,555	(11,295)	27,282
Nonbusiness	346,450	346,450	541,984	195,534	478,127
Total licenses and permits	380,300	380,300	564,539	184,239	505,409
Intergovernmental					
Federal					
Other federal aids	-	-	7,298	7,298	28,592
State					
Local government aid	1,268,473	1,268,473	1,268,473	-	1,268,473
Property tax credits	-	-	385	385	386
Police aid	203,985	203,985	202,237	(1,748)	203,985
Fire aid	117,030	117,030	121,903	4,873	117,030
Street maintenance aid	29,000	29,000	29,280	280	29,280
Airport aid	26,200	26,200	38,128	11,928	23,761
Other State aids	72,100	72,100	77,729	5,629	86,075
Total state	1,716,788	1,716,788	1,738,135	21,347	1,728,990
Local					
School liaison program	54,747	54,747	48,209	(6,538)	22,532
Community education reimbursement	69,685	69,685	47,035	(22,650)	79,661
Total local	124,432	124,432	95,244	(29,188)	102,193
Total intergovernmental	1,841,220	1,841,220	1,840,677	(543)	1,859,775
Charges for services					
General government	354,775	354,775	325,167	(29,608)	308,316
Public safety	413,302	413,302	384,513	(28,789)	382,252
Streets and highways	470,890	470,890	473,207	2,317	493,077
Culture and recreation	1,074,133	1,074,133	1,061,321	(12,812)	394,152
Other charges	185,400	185,400	194,849	9,449	172,932
Total charges for services	2,498,500	2,498,500	2,439,057	(59,443)	1,750,729
Fines and forfeits	55,000	55,000	45,356	(9,644)	45,158
Investment earnings (loss)	80,000	80,000	(43,870)	(123,870)	188,289
Miscellaneous					
Contributions and donations	67,500	67,500	41,077	(26,423)	31,548
Refunds and reimbursements	138,250	138,250	218,732	80,482	179,932
Other	164,402	164,402	164,404	2	169,800
Total miscellaneous	370,152	370,152	424,213	54,061	381,280
Total Revenues	10,972,950	10,972,950	11,015,762	42,812	10,277,040

City of Hutchinson, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Continued)  
For the Year Ended December 31, 2021  
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Expenditures					
Current					
General government					
Mayor and council					
Personal services	\$ 42,339	\$ 42,339	\$ 37,346	\$ 4,993	\$ 36,452
Supplies	100	100	119	(19)	-
Other services and charges	7,660	7,660	8,628	(968)	4,642
Total mayor and council	50,099	50,099	46,093	4,006	41,094
City administrator					
Personal services	449,241	449,241	448,967	274	423,353
Supplies	1,000	1,000	1,480	(480)	288
Other services and charges	41,370	41,370	30,289	11,081	8,423
Total city administrator	491,611	491,611	480,736	10,875	432,064
Elections					
Personal services	-	-	-	-	24,587
Supplies	-	-	-	-	1,959
Other services and charges	-	-	62	(62)	932
Total elections	-	-	62	(62)	27,478
Finance					
Personal services	302,959	302,959	299,266	3,693	280,740
Supplies	575	575	1,423	(848)	5,215
Other services and charges	78,635	78,635	73,536	5,099	70,858
Total finance	382,169	382,169	374,225	7,944	356,813
Motor vehicles					
Personal services	233,806	233,806	259,614	(25,808)	247,960
Supplies	5,850	5,850	3,910	1,940	6,112
Other services and charges	11,585	11,585	13,284	(1,699)	13,801
Total motor vehicles	251,241	251,241	276,808	(25,567)	267,873
Assessing					
Other services and charges	61,152	61,152	61,205	(53)	61,184
Legal					
Personal services	233,137	233,137	233,601	(464)	224,517
Supplies	27,400	27,400	18,011	9,389	15,244
Other services and charges	61,380	61,380	51,879	9,501	44,581
Total legal	321,917	321,917	303,491	18,426	284,342
Planning					
Personal services	153,162	153,162	153,519	(357)	147,110
Supplies	750	750	-	750	274
Other services and charges	10,390	10,390	7,473	2,917	7,089
Total planning	164,302	164,302	160,992	3,310	154,473
Information services					
Personal services	322,960	322,960	324,467	(1,507)	320,017
Supplies	36,258	36,258	41,829	(5,571)	26,033
Other services and charges	228,685	228,685	193,618	35,067	226,738
Total information services	587,903	587,903	559,914	27,989	572,788

City of Hutchinson, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Continued)  
For the Year Ended December 31, 2021  
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Expenditures (Continued)					
Current (continued)					
General government (continued)					
City hall building					
Personal services	\$ 95,284	\$ 95,284	\$ 95,477	\$ (193)	\$ 91,549
Supplies	21,850	21,850	14,647	7,203	12,673
Other services and charges	72,945	72,945	90,356	(17,411)	66,158
Total city hall building	190,079	190,079	200,480	(10,401)	170,380
Total general government	2,500,473	2,500,473	2,464,006	36,467	2,368,489
Public safety					
Police					
Personal services	3,283,763	3,283,763	3,334,714	(50,951)	3,139,502
Supplies	99,000	99,000	90,233	8,767	80,910
Other services and charges	204,995	204,995	384,632	(179,637)	209,056
Total police	3,587,758	3,587,758	3,809,579	(221,821)	3,429,468
Emergency management					
Supplies	1,000	1,000	72	928	39
Other services and charges	16,280	16,280	14,248	2,032	12,344
Total emergency management	17,280	17,280	14,320	2,960	12,383
Safety council					
Supplies	-	-	983	(983)	-
Other services and charges	11,210	11,210	10,116	1,094	9,953
Total safety council	11,210	11,210	11,099	111	9,953
Fire					
Personal services	416,985	416,985	437,981	(20,996)	426,733
Supplies	51,700	51,700	64,566	(12,866)	36,968
Other services and charges	83,050	83,050	88,074	(5,024)	72,653
Total fire	551,735	551,735	590,621	(38,886)	536,354
Building inspection					
Personal services	293,045	293,045	289,045	4,000	272,582
Supplies	6,575	6,575	2,826	3,749	4,072
Other services and charges	26,940	26,940	8,206	18,734	9,779
Total building inspection	326,560	326,560	300,077	26,483	286,433
Hospital security					
Personal services	325,598	325,598	317,435	8,163	317,231
Supplies	1,500	1,500	755	745	741
Other services and charges	1,500	1,500	1,100	400	-
Total hospital security	328,598	328,598	319,290	9,308	317,972
Total public safety	4,823,141	4,823,141	5,044,986	(221,845)	4,592,563
Streets and highways					
Engineering					
Personal services	380,435	380,435	366,176	14,259	412,004
Supplies	8,700	8,700	6,146	2,554	6,231
Other services and charges	76,755	76,755	82,103	(5,348)	78,759
Total engineering	465,890	465,890	454,425	11,465	496,994

City of Hutchinson, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Continued)  
For the Year Ended December 31, 2021  
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Expenditures (Continued)					
Current (continued)					
Streets and highways (continued)					
Streets and alleys					
Personal services	\$ 650,314	\$ 650,314	\$ 647,352	\$ 2,962	\$ 615,062
Supplies	228,500	228,500	218,832	9,668	252,479
Other services and charges	601,777	601,777	524,637	77,140	604,345
Total streets and alleys	<u>1,480,591</u>	<u>1,480,591</u>	<u>1,390,821</u>	<u>89,770</u>	<u>1,471,886</u>
Total streets and highways	<u>1,946,481</u>	<u>1,946,481</u>	<u>1,845,246</u>	<u>101,235</u>	<u>1,968,880</u>
Culture and recreation					
Parks and recreation administration					
Personal services	258,216	258,216	215,552	42,664	226,421
Supplies	1,700	1,700	1,383	317	764
Other services and charges	58,850	56,700	70,830	(14,130)	41,718
Total park and recreation administration	<u>318,766</u>	<u>316,616</u>	<u>287,765</u>	<u>28,851</u>	<u>268,903</u>
Recreation					
Personal services	173,735	173,735	165,686	8,049	147,625
Supplies	47,500	47,500	36,258	11,242	16,825
Other services and charges	39,200	39,200	41,901	(2,701)	19,759
Total recreation	<u>260,435</u>	<u>260,435</u>	<u>243,845</u>	<u>16,590</u>	<u>184,209</u>
Senior citizen center					
Personal services	42,865	42,865	39,105	3,760	36,557
Supplies	6,250	6,250	1,612	4,638	1,465
Other services and charges	44,600	44,600	19,093	25,507	9,673
Total senior citizen center	<u>93,715</u>	<u>93,715</u>	<u>59,810</u>	<u>33,905</u>	<u>47,695</u>
Evergreen building					
Supplies	5,050	5,050	1,728	3,322	548
Other services and charges	25,675	25,675	28,055	(2,380)	15,992
Total evergreen building	<u>30,725</u>	<u>30,725</u>	<u>29,783</u>	<u>942</u>	<u>16,540</u>
Civic arena					
Personal services	170,233	165,233	126,093	39,140	145,241
Supplies	32,452	32,452	20,409	12,043	21,902
Other services and charges	170,500	175,500	174,034	1,466	132,806
Total civic arena	<u>373,185</u>	<u>373,185</u>	<u>320,536</u>	<u>52,649</u>	<u>299,949</u>
Park					
Personal services	678,569	678,569	642,919	35,650	560,523
Supplies	171,350	171,350	158,106	13,244	147,187
Other services and charges	144,900	144,900	136,885	8,015	134,273
Total park	<u>994,819</u>	<u>994,819</u>	<u>937,910</u>	<u>56,909</u>	<u>841,983</u>
Recreation building					
Personal services	186,532	186,532	151,778	34,754	141,005
Supplies	14,997	14,997	10,563	4,434	10,471
Other services and charges	46,600	46,600	38,598	8,002	26,037
Total recreation building	<u>248,129</u>	<u>248,129</u>	<u>200,939</u>	<u>47,190</u>	<u>177,513</u>



City of Hutchinson, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Continued)  
For the Year Ended December 31, 2021  
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Expenditures (Continued)					
Current (continued)					
Culture and recreation (continued)					
Waterpark					
Personal services	\$ 240,515	\$ 240,515	\$ 247,762	\$ (7,247)	\$ 23,765
Supplies	73,190	73,190	64,626	8,564	204
Other services and charges	42,128	42,128	47,514	(5,386)	14,377
Total waterpark	355,833	355,833	359,902	(4,069)	38,346
Events center					
Personal services	190,284	190,284	169,884	20,400	158,987
Supplies	9,575	9,575	4,017	5,558	4,531
Other services and charges	73,250	75,400	74,200	1,200	63,582
Total events center	273,109	275,259	248,101	27,158	227,100
Library					
Supplies	3,300	3,300	1,737	1,563	2,376
Other services and charges	219,520	219,520	212,844	6,676	206,262
Total library	222,820	222,820	214,581	8,239	208,638
Total culture and recreation	3,171,536	3,171,536	2,903,172	268,364	2,310,876
Miscellaneous					
Cemetery					
Personal services	89,285	89,285	84,610	4,675	88,675
Supplies	16,775	16,775	17,711	(936)	14,245
Other services and charges	32,260	32,260	35,368	(3,108)	36,133
Total cemetery	138,320	138,320	137,689	631	139,053
Airport					
Personal services	32,516	32,516	33,184	(668)	28,936
Supplies	9,725	9,725	6,068	3,657	12,003
Other services and charges	89,300	89,300	85,455	3,845	77,658
Total airport	131,541	131,541	124,707	6,834	118,597
Unallocated					
Supplies	-	-	-	-	144
Other services and charges	856,500	856,500	843,194	13,306	776,838
Total unallocated	856,500	856,500	843,194	13,306	776,982
Total miscellaneous	1,126,361	1,126,361	1,105,590	20,771	1,034,632
Total current	13,567,992	13,567,992	13,363,000	204,992	12,275,440
Capital outlay					
General government	-	-	5,827	(5,827)	-
Public safety	20,000	20,000	29,832	(9,832)	6,458
Streets and highways	-	-	10,000	(10,000)	9,000
Culture and recreation	-	-	17,587	(17,587)	9,000
Miscellaneous	-	-	8,554	(8,554)	-
Total capital outlay	20,000	20,000	71,800	(51,800)	24,458
Total Expenditures	13,587,992	13,587,992	13,434,800	153,192	12,299,898
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,615,042)	(2,615,042)	(2,419,038)	196,004	(2,022,858)
Other Financing Sources (Uses)					
Sale of capital assets	-	-	7,000	7,000	2,500
Transfers in	2,723,192	2,723,192	2,723,192	-	2,666,192
Transfers out	(108,150)	(108,150)	(134,398)	(26,248)	(105,000)
Total Other Financing Sources (Uses)	2,615,042	2,615,042	2,595,794	(19,248)	2,563,692
Net Change in Fund Balances	-	-	176,756	176,756	540,834
Fund Balances, January 1	8,165,497	8,165,497	8,165,497	-	7,624,663
Fund Balances, December 31	\$ 8,165,497	\$ 8,165,497	\$ 8,342,253	\$ 176,756	\$ 8,165,497

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## **DEBT SERVICE FUNDS**

The Debt Service funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from City resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

City of Hutchinson, Minnesota  
Debt Service Funds  
Combining Balance Sheet (Continued on Following Pages)  
December 31, 2021

	<b>383</b> G.O. Tax Increment Refunding Bonds 2004	<b>326</b> Special Assessment Bonds 2006/2012B	<b>328</b> Special Assessment Bonds 2008
<b>Assets</b>			
Cash and investments	\$ 290,732	\$ -	\$ 79,807
Receivables			
Delinquent special assessments	-	-	96,560
Noncurrent special assessments	-	-	-
Intergovernmental	-	-	658
Advances to other funds	397,785	-	-
	<u>397,785</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u><u>\$ 688,517</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 177,025</u></u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue			
Special assessments	\$ -	\$ -	\$ 96,560
Interest receivable	348	-	-
<b>Total Deferred Inflows of Resources</b>	<u>348</u>	<u>-</u>	<u>96,560</u>
<b>Fund Balances</b>			
Restricted	688,169	-	80,465
	<u>688,169</u>	<u>-</u>	<u>80,465</u>
<b>Total Deferred Inflows of     Resources and Fund Balances</b>	<u><u>\$ 688,517</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 177,025</u></u>

329 Special Assessment Bonds 2009	330 Special Assessment Bonds 2010	331 Special Assessment Bonds 2011
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
\$ -	\$ -	\$ -
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

City of Hutchinson, Minnesota  
Debt Service Funds  
Combining Balance Sheet (Continued)  
December 31, 2021

	<b>332</b> Special Assessment Bonds 2012	<b>333</b> Special Assessment Bonds 2013	<b>334</b> Special Assessment Bonds 2014	<b>335</b> Special Assessment Bonds 2015	<b>336</b> Special Assessment Bonds 2016
<b>Assets</b>					
Cash and investments	\$ -	\$ 615,310	\$ 335,662	\$ 412,665	\$ 444,101
Receivables					
Delinquent special assessments	-	1,025	893	-	-
Noncurrent special assessments	-	41,455	162,772	85,234	118,075
Intergovernmental	-	778	769	746	871
Advances to other funds	-	-	-	-	-
<b>Total Assets</b>	<u><u>\$ -</u></u>	<u><u>\$ 658,568</u></u>	<u><u>\$ 500,096</u></u>	<u><u>\$ 498,645</u></u>	<u><u>\$ 563,047</u></u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue					
Special assessments	\$ -	\$ 42,480	\$ 163,665	\$ 85,234	\$ 118,075
Interest receivable	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>42,480</u>	<u>163,665</u>	<u>85,234</u>	<u>118,075</u>
<b>Fund Balances</b>					
Restricted	<u>-</u>	<u>616,088</u>	<u>336,431</u>	<u>413,411</u>	<u>444,972</u>
<b>Total Deferred Inflows of Resources and Fund Balances</b>	<u><u>\$ -</u></u>	<u><u>\$ 658,568</u></u>	<u><u>\$ 500,096</u></u>	<u><u>\$ 498,645</u></u>	<u><u>\$ 563,047</u></u>

<b>337</b> Special Assessment Bonds 2017	<b>338</b> Special Assessment Bonds 2018	<b>339</b> Special Assessment Bonds 2019	<b>340</b> Special Assessment Bonds 2020	<b>341</b> Special Assessment Bonds 2021	Total
\$ 470,161	\$ 555,419	\$ 691,922	\$ 294,621	\$ 205,317	\$ 4,395,717
-	-	-	-	-	98,478
172,404	151,654	103,754	260,167	206,725	1,302,240
1,345	1,527	1,158	753	-	8,605
-	-	-	-	-	397,785
<u>\$ 643,910</u>	<u>\$ 708,600</u>	<u>\$ 796,834</u>	<u>\$ 555,541</u>	<u>\$ 412,042</u>	<u>\$ 6,202,825</u>
\$ 172,404	\$ 151,654	\$ 103,754	\$ 260,167	\$ 206,725	\$ 1,400,718
-	-	-	-	-	348
<u>172,404</u>	<u>151,654</u>	<u>103,754</u>	<u>260,167</u>	<u>206,725</u>	<u>1,401,066</u>
<u>471,506</u>	<u>556,946</u>	<u>693,080</u>	<u>295,374</u>	<u>205,317</u>	<u>4,801,759</u>
<u>\$ 643,910</u>	<u>\$ 708,600</u>	<u>\$ 796,834</u>	<u>\$ 555,541</u>	<u>\$ 412,042</u>	<u>\$ 6,202,825</u>

City of Hutchinson, Minnesota  
Debt Service Funds  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
(Continued on Following Pages)  
For the Year Ended December 31, 2021

	<b>383</b> G.O. Tax Increment Refunding Bonds 2004	<b>326</b> Special Assessment Bonds 2006/2012B	<b>328</b> Special Assessment Bonds 2008
Revenues			
Taxes			
Property taxes	\$ -	\$ -	\$ 130,576
Special assessments	-	3,261	-
Investment earnings	73,090	1,390	185
Total Revenues	<u>73,090</u>	<u>4,651</u>	<u>130,761</u>
Expenditures			
Debt service			
Principal	-	85,000	105,000
Interest and other costs	7,941	2,067	5,963
Total Expenditures	<u>7,941</u>	<u>87,067</u>	<u>110,963</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>65,149</u>	<u>(82,416)</u>	<u>19,798</u>
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	(131,457)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(131,457)</u>	<u>-</u>
Net Change in Fund Balances	65,149	(213,873)	19,798
Fund Balances, January 1	<u>623,020</u>	<u>213,873</u>	<u>60,667</u>
Fund Balances, December 31	<u>\$ 688,169</u>	<u>\$ -</u>	<u>\$ 80,465</u>



<b>329</b> Special Assessment Bonds 2009	<b>330</b> Special Assessment Bonds 2010	<b>331</b> Special Assessment Bonds 2011
\$ 160,604	\$ 78,350	\$ 158,761
-	452	78,288
626	863	2,337
<u>161,230</u>	<u>79,665</u>	<u>239,386</u>
570,000	350,000	1,120,000
18,531	10,094	30,248
<u>588,531</u>	<u>360,094</u>	<u>1,150,248</u>
<u>(427,301)</u>	<u>(280,429)</u>	<u>(910,862)</u>
195,845	73,991	315,396
-	-	-
<u>195,845</u>	<u>73,991</u>	<u>315,396</u>
(231,456)	(206,438)	(595,466)
<u>231,456</u>	<u>206,438</u>	<u>595,466</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Hutchinson, Minnesota  
Debt Service Funds  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
(Continued)  
For the Year Ended December 31, 2021

	<b>332</b> Special Assessment Bonds 2012	<b>333</b> Special Assessment Bonds 2013	<b>334</b> Special Assessment Bonds 2014	<b>335</b> Special Assessment Bonds 2015	<b>336</b> Special Assessment Bonds 2016
Revenues					
Taxes					
Property taxes	\$ 128,261	\$ 136,077	\$ 152,650	\$ 148,066	\$ 172,948
Special assessments	30,326	30,048	37,418	20,398	50,194
Investment earnings	2,851	5,407	2,294	3,262	3,828
Total Revenues	<u>161,438</u>	<u>171,532</u>	<u>192,362</u>	<u>171,726</u>	<u>226,970</u>
Expenditures					
Debt service					
Principal	1,100,000	165,000	180,000	150,000	175,000
Interest and other costs	23,385	37,987	36,980	42,722	41,821
Total Expenditures	<u>1,123,385</u>	<u>202,987</u>	<u>216,980</u>	<u>192,722</u>	<u>216,821</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(961,947)</u>	<u>(31,455)</u>	<u>(24,618)</u>	<u>(20,996)</u>	<u>10,149</u>
Other Financing Sources (Uses)					
Transfers in	318,550	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>318,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(643,397)	(31,455)	(24,618)	(20,996)	10,149
Fund Balances, January 1	<u>643,397</u>	<u>647,543</u>	<u>361,049</u>	<u>434,407</u>	<u>434,823</u>
Fund Balances, December 31	<u>\$ -</u>	<u>\$ 616,088</u>	<u>\$ 336,431</u>	<u>\$ 413,411</u>	<u>\$ 444,972</u>

<b>337</b> Special Assessment Bonds 2017	<b>338</b> Special Assessment Bonds 2018	<b>339</b> Special Assessment Bonds 2019	<b>340</b> Special Assessment Bonds 2020	<b>341</b> Special Assessment Bonds 2021	Total
\$ 204,005	\$ 297,173	\$ 224,072	\$ 149,552	\$ -	\$ 2,141,095
7,584	40,336	29,271	47,836	205,087	580,499
3,551	3,655	5,754	1,790	547	111,430
<u>215,140</u>	<u>341,164</u>	<u>259,097</u>	<u>199,178</u>	<u>205,634</u>	<u>2,833,024</u>
160,000	165,000	165,000	-	-	4,490,000
56,892	76,592	70,255	21,836	317	483,631
<u>216,892</u>	<u>241,592</u>	<u>235,255</u>	<u>21,836</u>	<u>317</u>	<u>4,973,631</u>
(1,752)	99,572	23,842	177,342	205,317	(2,140,607)
7,349	-	-	-	-	911,131
-	-	-	-	-	(131,457)
<u>7,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>779,674</u>
5,597	99,572	23,842	177,342	205,317	(1,360,933)
465,909	457,374	669,238	118,032	-	6,162,692
<u>\$ 471,506</u>	<u>\$ 556,946</u>	<u>\$ 693,080</u>	<u>\$ 295,374</u>	<u>\$ 205,317</u>	<u>\$ 4,801,759</u>

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## INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City and to other government units, on a cost reimbursement basis.

**Central Garage and Equipment Fund:** This fund accounts for the cost of maintaining the City's vehicle fleet. All City vehicles are maintained by the central garage and billed for the maintenance on a departmental basis.

**Self-insurance Fund:** This fund is used to account for the costs of the City employee dental insurance plan. Premiums are paid by the benefiting funds and dental insurance and other claims are paid out of the fund.

City of Hutchinson, Minnesota  
Internal Service Funds  
Combining Statement of Net Position  
December 31, 2021

	<b>701</b>	<b>703</b>	
	<u>Central Garage</u>	<u>Self-insurance</u>	<u>Total</u>
Assets			
Current Assets			
Cash and investments	\$ 975,779	\$ 400,857	\$ 1,376,636
Receivables			
Interest	2,130	977	3,107
Accounts	-	12	12
Intergovernmental	297	-	297
Prepaid items	-	653	653
Total Current Assets	<u>978,206</u>	<u>402,499</u>	<u>1,380,705</u>
Capital Assets			
Construction in progress	49,627	-	49,627
Machinery and equipment	2,017,048	-	2,017,048
Vehicles	3,797,779	-	3,797,779
Less accumulated depreciation	<u>(3,470,905)</u>	<u>-</u>	<u>(3,470,905)</u>
Total Capital Assets	<u>2,393,549</u>	<u>-</u>	<u>2,393,549</u>
Total Assets	<u>3,371,755</u>	<u>402,499</u>	<u>3,774,254</u>
Liabilities			
Current Liabilities			
Accounts payable	33,181	7,862	41,043
Accrued interest payable	458	-	458
Current portion of debt	<u>55,000</u>	<u>-</u>	<u>55,000</u>
Total Liabilities	<u>88,639</u>	<u>7,862</u>	<u>96,501</u>
Net Position			
Net investment in capital assets	2,338,549	-	2,338,549
Unrestricted	<u>944,567</u>	<u>394,637</u>	<u>1,339,204</u>
Total Net Position	<u>\$ 3,283,116</u>	<u>\$ 394,637</u>	<u>\$ 3,677,753</u>

City of Hutchinson, Minnesota  
Internal Service Funds  
Combining Statement of Revenues, Expenses and Changes in Net Position  
For the Year Ended December 31, 2021

	<b>701</b> <u>Central Garage</u>	<b>703</b> <u>Self-insurance</u>	<u>Total</u>
Operating Revenues			
Charges for services			
Premiums	\$ -	\$ 113,956	\$ 113,956
Vehicle rent	325,000	-	325,000
Other operating revenue	158	3,077	3,235
Total Operating Revenues	<u>325,158</u>	<u>117,033</u>	<u>442,191</u>
Operating Expenses			
Medical and dental claims	-	93,822	93,822
Other services and charges	-	16,502	16,502
Depreciation	434,456	-	434,456
Total Operating Expenses	<u>434,456</u>	<u>110,324</u>	<u>544,780</u>
Operating Income (Loss)	<u>(109,298)</u>	<u>6,709</u>	<u>(102,589)</u>
Nonoperating Revenues (Expenses)			
Property taxes	58,905	-	58,905
Interest earnings (loss)	(7,755)	(1,899)	(9,654)
Gain on sale/trade-in of capital assets	68,517	-	68,517
Interest expense - bonds	(1,358)	-	(1,358)
Bond premium amortization	7,519	-	7,519
Total Nonoperating Revenues (Expenses)	<u>125,828</u>	<u>(1,899)</u>	<u>123,929</u>
Income Before Transfers and Contributions	16,530	4,810	21,340
Capital Contributions from Others	2,000	-	2,000
Transfers Out	<u>-</u>	<u>(46,000)</u>	<u>(46,000)</u>
Change in Net Position	18,530	(41,190)	(22,660)
Net Position, January 1	<u>3,264,586</u>	<u>435,827</u>	<u>3,700,413</u>
Net Position, December 31	<u><u>\$ 3,283,116</u></u>	<u><u>\$ 394,637</u></u>	<u><u>\$ 3,677,753</u></u>

City of Hutchinson, Minnesota  
Internal Service Funds  
Combining Statement of Cash Flows  
For the Year Ended December 31, 2021

	<b>701</b> <u>Central Garage</u>	<b>703</b> <u>Self-insurance</u>	<u>Total</u>
Cash Flows from Operating Activities			
Receipts from interfund services provided	\$ 325,158	\$ 117,033	\$ 442,191
Payments to suppliers and vendors	<u>(51,649)</u>	<u>(110,543)</u>	<u>(162,192)</u>
Net Cash Provided by Operating Activities	<u>273,509</u>	<u>6,490</u>	<u>279,999</u>
Cash Flows from Noncapital Financing Activities			
Transfers out	<u>-</u>	<u>(46,000)</u>	<u>(46,000)</u>
Cash Flows from Capital and Related Financing Activities			
Purchase of capital assets	(374,785)	-	(374,785)
Capital grants and contributions received	2,000	-	2,000
Proceeds from sale of capital assets	98,230	-	98,230
Property taxes received	59,787	-	59,787
Principal paid on long-term debt	(155,000)	-	(155,000)
Interest paid on long-term debt	<u>(2,650)</u>	<u>-</u>	<u>(2,650)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(372,418)</u>	<u>-</u>	<u>(372,418)</u>
Cash Flows from Investing Activities			
Interest received on investments	<u>(6,647)</u>	<u>(1,258)</u>	<u>(7,905)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(105,556)	(40,768)	(146,324)
Cash and Cash Equivalents, January 1	<u>1,081,335</u>	<u>441,625</u>	<u>1,522,960</u>
Cash and Cash Equivalents, December 31	<u><u>\$ 975,779</u></u>	<u><u>\$ 400,857</u></u>	<u><u>\$ 1,376,636</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	\$ (109,298)	\$ 6,709	\$ (102,589)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	434,456	-	434,456
(Increase) decrease in assets			
Prepaid items	-	(653)	(653)
Increase (decrease) in liabilities			
Accounts payable	<u>(51,649)</u>	<u>434</u>	<u>(51,215)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 273,509</u></u>	<u><u>\$ 6,490</u></u>	<u><u>\$ 279,999</u></u>
Schedule of Noncash Investing, Capital and Financing Activities			
Capital assets acquired on account	<u>\$ 32,980</u>	<u>\$ -</u>	<u>\$ 32,980</u>
Gain on disposal of capital assets	<u>\$ 68,517</u>	<u>\$ -</u>	<u>\$ 68,517</u>
Book value of disposed/traded capital assets	<u><u>\$ 29,713</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 29,713</u></u>



DISCRETELY PRESENTED COMPONENT UNIT  
ECONOMIC DEVELOPMENT AUTHORITY

CITY OF HUTCHINSON  
HUTCHINSON, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2021

City of Hutchinson, Minnesota  
Discretely Presented Component Unit -  
Economic Development Authority  
Balance Sheet/Statement of Net Position  
December 31, 2021

Assets		
Cash and investments	\$	154,248
Receivables		
Interest		321
Intergovernmental		<u>1,027</u>
Total Assets	\$	<u><u>155,596</u></u>
Liabilities		
Accounts payable	\$	1,449
Accrued salaries payable		2,748
Accrued vacation payable		<u>3,099</u>
Total Liabilities		<u>7,296</u>
Fund Balances		
Assigned		<u>148,300</u>
Total Liabilities and Fund Balances	\$	<u><u>155,596</u></u>
Amounts reported for governmental activities in the statement of net position are different because		
Total Fund Balances - Economic Development Authority	\$	148,300
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Noncurrent liabilities at year-end consist of		
Other postemployment benefit liability		(5,879)
Net pension liability		(69,007)
Governmental funds do not report long-term amounts related to pensions and other postemployment benefits.		
Deferred outflows of pension resources		51,944
Deferred inflows of pension resources		(67,173)
Deferred outflows of other postemployment benefits		669
Deferred inflows of other postemployment benefits		(1,558)
Internal service funds are used by management to charge the costs of various services to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.		<u>(9)</u>
Total Net Position - Governmental Activities	\$	<u><u>57,287</u></u>

City of Hutchinson, Minnesota  
Discretely Presented Component Unit -  
Economic Development Authority  
Schedule of Revenues, Expenditures and Changes in Fund Balances/Net Position  
For the Year Ended December 31, 2021

Revenues	
Taxes	
Property taxes	\$ 199,437
Charges for services	869
Investment earnings (loss)	(781)
Total Revenues	<u>199,525</u>
Expenditures	
Current	
Housing and economic development	<u>196,375</u>
Net Change in Fund Balances	3,150
Fund Balances, January 1	<u>145,150</u>
Fund Balances, December 31	<u><u>\$ 148,300</u></u>
Amounts reported for governmental activities in the statement of activities are different because	
Net Change in Fund Balances - Economic Development Authority	\$ 3,150
Long-term pension activity is not reported in governmental funds.	
Negative pension expense	6,480
Pension revenue	180
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Other postemployment benefit costs	(340)
Internal service funds are used by management to charge the costs of various services to individual funds. The net revenues of certain activities of internal service funds is reported with governmental activities.	
	<u>67</u>
Change in Net Position - Governmental Activities	<u><u>\$ 9,537</u></u>

City of Hutchinson, Minnesota  
Summary Financial Report  
Revenues and Expenditures For General Operations  
Governmental Funds  
For the Years Ended December 31, 2021 and 2020

	Totals		Percent Increase (Decrease)
	2021	2020	
Revenues			
Taxes	\$ 8,197,347	\$ 7,793,254	5.2 %
Special assessments	614,314	612,621	0.3
Licenses and permits	564,539	505,409	11.7
Intergovernmental	4,665,768	4,697,226	(0.7)
Charges for services	2,958,696	2,183,064	35.5
Fines and forfeits	45,356	45,158	0.4
Investment earnings	127,619	494,380	(74.2)
Miscellaneous	940,026	574,710	63.6
Total Revenues	<u>\$ 18,113,665</u>	<u>\$ 16,905,822</u>	7.1 %
Per Capita	<u>\$ 1,241</u>	<u>\$ 1,184</u>	4.8 %
Expenditures			
Current			
General government	\$ 2,464,006	\$ 2,589,239	(4.8) %
Public safety	5,211,278	4,779,423	9.0
Streets and highways	2,416,990	2,451,698	(1.4)
Culture and recreation	2,963,694	2,410,610	22.9
Economic development	775,348	1,259,893	(38.5)
Miscellaneous	1,105,590	1,069,735	3.4
Capital outlay			
General government	146,512	400,772	(63.4)
Public safety	2,427,774	1,076,845	125.5
Streets and highways	3,988,641	4,219,986	(5.5)
Culture and recreation	226,823	1,141,804	(80.1)
Economic development	127,070	5,000	2,441.4
Miscellaneous	17,134	358	4,686.0
Debt service			
Principal	4,490,000	2,015,000	122.8
Interest and other charges	510,255	513,545	(0.6)
Bond issuance costs	143,484	45,400	216.0
Total Expenditures	<u>\$ 27,014,599</u>	<u>\$ 23,979,308</u>	12.7 %
Per Capita	<u>\$ 1,850</u>	<u>\$ 1,679</u>	10.2 %
Total Long-Term Indebtedness	\$ 24,390,000	\$ 19,415,000	25.6 %
Per Capita	1,671	1,359	22.9
General Fund Balance - December 31	\$ 8,342,253	\$ 8,165,497	2.16 %
Per Capita	571	572	(0.05)

The purpose of this report is to provide a summary of financial information concerning the City of Hutchinson, Minnesota to interested citizens. The complete financial statements may be examined at 111 Hassan St. SE, Hutchinson, Minnesota. Questions about this report should be directed to Andy Reid, Finance Director at 320-234-4244.

STATISTICAL SECTION  
(UNAUDITED)

CITY OF HUTCHINSON  
HUTCHINSON, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2021

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## **STATISTICAL SECTION (UNAUDITED)**

This part of the City of Hutchinson's annual comprehensive 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 government'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.

### **Revenue Capacity**

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

### **Debt Capacity**

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

### **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.

### **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 the activities it performs.

City of Hutchinson, Minnesota  
Net Position by Component  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

	Fiscal Year				
	2021	2020	2019	2018	2017
Governmental Activities					
Net investment in capital assets	\$ 68,307,217	\$ 66,566,111	\$ 66,499,781	\$ 63,850,387	\$ 61,255,089
Restricted	8,963,039	11,102,357	11,088,577	10,716,849	9,853,847
Unrestricted	12,894,455	10,926,868	11,057,517	10,919,210	5,478,380
Total Governmental Activities Net Position	<u>90,164,711</u>	<u>88,595,336</u>	<u>88,645,875</u>	<u>85,486,446</u>	<u>76,587,316</u>
Business-type Activities					
Net investment in capital assets	93,747,446	92,049,992	85,016,805	87,042,770	83,793,697
Restricted	-	-	-	-	3,561,829
Unrestricted	41,250,668	39,895,468	39,155,727	31,742,528	26,447,540
Total Business-type Activities Net Position	<u>134,998,114</u>	<u>131,945,460</u>	<u>124,172,532</u>	<u>118,785,298</u>	<u>113,803,066</u>
Primary Government					
Net investment in capital assets	162,054,663	158,616,103	151,516,586	150,893,157	145,048,786
Restricted	8,963,039	11,102,357	11,088,577	10,716,849	13,415,676
Unrestricted	54,145,123	50,822,336	50,213,244	42,661,738	31,925,920
Total Primary Government Net Position	<u>\$ 225,162,825</u>	<u>\$ 220,540,796</u>	<u>\$ 212,818,407</u>	<u>\$ 204,271,744</u>	<u>\$ 190,390,382</u>

Source: Financial Statements



**Table 1**

Fiscal Year				
2016	2015	2014	2013	2012
\$ 57,290,296	\$ 53,823,361	\$ 50,999,100	\$ 49,566,730	\$ 46,659,087
10,680,796	11,119,053	10,939,342	9,121,915	9,595,849
6,860,854	9,263,817	15,351,159	18,324,681	17,538,239
<u>74,831,946</u>	<u>74,206,231</u>	<u>77,289,601</u>	<u>77,013,326</u>	<u>73,793,175</u>
83,737,730	86,594,081	85,492,312	85,583,151	85,784,415
2,539,625	541,716	365,983	191,832	194,548
24,470,821	21,113,701	24,293,705	20,135,323	18,397,355
<u>110,748,176</u>	<u>108,249,498</u>	<u>110,152,000</u>	<u>105,910,306</u>	<u>104,376,318</u>
141,028,026	140,417,442	136,491,412	135,149,881	132,443,502
13,220,421	11,660,769	11,305,325	9,313,747	9,790,397
<u>31,331,675</u>	<u>30,377,518</u>	<u>39,644,864</u>	<u>38,460,004</u>	<u>35,935,594</u>
<u>\$ 185,580,122</u>	<u>\$ 182,455,729</u>	<u>\$ 187,441,601</u>	<u>\$ 182,923,632</u>	<u>\$ 178,169,493</u>

City of Hutchinson, Minnesota  
Changes in Net Position  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

	Fiscal Year				
	2021	2020	2019	2018	2017
Expenses					
Governmental Activities					
General government	\$ 2,490,920	\$ 3,020,058	\$ 2,435,032	\$ 2,341,846	\$ 2,391,495
Public safety	4,717,193	4,999,680	4,987,199	4,631,282	4,836,976
Streets and highways	6,273,183	5,771,299	5,657,370	5,368,926	5,438,739
Culture and recreation	3,339,956	3,117,665	3,766,612	3,598,025	3,428,673
Housing and economic development	859,162	1,332,749	392,392	349,307	280,895
Miscellaneous	1,439,747	1,432,116	1,216,593	1,224,478	1,229,192
Interest on long-term debt	634,759	496,265	502,343	475,627	477,838
Total Governmental Activities Expenses	<u>19,754,920</u>	<u>20,169,832</u>	<u>18,957,541</u>	<u>17,989,491</u>	<u>18,083,808</u>
Business-type Activities					
Electric	29,063,843	25,726,245	27,345,524	28,140,954	27,379,450
Natural gas	13,573,448	9,337,234	9,776,175	9,439,397	10,304,619
Water	2,497,449	2,515,244	2,621,826	2,421,732	2,635,888
Sewer	3,091,075	2,757,621	3,087,632	3,196,430	3,303,898
Refuse	1,188,408	1,202,458	1,160,163	1,121,538	1,087,830
Composting	2,603,527	2,704,006	2,360,824	2,267,201	1,855,135
Storm water	701,092	794,014	691,435	609,845	632,334
Liquor	6,753,197	6,946,464	5,822,275	5,662,393	5,634,824
Total Business-type Activities Expenses	<u>59,472,039</u>	<u>51,983,286</u>	<u>52,865,854</u>	<u>52,859,490</u>	<u>52,833,978</u>
Total Primary Government Expenses	<u>\$ 79,226,959</u>	<u>\$ 72,153,118</u>	<u>\$ 71,823,395</u>	<u>\$ 70,848,981</u>	<u>\$ 70,917,786</u>
Program Revenues					
Governmental Activities					
Charges for services					
General government	\$ 625,642	\$ 625,923	\$ 677,525	\$ 679,200	\$ 696,494
Public safety	1,152,422	1,052,079	1,120,786	1,140,667	1,185,169
Streets and highways	808,966	766,131	888,371	883,671	748,479
Culture and recreation	1,251,824	615,623	1,268,375	1,384,047	1,311,050
Housing and economic development	135,844	74,199	73,746	88,458	18,869
Miscellaneous	284,214	214,354	205,034	184,545	231,923
Operating grants and contributions	2,055,168	1,962,884	696,234	767,930	937,732
Capital grants and contributions	906,335	1,759,802	4,367,498	2,453,603	2,428,531
Total Governmental Activities Program Revenues	<u>7,220,415</u>	<u>7,070,995</u>	<u>9,297,569</u>	<u>7,582,121</u>	<u>7,558,247</u>

Table 2

		Fiscal Year		
2016	2015	2014	2013	2012
\$ 2,354,768	\$ 2,274,447	\$ 2,032,887	\$ 2,307,145	\$ 2,210,908
5,307,395	4,297,569	4,181,806	4,018,616	4,036,929
5,421,270	4,568,949	5,579,567	4,909,837	4,470,565
2,892,986	2,779,174	2,585,826	2,675,883	2,436,528
583,421	217,094	436,241	300,264	326,743
1,316,993	1,109,584	1,267,447	1,014,805	995,836
491,730	436,626	477,101	556,537	635,721
18,368,563	15,683,443	16,560,875	15,783,087	15,113,230
26,538,262	26,936,359	26,012,324	26,189,278	26,284,199
9,232,357	9,563,857	13,601,847	11,450,559	10,693,048
2,610,633	2,634,150	2,556,042	2,717,124	2,499,411
3,593,584	3,327,256	3,513,726	3,736,919	3,710,136
1,077,519	1,036,616	1,106,012	1,079,901	1,054,727
2,064,529	2,634,096	2,715,660	2,449,375	2,172,366
585,575	497,695	527,613	401,086	519,193
5,451,353	5,264,041	5,098,025	4,865,901	4,817,672
51,153,812	51,894,070	55,131,249	52,890,143	51,750,752
<u>\$ 69,522,375</u>	<u>\$ 67,577,513</u>	<u>\$ 71,692,124</u>	<u>\$ 68,673,230</u>	<u>\$ 66,863,982</u>
\$ 641,899	\$ 663,176	\$ 731,450	\$ 703,624	\$ 708,213
833,853	919,533	819,654	525,525	439,368
760,014	778,973	1,051,923	1,139,288	1,004,963
938,724	943,835	983,674	1,004,713	928,700
19,076	22,251	21,029	51,442	55,609
266,494	253,403	237,595	253,208	253,341
715,410	598,506	866,989	685,199	761,593
1,823,110	3,325,032	1,389,461	3,053,878	1,547,152
5,998,580	7,504,709	6,101,775	7,416,877	5,698,939

City of Hutchinson, Minnesota  
Changes in Net Position (Continued)  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

	Fiscal Year				
	2021	2020	2019	2018	2017
Program Revenues (Continued)					
Business-type Activities					
Charges for services					
Electric	\$ 29,763,957	\$ 28,208,330	\$ 27,965,283	\$ 28,780,665	\$ 27,804,162
Natural gas	15,264,718	11,636,939	12,501,316	12,830,426	12,440,383
Water	2,533,715	2,461,472	2,278,265	2,321,059	2,380,704
Sewer	3,165,477	3,144,635	3,204,763	3,145,437	3,138,718
Refuse	1,304,109	1,258,989	1,237,112	1,213,982	1,187,304
Composting	2,868,093	3,112,047	2,423,121	2,544,124	2,036,626
Storm water	1,019,255	984,216	957,189	929,187	898,137
Liquor	7,343,276	7,669,235	6,371,522	6,244,754	6,150,453
Operating grants and contributions	16,146	17,483	26,594	36,234	13,505
Capital grants and contributions	227,296	298,848	313,081	353,581	213,389
Total Business-type Activities Program Revenues	<u>63,506,042</u>	<u>58,792,194</u>	<u>57,278,246</u>	<u>58,399,449</u>	<u>56,263,381</u>
 Total Primary Government Program Revenues	<u>\$ 70,726,457</u>	<u>\$ 65,863,189</u>	<u>\$ 66,575,815</u>	<u>\$ 65,981,570</u>	<u>\$ 63,821,628</u>
 Net (Expense)/Revenue					
Governmental activities	\$ (12,534,505)	\$ (13,098,837)	\$ (9,659,972)	\$ (10,407,370)	\$ (10,525,561)
Business-type activities	<u>4,034,003</u>	<u>6,808,908</u>	<u>4,412,392</u>	<u>5,539,959</u>	<u>3,429,403</u>
 Total Primary Government Net Expense	<u>\$ (8,500,502)</u>	<u>\$ (6,289,929)</u>	<u>\$ (5,247,580)</u>	<u>\$ (4,867,411)</u>	<u>\$ (7,096,158)</u>
 General Revenues and Other Changes in Net Position					
Governmental Activities					
Taxes					
Property taxes, levied for general purposes	\$ 5,436,822	\$ 5,288,603	\$ 5,131,925	\$ 4,967,617	\$ 4,742,969
Property taxes, levied for debt service	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
Tax increments	296,729	207,626	165,193	234,200	271,574
Hotel-motel tax	124,033	86,660	110,155	103,941	100,864
Payment in lieu of taxes	-	-	-	260,624	248,213
Franchise taxes	212,832	192,677	189,233	194,967	192,976
Grants and contributions not restricted to specific programs	2,646,782	2,577,193	2,421,043	2,428,676	2,316,429
Unrestricted investment earnings (loss)	68,252	539,587	692,739	252,723	155,127
Other revenues	5,077	-	-	5,939,376	18,050
Gain on sale of capital assets	138,006	97,194	59,757	46,440	242,024
Transfers	<u>3,030,570</u>	<u>1,858,758</u>	<u>1,849,356</u>	<u>2,677,936</u>	<u>1,994,792</u>
Total Governmental Activities	<u>14,159,103</u>	<u>13,048,298</u>	<u>12,819,401</u>	<u>19,306,500</u>	<u>12,483,018</u>
 General Revenues and Other Changes in Net Position					
Business-type Activities					
Sales tax	1,751,928	1,571,978	1,537,844	1,482,066	1,308,598
Unrestricted investment earnings	25,400	1,130,054	1,183,696	595,182	265,281
Gain on sale of capital assets	102,802	120,746	102,658	42,961	117,365
Transfers	<u>(3,030,570)</u>	<u>(1,858,758)</u>	<u>(1,849,356)</u>	<u>(2,677,936)</u>	<u>(1,994,792)</u>
Total Business-type Activities	<u>(1,150,440)</u>	<u>964,020</u>	<u>974,842</u>	<u>(557,727)</u>	<u>(303,548)</u>
 Total Primary Government	<u>\$ 13,008,663</u>	<u>\$ 14,012,318</u>	<u>\$ 13,794,243</u>	<u>\$ 18,748,773</u>	<u>\$ 12,179,470</u>
 Changes in Net Position					
Governmental Activities	\$ 1,624,598	\$ (50,539)	\$ 3,159,429	\$ 8,899,130	\$ 1,957,457
Business-type Activities	<u>2,883,563</u>	<u>7,772,928</u>	<u>5,387,234</u>	<u>4,982,232</u>	<u>3,125,855</u>
 Total Primary Government	<u>\$ 4,508,161</u>	<u>\$ 7,722,389</u>	<u>\$ 8,546,663</u>	<u>\$ 13,881,362</u>	<u>\$ 5,083,312</u>

Source: Financial Statements

Table 2 (Continued)

Fiscal Year				
2016	2015	2014	2013	2012
\$ 27,207,567	\$ 26,882,789	\$ 26,150,428	\$ 25,834,604	\$ 27,583,576
11,658,645	11,425,821	16,171,261	13,946,578	11,799,117
2,355,374	2,482,639	2,336,775	2,464,672	2,569,955
3,194,892	3,389,165	3,226,938	3,345,367	3,394,548
1,172,250	1,146,693	1,143,283	1,130,817	1,135,884
2,143,152	3,100,161	3,158,465	2,843,294	2,422,876
868,817	802,235	735,773	677,421	637,853
5,989,628	5,853,469	5,614,596	5,388,997	5,330,668
22,452	12,608	12,600	12,231	34,392
199,684	1,019,453	102,476	117,357	39,047
54,812,461	56,115,033	58,652,595	55,761,338	54,947,916
<u>\$ 60,811,041</u>	<u>\$ 63,619,742</u>	<u>\$ 64,754,370</u>	<u>\$ 63,178,215</u>	<u>\$ 60,646,855</u>
\$(12,369,983)	\$ (8,178,734)	\$(10,459,100)	\$ (8,366,210)	\$ (9,414,291)
3,658,649	4,220,963	3,521,346	2,871,195	3,197,164
<u>\$ (8,711,334)</u>	<u>\$ (3,957,771)</u>	<u>\$ (6,937,754)</u>	<u>\$ (5,495,015)</u>	<u>\$ (6,217,127)</u>
\$ 4,597,702	\$ 4,526,246	\$ 4,518,247	\$ 4,492,207	\$ 4,531,190
2,200,000	2,177,193	2,073,517	1,974,778	1,974,779
293,878	267,068	315,558	323,237	281,773
95,133	96,269	86,613	83,175	79,290
236,393	225,137	214,416	204,206	194,482
196,777	195,074	184,421	85,765	84,382
2,306,470	2,290,237	2,265,678	1,674,549	4,059,738
89,916	109,278	223,893	(93,334)	108,169
269,357	4,904	6,364	2,348	1,911
106,699	8,198	14,924	120,359	16,608
2,603,373	750,657	831,744	2,765,536	1,584,778
12,995,698	10,650,261	10,735,375	11,632,826	12,917,100
1,270,814	1,224,846	1,323,298	1,354,668	1,300,911
88,542	134,502	183,535	63,661	236,144
84,046	6,819	45,259	10,000	49,398
(2,603,373)	(750,657)	(831,744)	(2,765,536)	(1,584,778)
(1,159,971)	615,510	720,348	(1,337,207)	1,675
<u>\$ 11,835,727</u>	<u>\$ 11,265,771</u>	<u>\$ 11,455,723</u>	<u>\$ 10,295,619</u>	<u>\$ 12,918,775</u>
\$ 625,715	\$ 2,471,527	\$ 276,275	\$ 3,266,616	\$ 3,502,809
2,498,678	4,836,473	4,241,694	1,533,988	3,198,839
<u>\$ 3,124,393</u>	<u>\$ 7,308,000</u>	<u>\$ 4,517,969</u>	<u>\$ 4,800,604</u>	<u>\$ 6,701,648</u>

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City of Hutchinson, Minnesota  
Governmental Activities Tax Revenues by Source  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

**Table 3**

Fiscal Year	Property Taxes		Tax Increments	Hotel- Motel Tax	Payment in Lieu of Tax	Franchise Tax	Total
	Levied for General Purposes	Levied for Debt Service					
2021	\$ 5,436,822	\$ 2,200,000	\$ 296,729	\$ 124,033	\$ -	\$ 212,832	\$ 8,270,416
2020	5,288,603	2,200,000	207,626	86,660	-	192,677	7,975,566
2019	5,131,925	2,200,000	165,193	110,155	-	189,233	7,796,506
2018	4,967,617	2,200,000	234,200	103,941	260,624	194,967	7,961,349
2017	4,742,969	2,200,000	271,574	100,864	248,213	192,976	7,756,596
2016	4,597,702	2,200,000	293,878	95,133	236,393	196,777	7,619,883
2015	4,526,246	2,177,193	267,068	96,269	225,137	195,074	7,486,987
2014	4,518,247	2,073,517	315,558	86,613	214,416	184,421	7,392,772
2013	4,492,207	1,974,778	323,237	83,175	204,206	85,765	7,163,368
2012	4,531,190	1,974,779	281,773	79,290	194,482	84,382	7,145,896

Source: Financial Statements

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

	Fiscal Year				
	2021	2020	2019	2018	2017
General Fund					
Nonspendable	\$ 4,347	\$ 11,371	\$ 5,762	\$ 2,110	\$ 275
Restricted	-	220,052	226,754	59,514	59,514
Committed	5,585,597	5,478,457	5,381,040	5,249,917	5,544,809
Assigned	-	-	-	113,413	113,413
Unassigned	2,752,309	2,455,617	2,011,107	1,823,781	1,001,811
Total General Fund	<u>\$ 8,342,253</u>	<u>\$ 8,165,497</u>	<u>\$ 7,624,663</u>	<u>\$ 7,248,735</u>	<u>\$ 6,719,822</u>
All Other Governmental Funds					
Nonspendable, reported in					
Special revenue funds	\$ -	\$ 1,573	\$ 260	\$ -	\$ -
Capital projects funds	-	1,062	-	-	-
Restricted, reported in					
Debt Service funds	4,801,759	6,162,692	5,998,978	5,591,291	5,183,989
Special revenue funds	2,984,407	3,107,146	3,328,125	3,330,716	2,904,796
Capital projects funds	5,598,270	-	-	-	-
Committed, reported in					
Special revenue funds	577,537	583,392	106,017	110,737	118,531
Capital projects funds	1,636,785	2,584,308	3,507,022	3,009,837	-
Assigned, reported in					
Special revenue funds	506,602	453,821	644,870	583,327	566,448
Capital projects funds	5,164,053	4,471,954	5,026,875	5,253,983	2,037,769
Unassigned, reported in					
Special revenue funds	(748,604)	(728,961)	(744,370)	(1,488,413)	(749,137)
Capital projects funds	(702,059)	(1,189,852)	(961,767)	(156,631)	(199,567)
Total All Other Governmental Funds	<u>\$ 19,818,750</u>	<u>\$ 15,447,135</u>	<u>\$ 16,906,010</u>	<u>\$ 16,234,847</u>	<u>\$ 9,862,829</u>

Source: Financial Statements



**Table 4**

Fiscal Year				
2016	2015	2014	2013	2012
\$ 4,959	\$ 126,547	\$ -	\$ 112,127	\$ -
56,607	54,607	29,786	67,434	72,161
5,266,128	4,959,914	4,663,847	4,616,184	4,360,875
113,413	255,279	426,610	395,301	355,293
1,219,563	1,539,298	1,614,284	1,059,185	1,464,413
<u>\$ 6,660,670</u>	<u>\$ 6,935,645</u>	<u>\$ 6,734,527</u>	<u>\$ 6,250,231</u>	<u>\$ 6,252,742</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
5,481,226	4,498,594	4,950,754	4,872,276	5,698,459
3,088,961	3,933,227	4,057,729	2,049,954	1,476,793
8,999	-	-	12,019	-
830,372	120,278	120,278	121,398	130,465
236,293	-	14,661	-	-
506,798	435,872	375,967	284,861	276,647
2,577,499	5,383,434	5,926,037	7,236,090	5,592,191
(298,639)	-	(1,026)	(7,159)	(13,037)
(273,711)	(210,900)	(111,282)	(28,367)	(12,812)
<u>\$ 12,157,798</u>	<u>\$ 14,160,505</u>	<u>\$ 15,333,118</u>	<u>\$ 14,541,072</u>	<u>\$ 13,148,706</u>

City of Hutchinson, Minnesota  
Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2021	2020	2019	2018	2017
Revenues					
Taxes	\$ 8,197,347	\$ 7,793,254	\$ 7,452,325	\$ 7,371,440	\$ 6,868,189
Special assessments	614,314	612,621	923,986	1,088,178	781,191
Intergovernmental revenue	4,665,768	4,697,226	6,904,746	5,013,658	4,798,875
Licenses and permits	564,539	505,409	529,002	561,655	686,987
Charges for services	2,958,696	2,183,064	2,916,389	2,772,324	2,604,636
Fines and forfeits	45,356	45,158	67,225	55,989	50,233
Investment earnings (loss)	127,619	494,380	631,050	218,938	134,569
Other revenues	940,026	574,710	857,919	7,242,496	1,161,766
Total Revenues	<u>18,113,665</u>	<u>16,905,822</u>	<u>20,282,642</u>	<u>24,324,678</u>	<u>17,086,446</u>
Expenditures					
General government	2,464,006	2,589,239	2,329,239	2,254,302	2,182,465
Community development	775,348	1,259,893	319,328	278,181	242,142
Public safety	5,211,278	4,779,423	4,758,499	4,723,644	4,457,700
Streets and highways	2,416,990	2,451,698	2,598,778	2,453,797	2,163,764
Culture and recreation	2,963,694	2,410,610	2,939,353	2,933,982	2,855,857
Miscellaneous	1,105,590	1,069,735	973,641	914,299	892,511
Capital outlay	6,933,954	6,844,765	9,072,931	7,022,252	9,521,627
Debt service					
Principal	4,490,000	2,015,000	2,110,000	1,970,000	1,835,000
Interest	510,255	513,545	489,069	475,741	434,866
Bond issuance costs	143,484	45,400	54,307	36,057	63,431
Total Expenditures	<u>27,014,599</u>	<u>23,979,308</u>	<u>25,645,145</u>	<u>23,062,255</u>	<u>24,649,363</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,900,934)</u>	<u>(7,073,486)</u>	<u>(5,362,503)</u>	<u>1,262,423</u>	<u>(7,562,917)</u>
Other Financing Sources (Uses)					
Sale of capital assets	41,628	2,500	2,500	6,495	107,222
Transfers in	4,776,388	4,659,144	3,779,206	4,193,817	5,585,344
Transfers out	(1,699,818)	(1,025,067)	(183,091)	(1,006,288)	(2,893,680)
Bonds issued	9,620,000	2,405,000	2,675,000	2,395,000	2,445,000
Premium on bonds issued	711,107	-	135,979	49,484	83,214
Total Other Financing Sources (Uses)	<u>13,449,305</u>	<u>6,041,577</u>	<u>6,409,594</u>	<u>5,638,508</u>	<u>5,327,100</u>
Net Change in Fund Balances	<u><u>\$ 4,548,371</u></u>	<u><u>\$ (1,031,909)</u></u>	<u><u>\$ 1,047,091</u></u>	<u><u>\$ 6,900,931</u></u>	<u><u>\$ (2,235,817)</u></u>
Debt Service as a Percentage of Noncapital Expenditures	24.05%	13.84%	15.19%	14.74%	14.09%

Source: Financial Statements

\* The capital outlay is broken down in the CAFR's by function of government but consolidated on this table.

**Table 5**

Fiscal Year				
2016	2015	2014	2013	2012
\$ 7,378,523	\$ 7,255,422	\$ 7,168,812	\$ 6,980,438	\$ 6,969,013
2,812,394	830,081	1,057,900	1,646,524	978,975
1,904,422	5,911,845	4,227,782	4,000,220	3,871,042
281,559	324,083	283,488	278,629	241,114
2,192,444	1,922,483	2,183,844	2,249,396	2,040,203
45,588	45,449	59,737	60,012	60,498
74,374	101,220	207,830	(85,668)	97,918
1,275,922	1,485,213	2,251,024	2,304,362	2,248,873
15,965,226	17,875,796	17,440,417	17,433,913	16,507,636
2,101,566	1,995,215	1,902,830	2,247,388	2,028,772
575,177	208,850	427,997	325,164	478,847
4,208,847	4,176,717	3,949,625	3,741,161	3,756,228
2,108,807	2,161,317	2,458,488	2,638,192	2,406,663
2,392,960	2,339,479	2,258,762	2,365,151	2,133,359
972,558	887,981	834,461	712,597	710,972
8,455,158	7,347,784	7,601,893	5,892,215	5,000,514
2,150,000	3,330,000	4,470,000	3,080,000	2,525,000
458,736	459,149	499,079	566,548	538,299
43,495	50,384	76,143	48,223	113,173
23,467,304	22,956,876	24,479,278	21,616,639	19,691,827
(7,502,078)	(5,081,080)	(7,038,861)	(4,182,726)	(3,184,191)
2,915	-	-	525,359	16,608
5,926,322	3,396,428	4,521,284	4,381,016	4,248,730
(3,203,949)	(1,508,781)	(1,771,083)	(1,615,480)	(1,756,810)
2,435,000	2,140,000	3,415,000	2,230,000	4,370,000
64,108	81,938	86,554	51,686	193,403
5,224,396	4,109,585	6,251,755	5,572,581	7,071,931
<u>\$ (2,277,682)</u>	<u>\$ (971,495)</u>	<u>\$ (787,106)</u>	<u>\$ 1,389,855</u>	<u>\$ 3,887,740</u>
16.15%	23.86%	24.54%	21.65%	21.35%

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City of Hutchinson, Minnesota  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

**Table 6**

Fiscal Year Ended December 31,	Residential Property	Commercial Property	Personal Property	Total Taxable Assessed Value	Estimated <sup>(1)</sup> Actual Taxable Value	Total Direct Tax Rate
2021	\$ 1,016,610,700	\$ 164,429,000	\$ 1,995,700	\$ 1,183,035,400	\$1,245,300,421	63.882
2020	898,916,100	165,297,600	1,874,300	1,066,088,000	1,122,197,895	66.473
2019	771,174,100	149,313,600	1,879,200	922,366,900	970,912,526	67.045
2018	740,142,000	151,192,700	1,889,700	893,224,400	940,236,211	71.141
2017	677,811,800	187,632,100	1,673,200	867,117,100	912,754,842	71.953
2016	646,911,200	186,475,400	1,681,000	835,067,600	879,018,526	73.966
2015	609,870,300	185,836,600	1,659,800	797,366,700	839,333,368	74.416
2014	583,378,600	187,325,600	1,612,500	772,316,700	812,964,947	74.518
2013	577,624,600	186,990,400	463,500	765,078,500	805,345,789	73.230
2012	575,631,700	185,032,700	456,100	761,120,500	801,179,474	70.708

Source: County Auditors Office

**Note:** <sup>(1)</sup> According to the Minnesota Department of Revenue, the Assessor's Taxable Market Value for the City of Hutchinson is about 104% of the actual selling prices of property most recently sold in the City. Estimated actual taxable value is calculated by dividing assessed value by the percent (104%). Valuations are determined as of January 1st of the year preceding the tax collection year. Amounts are shown for the year in which taxes are payable. Assessed value is prior to Fiscal Disparity and Tax Increment District Adjustments.

City of Hutchinson, Minnesota  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years

Fiscal Year	City of Hutchinson			Overlapping Rates County		
	Operating	Debt Service	Total City	Operating	Debt Service	Total County
2021	45.464	18.418	63.882	55.112	3.445	58.557
2020	46.867	19.606	66.473	56.305	3.504	59.809
2019	46.867	20.178	67.045	55.248	2.634	57.882
2018	49.139	22.002	71.141	54.253	1.881	56.134
2017	49.182	22.771	71.953	51.660	1.932	53.592
2016	50.112	23.854	73.966	51.002	1.952	52.954
2015	50.280	24.136	74.416	50.785	2	52.960
2014	51.137	23.381	74.518	55.418	-	55.418
2013	51.027	22.203	73.230	59.664	-	59.664
2012	49.236	21.472	70.708	60.901	-	60.901

Source: McLeod County Auditor and Treasurers Office

**Table 7**

Overlapping Rates				Total Direct Rates	Total Overlapping Rates	Total Direct and Overlapping Rates
School District						
Operating	Debt Service	Total School	Special Districts			
8.746	24.798	33.544	3.559	63.882	95.660	159.542
6.992	27.261	34.253	3.612	66.473	97.674	164.147
8.685	14.870	23.555	3.581	67.045	85.018	152.063
8.206	17.005	25.211	3.608	71.141	84.953	156.094
8.037	17.452	25.489	3.609	71.953	82.690	154.643
9.600	17.772	27.372	3.659	73.966	83.985	157.951
8.641	6.332	14.973	3.634	74.416	71.567	145.983
8.033	6.966	14.999	3.678	74.518	74.095	148.613
9.040	7.767	16.807	3.651	73.230	80.122	153.352
8.855	7.612	16.467	3.477	70.708	80.845	151.553

City of Hutchinson, Minnesota  
Principal Property Taxpayers  
Current Year and Nine Years Ago

**Table 8**

Taxpayer	Type of Business	2021			2012		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
3M Corporation	Manufacturing	\$ 14,846,400	1	1.25 %	\$ 17,317,600	1	2.28 %
Wal-Mart	Commercial/Retail	7,591,000	2	0.64	7,623,100	3	1.00
Menards	Commercial/Retail	7,548,900	3	0.64	6,918,300	4	0.91
Uponor	Manufacturing	6,792,600	4	0.57			-
Deer Park Apartments (formerly Wissota, LLC)	Apartment	6,453,900	5	0.55			-
City of Hutchinson	Retail Building	4,864,900	6	0.41			-
Papania Investments (formerly Inland)	Commerical	4,796,900	7	0.41			-
Target	Commercial/Retail	4,762,300	8	0.40	6,227,900	5	0.82
Sterling Properties LLP	Commerical	4,592,900	9	0.39			-
TDK Corporation (formerly HTI)	Manufacturing	4,331,000	10	0.37	10,837,000	2	1.42
Wisotal LLC	Apartments				4,585,700	6	0.60
Coborn Realty Co/Cash Wise Foods	Commercial/Grocery				3,818,200	7	0.50
Shopko	Commercial/Retail				3,414,700	8	0.45
Daggett Ventures II LLC	Manufacturing				3,282,700	9	0.43
Twin Oaks LLC	Apartments				3,263,300	10	0.43
Total		<u>\$ 66,580,800</u>		<u>5.63 %</u>	<u>\$ 67,288,500</u>		<u>8.84 %</u>

Source: McLeod County Auditors Office



City of Hutchinson, Minnesota  
Property Tax Levies and Collections  
Last Ten Fiscal Years

**Table 9**

Fiscal Year Ended December 31,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2021	\$ 7,630,779	\$ 7,563,984	99.12 %	\$ -	\$ 7,563,984	99.12 %
2020	7,458,910	7,414,433	99.40	33,098	7,447,531	99.85
2019	7,310,005	7,278,548	99.57	26,881	7,305,429	99.94
2018	7,113,466	7,088,464	99.65	22,555	7,111,019	99.97
2017	6,951,796	6,905,665	99.34	45,111	6,950,776	99.99
2016	6,769,035	6,720,677	99.29	47,376	6,768,053	99.99
2015	6,656,623	6,604,808	99.22	51,225	6,656,033	99.99
2014	6,552,963	6,493,765	99.10	58,248	6,552,013	99.99
2013	6,454,224	6,403,138	99.21	49,832	6,452,970	99.98
2012	6,454,224	6,396,926	99.11	54,975	6,451,901	99.96

Source: McLeod County Tax Settlements and City of Hutchinson Finance Department

City of Hutchinson, Minnesota  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			
	General Obligation Bonds	General Obligation Tax Increment Bonds	Special Assessment Bonds	Notes Payable
2021	\$ 8,272,088	\$ -	\$ 17,236,498	\$ -
2020	-	-	19,895,195	-
2019	-	-	19,857,912	30,000
2018	-	-	19,515,584	60,000
2017	-	-	19,676,467	90,000
2016	-	-	19,003,047	120,000
2015	-	-	17,184,350	150,000
2014	-	-	18,322,782	180,000
2013	-	-	19,314,609	210,000
2012	-	220,000	19,822,859	330,000

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

- <sup>(1)</sup> Outstanding General Obligation Revenue Bonds are a combination of Water and Sewer Bonds and Minnesota Public Facilities Authority (MPFA) Drinking Water Revolving Fund loans.  
The Funds from the MPFA are being used to build a new water treatment facility.
- <sup>(2)</sup> Outstanding Revenue Bonds reflect bonds issued by the City owned by Public Utilities
- <sup>(3)</sup> Business-type capital leases reflect equipment leased in Water, Sewer, Refuse and Compost funds, and the Public Utility Commission.
- <sup>(4)</sup> Includes refunded bonds of \$21,330,000
- <sup>(5)</sup> Includes refunded bonds of \$15,195,000

Table 10

Business-type Activities					
General Obligation Revenue Bonds <sup>(1)</sup>	Revenue Bonds <sup>(2)</sup>	Capital Leases <sup>(3)</sup>	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 17,170,528	\$ 25,685,097	\$ 274,418	\$ 68,638,629	9.00 %	\$ 4,738
15,815,368	28,144,162	423,600	64,278,325	9.01	4,533
21,369,536	30,463,228	568,643	72,289,319	10.40	5,107
20,934,620	32,677,293	249,644	73,437,141	10.85	5,191
21,817,341	34,191,359 <sup>(5)</sup>	384,487	76,159,654	12.01	5,382
24,240,591	18,845,615	133,865	62,343,118	9.82	4,411
26,637,841	20,316,224	209,287	64,497,702	10.47	4,552
29,301,371	21,903,551	314,301	70,022,005	11.91	4,958
33,469,371	23,269,326	415,298	76,678,604	13.46	5,416
35,451,371	44,837,671 <sup>(4)</sup>	198,648	100,860,549	17.99	7,187

City of Hutchinson, Minnesota  
Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	General Obligation Tax Increment Bonds	Special Assessment Bonds	Revenue Bonds	Less: Amounts Paid from Proprietary Revenue	Less: Amounts Available in Debt Service Fund
2021	\$ 25,442,616	\$ -	\$ 17,236,498	\$ 25,685,097	\$ 42,855,625	\$ 4,801,759
2020	15,815,368	-	19,895,195	28,144,162	43,959,530	6,162,692
2019	21,369,536	-	19,857,912	30,463,228	51,832,764	5,998,978
2018	20,934,620	-	19,515,584	32,677,293	53,611,913	5,591,291
2017	21,817,341	-	19,676,467	34,191,359	56,008,700	5,183,989
2016	24,240,591	-	19,003,047	18,845,615	43,086,206	5,481,226
2015	26,637,841	-	17,184,350	20,316,224	46,954,065	4,498,594
2014	29,301,371	-	18,322,782	21,903,551	51,204,922	4,950,754
2013	33,469,371	-	19,314,609	23,269,326	56,738,697	4,872,276
2012	35,451,371	220,000	19,822,859	44,837,671	80,289,042	5,698,459

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

<sup>(1)</sup> See Table 6 for property value data.

**Table 11**

Total	Percentage of Total Taxable Assessed <sup>(1)</sup> Value of Property	Per Capita
\$ 20,706,827	1.75 %	\$ 1,429
13,732,503	1.29	968
13,858,934	1.50	979
13,924,293	1.51	984
14,492,478	1.62	1,024
13,521,821	1.56	957
12,685,756	1.52	895
13,372,028	1.68	947
14,442,333	1.87	1,020
14,344,400	1.87	1,022

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City of Hutchinson, Minnesota  
Computation of Direct and Overlapping Governmental Activities Debt  
December 31, 2021

**Table 12**

Governmental Unit	Debt Outstanding <sup>(1)</sup>	Estimated Percentage Applicable <sup>(2)</sup>	Estimated Share of Overlapping Debt
Direct Debt			
City of Hutchinson	\$ 25,508,586	100.00 %	\$ 25,508,586
Overlapping Debt			
McLeod County	19,529,762	28.11	5,489,759
Independent School Dist. 423	70,000,000	64.95	45,467,340
Total Overlapping Debt	<u>89,529,762</u>		<u>50,957,099</u>
Total Direct and Overlapping Debt	<u>\$115,038,348</u>		<u>\$ 76,465,685</u>

Sources : <sup>(1)</sup> Outstanding debt data provided by the City, McLeod County Auditors Office and ISD #423.

<sup>(2)</sup> Estimated percentages come from the Local Taxable Tax Capacity numbers supplied annually by the McLeod County Auditors Office.

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 of Hutchinson. This process recognized that, when considering the government'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.

City of Hutchinson, Minnesota  
Legal Debt Margin Information  
Last Ten Fiscal Years

	2021	2020	2019	2018	2017
<b>Assessed Value</b> (See Table 6)	\$1,183,035,400	\$1,066,088,000	\$ 922,366,900	\$ 893,224,400	\$ 867,117,100
<b>Legal Debt Limit</b> Debt limit (3% of assessed value)	35,491,062	31,982,640	27,671,007	26,796,732	26,013,513
<b>Debt Applicable to Limit:</b> (See Table 10)					
General Obligation Bonds	8,272,088	-	-	-	-
Less: Amount reserved for repayment of general obligation debt	(4,801,759)	(6,162,692)	(5,998,978)	(5,591,291)	(5,183,989)
<b>Total Net Debt Applicable to Limit</b>	<u>3,470,329</u>	<u>(6,162,692)</u>	<u>(5,998,978)</u>	<u>(5,591,291)</u>	<u>(5,183,989)</u>
<b>Legal Debt Margin</b>	<u>\$ 32,020,733</u>	<u>\$ 38,145,332</u>	<u>\$ 33,669,985</u>	<u>\$ 32,388,023</u>	<u>\$ 31,197,502</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	9.78%	-19.27%	-21.68%	-20.87%	-19.93%

Source: Assessed values are provided by McLeod County Auditor's Office.

Note: Minn. Stat. Section 475.53, subd. 1 states that except as otherwise provided in Minn. Stat. Sections 474.74 to 475.51, no municipality except a school district or a city of the first class, shall incur or be subject to a net debt in excess of three percent of the estimated market value.



**Table 13**

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 835,067,600	\$ 797,366,700	\$ 772,316,700	\$ 765,078,500	\$ 761,120,500
25,052,028	23,921,001	23,169,501	22,952,355	22,833,615
-	-	-	-	-
<u>(5,481,226)</u>	<u>(4,498,594)</u>	<u>(4,950,754)</u>	<u>(4,872,276)</u>	<u>(5,698,459)</u>
<u>(5,481,226)</u>	<u>(4,498,594)</u>	<u>(4,950,754)</u>	<u>(4,872,276)</u>	<u>(5,698,459)</u>
<u>\$ 30,533,254</u>	<u>\$ 28,419,595</u>	<u>\$ 28,120,255</u>	<u>\$ 27,824,631</u>	<u>\$ 28,532,074</u>
-21.88%	-18.81%	-21.37%	-21.23%	-24.96%

City of Hutchinson, Minnesota  
Pledged-Revenue Coverage  
Last Ten Fiscal Years

Year	Utility Revenue Bonds <sup>(1)</sup>					
	Operating Revenues	Operating Expenses <sup>(2)</sup>	Net Revenue Available for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest	
2021	\$ 51,506,805	\$ 47,741,114	\$ 3,765,691	\$ 5,034,182	\$ 1,456,574	0.58
2020	44,458,646	39,878,458	4,580,188	7,746,043	1,611,375	0.49
2019	46,727,885	41,989,301	4,738,584	4,680,776	1,808,777	0.73
2018	47,793,436	42,208,203	5,585,233	3,892,843	1,891,142	0.97
2017	46,345,385	42,834,203	3,511,182	4,372,655	1,600,041	0.59
2016	44,808,639	41,281,522	3,527,117	3,731,422	1,544,312	0.67
2015	44,645,425	41,306,845	3,338,580	3,549,014	1,668,286	0.64
2014	48,405,216	44,148,102	4,257,114	3,313,997	1,839,412	0.83
2013	46,072,120	41,713,462	4,358,658	5,029,891	2,478,505	0.58
2012	45,289,317	40,652,102	4,637,215	4,059,048	2,431,400	0.71

Source: City of Hutchinson Financial Records

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

<sup>(1)</sup> Utility Revenue Bonds include Water, Sewer, Storm Water and Public Utilities Commission funds  
(excludes the Municipal Liquor Store, Composting and Refuse funds which have no outstanding debt service requirements)

<sup>(2)</sup> Total operating expenses exclusive of depreciation

<sup>(3)</sup> Debt service requirements for special assessment bonds issued comes from a combination of tax collections, which includes tax credits from the State of Minnesota and special assessment collections.

Table 14

G.O. Bonds				Special Assessment Bonds			
Tax Collections	Debt Service Requirements		Coverage	Special Assessment and Tax Collections <sup>(3)</sup>	Debt Service Requirements		Coverage
	Principal	Interest			Principal	Interest	
\$ 59,787	\$ 155,000	\$ 2,650	0.38	\$ 2,721,594	\$ 4,490,000	\$ 475,690	0.55
188,511	310,000	7,300	0.59	2,578,243	1,985,000	483,982	1.04
336,420	325,000	13,650	0.99	2,767,674	2,080,000	463,555	1.09
358,995	600,000	23,138	0.58	2,601,776	1,940,000	434,862	1.10
-	-	-	-	2,151,946	1,805,000	416,431	0.97
-	-	-	-	3,379,975	2,120,000	415,406	1.33
-	-	-	-	2,991,334	2,070,000	429,706	1.20
-	-	-	-	3,105,874	2,315,000	494,045	1.11
-	-	-	-	2,944,900	2,395,000	517,024	1.01
-	-	-	-	2,913,300	2,740,000	554,790	0.88

City of Hutchinson, Minnesota  
Demographic and Economic Statistics  
Last Ten Fiscal Years

**Table 15**

Fiscal Year	Population <sup>(1)</sup>	Personal <sup>(2)</sup> Income	Per Capita Personal Income	School <sup>(3)</sup> Enrollment (K-12)	Unemployment Rate <sup>(4)</sup>	State Unemployment Rate <sup>(4)</sup>	National Unemployment Rate <sup>(4)</sup>
2021	14,487	\$ 762,550,434 <sup>(5)</sup>	\$ 52,637	2,756	3.7 %	3.4 %	5.3 %
2020	14,181	713,110,810	50,286	2,761	5.4	6.2	8.1
2019	14,155	695,110,825	49,107	2,916	3.8	3.2	3.7
2018	14,147	676,997,265	47,854	2,944	3.1	2.9	3.9
2017	14,151	634,148,809	44,813	2,958	3.7	3.4	4.4
2016	14,135	634,658,573	44,900	2,968	4.4	3.9	4.9
2015	14,170	616,173,372	43,484	2,957	3.9	3.7	5.3
2014	14,124	587,806,085	41,618	2,959	5.0	4.2	6.2
2013	14,158	569,746,963	40,242	3,055	6.1	5.0	7.4
2012	14,034	560,652,795	39,950	3,007	7.3	5.6	8.1

Data Sources: <sup>(1)</sup> United States Census Bureau or Minnesota State Demographer.

<sup>(2)</sup> Personal Income is estimated based on McLeod County numbers, McLeod County population and City of Hutchinson Population.

<sup>(3)</sup> Minnesota Department of Education.

<sup>(4)</sup> Minnesota Department of Employment and Economic Development (DEED); average annual rates

<sup>(5)</sup> 2021 data is not available at time of publish; these are estimated totals

City of Hutchinson, Minnesota  
Principal Employers  
Current Year and Nine Years Ago

**Table 16**

Employer	2021 <sup>(1)</sup>			2012 <sup>(2)</sup>		
	Employees <sup>(4)</sup>	Rank	Percentage of Total County Employment <sup>(4)</sup>	Employees <sup>(3)</sup>	Rank	Percentage of Total County Employment <sup>(4)</sup>
3M Corporation	1,675	1	9.30 %	1,700	1	9.27 %
Hutchinson Area Health Care	565	2	3.14	517	3	2.82
Hutchinson Schools - ISD 423	473	3	2.63	446	4	2.43
Ridgewater College	324	4	1.80	240	6	1.31
Wal-Mart	300	5	1.67			
Cash Wise Foods	200	6	1.11	266	5	1.45
Menards	177	7	0.98	190	8	1.04
Resonetics	162	8	0.90			
Target	150	9	0.83	130	9	0.71
City of Hutchinson	130	10	0.72	113	10	0.62
TDK Corporation (formerly HTI)				708	2	3.86
National Guard Recruiting				212	7	1.16
Total	<u>4,156</u>		<u>23.08 %</u>	<u>4,522</u>		<u>24.67 %</u>

Sources: <sup>(1)</sup> 2021 Offering Statement on Municipal Bonds sold.

<sup>(2)</sup> 2012 Offering Statement on Municipal Bonds sold.

<sup>(3)</sup> Includes full-time, part-time and seasonal employees.

<sup>(4)</sup> Percentages are compiled based on Total County employment and come from the Minnesota Department of Employment and Economic Development.

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City of Hutchinson, Minnesota  
Full-time Equivalent City Government Employees by Function  
Last Ten Fiscal Years

**Table 17**

Function/Program	Full-time Equivalent Employees as of December 31									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government										
Mayor and City Council <sup>(1)</sup>	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Administration	3.39	3.48	3.24	3.24	3.25	3.17	3.45	3.08	3.53	3.46
Finance	2.86	3.09	2.99	2.99	2.93	2.98	3.21	2.82	3.16	3.29
Attorney	1.52	1.53	1.49	1.52	1.50	1.50	1.22	1.22	1.19	1.26
Planning and zoning	1.20	1.25	1.20	1.17	1.30	1.22	1.29	1.31	1.47	1.80
Information services	3.02	3.01	2.68	2.77	3.00	3.00	3.16	3.16	3.79	3.64
Motor vehicle	3.93	3.90	3.97	3.82	3.72	3.28	2.97	3.16	3.18	3.15
Building maintenance	1.00	1.04	1.00	1.00	1.19	0.69	0.46	0.71	0.78	0.99
Cemetery	1.01	1.38	1.10	1.02	1.33	0.96	1.16	1.11	1.11	1.48
Public Safety										
Police										
Officers	25.89	23.66	23.26	22.79	21.91	21.63	21.74	21.87	22.04	23.03
Civilians	11.15	15.60	15.33	17.34	16.53	15.59	15.73	13.19	9.86	9.36
Fire										
Firefighters and officers <sup>(2)</sup>	5.72	5.51	5.31	4.62	4.98	4.98	4.20	4.46	3.23	3.34
Building inspection	3.25	3.32	3.91	3.30	2.97	2.50	2.26	2.07	2.06	1.61
Streets and Highways										
Engineering	3.39	4.24	3.71	3.73	3.82	3.77	3.94	4.30	5.31	5.33
Maintenance	7.81	7.76	7.77	7.87	7.20	7.05	7.41	8.18	7.15	7.44
Culture and Recreation										
Parks <sup>(3)</sup>	28.71	20.48	31.16	33.45	34.84	23.48	25.30	24.04	24.43	24.07
Library	-	-	-	-	-	-	0.13	0.20	0.21	0.35
Housing and Economic Development	1.36	1.35	1.36	1.67	1.42	1.53	1.55	1.79	1.92	1.75
Transportation										
Airport and bus drivers	0.56	0.55	0.56	0.50	0.20	0.34	0.26	0.31	0.25	0.28
Liquor	12.82	13.19	12.32	12.72	12.52	11.55	11.30	10.97	10.35	10.67
Water	5.52	5.88	5.82	5.90	6.03	7.65	6.11	5.34	5.37	5.44
Sewer	8.59	8.88	8.44	8.50	7.50	6.64	7.39	7.94	7.55	8.00
Refuse	2.30	2.34	2.44	2.51	2.49	1.58	2.07	2.46	2.66	2.83
Storm Water	3.20	3.35	2.96	2.34	2.76	2.71	1.87	1.59	1.53	1.68
Composting	6.98	7.27	6.59	6.06	5.99	5.57	6.14	7.67	7.91	8.36
Natural Gas	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Electric	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00
Total	<u>195.18</u>	<u>192.06</u>	<u>198.61</u>	<u>200.83</u>	<u>199.38</u>	<u>183.37</u>	<u>184.32</u>	<u>182.95</u>	<u>180.04</u>	<u>182.61</u>

Source: City of Hutchinson Budget Books, Hutchinson Area Health Care and Public Utilities Commission

<sup>(1)</sup> The City of Hutchinson is comprised of one mayor and four council members. These numbers do not reflect full-time equivalent hours based on actual yearly full-time hours worked.

<sup>(2)</sup> Paid-on-call volunteer firefighters are reflected in full-time equivalent hours on a yearly basis.

<sup>(3)</sup> Seasonal employees were added in 2017 for the new aquatic center operations.

City of Hutchinson, Minnesota  
Operating Indicators by Function  
Last Ten Fiscal Years

Function	Fiscal Year				
	2021	2020 (3)	2019	2018	2017
General Government					
Permits issued	1,060	2,275	1,038	1,424	2,291
Building inspections	2,099	1,154	3,685	2,737	3,029
Public Safety					
Police					
Incidents (calls for service) <sup>(1)</sup>	16,329	17,459	20,042	20,116	18,913
Arrests <sup>(1)</sup>	365	360	458	481	422
Citations <sup>(1)</sup>	511	631	892	845	757
Fire					
Number of calls answered	498	484	463	492	532
Code inspections	51	46	254	306	233
Training hours	3,066	2,203	3,403	2,793	3,078
Highways and Streets					
Street reconstruction (miles)	1.00	0.70	1.59	1.35	1.29
Street resurfacing (miles)	1	1.00	3.79	6.09	0.24
Patching material used (tons)	216	399	345	148	123
Sanitation					
Raw incoming (tons)					
Source separated organics	1,437	1,612	1,494	1,597	1,677
Leaves, grass, and other wastes	6,728	6,796	7,148	8,292	7,648
Culture and Recreation					
Athletic field maintenance hours	2,475	707	3,271	3,281	2,994
Ice time sold	1,709	1,003	2,134	2,180	2,120
Pool admissions <sup>(2)</sup>	40,687	-	41,470	48,623	54,937
Shelters reserved	109	249	524	440	439
Water					
Average daily consumption (in gallons)	1,506,900	1,490,200	1,356,900	1,347,500	1,430,400
Wastewater					
Average daily sewage treatment					
MGD (million gallons/day)	1.91	2.00	2.65	2.28	2.43
Public Utilities					
Kilowatt hours (KWH) generated	48,269,000	19,844,000	22,900,000	34,524,000	28,605,000
Natural gas purchased and generated (MCF)	1,988,268	1,770,463	1,925,515	1,937,455	1,854,437
Liquor					
Liquor store sales volume (\$)	\$ 7,334,887	\$ 7,666,596	\$ 6,369,376	\$ 6,242,500	\$ 6,148,149

Sources: Various City departments, Public Utilities Commission and Hutchinson Area Health Care

<sup>(1)</sup> Due to new computer system installation in May 2012 numbers are estimates by Hutchinson Public Safety based on a monthly average. Case reports are no longer reported separately as they are included in total incidents.

<sup>(2)</sup> The outdoor pool was closed in 2016 and a new outdoor aquatic center opened in 2017.

<sup>(3)</sup> The majority of City functions and programs in 2020 were severely and negatively impacted by the COVID-19 pandemic



**Table 18**

Fiscal Year				
2016	2015	2014	2013	2012
1,089	1,108	1,080	1,133	946
1,415	1,850	1,222	1,716	1,508
17,152	15,589	17,119	16,812	19,000
372	371	380	369	670
802	484	1,179	1,185	874
505	466	465	388	439
218	74	660	869	917
3,018	3,038	3,636	3,327	3,120
1.63	1.18	1.55	0.72	1.60
8.25	0.55	8.56	2.10	9.20
183	348	136	103	135
1,785	2,150	2,728	2,137	2,109
8,227	8,149	14,158	14,623	13,152
2,811	2,664	2,698	2,898	2,674
2,222	2,121	1,793	2,089	2,188
-	10,487	11,415	12,564	12,689
522	465	364	380	317
1,418,500	1,476,445	1,458,000	1,493,000	1,533,000
2.54	2.00	2.25	1.97	2.08
35,823,000	22,411,000	28,819,000	35,619,000	25,473,000
1,817,631	1,714,534	2,058,642	2,014,780	1,692,502
\$ 5,986,472	\$ 5,850,584	\$ 5,612,423	\$ 5,384,444	\$ 5,325,305

City of Hutchinson, Minnesota  
Capital Asset and Infrastructure Statistics by Function  
Last Ten Fiscal Years

Function	Fiscal Year				
	2021	2020	2019	2018	2017
General Government					
City center	1	1	1	1	1
Public Safety					
Police					
Stations	1	1	1	1	1
Patrol units	12	12	12	12	12
Fire					
Stations	1	1	1	1	1
Vehicles	9	9	9	9	8
Highways and Streets					
Miles of street	77.0	77.5	77.5	77.0	77.0
Bridges	6	6	6	6	6
Parks and Recreation					
Parks	41	41	41	41	37
Area in acres	401	401	401	401	401
Indoor ice arena	2	2	2	2	2
Recreation center (includes pool)	1	1	1	1	1
Event center	1	1	1	1	1
Compost/Refuse					
Compost buildings	2	2	2	2	2
Liquor					
Liquor store building	1	1	1	1	1
Utilities					
Municipal water					
Water treatment plant	1	1	1	1	1
Water towers	3	3	3	3	3
Miles of water main	102.0	102.0	100.0	100.0	100.0
Municipal sanitary sewer					
Wastewater treatment buildings	8	8	8	8	8
Miles of sanitary sewer	92.0	92.0	91.0	91.0	91.0
Number of lift stations	15	15	15	15	15
Storm sewer					
Holding ponds and lakes	56	53	53	53	53
Electric division					
Miles of transmission lines	17	17.0	17.0	17.0	17.0
Number of substations	6	6	6	6	6
Natural gas division					
Miles of gas lines	295	294	294	294	292

Source: Various City departments and capital asset system

**Table 19**

Fiscal Year				
2016	2015	2014	2013	2012
1	1	1	1	1
1	1	1	1	1
11	11	11	11	11
1	1	1	1	1
9	9	9	9	9
77.0	76.0	76.0	76.0	76.2
6	6	6	6	6
37	37	37	37	37
401	401	401	401	401
2	2	2	2	2
1	1	1	1	1
1	1	1	1	1
2	2	2	2	2
1	1	1	1	1
1	1	1	1	1
3	3	3	3	3
99.0	109.0	106.0	106.0	105.2
8	8	8	8	8
91.0	95.0	95.0	95.0	95.1
13	13	13	13	13
53	53	50	49	49
17.0	17.1	17.1	17.0	17.1
6	6	6	6	4
292	292	290	290	288

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City of Hutchinson, Minnesota  
Combined Schedule of Bonds Payable  
December 31, 2021

**Table 20**

<u>Year Issued</u>	<u>Original Amount</u>	<u>Retired</u>	<u>Bonds Outstanding</u>	<u>Coupon Rates</u>
<b>GENERAL OBLIGATION BONDS</b>				
2021A	<u>\$ 7,795,000</u>	<u>\$ -</u>	<u>\$ 7,795,000</u>	2.00 - 4.00
<b>GENERAL OBLIGATION SPECIAL ASSESSMENT BONDS</b>				
2009D	\$ 2,255,000	\$ 2,255,000	\$ -	2.00 - 3.63 %
2010C	4,595,000	4,595,000	-	3.00 - 3.13
2011A	2,830,000	2,830,000	-	0.05 - 3.25
2012B	2,095,000	2,095,000	-	3.00
2012C	2,275,000	2,275,000	-	2.00 - 2.50
2013A	2,230,000	1,130,000	1,100,000	2.00 - 3.50
2014A	3,415,000	1,905,000	1,510,000	2.00 - 3.00
2015A	2,140,000	695,000	1,445,000	2.85 - 3.00
2016A	3,880,000	2,065,000	1,815,000	2.00
2017A	2,445,000	550,000	1,895,000	2.00 - 3.00
2018A	2,395,000	305,000	2,090,000	3.00 - 4.00
2019A	2,675,000	165,000	2,510,000	2.00 - 3.00
2020A	2,405,000	-	2,405,000	0.35 - 1.40
2021A	<u>1,825,000</u>	<u>-</u>	<u>1,825,000</u>	2.00 - 4.00
Totals	<u>\$ 37,460,000</u>	<u>\$ 20,865,000</u>	<u>\$ 16,595,000</u>	
<b>GENERAL OBLIGATION REVENUE BONDS</b>				
2005 PFA	\$ 5,696,371	\$ 4,608,001	\$ 1,088,370	2.53
2006 PFA	12,216,000	9,059,000	3,157,000	2.63
2007 PFA	13,696,602	9,267,602	4,429,000	2.15
2012B	2,700,000	2,315,000	385,000	3.00
2018A	1,550,000	260,000	1,290,000	3.00 - 4.00
2019A	2,790,000	220,000	2,570,000	2.00 - 3.00
2021A	<u>3,460,000</u>	<u>-</u>	<u>3,460,000</u>	3.00 - 4.00
Totals	<u>\$ 42,108,973</u>	<u>\$ 25,729,603</u>	<u>\$ 16,379,370</u>	
<b>ELECTRIC UTILITIES REVENUE BONDS</b>				
2012A	\$ 20,720,000	\$ 11,210,000	\$ 9,510,000	4.00 - 5.00
2017B	<u>16,675,000</u>	<u>1,945,000</u>	<u>14,730,000</u>	3.00 - 4.00
Totals	<u>\$ 37,395,000</u>	<u>\$ 13,155,000</u>	<u>\$ 24,240,000</u>	

City of Hutchinson, Minnesota  
Public Utilities Commission  
Operating Expenses by Function  
Last Ten Fiscal Years

<u>Electric Division</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Production	\$ 5,052,088	\$ 3,483,546	\$ 3,776,245	\$ 3,883,945	\$ 3,071,804
Purchase Power/Gas	13,740,072	13,175,999	14,037,852	15,162,365	14,634,350
Transmission	3,110,471	2,334,541	3,064,741	2,652,119	2,707,438
Distribution	1,446,601	1,485,856	1,368,188	1,321,212	893,411
Customer Accounts	240,193	252,606	240,775	223,038	275,042
Administrative	1,667,276	1,686,199	1,597,928	1,592,817	2,684,081
Depreciation and Depletion	<u>3,334,286</u>	<u>2,804,539</u>	<u>2,728,998</u>	<u>2,770,697</u>	<u>2,830,636</u>
Total Electric	<u>\$ 28,590,987</u>	<u>\$ 25,223,286</u>	<u>\$ 26,814,727</u>	<u>\$ 27,606,193</u>	<u>\$ 27,096,762</u>
<u>Natural Gas Division</u>					
Transmission	\$ 229,104	\$ 236,423	\$ 183,311	\$ 148,891	\$ 127,459
Purchased Gas	9,830,566	5,588,511	5,961,040	6,084,090	6,883,154
Distribution	984,148	948,091	979,913	838,259	624,192
Customer Accounts	197,186	189,536	184,860	192,484	205,154
Administrative	942,757	932,864	965,449	656,350	896,901
Depreciation and Depletion	<u>1,097,263</u>	<u>1,088,555</u>	<u>1,078,481</u>	<u>1,033,788</u>	<u>1,022,038</u>
Total Natural Gas	<u>\$ 13,281,024</u>	<u>\$ 8,983,980</u>	<u>\$ 9,353,054</u>	<u>\$ 8,953,862</u>	<u>\$ 9,758,898</u>

**Table 21**

2016	2015	2014	2013	2012
\$ 3,387,289	\$ 3,066,764	\$ 3,602,519	\$ 3,944,441	\$ 3,414,293
13,889,577	15,068,183	14,187,971	13,769,831	15,179,773
2,376,359	1,953,324	1,684,538	1,493,351	1,172,259
969,907	894,143	863,097	882,745	833,847
246,627	229,470	190,638	191,713	166,748
2,816,972	2,610,006	2,709,414	2,680,919	2,591,948
<u>2,820,446</u>	<u>2,816,301</u>	<u>2,744,769</u>	<u>2,612,388</u>	<u>2,289,200</u>
<u><u>\$ 26,507,177</u></u>	<u><u>\$ 26,638,191</u></u>	<u><u>\$ 25,982,946</u></u>	<u><u>\$ 25,575,388</u></u>	<u><u>\$ 25,648,068</u></u>
\$ 119,454	\$ 119,452	\$ 130,519	\$ 118,379	\$ 117,642
5,697,867	5,988,821	10,460,268	7,433,522	6,400,838
580,503	638,944	614,544	590,116	618,559
201,785	187,748	155,976	156,843	136,431
1,036,110	984,438	1,032,731	1,035,498	1,012,840
<u>1,001,952</u>	<u>1,008,133</u>	<u>1,002,804</u>	<u>1,027,662</u>	<u>1,043,233</u>
<u><u>\$ 8,637,671</u></u>	<u><u>\$ 8,927,536</u></u>	<u><u>\$ 13,396,842</u></u>	<u><u>\$ 10,362,020</u></u>	<u><u>\$ 9,329,543</u></u>

City of Hutchinson, Minnesota  
Public Utilities Commission  
Thousand Cubic Feet (MCF) Sales - Natural Gas Division  
Last Ten Fiscal Years

<u>Type of Service</u>	<u>MCF</u>	<u>Amount Billed</u>	<u>Revenue Per MCF</u>	<u>Percent of MCF to Total MCF</u>	<u>Percent of Revenue to Total Revenue</u>	<u>Number of Meters</u>
<u>2021</u>						
Residential	391,998	\$ 4,639,771	11.83621	25.8 %	35.2 %	5,280
Commercial	302,691	3,469,964	11.46372	19.9	26.3	574
Large Industrial	<u>827,019</u>	<u>5,081,290</u>	<u>6.14410</u>	<u>54.3</u>	<u>38.5</u>	<u>5</u>
Total Sales	<u>1,521,708</u>	<u>13,191,025</u>	<u>8.66857</u>	<u>100.0</u>	<u>100.0</u>	<u>5,859</u>
<u>2020</u>						
Residential	406,279	3,663,453	9.01709	26.1	37.4	5,280
Commercial	309,544	2,597,225	8.39049	19.9	26.5	574
Large Industrial	<u>839,782</u>	<u>3,539,862</u>	<u>4.21522</u>	<u>54.0</u>	<u>36.1</u>	<u>5</u>
Total Sales	<u>1,555,605</u>	<u>9,800,540</u>	<u>6.30015</u>	<u>100.0</u>	<u>100.0</u>	<u>5,859</u>
<u>2019</u>						
Residential	458,153	3,981,709	8.69078	27.6	37.4	5,201
Commercial	372,139	2,974,834	7.99388	22.4	28.0	581
Large Industrial	<u>827,804</u>	<u>3,679,890</u>	<u>4.44536</u>	<u>50.0</u>	<u>34.6</u>	<u>5</u>
Total Sales	<u>1,658,096</u>	<u>10,636,433</u>	<u>6.41485</u>	<u>100.0</u>	<u>100.0</u>	<u>5,787</u>
<u>2018</u>						
Residential	446,224	4,139,639	9.27704	27.7	37.9	5,127
Commercial	349,806	3,070,904	8.77888	21.7	28.2	570
Large Industrial	<u>817,621</u>	<u>3,696,099</u>	<u>4.52055</u>	<u>50.6</u>	<u>33.9</u>	<u>5</u>
Total Sales	<u>1,613,651</u>	<u>10,906,642</u>	<u>6.75898</u>	<u>100.0</u>	<u>100.0</u>	<u>5,702</u>
<u>2017</u>						
Residential	396,762	3,937,048	9.92295	25.8	37.1	5,086
Commercial	325,984	3,019,230	9.26190	21.2	28.5	564
Large Industrial	<u>817,723</u>	<u>3,653,263</u>	<u>4.46760</u>	<u>53.0</u>	<u>34.4</u>	<u>3</u>
Total Sales	<u>1,540,469</u>	<u>10,609,541</u>	<u>6.88721</u>	<u>100.0</u>	<u>100.0</u>	<u>5,653</u>



City of Hutchinson, Minnesota  
Public Utilities Commission  
Thousand Cubic Feet (MCF) Sales - Natural Gas Division (Continued)  
Last Ten Fiscal Years

**Table 22**

<u>Type of Service</u>	<u>MCF</u>	<u>Amount Billed</u>	<u>Revenue Per MCF</u>	<u>Percent of MCF to Total MCF</u>	<u>Percent of Revenue to Total Revenue</u>	<u>Number of Meters</u>
<u>2016</u>						
Residential	382,184	\$ 3,839,034	\$ 10.04499	26.7 %	38.8 %	5,051
Commercial	292,212	2,824,329	9.66534	20.4	28.6	551
Large Industrial	<u>754,604</u>	<u>3,215,714</u>	<u>4.26146</u>	<u>52.9</u>	<u>32.6</u>	<u>3</u>
Total Sales	<u>1,429,000</u>	<u>9,879,077</u>	<u>6.91328</u>	<u>100.0</u>	<u>100.0</u>	<u>5,605</u>
<u>2015</u>						
Residential	387,205	3,731,066	9.63589	26.7	37.6	5,032
Commercial	295,186	2,748,161	9.30993	20.3	27.7	552
Large Industrial	<u>770,455</u>	<u>3,444,273</u>	<u>4.47044</u>	<u>53.0</u>	<u>34.7</u>	<u>5</u>
Total Sales	<u>1,452,846</u>	<u>9,923,500</u>	<u>6.83039</u>	<u>100.0</u>	<u>100.0</u>	<u>5,589</u>
<u>2014</u>						
Residential	475,387	4,706,388	9.90012	28.2	32.2	4,992
Commercial	401,726	3,853,504	9.59237	23.9	26.3	550
Large Industrial	<u>805,780</u>	<u>6,066,290</u>	<u>7.52847</u>	<u>47.9</u>	<u>41.5</u>	<u>4</u>
Total Sales	<u>1,682,893</u>	<u>14,626,182</u>	<u>8.69109</u>	<u>100.0</u>	<u>100.0</u>	<u>5,546</u>
<u>2013</u>						
Residential	470,678	4,626,722	9.82991	28.7	38.5	4,941
Commercial	392,469	3,729,790	9.50340	24.0	31.1	526
Large Industrial	<u>774,035</u>	<u>3,646,509</u>	<u>4.71104</u>	<u>47.3</u>	<u>30.4</u>	<u>3</u>
Total Sales	<u>1,637,182</u>	<u>12,003,021</u>	<u>7.33151</u>	<u>100.0</u>	<u>100.0</u>	<u>5,470</u>
<u>2012</u>						
Residential	364,652	3,697,538	10.13991	25.7	38.2	4,941
Commercial	325,027	3,150,925	9.69435	22.9	32.6	526
Large Industrial	<u>731,565</u>	<u>2,826,424</u>	<u>3.86353</u>	<u>51.4</u>	<u>29.2</u>	<u>3</u>
Total Sales	<u>1,421,244</u>	<u>9,674,887</u>	<u>6.80734</u>	<u>100.0</u>	<u>100.0</u>	<u>5,470</u>

City of Hutchinson, Minnesota  
Raw Water Finished and Sold  
Last Ten Fiscal Years

	<u>Volume in Gallons</u>	<u>Percent of Total Pumped</u>	<u>Total Revenue</u>	<u>Revenue Per 1,000 Gallons</u>	<u>Number of Water Meters</u>
<u>2021</u>					
Net Raw Water	688,644,600	100.0 %			
Used in Production	<u>137,984,100</u>	<u>20.0</u>			
Net Finished Water	550,660,500	80.0			
Loss in Distribution System	<u>46,866,500</u>	<u>6.8</u>			
Total Sales	<u>503,794,000</u>	<u>73.2</u>	\$2,380,002	\$ 4.724157	5,196
<u>2020</u>					
Net Raw Water	678,668,700	100.0			
Used in Production	<u>132,921,700</u>	<u>19.6</u>			
Net Finished Water	545,747,000	80.4			
Loss in Distribution System	<u>36,754,000</u>	<u>5.4</u>			
Total Sales	<u>508,993,000</u>	<u>75.0</u>	2,319,635	4.557302	5,149
<u>2019</u>					
Net Raw Water	626,882,300	100.0			
Used in Production	<u>131,302,800</u>	<u>20.9</u>			
Net Finished Water	495,579,500	79.1			
Loss in Distribution System	<u>44,378,500</u>	<u>7.1</u>			
Total Sales	<u>451,201,000</u>	<u>72.0</u>	2,139,682	4.742193	4,969
<u>2018</u>					
Net Raw Water	625,791,600	100.0			
Used in Production	<u>133,500,400</u>	<u>21.3</u>			
Net Finished Water	492,291,200	78.7			
Loss in Distribution System	<u>30,999,200</u>	<u>5.0</u>			
Total Sales	<u>461,292,000</u>	<u>73.7</u>	2,171,465	4.707355	4,954
<u>2017</u>					
Net Raw Water	666,954,000	100.0			
Used in Production	<u>139,553,900</u>	<u>20.9</u>			
Net Finished Water	527,400,100	79.1			
Loss in Distribution System	<u>44,630,100</u>	<u>6.7</u>			
Total Sales	<u>482,770,000</u>	<u>72.4</u>	2,240,319	4.640551	4,933

City of Hutchinson, Minnesota  
Raw Water Finished and Sold (Continued)  
Last Ten Fiscal Years

**Table 23**

	<u>Volume in Gallons</u>	<u>Percent of Total Pumped</u>	<u>Total Revenue</u>	<u>Revenue Per 1,000 Gallons</u>	<u>Number of Water Meters</u>
<u>2016</u>					
Net Raw Water	650,851,600	100.0 %			
Used in Production	<u>135,169,452</u>	<u>20.8</u>			
Net Finished Water	515,682,148	79.2			
Loss in Distribution System	<u>18,056,148</u>	<u>2.8</u>			
Total Sales	<u>497,626,000</u>	<u>76.4</u>	\$2,203,975	\$ 4.428979	4,920
<u>2015</u>					
Net Raw Water	663,500,100	100.0			
Used in Production	<u>139,485,505</u>	<u>21.0</u>			
Net Finished Water	524,014,595	79.0			
Loss in Distribution System	<u>20,317,595</u>	<u>3.1</u>			
Total Sales	<u>503,697,000</u>	<u>75.9</u>	2,302,296	4.570796	4,913
<u>2014</u>					
Net Raw Water	664,897,200	100.0			
Used in Production	<u>138,648,200</u>	<u>20.9</u>			
Net Finished Water	526,249,000	79.1			
Loss in Distribution System	<u>47,410,000</u>	<u>7.1</u>			
Total Sales	<u>478,839,000</u>	<u>72.0</u>	2,214,552	4.624836	4,755
<u>2013</u>					
Net Raw Water	681,159,000	100.0			
Used in Production	<u>134,780,000</u>	<u>19.8</u>			
Net Finished Water	546,379,000	80.2			
Loss in Distribution System	<u>24,031,000</u>	<u>3.5</u>			
Total Sales	<u>522,348,000</u>	<u>76.7</u>	2,334,708	4.469641	4,718
<u>2012</u>					
Net Raw Water	704,095,000	100.0			
Used in Production	<u>138,075,000</u>	<u>19.6</u>			
Net Finished Water	566,020,000	80.4			
Loss in Distribution System	<u>29,123,612</u>	<u>4.1</u>			
Total Sales	<u>536,896,388</u>	<u>76.3</u>	2,421,630	4.510423	4,731

City of Hutchinson, Minnesota  
Cost Per Thousand Gallons of Finished Water  
Last Ten Fiscal Years

**Table 24**

<u>Year</u>	<u>Production Cost Per M Gallons</u>	<u>Administrative Cost Per M Gallons</u>	<u>Depreciation Cost Per M Gallons</u>	<u>Total Operating Expenses Per M Gallons</u>	<u>Finished Water Billed</u>	<u>Cost Per M Gallons Billed</u>
2021	\$ 1,069,273 1.9418	\$ 138,255 0.2511	\$ 1,139,427 2.0692	\$ 2,346,955 4.2621	550,660,500 503,794,000	\$ 4.6586
2020	1,071,377 1.9631	152,167 0.2788	1,115,771 2.0445	2,339,315 4.2864	545,747,000 508,993,000	4.5960
2019	1,101,304 2.2223	128,421 0.2591	1,078,696 2.1766	2,308,421 4.6580	495,579,500 451,201,000	5.1162
2018	928,774 1.8866	126,327 0.2566	1,109,796 2.2543	2,164,897 4.3975	492,291,200 461,292,000	4.6931
2017	980,529 1.8592	115,417 0.2188	1,218,822 2.3110	2,314,768 4.3890	527,400,100 482,770,000	4.7948
2016	859,423 1.6666	124,715 0.2418	1,227,282 2.3799	2,211,420 4.2883	515,682,148 497,626,000	4.4439
2015	987,374 1.8842	111,763 0.2133	1,159,268 2.2123	2,258,405 4.3098	524,014,595 503,697,000	4.4837
2014	951,131 1.8074	105,442 0.2004	1,093,807 2.0785	2,150,380 4.0863	526,249,000 478,839,000	4.4908
2013	848,825 1.5535	185,095 0.3388	1,088,642 1.9925	2,122,562 3.8848	546,379,000 522,348,000	4.0635
2012	791,089 1.3976	142,040 0.2509	1,047,600 1.8508	1,980,729 3.4993	566,020,000 536,896,388	3.6892

**City of Hutchinson, Minnesota**  
**Wastewater Inflow and Cost Per Thousand Gallons Treated**  
**Last Ten Fiscal Years**

**Table 25**

<u>Year</u>	<u>Total M Gallons to Treatment Facility</u>	<u>Treatment/ Collection Cost Per M Gallons</u>	<u>Administrative Cost Per M Gallons</u>	<u>Depreciation Cost Per M Gallons</u>	<u>Total Cost Per M Gallons</u>	<u>Daily Flow Gallons Minimum/ Maximum</u>
2021	695,884	\$ 1,573,282 2.2608	\$ 207,780 0.2986	\$ 1,108,374 1.5928	\$ 2,889,436 4.1522	1,338,000 3,046,000
2020	780,818	1,333,226 1.7075	221,412 0.2836	1,080,629 1.3840	2,635,267 3.3751	1,443,000 5,788,000
2019	967,934	1,582,066 1.6345	198,333 0.2049	1,053,799 1.0887	2,834,198 2.9281	1,729,000 5,815,000
2018	832,229	1,437,640 1.7275	192,026 0.2307	1,336,077 1.6054	2,965,743 3.5636	1,652,000 3,772,000
2017	889,101 <sup>(1)</sup>	1,261,759 1.4191	174,037 0.1957	1,621,990 1.8243	3,057,786 3.4391	1,756,000 6,193,000
2016	930,509	1,466,815 1.5764	189,585 0.2037	1,621,494 1.7426	3,277,894 3.5227	1,500,000 7,755,000
2015	728,632	1,319,913 1.8115	170,670 0.2342	1,552,533 2.1308	3,043,116 4.1765	1,580,000 3,270,000
2014	820,690	1,401,814 1.7081	178,580 0.2176	1,571,081 1.9143	3,151,475 3.8400	1,640,000 6,070,000
2013	719,950	1,354,855 1.8819	302,650 <sup>(2)</sup> 0.4204	1,637,557 2.2745	3,295,062 4.5768	1,230,000 4,780,000
2012	759,200	1,431,686 1.8858	167,032 0.2200	1,625,644 2.1413	3,224,362 4.2471	1,490,000 4,910,000

<sup>(1)</sup> As part of the Wastewater Infrastructure fund (WIF) grant, the City processed zero gallons related to the grant during 2021. The restricted balance in the System Replacement fund at December 31, 2021 is \$350.

<sup>(2)</sup> Includes a one-time bad debt write-off of \$117,214.

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OTHER REQUIRED REPORTS

CITY OF HUTCHINSON  
HUTCHINSON, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2021

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## INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and City Council  
City of Hutchinson, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information, of the City of Hutchinson, Minnesota (the City) as of and for the year ended December 31, 2021, and the notes to the financial statements which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 21, 2022.

In connection with our audit, nothing came to our attention that caused us to believe that the City of Hutchinson failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. §6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of those charged with governance and management of the City and the State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.



**Abdo**  
Mankato, Minnesota  
June 21, 2022

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Council  
City of Hutchinson, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Hutchinson, Minnesota (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 21, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Abdo**  
Mankato, Minnesota  
June 21, 2022

