

CITY OF HUTCHINSON
HUTCHINSON, MINNESOTA

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2024

PREPARED BY:

FINANCE DEPARTMENT

ANDREW REID
Finance Director

Member GFOA of U.S. and
Canada Published June 10, 2025

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INTRODUCTORY SECTION

CITY OF HUTCHINSON
HUTCHINSON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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June 10, 2025

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

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 financial report of the City of Hutchinson (City) for the fiscal year ended December 31, 2024.

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, 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, 2024 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, 2024 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 not meet the requirement for a Single Audit in 2024.

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, medical, agricultural and services. For 2024, the latest estimate of the City's population is 14,826.

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 seven core areas of focus:

1) Public Safety

- Provide residents and visitors a "safe" environment with protection of property.

2) Health & 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.

7) Housing

- The City will advocate for safe and affordable housing and encourage collaboration with other agencies and the private sector to meet community housing needs.

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, wastewater, storm water, refuse, composting services and a municipal off-sale liquor store. The City owns and operates the cemetery, airport, electric and natural gas services.

The City's financial statements include all funds and departments of the City (primary government) and its component units. Component units are included in the city's reporting because of the significance of their operational or financial relationship to the City. The City has the following component units and further information regarding these entities can be found within Note 1 to the financial statements:

- 1) Economic Development Agency (EDA)
- 2) Housing Redevelopment Authority (HRA)

Each year the Council approves an annual budget, which serves as the foundation for the City's financial planning and control. The budget process begins in May of each year with a council workshop to discuss expectations for the preliminary budget and to identify any Council initiatives or direction to be included in the budget. 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 final budgets and tax levies. Page 49 of this 2024 Annual Comprehensive Financial Report provides the General fund budget to actual results.

The Council formally approves annual budgets for the following funds:

- General fund
- Enterprise funds: Liquor, Water, Wastewater, Storm Water, Compost and Refuse

Budgets for the following governmental funds are compiled but not approved by Council:

- Rural Fire, H.A.T.S Joint Powers Facility and the Hutchinson Enterprise Center

The legal level of budgetary control is the department level. The City Administrator is authorized to approve a transfer of funds from one appropriation to another within the budget of any city department. Department means any city function organized under the direct control of a single department head within the same fund.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

Hutchinson's economy continued to reflect stability in 2024 and city management believes that stability will continue. The 2024 Standard & Poor's report, which reaffirmed the City's bond rating at AA-, noted the City's outlook as stable.

The tax base increased from \$15,365,994 to \$16,265,288 from 2023 to 2024, or a 5.9% increase. The City's overall market value increased 3.3% in 2024. The City's market valuation is comprised of Residential (76%), Commercial & Industrial (15.1%), Apartments (8.3%) and Agriculture (0.6%). The market values increased for Residential (3.4%), Commercial & Industrial (3.9%) and Agricultural (28%) while Apartment values remained flat. The 2024 market values serve as the basis for property taxes paid in 2025.

Construction continued to be slightly slower than normal, with 21 single family homes built compared to 20 in 2023 and 24 in 2022. The City issued 1,133 building permits with an estimated valuation of \$23,553,490 compared to 1,079 permits in 2023 with a valuation of \$20,169,745. The increase in valuation is due to four permits issued for commercial and industrial activity compared to only one permit in 2023.

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 130,000 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. Several strip malls along with a vibrant downtown add to Hutchinson's retail shopping base. New retail includes Harbor Freight and Les Schwab Tire Center.

Hutchinson's unemployment rate is 3.3%, which is higher than the State rate of 3% and lower than the Federal rate of 4%.

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. Additionally, 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's Financial Management 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. Several policies within the Plan were updated in 2024. 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's 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 to ensure the City can meet ongoing monthly obligations with cash on hand. Another 10 percent is reserved for budgetary contingencies and tax levy stabilization. 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 roadway and infrastructure improvement projects. A debt tax levy and special assessments against benefitting properties are the main revenue sources for debt service payments. Federal and state aid or grants, enterprise fund transfers, and other City funding are other financing sources annually leveraged to reduce 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 was reaffirmed by Standard & Poor's in 2024 at AA-.

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 Water fund replaced over 4,000 water meters that were well past the useful life. The total cost incurred in 2024 was \$1,161,000, which included the cost of meters (\$694,760) and the cost of a third-party contractor to coordinate and install the meters (\$466,240). This project was budgeted over the three-year period of 2024-2026 but will be completed earlier than expected with the final 200 meters replaced in early 2025.

The City is in the final design phase of the Otter Lake and Campbell Lake restoration project. Both lakes are located on the western side of the City, forming a contiguous body of water created by a dam to the east of the lakes on the South Fork Crow River. The projects goals are to improve water quality and habitat, reduce soil loss, increase recreational opportunities and increase access for the public. The City committed \$500,000 from its Community Improvement fund and received \$3,100,000 of Minnesota State bonding dollars to complete the project. Construction is expected to start in late 2025 on several forebays located on private land to the west of city limits. Water from the Crow River will be diverted through the forebays where sediment is removed resulting in cleaner water entering Otter and Campbell lakes.

The City continued to invest in street improvements as part of its annual pavement management program. The 2024 program included the construction of Michael Court NW, the partial reconstruction of Franklin Street Oakland Avenue SE, and the mill and overlay of Washington Avenue West.

Tax Abatements

The City adopted a resolution on August 8, 2017 to provide a tax abatement subsidy for GF (formerly Uponor, Inc), a global pioneer in intelligent plumbing and climate solutions with a North American headquarters in Apple Valley, Minnesota. The abatement was requested to provide financial assistance to Uponor for the purchase and expansion of a vacant 237,000 square foot manufacturing facility previously owned by Hutchinson Technology, Inc (HTI). The building was vacant for several years due to HTI downsizing its Hutchinson operations.

The City expects the benefits of the abatement to at least equal the costs thereof. Granting the abatement was in the public interest because it will increase or preserve the tax base of the City, help retain and expand commercial and industrial enterprise in the City, and provide employment opportunities.

It's important to note that only the City taxes are abated on the property's valuation increase above the base value of \$4,702,500. The county and school district are not participating in the abatement. The City's taxpayers continue to receive the tax revenue on the base valuation and will see the benefit of increased valuation at the expiration of the abatement period. The annual abatement subsidy amount is included within the City's General fund operations as an expenditure, funded by the tax revenue received from Uponor. The 2024 valuation of \$6,710,400 is \$2,007,900 above the base value.

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 annual comprehensive financial report for the fiscal year ended December 31, 2023. 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 OFFICIALS

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.

<u>Council Members</u>	<u>Term Expires</u>
Gary Forcier, Mayor	12/31/2026
Chad Czmowski	12/31/2028
Pat May	12/31/2028
Tim Burley	12/31/2026
Dave Sebesta	12/31/2026

City Administrator

Matt Jaunich

Department Directors

Police	Tom Gifferson	Legal	Marc Sebor
Fire	Mike Schumann	Informational Tech.	Tom Kloss
Public Works	Mike Stifter	Human Resources	Kellie Wendland
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

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

**Liquor Sales
Manager**

**Compost
Manager**

**Motor Vehicle
Supervisor**

**Police Chief /
Emergency Mgmt**

Lieutenant
Sergeants

**Fire
Chief**

**Planning
Director**

Building Officials
Facilities Manager

**Information
Technology
Director**

**PRCE
Director**

Rec Facilities Maint Mgr
Recreation Manager
Parks Supervisor

**Finance
Director**

Asst. Fin Director

**Public Works
Director**

Public Works Manager
City Engineer
Water Manager
Wastewater Manager



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, 2023

Executive Director/CEO

FINANCIAL SECTION

CITY OF HUTCHINSON
HUTCHINSON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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, 2024, 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, 2024, 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.

We did not audit the financial statements of the Hutchinson Public Utilities Commission, which is a major fund and 57 percent, 54 percent and 72 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.

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.

Responsibilities of Management 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.

Change in Accounting Principle

As described in Note 10 to the financial statements, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 100, Accounting Changes and Error Corrections, and Statements No. 101, Compensated Absences, for the year ended December 31, 2024. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements. 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 122 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual 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 relates 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 statement 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 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 10, 2025, 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 10, 2025



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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, 2024. 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 2024 fiscal year as shown in the summary of net position on the following pages. The unrestricted amount of net position may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased as shown in the summary of changes in net position table on the following pages. Governmental activities saw an increase in net position of \$656,252 due in large part to \$599,900 being received from the sale of vacant police facilities following new facility construction being completed in 2023. Business-type activities saw an increase in net position of \$7,134,724. The City invested over \$1,100,000 towards the replacement of all customer water meters, and \$606,000 towards a new Sewer jet-vac truck. Various large infrastructure projects were the biggest contributions to the significant increase of investment in capital assets. These business-type activities also saw charges for service continuing to outweigh expenses.
- As of the close of 2024, the City's combined governmental funds fund balances are shown in the Financial Analysis of the City's Funds section of the MD&A. The total fund balance increased in comparison with the prior year. A couple of the primary reasons for this increase has to do with the aforementioned police facility sales, as well as higher than anticipated interest earnings. The total of assigned and unassigned as shown in the governmental fund balance table is available for spending at the City's discretion
- The unassigned fund balance in the General fund as shown in the financial analysis of the city's funds section increased from prior year.
- At the end of the current fiscal year, the fund balance for the General fund was \$8,639,018, or 59.2 percent of total General fund expenditures and transfers out. The unassigned fund balance of the General fund was \$745,108 or 5.1 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

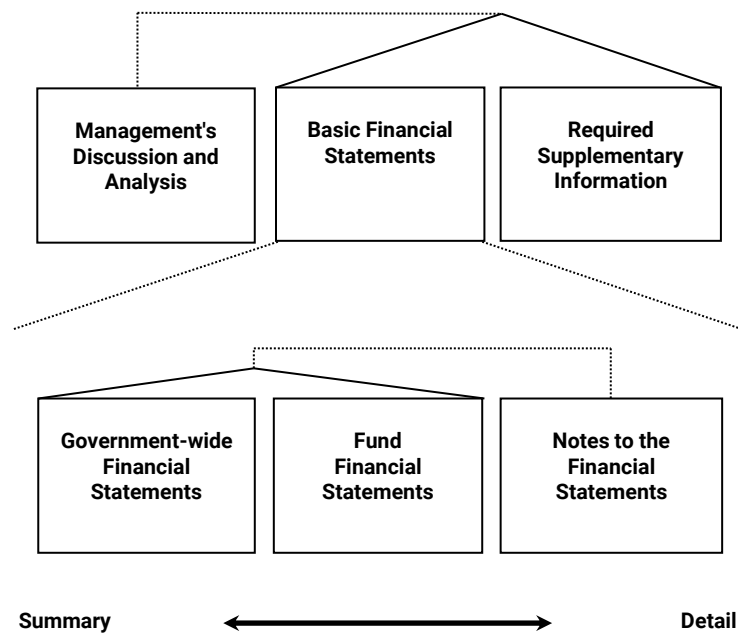


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

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

	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
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"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows
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. 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 MSA Construction fund which are considered to be a 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 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 59 of this report.

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 annual comprehensive financial report to facilitate additional analysis and can be found starting on page 172 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 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		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
Current and Other Assets	\$ 29,395,493	\$ 27,489,954	\$ 1,905,539	\$ 51,873,012	\$ 56,025,177	\$ (4,152,165)
Capital Assets	102,092,516	103,236,260	(1,143,744)	135,184,423	129,433,726	5,750,697
Total Assets	<u>131,488,009</u>	<u>130,726,214</u>	<u>761,795</u>	<u>187,057,435</u>	<u>185,458,903</u>	<u>1,598,532</u>
Deferred Outflows of Resources	<u>3,915,568</u>	<u>5,270,183</u>	<u>(1,354,615)</u>	<u>691,829</u>	<u>1,470,587</u>	<u>(778,758)</u>
Noncurrent Liabilities	33,656,280	35,375,852	(1,719,572)	31,054,823	38,705,696	(7,650,873)
Other Liabilities	1,821,834	1,700,971	120,863	5,068,127	4,518,282	549,845
Total Liabilities	<u>35,478,114</u>	<u>37,076,823</u>	<u>(1,598,709)</u>	<u>36,122,950</u>	<u>43,223,978</u>	<u>(7,101,028)</u>
Deferred Inflows of Resources	<u>5,852,007</u>	<u>5,502,370</u>	<u>349,637</u>	<u>3,485,686</u>	<u>2,699,608</u>	<u>786,078</u>
Net Position						
Net investment in capital assets	72,865,707	73,577,226	(711,519)	109,119,154	100,691,199	8,427,955
Restricted	9,055,544	8,680,384	375,160	-	-	-
Unrestricted	<u>12,152,205</u>	<u>11,159,594</u>	<u>992,611</u>	<u>39,021,474</u>	<u>40,314,705</u>	<u>(1,293,231)</u>
Total Net Position	<u>\$ 94,073,456</u>	<u>\$ 93,417,204</u>	<u>\$ 656,252</u>	<u>\$ 148,140,628</u>	<u>\$ 141,005,904</u>	<u>\$ 7,134,724</u>

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

At the end of 2024, 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 as shown below. Key elements of the activities are shown below:

City of Hutchinson's Changes in Net Position

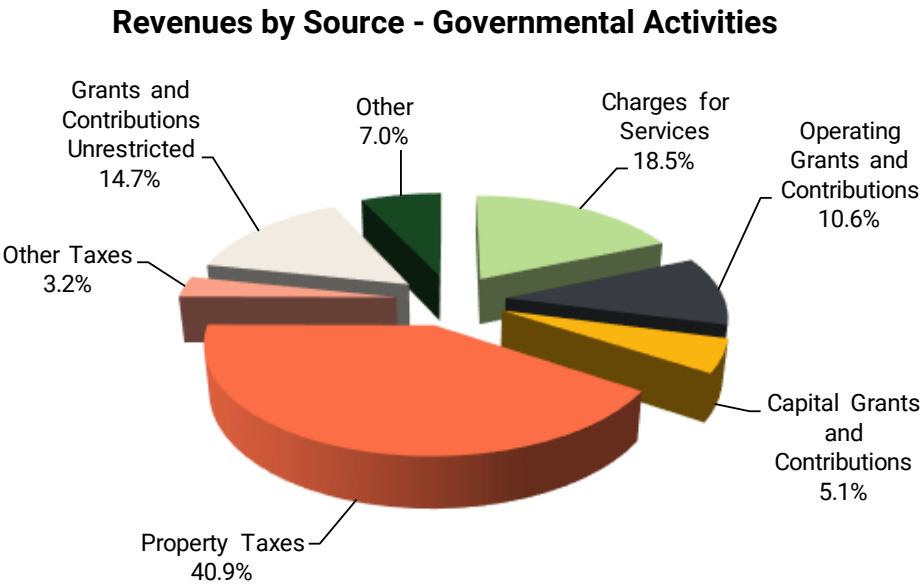
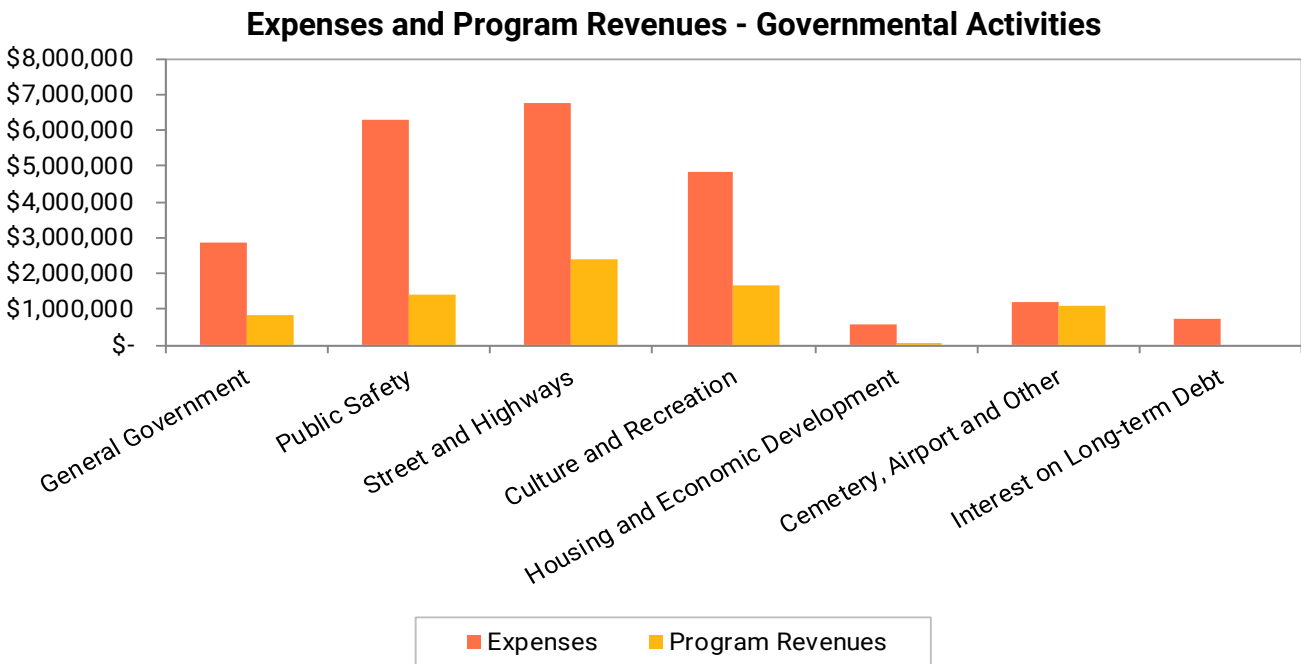
	Governmental Activities			Business-type Activities		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 4,008,774	\$ 4,233,176	\$ (224,402)	\$ 62,298,074	\$ 61,498,583	\$ 799,491
Operating grants and contributions	2,304,013	3,601,631	(1,297,618)	276,960	44,780	232,180
Capital grants and contributions	1,103,452	1,170,545	(67,093)	129,550	127,300	2,250
General Revenues						
Property taxes/tax increments	8,870,216	8,275,087	595,129	-	-	-
Other taxes	685,939	679,425	6,514	1,963,236	1,880,647	82,589
Grants and contributions not restricted to specific programs	3,184,441	3,861,329	(676,888)	-	-	-
Unrestricted investment earnings (loss)	866,744	916,254	(49,510)	1,956,722	2,125,693	(168,971)
Other	-	1,725	(1,725)	-	-	-
Gain on sale of capital assets	658,960	98,284	560,676	351,121	81,870	269,251
Total Revenues	<u>21,682,539</u>	<u>22,837,456</u>	<u>(1,154,917)</u>	<u>66,975,663</u>	<u>65,758,873</u>	<u>1,216,790</u>
Expenses						
General government	2,866,422	2,729,988	136,434	-	-	-
Public safety	6,277,883	6,066,021	211,862	-	-	-
Streets and highways	6,751,159	7,069,241	(318,082)	-	-	-
Culture and recreation	4,820,161	4,173,435	646,726	-	-	-
Housing and economic development	588,546	1,046,498	(457,952)	-	-	-
Cemetery, airport and other	1,197,781	1,012,505	185,276	-	-	-
Interest on long-term debt	738,723	822,688	(83,965)	-	-	-
Electric	-	-	-	27,930,393	28,468,795	(538,402)
Natural gas	-	-	-	11,325,169	11,609,401	(284,232)
Water	-	-	-	2,767,455	2,567,674	199,781
Sewer	-	-	-	3,505,360	3,092,710	412,650
Refuse	-	-	-	1,585,690	1,458,384	127,306
Composting	-	-	-	2,620,997	2,615,098	5,899
Storm water	-	-	-	831,213	911,947	(80,734)
Municipal liquor store	-	-	-	7,060,274	6,974,709	85,565
Total Expenses	<u>23,240,675</u>	<u>22,920,376</u>	<u>320,299</u>	<u>57,626,551</u>	<u>57,698,718</u>	<u>(72,167)</u>
Increase (Decrease) in Net Position Before Transfers	(1,558,136)	(82,920)	(1,475,216)	9,349,112	8,060,155	1,288,957
Transfers	3,839,530	3,376,199	463,331	(3,839,530)	(3,376,199)	(463,331)
Contributed capital	(1,625,142)	(1,143,628)	(481,514)	1,625,142	1,143,628	481,514
Change in Net Position	656,252	2,149,651	(1,493,399)	7,134,724	5,827,584	1,307,140
Net Position - January 1	<u>93,417,204</u>	<u>91,267,553</u>	<u>2,149,651</u>	<u>141,005,904</u>	<u>135,178,320</u>	<u>5,827,584</u>
Net Position - December 31	<u>\$ 94,073,456</u>	<u>\$ 93,417,204</u>	<u>\$ 656,252</u>	<u>\$ 148,140,628</u>	<u>\$ 141,005,904</u>	<u>\$ 7,134,724</u>

The City of Hutchinson governmental revenues decreased and business-type activity revenue increased for 2024 while governmental expenses increased and business-type expenses decreased. Governmental revenues decreased in 2024 compared to 2023 due to a decrease of \$1,297,618 for operating grants and contributions. The City received several large one-time grants in 2023 to go along with expending a larger portion of its federal ARPA funding in prior years. Besides the expected increase in property taxes, the largest increase in Governmental revenues was the \$658,960 in the gain on sale of capital assets primarily due to the sale of vacant police facilities following the new facility construction. The City received \$996,214 of Municipal State Aid that will be used for future streets projects. Grants and contributions not restricted decreased \$676,888 due to the City receiving one-time State grants in 2023 for a \$661,626 FEMA grant along with \$643,000 in a public safety grant. Starting in 2024, the City no longer provided Hospital Security services to Hutchinson Health, which saw a decrease of roughly \$330,000 in annual contract revenue. Unrestricted investment earnings decreased \$49,510 due to smaller investment yields and a smaller portfolio valuation at year end. Governmental expenses increased due to several factors, including \$616,983 towards the construction of a new grandstand at the City's baseball complex. Another significant increase relates to the City undertaking the fueling operations, which led to an almost \$100,000 increase in airport expenditures. These large expense increases were lessened as a result of the City no longer providing Hospital Security services for Hutchinson Health, removing roughly \$375,000 of annual expenses.

Business-type activities revenue increase is the result of charges for services increasing \$799,491. The Gas, Refuse, Composting, Storm Water and Liquor funds saw moderate revenue increases for the year. A big reason for this is the increase in operating grants for the Refuse fund as they began construction of a large Source Separated Organics Materials project, largely funded by grants. Another large factor in these increases had to do with an increase of nearly \$120,000 of THC beverage sales as the City’s municipal liquor store had an extra half-year of revenues following the July 1, 2023 legalization. The Electric, Sewer, and Water funds had moderate revenue decreases. A key factor in the decrease of Water fund revenue had to do with the implementation of tiered consumption rates achieving the goal of the conservation of water consumption by city customers.

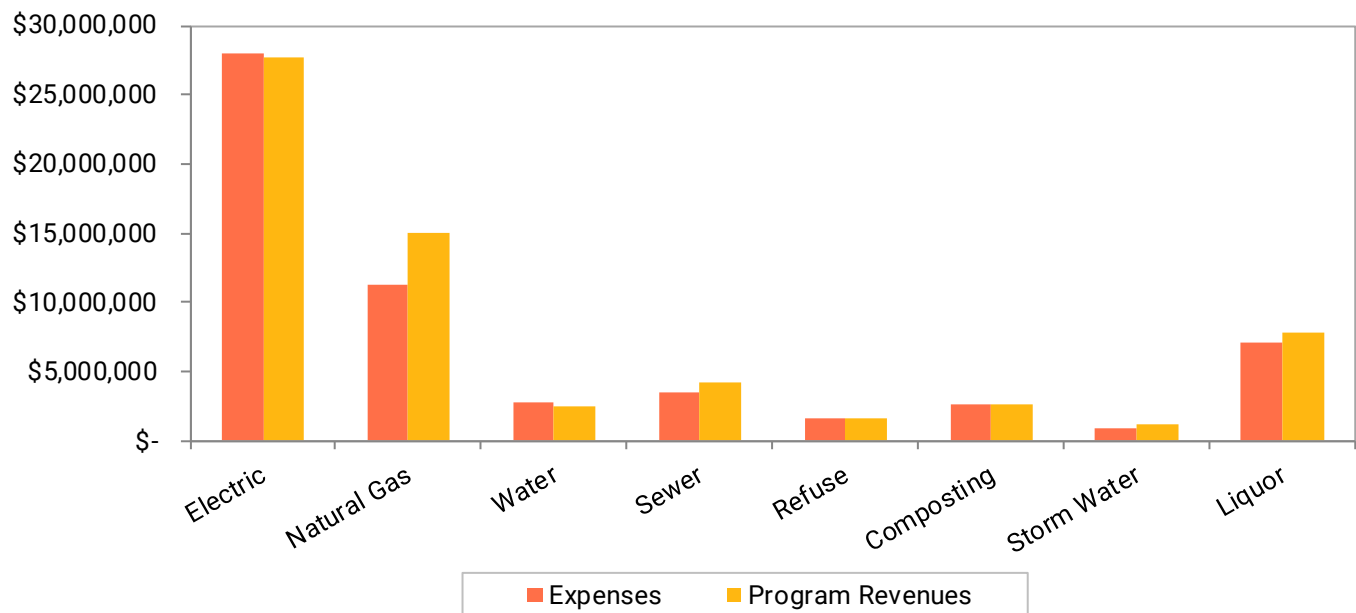
As a whole, business-type activities saw an aggregate expense decrease of \$72,167 or 0.1 percent. The majority of the decrease is due to lower demand for the Storm Water, Electric and Gas divisions, due to a decrease in production costs when compared to 2023. The Water, Sewer, Refuse, Composting and Liquor funds each reflected an increase in expenses for the year in large part due to higher contract repair & maintenance expenses, primarily from several large water and sewer service line repairs. The Liquor fund saw their increase mostly due to the cost of sales to purchase the newly legalized THC products

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

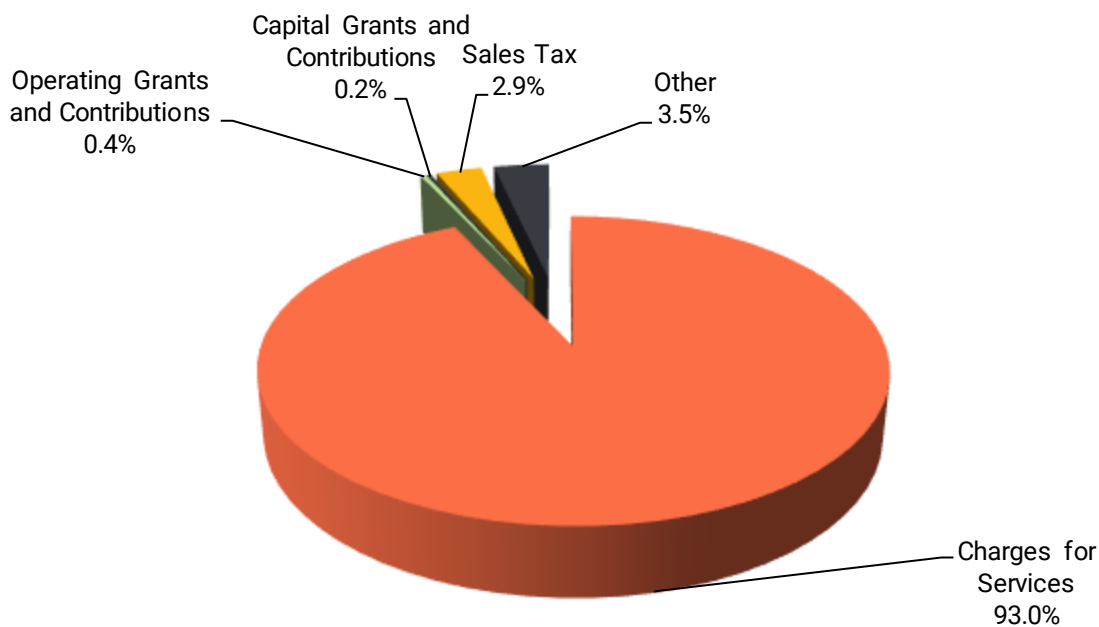


Business-type Activities. Business-type activities increased the City’s net position as shown in the changes in net position table. Key elements of the activities are shown below:

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 table below outlined the governmental fund balances for the year ending December 31, 2024:

	General Fund	Other Governmental Funds	Total	Prior Year Total	Increase/ (Decrease)
Fund Balances					
Nonspendable	\$ 39,045	\$ -	\$ 39,045	\$ 153,714	\$ (114,669)
Restricted	-	7,445,224	7,445,224	8,315,389	(870,165)
Committed	7,854,865	1,605,847	9,460,712	9,088,311	372,401
Assigned	-	5,750,955	5,750,955	6,060,033	(309,078)
Unassigned	745,108	(1,292,254)	(547,146)	(1,769,532)	1,222,386
	<u>\$ 8,639,018</u>	<u>\$ 13,509,772</u>	<u>\$ 22,148,790</u>	<u>\$ 21,847,915</u>	<u>\$ 300,875</u>

The General fund is the chief operating fund of the City. At the end of 2024, fund balance of the General fund is shown in the table above. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The total unassigned fund balance as a percent of total fund expenditures is shown in the chart below along with total fund balance as a percent of total expenditures.

	Current Year Ending Balance	Prior Year Ending Balance	Increase/ (Decrease)
General Fund Fund Balances			
Nonspendable	\$ 39,045	\$ 153,714	\$ (114,669)
Committed	7,854,865	7,444,700	410,165
Unassigned	745,108	726,817	18,291
	<u>\$ 8,639,018</u>	<u>\$ 8,325,231</u>	<u>\$ 313,787</u>
General Fund expenditures	\$ 14,593,316	\$ 13,773,534	
Unassigned as a percent of expenditures	5.1%	5.3%	
Total Fund Balance as a percent of expenditures	59.2%	60.4%	

The fund balance of the City's General fund increased during the current fiscal year as shown in the table above

Other Major Governmental Fund Analysis

The MSA Construction fund is considered a major fund of the City. There were not changes in net position during the year as the fund consists solely of intergovernmental receivables offset with deferred inflows or resources.

Proprietary Funds - The City’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the City’s proprietary funds increased or (decreased) as follows:

	Ending Net Position 2024	Ending Net Position 2023	Increase/ (Decrease)
Water Utility	\$ 21,540,395	\$ 19,980,709	\$ 1,559,686
<i>The increase is attributed to the collection of sales tax and charges for services in excess of operating expenses.</i>			
Sewer Utility	30,439,203	28,373,753	2,065,450
<i>The increase is attributed to the collection of sales tax and charges for services in excess of operating expenses.</i>			
Public Utilities Commission	79,372,652	76,772,568	2,600,084
<i>The increase is attributed to the collection of charges for services and an increase in investment earnings in excess of operating expenses.</i>			

The Water and Sewer funds saw an increase in their net position due in large part to significant increases to their capital contributions for 2024. The local sales tax of 0.5 percent in place since January 1, 2012 resulted in \$1.938 million of revenue for these two funds in 2024, a 3.1% increase from 2023. The local sales tax revenue is being used exclusively for debt service payments on the Water and Sewer facilities

General Fund Budgetary Highlights

Several positive fluctuations in actual versus budgeted revenues resulted in a positive budget variance of \$534,734. Actual expenditures came in greater than budget by \$220,947. Significant budget variances are summarized below:

- Intergovernmental revenue exceeded the budget by \$212,097. An unexpected \$43,246 increase in Police pension aid from the State of MN, represents a significant portion of this increase.
- Investment earnings exceeded the budget by \$175,382. This is the result of true interest earnings being \$151,449 higher than budget and the fair value of our investments being \$23,921 higher than expected.
- Culture and recreation expenses were \$161,438 over budget due mainly unforeseen facility repairs needed at the civic arena, recreation center and waterpark.
- Total miscellaneous expenses were \$112,091 over budget mainly due to the transition at the airport to maintain the fueling operations, including the unplanned purchase of fuel supply for their two tanks.

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, 2024, is shown below in the capital asset table (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 is due to the major capital asset events noted below.

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

- The City started and completed roof replacements at the City Center, Fire Station, and Senior Dining facilities.
- The City completed construction on the Civic Arena dasher board system for approximately \$252,000.
- The City’s 2024 roadway improvement projects included Franklin Street, Oakland Avenue, Michaels Court and Washington Avenue, for approximately \$2,800,000 in total.
- The City purchased a new Sewer Jet-Vac truck for approximately \$605,000.

- The City completed the Refuse CASP System project for approximately \$900,000.

Additional information on the City's capital assets can be found in Note 3C starting on page 75 of this report.

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

	Governmental Activities			Business-type Activities			Total		Increase (Decrease)
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)	2024	2023	
Land	\$ 10,224,575	\$ 10,397,875	\$ (173,300)	\$ 1,994,381	\$ 1,994,381	\$ -	\$ 12,218,956	\$ 12,392,256	\$ (173,300)
Buildings	24,473,793	9,481,327	14,992,466	15,787,167	16,825,569	(1,038,402)	40,260,960	26,306,896	13,954,064
Infrastructure and Improvements	61,242,178	59,986,519	1,255,659	107,636,733	98,126,641	9,510,092	168,878,911	158,113,160	10,765,751
Machinery and Equipment	2,881,634	2,189,504	692,130	4,744,442	3,414,106	1,330,336	7,626,076	5,603,610	2,022,466
Automotive Equipment	1,926,278	1,874,722	51,556	856,170	258,808	597,362	2,782,448	2,133,530	648,918
Construction in Progress	1,344,058	19,306,313	(17,962,255)	4,165,530	8,814,221	(4,648,691)	5,509,588	28,120,534	(22,610,946)
Total	\$ 102,092,516	\$ 103,236,260	\$ (1,143,744)	\$ 135,184,423	\$ 129,433,726	\$ 5,750,697	\$ 237,276,939	\$ 232,669,986	\$ 4,606,953
Percent increase (decrease)			(1.1) %			4.4 %			2.0 %

Long-term Debt - At the end of the current fiscal year, the City had total bonded debt outstanding consisting of revenue related debt and general obligation debt as well as financed purchase arrangements as noted in the table below. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

City of Hutchinson's Outstanding Debt

	Governmental Activities			Business-type Activities			Total		Increase (Decrease)
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)	2024	2023	
G.O. Bonds	\$ 13,620,000	\$ 13,205,000	\$ 415,000	\$ -	\$ -	\$ -	\$ 13,620,000	\$ 13,205,000	\$ 415,000
G.O. Improvement Bonds	13,565,000	13,915,000	(350,000)	-	-	-	13,565,000	13,915,000	(350,000)
G.O. Revenue Bonds	-	-	-	8,083,000	10,933,370	(2,850,370)	8,083,000	10,933,370	(2,850,370)
Revenue Bonds	-	-	-	16,600,000	19,255,000	(2,655,000)	16,600,000	19,255,000	(2,655,000)
Financed Purchase Arrangements	-	-	-	71,666	141,251	(69,585)	71,666	141,251	(69,585)
Total	\$ 27,185,000	\$ 27,120,000	\$ 65,000	\$ 24,754,666	\$ 30,329,621	\$ (5,574,955)	\$ 51,939,666	\$ 57,449,621	\$ (5,509,955)
Percent increase (decrease)			0.2 %			(18.4) %			(9.6) %

The City's total debt decreased during 2024. Issuances of debt totaled \$2,075,000 and long-term debt of \$7,515,370 was retired during the year.

Standard & Poor's rates the City of Hutchinson's 2024 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 82 of this report.

Economic Factors and Next Year's Budgets and Rates

- Hutchinson had an average unemployment rate of 3.3 percent during the fiscal year end 2024. This is an estimate based on information obtained from the Minnesota Department of Employment and Economic Development, which compares unfavorably to the average rate of 3.2 percent in the City a year ago. This current rate compares unfavorably to the state average unemployment rate of 3.0 percent and favorably to the federal average unemployment rate of 4.0 percent.
- Inflationary trends in the region on average for fiscal year 2024 were similar to national indices (i.e. Consumer Price Index).

All of these factors were considered in preparing the City's budget for the 2025 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 2025 General fund budget included a 5.8 percent tax levy increase to address rising costs. Wage and benefit increases along with the creation of a new full-time Fire Inspector position as the City looks to increase full-time fire staff led to this increase.

The City's LGA received from the state increased by just \$5,542 in 2025 to a total of \$3,103,468. The City continued in 2025 the allocation of LGA as a 50/50 split between the General fund and the Capital Improvement Projects fund. This decision led to an additional \$2,771 being allocated to the General fund, for a total of \$1,551,734 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 annual PILOT from the Hutchinson Utilities Commission remained the same in 2025 as it was in 2024. All business-type activity transfers remained the same in 2025 as 2024 as well. Interest revenue was increased \$60,000 with higher yields being achieved over the next five years.

While the end result is close to a net-zero, with the City taking over the airport fueling operation, Airport fuel sales revenue was budgeted to increase \$107,000 along with a corresponding fuel purchase expense increasing \$100,000.

The Storm Water fund rates were increased 8 percent and Refuse fund rates were again increased 5% in 2025 to address cash flow needs within the fund. The Compost pricing has been adjusted either up or down depending on the product line for 2025. 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.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF HUTCHINSON
HUTCHINSON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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City of Hutchinson, Minnesota
Statement of Net Position
December 31, 2024

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Economic Development Authority	Housing and Redevelopment Authority
Assets					
Cash and temporary investments	\$ 23,062,138	\$ 36,730,658	\$ 59,792,796	\$ 244,683	\$ 3,315,733
Restricted assets	-	3,255,256	3,255,256	-	830,808
Receivables					
Interest	97,702	231,279	328,981	1,249	-
Delinquent taxes	151,486	-	151,486	-	-
Accounts, net of allowances	175,131	4,637,692	4,812,823	-	4,322
Sales taxes receivable	-	397,232	397,232	-	-
Notes	643,972	-	643,972	-	9,246
Leases	55,474	834,743	890,217	-	301,369
Special assessments	1,818,106	-	1,818,106	-	-
Intergovernmental	2,997,946	479,944	3,477,890	887	563
Internal balances	(391,350)	391,350	-	-	-
Due from primary government	-	-	-	31	-
Inventories	37,171	4,817,036	4,854,207	-	-
Land Held for resale	-	-	-	-	60,175
Prepaid items	1,874	97,822	99,696	-	10,619
Net pension asset	745,843	-	745,843	-	-
Capital assets					
Nondepreciable	11,568,633	6,159,911	17,728,544	-	-
Depreciable, net of accumulated depreciation	90,523,883	129,024,512	219,548,395	-	891,259
Total Assets	<u>131,488,009</u>	<u>187,057,435</u>	<u>318,545,444</u>	<u>246,850</u>	<u>5,424,094</u>
Deferred Outflows of Resources					
Deferred pension resources	3,883,066	677,065	4,560,131	9,740	-
Deferred other postemployment benefit resources	32,502	14,764	47,266	434	-
Total Deferred Outflows of Resources	<u>3,915,568</u>	<u>691,829</u>	<u>4,607,397</u>	<u>10,174</u>	<u>-</u>
Liabilities					
Accounts payable	1,094,741	3,618,375	4,713,116	3,662	20,773
Contracts payable	51,528	-	51,528	-	-
Due to component unit	31	-	31	-	-
Due to other governments	29,539	100,151	129,690	-	42,539
Accrued interest payable	346,761	152,077	498,838	-	-
Accrued salaries payable	253,251	477,167	730,418	3,660	6,679
Deposits payable	5,627	294,610	300,237	-	31,908
Unearned revenue	40,356	425,747	466,103	-	26,493
Noncurrent liabilities					
Due within one year					
Long-term liabilities	2,800,253	6,017,574	8,817,827	6,782	10,123
Other postemployment benefits liability	10,465	4,311	14,776	200	-
Due in more than one year					
Long-term liabilities	26,561,474	21,282,730	47,844,204	-	319,782
Net pension liability	3,968,223	3,562,074	7,530,297	48,308	-
Other postemployment benefits liability	315,865	188,134	503,999	4,152	-
Total Liabilities	<u>35,478,114</u>	<u>36,122,950</u>	<u>71,601,064</u>	<u>66,764</u>	<u>458,297</u>
Deferred Inflows of Resources					
Deferred pension resources	5,606,240	2,599,195	8,205,435	39,239	-
Deferred other postemployment benefit resources	191,461	81,714	273,175	2,554	-
Deferred lease resources	54,306	804,777	859,083	-	283,197
Total Deferred Inflows of Resources	<u>5,852,007</u>	<u>3,485,686</u>	<u>9,337,693</u>	<u>41,793</u>	<u>283,197</u>
Net Position					
Net investment in capital assets	72,865,707	109,119,154	181,984,861	-	578,259
Restricted					
Pension asset	745,843	-	745,843	-	-
Debt service	5,248,872	-	5,248,872	-	-
Future loans	1,969,796	-	1,969,796	-	-
Public sites	296,608	-	296,608	-	-
Rural fire	37,270	-	37,270	-	-
Public safety	417,829	-	417,829	-	-
Drug forfeiture	28,273	-	28,273	-	-
Tax increment activities	173,737	-	173,737	-	-
Affordable housing	137,316	-	137,316	-	-
Unrestricted	12,152,205	39,021,474	51,173,679	148,467	4,104,341
Total Net Position	<u>\$ 94,073,456</u>	<u>\$ 148,140,628</u>	<u>\$ 242,214,084</u>	<u>\$ 148,467</u>	<u>\$ 4,682,600</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, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 2,866,422	\$ 755,789	\$ 68,658	\$ 4,800
Public safety	6,277,883	710,306	689,916	25,069
Streets and highways	6,751,159	781,591	1,139,567	461,062
Culture and recreation	4,820,161	1,317,825	138,906	194,214
Housing and economic development	588,546	54,110	-	-
Miscellaneous	1,197,781	389,153	266,966	418,307
Interest on long-term debt	738,723	-	-	-
Total Governmental Activities	<u>23,240,675</u>	<u>4,008,774</u>	<u>2,304,013</u>	<u>1,103,452</u>
Business-type Activities				
Electric	27,930,393	27,722,633	-	-
Natural gas	11,325,169	15,012,598	-	-
Water	2,767,455	2,472,963	9,080	57,146
Sewer	3,505,360	4,135,840	11,879	72,404
Refuse	1,585,690	1,438,864	161,470	-
Composting	2,620,997	2,653,750	16,850	-
Storm water	831,213	1,120,086	62,955	-
Liquor	7,060,274	7,741,340	14,726	-
Total Business-type Activities	<u>57,626,551</u>	<u>62,298,074</u>	<u>276,960</u>	<u>129,550</u>
Total Primary Government	<u>\$ 80,867,226</u>	<u>\$ 66,306,848</u>	<u>\$ 2,580,973</u>	<u>\$ 1,233,002</u>
Component units				
Economic development	\$ 302,371	\$ 6,098	\$ 2,447	\$ -
Housing and redevelopment	<u>1,024,948</u>	<u>472,634</u>	<u>488,590</u>	<u>-</u>
Total Component Units	<u>\$ 1,327,319</u>	<u>\$ 478,732</u>	<u>\$ 491,037</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
Gain on sale of capital assets
Transfers
Transfers - Capital Assets
Total General Revenues and Transfers

Change in Net Position

Net Position - January 1

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
\$ (2,037,175)	\$ -	\$ (2,037,175)	\$ -	\$ -
(4,852,592)	-	(4,852,592)	-	-
(4,368,939)	-	(4,368,939)	-	-
(3,169,216)	-	(3,169,216)	-	-
(534,436)	-	(534,436)	-	-
(123,355)	-	(123,355)	-	-
(738,723)	-	(738,723)	-	-
<u>(15,824,436)</u>	<u>-</u>	<u>(15,824,436)</u>	<u>-</u>	<u>-</u>
-	(207,760)	(207,760)	-	-
-	3,687,429	3,687,429	-	-
-	(228,266)	(228,266)	-	-
-	714,763	714,763	-	-
-	14,644	14,644	-	-
-	49,603	49,603	-	-
-	351,828	351,828	-	-
-	695,792	695,792	-	-
<u>-</u>	<u>5,078,033</u>	<u>5,078,033</u>	<u>-</u>	<u>-</u>
<u>(15,824,436)</u>	<u>5,078,033</u>	<u>(10,746,403)</u>	<u>-</u>	<u>-</u>
-	-	-	(293,826)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,724)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(293,826)</u>	<u>(63,724)</u>
6,392,729	-	6,392,729	272,181	164,934
2,477,487	-	2,477,487	-	-
376,518	-	376,518	-	-
-	1,963,236	1,963,236	-	-
128,700	-	128,700	-	-
180,721	-	180,721	-	-
3,184,441	-	3,184,441	-	-
866,744	1,956,722	2,823,466	9,728	38,507
658,960	351,121	1,010,081	-	-
3,839,530	(3,839,530)	-	-	-
(1,625,142)	1,625,142	-	-	-
<u>16,480,688</u>	<u>2,056,691</u>	<u>18,537,379</u>	<u>281,909</u>	<u>203,441</u>
656,252	7,134,724	7,790,976	(11,917)	139,717
<u>93,417,204</u>	<u>141,005,904</u>	<u>234,423,108</u>	<u>160,384</u>	<u>4,542,883</u>
<u>\$ 94,073,456</u>	<u>\$148,140,628</u>	<u>\$242,214,084</u>	<u>\$ 148,467</u>	<u>\$ 4,682,600</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, 2024

City of Hutchinson, Minnesota

Balance Sheet
Governmental Funds
December 31, 2024

	General	MSA Construction	Other Governmental Funds	Total
Assets				
Cash and investments	\$ 8,937,284	\$ -	\$ 13,718,073	\$ 22,655,357
Receivables				
Interest	46,480	-	49,022	95,502
Delinquent taxes	151,486	-	-	151,486
Accounts	151,983	-	23,148	175,131
Notes	-	-	643,972	643,972
Special assessments	-	-	1,818,106	1,818,106
Intergovernmental	117,349	2,539,874	340,723	2,997,946
Leases	55,474	-	-	55,474
Due from other funds	-	-	7,312	7,312
Advances to other funds	-	-	1,138,475	1,138,475
Inventory	37,171	-	-	37,171
Prepaid items	1,874	-	-	1,874
Total Assets	<u>\$ 9,499,101</u>	<u>\$ 2,539,874</u>	<u>\$ 17,738,831</u>	<u>\$ 29,777,806</u>
Liabilities				
Accounts payable	\$ 340,305	\$ -	\$ 744,182	\$ 1,084,487
Contracts payable	-	-	51,528	51,528
Due to other funds	-	-	407,312	407,312
Advances from other funds	-	-	1,138,475	1,138,475
Due to other governments	29,492	-	47	29,539
Accrued salaries payable	238,511	-	14,740	253,251
Deposits payable	5,627	-	-	5,627
Unearned revenue	40,356	-	-	40,356
Total Liabilities	<u>654,291</u>	<u>-</u>	<u>2,356,284</u>	<u>3,010,575</u>
Deferred Inflows of Resources				
Unavailable revenue				
Interest receivable	-	-	33,641	33,641
Loan interest receivable	-	-	21,028	21,028
Taxes	151,486	-	-	151,486
Special assessments	-	-	1,818,106	1,818,106
Intergovernmental	-	2,539,874	-	2,539,874
Deferred lease resources	54,306	-	-	54,306
Total Deferred Inflows of Resources	<u>205,792</u>	<u>2,539,874</u>	<u>1,872,775</u>	<u>4,618,441</u>
Fund Balances				
Nonspendable	39,045	-	-	39,045
Restricted	-	-	7,445,224	7,445,224
Committed	7,854,865	-	1,605,847	9,460,712
Assigned	-	-	5,750,955	5,750,955
Unassigned	745,108	-	(1,292,254)	(547,146)
Total Fund Balances	<u>8,639,018</u>	<u>-</u>	<u>13,509,772</u>	<u>22,148,790</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 9,499,101</u>	<u>\$ 2,539,874</u>	<u>\$ 17,738,831</u>	<u>\$ 29,777,806</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, 2024

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

Total Fund Balances - Governmental Funds	\$ 22,148,790
Net capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	102,092,516
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	(781,091)
Other postemployment benefit liability	(326,330)
Net pension liability	(3,222,380)
Bonds payable	(27,185,000)
Bond premiums issued, net of accumulated amortization	(1,395,636)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Interest receivable	54,669
Delinquent property taxes receivable	151,486
Special assessments receivable	1,818,106
Intergovernmental receivable	2,539,874
Governmental funds do not report long-term amounts related to pensions and other post employment benefits.	
Deferred outflows of pension resources	3,883,066
Deferred inflows of pension resources	(5,606,240)
Deferred outflows of other postemployment benefit resources	32,502
Deferred inflows of other postemployment benefit resources	(191,461)
Governmental funds do not report a liability for accrued interest until due and payable.	(346,761)
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.	407,346
Total Net Position - Governmental Activities	<u>\$ 94,073,456</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, 2024

	General	MSA Construction	Other Governmental Funds	Total
Revenues				
Taxes	\$ 6,659,361	\$ -	\$ 2,857,536	\$ 9,516,897
Special assessments	-	-	446,957	446,957
Licenses and permits	418,429	-	-	418,429
Intergovernmental	2,297,791	-	2,529,885	4,827,676
Charges for services	2,358,296	-	537,973	2,896,269
Fines and forfeits	50,809	-	-	50,809
Investment earnings	315,382	-	517,301	832,683
Miscellaneous	511,438	-	395,862	907,300
Total Revenues	<u>12,611,506</u>	<u>-</u>	<u>7,285,514</u>	<u>19,897,020</u>
Expenditures				
Current				
General government	2,799,988	-	-	2,799,988
Public safety	5,309,667	-	156,805	5,466,472
Streets and highways	2,021,638	-	607,422	2,629,060
Culture and recreation	3,529,895	-	180,546	3,710,441
Housing and economic development	-	-	516,185	516,185
Miscellaneous	928,128	-	-	928,128
Capital outlay				
General government	-	-	303,031	303,031
Public safety	-	-	862,180	862,180
Streets and highways	4,000	-	4,303,301	4,307,301
Culture and recreation	-	-	1,719,136	1,719,136
Housing and economic development	-	-	52,967	52,967
Miscellaneous	-	-	97,547	97,547
Debt service				
Principal	-	-	2,010,000	2,010,000
Interest and other	-	-	865,171	865,171
Bond issuance costs	-	-	79,372	79,372
Total Expenditures	<u>14,593,316</u>	<u>-</u>	<u>11,753,663</u>	<u>26,346,979</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,981,810)</u>	<u>-</u>	<u>(4,468,149)</u>	<u>(6,449,959)</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	-	658,960	658,960
Transfers in	2,812,628	-	2,584,768	5,397,396
Bonds issued	-	-	2,075,000	2,075,000
Premium on bonds issued	-	-	177,344	177,344
Transfers out	(517,031)	-	(1,040,835)	(1,557,866)
Total Other Financing Sources (Uses)	<u>2,295,597</u>	<u>-</u>	<u>4,455,237</u>	<u>6,750,834</u>
Net Change in Fund Balances	313,787	-	(12,912)	300,875
Fund Balances, January 1	<u>8,325,231</u>	<u>-</u>	<u>13,522,684</u>	<u>21,847,915</u>
Fund Balances, December 31	<u>\$ 8,639,018</u>	<u>\$ -</u>	<u>\$ 13,509,772</u>	<u>\$ 22,148,790</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, 2024

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

Net Change in Fund Balances - Governmental Funds	\$ 300,875
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	6,441,819
Depreciation expense	(5,481,520)
The net effect of various miscellaneous transactions involving capital assets is to increase (decrease) net position.	
Sale/disposal of capital assets	(478,901)
Capital contributions from business-type activities, net	(1,625,142)
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	2,010,000
Debt issued or incurred	(2,075,000)
Premium on bonds issued, net of amortization expense	28,423
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.	53
Long-term pension activity is not reported in governmental funds.	
Pension expense	641,577
Direct aid contributions	53,921
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	39,258
Special assessments	(46,589)
Intergovernmental	996,214
Interest earnings	17,611
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	(219,599)
Other postemployment benefits costs	43,427
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.	9,825
Change in Net Position - Governmental Activities	<u>\$ 656,252</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, 2024

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Taxes	\$ 6,700,436	\$ 6,659,361	\$ (41,075)
Licenses and permits	387,100	418,429	31,329
Intergovernmental	2,085,694	2,297,791	212,097
Charges for services	2,296,602	2,358,296	61,694
Fines and forfeits	55,000	50,809	(4,191)
Investment earnings	140,000	315,382	175,382
Miscellaneous	411,940	511,438	99,498
Total Revenues	<u>12,076,772</u>	<u>12,611,506</u>	<u>534,734</u>
Expenditures			
Current			
General government	2,755,955	2,799,988	(44,033)
Public safety	5,291,437	5,309,667	(18,230)
Streets and highways	2,140,483	2,021,638	118,845
Culture and recreation	3,368,457	3,529,895	(161,438)
Miscellaneous	816,037	928,128	(112,091)
Capital outlay			
Streets and highways	-	4,000	(4,000)
Total Expenditures	<u>14,372,369</u>	<u>14,593,316</u>	<u>(220,947)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,295,597)</u>	<u>(1,981,810)</u>	<u>313,787</u>
Other Financing Sources (Uses)			
Transfers in	2,812,628	2,812,628	-
Transfers out	(517,031)	(517,031)	-
Total Other Financing Sources (Uses)	<u>2,295,597</u>	<u>2,295,597</u>	<u>-</u>
Net Change in Fund Balances	-	313,787	313,787
Fund Balances, January 1	<u>8,325,231</u>	<u>8,325,231</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 8,325,231</u>	<u>\$ 8,639,018</u>	<u>\$ 313,787</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, 2024

	Business-type Activities - Enterprise Funds		Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund Self Insurance
	Water	Sewer	Public Utilities Commission	Other Enterprise Funds	Total	
Assets						
Current Assets						
Cash and investments	\$ 3,785,741	\$ 7,305,365	\$ 20,596,789	\$ 5,042,763	\$ 36,730,658	\$ 406,781
Receivables						
Interest	20,452	38,713	148,628	23,486	231,279	2,200
Accounts, net of allowance of \$116,824	239,428	372,625	3,704,825	320,814	4,637,692	-
Sales tax	-	-	397,232	-	397,232	-
Leases	83,489	-	-	-	83,489	-
Intergovernmental	174,764	134,450	-	170,730	479,944	-
Due from other funds	-	400,000	-	-	400,000	-
Inventories	-	-	2,543,644	2,273,392	4,817,036	-
Prepaid items	-	-	92,576	5,246	97,822	-
Total Current Assets	4,303,874	8,251,153	27,483,694	7,836,431	47,875,152	408,981
Noncurrent Assets						
Restricted assets						
Cash and investments	-	-	3,255,256	-	3,255,256	-
Lease receivable	751,254	-	-	-	751,254	-
Capital assets						
Land	16,282	311,915	559,528	1,106,656	1,994,381	-
Buildings and structures	17,698,455	28,270,454	-	4,147,107	50,116,016	-
Infrastructure and improvements	20,546,708	28,415,262	141,822,448	10,579,871	201,364,289	-
Machinery and equipment	3,707,362	6,990,923	-	5,500,980	16,199,265	-
Automotive equipment	128,878	834,046	-	818,712	1,781,636	-
Construction in progress	1,161,006	95,611	2,901,165	7,748	4,165,530	-
Less accumulated depreciation	(23,098,754)	(36,663,724)	(70,399,051)	(10,275,165)	(140,436,694)	-
Total Capital Assets (Net of Accumulated Depreciation)	20,159,937	28,254,487	74,884,090	11,885,909	135,184,423	-
Total Noncurrent Assets	20,911,191	28,254,487	78,139,346	11,885,909	139,190,933	-
Total Assets	25,215,065	36,505,640	105,623,040	19,722,340	187,066,085	408,981
Deferred Outflows of Resources						
Deferred pension resources	37,995	47,540	456,122	135,408	677,065	-
Deferred other postemployment benefit resources	2,601	3,468	890	7,805	14,764	-
Total Deferred Outflows of Resources	40,596	51,008	457,012	143,213	691,829	-

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, 2024

	Business-type Activities - Enterprise Funds		Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund Self Insurance
	601	602		Other		
	Water	Sewer	Public Utilities Commission	Enterprise Funds	Total	
Liabilities						
Current Liabilities						
Accounts payable	\$ 104,323	\$ 102,154	\$ 2,960,729	\$ 451,169	\$ 3,618,375	\$ 10,254
Due to other governments	1,893	-	-	98,258	100,151	-
Accrued interest payable	25,834	63,072	49,688	13,483	152,077	-
Accrued salaries payable	14,987	17,268	390,641	54,271	477,167	-
Accrued vacation payable	37,619	33,681	36,966	129,577	237,843	-
Deposits payable	-	-	294,610	-	294,610	-
Unearned revenue	9,070	-	416,677	-	425,747	-
Other postemployment benefit liability	860	884	-	2,567	4,311	-
Current portion of debt	1,090,000	1,469,000	2,989,065	231,666	5,779,731	-
Total Current Liabilities	1,284,586	1,686,059	7,138,376	980,991	11,090,012	10,254
Noncurrent Liabilities						
Accrued vacation payable	17,351	-	948,086	32,595	998,032	-
Other postemployment benefit liability	25,254	33,934	53,173	75,773	188,134	-
Net pension liability	197,681	237,154	2,442,997	684,242	3,562,074	-
Financed purchase arrangements and notes payable	-	-	-	71,666	71,666	-
Bonds payable	2,313,928	5,418,323	17,387,901	872,611	25,992,763	-
Less current portion of debt	(1,090,000)	(1,469,000)	(2,989,065)	(231,666)	(5,779,731)	-
Total Noncurrent Liabilities	1,464,214	4,220,411	17,843,092	1,505,221	25,032,938	-
Total Liabilities	2,748,800	5,906,470	24,981,468	2,486,212	36,122,950	10,254
Deferred Inflows of Resources						
Deferred pension resources	146,368	190,547	1,725,932	536,348	2,599,195	-
Deferred other postemployment benefit resources	15,321	20,428	-	45,965	81,714	-
Deferred lease resources	804,777	-	-	-	804,777	-
Total Deferred Inflows of Resources	966,466	210,975	1,725,932	582,313	3,485,686	-
Net Position						
Net investment in capital assets	17,846,009	22,836,164	57,495,349	10,941,632	109,119,154	-
Unrestricted	3,694,386	7,603,039	21,877,303	5,855,396	39,030,124	398,727
Total Net Position	\$ 21,540,395	\$ 30,439,203	\$ 79,372,652	\$ 16,797,028	148,149,278	\$ 398,727
			Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			(8,650)
			Net position of business-type activities			\$ 148,140,628

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

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City of Hutchinson, Minnesota
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2024

	Business-type Activities Enterprise Funds		Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund Self Insurance
	Water	Sewer	Public Utilities Commission	Other Enterprise Funds	Total	
Operating Revenues						
Sales	\$ -	\$ -	\$ -	\$ 10,380,031	\$ 10,380,031	\$ -
Cost of sales	-	-	-	(7,603,666)	(7,603,666)	-
Gross Profit	-	-	-	2,776,365	2,776,365	-
Charges for services	2,353,084	3,925,132	38,804,361	2,543,306	47,625,883	109,592
Penalties	15,059	19,969	-	10,535	45,563	-
Other operating revenue	9,080	11,879	2,937,466	60,509	3,018,934	-
Total Operating Revenues	2,377,223	3,956,980	41,741,827	5,390,715	53,466,745	109,592
Operating Expenses						
Personal services	668,345	791,435	-	2,086,184	3,545,964	-
Supplies and maintenance	234,648	240,013	-	306,663	781,324	-
Other services and charges	670,891	1,199,739	-	1,395,244	3,265,874	119,073
Depreciation	1,124,286	1,174,021	4,284,592	677,477	7,260,376	-
Production	-	-	4,888,013	-	4,888,013	-
Purchased power/gas	-	-	19,496,515	-	19,496,515	-
Transmission	-	-	3,179,110	-	3,179,110	-
Distribution	-	-	3,462,328	-	3,462,328	-
Customer accounts expense	-	-	538,413	-	538,413	-
Sales expense	-	-	247,274	-	247,274	-
Administration and general	-	-	2,647,081	-	2,647,081	-
Total Operating Expenses	2,698,170	3,405,208	38,743,326	4,465,568	49,312,272	119,073
Operating Income (Loss)	(320,947)	551,772	2,998,501	925,147	4,154,473	(9,481)
Nonoperating Revenues (Expenses)						
Sales tax	1,109,172	854,064	-	-	1,963,236	-
Intergovernmental	-	-	-	215,449	215,449	-
Interest earnings	192,222	315,368	1,241,242	207,890	1,956,722	16,450
Rents	901	11,593	-	-	12,494	-
Lease revenue	73,117	-	-	-	73,117	-
Merchandise and contract work, net	-	-	23,194	-	23,194	-
Other income	30,802	179,146	970,210	-	1,180,158	-
Gain (loss) on sale of capital assets	4,700	272,000	74,421	-	351,121	-
Interest expense - bonds	(83,528)	(168,918)	(731,302)	(32,757)	(1,016,505)	-
Bond premium amortization	14,787	69,326	219,066	5,653	308,832	-
Total Nonoperating Revenues (Expenses)	1,342,173	1,532,579	1,796,831	396,235	5,067,818	16,450
Income (Loss) Before Contributions and Transfers	\$ 1,021,226	\$ 2,084,351	\$ 4,795,332	\$ 1,321,382	\$ 9,222,291	\$ 6,969
Capital Contributions From (To) Other Funds	813,262	309,150	-	502,730	1,625,142	-
Other Capital Contributions						
Connection fees	57,146	72,404	-	-	129,550	-
Transfers Out	(331,948)	(400,455)	(2,195,248)	(911,879)	(3,839,530)	-
Change in Net Position	1,559,686	2,065,450	2,600,084	912,233	7,137,453	6,969
Net Position, January 1	19,980,709	28,373,753	76,772,568	15,884,795	141,011,825	391,758
Net Position, December 31	<u>\$ 21,540,395</u>	<u>\$ 30,439,203</u>	<u>\$ 79,372,652</u>	<u>\$ 16,797,028</u>	<u>\$ 148,149,278</u>	<u>\$ 398,727</u>
Change in net position as shown above						\$ 7,137,453
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(2,729)
Change in net position of business-type activities						<u>\$ 7,134,724</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, 2024

	Business-type Activities - Enterprise Funds		Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund Self Insurance
	Water	Sewer	Public Utilities Commission	Other Enterprise Funds	Total	
Cash Flows from Operating Activities						
Receipts from customers	\$ 2,297,649	\$ 3,915,949	\$ 38,767,940	\$ 13,002,890	\$ 57,984,428	\$ -
Receipts from interfund services provided	-	-	-	-	-	109,592
Other receipts	31,703	190,739	2,858,402	-	3,080,844	-
Payments to vendors and suppliers	(864,635)	(1,591,666)	(28,583,778)	(9,034,447)	(40,074,526)	(113,322)
Payments to or on behalf of employees	(656,602)	(828,406)	(5,665,395)	(2,114,510)	(9,264,913)	-
Net Cash Provided by Operating Activities	808,115	1,686,616	7,377,169	1,853,933	11,725,833	(3,730)
Cash Flows from Noncapital Financing Activities						
Transfers out	(331,948)	(400,455)	(2,195,248)	(911,879)	(3,839,530)	-
Lease receipts	90,772	-	-	-	90,772	-
Grants received	-	-	-	215,449	215,449	-
Other noncapital income	-	-	993,404	-	993,404	-
Net Cash Used by Noncapital Financing Activities	(241,176)	(400,455)	(1,201,844)	(696,430)	(2,539,905)	-
Cash Flows from Capital and Related Financing Activities						
Acquisition of capital assets	(1,284,948)	(1,027,243)	(8,072,320)	(1,260,066)	(11,644,577)	-
Proceeds from sale of capital assets	4,700	272,000	129,584	-	406,284	-
Sales tax received	1,109,172	854,064	-	-	1,963,236	-
Special assessments received	9,070	-	-	-	9,070	-
Connection fees collected	57,146	72,404	-	-	129,550	-
Principal paid on long-term debt	(1,270,370)	(1,425,000)	(2,655,000)	(224,585)	(5,574,955)	-
Interest paid on long-term debt	(96,178)	(184,074)	(740,152)	(36,728)	(1,057,132)	-
Interfund advance activity for capital improvements	-	(92,101)	-	-	(92,101)	-
Net Cash Used by Capital and Related Financing Activities	(1,471,408)	(1,529,950)	(11,337,888)	(1,521,379)	(15,860,625)	-
Cash Flows from Investing Activities						
Interest received on investments	194,448	310,086	1,234,026	206,153	1,944,713	16,170
Net Increase (Decrease) in Cash and Cash Equivalents	(710,021)	66,297	(3,928,537)	(157,723)	(4,729,984)	12,440
Cash and Cash Equivalents, January 1	4,495,762	7,239,068	27,780,582	5,200,486	44,715,898	394,341
Cash and Cash Equivalents, December 31	<u>\$ 3,785,741</u>	<u>\$ 7,305,365</u>	<u>\$ 23,852,045</u>	<u>\$ 5,042,763</u>	<u>\$ 39,985,914</u>	<u>\$ 406,781</u>
Cash and Cash Equivalents, Reported on Statement of Net Position						
Unrestricted cash and investments	\$ 3,785,741	\$ 7,305,365	\$ 20,596,789	\$ 5,042,763	36,730,658	\$ 406,781
Restricted cash and investments	-	-	3,255,256	-	3,255,256	-
Total Cash and Cash Equivalents	<u>\$ 3,785,741</u>	<u>\$ 7,305,365</u>	<u>\$ 23,852,045</u>	<u>\$ 5,042,763</u>	<u>\$ 39,985,914</u>	<u>\$ 406,781</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, 2024

	Business-type Activities - Enterprise Funds		Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund Self Insurance
	601	602		Other		
	Water	Sewer	Public Utilities Commission	Enterprise Funds	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities						
Operating income (loss)	\$ (320,947)	\$ 551,772	\$ 2,998,501	\$ 925,147	\$ 4,154,473	\$ (9,481)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Other income related to operations	31,703	190,739	-	-	222,442	-
Depreciation	1,124,286	1,174,021	4,284,592	677,477	7,260,376	-
Depletion	-	-	-	146,848	146,848	-
(Increase) decrease in assets						
Accounts receivable	(4,058)	14,221	(163,472)	85,436	(67,873)	-
Due from other governments	(75,452)	(55,226)	-	(76,844)	(207,522)	-
Inventories	-	-	(43,500)	167,357	123,857	-
Prepaid items	-	-	136,247	405	136,652	-
(Increase) decrease in deferred outflows of resources						
Deferred pension resources	40,272	53,950	527,203	154,204	775,629	-
Deferred other postemployment benefit resources	(373)	(349)	4,526	(675)	3,129	-
Increase (decrease) in liabilities						
Accounts payable	40,862	(151,914)	319,620	(41,593)	166,975	5,751
Due to other governments	42	-	-	(1,891)	(1,849)	-
Accrued salaries payable	5,549	3,453	49,869	17,027	75,898	-
Accrued vacation payable	24,134	(9,535)	112,538	56,326	183,463	-
Deposits payable	(64)	(26)	(19,491)	(83)	(19,664)	-
Other postemployment benefit liability	5,597	6,094	(32,288)	12,685	(7,912)	-
Net pension liability	(109,437)	(148,097)	(1,258,833)	(426,270)	(1,942,637)	-
Unearned revenue	-	-	67,478	-	67,478	-
Increase (decrease) in deferred inflows of resources						
Deferred pension resources	46,283	58,928	394,179	162,340	661,730	-
Deferred other postemployment benefit resources	(282)	(1,415)	-	(3,963)	(5,660)	-
Net Cash Provided by Operating Activities	\$ 808,115	\$ 1,686,616	\$ 7,377,169	\$ 1,853,933	\$ 11,725,833	\$ (3,730)
Schedule of Noncash Investing, Capital and Financing Activities						
Capital contributions from (to) other funds	\$ 813,262	\$ 309,150	\$ -	\$ 502,730	\$ 1,625,142	\$ -
Book value of disposed/traded capital assets	\$ -	\$ -	\$ 55,163	\$ -	\$ 55,163	\$ -
Amortization of bond (premium) discount	\$ (14,787)	\$ (69,326)	\$ (219,066)	\$ (5,653)	\$ (308,832)	\$ -

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, 2024

	Custodial Fund State
Assets	
Cash and investments	\$ 15,847
Liabilities	
Due to primary government	10,000
Net Position	
Restricted	
Other governments	\$ 5,847

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, 2024

	Custodial Fund State
Additions	
Fees collected on behalf of the state	\$ 5,456,182
Deductions	
Payments to state	<u>5,453,604</u>
Net Increase (Decrease) in Fiduciary Net Position	2,578
Net Position, January 1	<u>3,269</u>
Net Position, December 31	<u><u>\$ 5,847</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, 2024

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, 2024

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, 2024

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 *MSA Construction fund* is used to account for future Municipal State Aid funding that has been allocated to the City.

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 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.

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

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, 2024

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, 2024

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, 2024:

- Negotiable certificates of deposit (\$10,026,379), Municipal bonds of \$24,708,269, Government bonds of \$472,855, FHLB bonds of \$2,499,637, FCCB bonds of \$1,595,826, negotiable certificates of deposits of \$10,026,379, US treasury notes of \$1,038,658, US treasury strips of \$1,387,936 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 2024. All trade receivables are shown net of an allowance for uncollectible accounts. The allowance in the Public Utilities Commission enterprise fund at December 31, 2024 was \$68,111. The other utility funds do not record an allowance because uncollected bills may be certified to the County for collection.

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 Cost of Goods Sold

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.

The City's compost enterprise fund allocates payroll, supplies, other costs and depreciation to the cost of producing compost. These costs are included in inventory and transferred to cost of goods sold when the compost is sold. The allocation of these costs ensures that the financial statements accurately reflect the cost of production and sale of compost.

Prepaid Items

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.

Lease Receivable

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

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.

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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 assets 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, 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.

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

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:

	GERF	PEPFF	PEDCP	FRA	Total
City's proportionate share	\$ 221,205	\$ 338,863	\$ 1,090	\$ (196,698)	\$ 364,460
Proportionate share of State's contribution	3,808	8,894	-	-	12,702
Total pension expense	<u>\$ 225,013</u>	<u>\$ 347,757</u>	<u>\$ 1,090</u>	<u>\$ (196,698)</u>	<u>\$ 377,162</u>

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. A liability is recognized for the portion of accumulated sick leave that is estimated will be taken as "terminal leave" prior to retirement. All vacation is accrued when incurred. 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. Due to the implementation of GASB 101, the City also records a liability for the estimated amount of future sick time usage not to be paid out upon resignation or retirement. Compensated absences at year end is shown in the chart below for governmental, business-type and component unit activities. For the most part, the General fund is typically used to liquidate governmental compensated absences payable.

	Governmental Activities	Business-type Activities	Component Unit Activities		Total
			EDA	HRA	
Compensated Absences	<u>\$ 781,091</u>	<u>\$ 1,235,875</u>	<u>\$ 6,782</u>	<u>\$ 16,905</u>	<u>\$ 2,040,653</u>

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, 2023. 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.

Note 1: Summary of Significant Accounting Policies (Continued)

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 assets 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 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. Additionally, deferred lease resources are reported as deferred inflows resulting from lease amortization calculations on both the statement of net position and in the governmental and business-type fund statements.

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.

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 40 percent of next year's General fund budgeted expenditures for working capital. This provides adequate cash flow to fund operations since major revenues, including property taxes and other government aid, are received on a biannual basis. The City will also commit 10% of next year's General fund budgeted expenditures to plan for contingencies and tax levy stabilization.

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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 2024.

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2024, expenditures exceeded appropriations in the following funds:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
General	\$ 14,372,369	\$ 14,593,316	\$ 220,947

The excess expenditures over appropriations were funded by higher revenues than anticipated and available fund balance.

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 2: Stewardship, Compliance and Accountability (Continued)

C. Deficit Fund Equity

The following funds had fund equity deficits at December 31, 2024:

<u>Fund</u>	<u>Amount</u>
Special Revenue	
Hutchinson Enterprise Center	\$ 180,858
Tax Increments 2016	476,627
TIF #4-17 Enterprise Center	104,924
TIF #4-22 Jorgenson Hotel	5,784
TIF #4-23 RD Machine Expansion	8,100
Capital Projects	
Airport Renovation	455,001
Special Assessment Improvement 2025	60,960

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

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;

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

- 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, bank balance, FDIC coverage and collateral pledged in the City's and the Public Utilities Commission's names, including the EDA are shown in the chart below. The primary government and the EDA component unit deposits and investments are pooled.

Carrying amount of deposits	<u>\$ 21,339,435</u>
Bank balance	\$ 21,542,312
Covered by FDIC	<u>(523,263)</u>
Collateralized with securities pledged in City's and PUC's names	<u>\$ 21,019,049</u>

At year end, the HRA's (discretely presented component unit) carrying amount of deposits, bank balance, FDIC coverage and collateral pledged in the HRA's name are shown in the chart below.

Carrying amount of deposits	<u>\$ 4,146,541</u>
Bank balance	\$ 4,178,319
Covered by FDIC	<u>(750,000)</u>
Collateralized with securities pledged in HRA's name	<u>\$ 3,428,319</u>

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

Investments

As of December 31, 2024, 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	Level 3	
Pooled Investments at Amortized Costs							
Broker Mutual Funds	N/A	less than 1 year	\$ 779				
Broker Money Market Funds	N/A	less than 1 year	217,856				
Non-pooled Investments at Fair Value							
Negotiable Certificates of Deposit	NA	1 to 5 years	5,896,001	\$ -	\$ 5,896,001	\$ -	
Negotiable Certificates of Deposit	NA	5 -10 Years	4,130,378	-	4,130,378	-	
Government Bonds	NA	1 to 5 years	472,855	-	472,855	-	
Municipal Bonds	AA+	1-5 Years	2,606,352	-	2,606,352	-	
Municipal Bonds	AA+	5 -10 Years	622,133	-	622,133	-	
Municipal Bonds	AA2	5 -10 Years	1,480,510	-	1,480,510	-	
Municipal Bonds	AAA	1-5 Years	2,808,009	-	2,808,009	-	
Municipal Bonds	AAA	5 -10 Years	735,893	-	735,893	-	
Municipal Bonds	AA-	1-5 Years	1,705,831	-	1,705,831	-	
Municipal Bonds	AA-	5 -10 Years	708,223	-	708,223	-	
Municipal Bonds	AA	1-5 Years	2,065,843	-	2,065,843	-	
Municipal Bonds	AA	5 -10 Years	1,065,952	-	1,065,952	-	
Municipal Bonds	AA1	1-5 Years	187,302	-	187,302	-	
Municipal Bonds	NA	1-5 Years	289,989	-	289,989	-	
Municipal Bonds	NA	5 -10 Years	10,432,232	-	10,432,232	-	
FFCB Bonds	N/A	1 to 5 years	1,595,826	-	1,595,826	-	
FHLB Bonds	N/A	1 to 5 years	2,499,637	-	2,499,637	-	
US Treasury Note	N/A	1 year	1,038,658	-	1,038,658	-	
US Treasury Strip	N/A	1-2 years	1,387,936	-	1,387,936	-	
Total Investments			\$ 41,948,195	\$ -	\$ 41,729,560	\$ -	

(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, 2024

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 64 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, 2024, 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 \$5,105.

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	\$ 21,094,752	\$ 244,683	\$ 4,146,541	\$ 25,485,976
Investments	41,948,195	-	-	41,948,195
Cash on Hand	5,105	-	-	5,105
Total	<u>\$ 63,048,052</u>	<u>\$ 244,683</u>	<u>\$ 4,146,541</u>	<u>\$ 67,439,276</u>
Cash and Investments				
Unrestricted	\$ 59,792,796	\$ 244,683	\$ 3,315,733	\$ 63,353,212
Restricted	3,255,256	-	830,808	4,086,064
Total	<u>\$ 63,048,052</u>	<u>\$ 244,683</u>	<u>\$ 4,146,541</u>	<u>\$ 67,439,276</u>

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, 2024, restricted cash and investments consisted of the following:

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

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.

\$ 2,072,000

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.

1,183,256

Total Restricted Cash and Investments

\$ 3,255,256

Component Unit - HRA

Cash and investments - restricted are tenant security deposits in the HRA at December 31, 2024 in the amount of \$31,908.

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, 2024 is \$643,972. 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 \$174,877. The Economic Development Loan fund has notes with local businesses outstanding of \$64,966 and the Minnesota Investment funds has loans outstanding of \$2,388. The City also has notes receivable in the Energy Loan fund of \$401,741 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, 2024 is \$9,246.

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

C. Capital Assets

Primary Government

Capital asset activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 10,397,875	\$ -	\$ (173,300)	\$ 10,224,575
Construction in progress	19,306,313	326,028	(18,288,283)	1,344,058
Total Capital Assets not Being Depreciated	<u>29,704,188</u>	<u>326,028</u>	<u>(18,461,583)</u>	<u>11,568,633</u>
Capital Assets Being Depreciated				
Buildings and structures	16,169,032	15,871,107	(675,720)	31,364,419
Infrastructure and improvements	117,213,385	5,321,900	(557,539)	121,977,746
Machinery and equipment	6,306,237	1,236,429	(791,526)	6,751,140
Automotive equipment	5,698,263	349,496	(285,480)	5,762,279
Total Capital Assets Being Depreciated	<u>145,386,917</u>	<u>22,778,932</u>	<u>(2,310,265)</u>	<u>165,855,584</u>
Less Accumulated Depreciation for				
Buildings and structures	(6,687,705)	(690,552)	487,631	(6,890,626)
Infrastructure and improvements	(57,226,866)	(3,981,207)	472,505	(60,735,568)
Machinery and equipment	(4,116,733)	(511,821)	759,048	(3,869,506)
Automotive equipment	(3,823,541)	(297,940)	285,480	(3,836,001)
Total Accumulated Depreciation	<u>(71,854,845)</u>	<u>(5,481,520)</u>	<u>2,004,664</u>	<u>(75,331,701)</u>
Total Capital Assets Being Depreciated, Net	<u>73,532,072</u>	<u>17,297,412</u>	<u>(305,601)</u>	<u>90,523,883</u>
Governmental Activities Capital Assets, Net	<u>\$ 103,236,260</u>	<u>\$ 17,623,440</u>	<u>\$ (18,767,184)</u>	<u>\$ 102,092,516</u>

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated				
Land	\$ 1,994,381	\$ -	\$ -	\$ 1,994,381
Construction in progress	8,814,221	9,548,994	(14,197,685)	4,165,530
Total Capital Assets not Being Depreciated	<u>10,808,602</u>	<u>9,548,994</u>	<u>(14,197,685)</u>	<u>6,159,911</u>
Capital Assets Being Depreciated				
Buildings and structures	50,116,016	-	-	50,116,016
Infrastructure and improvements	211,635,405	15,261,237	(25,532,353)	201,364,289
Machinery and equipment	15,250,689	1,913,032	(964,456)	16,199,265
Automotive equipment	1,415,334	687,506	(321,204)	1,781,636
Total Capital Assets Being Depreciated	<u>278,417,444</u>	<u>17,861,775</u>	<u>(26,818,013)</u>	<u>269,461,206</u>
Less Accumulated Depreciation for				
Buildings and structures	(33,290,447)	(1,038,402)	-	(34,328,849)
Infrastructure and improvements	(113,508,764)	(5,695,982)	25,477,190	(93,727,556)
Machinery and equipment	(11,836,583)	(582,696)	964,456	(11,454,823)
Automotive equipment	(1,156,526)	(90,144)	321,204	(925,466)
Total Accumulated Depreciation	<u>(159,792,320)</u>	<u>(7,407,224)</u>	<u>26,762,850</u>	<u>(140,436,694)</u>
Total Capital Assets Being Depreciated, Net	<u>118,625,124</u>	<u>10,454,551</u>	<u>(55,163)</u>	<u>129,024,512</u>
Business-type Activities Capital Assets, Net	<u>\$ 129,433,726</u>	<u>\$ 20,003,545</u>	<u>\$ (14,252,848)</u>	<u>\$ 135,184,423</u>

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

Governmental Activities

General government	\$ 94,201
Public safety	436,621
Streets and highways, including depreciation of general infrastructure assets	3,604,192
Culture and recreation	980,186
Housing and economic development	72,361
Miscellaneous	<u>293,959</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,481,520</u>

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

Business-type Activities

Electric	\$ 3,160,016
Natural gas	1,124,576
Water	1,124,286
Sewer	1,174,021
Refuse	208,316
Composting	138,632
Storm water	270,486
Liquor	<u>60,043</u>

Total Depreciation Expense - Business-type Activities	<u><u>\$ 7,260,376</u></u>
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Compost Depreciation

The total annual depreciation expense for all capital assets is reported in the capital asset note disclosure. The portion of depreciation allocated to inventory and included in cost of goods sold is reflected in the income statement. The following table reconciles the total depreciation expense to the depreciation included in cost of goods sold:

Total depreciation expense (capital asset note)	\$ 7,407,224
Less: Depreciation allocated to inventory and included in cost of goods sold	<u>(146,848)</u>

Depreciation expense (income statement)	<u><u>\$ 7,260,376</u></u>
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Construction Commitments

The City has active projects as of December 31, 2024. At year end the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
VMF Grandstand	\$ 557,039	\$ 29,318
Jefferson St Project	<u>421,997</u>	<u>22,210</u>
Total	<u><u>\$ 979,036</u></u>	<u><u>\$ 51,528</u></u>

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

Discretely Presented Component Unit

Capital asset activity for the HRA for the year ending December 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
HRA				
Capital Assets not Being Depreciated				
Land	\$ 92,775	\$ -	\$ (92,775)	\$ -
Construction in progress	213,500	107,841	(321,341)	-
Total Capital Assets not being Depreciated	<u>306,275</u>	<u>107,841</u>	<u>(414,116)</u>	<u>-</u>
Capital Assets Being Depreciated				
Buildings and structures	5,811,310	326,996	(337,177)	5,801,129
Machinery and equipment	244,031	-	-	244,031
Total Capital Assets Being Depreciated	<u>6,055,341</u>	<u>326,996</u>	<u>(337,177)</u>	<u>6,045,160</u>
Less Accumulated Depreciation	<u>(5,001,426)</u>	<u>(167,863)</u>	<u>15,388</u>	<u>(5,153,901)</u>
Total Capital Assets Being Depreciated, Net	<u>1,053,915</u>	<u>159,133</u>	<u>(321,789)</u>	<u>891,259</u>
HRA Capital Assets, Net	<u>\$ 1,360,190</u>	<u>\$ 266,974</u>	<u>\$ (735,905)</u>	<u>\$ 891,259</u>

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

Discretely Presented Component Unit	
HRA	<u>\$ 167,863</u>

D. Interfund Receivables, Payables and Transfers

Advances from/to Other Funds

The Economic Development 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 Energy Loan fund loaned funds to the TIF #4-16 126 Franklin St SW fund to pay for costs identified in the TIF plans. This balance will be paid back as the TIF district generates future tax increment revenues.

The Debt Service fund loaned funds to the Tax Increment 2016 fund, the TIF #4-17 Enterprise Center fund, and the TIF 4-22 Jorgenson Hotel 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 Economic Development Loan fund loaned funds to the TIF #4-23 RD Machine Expansion. These funds are to be reimbursed by future TIF proceeds.

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

The Capital Projects fund loaned short term funds to the Airport Construction Fund for the lighting and navigational aid project.

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental	Nonmajor governmental	
EDA Loan	Hutchinson Enterprise Center	\$ 187,500
Energy Loan	TIF #4-16 126 Franklin St SW	150,000
EDA Loan	TIF #4-23 RD Machine Expansion	8,100
Debt Service	Tax Increment 2016	324,006
Debt Service	TIF #4-17 Enterprise Center	106,472
Debt Service	TIF #4-22 Jorgenson Hotel	5,784
Capital Projects	Airport Construction	356,613
		<u>\$ 1,138,475</u>
Total		

Due from/to Other Funds

The Energy Loan fund loaned funds to the TIF #4-16 126 Franklin St SW fund for TIF district expenditures, to be reimbursed by future TIF proceeds.

The Sewer fund loaned funds to the Airport Construction fund for the new hangar construction to be repaid by future federal aeronautic monies.

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental	Nonmajor governmental	
Energy Loan	TIF #4-16 126 Franklin St SW	\$ 7,312
Enterprise	Nonmajor governmental	
Sewer	Airport Construction	400,000
		<u>\$ 407,312</u>
Total		

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
Component unit	Primary Government	
EDA	Internal service	<u>\$ 31</u>

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

Interfund Transfers

The following transfers were made for the year ended December 31, 2024:

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	Tranfers In		
	General	Nonmajor Governmental	Total
Transfer Out			
General	\$ -	\$ 517,031	\$ 517,031
Nonmajor governmental	-	1,040,835	1,040,835
Water enterprise	90,000	241,948	331,948
Sewer enterprise	110,000	290,455	400,455
Public Utilities Commission enterprise	1,942,628	252,620	2,195,248
Nonmajor enterprise	670,000	241,879	911,879
Total	<u>\$ 2,812,628</u>	<u>\$ 2,584,768</u>	<u>\$ 5,397,396</u>

For the year ended December 31, 2024, the City made the following unbudgeted transfers:

- From the Water fund (\$241,948), Sewer fund (\$246,555) and Stormwater fund (\$186,879) to the Special Assessment Improvement 2024 fund for project costs.
- From the Capital Projects fund (\$2,125) to the Community Improvement fund to replenish public arts maintenance fund.
- From the Capital Projects fund (\$18,289) to the Construction fund for funding airport hangar project with capital dollars.
- From the TIF #4-19 Highway 7 & 15 Soils Condition fund (\$5,202) to the Special Assessment Bonds 2017 fund to reimburse public improvement costs.
- From the TIF #4-21 1105 Benjamin Ave SE fund (\$53,000) to the Community Improvement fund to reimburse land costs.
- From the Community Improvements fund (\$723,682) to the Construction fund for the committed fund balance for police department facility project.
- From the 2023 Construction fund (\$192,725) and 2024 Construction fund (\$45,812) to the Police Facility Construction fund to close the 2023 and 2024 Construction fund.
- From the Sewer fund (\$43,900) to the Equipment Replacement fund for a share of Tandem Truck purchased for Public Works operations.

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

E. Inventories

Inventories at December 31, 2024 consist of the following:

Fund	Amount
Municipal Liquor Store	
Liquor	\$ 326,896
Wine	246,024
Beer	145,349
THC	19,112
Miscellaneous	24,844
Total	<u>762,225</u>
Composting	
Processed materials	384,294
Bulk product	386,244
Bagged product	740,629
Total	<u>1,511,167</u>
Public Utilities Commission	
Electric division	
Fuel oil and lubricants	67,143
Plant	13,569
Engine parts	1,070,087
Distribution materials	513,562
Transformers	334,017
Total	<u>1,998,378</u>
Natural gas division	
Fittings	241,696
Transmission line gas	303,570
Total	<u>545,266</u>
Total	<u>\$ 4,817,036</u>

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

F. Lease Receivable

Primary Government

The City leases various tower sites and airport space. These agreements contain various renewal and extension options. The latest maturity date is projected to be in 2070.

Long-term lease activity for the year ended December 31, 2024 was as follows:

The annual receipts for governmental and business-type activities to maturity for lease receivables are as follows:

Year Ending December 31	Lease Receivables		
	Governmental Activities		
	Principal	Interest	Total
2025	\$ 982	\$ 1,035	\$ 2,017
2026	1,001	1,017	2,018
2027	1,019	998	2,017
2028	1,038	979	2,017
2029	1,058	960	2,018
2030 - 2034	5,592	4,495	10,087
2035 - 2039	6,134	3,953	10,087
2040 - 2044	6,728	3,359	10,087
2045 - 2049	7,379	2,708	10,087
2050 - 2054	8,094	1,993	10,087
2055 - 2059	7,424	1,223	8,647
2060 - 2064	5,860	627	6,487
2065 - 2069	2,993	123	3,116
2070 - 2071	172	2	174
Total	<u>\$ 55,474</u>	<u>\$ 23,472</u>	<u>\$ 78,946</u>

Year Ending December 31	Lease Receivables		
	Business-type Activities		
	Principal	Interest	Total
2025	\$ 83,489	\$ 9,969	\$ 93,458
2026	86,665	9,354	96,019
2027	89,943	8,709	98,652
2028	67,622	8,035	75,657
2029	70,534	7,393	77,927
2030 - 2034	169,932	28,346	198,278
2035 - 2039	216,798	13,060	229,858
2040	49,760	431	50,191
Total	<u>\$ 834,743</u>	<u>\$ 85,297</u>	<u>\$ 920,040</u>

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

Discretely Presented Component Unit

The HRA leases a tower site to New Cingular Wireless for an antenna. This agreement contained several extension options. The latest maturity date is projected to be in 2031.

Long-term lease activity for the year ended December 31, 2024 was as follows:

Description	Issue Date	Discount Rate	Current Year Inflow of Resources	Balance at Year End
New Cingular Wireless Antenna	12/26/06	1.30 %	\$ 40,493	<u>\$ 301,369</u>

The annual receipts for the component unit lease receivables to maturity are as follows:

Year Ending December 31	Lease Receivables Component Unit		
	Principal	Interest	Total
2025	\$ 37,532	\$ 49,458	\$ 86,990
2026	39,267	45,326	84,593
2027	41,062	41,066	82,128
2028	42,919	36,750	79,669
2029	44,840	1,563	46,403
2030 - 2031	<u>95,749</u>	<u>1,316</u>	<u>97,065</u>
Total	<u>\$ 301,369</u>	<u>\$ 175,479</u>	<u>\$ 476,848</u>

G. 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.

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

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	\$ 6,300,000
Tax Abatement					
Bonds of 2021A	475,000	2.00 - 4.00	08/19/21	02/01/37	430,000
Improvement Bonds of 2022A	5,885,000	4.00 - 5.00	10/06/22	02/01/52	5,810,000
Improvement Bonds of 2024A	1,080,000	4.00 - 5.00	10/08/24	02/01/40	1,080,000
					<u>1,080,000</u>
Total General Obligation Bonds					<u>\$ 13,620,000</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
2025	\$ 750,000	\$ 462,720	\$ 1,212,720
2026	730,000	440,288	1,170,288
2027	700,000	408,688	1,108,688
2028	615,000	379,413	994,413
2029	560,000	352,413	912,413
2030 - 2034	2,940,000	1,386,738	4,326,738
2035 - 2039	2,650,000	862,413	3,512,413
2040 - 2044	1,665,000	548,522	2,213,522
2045 - 2049	1,800,000	313,013	2,113,013
2050 - 2052	1,210,000	55,299	1,265,299
	<u>1,210,000</u>	<u>55,299</u>	<u>1,265,299</u>
Total	<u>\$ 13,620,000</u>	<u>\$ 5,209,507</u>	<u>\$ 18,829,507</u>

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

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 and Refunding					
Bonds of 2014A	\$ 3,415,000	2.00 - 3.00 %	11/04/14	02/01/30	\$ 745,000
Improvement Bonds of 2015A	2,140,000	2.85 - 3.00	10/01/15	02/01/31	980,000
Improvement Bonds of 2016A	3,880,000	2.00	10/06/16	02/01/32	1,225,000
Improvement Bonds of 2017A	2,445,000	2.00 - 3.00	10/31/17	02/01/33	1,420,000
Improvement Bonds of 2018A	2,395,000	3.00 - 4.00	10/31/18	02/01/34	1,450,000
Improvement Bonds of 2019A	2,675,000	2.00 - 3.00	11/05/19	02/01/35	1,830,000
Improvement Bonds of 2020A	2,405,000	0.35 - 1.40	08/06/20	02/01/36	1,945,000
Improvement Bonds of 2021A	1,825,000	2.00 - 4.00	08/19/21	02/01/37	1,625,000
Improvement Bonds of 2023A	1,350,000	4.00 - 5.00	08/31/23	02/01/39	1,350,000
Improvement Bonds of 2024A	995,000	4.00 - 5.00	10/08/24	02/01/40	995,000
Total G.O. Special Assessment Bonds					<u>\$ 13,565,000</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
2025	\$ 1,390,000	\$ 358,504	\$ 1,748,504
2026	1,405,000	329,431	1,734,431
2027	1,360,000	290,523	1,650,523
2028	1,355,000	251,166	1,606,166
2029	1,375,000	210,798	1,585,798
2030 - 2034	5,115,000	542,623	5,657,623
2035 - 2039	1,500,000	103,228	1,603,228
2040	65,000	1,300	66,300
Total	<u>\$ 13,565,000</u>	<u>\$ 2,087,573</u>	<u>\$ 15,652,573</u>

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

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.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Water Revenue					
Bonds of 2006 (PFA)	\$ 12,216,000	2.63	08/07/06	08/20/25	\$ 820,000
G.O. Sewer Revenue					
Bonds of 2007 (PFA)	13,696,602	2.15	06/26/07	08/20/26	1,828,000
G.O. Storm Water					
Bonds of 2018B	1,550,000	3.00 - 4.00	10/31/18	02/01/29	850,000
G.O. Water and Sewer					
Refunding Bonds of 2019A	2,790,000	2.00 - 3.00	11/05/19	02/01/29	1,665,000
G.O. Wastewater					
Bonds of 2021A	3,460,000	3.00 - 4.00	08/19/21	02/01/32	2,920,000
Total G.O. Revenue Bonds					<u>\$ 8,083,000</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
2025	\$ 2,719,000	\$ 231,065	\$ 2,950,065
2026	1,694,000	158,721	1,852,721
2027	800,000	111,105	911,105
2028	820,000	83,305	903,305
2029	850,000	54,540	904,540
2030 - 2032	1,200,000	56,825	1,256,825
Total	<u>\$ 8,083,000</u>	<u>\$ 695,561</u>	<u>\$ 8,778,561</u>

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	\$ 3,486,395	\$ 4,811,044	\$ 1,123,921
Principal and Interest	1,366,548	1,609,074	187,505
Percent of Revenue	39.2%	33.4%	16.7%

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

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	\$ 4,060,000
Public Utility Revenue Bonds, 2017B	16,675,000	3.00 - 4.00	10/31/17	12/01/37	12,540,000
Total Revenue Bonds					<u>\$ 16,600,000</u>

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

Year Ending December 31	Revenue Bonds Business-type Activities		
	Principal	Interest	Total
2025	\$ 2,770,000	\$ 596,256	\$ 3,366,256
2026	2,900,000	465,656	3,365,656
2027	850,000	328,856	1,178,856
2028	885,000	294,856	1,179,856
2029	910,000	272,731	1,182,731
2030 - 2034	4,950,000	961,909	5,911,909
2035 - 2037	3,335,000	206,345	3,541,345
Total	<u>\$ 16,600,000</u>	<u>\$ 3,126,609</u>	<u>\$ 19,726,609</u>

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:

	PUC
Revenue	\$ 38,804,361
Principal and Interest	3,357,456
Percent of Revenue	8.7%

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

Financed Purchase Arrangements

An obligation was issued by the City for the purchase of equipment in the Compost fund. The City entered into a financed purchase arrangement in 2019 for a compost turner. The turner is being paid off over 5 years at an interest rate of 2.99%.

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>\$ 71,666</u>

The annual debt service requirements to maturity for financed purchase arrangements are as follows:

Year Ending December 31	Financed Purchase Arrangements		
	Business-type Activities		
	Principal	Interest	Total
2025	<u>\$ 71,666</u>	<u>\$ 2,143</u>	<u>\$ 73,809</u>

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation bonds	\$ 13,205,000	\$ 1,080,000	\$ (665,000)	\$ 13,620,000	\$ 750,000
General obligation special assessment bonds	13,915,000	995,000	(1,345,000)	13,565,000	1,390,000
Bond premium	1,424,059	177,344	(205,767)	1,395,636	-
Total Bonds Payable	<u>28,544,059</u>	<u>2,252,344</u>	<u>(2,215,767)</u>	<u>28,580,636</u>	<u>2,140,000</u>
Compensated Absences Payable*	<u>561,492</u>	<u>219,599</u>	<u>-</u>	<u>781,091</u>	<u>660,253</u>
Governmental Activity Long-term Liabilities	<u><u>\$ 29,105,551</u></u>	<u><u>\$ 2,471,943</u></u>	<u><u>\$ (2,215,767)</u></u>	<u><u>\$ 29,361,727</u></u>	<u><u>\$ 2,800,253</u></u>
Business-type Activities					
Bonds Payable					
General obligation revenue bonds	\$ 10,933,370	\$ -	\$ (2,850,370)	\$ 8,083,000	\$ 2,719,000
Revenue bonds	19,255,000	-	(2,655,000)	16,600,000	2,770,000
Bond premium	1,618,595	-	(308,832)	1,309,763	219,065
Total Bonds Payable	<u>31,806,965</u>	<u>-</u>	<u>(5,814,202)</u>	<u>25,992,763</u>	<u>5,708,065</u>
Financed Purchase Arrangements	141,251	-	(69,585)	71,666	71,666
Compensated Absences Payable*	<u>1,052,412</u>	<u>183,463</u>	<u>-</u>	<u>1,235,875</u>	<u>237,843</u>
Business-type Activity Long-term Liabilities	<u><u>\$ 33,000,628</u></u>	<u><u>\$ 183,463</u></u>	<u><u>\$ (5,883,787)</u></u>	<u><u>\$ 27,300,304</u></u>	<u><u>\$ 6,017,574</u></u>

* The change in compensated absences liability is presented as a net change.

Conduit Debt Obligations

The City has issued Revenue Bonds to provide financial assistance to a local non-profit organization. The note is secured by the property financed and are payable solely by the previously mentioned organization. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the note. Accordingly, the note is not reported as a liability in the accompanying financial statements.

Description	Authorized and Issued	Issue Date	Balance at Year End
Senior Housing Facilities Revenue Bond of 2019	\$ 3,300,000	11/01/19	<u><u>\$ 2,925,840</u></u>

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

Component Unit Debt

Loans Payable

The HRA's long-term debt balance as of December 31, 2024, 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, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Component Unit Activities (EDA)					
Compensated Absences Payable*	<u>\$ 2,150</u>	<u>\$ 4,632</u>	<u>\$ -</u>	<u>\$ 6,782</u>	<u>\$ 6,782</u>
Component Unit Activities (HRA)					
Loans Payable	\$ 313,000	\$ -	\$ -	\$ 313,000	\$ -
Compensated Absences Payable*	<u>13,272</u>	<u>3,633</u>	<u>-</u>	<u>16,905</u>	<u>10,123</u>
Total	<u>\$ 326,272</u>	<u>\$ 3,633</u>	<u>\$ -</u>	<u>\$ 329,905</u>	<u>\$ 10,123</u>

* The change in compensated absences liability is presented as a net change.

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 3: Detailed Notes on All Funds (Continued)

G. Fund Balance Classification

At December 31, 2024, a summary of the governmental fund balance classifications are as follows:

	General	Other Governmental Funds	Total
Fund Balances			
Nonspendable			
Inventory	\$ 37,171	\$ -	\$ 37,171
Prepaid items	1,874	-	1,874
Total Nonspendable	<u>39,045</u>	<u>-</u>	<u>39,045</u>
Restricted			
Drug forfeiture	-	28,273	28,273
Debt service	-	4,405,423	4,405,423
Parkland dedication	-	270,769	270,769
Police Memorial Park maintenance	-	25,839	25,839
Rural fire department	-	37,270	37,270
Economic development loans	-	481,399	481,399
Energy loans	-	881,852	881,852
HRA loans	-	89,784	89,784
Housing rehabilitation	-	485,311	485,311
Minnesota investment	-	10,422	10,422
Tax increment financing	-	173,737	173,737
Public Safety	-	417,829	417,829
Affordable Housing		137,316	137,316
Total Restricted	<u>-</u>	<u>7,445,224</u>	<u>7,445,224</u>
Committed			
Working capital	6,283,892	-	6,283,892
Hutchinson area transportation facility	-	668,822	668,822
Budget contingencies & levy stabilization	1,570,973	-	1,570,973
Tree escrow	-	57,900	57,900
Tree mitigation	-	420,882	420,882
Public arts commission - Community Improvement	-	4,381	4,381
Public arts commission - Public Sites	-	14,784	14,784
Lakes and River Basin project	-	439,078	439,078
Total Committed	<u>7,854,865</u>	<u>1,605,847</u>	<u>9,460,712</u>
Assigned			
Public arts commission (maintenance)	-	10,000	10,000
Capital projects	-	2,655,175	2,655,175
Community improvement	-	2,078,983	2,078,983
Equipment replacement	-	1,006,797	1,006,797
Total Assigned	<u>-</u>	<u>5,750,955</u>	<u>5,750,955</u>
Unassigned	<u>745,108</u>	<u>(1,292,254)</u>	<u>(547,146)</u>
Total Fund Balance	<u>\$ 8,639,018</u>	<u>\$ 13,509,772</u>	<u>\$ 22,148,790</u>

Note 4: Defined Benefit Pension Plans - 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). These plan provisions are established and administered according to Minnesota Statutes chapters 353, 353D, 353E, 353G and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan (General Plan)

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

Public Employees Police and Fire Plan (Police and Fire Plan)

Membership in the Police and Fire Plan includes full-time, licensed police officers and firefighters who meet the membership criteria defined in Minnesota Statutes section 353.64 and who are not earning service credit in any other PERA retirement plan or a local relief association for the same service. Employers can provide Police and Fire Plan coverage for part-time positions and certain other public safety positions by submitting a resolution adopted by the entity's governing body. The resolution must state that the position meets plan requirements.

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. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

General Employee Plan Benefits

General Employees Plan requires three years of service to vest. 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 General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2 percent of the highest average salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

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

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. The 2024 annual increase was 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 prorated increase.

Police and Fire Plan Benefits

Benefits for Police and Fire Plan members hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50 percent vested after five years of service and 100 percent vested after ten years. After five years, vesting increase by 10 percent each full year of service until members are 100 percent vested after ten years. Police and Fire Plan members receive 3 percent of highest average salary for all years of service. Police and Fire Plan members receive a full retirement benefit when they are age 55 and vested, or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by 0.417 percent each month members are younger than age 55.

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. 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 chapters 353, 353E, 353G and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2024, 2023 and 2022, were \$951,572, \$519,492 and \$503,711, respectively. This includes EDA amounts of \$8,369, \$4,569, and \$4,430. The City's contributions were equal to the 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 2024 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, 2024, 2023 and, 2022 were \$400,746, \$380,335 and \$359,318, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

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

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2024, the City reported a liability of \$5,492,606 for its proportionate share of the General Employees Fund's net pension liability, of which the EDA's portion was calculated at \$48,308. 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 \$142,028, of which the EDA's portion was calculated at \$1,249.

	Primary Government	Component Unit
City's Proportionate Share of the Net Pension Liability	\$ 5,492,606	\$ 48,308
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	142,028	1,249
Total	<u>\$ 5,634,634</u>	<u>\$ 49,557</u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1486 percent at the end of the measurement period and 0.1549 percent for the beginning of the period. The EDA's proportionate share was calculated at 0.88 percent of the City's activity at both June 30, 2024 and June 30, 2023.

For the year ended December 31, 2024, the City recognized pension expense of \$221,205 for its proportionate share of the General Employees Plan's pension expense, of which the EDA's portion was calculated at \$1,946. In addition, the City recognized an additional \$3,808 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, of which the EDA's portion was calculated at \$33.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$252,711 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

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

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 523,883	\$ -	\$ 4,608	\$ -
Changes in Actuarial Assumptions	28,049	2,143,588	779	22,740
Net Difference Between Projected and Actual Investment Earnings	-	1,621,588	-	14,262
Changes in Proportion				
Contributions Paid to PERA	19,800	254,295	174	2,237
Subsequent to the Measurement Date	475,188	-	4,179	-
Total	<u>\$ 1,046,920</u>	<u>\$ 4,019,471</u>	<u>\$ 9,740</u>	<u>\$ 39,239</u>

The \$475,188 reported as deferred outflows of resources 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, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Primary Government	Component Unit
2025	\$ (1,939,722)	\$ (17,060)
2026	(404,890)	(3,561)
2027	(682,100)	(5,999)
2028	(421,027)	(7,058)

Police and Fire Fund Pension Costs

At December 31, 2024, the City reported a liability of \$2,085,999 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1586 percent at the end of the measurement period and 0.1663 percent for the beginning of the period.

The State of Minnesota contributed \$37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation, additional one-time direct state aid contribution of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, \$9 million supplemental state aid was paid on October 1, 2024. 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. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$79,517.

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

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

City's Proportionate Share of the Net Pension Liability	\$ 2,085,999
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>79,517</u>
Total	<u><u>\$ 2,165,516</u></u>

For the year ended December 31, 2024, the City recognized pension expense of \$338,863 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional \$8,894 as pension expense (grant revenue) 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 \$28.4 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$45,026 for the year ended December 31, 2024 as revenue 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, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 829,600	\$ -
Changes in Actuarial Assumptions	2,292,041	3,221,182
Net Difference Between Projected and Actual Investment Earnings	-	646,028
Changes in Proportion	129,139	130,871
Contributions Paid to PERA Subsequent to the Measurement Date	<u>208,276</u>	<u>-</u>
Total	<u><u>\$ 3,459,056</u></u>	<u><u>\$ 3,998,081</u></u>

The \$208,276 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2025	\$ (126,150)
2026	524,529
2027	(327,831)
2028	(865,919)
2029	48,070

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

E. Long-term Expected Return on Investment

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 Return on Investment
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Total	<u>100.0 %</u>	

F. Actuarial Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7.0%. The 7.0% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7.0% is within that range.

Inflation is assumed to be 2.25% for the General Employees Plan and Police and Fire Plan.

Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan and 1.0% for the Police and Fire Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service. In the Police and Fire Plan, salary growth assumptions range in annual increments from 11.75% after one year of service to 3.0% 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 are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation. The Police and Fire Plan were reviewed in 2024. PERA anticipates the experience study will be approved by the Legislative Commission on Pensions and Retirement and become effective with the July 1, 2025 actuarial valuation.

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

The following changes in actuarial assumptions and plan provisions occurred in 2024:

General Employees Fund

Changes in Actuarial Assumptions

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

Police and Fire Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The State contribution of \$9 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90.0 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90.0 percent funded status for one year.
- The additional \$9 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0 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 and Police and Fire Plans 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.

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

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

H. 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:

	1 Percent Decrease (6.0%)	Current (7.0%)	1 Percent Increase (8.0%)
General Employees Fund	\$ 11,996,736	\$ 5,492,606	\$ 142,367
General Employees Fund (Component Unit Share)	105,512	48,308	1,252
Police and Fire Fund	4,929,623	2,085,999	(249,211)

I. 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.

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

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, 2024, 2023 and 2022 were \$1,090, \$1,078 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	
\$ 1,090	\$ 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, 2024, 2023 and 2022 were \$13,521, \$13,399 and \$17,305, respectively. Pension contributions for the year under the plan were as follows:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 13,521	\$ 15,602	6.50%	7.50%	N/A

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

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, 2024, the plan covered 30 active firefighters, 2 inactive members, 43 vested terminated fire fighters and 11 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.

In 2020, a lump sum plan was added for active members. The annuity option was eliminated for members hired after October 8, 2020, and survivor benefit was changed from annuity to lump sum.

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 \$162,393 in fire state aid to the plan on behalf of the Hutchinson Fire Department for the year ended December 31, 2024, 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, 2024 were \$162,393. The City's contributions were equal to the required contributions as set by state statute. The City also made \$75,000 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, 2024

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

D. Pension Costs

At December 31, 2024, the City reported a net pension liability (asset) of (\$745,843) for the plan. The net pension asset was measured as of December 31, 2024. The total pension liability (asset) used to calculate the net pension liability (asset) 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, 2024. 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, 2024	\$ 2,580,879	\$ 2,843,755	\$ (262,876)
Changes for the Year			
Service cost	45,442	-	45,442
Interest	131,499	-	131,499
Differences between expected and actual experience	42,790	-	42,790
Change in assumptions	(160,085)	-	(160,085)
Contributions - State and local	-	237,393	(237,393)
Net investment income	-	327,835	(327,835)
Benefit payments	(243,168)	(243,168)	-
Administrative expense	-	(22,615)	22,615
Total Net Changes	(183,522)	299,445	(482,967)
Ending Balance December 31, 2024	\$ 2,397,357	\$ 3,143,200	\$ (745,843)

For the year ended December 31, 2024, the City recognized negative pension expense of \$196,698.

At December 31, 2024, 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	\$ 50,758	\$ -
Changes in Actuarial Assumptions	13,137	116,702
Net Difference Between Projected and Actual Earnings on Plan Investments	-	110,420
Total	\$ 63,895	\$ 227,122

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

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:

2025	\$ (15,238)
2026	(5,792)
2027	(105,323)
2028	(36,874)

E. Actuarial Assumptions

The total pension liability at December 31, 2024 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	N/A
Discount Rate	6.00%
Inflation Rate	2.50%
Expected Return on Plan Assets	6.00%
20 Year Municipal Bond Yield	N/A

No changes in benefits occurred in 2024.

There were changes in actuarial assumptions in 2024 which includes the expected investment return and discount rate increasing from 5.25% to 6.00% to reflect updated capital market assumptions.

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.

The target allocation and best estimates of arithmetic 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	45.00 %	4.52 %
International Equity	15.00	5.08
Fixed Income	25.00	2.44
Real Estate	-	3.73
Cash and equivalents	15.00	0.99
Total	<u>100.00 %</u>	

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

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

F. Discount Rate

The discount rate used to measure the total pension liability (asset) was 6.00 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 (asset).

G. Pension Liability Sensitivity

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

	1 Percent Decrease (5.00%)	Current (6.00%)	1 Percent Increase (7.00%)
Defined Benefit Plan	\$ (527,873)	\$ (745,843)	\$ (932,066)

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.

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, 2024, the following employees were covered by the benefit terms:

	City	PUC
Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	3	-
Active Plan Members	111	50
Total Plan Members	114	50

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 2024, the City did not directly contribute to the Plan, while the implicit contributions totaled \$23,417.

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 8: Postemployment Benefits Other Than Pensions (Continued)

C. Actuarial Methods and Assumptions

The City's total OPEB liability of \$523,127 was measured as of January 1, 2024. The EDA's portion of the OPEB liability is \$4,352.

The total OPEB liability in the January 1, 2023 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	4.00%	3.77%
20-Year Municipal Bond Yield	4.00%	3.77%
Inflation Rate	2.50%	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	6.25% as of January 1, 2024 grading to 5.0% over 6 years and then to 4.0% over the next 48 years	8.6% in 2024 decreasing over several decades to an ultimate rate of 3.9% for 2075 and later years.

The discount rate used to measure the total OPEB liability for the City was 4.00 percent and 3.77 percent for the PUC. 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-2021 Generational Improvement Scale.

PUC: Mortality rates were based on assumptions for General Employees used in the July 1, 2021 PERA of Minnesota Retirement Plan actuarial valuations, Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2020, and other adjustments.

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.

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

Note 8: Postemployment Benefits Other Than Pensions (Continued)

D. Changes in the Total OPEB Liability

	Primary Government	Component Unit Economic Development Authority	Total OPEB Liability
Balances at December 31, 2023	\$ 520,430	\$ 4,103	\$ 524,533
Changes for the Year			
Service Cost	32,606	289	32,895
Interest	21,718	171	21,889
Differences Between Expected and Actual Experience	(42,280)	-	(42,280)
Changes in Assumptions or Other Inputs	8,835	-	8,835
Benefit payments	(22,534)	(211)	(22,745)
Net Changes	(1,655)	249	(1,406)
Balances at December 31, 2024	\$ 518,775	\$ 4,352	\$ 523,127

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 Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale.
- The inflation rate was changed from 2.50% to 2.50%.
- The retirement, withdrawal, and salary increase rates for public safety employees were updated to reflect the latest experience study.
- The discount rate was changed from 4.00% to 4.00%.
- These changes did not change the liability.

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

- The discount rate was changed from 4.05 percent to 3.77 percent.

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

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 (3.00 percent/2.77 percent) or one-percentage-point higher (5.00 percent/4.77 percent) than the current discount rate:

	City Plan		
	1 Percent Decrease (3.00%)	Current (4.00%)	1 Percent Increase (5.00%)
Primary Government	\$ 506,620	\$ 465,602	\$ 427,607
Component Unit - EDA	4,735	4,352	3,997

	PUC Plan		
	1 Percent Decrease (2.77%)	Current (3.77%)	1 Percent Increase (4.77%)
Primary Government	\$ 57,575	\$ 53,173	\$ 48,895

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 (5.25 percent decreasing to 4.00 percent/7.60 percent decreasing to 2.90 percent) or one-percentage-point higher (7.25 percent increasing to 6.00 percent/9.6 percent decreasing to 4.9 percent) than the current cost trend rate:

	City Plan		
	1 Percent Decrease (5.25% Decreasing to 4.00%)	Healthcare Cost Trend Rates (6.25% Decreasing to 5%)	1 Percent Increase (7.25% Decreasing to 6%)
Primary Government	\$ 408,099	\$ 465,602	\$ 534,211
Component Unit - EDA	3,815	4,352	4,993

	PUC Plan		
	1 Percent Decrease (7.6% Decreasing to 2.9%)	Healthcare Cost Trend Rates (8.6% Decreasing to 3.9%)	1 Percent Increase (9.6% Decreasing to 4.9%)
Primary Government	\$ 47,271	\$ 53,173	\$ 59,921

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

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, 2024, the City recognized negative OPEB expense of \$127,009. At December 31, 2024, 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	\$ 24,058	\$ 55,378	\$ 225	\$ 518
Net Difference Between Projected and Actual Earnings on Plan Investments	-	217,797	-	2,036
Changes in proportion	-	-	-	-
Contributions to OPEB Subsequent to the Measurement Date	23,208	-	209	-
Total	<u>\$ 47,266</u>	<u>\$ 273,175</u>	<u>\$ 434</u>	<u>\$ 2,554</u>

Deferred outflows of resources totaling \$23,208 from the City and \$209 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, 2025.

Year ended December 31		
2025	\$ (51,615)	\$ (482)
2026	(51,605)	(482)
2027	(42,278)	(395)
2028	(42,279)	(395)
2029	(30,675)	(287)
Thereafter	(30,665)	(288)

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, 2024

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, 2024 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 2024, 2023 and 2022 were:

Year	January 1 Claims Liability	Current Year Claims and Changes in Estimates	Current Year Claim Payments	December 31 Claims Liability
2024	\$ 4,503	\$ 108,019	\$ (102,376)	\$ 10,146
2023	6,389	97,984	(99,870)	4,503
2022	7,779	92,097	(93,487)	6,389

D. Major Customers

For the year ended December 31, 2024, the PUC's Electric Division derived approximately 46.11 percent of utility revenue from the top five major industrial customers.

For the year ended December 31, 2024, the PUC's Natural Gas Division derived approximately 49.78 percent of its utility revenue from the top five major industrial customers.

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

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%	\$ 17,319	\$ 9,858
TIF District 4-14 (Conerstone Commons)	59.363%	27,340	16,230
TIF District 4-16	74.417%	1,961	1,459
TIF District 4-17 (Econ, Industrial Park)	73.966%	9,393	6,948
TIF District 4-18 (Highfield Apartments)	73.966%	98,939	73,181
TIF District 4-19 (Cobblestone Hotel & Suites)	71.953%	40,656	29,253
TIF District 4-20 (Fifth Ave Ind Park)	71.141%	56,140	39,939
TIF District 4-21 (Energy Park North)	66.473%	42,490	28,244
Total			<u>\$ 205,112</u>

F. Tax Abatements

As of December 31, 2024, 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 2024 amount to \$21,597.

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 2024 was \$1,548,963 for LGA. This accounted 12.3 percent of General fund revenues. In addition to the General fund amount noted above, the City has allocated \$1,548,962 of LGA to the Capital Improvement Projects fund (\$1,498,962) and the Equipment Replacement fund (\$50,000).

City of Hutchinson, Minnesota
Notes to the Financial Statements
December 31, 2024

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: Change in Accounting Principle

During fiscal year 2024, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 100, Accounting Changes and Error Corrections, and Statements No. 101, Compensated Absences, for the year ended December 31, 2024. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements. There were no adjustments or restatements of beginning balances needed for the adoption of these statements.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HUTCHINSON
HUTCHINSON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

City of Hutchinson, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2024

Schedule of Employer's Share of PERA Net Pension Liability - General Employees 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
6/30/2024	0.1486 %	\$ 5,492,606	\$ 142,028	\$ 5,634,634	\$ 12,651,993	44.5 %	86.7 %
6/30/2023	0.1549	8,661,835	238,971	8,900,806	12,122,039	73.4	83.1
6/30/2022	0.1554	12,307,731	360,700	12,668,431	11,985,561	105.7	76.7
6/30/2021	0.1586	6,772,930	206,903	6,979,833	11,475,587	60.8	87.0
6/30/2020	0.1551	9,298,954	286,598	9,585,552	11,108,419	86.3	79.0
6/30/2019	0.1502	8,304,222	257,988	8,562,210	10,646,616	80.4	80.2
6/30/2018	0.1508	8,365,767	274,506	8,640,273	10,145,597	85.2	79.5
6/30/2017	0.1497	9,556,749	120,135	9,676,884	9,641,342	100.4	75.9
6/30/2016	0.1547	12,560,873	164,029	12,724,902	9,593,197	132.6	68.9
6/30/2015	0.1559	8,079,548	-	8,079,548	7,459,096	108.3	78.2

Schedule of Employer's PERA Contributions - General Employees 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)
12/31/2024	\$ 951,572	\$ 951,572	\$ -	\$ 12,687,627	7.50 %
12/31/2023	925,201	925,201	-	12,336,018	7.50
12/31/2022	892,170	892,170	-	11,895,596	7.50
12/31/2021	860,768	860,768	-	10,476,908	7.50
12/31/2020	862,466	862,466	-	11,499,551	7.50
12/31/2019	813,778	813,778	-	10,850,378	7.50
12/31/2018	782,227	782,227	-	10,429,696	7.50
12/31/2017	735,179	735,179	-	9,803,713	7.50
12/31/2016	715,812	715,812	-	9,544,167	7.50
12/31/2015	708,668	708,668	-	9,448,902	7.50

City of Hutchinson, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2024

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

2024 - The following changes in assumptions are effective with the July 1, 2024 valuation, as recommended in the most recent experience study (dated June 29, 2023): Rates of merit and seniority were adjusted, resulting in slightly higher rates. Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members. Minor increase in assumed withdrawals for males and females. Lower rates of disability. Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study. Minor changes to form of payment assumptions for male and female retirees. Minor changes to assumptions made with respect to missing participant data.

2023 - The investment return and single discount rates were changed from 6.5 percent to 7.0 percent.

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

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, 2024

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

Changes in Plan Provisions

2024 - The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

2023 - An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023. The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service. The benefit increase delay for early retirements on or after January 1, 2024 was eliminated. A one-time non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 - There were no changes in plan provisions since the previous valuation.

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 4.0 percent to 3.0 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.0 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 1.0 percent per year with a provision to increase to 2.5 percent upon attainment of 90.0 percent funding ratio to 50.0 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 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, 2024

Schedule of Employer's Share of PERA Net Pension Liability - 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
6/30/2024	0.1586 %	\$ 2,085,999	\$ 79,517	\$ 2,165,516	\$ 2,195,611	95.0 %	87.0 %
6/30/2023	0.1663	2,871,785	115,678	2,987,463	2,104,185	136.5	86.5
6/30/2022	0.1615	7,027,842	307,097	7,334,939	2,041,857	344.2	70.5
6/30/2021	0.1519	1,172,507	52,736	1,225,243	1,795,809	65.3	93.7
6/30/2020	0.1543	2,033,839	-	2,033,839	1,742,264	116.7	87.2
6/30/2019	0.1672	1,780,013	-	1,780,013	1,764,991	100.9	89.3
6/30/2018	0.1631	1,738,478	-	1,738,478	1,719,323	101.1	88.8
6/30/2017	0.1580	2,133,188	-	2,133,188	1,621,218	131.6	85.4
6/30/2016	0.1590	6,380,947	-	6,380,947	1,531,607	416.6	63.9
6/30/2015	0.1630	1,852,061	-	1,852,061	1,454,371	127.3	86.6

Schedule of Employer's PERA Contributions - 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)
12/31/2024	\$ 400,746	\$ 400,746	\$ -	\$ 2,264,101	17.70 %
12/31/2023	380,335	380,335	-	2,148,788	17.70
12/31/2022	359,318	359,318	-	2,030,045	17.70
12/31/2021	336,868	336,868	-	1,903,212	17.70
12/31/2020	322,455	322,455	-	1,821,781	17.70
12/31/2019	296,227	296,227	-	1,747,653	16.95
12/31/2018	284,969	284,969	-	1,759,067	16.20
12/31/2017	270,509	270,509	-	1,669,810	16.20
12/31/2016	256,640	256,640	-	1,584,198	16.20
12/31/2015	240,427	240,427	-	1,484,116	16.20

City of Hutchinson, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2024

Notes to the Required Supplementary Information - Police and Fire Fund

Changes in Actuarial Assumptions

2024 - There were no changes in actuarial assumptions since the previous valuation.

2023 - The investment return assumption was changed from 6.5 percent to 7.0 percent. The single discount rate changed from 5.4 percent to 7.0 percent.

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021. The single discount rate changed from 6.50 percent to 5.40 percent.

2021 - The investment return and single discount rates were changed from 7.5 percent to 6.5 percent, for financial reporting purposes. The inflation assumption was changed from 2.5 percent to 2.25 percent. The payroll growth assumption was changed from 3.25 percent to 3.0 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 60.0 percent to 70.0 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 1.0 percent for all years to 1.0 percent per year through 2064 and 2.5 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 2.5 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

City of Hutchinson, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2024

Notes to the Required Supplementary Information - Police and Fire Fund (Continued)

Changes in Plan Provisions

2024 - The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90.0 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90.0 percent funded status for one year. The additional \$9.0 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

2023 - An additional one-time direct state aid contribution of \$19.4 million will be contributed to the Plan on October 1, 2023. The vesting requirement for new hires after June 30, 2014 was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years increasing incrementally to 100 percent after 10 years. A one-time non-compounding benefit increase of 3.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024. Psychological treatment is required effective July 1, 2023 prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation. The total and permanent duty disability was increased, effective July 1, 2023.

2022 - There were no changes in plan provisions since the previous valuation.

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 million state contribution. New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier. Member contributions were changed from 10.8 percent to 11.3 percent of pay, effective January 1, 2019 and 11.8 percent of pay, effective January 1, 2020. Employer contributions were changed from 16.2 percent to 16.95 percent of pay, effective January 1, 2019 and 17.7 percent of pay, effective January 1, 2020. Interest credited on member contributions decreased from 4.0 percent to 3.0 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.0 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 30.0 percent for vested and non-vested, deferred members. The CSA has been changed to 33.0 percent for vested members and 2.0 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 65.0 percent to 60.0 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 1.0 percent for all years to 1.0 percent per year through 2064 and 2.5 percent thereafter. The single discount rate was changed from 5.6 percent per annum to 7.5 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, 2024

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 45,442	\$ 44,334	\$ 52,603	\$ 51,445	\$ 37,705	\$ 39,252	\$ 33,093	\$ 32,207	\$ 31,267	\$ 37,483
Interest	131,499	132,734	131,599	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	42,790	-	71,965	-	15,323	-	(53,618)	-	23,647	-
Changes of assumptions	(160,085)	-	48,330	-	140,688	(72,427)	240,542	-	114,838	(200,047)
Benefit payments	(243,168)	(160,254)	(161,093)	(552,680)	(177,560)	(178,718)	(180,382)	(182,707)	(176,770)	(156,240)
Net Change in Total Pension Liability	(183,522)	16,814	143,404	(360,633)	136,947	(59,314)	198,743	7,958	302,741	(115,639)
Total Pension Liability - January 1	2,580,879	2,564,065	2,420,661	2,781,294	2,644,347	2,703,661	2,504,918	2,496,960	2,194,219	2,309,858
Total Pension Liability - December 31 (A)	\$ 2,397,357	\$ 2,580,879	\$ 2,564,065	\$ 2,420,661	\$ 2,781,294	\$ 2,644,347	\$ 2,703,661	\$ 2,504,918	\$ 2,496,960	\$ 2,194,219
Plan Fiduciary Net Position										
Contributions - State and local	\$ 162,393	\$ 144,926	\$ 130,954	\$ 122,893	\$ 117,030	\$ 111,162	\$ 109,292	\$ 108,253	\$ 106,662	\$ 106,989
Contributions - employer	75,000	75,000	76,275	81,259	75,236	83,074	75,000	75,000	75,000	96,664
Projected investment return	327,835	358,874	(376,960)	322,787	243,347	377,486	(83,675)	264,914	165,615	(54,069)
Benefit payments, including refunds of employee contributions	(243,168)	(160,254)	(161,093)	(552,680)	(177,560)	(178,718)	(180,382)	(182,707)	(176,770)	(156,240)
Administrative expense	(22,615)	(24,851)	(11,526)	(20,198)	(19,969)	(20,740)	(14,379)	(17,714)	(16,414)	(19,904)
Other	-	-	-	-	-	-	-	-	(1,534)	-
Net Change in Plan Fiduciary Net Position	299,445	393,695	(342,350)	(45,939)	238,084	372,264	(94,144)	247,746	152,559	(26,560)
Plan Fiduciary Net Position - January 1	2,843,755	2,450,060	2,792,410	2,838,349	2,600,265	2,228,001	2,322,145	2,074,399	1,921,840	1,948,400
Plan Fiduciary Net Position - December 31 (B)	\$ 3,143,200	\$ 2,843,755	\$ 2,450,060	\$ 2,792,410	\$ 2,838,349	\$ 2,600,265	\$ 2,228,001	\$ 2,322,145	\$ 2,074,399	\$ 1,921,840
Fire Relief's Net Pension Liability (Asset) - December 31 (A-B)	\$ (745,843)	\$ (262,876)	\$ 114,005	\$ (371,749)	\$ (57,055)	\$ 44,082	\$ 475,660	\$ 182,773	\$ 422,561	\$ 272,379
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (B/A)	131.11%	110.19%	95.55%	115.36%	102.05%	98.33%	82.41%	92.70%	83.08%	87.59%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A	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

2024 - There were no changes in benefits since the previous valuation.

2023 - There were no changes in benefits since the previous valuation.

2022 - There were no changes in benefits since the previous valuation.

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.

City of Hutchinson, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2024

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

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.

Changes in Assumptions

2024 – The expected investment return and discount rate increased from 5.25% to 6.00% to reflect updated capital market assumptions.

2023 - There were no changes in assumptions since the previous valuation.

2022 - The expected investment return and discount rate decreased from 5.50 percent to 5.25 percent to reflect updated capital market assumptions. The mortality assumptions were updated from the rates used in the July 1, 2020 Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the July 1, 2022 Minnesota PERA Police & Fire Plan actuarial valuation. The inflation assumption decreased from 2.25 percent to 2.50 percent.

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.

City of Hutchinson, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2024

Schedule of Employer's Fire Relief Association Contributions

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/24	\$ 237,393	\$ 237,393	\$ -
12/31/23	219,926	219,926	-
12/31/22	207,229	207,229	-
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)

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

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	\$ 32,895	\$ 33,173	\$ 58,977	\$ 56,316	\$ 52,612	\$ 52,767	\$ 56,111
Interest	21,889	15,699	16,271	31,131	30,427	27,430	25,975
Changes in benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(42,280)	(182,122)	(25,876)	(142,260)	(10,484)	(48,475)	-
Changes in assumptions	8,835	(78,474)	(2,021)	56,000	11,924	(30,750)	4,199
Benefit payments	(22,745)	(47,214)	(36,673)	(46,944)	(31,476)	(26,943)	(23,931)
Net Change in Total OPEB Liability	(1,406)	(258,938)	10,678	(45,757)	53,003	(25,971)	62,354
Total OPEB Liability - Beginning	524,533	783,471	772,793	818,550	765,547	791,518	729,164
Total OPEB Liability - Ending	<u>\$ 523,127</u>	<u>\$ 524,533</u>	<u>\$ 783,471</u>	<u>\$ 772,793</u>	<u>\$ 818,550</u>	<u>\$ 765,547</u>	<u>\$ 791,518</u>
Covered-Employee Payroll	\$ 8,374,092	\$ 8,130,186	\$ 7,909,611	\$ 7,679,234	\$ 7,775,549	\$ 7,549,077	\$ 11,238,479
City's Total OPEB Liability as a Percentage of Covered-Employee Payroll	6.25 %	6.45 %	9.91 %	10.06 %	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

2024 - There were no changes in plan provisions since the previous valuation.

2023 - 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, 2024

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

2022 - There were no changes in plan provisions since the previous valuation.

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.

Changes in Assumptions

2024 - The health care trend rates were changed to better anticipate short term and long term medical increases.

2023 - The health care trend rates were changed to better anticipate short term and long term medical increases. The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale. The inflation rate was changed from 2.00% to 2.50%. The retirement, withdrawal, and salary increase rates for public safety employees were updated to reflect the latest experience study. The discount rate was changed from 2.00% to 4.00%. These changes decreased the liability \$65,565.

2022 - The discount rate was changed from 2.00 percent to 1.84 percent based on the updated 20-year municipal bond rates for the PUC plan.

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, 2024

City of Hutchinson, Minnesota
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2024

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Debt Service	Total
Assets				
Cash and investments	\$ 2,780,089	\$ 6,938,843	\$ 3,999,141	\$ 13,718,073
Receivables				
Interest	14,606	34,416	-	49,022
Accounts	5,164	17,984	-	23,148
Notes	643,972	-	-	643,972
Delinquent special assessments	-	34,082	9,357	43,439
Noncurrent special assessments	-	627,455	1,147,212	1,774,667
Intergovernmental	16,973	316,838	6,912	340,723
Due from other funds	7,312	-	-	7,312
Advances to other funds	345,601	356,613	436,261	1,138,475
Total Assets	\$ 3,813,717	\$ 8,326,231	\$ 5,598,883	\$ 17,738,831
Liabilities				
Accounts payable	\$ 146,287	\$ 594,645	\$ 3,250	\$ 744,182
Contracts payable	-	51,528	-	51,528
Due to other funds	7,312	400,000	-	407,312
Advances from other funds	781,862	356,613	-	1,138,475
Due to other governments	10	37	-	47
Accrued salaries payable	14,740	-	-	14,740
Total Liabilities	950,211	1,402,823	3,250	2,356,284
Deferred Inflows of Resources				
Unavailable revenue				
Loan interest receivable	21,028	-	-	21,028
Special assessments	-	661,537	1,156,569	1,818,106
Interest receivable	-	-	33,641	33,641
Total Deferred Inflows of Resources	21,028	661,537	1,190,210	1,872,775
Fund Balances				
Restricted	2,456,383	583,418	4,405,423	7,445,224
Committed	1,162,388	443,459	-	1,605,847
Assigned	-	5,750,955	-	5,750,955
Unassigned	(776,293)	(515,961)	-	(1,292,254)
Total Fund Balances	2,842,478	6,261,871	4,405,423	13,509,772
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,813,717	\$ 8,326,231	\$ 5,598,883	\$ 17,738,831

City of Hutchinson, Minnesota
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2024

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Debt Service	Total
Revenues				
Taxes				
Property taxes	\$ -	\$ 3,531	\$ 2,477,487	\$ 2,481,018
Tax increment district taxes	376,518	-	-	376,518
Special assessments	-	96,043	350,914	446,957
Intergovernmental				
Federal				
Other	-	126,636	-	126,636
Airport aid	-	418,307	-	418,307
State				
Local government aid	-	1,548,962	-	1,548,962
Street maintenance and construction aid	104,102	-	-	104,102
Other	2,500	198,026	-	200,526
County				
County shared aids	104,102	-	-	104,102
Local				
Other	-	27,250	-	27,250
Charges for services				
Public safety	160,000	-	-	160,000
Streets and highways	323,286	-	-	323,286
Housing and economic development	39,327	-	-	39,327
Miscellaneous	-	15,360	-	15,360
Investment earnings	121,233	300,829	95,239	517,301
Miscellaneous				
Contributions and donations	1,810	218,643	-	220,453
Loan interest	10,187	-	-	10,187
Refunds and reimbursements	50,613	43,692	-	94,305
Other	915	70,002	-	70,917
Total Revenues	<u>1,294,593</u>	<u>3,067,281</u>	<u>2,923,640</u>	<u>7,285,514</u>
Expenditures				
Current				
Public safety	156,805	-	-	156,805
Streets and highways	607,422	-	-	607,422
Culture and recreation	180,546	-	-	180,546
Housing and economic development	516,185	-	-	516,185
Capital outlay				
General government	-	303,031	-	303,031
Public safety	17,292	844,888	-	862,180
Streets and highways	11,995	4,291,306	-	4,303,301
Culture and recreation	11,933	1,707,203	-	1,719,136
Housing and economic development	52,967	-	-	52,967
Miscellaneous	-	97,547	-	97,547
Debt service				
Principal	-	-	2,010,000	2,010,000
Interest and other	26,140	12,316	826,715	865,171
Bond issuance costs	-	79,372	-	79,372
Total Expenditures	<u>1,581,285</u>	<u>7,335,663</u>	<u>2,836,715</u>	<u>11,753,663</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(286,692)</u>	<u>(4,268,382)</u>	<u>86,925</u>	<u>(4,468,149)</u>
Other Financing Sources (Uses)				
Sale of capital assets	1,750	657,210	-	658,960
Transfers in	172,031	2,407,535	5,202	2,584,768
Bonds issued	-	2,075,000	-	2,075,000
Premium on bonds issued	-	177,344	-	177,344
Transfers out	(58,202)	(982,633)	-	(1,040,835)
Total Other Financing Sources (Uses)	<u>115,579</u>	<u>4,334,456</u>	<u>5,202</u>	<u>4,455,237</u>
Net Change in Fund Balances	(171,113)	66,074	92,127	(12,912)
Fund Balances, January 1	<u>3,013,591</u>	<u>6,195,797</u>	<u>4,313,296</u>	<u>13,522,684</u>
Fund Balances, December 31	<u>\$ 2,842,478</u>	<u>\$ 6,261,871</u>	<u>\$ 4,405,423</u>	<u>\$ 13,509,772</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

Nonmajor Proprietary Funds

December 31, 2024

	Business-type Activities - Enterprise Funds				
	603	651	652	609	
	Refuse	Composting	Storm Water	Municipal Liquor Store	Total
Assets					
Current Assets					
Cash and investments	\$ 777,718	\$ 2,403,501	\$ 1,189,512	\$ 672,032	\$ 5,042,763
Receivables					
Interest	4,588	12,667	6,231	-	23,486
Accounts	131,098	127,967	19,873	41,876	320,814
Intergovernmental	136,583	34,147	-	-	170,730
Inventories	-	1,511,167	-	762,225	2,273,392
Prepaid items	-	1,500	-	3,746	5,246
Total Current Assets	1,049,987	4,090,949	1,215,616	1,479,879	7,836,431
Noncurrent Assets					
Capital assets					
Land	10,913	400,608	387,063	308,072	1,106,656
Buildings and structures	2,416,970	99,100	-	1,631,037	4,147,107
Infrastructure and improvements	1,090,916	708,696	8,543,541	236,718	10,579,871
Machinery and equipment	1,749,508	3,436,610	174,691	140,171	5,500,980
Automotive equipment	45,938	419,380	353,394	-	818,712
Construction in progress	-	7,748	-	-	7,748
Less accumulated depreciation	(3,161,257)	(3,240,358)	(2,455,759)	(1,417,791)	(10,275,165)
Total Capital Assets	2,152,988	1,831,784	7,002,930	898,207	11,885,909
(Net of Accumulated Depreciation)					
Total Assets	3,202,975	5,922,733	8,218,546	2,378,086	19,722,340
Deferred Outflows of Resources					
Deferred pension resources	19,622	40,156	15,314	60,316	135,408
Deferred other postemployment benefit resources	434	3,902	1,301	2,168	7,805
Total Deferred Outflows of Resources	20,056	44,058	16,615	62,484	143,213
Liabilities					
Current Liabilities					
Accounts payable	\$ 126,364	\$ 92,449	\$ 25,418	\$ 206,938	\$ 451,169
Due to other governments	11,336	8	-	86,914	98,258
Accrued interest payable	-	1,429	12,054	-	13,483
Accrued salaries payable	7,068	17,965	5,576	23,662	54,271
Accrued vacation payable	9,012	56,321	10,875	53,369	129,577
Other postemployment benefit liability	398	1,039	468	662	2,567
Current portion of debt	-	71,666	160,000	-	231,666
Total Current Liabilities	154,178	240,877	214,391	371,545	980,991
Noncurrent Liabilities					
Accrued vacation payable	828	14,808	-	16,959	32,595
Other postemployment benefit liability	3,954	38,131	12,589	21,099	75,773
Net pension liability	100,338	200,001	76,214	307,689	684,242
Financed purchase arrangements and notes payable	-	71,666	-	-	71,666
Bonds payable	-	-	872,611	-	872,611
Less current portion of debt	-	(71,666)	(160,000)	-	(231,666)
Total Noncurrent Liabilities	105,120	252,940	801,414	345,747	1,505,221
Total Liabilities	259,298	493,817	1,015,805	717,292	2,486,212
Deferred Inflows of Resources					
Deferred pension resources	76,859	161,177	61,508	236,804	536,348
Deferred other post employment benefit resources	2,554	22,982	7,661	12,768	45,965
Total Deferred Inflows of Resources	79,413	184,159	69,169	249,572	582,313
Net Position					
Net investment in capital assets	2,152,988	1,760,118	6,130,319	898,207	10,941,632
Unrestricted	731,332	3,528,697	1,019,868	575,499	5,855,396
Total Net Position	\$ 2,884,320	\$ 5,288,815	\$ 7,150,187	\$ 1,473,706	\$ 16,797,028

City of Hutchinson, Minnesota
Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Proprietary Funds
For the Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds				
	603	651	652	609	
	Refuse	Composting	Storm Water	Municipal Liquor Store	Total
Operating Revenues					
Sales	\$ -	\$ 2,650,542	\$ -	\$ 7,729,489	\$ 10,380,031
Cost of sales	-	(1,697,874)	-	(5,905,792)	(7,603,666)
Gross Profit	-	952,668	-	1,823,697	2,776,365
Charges for services	1,428,329	-	1,114,977	-	2,543,306
Penalties	10,535	-	-	-	10,535
Other operating revenue	11,941	13,258	8,944	26,366	60,509
Total Operating Revenues	1,450,805	965,926	1,123,921	1,850,063	5,390,715
Operating Expenses					
Personal services	364,059	518,155	268,352	935,618	2,086,184
Supplies and maintenance	45,465	17,031	216,181	27,986	306,663
Other services and charges	967,598	245,811	51,630	130,205	1,395,244
Depreciation	208,316	138,632	270,486	60,043	677,477
Total Operating Expenses	1,585,438	919,629	806,649	1,153,852	4,465,568
Operating Income (Loss)	(134,633)	46,297	317,272	696,211	925,147
Nonoperating Revenues (Expenses)					
Intergovernmental	149,529	6,800	59,120	-	215,449
Interest earnings	62,364	96,608	47,517	1,401	207,890
Interest expense - bonds	-	(2,836)	(29,921)	-	(32,757)
Bond premium amortization	-	-	5,653	-	5,653
Total Nonoperating Revenues (Expenses)	211,893	100,572	82,369	1,401	396,235
Income Before Contributions and Transfers	77,260	146,869	399,641	697,612	1,321,382
Capital Contributions From Other Funds	-	-	502,730	-	502,730
Transfers Out	(55,000)	(120,000)	(186,879)	(550,000)	(911,879)
Change in Net Position	22,260	26,869	715,492	147,612	912,233
Net Position, January 1	2,862,060	5,261,946	6,434,695	1,326,094	15,884,795
Net Position, December 31	<u>\$ 2,884,320</u>	<u>\$ 5,288,815</u>	<u>\$ 7,150,187</u>	<u>\$ 1,473,706</u>	<u>\$ 16,797,028</u>

City of Hutchinson, Minnesota
Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended December 31, 2024

	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	\$ 1,308,852	\$ 2,760,621	\$ 1,123,903	\$ 7,809,514	\$ 13,002,890
Payments to vendors and suppliers	(974,797)	(1,640,371)	(262,171)	(6,157,108)	(9,034,447)
Payments to or on behalf of employees	(342,213)	(550,496)	(288,742)	(933,059)	(2,114,510)
Net Cash Provided by Operating Activities	(8,158)	569,754	572,990	719,347	1,853,933
Cash Flows from Noncapital Financing Activities					
Transfers out	(55,000)	(120,000)	(186,879)	(550,000)	(911,879)
Grants received	149,529	6,800	59,120		215,449
Net Cash Used by Noncapital Financing Activities	94,529	(113,200)	(127,759)	(550,000)	(696,430)
Cash Flows from Capital and Related Financing Activities					
Acquisition of capital assets	(1,017,934)	(62,269)	(97,788)	(82,075)	(1,260,066)
Principal paid on long-term debt	-	(69,585)	(155,000)	-	(224,585)
Interest paid on long-term debt	-	(4,223)	(32,505)	-	(36,728)
Net Cash Used by Capital and Related Financing Activities	(1,017,934)	(136,077)	(285,293)	(82,075)	(1,521,379)
Cash Flows from Investing Activities					
Interest received on investments	66,097	92,953	45,702	1,401	206,153
Net Increase (Decrease) in Cash and Cash Equivalents	(865,466)	413,430	205,640	88,673	(157,723)
Cash and Cash Equivalents, January 1	1,643,184	1,990,071	983,872	583,359	5,200,486
Cash and Cash Equivalents, December 31	\$ 777,718	\$ 2,403,501	\$ 1,189,512	\$ 672,032	\$ 5,042,763
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	\$ (134,633)	\$ 46,297	\$ 317,272	\$ 696,211	\$ 925,147
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	208,316	138,632	270,486	60,043	677,477
Depletion	-	146,848	-	-	146,848
(Increase) decrease in assets					
Accounts receivable	(8,492)	40,257	12	53,659	85,436
Due from other governments	(133,408)	56,564	-	-	(76,844)
Inventories	-	186,470	-	(19,113)	167,357
Prepaid items	1,056	(444)	-	(207)	405
(Increase) decrease in deferred outflows of resources					
Deferred pension resources	14,555	53,993	20,364	65,292	154,204
Deferred other postemployment benefit resources	12	(783)	36	60	(675)
Increase (decrease) in liabilities					
Accounts payable	36,596	(11,896)	5,640	(71,933)	(41,593)
Due to other governments	614	(633)	-	(1,872)	(1,891)
Accrued salaries payable	2,247	5,380	1,077	8,323	17,027
Accrued vacation payable	4,199	16,192	3,134	32,801	56,326
Other postemployment benefit liability	249	10,446	746	1,244	12,685
Pension liability	(31,714)	(157,852)	(59,297)	(177,407)	(426,270)
Deposits payable	(53)	-	(30)		(83)
Increase (decrease) in deferred inflows of resources					
Deferred pension resources	32,864	39,144	15,251	75,081	162,340
Deferred other postemployment benefit resources	(566)	1,139	(1,701)	(2,835)	(3,963)
Net Cash Provided by Operating Activities	\$ (8,158)	\$ 569,754	\$ 572,990	\$ 719,347	\$ 1,853,933
Schedule of Noncash Investing, Capital and Financing Activities					
Capital contributions from other funds	\$ -	\$ -	\$ 502,730	\$ -	\$ 502,730
Amortization of bond (premium) discount	\$ -	\$ -	\$ (5,653)	\$ -	\$ (5,653)

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.

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.

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.

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.

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.

Tax Increment Fund #4-23 RD Machine Expansion: This fund includes TIF district 23.

Tax Increment Fund #4-24 Work Horse Develop: This fund includes a proposed development project.

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

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

City of Hutchinson, Minnesota
Nonmajor Special Revenue Funds
Combining Balance Sheet (Continued on the Following Pages)
December 31, 2024

	225	226	231	232	233/234/235
	Rural Fire Department	Hutchinson Area Transportation Facility	Economic Development Loan	Energy Loan	Minnesota Investment
Assets					
Cash and investments	\$ 57,076	\$ 683,218	\$ 220,079	\$ 341,643	\$ 7,990
Receivables					
Interest	247	3,614	1,068	1,869	44
Accounts	-	5,164	-	-	-
Notes	-	-	64,966	401,741	2,388
Intergovernmental	-	16,973	-	-	-
Due from other funds	-	-	-	7,312	-
Advance to other funds	-	-	195,601	150,000	-
Total Assets	\$ 57,323	\$ 708,969	\$ 481,714	\$ 902,565	\$ 10,422
Liabilities					
Accounts payable	\$ 6,179	\$ 39,271	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Due to other governments	-	10	-	-	-
Advances from other funds	-	-	-	-	-
Accrued salaries payable	13,874	866	-	-	-
Total Liabilities	20,053	40,147	-	-	-
Deferred Inflows of Resources					
Unavailable revenue					
Loan interest receivable	-	-	315	20,713	-
Fund Balances					
Restricted	37,270	-	481,399	881,852	10,422
Committed	-	668,822	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	37,270	668,822	481,399	881,852	10,422
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 57,323	\$ 708,969	\$ 481,714	\$ 902,565	\$ 10,422

239	240	241	250	258
Hutchinson Enterprise Center	HRA Loan	Housing Rehabilitation Grant	Tax Increment	Tax Increment 2016
\$ 11,104	\$ 89,299	\$ 308,757	\$ 147,585	\$ 4,691
74	485	1,677	787	-
-	-	-	-	-
-	-	174,877	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 11,178</u>	<u>\$ 89,784</u>	<u>\$ 485,311</u>	<u>\$ 148,372</u>	<u>\$ 4,691</u>
\$ 4,535	\$ -	\$ -	\$ 5,150	\$ -
-	-	-	-	7,312
-	-	-	-	-
187,501	-	-	-	474,006
-	-	-	-	-
<u>192,036</u>	<u>-</u>	<u>-</u>	<u>5,150</u>	<u>481,318</u>
-	-	-	-	-
-	89,784	485,311	143,222	-
-	-	-	-	-
(180,858)	-	-	-	(476,627)
<u>(180,858)</u>	<u>89,784</u>	<u>485,311</u>	<u>143,222</u>	<u>(476,627)</u>
<u>\$ 11,178</u>	<u>\$ 89,784</u>	<u>\$ 485,311</u>	<u>\$ 148,372</u>	<u>\$ 4,691</u>

City of Hutchinson, Minnesota
Nonmajor Special Revenue Funds
Combining Balance Sheet (Continued)
December 31, 2024

	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
Assets					
Cash and investments	\$ 1,539	\$ 74,286	\$ 5,276	\$ 4,934	\$ 3,282
Receivables					
Interest	8	237	29	27	18
Accounts	-	-	-	-	-
Notes	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Due from other funds	-	-	-	-	-
Advance to other funds	-	-	-	-	-
Total Assets	\$ 1,547	\$ 74,523	\$ 5,305	\$ 4,961	\$ 3,300
Liabilities					
Accounts payable	\$ -	\$ 61,405	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Advances from other funds	106,471	-	-	-	-
Accrued salaries payable	-	-	-	-	-
Total Liabilities	106,471	61,405	-	-	-
Deferred Inflows of Resources					
Unavailable revenue					
Loan interest receivable	-	-	-	-	-
Fund Balances					
Restricted	-	13,118	5,305	4,961	3,300
Committed	-	-	-	-	-
Unassigned	(104,924)	-	-	-	-
Total Fund Balances	(104,924)	13,118	5,305	4,961	3,300
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,547	\$ 74,523	\$ 5,305	\$ 4,961	\$ 3,300

264	265	266	270	275	
TIF #4-22 Jorgenson Hotel	TIF #4-23 RD Machine Expansion	TIF #4-24 Work Horse Develop	Public Sites	Tree Disease Mitigation	Total
\$ -	\$ -	\$ 5,000	\$ 367,298	\$ 447,032	\$ 2,780,089
-	-	-	1,994	2,428	14,606
-	-	-	-	-	5,164
-	-	-	-	-	643,972
-	-	-	-	-	16,973
-	-	-	-	-	7,312
-	-	-	-	-	345,601
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 369,292</u>	<u>\$ 449,460</u>	<u>\$ 3,813,717</u>
\$ -	\$ -	\$ 1,169	\$ -	\$ 28,578	\$ 146,287
-	-	-	-	-	7,312
-	-	-	-	-	10
5,784	8,100	-	-	-	781,862
-	-	-	-	-	14,740
<u>5,784</u>	<u>8,100</u>	<u>1,169</u>	<u>-</u>	<u>28,578</u>	<u>950,211</u>
-	-	-	-	-	21,028
-	-	3,831	296,608	-	2,456,383
-	-	-	72,684	420,882	1,162,388
(5,784)	(8,100)	-	-	-	(776,293)
<u>(5,784)</u>	<u>(8,100)</u>	<u>3,831</u>	<u>369,292</u>	<u>420,882</u>	<u>2,842,478</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 369,292</u>	<u>\$ 449,460</u>	<u>\$ 3,813,717</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, 2024

	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					
State					
Street maintenance aid	-	104,102	-	-	-
Other	2,500	-	-	-	-
County					
County shared aids	-	104,102	-	-	-
Charges for services					
Public safety	160,000	-	-	-	-
Streets and highways	-	323,286	-	-	-
Housing and economic development	-	-	-	-	-
Investment earnings	1,416	25,201	12,835	17,863	375
Miscellaneous					
Contributions and donations	-	-	-	-	-
Loan interest	-	-	2,951	7,236	-
Refunds and reimbursements	13,155	24,922	-	1,536	-
Other	-	-	-	-	-
Total Revenues	<u>177,071</u>	<u>581,613</u>	<u>15,786</u>	<u>26,635</u>	<u>375</u>
Expenditures					
Current					
Public safety	156,805	-	-	-	-
Streets and highways	-	607,422	-	-	-
Culture and recreation	-	-	-	-	-
Housing and economic development	-	-	-	-	8,455
Capital outlay					
Public safety	17,292	-	-	-	-
Streets and highways	-	11,995	-	-	-
Culture and recreation	-	-	-	-	-
Housing and economic development	-	-	52,967	-	-
Debt service					
Interest and other	-	-	-	-	-
Total Expenditures	<u>174,097</u>	<u>619,417</u>	<u>52,967</u>	<u>-</u>	<u>8,455</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,974</u>	<u>(37,804)</u>	<u>(37,181)</u>	<u>26,635</u>	<u>(8,080)</u>
Other Financing Sources (Uses)					
Sale of capital assets	1,750	-	-	-	-
Transfers in	-	117,031	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,750</u>	<u>117,031</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	4,724	79,227	(37,181)	26,635	(8,080)
Fund Balances, January 1	<u>32,546</u>	<u>589,595</u>	<u>518,580</u>	<u>855,217</u>	<u>18,502</u>
Fund Balances, December 31	<u>\$ 37,270</u>	<u>\$ 668,822</u>	<u>\$ 481,399</u>	<u>\$ 881,852</u>	<u>\$ 10,422</u>

239	240	241	250	258
Hutchinson Enterprise Center	HRA Loan	Housing Rehabilitation Grant	Tax Increment	Tax Increment 2016
\$ -	\$ -	\$ -	\$ 57,147	\$ 2,508
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
33,387	-	-	-	-
1,518	3,607	11,948	7,039	21
-	-	-	-	-
-	-	-	-	-
4,000	-	-	-	-
-	-	-	-	-
<u>38,905</u>	<u>3,607</u>	<u>11,948</u>	<u>64,186</u>	<u>2,529</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
48,738	-	106,272	108,062	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
4,033	-	-	-	17,096
<u>52,771</u>	<u>-</u>	<u>106,272</u>	<u>108,062</u>	<u>17,096</u>
<u>(13,866)</u>	<u>3,607</u>	<u>(94,324)</u>	<u>(43,876)</u>	<u>(14,567)</u>
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(13,866)	3,607	(94,324)	(43,876)	(14,567)
<u>(166,992)</u>	<u>86,177</u>	<u>579,635</u>	<u>187,098</u>	<u>(462,060)</u>
<u>\$ (180,858)</u>	<u>\$ 89,784</u>	<u>\$ 485,311</u>	<u>\$ 143,222</u>	<u>\$ (476,627)</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, 2024

	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	\$ 12,020	\$ 126,607	\$ 52,025	\$ 71,839	\$ 54,372
Intergovernmental					
State					
Street maintenance aid	-	-	-	-	-
Other	-	-	-	-	-
County					
County shared aids	-	-	-	-	-
Charges for services					
Public safety	-	-	-	-	-
Streets and highways	-	-	-	-	-
Housing and economic development	-	-	-	-	-
Investment earnings	204	954	312	405	848
Miscellaneous					
Contributions and donations	-	-	-	-	-
Loan interest	-	-	-	-	-
Refunds and reimbursements	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	<u>12,224</u>	<u>127,561</u>	<u>52,337</u>	<u>72,244</u>	<u>55,220</u>
Expenditures					
Current					
Public safety	-	-	-	-	-
Streets and highways	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Housing and economic development	1,282	124,991	45,803	69,829	1,282
Capital outlay					
Public safety	-	-	-	-	-
Streets and highways	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Housing and economic development	-	-	-	-	-
Debt service					
Interest and other	4,499	-	-	-	-
Total Expenditures	<u>5,781</u>	<u>124,991</u>	<u>45,803</u>	<u>69,829</u>	<u>1,282</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,443</u>	<u>2,570</u>	<u>6,534</u>	<u>2,415</u>	<u>53,938</u>
Other Financing Sources (Uses)					
Sale of capital assets	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	(5,202)	-	(53,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(5,202)</u>	<u>-</u>	<u>(53,000)</u>
Net Change in Fund Balances	6,443	2,570	1,332	2,415	938
Fund Balances, January 1	<u>(111,367)</u>	<u>10,548</u>	<u>3,973</u>	<u>2,546</u>	<u>2,362</u>
Fund Balances, December 31	<u>\$ (104,924)</u>	<u>\$ 13,118</u>	<u>\$ 5,305</u>	<u>\$ 4,961</u>	<u>\$ 3,300</u>

264	265	266	270	275	
TIF #4-22 Jorgenson Hotel	TIF #4-23 RD Machine Expansion	TIF #4-24 Work Horse Develop	Public Sites	Tree Disease Mitigation	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 376,518
-	-	-	-	-	104,102
-	-	-	-	-	2,500
-	-	-	-	-	104,102
-	-	-	-	-	160,000
-	-	-	-	-	323,286
-	-	-	5,940	-	39,327
-	-	-	15,079	21,608	121,233
-	-	-	1,810	-	1,810
-	-	-	-	-	10,187
-	-	5,000	2,000	-	50,613
-	-	-	915	-	915
-	-	5,000	25,744	21,608	1,294,593
-	-	-	-	-	156,805
-	-	-	-	-	607,422
-	-	-	4,210	176,336	180,546
-	302	1,169	-	-	516,185
-	-	-	-	-	17,292
-	-	-	-	-	11,995
-	-	-	11,933	-	11,933
-	-	-	-	-	52,967
214	298	-	-	-	26,140
214	600	1,169	16,143	176,336	1,581,285
(214)	(600)	3,831	9,601	(154,728)	(286,692)
-	-	-	-	-	1,750
-	-	-	-	55,000	172,031
-	-	-	-	-	(58,202)
-	-	-	-	55,000	115,579
(214)	(600)	3,831	9,601	(99,728)	(171,113)
(5,570)	(7,500)	-	359,691	520,610	3,013,591
\$ (5,784)	\$ (8,100)	\$ 3,831	\$ 369,292	\$ 420,882	\$ 2,842,478

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, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

		2024		2023
	Original and Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Intergovernmental				
State				
Other	\$ -	\$ 2,500	\$ 2,500	\$ -
Charges for services				
Public safety	160,000	160,000	-	160,000
Investment earnings	200	1,416	1,216	1,402
Miscellaneous				
Refunds and reimbursements	17,293	13,155	(4,138)	5,628
Other	-	-	-	1,420
Total Revenues	<u>177,493</u>	<u>177,071</u>	<u>(422)</u>	<u>168,450</u>
Expenditures				
Current				
Public safety				
Rural fire department				
Personal services	102,371	103,101	(730)	105,665
Supplies	32,550	30,137	2,413	28,535
Other services and charges	26,676	23,567	3,109	22,979
Capital outlay				
Public safety				
Rural fire department	17,293	17,292	1	-
Total Expenditures	<u>178,890</u>	<u>174,097</u>	<u>4,793</u>	<u>157,179</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,397)	2,974	4,371	11,271
Other Financing Sources (Uses)				
Sale of capital assets	-	1,750	1,750	-
Net Change in Fund Balances	(1,397)	4,724	6,121	11,271
Fund Balances, January 1	<u>32,546</u>	<u>32,546</u>	<u>-</u>	<u>21,275</u>
Fund Balances, December 31	<u>\$ 31,149</u>	<u>\$ 37,270</u>	<u>\$ 6,121</u>	<u>\$ 32,546</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, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

		2024		2023
	Original and Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Intergovernmental				
State				
Street maintenance aid	\$ 104,102	\$ 104,102	\$ -	\$ 101,070
County				
County shared aids	104,102	104,102	-	101,070
Charges for services				
Streets and highways	363,808	323,286	(40,522)	373,237
Investment earnings	15,000	25,201	10,201	25,472
Miscellaneous				
Refunds and reimbursements	32,000	24,922	(7,078)	26,764
Total Revenues	<u>619,012</u>	<u>581,613</u>	<u>(37,399)</u>	<u>627,613</u>
Expenditures				
Current				
Streets and highways				
Streets and alleys				
Personal services	45,072	49,597	(4,525)	42,886
Supplies	455,145	417,310	37,835	453,728
Other services and charges	188,400	140,515	47,885	161,526
Capital outlay				
Streets and highways				
Streets and alleys	47,426	11,995	35,431	-
Total Expenditures	<u>736,043</u>	<u>619,417</u>	<u>116,626</u>	<u>658,140</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(117,031)	(37,804)	79,227	(30,527)
Other Financing Sources (Uses)				
Transfers in	117,031	117,031	-	113,623
Net Change in Fund Balances	-	79,227	79,227	83,096
Fund Balances, January 1	<u>589,595</u>	<u>589,595</u>	<u>-</u>	<u>506,499</u>
Fund Balances, December 31	<u>\$ 589,595</u>	<u>\$ 668,822</u>	<u>\$ 79,227</u>	<u>\$ 589,595</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, 2024

	401	405	407	408
	Capital Improvement Projects	Equipment Replacement	Community Improvement	Airport Renovation
Assets				
Cash and investments	\$ 3,358,570	\$ 1,047,815	\$ 2,532,458	\$ -
Receivables				
Interest	18,004	5,067	11,345	-
Accounts	17,984	-	-	-
Delinquent special assessments	-	-	34,082	-
Noncurrent special assessments	-	-	627,455	-
Intergovernmental	726	-	100	316,012
Advances to other funds	356,613	-	-	-
	<u>356,613</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u><u>\$ 3,751,897</u></u>	<u><u>\$ 1,052,882</u></u>	<u><u>\$ 3,205,440</u></u>	<u><u>\$ 316,012</u></u>
Liabilities				
Accounts payable	\$ 483,986	\$ 46,048	\$ 11,461	\$ 14,400
Contracts payable	29,318	-	-	-
Due to other funds	-	-	-	400,000
Advances from other funds	-	-	-	356,613
Due to other governments	-	37	-	-
	<u>513,304</u>	<u>46,085</u>	<u>11,461</u>	<u>771,013</u>
Total Liabilities	<u>513,304</u>	<u>46,085</u>	<u>11,461</u>	<u>771,013</u>
Deferred Inflows of Resources				
Unavailable revenue				
Special assessments	-	-	661,537	-
	<u>-</u>	<u>-</u>	<u>661,537</u>	<u>-</u>
Fund Balances				
Restricted	583,418	-	-	-
Committed	-	-	443,459	-
Assigned	2,655,175	1,006,797	2,088,983	-
Unassigned	-	-	-	(455,001)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(455,001)</u>
Total Fund Balances	<u>3,238,593</u>	<u>1,006,797</u>	<u>2,532,442</u>	<u>(455,001)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 3,751,897</u></u>	<u><u>\$ 1,052,882</u></u>	<u><u>\$ 3,205,440</u></u>	<u><u>\$ 316,012</u></u>

443 Special Assessment Improvement 2023	444 Special Assessment Improvement 2024	445 Special Assessment Improvement 2025	496 Police Facility Construction	Total
\$ -	\$ -	\$ -	\$ -	\$ 6,938,843
-	-	-	-	34,416
-	-	-	-	17,984
-	-	-	-	34,082
-	-	-	-	627,455
-	-	-	-	316,838
-	-	-	-	356,613
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,326,231</u>
\$ -	\$ -	\$ 38,750	\$ -	\$ 594,645
-	-	22,210	-	51,528
-	-	-	-	400,000
-	-	-	-	356,613
-	-	-	-	37
-	-	60,960	-	1,402,823
-	-	-	-	661,537
-	-	-	-	583,418
-	-	-	-	443,459
-	-	-	-	5,750,955
-	-	(60,960)	-	(515,961)
-	-	(60,960)	-	6,261,871
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,326,231</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, 2024

	401	405	407	408
	Capital Improvement Projects	Equipment Replacement	Community Improvement	Airport Renovation
Revenues				
Taxes				
Property taxes	\$ 3,531	\$ -	\$ -	\$ -
Special assessments	-	-	96,043	-
Intergovernmental				
Federal				
Airport aid	-	-	-	418,307
Other	126,636	-	-	-
State				
Local government aid	1,498,962	50,000	-	-
Other	68,658	-	101,901	27,467
Local				
Other	25,750	-	1,500	-
Charges for services				
Miscellaneous	-	-	-	15,360
Investment earnings	134,038	32,388	110,763	-
Miscellaneous				
Contributions and donations	218,143	-	500	-
Refunds and reimbursements	16,300	22,213	741	-
Other	70,002	-	-	-
Total Revenues	<u>2,162,020</u>	<u>104,601</u>	<u>311,448</u>	<u>461,134</u>
Expenditures				
Capital outlay				
General government	303,031	-	-	-
Public safety	721,663	5,365	73,941	-
Streets and highways	455,063	308,303	139,641	-
Culture and recreation	1,423,409	240,385	43,409	-
Miscellaneous	-	-	-	97,547
Debt service				
Interest and other	-	-	-	12,316
Bond issuance costs	-	-	-	-
Total Expenditures	<u>2,903,166</u>	<u>554,053</u>	<u>256,991</u>	<u>109,863</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(741,146)</u>	<u>(449,452)</u>	<u>54,457</u>	<u>351,271</u>
Other Financing Sources (Uses)				
Sale of capital assets	1,750	55,560	599,900	-
Transfers in	252,620	443,900	55,125	18,289
Bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Transfers out	(20,414)	-	(723,682)	-
Total Other Financing Sources (Uses)	<u>233,956</u>	<u>499,460</u>	<u>(68,657)</u>	<u>18,289</u>
Net Change in Fund Balances	(507,190)	50,008	(14,200)	369,560
Fund Balances, January 1	<u>3,745,783</u>	<u>956,789</u>	<u>2,546,642</u>	<u>(824,561)</u>
Fund Balances, December 31	<u>\$ 3,238,593</u>	<u>\$ 1,006,797</u>	<u>\$ 2,532,442</u>	<u>\$ (455,001)</u>

443 Special Assessment Improvement 2023	444 Special Assessment Improvement 2024	445 Special Assessment Improvement 2025	496 Police Facility Construction	Total
\$ -	\$ -	\$ -	\$ -	\$ 3,531
-	-	-	-	96,043
-	-	-	-	418,307
-	-	-	-	126,636
-	-	-	-	1,548,962
-	-	-	-	198,026
-	-	-	-	27,250
-	-	-	-	15,360
23,438	202	-	-	300,829
-	-	-	-	218,643
4,438	-	-	-	43,692
-	-	-	-	70,002
<u>27,876</u>	<u>202</u>	<u>-</u>	<u>-</u>	<u>3,067,281</u>
-	-	-	-	303,031
-	-	-	43,919	844,888
524,594	2,802,745	60,960	-	4,291,306
-	-	-	-	1,707,203
-	-	-	-	97,547
-	-	-	-	12,316
-	79,372	-	-	79,372
<u>524,594</u>	<u>2,882,117</u>	<u>60,960</u>	<u>43,919</u>	<u>7,335,663</u>
<u>(496,718)</u>	<u>(2,881,915)</u>	<u>(60,960)</u>	<u>(43,919)</u>	<u>(4,268,382)</u>
-	-	-	-	657,210
-	675,383	-	962,218	2,407,535
-	2,075,000	-	-	2,075,000
-	177,344	-	-	177,344
(192,725)	(45,812)	-	-	(982,633)
<u>(192,725)</u>	<u>2,881,915</u>	<u>-</u>	<u>962,218</u>	<u>4,334,456</u>
(689,443)	-	(60,960)	918,299	66,074
<u>689,443</u>	<u>-</u>	<u>-</u>	<u>(918,299)</u>	<u>6,195,797</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (60,960)</u>	<u>\$ -</u>	<u>\$ 6,261,871</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.

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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, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024				2023
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues					
Taxes					
Property taxes	\$ 6,370,436	\$ 6,370,436	\$ 6,349,940	\$ (20,496)	\$ 5,862,753
Hotel/motel tax	130,000	130,000	128,700	(1,300)	131,873
Franchise fees	200,000	200,000	180,721	(19,279)	192,702
Total taxes	<u>6,700,436</u>	<u>6,700,436</u>	<u>6,659,361</u>	<u>(41,075)</u>	<u>6,187,328</u>
Licenses and permits					
Business	38,500	38,500	46,254	7,754	41,762
Nonbusiness	348,600	348,600	372,175	23,575	321,478
Total licenses and permits	<u>387,100</u>	<u>387,100</u>	<u>418,429</u>	<u>31,329</u>	<u>363,240</u>
Intergovernmental					
Federal					
Other federal aids	<u>1,500</u>	<u>1,500</u>	<u>828</u>	<u>(672)</u>	<u>3,586</u>
State					
Local government aid	1,548,963	1,548,963	1,548,963	-	1,349,130
Property tax credits	-	-	888	888	1,442
Police aid	246,826	246,826	290,072	43,246	246,827
Fire aid	142,925	142,925	162,393	19,468	142,926
Street maintenance aid	29,280	29,280	36,660	7,380	29,280
Airport aid	26,200	26,200	31,295	5,095	27,445
Other state aids	32,500	32,500	170,726	138,226	92,862
Total state	<u>2,026,694</u>	<u>2,026,694</u>	<u>2,240,997</u>	<u>214,303</u>	<u>1,889,912</u>
Local					
School liaison program	<u>57,500</u>	<u>57,500</u>	<u>55,966</u>	<u>(1,534)</u>	<u>48,243</u>
Total intergovernmental	<u>2,085,694</u>	<u>2,085,694</u>	<u>2,297,791</u>	<u>212,097</u>	<u>1,941,741</u>
Charges for services					
General government	347,000	347,000	412,184	65,184	320,826
Public safety	88,434	88,434	88,026	(408)	413,049
Streets and highways	491,181	491,181	408,814	(82,367)	449,066
Culture and recreation	1,167,087	1,167,087	1,146,350	(20,737)	1,204,766
Other charges	202,900	202,900	302,922	100,022	206,229
Total charges for services	<u>2,296,602</u>	<u>2,296,602</u>	<u>2,358,296</u>	<u>61,694</u>	<u>2,593,936</u>
Fines and forfeits	<u>55,000</u>	<u>55,000</u>	<u>50,809</u>	<u>(4,191)</u>	<u>52,141</u>
Investment earnings	<u>140,000</u>	<u>140,000</u>	<u>315,382</u>	<u>175,382</u>	<u>348,059</u>
Miscellaneous					
Contributions and donations	25,100	25,100	72,307	47,207	51,903
Refunds and reimbursements	188,800	188,800	244,944	56,144	249,815
Other	198,040	198,040	194,187	(3,853)	189,015
Total miscellaneous	<u>411,940</u>	<u>411,940</u>	<u>511,438</u>	<u>99,498</u>	<u>490,733</u>
Total Revenues	<u>12,076,772</u>	<u>12,076,772</u>	<u>12,611,506</u>	<u>534,734</u>	<u>11,977,178</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, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024				2023
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Expenditures					
Current					
General government					
Mayor and council					
Personal services	\$ 42,317	\$ 42,317	\$ 38,131	\$ 4,186	\$ 37,576
Supplies	100	100	-	100	267
Other services and charges	5,060	5,060	2,517	2,543	2,420
Total mayor and council	47,477	47,477	40,648	6,829	40,263
City administrator					
Personal services	493,420	493,420	494,901	(1,481)	455,493
Supplies	2,000	2,000	2,952	(952)	1,064
Other services and charges	23,621	23,621	24,402	(781)	15,716
Total city administrator	519,041	519,041	522,255	(3,214)	472,273
Elections					
Personal services	23,500	23,500	36,225	(12,725)	-
Supplies	5,000	5,000	5,497	(497)	-
Other services and charges	1,350	1,350	1,563	(213)	-
Total elections	29,850	29,850	43,285	(13,435)	-
Finance					
Personal services	344,253	344,253	377,493	(33,240)	320,460
Supplies	1,500	1,500	1,597	(97)	1,642
Other services and charges	82,070	82,070	96,633	(14,563)	72,686
Total finance	427,823	427,823	475,723	(47,900)	394,788
Motor vehicles					
Personal services	306,173	306,173	324,966	(18,793)	296,197
Supplies	5,850	5,850	6,351	(501)	4,260
Other services and charges	26,108	26,108	27,495	(1,387)	14,375
Total motor vehicles	338,131	338,131	358,812	(20,681)	314,832
Assessing					
Other services and charges	61,499	61,499	61,152	347	61,499
Legal					
Personal services	245,385	245,385	248,187	(2,802)	235,393
Supplies	22,400	22,400	20,262	2,138	19,438
Other services and charges	61,270	61,270	53,684	7,586	58,564
Total legal	329,055	329,055	322,133	6,922	313,395
Planning					
Personal services	171,040	171,040	171,757	(717)	160,559
Supplies	750	750	-	750	195
Other services and charges	9,250	9,250	8,478	772	8,600
Total planning	181,040	181,040	180,235	805	169,354
Information services					
Personal services	360,409	360,409	362,846	(2,437)	342,348
Supplies	55,808	55,808	50,131	5,677	39,975
Other services and charges	203,527	203,527	172,959	30,568	191,441
Total information services	619,744	619,744	585,936	33,808	573,764

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, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024				2023
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Expenditures (Continued)					
Current (continued)					
General government (continued)					
City hall building					
Personal services	\$ 109,410	\$ 109,410	\$ 110,497	\$ (1,087)	\$ 104,506
Supplies	15,850	15,850	12,651	3,199	18,094
Other services and charges	77,035	77,035	86,661	(9,626)	72,566
Total city hall building	202,295	202,295	209,809	(7,514)	195,166
Total general government	2,755,955	2,755,955	2,799,988	(44,033)	2,535,334
Public safety					
Police					
Personal services	3,801,618	3,801,618	3,802,725	(1,107)	3,482,950
Supplies	112,500	112,500	104,513	7,987	114,920
Other services and charges	296,595	296,595	298,382	(1,787)	292,267
Total police	4,210,713	4,210,713	4,205,620	5,093	3,890,137
Emergency management					
Supplies	500	500	50	450	-
Other services and charges	13,000	13,000	19,514	(6,514)	14,170
Total emergency management	13,500	13,500	19,564	(6,064)	14,170
Safety council					
Supplies	-	-	89	(89)	-
Other services and charges	13,950	13,950	11,608	2,342	12,342
Total safety council	13,950	13,950	11,697	2,253	12,342
Fire					
Personal services	502,050	502,050	518,820	(16,770)	517,426
Supplies	54,700	54,700	48,469	6,231	46,974
Other services and charges	98,660	98,660	86,643	12,017	86,424
Total fire	655,410	655,410	653,932	1,478	650,824
Building inspection					
Personal services	364,238	364,238	366,592	(2,354)	327,260
Supplies	6,025	6,025	2,804	3,221	1,887
Other services and charges	27,601	27,601	49,458	(21,857)	10,585
Total building inspection	397,864	397,864	418,854	(20,990)	339,732
Hospital security					
Personal services	-	-	-	-	364,732
Supplies	-	-	-	-	920
Other services and charges	-	-	-	-	30
Total hospital security	-	-	-	-	365,682
Total public safety	5,291,437	5,291,437	5,309,667	(18,230)	5,272,887
Streets and highways					
Engineering					
Personal services	412,113	412,113	338,830	73,283	343,567
Supplies	8,825	8,825	6,055	2,770	6,014
Other services and charges	58,943	58,943	122,190	(63,247)	82,553
Total engineering	479,881	479,881	467,075	12,806	432,134

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, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024				2023
	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	\$ 753,637	\$ 753,637	\$ 756,152	\$ (2,515)	\$ 683,760
Supplies	312,300	312,300	257,716	54,584	304,078
Other services and charges	594,665	594,665	540,695	53,970	520,304
Total streets and alleys	1,660,602	1,660,602	1,554,563	106,039	1,508,142
Total streets and highways	2,140,483	2,140,483	2,021,638	118,845	1,940,276
Culture and recreation					
Parks and recreation administration					
Personal services	225,908	225,908	227,914	(2,006)	210,509
Supplies	1,450	1,450	1,730	(280)	825
Other services and charges	53,100	53,100	82,284	(29,184)	50,219
Total park and recreation administration	280,458	280,458	311,928	(31,470)	261,553
Recreation					
Personal services	122,761	122,761	113,588	9,173	118,882
Supplies	50,500	50,500	51,474	(974)	40,222
Other services and charges	52,600	52,600	48,311	4,289	49,528
Total recreation	225,861	225,861	213,373	12,488	208,632
Senior citizen center					
Personal services	39,214	39,214	39,384	(170)	37,793
Supplies	2,250	2,250	83	2,167	1,505
Other services and charges	38,100	38,100	41,274	(3,174)	38,436
Total senior citizen center	79,564	79,564	80,741	(1,177)	77,734
Evergreen building					
Supplies	3,750	3,750	2,474	1,276	2,144
Other services and charges	31,330	31,330	31,284	46	30,554
Total evergreen building	35,080	35,080	33,758	1,322	32,698
Civic arena					
Personal services	174,187	174,187	182,366	(8,179)	174,166
Supplies	48,500	48,500	26,175	22,325	42,024
Other services and charges	190,450	190,450	255,114	(64,664)	164,468
Total civic arena	413,137	413,137	463,655	(50,518)	380,658
Park					
Personal services	806,243	806,243	844,262	(38,019)	769,413
Supplies	212,350	212,350	211,882	468	197,208
Other services and charges	169,400	169,400	205,504	(36,104)	186,351
Total park	1,187,993	1,187,993	1,261,648	(73,655)	1,152,972
Recreation building					
Personal services	214,365	214,365	209,161	5,204	204,094
Supplies	20,600	20,600	15,455	5,145	16,968
Other services and charges	45,370	45,370	57,533	(12,163)	46,482
Total recreation building	280,335	280,335	282,149	(1,814)	267,544

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, 2024
(With Comparative Actual Amounts for the Year Ended December 31, 2023)

	2024				2023
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Expenditures (Continued)					
Current (continued)					
Culture and recreation (continued)					
Waterpark					
Personal services	\$ 299,629	\$ 299,629	\$ 306,578	\$ (6,949)	\$ 290,368
Supplies	93,250	93,250	84,925	8,325	72,380
Other services and charges	74,203	74,203	92,012	(17,809)	58,398
Total waterpark	467,082	467,082	483,515	(16,433)	421,146
Events center					
Personal services	95,313	95,313	96,525	(1,212)	88,238
Supplies	4,000	4,000	2,464	1,536	2,911
Other services and charges	51,769	51,769	58,036	(6,267)	55,182
Total events center	151,082	151,082	157,025	(5,943)	146,331
Library					
Supplies	3,300	3,300	3,288	12	2,422
Other services and charges	244,565	244,565	238,815	5,750	231,499
Total library	247,865	247,865	242,103	5,762	233,921
Total culture and recreation	3,368,457	3,368,457	3,529,895	(161,438)	3,183,189
Miscellaneous					
Cemetery					
Personal services	99,991	99,991	113,519	(13,528)	96,853
Supplies	16,875	16,875	31,185	(14,310)	22,752
Other services and charges	36,211	36,211	20,580	15,631	30,751
Total cemetery	153,077	153,077	165,284	(12,207)	150,356
Airport					
Personal services	43,240	43,240	48,804	(5,564)	38,472
Supplies	11,900	11,900	104,022	(92,122)	7,548
Other services and charges	74,120	74,120	79,948	(5,828)	91,326
Total airport	129,260	129,260	232,774	(103,514)	137,346
Unallocated					
Other services and charges	533,700	533,700	530,070	3,630	521,928
Total miscellaneous	816,037	816,037	928,128	(112,091)	809,630
Total current	14,372,369	14,372,369	14,589,316	(216,947)	13,741,316
Capital outlay					
Streets and highways	-	-	4,000	(4,000)	20,721
Culture and recreation	-	-	-	-	11,497
Total capital outlay	-	-	4,000	(4,000)	32,218
Total Expenditures	14,372,369	14,372,369	14,593,316	(220,947)	13,773,534
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,295,597)	(2,295,597)	(1,981,810)	313,787	(1,796,356)
Other Financing Sources (Uses)					
Transfers in	2,812,628	2,812,628	2,812,628	-	2,724,536
Transfers out	(517,031)	(517,031)	(517,031)	-	(488,622)
Total Other Financing Sources (Uses)	2,295,597	2,295,597	2,295,597	-	2,235,914
Net Change in Fund Balances	-	-	313,787	313,787	439,558
Fund Balances, January 1	8,325,231	8,325,231	8,325,231	-	7,885,673
Fund Balances, December 31	\$ 8,325,231	\$ 8,325,231	\$ 8,639,018	\$ 313,787	\$ 8,325,231

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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

December 31, 2024

	383 G.O. Tax Increment Refunding Bonds 2004	334 Special Assessment Bonds 2014	335 Special Assessment Bonds 2015	336 Special Assessment Bonds 2016	337 Special Assessment Bonds 2017	338 Special Assessment Bonds 2018
Assets						
Cash and investments	\$ 7,471	\$ 201,080	\$ 261,355	\$ 278,462	\$ 227,342	\$ 361,785
Receivables						
Delinquent special assessments	-	1,317	-	-	-	506
Noncurrent special assessments	-	71,509	19,017	44,146	158,986	69,507
Intergovernmental	-	339	365	400	457	359
Advances to other funds	436,261	-	-	-	-	-
Total Assets	<u><u>\$ 443,732</u></u>	<u><u>\$ 274,245</u></u>	<u><u>\$ 280,737</u></u>	<u><u>\$ 323,008</u></u>	<u><u>\$ 386,785</u></u>	<u><u>\$ 432,157</u></u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Inflows of Resources						
Unavailable revenue						
Special assessments	-	72,826	19,017	44,146	158,986	70,013
Interest receivable	33,641	-	-	-	-	-
Total Deferred Inflows of Resources	<u>33,641</u>	<u>72,826</u>	<u>19,017</u>	<u>44,146</u>	<u>158,986</u>	<u>70,013</u>
Fund Balances						
Restricted	410,091	201,419	261,720	278,862	227,799	362,144
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 443,732</u></u>	<u><u>\$ 274,245</u></u>	<u><u>\$ 280,737</u></u>	<u><u>\$ 323,008</u></u>	<u><u>\$ 386,785</u></u>	<u><u>\$ 432,157</u></u>

339 Special Assessment Bonds 2019	340 Special Assessment Bonds 2020	341 Special Assessment and G.O. Bonds 2021	342 Special Assessment Bonds 2022	343 Special Assessment Bonds 2023	344 Special Assessment Bonds 2024	396 G.O. Bonds 2022	Total
\$ 482,914	\$ 323,595	\$ 361,826	\$ 239,187	\$ 255,134	\$ 184,433	\$ 814,557	\$ 3,999,141
-	4,028	-	-	3,506	-	-	9,357
59,423	153,677	138,147	53,002	141,180	238,618	-	1,147,212
513	391	433	874	259	-	2,522	6,912
-	-	-	-	-	-	-	436,261
<u>\$ 542,850</u>	<u>\$ 481,691</u>	<u>\$ 500,406</u>	<u>\$ 293,063</u>	<u>\$ 400,079</u>	<u>\$ 423,051</u>	<u>\$ 817,079</u>	<u>\$ 5,598,883</u>
\$ 3,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,250
59,423	157,705	138,147	53,002	144,686	238,618	-	1,156,569
-	-	-	-	-	-	-	33,641
<u>59,423</u>	<u>157,705</u>	<u>138,147</u>	<u>53,002</u>	<u>144,686</u>	<u>238,618</u>	<u>-</u>	<u>1,190,210</u>
480,177	323,986	362,259	240,061	255,393	184,433	817,079	4,405,423
<u>\$ 542,850</u>	<u>\$ 481,691</u>	<u>\$ 500,406</u>	<u>\$ 293,063</u>	<u>\$ 400,079</u>	<u>\$ 423,051</u>	<u>\$ 817,079</u>	<u>\$ 5,598,883</u>

City of Hutchinson, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
(Continued on the Following Page)
For the Year Ended December 31, 2024

	383 G.O. Tax Increment Refunding Bonds 2004	334 Special Assessment Bonds 2014	335 Special Assessment Bonds 2015	336 Special Assessment Bonds 2016	337 Special Assessment Bonds 2017
Revenues					
Taxes					
Property taxes	\$ -	\$ 129,180	\$ 139,030	\$ 152,285	\$ 173,959
Special assessments	-	22,542	10,193	25,268	3,595
Investment earnings	4,720	4,187	6,479	6,476	4,587
Total Revenues	<u>4,720</u>	<u>155,909</u>	<u>155,702</u>	<u>184,029</u>	<u>182,141</u>
Expenditures					
Debt service					
Principal	-	185,000	160,000	180,000	150,000
Interest and other costs	6,525	25,612	29,080	27,250	44,950
Total Expenditures	<u>6,525</u>	<u>210,612</u>	<u>189,080</u>	<u>207,250</u>	<u>194,950</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,805)	(54,703)	(33,378)	(23,221)	(12,809)
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	5,202
Net Change in Fund Balances	(1,805)	(54,703)	(33,378)	(23,221)	(7,607)
Fund Balances, January 1	<u>411,896</u>	<u>256,122</u>	<u>295,098</u>	<u>302,083</u>	<u>235,406</u>
Fund Balances, December 31	<u>\$ 410,091</u>	<u>\$ 201,419</u>	<u>\$ 261,720</u>	<u>\$ 278,862</u>	<u>\$ 227,799</u>

338 Special Assessment Bonds 2018	339 Special Assessment Bonds 2019	340 Special Assessment Bonds 2020	341 Special Assessment and G.O. Bonds 2021	342 Special Assessment Bonds 2022	343 Special Assessment Bonds 2023	344 Special Assessment Bonds 2023	396 G.O. Bonds 2022	Total
\$ 136,900	\$ 192,614	\$ 149,044	\$ 164,766	\$ 180,555	\$ 98,541	\$ -	\$ 960,613	\$ 2,477,487
23,164	13,984	31,484	27,267	10,054	38,545	144,818	-	350,914
10,095	13,471	8,010	9,569	5,317	8,206	2,604	11,518	95,239
<u>170,159</u>	<u>220,069</u>	<u>188,538</u>	<u>201,602</u>	<u>195,926</u>	<u>145,292</u>	<u>147,422</u>	<u>972,131</u>	<u>2,923,640</u>
150,000	230,000	175,000	140,000	75,000	-	-	565,000	2,010,000
50,750	54,376	20,798	66,863	90,038	58,085	-	352,388	826,715
<u>200,750</u>	<u>284,376</u>	<u>195,798</u>	<u>206,863</u>	<u>165,038</u>	<u>58,085</u>	<u>-</u>	<u>917,388</u>	<u>2,836,715</u>
(30,591)	(64,307)	(7,260)	(5,261)	30,888	87,207	147,422	54,743	86,925
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,202</u>
(30,591)	(64,307)	(7,260)	(5,261)	30,888	87,207	147,422	54,743	92,127
<u>392,735</u>	<u>544,484</u>	<u>331,246</u>	<u>367,520</u>	<u>209,173</u>	<u>168,186</u>	<u>37,011</u>	<u>762,336</u>	<u>4,313,296</u>
<u>\$ 362,144</u>	<u>\$ 480,177</u>	<u>\$ 323,986</u>	<u>\$ 362,259</u>	<u>\$ 240,061</u>	<u>\$ 255,393</u>	<u>\$ 184,433</u>	<u>\$ 817,079</u>	<u>\$ 4,405,423</u>

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DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY

CITY OF HUTCHINSON
HUTCHINSON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

City of Hutchinson, Minnesota
Discretely Presented Component Unit -
Economic Development Authority
Balance Sheet/Statement of Net Position
December 31, 2024

Assets	
Cash and investments	\$ 244,683
Receivables	
Interest	1,249
Intergovernmental	<u>887</u>
Total Assets	<u><u>\$ 246,819</u></u>
Liabilities	
Accounts payable	\$ 3,662
Accrued salaries payable	3,660
Accrued vacation payable	<u>6,782</u>
Total Liabilities	<u>14,104</u>
Fund Balances	
Assigned	<u>232,715</u>
Total Liabilities and Fund Balances	<u><u>\$ 246,819</u></u>
Amounts reported for governmental activities in the statement of net position are different because	
Total Fund Balances - Economic Development Authority	\$ 232,715
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	(4,352)
Net pension liability	(48,308)
Governmental funds do not report long-term amounts related to pensions and other postemployment benefits.	
Deferred outflows of pension resources	9,740
Deferred inflows of pension resources	(39,239)
Deferred outflows of other postemployment benefits	434
Deferred inflows of other postemployment benefits	(2,554)
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>31</u>
Total Net Position - Governmental Activities	<u><u>\$ 148,467</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, 2024

Revenues	
Taxes	
Property taxes	\$ 272,181
Charges for services	4,057
Investment earnings	9,728
Miscellaneous	2,041
Total Revenues	<u>288,007</u>
Expenditures	
Current	
Housing and economic development	<u>307,205</u>
Net Change in Fund Balances	(19,198)
Fund Balances, January 1	<u>251,913</u>
Fund Balances, December 31	<u><u>\$ 232,715</u></u>
Amounts reported for governmental activities in the statement of activities are different because	
Net Change in Fund Balances - Economic Development Authority	\$ (19,198)
Long-term pension activity is not reported in governmental funds.	
Pension expense	4,656
Pension revenue	2,447
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	305
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>(127)</u>
Change in Net Position - Governmental Activities	<u><u>\$ (11,917)</u></u>

City of Hutchinson, Minnesota
Summary Financial Report
Revenues and Expenditures For General Operations
Governmental Funds
For the Years Ended December 31, 2024 and 2023

	Totals		Percent Increase (Decrease)
	2024	2023	
Revenues			
Taxes	\$ 9,516,897	\$ 8,955,547	6.3 %
Special assessments	446,957	481,036	(7.1)
Licenses and permits	418,429	363,240	15.2
Intergovernmental	4,827,676	9,290,421	(48.0)
Charges for services	2,896,269	3,140,993	(7.8)
Fines and forfeits	50,809	52,141	(2.6)
Investment earnings	832,683	881,480	(5.5)
Miscellaneous	907,300	815,643	11.2
Total Revenues	<u>\$ 19,897,020</u>	<u>\$ 23,980,501</u>	(17.0) %
Per Capita	<u>\$ 1,342</u>	<u>\$ 1,595</u>	(15.9) %
Expenditures			
Current			
General government	\$ 2,799,988	\$ 2,535,334	10.4 %
Public safety	5,466,472	5,430,066	0.7
Streets and highways	2,629,060	2,598,416	1.2
Culture and recreation	3,710,441	3,257,602	13.9
Economic development	516,185	865,513	(40.4)
Miscellaneous	928,128	809,630	14.6
Capital outlay			
General government	303,031	386,008	(21.5)
Public safety	862,180	1,721,214	(49.9)
Streets and highways	4,307,301	4,713,956	(8.6)
Culture and recreation	1,719,136	704,208	144.1
Economic development	52,967	1,142,425	(95.4)
Miscellaneous	97,547	1,662,061	(94.1)
Debt service			
Principal	2,010,000	1,985,000	1.3
Interest and other charges	865,171	798,405	8.4
Bond issuance costs	79,372	63,012	26.0
Total Expenditures	<u>\$ 26,346,979</u>	<u>\$ 28,672,850</u>	(8.1) %
Per Capita	<u>\$ 1,777</u>	<u>\$ 1,907</u>	(6.8) %
Total Long-Term Indebtedness	\$ 27,185,000	\$ 27,120,000	0.2 %
Per Capita	1,833	1,804	1.7
General Fund Balance - December 31	\$ 8,639,018	\$ 8,325,231	3.77 %
Per Capita	583	554	5.23

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, 2024

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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				
	2024	2023	2022	2021	2020
Governmental Activities					
Net investment in capital assets	\$ 72,865,707	\$ 73,577,226	\$ 69,226,746	\$ 68,307,217	\$ 66,566,111
Restricted	9,055,544	8,680,384	7,919,693	8,963,039	11,102,357
Unrestricted	12,152,205	11,159,594	14,121,114	12,894,455	10,926,868
Total Governmental Activities Net Position	<u>94,073,456</u>	<u>93,417,204</u>	<u>91,267,553</u>	<u>90,164,711</u>	<u>88,595,336</u>
Business-type Activities					
Net investment in capital assets	109,119,154	100,691,199	97,008,636	93,747,446	92,049,992
Restricted	-	-	-	-	-
Unrestricted	39,021,474	40,314,705	38,169,684	41,250,668	39,895,468
Total Business-type Activities Net Position	<u>148,140,628</u>	<u>141,005,904</u>	<u>135,178,320</u>	<u>134,998,114</u>	<u>131,945,460</u>
Primary Government					
Net investment in capital assets	181,984,861	174,268,425	166,235,382	162,054,663	158,616,103
Restricted	9,055,544	8,680,384	7,919,693	8,963,039	11,102,357
Unrestricted	<u>51,173,679</u>	<u>51,474,299</u>	<u>52,290,798</u>	<u>54,145,123</u>	<u>50,822,336</u>
Total Primary Government Net Position	<u>\$ 242,214,084</u>	<u>\$ 234,423,108</u>	<u>\$ 226,445,873</u>	<u>\$ 225,162,825</u>	<u>\$ 220,540,796</u>

Source: Financial Statements

Table 1

Fiscal Year				
2019	2018	2017	2016	2015
\$ 66,499,781	\$ 63,850,387	\$ 61,255,089	\$ 57,290,296	\$ 53,823,361
11,088,577	10,716,849	9,853,847	10,680,796	11,119,053
11,057,517	10,919,210	5,478,380	6,860,854	9,263,817
88,645,875	85,486,446	76,587,316	74,831,946	74,206,231
85,016,805	87,042,770	83,793,697	83,737,730	86,594,081
-	-	3,561,829	2,539,625	541,716
39,155,727	31,742,528	26,447,540	24,470,821	21,113,701
124,172,532	118,785,298	113,803,066	110,748,176	108,249,498
151,516,586	150,893,157	145,048,786	141,028,026	140,417,442
11,088,577	10,716,849	13,415,676	13,220,421	11,660,769
50,213,244	42,661,738	31,925,920	31,331,675	30,377,518
\$ 212,818,407	\$ 204,271,744	\$ 190,390,382	\$ 185,580,122	\$ 182,455,729

City of Hutchinson, Minnesota

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2024	2023	2022	2021
Expenses				
Governmental Activities				
General government	\$ 2,866,422	\$ 2,729,988	\$ 2,800,928	\$ 2,490,920
Public safety	6,277,883	6,066,021	5,620,281	4,717,193
Streets and highways	6,751,159	7,069,241	6,270,480	6,273,183
Culture and recreation	4,820,161	4,173,435	4,074,734	3,339,956
Housing and economic development	588,546	1,046,498	792,940	859,162
Miscellaneous	1,197,781	1,012,505	1,407,689	1,439,747
Interest on long-term debt	738,723	822,688	765,216	634,759
Total Governmental Activities Expenses	<u>23,240,675</u>	<u>22,920,376</u>	<u>21,732,268</u>	<u>19,754,920</u>
Business-type Activities				
Electric	27,930,393	28,468,795	31,264,423	29,063,843
Natural gas	11,325,169	11,609,401	13,282,561	13,573,448
Water	2,767,455	2,567,674	2,513,246	2,497,449
Sewer	3,505,360	3,092,710	3,027,022	3,091,075
Refuse	1,585,690	1,458,384	1,318,176	1,188,408
Composting	2,620,997	2,615,098	2,830,698	2,603,527
Storm water	831,213	911,947	739,985	701,092
Liquor	7,060,274	6,974,709	6,865,015	6,753,197
Total Business-type Activities Expenses	<u>57,626,551</u>	<u>57,698,718</u>	<u>61,841,126</u>	<u>59,472,039</u>
Total Primary Government Expenses	<u>\$ 80,867,226</u>	<u>\$ 80,619,094</u>	<u>\$ 83,573,394</u>	<u>\$ 79,226,959</u>
Program Revenues				
Governmental Activities				
Charges for services				
General government	\$ 755,789	\$ 654,979	\$ 664,180	\$ 625,642
Public safety	710,306	989,307	1,059,132	1,152,422
Streets and highways	781,591	864,339	876,346	808,966
Culture and recreation	1,317,825	1,360,797	1,335,675	1,251,824
Housing and economic development	54,110	78,787	97,244	135,844
Miscellaneous	389,153	284,967	311,443	284,214
Operating grants and contributions	2,304,013	3,601,631	2,350,909	2,055,168
Capital grants and contributions	1,103,452	1,170,545	741,494	906,335
Total Governmental Activities Program Revenues	<u>7,416,239</u>	<u>9,005,352</u>	<u>7,436,423</u>	<u>7,220,415</u>

Table 2

Fiscal Year					
2020	2019	2018	2017	2016	2015
\$ 3,020,058	\$ 2,435,032	\$ 2,341,846	\$ 2,391,495	\$ 2,354,768	\$ 2,274,447
4,999,680	4,987,199	4,631,282	4,836,976	5,307,395	4,297,569
5,771,299	5,657,370	5,368,926	5,438,739	5,421,270	4,568,949
3,117,665	3,766,612	3,598,025	3,428,673	2,892,986	2,779,174
1,332,749	392,392	349,307	280,895	583,421	217,094
1,432,116	1,216,593	1,224,478	1,229,192	1,316,993	1,109,584
496,265	502,343	475,627	477,838	491,730	436,626
<u>20,169,832</u>	<u>18,957,541</u>	<u>17,989,491</u>	<u>18,083,808</u>	<u>18,368,563</u>	<u>15,683,443</u>
25,726,245	27,345,524	28,140,954	27,379,450	26,538,262	26,936,359
9,337,234	9,776,175	9,439,397	10,304,619	9,232,357	9,563,857
2,515,244	2,621,826	2,421,732	2,635,888	2,610,633	2,634,150
2,757,621	3,087,632	3,196,430	3,303,898	3,593,584	3,327,256
1,202,458	1,160,163	1,121,538	1,087,830	1,077,519	1,036,616
2,704,006	2,360,824	2,267,201	1,855,135	2,064,529	2,634,096
794,014	691,435	609,845	632,334	585,575	497,695
6,946,464	5,822,275	5,662,393	5,634,824	5,451,353	5,264,041
<u>51,983,286</u>	<u>52,865,854</u>	<u>52,859,490</u>	<u>52,833,978</u>	<u>51,153,812</u>	<u>51,894,070</u>
<u>\$ 72,153,118</u>	<u>\$ 71,823,395</u>	<u>\$ 70,848,981</u>	<u>\$ 70,917,786</u>	<u>\$ 69,522,375</u>	<u>\$ 67,577,513</u>
\$ 625,923	\$ 677,525	\$ 679,200	\$ 696,494	\$ 641,899	\$ 663,176
1,052,079	1,120,786	1,140,667	1,185,169	833,853	919,533
766,131	888,371	883,671	748,479	760,014	778,973
615,623	1,268,375	1,384,047	1,311,050	938,724	943,835
74,199	73,746	88,458	18,869	19,076	22,251
214,354	205,034	184,545	231,923	266,494	253,403
1,962,884	696,234	767,930	937,732	715,410	598,506
1,759,802	4,367,498	2,453,603	2,428,531	1,823,110	3,325,032
<u>7,070,995</u>	<u>9,297,569</u>	<u>7,582,121</u>	<u>7,558,247</u>	<u>5,998,580</u>	<u>7,504,709</u>

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

	Fiscal Year			
	2024	2023	2022	2021
Program Revenues (Continued)				
Business-type Activities				
Charges for services				
Electric	\$ 27,722,633	\$ 28,389,502	\$ 30,510,654	\$ 29,763,957
Natural gas	15,012,598	13,863,451	15,449,276	15,264,718
Water	2,472,963	2,721,949	2,543,719	2,533,715
Sewer	4,135,840	4,083,883	3,319,500	3,165,477
Refuse	1,438,864	1,352,057	1,331,180	1,304,109
Composting	2,653,750	2,482,978	3,010,654	2,868,093
Storm water	1,120,086	1,087,903	1,053,858	1,019,255
Liquor	7,741,340	7,516,860	7,314,289	7,343,276
Operating grants and contributions	276,960	44,780	50,639	16,146
Capital grants and contributions	129,550	127,300	161,316	227,296
Total Business-type Activities Program Revenues	<u>62,704,584</u>	<u>61,670,663</u>	<u>64,745,085</u>	<u>63,506,042</u>
Total Primary Government Program Revenues	<u>\$ 70,120,823</u>	<u>\$ 70,676,015</u>	<u>\$ 72,181,508</u>	<u>\$ 70,726,457</u>
Net (Expense)/Revenue				
Governmental activities	\$ (15,824,436)	\$ (13,915,024)	\$ (14,295,845)	\$ (12,534,505)
Business-type activities	<u>5,078,033</u>	<u>3,971,945</u>	<u>2,903,959</u>	<u>4,034,003</u>
Total Primary Government Net Expense	<u>\$ (10,746,403)</u>	<u>\$ (9,943,079)</u>	<u>\$ (11,391,886)</u>	<u>\$ (8,500,502)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Property taxes, levied for general purposes	\$ 6,392,729	\$ 5,865,510	\$ 5,624,438	\$ 5,436,822
Property taxes, levied for debt service	2,477,487	2,409,577	2,348,252	2,200,000
Tax increments	376,518	354,850	383,359	296,729
Hotel-motel tax	128,700	131,873	134,051	124,033
Payment in lieu of taxes	-	-	-	-
Franchise taxes	180,721	192,702	207,620	212,832
Grants and contributions not restricted to specific programs	3,184,441	3,861,329	2,962,464	2,646,782
Unrestricted investment earnings (loss)	866,744	916,254	(36,458)	68,252
Other revenues	-	1,725	2,074	5,077
Gain on sale of capital assets	658,960	98,284	50,007	138,006
Transfers	3,839,530	3,376,199	3,831,741	3,030,570
Transfers - capital assets	(1,625,142)	(1,143,628)	(108,861)	(169,091)
Total Governmental Activities	<u>16,480,688</u>	<u>16,064,675</u>	<u>15,398,687</u>	<u>13,990,012</u>
General Revenues and Other Changes in Net Position				
Business-type Activities				
Sales tax	1,963,236	1,880,647	1,947,530	1,751,928
Unrestricted investment earnings (loss)	1,956,722	2,125,693	(952,700)	25,400
Gain on sale of capital assets	351,121	81,870	4,297	102,802
Transfers	(3,839,530)	(3,376,199)	(3,831,741)	(3,030,570)
Transfers - capital assets	<u>1,625,142</u>	<u>1,143,628</u>	<u>108,861</u>	<u>169,091</u>
Total Business-type Activities	<u>2,056,691</u>	<u>1,855,639</u>	<u>(2,723,753)</u>	<u>(981,349)</u>
Total Primary Government	<u>\$ 18,537,379</u>	<u>\$ 17,920,314</u>	<u>\$ 12,674,934</u>	<u>\$ 13,008,663</u>
Changes in Net Position				
Governmental Activities	\$ 656,252	\$ 2,149,651	\$ 1,102,842	\$ 1,455,507
Business-type Activities	<u>7,134,724</u>	<u>5,827,584</u>	<u>180,206</u>	<u>3,052,654</u>
Total Primary Government	<u>\$ 7,790,976</u>	<u>\$ 7,977,235</u>	<u>\$ 1,283,048</u>	<u>\$ 4,508,161</u>

Source: Financial Statements

Table 2 (Continued)

Fiscal Year					
2020	2019	2018	2017	2016	2015
\$ 28,208,330	\$ 27,965,283	\$ 28,780,665	\$ 27,804,162	\$ 27,207,567	\$ 26,882,789
11,636,939	12,501,316	12,830,426	12,440,383	11,658,645	11,425,821
2,461,472	2,278,265	2,321,059	2,380,704	2,355,374	2,482,639
3,144,635	3,204,763	3,145,437	3,138,718	3,194,892	3,389,165
1,258,989	1,237,112	1,213,982	1,187,304	1,172,250	1,146,693
3,112,047	2,423,121	2,544,124	2,036,626	2,143,152	3,100,161
984,216	957,189	929,187	898,137	868,817	802,235
7,669,235	6,371,522	6,244,754	6,150,453	5,989,628	5,853,469
17,483	26,594	36,234	13,505	22,452	12,608
298,848	313,081	353,581	213,389	199,684	1,019,453
58,792,194	57,278,246	58,399,449	56,263,381	54,812,461	56,115,033
<u>\$ 65,863,189</u>	<u>\$ 66,575,815</u>	<u>\$ 65,981,570</u>	<u>\$ 63,821,628</u>	<u>\$ 60,811,041</u>	<u>\$ 63,619,742</u>
\$ (13,098,837)	\$ (9,659,972)	\$ (10,407,370)	\$ (10,525,561)	\$ (12,369,983)	\$ (8,178,734)
6,808,908	4,412,392	5,539,959	3,429,403	3,658,649	4,220,963
<u>\$ (6,289,929)</u>	<u>\$ (5,247,580)</u>	<u>\$ (4,867,411)</u>	<u>\$ (7,096,158)</u>	<u>\$ (8,711,334)</u>	<u>\$ (3,957,771)</u>
\$ 5,288,603	\$ 5,131,925	\$ 4,967,617	\$ 4,742,969	\$ 4,597,702	\$ 4,526,246
2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,177,193
207,626	165,193	234,200	271,574	293,878	267,068
86,660	110,155	103,941	100,864	95,133	96,269
-	-	260,624	248,213	236,393	225,137
192,677	189,233	194,967	192,976	196,777	195,074
2,577,193	2,421,043	2,428,676	2,316,429	2,306,470	2,290,237
539,587	692,739	252,723	155,127	89,916	109,278
-	-	5,939,376	18,050	269,357	4,904
97,194	59,757	46,440	242,024	106,699	8,198
1,858,758	1,849,356	2,677,936	1,994,792	2,603,373	750,657
-	-	-	-	-	-
13,048,298	12,819,401	19,306,500	12,483,018	12,995,698	10,650,261
1,571,978	1,537,844	1,482,066	1,308,598	1,270,814	1,224,846
1,130,054	1,183,696	595,182	265,281	88,542	134,502
120,746	102,658	42,961	117,365	84,046	6,819
(1,858,758)	(1,849,356)	(2,677,936)	(1,994,792)	(2,603,373)	(750,657)
-	-	-	-	-	-
964,020	974,842	(557,727)	(303,548)	(1,159,971)	615,510
<u>\$ 14,012,318</u>	<u>\$ 13,794,243</u>	<u>\$ 18,748,773</u>	<u>\$ 12,179,470</u>	<u>\$ 11,835,727</u>	<u>\$ 11,265,771</u>
\$ (50,539)	\$ 3,159,429	\$ 8,899,130	\$ 1,957,457	\$ 625,715	\$ 2,471,527
7,772,928	5,387,234	4,982,232	3,125,855	2,498,678	4,836,473
<u>\$ 7,722,389</u>	<u>\$ 8,546,663</u>	<u>\$ 13,881,362</u>	<u>\$ 5,083,312</u>	<u>\$ 3,124,393</u>	<u>\$ 7,308,000</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					
2024	\$ 6,392,729	\$ 2,477,487	\$ 376,518	\$ 128,700	\$ -	\$ 180,721	\$ 9,556,155
2023	5,865,510	2,409,577	354,850	131,873	-	192,702	8,954,512
2022	5,624,438	2,348,252	383,359	134,051	-	207,620	8,697,720
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

Source: Financial Statements

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

	Fiscal Year				
	2024	2023	2022	2021	2020
General Fund					
Nonspendable	\$ 39,045	\$ 153,714	\$ 10,091	\$ 4,347	\$ 11,371
Restricted	-	-	-	-	220,052
Committed	7,854,865	7,444,700	5,741,774	5,585,597	5,478,457
Assigned	-	-	-	-	-
Unassigned	745,108	726,817	2,133,808	2,752,309	2,455,617
Total General Fund	<u>\$ 8,639,018</u>	<u>\$ 8,325,231</u>	<u>\$ 7,885,673</u>	<u>\$ 8,342,253</u>	<u>\$ 8,165,497</u>
All Other Governmental Funds					
Nonspendable, reported in					
Special revenue funds	\$ -	\$ -	\$ -	\$ -	\$ 1,573
Capital projects funds	-	-	-	-	1,062
Restricted, reported in					
Debt service funds	4,405,423	4,313,296	4,245,435	4,801,759	6,162,692
Special revenue funds	2,456,383	2,572,311	2,718,305	2,984,407	3,107,146
Capital projects funds	583,418	1,429,782	28,273	5,598,270	-
Committed, reported in					
Special revenue funds	1,162,388	1,194,769	596,040	577,537	583,392
Capital projects funds	443,459	448,842	1,470,661	1,636,785	2,584,308
Assigned, reported in					
Special revenue funds	-	-	506,499	506,602	453,821
Capital projects funds	5,750,955	6,060,033	4,476,797	5,164,053	4,471,954
Unassigned, reported in					
Special revenue funds	(776,293)	(753,489)	(769,629)	(748,604)	(728,961)
Capital projects funds	(515,961)	(1,742,860)	(693,955)	(702,059)	(1,189,852)
Total All Other Governmental Funds	<u>\$ 13,509,772</u>	<u>\$ 13,522,684</u>	<u>\$ 12,578,426</u>	<u>\$ 19,818,750</u>	<u>\$ 15,447,135</u>

Source: Financial Statements

Table 4

Fiscal Year				
2019	2018	2017	2016	2015
\$ 5,762	\$ 2,110	\$ 275	\$ 4,959	\$ 126,547
226,754	59,514	59,514	56,607	54,607
5,381,040	5,249,917	5,544,809	5,266,128	4,959,914
-	113,413	113,413	113,413	255,279
2,011,107	1,823,781	1,001,811	1,219,563	1,539,298
<u>\$ 7,624,663</u>	<u>\$ 7,248,735</u>	<u>\$ 6,719,822</u>	<u>\$ 6,660,670</u>	<u>\$ 6,935,645</u>
\$ 260	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
5,998,978	5,591,291	5,183,989	5,481,226	4,498,594
3,328,125	3,330,716	2,904,796	3,088,961	3,933,227
-	-	-	8,999	-
106,017	110,737	118,531	830,372	120,278
3,507,022	3,009,837	-	236,293	-
644,870	583,327	566,448	506,798	435,872
5,026,875	5,253,983	2,037,769	2,577,499	5,383,434
(744,370)	(1,488,413)	(749,137)	(298,639)	-
(961,767)	(156,631)	(199,567)	(273,711)	(210,900)
<u>\$ 16,906,010</u>	<u>\$ 16,234,847</u>	<u>\$ 9,862,829</u>	<u>\$ 12,157,798</u>	<u>\$ 14,160,505</u>

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

	Fiscal Year				
	2024	2023	2022	2021	2020
Revenues					
Taxes	\$ 9,516,897	\$ 8,955,547	\$ 8,676,773	\$ 8,197,347	\$ 7,793,254
Special assessments	446,957	481,036	411,320	614,314	612,621
Intergovernmental revenue	4,827,676	9,290,421	4,377,513	4,665,768	4,697,226
Licenses and permits	418,429	363,240	492,165	564,539	505,409
Charges for services	2,896,269	3,140,993	3,111,017	2,958,696	2,183,064
Fines and forfeits	50,809	52,141	52,902	45,356	45,158
Investment earnings (loss)	832,683	881,480	(40,158)	127,619	494,380
Other revenues	907,300	815,643	1,162,041	940,026	574,710
Total Revenues	<u>19,897,020</u>	<u>23,980,501</u>	<u>18,243,573</u>	<u>18,113,665</u>	<u>16,905,822</u>
Expenditures					
General government	2,799,988	2,535,334	2,592,288	2,464,006	2,589,239
Community development	516,185	865,513	674,314	775,348	1,259,893
Public safety	5,466,472	5,430,066	5,092,717	5,211,278	4,779,423
Streets and highways	2,629,060	2,598,416	2,646,335	2,416,990	2,451,698
Culture and recreation	3,710,441	3,257,602	3,271,087	2,963,694	2,410,610
Miscellaneous	928,128	809,630	1,136,753	1,105,590	1,069,735
Capital outlay	7,342,162	10,329,872	17,378,367	6,933,954	6,844,765
Debt service					
Principal	2,010,000	1,985,000	2,465,000	4,490,000	2,015,000
Interest	865,171	798,405	649,649	510,255	513,545
Bond issuance costs	79,372	63,012	148,090	143,484	45,400
Total Expenditures	<u>26,346,979</u>	<u>28,672,850</u>	<u>36,054,600</u>	<u>27,014,599</u>	<u>23,979,308</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,449,959)</u>	<u>(4,692,349)</u>	<u>(17,811,027)</u>	<u>(8,900,934)</u>	<u>(7,073,486)</u>
Other Financing Sources (Uses)					
Sale of capital assets	658,960	98,284	7,950	41,628	2,500
Transfers in	5,397,396	6,340,740	5,493,791	4,776,388	4,659,144
Transfers out	(1,557,866)	(1,813,749)	(1,639,050)	(1,699,818)	(1,025,067)
Bonds issued	2,075,000	1,350,000	5,885,000	9,620,000	2,405,000
Premium on bonds issued	177,344	100,890	366,432	711,107	-
Total Other Financing Sources (Uses)	<u>6,750,834</u>	<u>6,076,165</u>	<u>10,114,123</u>	<u>13,449,305</u>	<u>6,041,577</u>
Net Change in Fund Balances	<u>\$ 300,875</u>	<u>\$ 1,383,816</u>	<u>\$ (7,696,904)</u>	<u>\$ 4,548,371</u>	<u>\$ (1,031,909)</u>
Debt Service as a Percentage of Noncapital Expenditures	14.44%	14.14%	24.05%	13.84%	15.19%

Source: Financial Statements

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

Table 5

Fiscal Year				
2019	2018	2017	2016	2015
\$ 7,452,325	\$ 7,371,440	\$ 6,868,189	\$ 7,378,523	\$ 7,255,422
923,986	1,088,178	781,191	2,812,394	830,081
6,904,746	5,013,658	4,798,875	1,904,422	5,911,845
529,002	561,655	686,987	281,559	324,083
2,916,389	2,772,324	2,604,636	2,192,444	1,922,483
67,225	55,989	50,233	45,588	45,449
631,050	218,938	134,569	74,374	101,220
857,919	7,242,496	1,161,766	1,275,922	1,485,213
<u>20,282,642</u>	<u>24,324,678</u>	<u>17,086,446</u>	<u>15,965,226</u>	<u>17,875,796</u>
2,329,239	2,254,302	2,182,465	2,101,566	1,995,215
319,328	278,181	242,142	575,177	208,850
4,758,499	4,723,644	4,457,700	4,208,847	4,176,717
2,598,778	2,453,797	2,163,764	2,108,807	2,161,317
2,939,353	2,933,982	2,855,857	2,392,960	2,339,479
973,641	914,299	892,511	972,558	887,981
9,072,931	7,022,252	9,521,627	8,455,158	7,347,784
2,110,000	1,970,000	1,835,000	2,150,000	3,330,000
489,069	475,741	434,866	458,736	459,149
54,307	36,057	63,431	43,495	50,384
<u>25,645,145</u>	<u>23,062,255</u>	<u>24,649,363</u>	<u>23,467,304</u>	<u>22,956,876</u>
<u>(5,362,503)</u>	<u>1,262,423</u>	<u>(7,562,917)</u>	<u>(7,502,078)</u>	<u>(5,081,080)</u>
2,500	6,495	107,222	2,915	-
3,779,206	4,193,817	5,585,344	5,926,322	3,396,428
(183,091)	(1,006,288)	(2,893,680)	(3,203,949)	(1,508,781)
2,675,000	2,395,000	2,445,000	2,435,000	2,140,000
135,979	49,484	83,214	64,108	81,938
<u>6,409,594</u>	<u>5,638,508</u>	<u>5,327,100</u>	<u>5,224,396</u>	<u>4,109,585</u>
<u>\$ 1,047,091</u>	<u>\$ 6,900,931</u>	<u>\$ (2,235,817)</u>	<u>\$ (2,277,682)</u>	<u>\$ (971,495)</u>
14.74%	14.09%	16.15%	23.86%	24.54%

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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 ⁽¹⁾ Actual Taxable Value	Total Direct Tax Rate
2024	\$1,181,151,200	\$ 171,676,000	\$ 1,086,900	\$ 1,353,914,100	\$1,425,172,737	54.324
2023	1,142,095,200	165,748,600	1,385,700	1,309,229,500	1,378,136,316	53.653
2022	1,077,965,200	163,175,100	2,236,300	1,243,376,600	1,308,817,474	60.407
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

Source: County Auditors Office

Note: ⁽¹⁾ 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
2024	39.092	15.232	54.324	44.737	2.432	47.169
2023	37.972	15.681	53.653	47.889	2.720	50.609
2022	42.573	17.834	60.407	54.257	3.277	57.534
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	2.175	52.960

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			
4.510	19.564	24.074	2.858	54.324	74.101	128.425
3.395	21.428	24.823	2.901	53.653	78.333	131.986
7.568	22.947	30.515	3.446	60.407	91.495	151.902
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

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

Table 8

Taxpayer	Type of Business	2024			2015		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
3M Company (MN Mining & Mfg)	Manufacturing	\$15,962,600	1	1.18 %	\$16,363,600	1	2.05 %
Sterling Properties LLLP	Apartments	11,754,900	2	0.87	4,585,700	7	0.58
Hutch Ward II LLC	Apartments	9,153,500	3	0.68			
Menards, Inc	Commercial/Retail	8,704,100	4	0.64	6,982,000	4	0.88
Wal-Mart	Commercial/Retail	7,646,900	5	0.56	7,525,800	3	0.94
City of Hutchinson	Retail Building	7,601,800	6	0.56	5,592,000	5	0.70
GF (Formerly Uponor)	Manufacturing	6,710,400	7	0.50			
Spirit Realty LP	Industrial	5,798,800	8	0.43			
Bear Paw Properties	Senior Living	5,766,100	9	0.43			
Target (Dayton Hudson Corp)	Commercial/Retail	4,964,600	10	0.37	5,169,100	6	0.65
TDK Corporation (formerly HTI)	Manufacturing				9,518,100	2	1.19
NuCrane Manufacturing	Manufacturing				3,964,100	8	0.50
Crow River Apartments Limited	Apartments				3,886,900	9	0.49
Coborn Realty Co / Cash Wise Foods	Commercial/Grocery				3,343,300	10	0.42
Total		<u>\$ 84,063,700</u>		<u>6.22 %</u>	<u>\$ 66,930,600</u>		<u>8.40 %</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
2024	\$ 8,835,923	\$ 8,741,499	98.93 %	\$ -	\$ 8,741,499	98.93 %
2023	8,244,328	8,149,683	98.85	61,190	8,210,873	99.59
2022	7,953,808	7,851,755	98.72	92,009	7,943,764	99.87
2021	7,630,779	7,563,984	99.12	61,763	7,625,747	99.93
2020	7,458,910	7,414,433	99.40	42,206	7,456,639	99.97
2019	7,310,005	7,278,548	99.57	31,457	7,310,005	100.00
2018	7,113,466	7,088,464	99.65	23,737	7,112,201	99.98
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	6,656,639	6,604,823	99.22	51,226	6,656,049	99.99

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	Special Assessment Bonds	Notes Payable
2024	\$ 14,384,790	\$ 14,195,846	\$ -
2023	14,012,986	14,531,073	-
2022	14,505,753	14,653,341	-
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

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

- ⁽¹⁾ 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.
- ⁽²⁾ Outstanding Revenue Bonds reflect bonds issued by the City owned by Public Utilities
- ⁽³⁾ Business-type financed purchase arrangements reflect equipment leased in Water, Sewer, Refuse and Compost funds, and the Public Utility Commission.
- ⁽⁴⁾ Includes refunded bonds of \$15,195,000

Table 10

Business-type Activities					
General Obligation Revenue Bonds ⁽¹⁾	Revenue Bonds ⁽²⁾	Financed Purchase Arrangements ⁽³⁾	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 8,604,862	\$ 17,387,901	\$ 71,666	\$ 54,645,065	5.99 %	\$ 3,686
11,544,993	20,261,972	141,251	60,492,275	7.10	4,080
14,358,762	23,036,034	208,816	66,762,706	7.83	4,440
17,170,528	25,685,097	274,418	68,638,629	8.87	4,668
15,815,368	28,144,162	423,600	64,278,325	8.95	4,403
21,369,536	30,463,228	568,643	72,289,319	10.31	5,062
20,934,620	32,677,293	249,644	73,437,141	10.76	5,150
21,817,341	34,191,359 ⁽⁴⁾	384,487	76,159,654	11.98	5,368
24,240,591	18,845,615	133,865	62,343,118	10.12	4,407
26,637,841	20,316,224	209,287	64,497,702	10.47	4,552

City of Hutchinson, Minnesota
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Table 11

Fiscal Year	General Obligation Bonds	Special Assessment Bonds	Revenue Bonds	Less: Amounts Paid from Proprietary Revenue	Less: Amounts Available in Debt Service Fund	Total	Percentage of Total Taxable Assessed ⁽¹⁾ Value of Property	Per Capita
2024	\$ 22,989,652	\$ 14,195,846	\$ 17,387,901	\$ 25,992,763	\$ 4,405,423	\$ 24,175,213	1.79 %	\$ 1,631
2023	25,557,979	14,531,073	20,261,972	31,806,965	4,313,296	24,230,763	1.85	1,634
2022	28,864,515	14,653,341	23,036,034	37,394,796	4,245,435	24,913,659	2.00	1,657
2021	25,442,616	17,236,498	25,685,097	42,855,625	4,801,759	20,706,827	1.75	1,408
2020	15,815,368	19,895,195	28,144,162	43,959,530	6,162,692	13,732,503	1.29	941
2019	21,369,536	19,857,912	30,463,228	51,832,764	5,998,978	13,858,934	1.50	970
2018	20,934,620	19,515,584	32,677,293	53,611,913	5,591,291	13,924,293	1.56	976
2017	21,817,341	19,676,467	34,191,359	56,008,700	5,183,989	14,492,478	1.67	1,021
2016	24,240,591	19,003,047	18,845,615	43,086,206	5,481,226	13,521,821	1.62	956
2015	26,637,841	17,184,350	20,316,224	46,954,065	4,498,594	12,685,756	1.59	895

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

⁽¹⁾ See Table 6 for property value data.

City of Hutchinson, Minnesota
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2024

Table 12

Governmental Unit	Debt Outstanding ⁽¹⁾	Estimated Percentage Applicable ⁽²⁾	Estimated Share of Overlapping Debt
Direct Debt			
City of Hutchinson	\$ 28,580,636	100.00 %	\$ 28,580,636
Overlapping Debt			
McLeod County	14,681,217	26.99	3,962,319
Independent School Dist. 423	66,350,000	63.05	41,830,403
Total Overlapping Debt	81,031,217		45,792,722
Total Direct and Overlapping Debt	\$109,611,853		\$ 74,373,358

Sources : ⁽¹⁾ Outstanding debt data provided by the City, McLeod County Auditors Office and ISD #423.

⁽²⁾ 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

	2024	2023	2022	2021	2020
Assessed Value (See Table 6)	\$1,353,914,100	\$1,309,229,500	\$1,243,376,600	\$1,183,035,400	\$1,066,088,000
Legal Debt Limit Debt limit (3% of assessed value)	40,617,423	39,276,885	37,301,298	35,491,062	31,982,640
Debt Applicable to Limit: (See Table 10)					
General Obligation Bonds	14,384,790	14,012,986	14,505,753	8,272,088	-
Less: Amount reserved for repayment of general obligation debt	(4,405,423)	(4,313,296)	(4,245,435)	(4,801,759)	(6,162,692)
Total Net Debt Applicable to Limit	<u>9,979,367</u>	<u>9,699,690</u>	<u>10,260,318</u>	<u>3,470,329</u>	<u>(6,162,692)</u>
Legal Debt Margin	<u>\$ 30,638,056</u>	<u>\$ 29,577,195</u>	<u>\$ 27,040,980</u>	<u>\$ 32,020,733</u>	<u>\$ 38,145,332</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	24.57%	24.70%	27.51%	9.78%	-19.27%

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 922,366,900	\$ 893,224,400	\$ 867,117,100	\$ 835,067,600	\$ 797,366,700
27,671,007	26,796,732	26,013,513	25,052,028	23,921,001
-	-	-	-	-
<u>(5,998,978)</u>	<u>(5,591,291)</u>	<u>(5,183,989)</u>	<u>(5,481,226)</u>	<u>(4,498,594)</u>
<u>(5,998,978)</u>	<u>(5,591,291)</u>	<u>(5,183,989)</u>	<u>(5,481,226)</u>	<u>(4,498,594)</u>
<u>\$ 33,669,985</u>	<u>\$ 32,388,023</u>	<u>\$ 31,197,502</u>	<u>\$ 30,533,254</u>	<u>\$ 28,419,595</u>
-21.68%	-20.87%	-19.93%	-21.88%	-18.81%

City of Hutchinson, Minnesota
Pledged-Revenue Coverage
Last Ten Fiscal Years

Year	Utility Revenue Bonds ⁽¹⁾					
	Operating Revenues	Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest	
2024	\$ 49,199,951	\$ 45,653,353	\$ 3,546,598	\$ 5,574,955	\$ 1,057,132	0.53
2023	49,728,837	45,764,424	3,964,413	5,346,565	1,237,284	0.60
2022	52,600,144	49,786,385	2,813,759	5,217,602	1,389,589	0.43
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

Source: City of Hutchinson Financial Records

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

⁽¹⁾ 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)

⁽²⁾ Total operating expenses exclusive of depreciation

⁽³⁾ 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 ⁽³⁾	Debt Service Requirements		Coverage
	Principal	Interest			Principal	Interest	
\$ -	\$ -	\$ -	-	\$ 2,828,401	\$ 2,010,000	\$ 820,190	1.00
-	-	-	-	2,790,181	1,985,000	770,323	1.01
297	550	2,650	0.09	2,685,876	2,465,000	601,680	0.88
59,787	2,650	7,300	6.01	2,721,594	4,490,000	475,690	0.55
188,511	7,300	13,650	9.00	2,578,243	1,985,000	483,982	1.04
336,420	13,650	23,138	9.14	2,767,674	2,080,000	463,555	1.09
358,995	23,138	-	-	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

City of Hutchinson, Minnesota
Demographic and Economic Statistics
Last Ten Fiscal Years

Table 15

Fiscal Year	Population ⁽¹⁾	Personal ⁽²⁾ Income	Per Capita Personal Income	School ⁽³⁾ Enrollment (K-12)	Unemployment Rate ⁽⁴⁾	State Unemployment Rate ⁽⁴⁾	National Unemployment Rate ⁽⁴⁾
2024	14,826	\$ 911,860,124 ⁽⁵⁾	61,504	2,722	3.3	3.0	4.0 %
2023	14,828	852,335,288	57,481	2,783	3.2	2.8	3.6
2022	15,037	852,912,942	56,721	2,761	2.9	2.7	3.6
2021	14,703	773,937,743	52,638	2,756	3.7	3.4	5.3
2020	14,599	717,936,823	49,177	2,761	5.4	6.2	8.1
2019	14,282	701,366,248	49,108	2,916	3.8	3.2	3.7
2018	14,260	682,417,700	47,855	2,944	3.1	3.0	3.9
2017	14,188	635,803,704	44,813	2,958	3.0	3.4	4.4
2016	14,146	616,179,032	43,559	2,968	4.4	3.9	4.9
2015	14,170	616,173,372	43,484	2,957	3.9	3.7	5.3

Data Sources: ⁽¹⁾ United States Census Bureau or Minnesota State Demographer.

⁽²⁾ Personal Income is estimated based on McLeod County numbers, McLeod County population and City of Hutchinson Population.

⁽³⁾ Minnesota Department of Education.

⁽⁴⁾ Minnesota Department of Employment and Economic Development (DEED); average annual rates

⁽⁵⁾ 2024 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	2024 ⁽¹⁾			2015 ⁽²⁾		
	Employees ⁽⁴⁾	Rank	Percentage of Total County Employment ⁽⁴⁾	Employees ⁽³⁾	Rank	Percentage of Total County Employment ⁽⁴⁾
3M Corporation	1,300	1	6.93 %	1,699	1	8.73 %
Hutchinson Area Health Care	527	2	2.81	652	3	3.35
Hutchinson Schools - ISD 423	492	3	2.62	489	4	2.51
Wal-Mart	320	4	1.71	280	6	1.44
City of Hutchinson	179	5	0.95	318	5	1.63
Resonetics	174	6	0.93			
Cash Wise Foods	136	7	0.73	192	7	0.99
Menards	133	8	0.71	135	10	0.69
Warrior Mfg	101	9	0.54			
Target	100	10	0.53			
TDK Corporation (formerly HTI)				765	2	3.93
Customer Elations				145	9	0.75
National Guard Recruiting				150	8	0.77
Total	<u>3,462</u>		<u>18.46 %</u>	<u>4,825</u>		<u>24.79 %</u>

Sources: ⁽¹⁾ 2024 Offering Statement on Municipal Bonds sold.

⁽²⁾ 2015 Offering Statement on Municipal Bonds sold.

⁽³⁾ Includes full-time, part-time and seasonal employees.

⁽⁴⁾ 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									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General government										
Mayor & City Council ⁽¹⁾	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Administration	3.38	3.38	3.58	3.39	3.48	3.24	3.24	3.25	3.17	3.45
Finance	3.00	3.00	3.01	2.86	3.09	2.99	2.99	2.93	2.98	3.21
Attorney	1.50	1.52	1.53	1.52	1.53	1.49	1.52	1.50	1.50	1.22
Planning & zoning	1.20	1.31	1.70	1.20	1.25	1.20	1.17	1.30	1.22	1.29
Information services	3.00	3.01	3.02	3.02	3.01	2.68	2.77	3.00	3.00	3.16
Motor vehicle	4.11	3.76	4.11	3.93	3.90	3.97	3.82	3.72	3.28	2.97
Building maintenance	1.00	1.00	1.00	1.00	1.04	1.00	1.00	1.19	0.69	0.46
Cemetery	1.00	1.02	2.26	1.01	1.38	1.10	1.02	1.33	0.96	1.16
Public safety										
Police										
Officers	23.61	24.96	24.44	25.89	23.66	23.26	22.79	21.91	21.63	21.74
Civilians	6.17	10.60	10.32	11.15	15.60	15.33	17.34	16.53	15.59	15.73
Fire										
Firefighters and officers ⁽²⁾	5.49	6.44	5.25	5.72	5.51	5.31	4.62	4.98	4.98	4.20
Building inspection	3.52	3.45	2.80	3.25	3.32	3.91	3.30	2.97	2.50	2.26
Streets and highways										
Engineering	3.06	3.43	3.12	3.39	4.24	3.71	3.73	3.82	3.77	3.94
Maintenance	9.58	8.16	7.31	7.81	7.76	7.77	7.87	7.20	7.05	7.41
Culture and recreation										
Parks ⁽³⁾	30.12	29.43	31.09	28.71	20.48	31.16	33.45	34.84	23.48	25.30
Library	-	-	-	-	-	-	-	-	-	0.13
Economic development	1.11	1.20	1.31	1.36	1.35	1.36	1.67	1.42	1.53	1.55
Transportation										
Airport & bus drivers	0.50	0.57	0.57	0.56	0.55	0.56	0.50	0.20	0.34	0.26
Liquor	14.00	13.66	12.98	12.82	13.19	12.32	12.72	12.52	11.55	11.30
Water	6.18	5.99	5.86	5.52	5.88	5.82	5.90	6.03	7.65	6.11
Sewer	8.27	8.20	8.43	8.59	8.88	8.44	8.50	7.50	6.64	7.39
Refuse	2.73	3.27	2.28	2.30	2.34	2.44	2.51	2.49	1.58	2.07
Storm water	1.71	2.89	3.44	3.20	3.35	2.96	2.34	2.76	2.71	1.87
Composting	8.08	7.46	6.09	6.98	7.27	6.59	6.06	5.99	5.57	6.14
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>192.32</u>	<u>197.71</u>	<u>195.50</u>	<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>

Source: City of Hutchinson Budget Books and Public Utilities Commission

⁽¹⁾ 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.

⁽²⁾ Paid-on-call volunteer firefighters are reflected in full-time equivalent hours on a yearly basis.

⁽³⁾ 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				
	2024	2023	2022	2021	2020 (2)
General government					
Permits issued	1,133	1,079	899	1,060	1,154
Building inspections	2,126	1,956	1,913	2,099	2,275
Public safety					
Police					
Incidents (calls for service)	13,453	15,331	15,709	16,329	17,459
Arrests	381	421	401	365	360
Citations	549	622	730	511	631
Fire					
Number of calls answered	522	516	497	498	484
Code inspections	73	87	77	51	46
Training hours	2,475	3,277	3,073	3,066	2,203
Highways and streets					
Street reconstruction (miles)	1.00	1.00	1.00	1.00	0.70
Street resurfacing (miles)	-	2.20	1.00	1.00	1.00
Patching material used (tons)	156	447	124	216	399
Sanitation					
Raw incoming (tons)					
Source separated organics	1,336	1,356	1,355	1,437	1,612
Leaves, grass, and other wastes	8,007	6,899	7,010	6,728	6,796
Culture and recreation					
Athletic field maintenance hours	2,605	2,487	2,680	2,475	707
Ice time sold	2,298	2,362	1,988	1,709	1,003
Pool admissions ⁽²⁾	35,234	38,816	43,120	40,687	-
Shelters reserved	579	526	544	109	249
Water					
Average daily consumption (in gallons)	1,287,000	1,433,500	1,476,900	1,506,900	1,490,200
Wastewater					
Average daily sewage treatment MGD (million gallons/day)	2.00	2.04	1.96	1.91	2.00
Public Utilities					
Kilowatt hours (KWH) generated	38,031,000	56,795,000	43,733,000	48,269,000	19,844,000
Natural gas purchased and generated (MCF)	1,745,716	2,015,172	2,132,094	1,988,268	1,770,463
Liquor					
Liquor store sales volume (\$)	7,729,700	7,507,127	7,298,303	7,334,887	7,666,596

Sources: Various City departments and Public Utilities Commission

⁽¹⁾ The outdoor pool was closed in 2016 and a new outdoor aquatic center opened in 2017.

⁽²⁾ The majority of City functions and programs in 2020 were severely and negatively impacted by the COVID-19 pandemic.

Table 18

Fiscal Year				
2019	2018	2017	2016 (1)	2015
1,038	1,424	2,291	1,089	1,108
3,685	2,737	3,029	1,415	1,850
20,042	20,116	18,913	17,152	15,589
458	481	422	372	371
892	845	757	802	484
463	492	532	505	466
254	306	233	218	74
3,403	2,793	3,078	3,018	3,038
1.59	1.35	1.29	1.63	1.18
3.79	6.09	0.24	8.25	0.55
345	148	123	183	348
1,494	1,597	1,677	1,785	2,150
7,148	8,292	7,648	8,227	8,149
3,271	3,281	2,994	2,811	2,664
2,134	2,180	2,120	2,222	2,121
41,470	48,623	54,937	-	10,487
524	440	439	522	465
1,356,900	1,347,500	1,430,400	1,418,500	1,476,445
2.65	2.28	2.43	2.54	2.00
22,900,000	34,524,000	28,605,000	35,823,000	22,411,000
1,925,515	1,937,455	1,854,437	1,817,631	1,714,534
6,369,376	6,242,500	6,148,149	5,986,472	5,850,584

City of Hutchinson, Minnesota
Capital Asset and Infrastructure Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2024	2023	2022	2021	2020
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	9
Highways and streets					
Miles of street	78	78	77	77	77
Bridges	6	6	6	6	6
Parks and recreation					
Parks	41	41	41	41	41
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	103	103	103	102	102
Municipal sanitary sewer:					
Wastewater treatment buildings	8	8	8	8	8
Miles of sanitary sewer	92	92	92	92	92
Number of lift stations	15	15	15	15	15
Storm sewer					
Holding ponds and lakes	55	57	57	56	53
Electric division					
Miles of transmission lines	17	17	17	17	17
Number of substations (1)	6	6	6	6	6
Natural gas division					
Miles of gas lines	299	297	297	295	294

Source: Various City departments and capital asset system

Table 19

Fiscal Year				
2019	2018	2017	2016	2015
1	1	1	1	1
1	1	1	1	1
12	12	12	11	11
1	1	1	1	1
9	9	8	9	9
77	77	77	77	76
6	6	6	6	6
41	41	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
100	100	100	99	109
8	8	8	8	8
91	91	91	91	95
15	15	15	13	13
53	53	53	53	53
17	17	17	17	17
6	6	6	6	6
294	294	292	292	292

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City of Hutchinson, Minnesota
Combined Schedule of Bonds Payable
December 31, 2024

Table 20

<u>Year Issued</u>	<u>Original Amount</u>	<u>Retired</u>	<u>Bonds Outstanding</u>	<u>Coupon Rates</u>
GENERAL OBLIGATION BONDS				
2021A	\$ 7,795,000	\$ 1,065,000	\$ 6,730,000	2.00 - 4.00 %
2022A	5,885,000	75,000	5,810,000	4.00 - 5.00
2024A	<u>1,080,000</u>	<u>-</u>	<u>1,080,000</u>	4.00 - 5.00
Totals	<u>\$ 14,760,000</u>	<u>\$ 1,140,000</u>	<u>\$ 13,620,000</u>	
GENERAL OBLIGATION SPECIAL ASSESSMENT BONDS				
2014A	3,415,000	2,670,000	745,000	2.00 - 3.00
2015A	2,140,000	1,160,000	980,000	2.85 - 3.00
2016A	3,880,000	2,655,000	1,225,000	2.00
2017A	2,445,000	1,025,000	1,420,000	2.00 - 3.00
2018A	2,395,000	945,000	1,450,000	3.00 - 4.00
2019A	2,675,000	845,000	1,830,000	2.00 - 3.00
2020A	2,405,000	460,000	1,945,000	0.35 - 1.40
2021A	1,825,000	200,000	1,625,000	2.00 - 4.00
2023A	1,350,000	-	1,350,000	4.00 - 5.00
2024A	<u>995,000</u>	<u>-</u>	<u>995,000</u>	
Totals	<u>\$ 23,525,000</u>	<u>\$ 9,960,000</u>	<u>\$ 13,565,000</u>	
GENERAL OBLIGATION REVENUE BONDS				
2005 PFA	\$ 5,696,371	\$ 5,696,371	\$ -	2.53 %
2006 PFA	12,216,000	11,396,000	820,000	2.63
2007 PFA	13,696,602	11,868,602	1,828,000	2.15
2018A	1,550,000	700,000	850,000	3.00 - 4.00
2019A	2,790,000	1,125,000	1,665,000	2.00 - 3.00
2021A	<u>3,460,000</u>	<u>540,000</u>	<u>2,920,000</u>	3.00 - 4.00
Totals	<u>\$ 39,408,973</u>	<u>\$ 31,325,973</u>	<u>\$ 8,083,000</u>	
ELECTRIC UTILITIES REVENUE BONDS				
2012A	\$ 20,720,000	\$ 16,660,000	\$ 4,060,000	4.00 - 5.00 %
2017B	<u>16,675,000</u>	<u>4,135,000</u>	<u>12,540,000</u>	3.00 - 4.00
Totals	<u>\$ 37,395,000</u>	<u>\$ 20,795,000</u>	<u>\$ 16,600,000</u>	

City of Hutchinson, Minnesota
Public Utilities Commission
Operating Expenses by Function
Last Ten Fiscal Years

<u>Electric Division</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Production	\$ 4,888,013	\$ 5,147,394	\$ 6,721,410	\$ 5,052,088	\$ 3,483,546
Purchase Power/Gas	12,232,955	12,350,033	13,464,644	13,740,072	13,175,999
Transmission	2,831,249	3,253,936	3,180,332	3,110,471	2,334,541
Distribution	2,327,617	1,926,092	1,954,926	1,446,601	1,485,856
Customer Accounts	296,201	286,500	253,103	240,193	252,606
Administrative	1,775,129	1,711,555	1,779,772	1,667,276	1,686,199
Depreciation and Depletion	<u>3,160,016</u>	<u>3,326,461</u>	<u>3,440,752</u>	<u>3,334,286</u>	<u>2,804,539</u>
Total Electric	<u>\$ 27,511,180</u>	<u>\$ 28,001,971</u>	<u>\$ 30,794,939</u>	<u>\$ 28,590,987</u>	<u>\$ 25,223,286</u>
<u>Natural Gas Division</u>					
Transmission	\$ 347,861	\$ 202,644	\$ 225,561	\$ 229,104	\$ 236,423
Purchased Gas	7,263,560	7,635,147	9,356,872	9,830,566	5,588,511
Distribution	1,134,711	1,243,161	1,130,075	984,148	948,091
Customer Accounts	242,212	216,110	222,252	197,186	189,536
Administrative	1,119,226	1,065,890	1,027,270	942,757	932,864
Depreciation and Depletion	<u>1,124,576</u>	<u>1,097,315</u>	<u>1,092,249</u>	<u>1,097,263</u>	<u>1,088,555</u>
Total Natural Gas	<u>\$ 11,232,146</u>	<u>\$ 11,460,267</u>	<u>\$ 13,054,279</u>	<u>\$ 13,281,024</u>	<u>\$ 8,983,980</u>

Table 21

2019	2018	2017	2016	2015
\$ 3,776,245	\$ 3,883,945	\$ 3,071,804	\$ 3,387,289	\$ 3,066,764
14,037,852	15,162,365	14,634,350	13,889,577	15,068,183
3,064,741	2,652,119	2,707,438	2,376,359	1,953,324
1,368,188	1,321,212	893,411	969,907	894,143
240,775	223,038	275,042	246,627	229,470
1,597,928	1,592,817	2,684,081	2,816,972	2,610,006
2,728,998	2,770,697	2,830,636	2,820,446	2,816,301
<u>\$ 26,814,727</u>	<u>\$ 27,606,193</u>	<u>\$ 27,096,762</u>	<u>\$ 26,507,177</u>	<u>\$ 26,638,191</u>
\$ 183,311	\$ 148,891	\$ 127,459	\$ 119,454	\$ 119,452
5,961,040	6,084,090	6,883,154	5,697,867	5,988,821
979,913	838,259	624,192	580,503	638,944
184,860	192,484	205,154	201,785	187,748
965,449	656,350	896,901	1,036,110	984,438
1,078,481	1,033,788	1,022,038	1,001,952	1,008,133
<u>\$ 9,353,054</u>	<u>\$ 8,953,862</u>	<u>\$ 9,758,898</u>	<u>\$ 8,637,671</u>	<u>\$ 8,927,536</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>2024</u>						
Residential	367,176	\$3,526,225	9.60364	25.8 %	31.2 %	5,459
Commercial	282,949	2,526,865	8.93046	19.9	22.4	576
Large Industrial	<u>773,724</u>	<u>5,234,322</u>	<u>6.76510</u>	<u>54.3</u>	<u>46.4</u>	<u>5</u>
Total Sales	<u>1,423,849</u>	<u>11,287,412</u>	<u>7.92739</u>	<u>100.0</u>	<u>100.0</u>	<u>6,040</u>
<u>2023</u>						
Residential	397,210	3,949,946	9.94423	26.6	33.0	5,419
Commercial	309,695	2,888,770	9.32779	20.7	24.1	575
Large Industrial	<u>786,469</u>	<u>5,138,193</u>	<u>6.53324</u>	<u>52.7</u>	<u>42.9</u>	<u>5</u>
Total Sales	<u>1,493,374</u>	<u>11,976,909</u>	<u>8.02003</u>	<u>100.0</u>	<u>100.0</u>	<u>5,999</u>
<u>2022</u>						
Residential	468,417	4,474,818	9.55306	27.8	33.8	5,396
Commercial	360,647	3,275,405	9.08202	21.4	24.8	580
Large Industrial	<u>854,149</u>	<u>5,483,012</u>	<u>6.41927</u>	<u>50.8</u>	<u>41.4</u>	<u>3</u>
Total Sales	<u>1,683,213</u>	<u>13,233,235</u>	<u>7.86189</u>	<u>100.0</u>	<u>100.0</u>	<u>5,979</u>
<u>2021</u>						
Residential	391,998	4,639,771	11.83621	25.8	35.2	5,349
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>5,928</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>

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>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	827,804	3,679,890	4.44536	50.0	34.6	5
Total Sales	1,658,096	10,636,433	6.41485	100.0	100.0	5,787
<u>2018</u>						
Residential	446,224	4,139,639	9.27704	27.7	38.0	5,127
Commercial	349,806	3,070,904	8.77888	21.7	28.2	570
Large Industrial	817,621	3,696,099	4.52055	50.6	33.8	5
Total Sales	1,613,651	10,906,642	6.75898	100.0	100.0	5,702
<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	817,723	3,653,263	4.46760	53.0	34.4	3
Total Sales	1,540,469	10,609,541	6.88721	100.0	100.0	5,653
<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	754,604	3,215,714	4.26146	52.9	32.6	3
Total Sales	1,429,000	9,879,077	6.91328	100.0	100.0	5,605
<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	770,455	3,444,273	4.47044	53.0	34.7	5
Total Sales	1,452,846	9,923,500	6.83039	100.0	100.0	5,589

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>2024</u>					
Net Raw Water	591,311,900	100.0 %			
Used in Production	<u>120,060,400</u>	<u>20.3</u>			
Net Finished Water	471,251,500	79.7			
Loss in Distribution System	<u>62,550,625</u>	<u>10.6</u>			
Total Sales	<u>408,700,875</u>	<u>69.1</u>	\$ 2,242,880	\$ 5.487828	5,323
<u>2023</u>					
Net Raw Water	653,033,100	100.0			
Used in Production	<u>129,201,000</u>	<u>19.8</u>			
Net Finished Water	523,832,100	80.2			
Loss in Distribution System	<u>29,098,100</u>	<u>4.5</u>			
Total Sales	<u>494,734,000</u>	<u>75.7</u>	\$ 2,435,727	4.923306	5,239
<u>2022</u>					
Net Raw Water	671,611,600	100.0			
Used in Production	<u>131,988,600</u>	<u>19.7</u>			
Net Finished Water	539,623,000	80.3			
Loss in Distribution System	<u>35,443,000</u>	<u>5.3</u>			
Total Sales	<u>504,180,000</u>	<u>75.0</u>	\$ 2,332,971	4.627258	5,215
<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

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>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
<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

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>
2024	\$ 1,341,552 2.8468	\$ 237,040 0.5030	\$ 1,124,286 2.3857	\$ 2,702,878 5.7355	471,251,500 408,700,875	\$ 6.6133
2023	1,202,917 2.2964	149,245 0.2849	1,080,179 2.0621	2,432,341 4.6434	523,832,100 494,734,000	4.9165
2022	1,088,102 2.0164	139,935 0.2593	1,112,756 2.0621	2,340,793 4.3378	539,623,000 504,180,000	4.6428
2021	1,069,273 1.9418	138,255 0.2511	1,139,426 2.0692	2,346,954 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	1,109,795 2.2543	2,164,896 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	1,227,284 2.3799	2,211,422 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

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>
2024	811,810	\$ 1,973,911 2.4315	\$ 276,286 0.3403	\$ 1,174,021 1.4462	\$ 3,424,218 4.2180	1,573,000 6,693,000
2023	763,710	\$ 1,669,494 2.1860	\$ 233,790 0.3061	1,038,117 1.3593	2,941,401 3.8514	1,267,000 7,534,000
2022	716,572	1,520,840 2.1224	210,826 0.2942	1,082,548 1.5107	2,814,214 3.9273	1,172,000 4,037,000
2021	695,884	1,573,282 2.2608	207,780 0.2986	1,108,375 1.5928	2,889,437 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	1,336,076 1.6054	2,965,742 3.5636	1,652,000 3,772,000
2017	889,101 (1)	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	1,621,495 1.7426	3,277,895 3.5227	1,500,000 7,755,000
2015	728,632	1,319,913 1.8115	170,670 0.2342	1,552,532 2.1307	3,043,115 4.1764	1,580,000 3,270,000

⁽¹⁾ As part of the Wastewater Infrastructure fund (WIF) grant, the City processed zero gallons related to the grant during 2020. The restricted balance in the System Replacement fund at December 31, 2020 is \$350.

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OTHER REQUIRED REPORTS

CITY OF HUTCHINSON
HUTCHINSON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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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, 2024, and the notes to the financial statements which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 10, 2025.

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 10, 2025

**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, 2024, 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 10, 2025.

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 10, 2025

