



2019 Annual Budget

City of Hutchinson, MN

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2019 Annual Budget

Organizational Information



Office of the City Administrator

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December 27, 2018

To the Honorable Mayor Gary Forcier and
City Council Members of the city of Hutchinson

RE: 2019 Budget Message

Dear Mayor Forcier and Council Members:

The following material constitutes the proposed general fund, enterprise funds, debt service funds and the Capital Improvement Plan (CIP) for the city of Hutchinson for 2019. There have been a couple of minor adjustments to the general fund, enterprise funds and CIP since the truth-in-taxation hearing that was held on December 4. Those changes had no impact on the tax levy. The budget package before you for consideration represents extensive work done by the department directors and their staff, finance director Andy Reid, myself, and the five of you. The budget development process began in April and continued throughout the summer into September when the preliminary budget and tax levy was adopted. The preliminary budget was balanced and included a property tax levy increase of 3.1%. The department directors worked on reducing that tax levy increase during the months of September through November, and the budget was subsequently revised and reprioritized by Andy Reid and myself in conjunction with the Directors. The 2019 final budget and tax levy numbers being presented to you today is balanced with a new proposed tax levy increase at 2.8%, and is the culmination of 8 months of work by the great staff of the city of Hutchinson that included four work sessions and a public hearing with the city council.

Our budget is driven by several different factors. The primary factor is the type and level of services we want to provide to the community as a whole. It is within your role as the City Council and policymakers to determine what types, and to what extent, services will be provided to the citizens of Hutchinson regarding public safety; streets and highways; culture and recreation; general government; water, sewer and garbage services; as well as the airport, cemetery, library services, liquor store and Creekside. Another factor that goes into developing a local municipal budget has to do with how the City is affected by unfunded mandates made at the State and Federal levels of government. Some of those requirements may be good, some may be bad, and some may be questionable in value. Still, many times local governments have no choice but to meet these requirements and pay the associated costs. Unfunded mandates can range from personnel practices to water and wastewater treatment standards, with the costs of these mandates being covered by the taxpayers and/or ratepayers.

When it comes to developing a budget, it is my belief that the annual budget, which includes a 5-year capital plan, is one of the biggest, if not the biggest, policy decision a city council can make. The policy of a budget more or less drives the “work” of the city and is one of the forces behind

achieving the City's Mission and Vision Statements and funding its six core areas of focus. My philosophy in helping to develop this budget and future budgets is to balance the needs of the City Council, department directors and staff with the costs associated with the desired service levels and needs of the public, all the time being aware of the desire to keep the tax levy low to encourage growth within the community. Ultimately, the needs versus the wants are decided by you, the elected officials.

The development of the 2019 budget included the consideration of five long-term goals that are an emphasis with every budget staff develops. Those goals are as follows:

1. What should current and future tax levies look like?
2. What levels of services should the City perform and provide now and in the future?
3. What is an acceptable level of debt?
4. What is our level of investment in technology and equipment, and what period of payback is acceptable?
5. What are our future infrastructure needs (roads, utilities, buildings, etc.) and how are we going to pay for them?

This coming year represents the sixth straight year that the City will see its Local Government Aid (LGA) increased, albeit minor. Our 2019 LGA payment is expected to be at \$2,401,715, a \$6,389 increase from our 2018 amount. Even with the minor increase in LGA for next year, our amount is still \$30,862 less than the amount we received in 2006.

As we look to the future, it will be important for the City to continue its efforts to encourage growth throughout all aspects of the City. Obviously, it is important to see continued growth within the housing and commercial markets. However, the greatest impact to the City would be to see new industrial growth, something that is a significant focus of our EDA. The EDA and the City was rewarded last year when Uponor announced their plans of expanding in Hutchinson. Those plans came to fruition when Uponor opened the doors to its Hutchinson Facility in May. Continued growth within the industrial sector is expected in 2019 when Warrior Manufacturing plans to add 25,000 square feet to its operations here in Hutchinson. More property taxpayers mean everyone pays less if the overall tax levy stays constant. More commercial and industrial growth will lower the tax burden on all other properties due to their higher tax classification. Therefore, budgets and levies that grow with inflation and/or new spending can remain stable on individual taxpayers due to more taxpayers sharing the burden. Unless the tax base grows faster than the rate of inflation plus new spending, the individual tax burden will grow if we increase the tax rate.

Fortunately, for the City, our tax base continues to grow and our tax levy increases continue to remain relatively low allowing us to keep our tax burden steady if not lower than previous years. From 2017 to 2018, we saw our overall market value increase by 7.7% from \$933,259,500 to \$1,005,529,700. This was the first time in the history of our City that our market value exceeded a billion dollars, and constituted the sixth straight year of an increase and one that was on top of a growth of 3.8% the previous year. With the continued growth of the City in 2018, we are likely to see a seventh straight year of market values increasing next year. The largest area of growth was seen in our residential values, which experienced an 8.9% growth. Along with our market values increasing, we have also seen our total taxable tax capacity increase from \$9,870,466 in 2017 to \$9,999,135, an increase of 1.3%. The City is expecting a significant increase in our tax capacity in 2019, continuing to driving down city property tax rates.

One thing to be aware of when setting tax levies in Hutchinson is that the city's value (60%) and tax capacity (49%) is wrapped up mostly in our residential homesteaded property. While Hutchinson's residential homesteaded property values and tax capacity is lower than the state average, it is the fourth and fifth highest (out of 19) among outstate regional centers we compare ourselves too. As noted previously, the more commercial and industrial property a city has; the lower the tax burden will be on residential homes. Identifying opportunities to expand our commercial and industrial tax base will help to ease the tax burden not only to our residential properties but to all of our properties.

And with that, here in detail are more specifics regarding the 2019 municipal budget.

Tax Levy

The tax levy for the general fund has been set at \$5,110,005 up by \$196,539 from 2018, an increase of 4.0 percent. This will be the fourth straight increase to the general fund tax levy. The debt service levy for 2019 has been set at \$2,200,000; the same as it was in 2018 and is the third straight year of a 0% increase to the debt service levy. Due to excellent planning by previous staffs and city councils, the debt service levy is not expected to increase again until 2023. The EDA and HRA tax levies are budgeted to increase by 7.7% and 8.6% respectively. Overall, the total tax levy impact to a Hutchinson resident has been set at \$7,678,331, up by \$224,301 from 2018, an increase of 3.0%. For comparison purposes, the 2018 total tax levy increased by 2.4% from 2017.

The main reason behind the need for a tax levy increase is to cover costs associated with general wage and benefit increases. Most of this is normal growth related to general wage and benefit increases, with some minor increases due to additional labor costs for additional seasonal staffing. Labor costs are and continue to be the biggest driver of our tax levy. We are also increasing our fleet/vehicle funding by \$50,000 (first increase since 2012), and we have begun to phase out our reliance on our funds from our self-insurance fund to help cover costs for health care. Our self-insurance money is directed to our general fund from an account that will run out of money in 3-4 years.

The total tax increase for next year will represent at least the sixth straight year of a municipal tax increase, which includes our general fund and debt fund levies. Since 2011, our total property tax levy impact has increased on an average basis by 1.8%. Even with the tax levy increase, the proposed estimated city tax rate for next year will be at 67.11%, down from 71.14% in 2018. This will be the fifth straight year in which Hutchinson residents will see its city tax rate decrease. A home valued at \$160,000 will see an estimated city tax increase of \$22 (2.5%) in 2019. It is more likely that a home owner will see a property tax increase due to their home value increasing, then as a result of the Council raising its tax levy. For comparison purposes, a 0% tax levy increase would have resulted in a minor property tax decrease of two dollars.

General Fund Revenues and Expenditures

The General Fund is the primary operation fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund consists of the departments and functions necessary to conduct the day to day operations of the City. The general fund is balanced in 2019 with revenues of \$13,124,793 and expenditures of \$13,124,793. The need for additional budget reserves is not needed at this time due to a healthy general fund balance. 2017 audit numbers showed that the City had a general fund balance of \$6,719,822,

approximately 52% of the general fund budget for 2018. The State Auditor has recommended to cities that their general fund balance should be in the range of 30% to 50%. With that in mind, please be aware of the fact that we added to our general fund balance in 2018 by \$500,000 due to the Hospital Lease buyout that took place by Hutchinson Health/Health Partners. That will likely raise our general fund balance to about 55% of budgeted expenditures in 2019 if all other factors remain the same.

Outside of the general fund tax levy increase, there were a couple of other notable additional changes to general fund revenues. With Hutchinson Health being bought out by Health Partners, the 2019 budget notes the first time in years that the City won't receive a lease payment from the Hospital. That payment was \$260,624 in 2018, and the loss of that money will be replaced by a significant increase in our PILOT payment from Hutchinson Utilities. Next year's PILOT payment will be based on 4% of HUC's total operating revenue, an increase from 3.25% in 2018 and 2.75% in 2017. This increase will result in an additional revenue stream totaling just over \$270,000 (10.8% increase). This is year two of a three-year phase in of our PILOT to 4.5%. We have also budgeted for an increase in permit fees to the tune of \$70,000 (20%) to account for increased construction activity in town.

The general fund also includes a \$92,000 transfer from our self-insurance fund to help cover the City's employee HSA contribution costs, a decrease of \$28,000. The City will begin to phase out this contribution starting in 2019. We have about another 3-4 years of transfer money available to cover these costs and the city is preparing now for the general fund to absorb this costs for the foreseeable future. Generally speaking, property taxes account for 39% of all general fund revenues in 2019, 22% comes from charges for service (DMV, recreation and community education fees, etc.), and 19% comes from transfers-in (HUC, Liquor, Creekside, Hospital, etc.). The general fund revenues of \$13,124,793 are a budget increase of 2.1% from 2018.

With regard to general fund expenditures, the biggest reason for the increase derives from increases in employee salary and benefits. Wages and benefits are expected to increase by over \$208,000 in 2019. This is due to normal growth due to performance evaluations and increased benefit costs, and includes some additional costs for increased seasonal wages. Wages and benefits account for 68% of all general fund expenditures in 2019. In regards to our salary and benefit package, the City continues to offer an attractive wage and benefit package to assist in the recruitment and retention of capable and well-qualified employees. This will continue be an important issue for the City as we move forward into the baby-boom retirement years where we'll see more competition between all industries for well-qualified skilled workers.

Public safety accounts for 34% of all budgeted expenditures in the general fund in 2019; 25% goes to general government; 23% goes to culture and recreation, and 16% goes to streets and highways. Those percentages are roughly the same as our 2018 budget. Overall, budgeted general fund expenditures increased by 2.1% from \$12,858,803 in 2018 to \$13,124,793 in 2019.

Public Enterprise Funds

Liquor Hutch, Creekside, water, sewer, storm water, and refuse (garbage) funds all comprise the City's public enterprise funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to that of a private business enterprise. Public enterprise funds should be self-sufficient with user charges (revenues) supporting the expenditures. That is the case in Hutchinson as our public enterprise funds remain healthy with good fund balances. It is estimated that 2018 year-end numbers will show the liquor fund with an

estimated cash balance of about \$94,000; the water fund with an estimated cash balance of about \$3.5 million; the sewer fund with an estimated cash balance of about \$6 million; the storm sewer fund with an estimated cash balance of about \$1.1 million; the refuse fund with an estimated cash balance of about \$1.4 million; and the Creekside fund with an estimated cash balance of about \$2 million. Five of the six enterprise funds will have cash balances well above their targeted amount, which is based on 25% of their operating costs plus one year of debt service payments, except for the liquor fund.

The 2019 budget for three of the six enterprise funds projects sufficient revenue to cover the expenses outside of depreciation. The other three funds have planned deficits that will be touched on shortly. With that being said, revenues and expenses for next year are expected to remain relatively steady in the water, sewer and refuse funds with none of those funds experiencing a rate increase. Garbage rates were last increased in 2008 with water and sewer rates last being increased in 2011. Budgeted water revenues are set at \$3,111,000 in 2019, down from \$3,196,250 (2.7%) in 2018. Budgeted water expenses are set at \$4,140,611 in 2019, down from \$4,157,225 (0.4%) in 2018. Budgeted sewer revenues are set at \$3,967,000 in 2019, down from \$4,120,000 (3.7%) in 2018. Budgeted sewer expenses are set at \$5,080,750 in 2019, down from \$5,350,119 (5.0%) in 2018. Both the water and sewer funds are seeing a decrease in revenue and costs due to demand from our industrial users decreasing. Budgeted refuse revenues are set at \$1,240,100 in 2019, up from \$1,222,550 (1.4%) in 2018. Budgeted refuse expenses are set at \$1,438,615 in 2019, an increase from \$1,272,491 (13%) in 2018. The refuse fund is seeing a healthy increase in expenses because of the need for capital improvements at Creekside that have been included in the 2019 budget. Budgeted storm water revenues are set at \$967,300 in 2019, up from \$925,350 (4.5%) in 2018. Budgeted storm water expenses are set at \$1,230,925 in 2019, up from \$1,128,889 (9%) in 2018. The storm water fund has budgeted for a rate increase of about 3.0%. The largest increase in storm water expenses is associated with some additional capital expenditures in 2019.

Liquor Hutch is projecting revenue to grow from \$6,249,000 in 2018 to \$6,360,000 in 2019 (1.8%). This revenue growth is the result of a projected sales growth of 1.4% based off of 2018 forecasted sales. Liquor Hutch is also projecting expenses to grow from \$6,359,750 in 2018 to \$6,488,622 in 2019. This growth in expenses of about 2% is due to basic wage and benefit increases and the cost of products. Creekside is projecting revenue to increase from \$2,112,875 in 2018 to \$2,504,420 in 2019, an 18.5% increase in revenue. Budgeted expenses are expected to increase from \$2,297,045 in 2018 to \$2,632,202 in 2019 (14.6%). One of the big factors behind the large increase in both revenue and expenses is due to an increase demand in total bagged products from a contract Creekside has entered into with Cub Foods. Additional expenses are also projected in 2019 due to costs associated with a new compost turner.

The 2019 budget for the City's enterprise funds are expected to see a positive cash flow within the compost, water, and sewer funds, with the liquor, refuse and storm water funds seeing a negative cash flow. The positive growth in the three enterprise funds should result in a growth of an already healthy fund balance for each fund. The three funds experiencing a negative cash flow are all planned for due to capital improvements, and already have healthy fund balances that can take on the loss. Liquor Hutch (\$500,000) and Creekside (\$110,000) continue to be a valuable asset to the community and will contribute \$610,000 to the general fund in 2019. Overall, the enterprise funds are expected to transfer \$785,000 to the general fund in 2019, the same as last year. These fund transfers continue to assist the City as a means to soften the tax burden to the residents of Hutchinson. The City would have to raise its property taxes or lower its expenses by

about 16% to replace this revenue if these transfers did not exist. Enterprise fund revenues account for about 6% of our total general fund revenue. When you include the money the City receives from Hutchinson Utilities (\$1,675,175), total enterprise money coming into the general fund is at \$2,405,175. This is about 18% of our general fund revenue.

Debt Service Funds

Debt service funds are maintained to account for the payment of principal and interest related to debt issued by the City. Fund balances of these funds are restricted to debt service requirements and are not available for current expenditure purposes until the debt is retired. Debt service payments for next year, including the debt from the Equipment Replacement fund, will cost the City \$2,871,443, a 3.8% decrease from 2018 (\$2,984,807). Revenue collected for these payments include \$2,200,000 from property taxes through our debt levy. Additional revenues for debt service payments come from fund balances, special assessments, interest, and construction fund transfers. Debt service related to water, sewer, and storm water are not included within the debt service funds, but are accounted for within those respective enterprise funds. The total long-term debt of the City for 2019 is at \$16,110,000, down from \$17,735,000 in 2018.

2019 will be the third full year under the City's new Debt Management Plan. The original plan was adopted in 2008 and called for an annual debt levy to be set at \$2.2 million and that levy would be sustained for the years to follow. The City reached that sustained debt levy in 2016. In an effort to address rising costs and higher capital needs, the City council revised its debt plan in 2016 and targeted a \$2.6 million debt levy to cover future capital needs. However, due to the structure of the City's existing debt, the city will not need to increase our debt levy again until 2023. Starting in 2023, the debt levy will be increased annually by approximately 1.75% until the \$2.6 million debt levy target is reached in 2032. The targeted debt levy will likely have to be addressed in 2019 as the City is starting to see rising interest rates. Those rising interest rates will affect our debt levy or annual project limit size if not addressed next year.

Capital Improvement Plan

On an annual budgeting basis, the City develops a five-year Capital Improvement Plan (CIP) to assist in the financing of major capital needs of the city. The CIP is a budget document that realistically projects city needs, outlines means by which those needs can be met, and provides prioritization of those needs. The capital planning process provides the City with a framework to make decisions regarding current and future city needs considering the city's financial capability. The CIP commits the City to a long term capital plan that ensures that expenditures can be made to add or replace capital items when needed, without significant fluctuations in the property tax levy. Capital planning enables the City to maintain a stable property tax rate, prevents peaks and valleys in its debt retirement program, and establishes and thereafter improves its credit rating. The plan is based upon numerous long-range planning documents that are updated regularly by several different committees and staff members.

Next year's five-year CIP is valued at \$51,949,665, a significant increase from the previous year's \$44,074,845 five-year plan. The 2019 budget portion of that plan is set at \$11,482,910, an increase of 9.4% from our 2018-budgeted amount. The increase for next year is focused on funding for a new police station and storm water improvements to Linden Park. Overall, the significant increase in funding for the 5-year plan is to account for a new police station and improvements to Main Street with the 2020 project. The five-year plan accounts for various investments throughout many different levels of city government. 48% of the five-year plan will go to investments in the City's infrastructure system (new construction, reclaims, partial

reconstruction); 22% will be spent on public safety improvements; 20% will be spent on enterprise related activities (Creekside, Liquor Hutch, water, sewer, etc.); with the remaining dollars being spent on various public works, park & recreation, and general government projects. In regards to the 2019 budget, 56% of the CIP will go to pay for infrastructure projects; 26% will be spent on enterprise related projects; and 10% will be spent on public safety related projects. The largest projects slated for next year include the second phase of the South Central Trunk Storm Sewer Project; an improvement to South Grade Road and 5th Avenue SW/SE; a public road access to Uponor/TDK; a new compost turner at Creekside; facility improvements to water and wastewater facilities; and heavy equipment/fleet vehicle replacements to various departments. Funding for the five-year CIP will come from various sources. The largest revenue source over the next five years will come from borrowing to help pay for the capital needs to the tune of 37% of the CIP. State and Federal aid/grants (10%); Enterprise Funds (22%); Property taxes (20%); and special assessments (10%) make up the majority of the rest of the funding.

Conclusion

As with past years, developing budgets is an on-going process of balancing costs with the desired levels of services, needs and wants of the community, elected officials and department directors. Having to balance the wants of the community and sometimes their unwillingness to pay for those wants is always a challenging aspect of the city budgeting process. Budgets that require property tax increases are always difficult for me to recommend. Excessive taxes are an impediment to economic development and growth. Many residents will question the value of services they do not use. The difficult part as public policy makers is helping them to understand the overall value of those services to the community as a whole, and not as individuals. With that being said, I do not believe the proposed tax levy is excessive and history will show that the City has always been very conscientious when it comes to the tax burden it's willing to put on its residents. I believe the city staff does a great job of planning for the future keeping in mind the financial impact it may have on the City.

Much of the reasoning behind the proposed increase for 2019 deals with costs associated with having reliable and talented employees, and the challenges that go with keeping them here. The 2019 budget also includes plans to stabilize the need for future tax levy increases. We have begun to lessen our reliance of our self-insurance fund to help covers costs associated with our share of our employees' health savings fund contribution. This is an annual cost around \$120,000 coming from a fund that is expected to run out of money in 3-4 years. It has also been at least 7 years since we increased funding for our fleet/heavy equipment needs. Next year's budget includes a \$50,000 increase to help fund our costs in purchasing these pieces of equipment. Because of examples like this, I believe it is appropriate to recommend a modest tax increase of 3% for 2019. With that being said, I am recommending that you approve the resolutions setting the tax levies and budgets for 2019.

As I noted back in October, the "State of the City" is healthy, we are growing, and we are strengthening and reaffirming our position as an attractive regional center! The greatest relief to a City's tax burden is growth and more importantly, growth within the commercial and industrial tax bases. Signs point to continued growth of those tax bases occurring within the City. Uponor opened their doors to the community this past spring and they are positioning themselves to be a major employer in the area. Warrior Manufacturing is looking to expand its operations within the City in 2019. We have had 58 new rental units open up over the past two years and there are plans for an additional 200+ units to open up in the next 2-3 years. The City's average monthly unemployment rate dropped again in 2018 for the eighth time in nine years to 3.1% (through

October), a level that is historically low for our community. Vacancy rates for our market rate rental units also continue to be at historic lows and our median sales price of our residential homes continue to rise having increased from \$153,500 last year to \$169,900 through November of 2018, the sixth straight year of an increase. Home resales continue to remain high and home foreclosures (lack thereof) continue to remain low, with 2018 being a historically low number of three (through August). While home resales continue to remain high, we have seen a tighter housing market, which has resulted in new homes continuing to be constructed in town. Through September of this year, we have issued 27 building permits for new homes, representing the fifth straight year where we have issued 20 or more new home permits.

2017 was a year of continued growth with preparation for future generations, and 2018 was a year in which we strengthened and reaffirmed our position as an attractive regional center in outstate Minnesota. 2018 brought us the completion of on a new High School that will have a lasting positive impact on the community for the years to come. 2018 also brought us the opening of Uponsor and the opening of the second phase (29 units) of a new 87-unit apartment complex on Denver Avenue. Phase 3 is nearing completion and should open in the spring/summer of 2019. The owners of the Denver Avenue Apartments also announced plans in 2018 to build two more 35-unit apartments (phase 4 & 5), which are set to break ground in 2019/2020. Phase one of an 84-unit rental townhome complex also broke ground in 2018 on Century Avenue. 2018 also brought us the opening of PetSmart, Bobbing Bobber Brewing Company, a Doggy Daycare, and Cobblestone Hotel and Suites at the corner of Highway 7 & 15.

2019 looks to be just as exciting as 2018 and should continue the recent trend of investments within the community. 2019 should see the old KFC lot completely redeveloped with new businesses opening in the fall of 2019. Hutchinson Health, Warrior Manufacturing, and Woodstone Senior Living are all planning major expansions for next year. 2019 should also bring the conclusion of construction of a new drug store on Highway 15 South near Goodwill, phase three of the Highfield Apartments, and phase one of the new townhomes located off of Century Avenue SW. On top of this, the City will continue to market the Industrial Park and the old medical clinic site for additional commercial and industrial growth, and we anticipate continued growth in new homes being built to offset the tight housing market.

Finally, I would like to thank the department directors; more importantly finance director Andy Reid, and the Mayor and City Council for your assistance in this budget planning process. Your involvement in this process and commitment to this community is valuable to the citizens of Hutchinson. We are blessed as a community to have those who work for us knowing the hard work they put into their job every day. The City is well positioned to not only handle growth, but any challenges that may present themselves in the future. I hope the information provided to you is useful in helping you understand the 2019 Hutchinson Municipal Budget and I look forward to what the upcoming year has in store for all of us!

Sincerely,

Matthew Jaunich
City Administrator

CITY OFFICIALS

<u>Council Members</u>	<u>Term Expires</u>
Gary Forcier, Mayor	12/31/2020
Chad Czmowski	12/31/2020
Steve Cook	12/31/2020
Mary Christensen	12/31/2022
Dave Sebesta	12/31/2022

City Administrator

Matt Jaunich

Department Directors

Dan Hatten - Police	Marc Seborá - Legal
Mike Schumann - Fire	Tom Kloss - IT
Kent Exner - Public Works	Brenda Ewing - HR
Dolf Moon - Parks & Recreation	Andy Reid - Finance
Dan Jochum - Planning	Mary Filzen - Motor Vehicle
Miles Seppelt - EDA	Candice Woods - Liquor store
Jean Ward - HRA	Andy Kosek - Compost/Refuse

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
Economic Development Authority (EDA)
Housing & Redevelopment Authority (HRA)
Library Board

Park/Recreation/Community Ed. Advisory Board
Planning Commission
Police Civil Service Commission
Senior Advisory Board
Sustainability Committee
Utilities Commission

**Economic
Development
Director**

**Human Resources
Director**

City Attorney

**Motor Vehicle
Supervisor**

**Information
Technology
Director**

**Compost
Manager**

**Public Works
Director &
City Engineer**

**Finance
Director**

**PRCE
Director**

**Fire
Chief**

**Planning
Director**

**Liquor Sales
Manager**

**Police Chief /
Emergency
Management**

Public Works Manager
Water Supervisor
Wastewater Supervisor

Recreation Facilities/Oper Mgr
Recreation Services Coordinator
Parks Supervisor

Building Official
Facilities Manager

Lieutenant
Sergeant

City Employee Count (Full-Time and Part-Time Only)

Department	2017 Budget	2018 Budget	2019 Budget	2019 / 2018 Change
City Administration	3.23	3.23	3.23	0.00
Finance	3.00	3.00	3.00	0.00
Motor Vehicle	3.40	3.94	3.74	-0.20
Legal	1.50	1.50	1.50	0.00
Planning & Zoning	1.30	1.20	1.20	0.00
Information Technology	3.00	3.00	3.00	0.00
City Hall Building	1.50	1.00	1.00	0.00
Police	32.95	32.95	32.95	0.00
Hospital Security	4.68	4.68	4.68	0.00
Fire	1.00	1.00	1.00	0.00
Building Inspections	2.50	3.43	3.70	0.27
Engineering	3.60	3.50	3.50	0.00
Streets & Roadways	6.55	6.75	6.75	0.00
Park & Recreation Admin	2.00	2.40	2.40	0.00
Recreation	1.43	1.70	1.70	0.00
Civic Arena	1.15	1.15	1.15	0.00
Parks Department	6.00	6.00	6.00	0.00
Recreation Building	1.25	1.95	1.95	0.00
Waterpark	0.40	0.40	0.40	0.00
Event Center	2.54	2.54	2.54	0.00
Senior Center	0.40	0.40	0.40	0.00
Library	0.00	0.00	0.00	0.00
Cemetery	0.95	1.00	1.00	0.00
Airport	0.20	0.50	0.50	0.00
Subtotal - General Fund	84.53	87.22	87.29	0.07
Liquor	13.27	13.27	13.27	0.00
Compost	5.90	5.90	6.71	0.81
Refuse	1.88	2.50	2.50	0.00
Water	5.55	5.65	5.65	0.00
Sewer	7.85	7.95	7.95	0.00
Storm Water	2.70	2.95	2.95	0.00
Subtotal - Enterprise Funds	37.15	38.22	39.03	0.81
Economic Development Authority	1.00	1.00	1.00	0.00
Housing Redevelopment Authority	4.00	4.00	3.00	-1.00
Subtotal - Special Taxing Districts	5.00	5.00	4.00	-1.00
Total FTE	126.68	130.44	130.32	-0.12
Annual Change	3.45	3.76	(0.12)	

2019 Budget Timeline

- Department Directors compile 2018 budgetary needs.

Spring 2018

- 1st Council workshop to review and discuss the initial general fund budget and debt levy.

May 22, 2018

- 2nd Council workshop to review and discuss the preliminary 5-year Capital Improvement Plan.

August 28, 2018

- 3rd Council workshop to review and discuss the revised general fund budget.

September 11, 2018

- **Council approves preliminary tax levy increases:**
 - General Fund 4.5%, Debt 0%
 - EDA 7.7%; HRA 8.6%

September 25, 2018

- 4th Council workshop to review Enterprise Fund budgets.

November 13, 2018

- Truth & Taxation Meeting.
The general fund budget was balanced with a 4.0% tax levy increase. The debt fund tax levy remains unchanged while the EDA and HRA levies are proposed to increase by 7.7% and 8.6%.

December 4, 2018

- **Council Approves final Budgets and tax levy increases:**

December 27, 2018

2019 Tax Levy increases:	Resolution #
- General Fund 4.0%, Debt 0%	14988
- HRA 8.6%	14989
- EDA 7.7%	14990



2019 Annual Budget

Tax Levies & Tax Information

CITY OF HUTCHINSON
HUTCHINSON, MINNESOTA

Date: December 27, 2018

Resolution Number: 14988

Motion by Council Member: Lofdahl

Seconded by Council Member: Christensen

CERTIFYING 2018

PAYABLE 2019 PROPERTY TAX LEVY

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HUTCHINSON, MINNESOTA,

THAT A FINAL NET tax levy for the City of Hutchinson for 2019 is hereby set in the amount of: **\$7,310,005**

The detail for this levy is as follows:

GENERAL FUND LEVY	\$5,110,005
IMPROVEMENT BONDS	
2006	254,410
2008	115,369
2009	158,555
2010	79,088
2011	157,922
2012	131,091
2013	139,895
2014	130,985
2015	149,176
2016	488,336
2017	212,926
2018	182,247
TOTAL IMPROVEMENT BONDS	<u>\$2,200,000</u>
TOTAL TAX LEVY	<u>\$7,310,005</u>

Adopted by the City Council this 27th day of December 2018.

IN FAVOR	AGAINST	ABSENT
<u>Forcier</u>	<u> </u>	<u> </u>
<u>Czmowski</u>	<u> </u>	<u> </u>
<u>Christensen</u>	<u> </u>	<u> </u>
<u>Lofdahl</u>	<u> </u>	<u> </u>
<u>Cook</u>	<u> </u>	<u> </u>

CITY OF HUTCHINSON
HUTCHINSON, MINNESOTA

Date: December 27, 2018

Resolution Number: 14989

Motion by Council Member: Lofdahl

Seconded by Council Member: Christensen

CERTIFYING 2018
PAYABLE 2019 PROPERTY TAX LEVY

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HUTCHINSON, MINNESOTA,

THAT A FINAL NET tax levy for the Special Taxing District, **HUTCHINSON REDEVELOPMENT AUTHORITY** for 2019 is hereby set in the amount of: **\$186,023**

The City of Hutchinson established a special taxing district for the purpose of Hutchinson Redevelopment Authority (Hutchinson HRA) and the financing of such district as authorized under Minn. Stat. 469.033.

Adopted by the City Council this 27th day of December 2018.

IN FAVOR	AGAINST	ABSENT
Forcier	_____	_____
Czmowski	_____	_____
Christensen	_____	_____
Lofdahl	_____	_____
Cook	_____	_____

CITY OF HUTCHINSON
HUTCHINSON, MINNESOTA

Date: December 27, 2018

Resolution Number: 14990

Motion by Council Member: Lofdahl

Seconded by Council Member: Christensen

CERTIFYING 2018
PAYABLE 2019 PROPERTY TAX LEVY

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HUTCHINSON, MINNESOTA,

THAT A FINAL NET tax levy for the Special Taxing District, **HUTCHINSON ECONOMIC DEVELOPMENT AUTHORITY** for 2019 is hereby set in the amount of: **\$182,303**

The City of Hutchinson established a special taxing district for the purpose of Hutchinson Economic Authority (Hutchinson EDA) and the financing of such district as authorized under Minn. Stat. 469.107.

Adopted by the City Council this 27th day of December 2018.

IN FAVOR	AGAINST	ABSENT
Forcier	_____	_____
Czmowski	_____	_____
Christensen	_____	_____
Lofdahl	_____	_____
Cook	_____	_____

Understanding Your Property Tax Bill

Why do we have property Taxes?

Local property taxes help fund local programs and services, such as public schools, fire and police protection, streets, libraries, and more. Property taxes fund cities, towns, school districts, counties and other special taxing districts (i.e.: HRA and EDA).

What affects my property tax bill?

A number of things can affect your property tax bill, but local government spending and non-tax revenues will affect it the most. In general:

- Your property taxes may go up if local governments raise spending or receive less non-tax revenue (such as state aid).
- Your property taxes may go down if local governments reduce spending or receive more non-tax revenue.

Each year, local governments determine how much property tax revenue is needed to cover their spending, which is called the **levy** (budget).

The value and classification (type) of property are used to determine your share of the levy. Other things, including programs that defer or reduce your property tax, also play a role.

How does my property value affect taxes?

The county assessor determines the **estimated market value** (EMV) and classification of your property on January 2 each year. The EMV does not directly affect your property tax bill. Instead, the **taxable market value** is used to calculate how much of the tax levy you will pay.

How does my property classification affect taxes?

The county assessor classifies your property according to how it is used (homestead, apartment, farm, commercial-industrial, etc.).

Each class of property is taxed at a different percentage of its value. These **classification (class) rates** are set by State law. Different class rates may result in some types of property paying a greater share of local property taxes than others. For example, commercial properties typically pay more than residential homesteads and agricultural properties.

Classifications commonly found in City of Hutchinson

<u>Class Description</u>	<u>Valuation Tiers</u>	<u>Class Rate</u>
Residential Homestead	First \$500,000	1.00%
	Over \$500,000	1.25%
Commercial / Industrial	First \$150,000	1.50%
	Over \$150,000	2.00%
Agricultural Homestead	First \$2,140,000	0.50%
Residential Non-Homestead (Apartments) 4+ Units		1.25%
Residential Non-Homestead 1-3 Units		1.25%
Unimproved Residential Land		1.25%

*** Class Rate x Taxable Market Value = Tax Capacity**

Understanding Your Property Tax Bill

What is the Homestead Market Value Exclusion (HMVE)?

The HMVE, enacted in 2011, replaces the market value homestead credit (MVHC). The HMVE provides a tax reduction to all homesteads valued below \$413,800 by shifting a portion of the tax burden that would otherwise fall on the homestead to other types of property. The MVHC provided tax credits to homesteads, which resulted in local governments receiving less tax dollars than was levied. The program was originally created with the State funding the local governments for the shortfall created by the tax credits, however through budget cuts at the State level, local funding was cut and local governments were presented with a budget shortfall. The new HMVE program allows local governments to collect its full levy.

The HMVE formula basically provides property tax relief to homestead property owners by reducing the taxable market value which ultimately reduces the property owner's tax liability. This results in a shifting of the tax burden to other property types. The formula to determine the homestead exclusion is as follows:

$$\begin{array}{r}
 \text{First } \$76,000 \text{ of Homestead Value (full exclusion)} \quad \$76,000 \times 40\% \\
 - \text{ Homestead Value above } \$76,000 \quad (\text{Total Market Value} - \$76,000) \times 9\% \\
 = \text{ Homestead Market Value Exclusion Amount}
 \end{array}$$

<i>Example:</i> Homestead Property Estimated Market Value:		\$	160,000
Full Exclusion (\$76,000 of value x 40%)		\$	(30,400)
Less: 9% of Value above \$76,000		\$	7,600
Homestead Market Value Exclusion		\$	(22,800)
Taxable Market Value		\$	137,200

The full 40% exclusion applies to homestead properties valued at \$76,000, or less. Homestead properties valued higher than \$76,000 still receive an exclusion, however the exclusion is reduced incrementally as valuations increase above \$76,000, with no exclusion for homesteads valued higher than \$413,800.

Exclusion examples at varying market valuations:

	<u>Full</u> <u>Exclusion</u>	<u>Partial</u> <u>Exclusion</u>	<u>No</u> <u>Exclusion</u>
Homestead Property Estimated Market Value:	\$ 76,000	\$ 250,000	\$ 425,000
Full Exclusion (\$76,000 x 40%)	\$ (30,400)	\$ (30,400)	\$ (30,400)
Less: 9% of Value above \$76,000	\$ -	\$ 15,700	\$ 30,400
Homestead Market Value Exclusion	\$ (30,400)	\$ (14,700)	\$ -
Taxable Market Value	\$ 45,600	\$ 235,300	\$ 425,000

How are my taxes determined?

First, your local jurisdiction determines how much property tax revenue is needed per the approved budget. Officials calculate the local tax levy by subtracting all non-property tax revenue from the total proposed budget.

$$\begin{array}{r}
 \text{Total Proposed Local Budget} \\
 - \text{ Non-Property Tax Revenue (state aid, charges for services, enterprise transfers, etc.)} \\
 = \text{ **Property Tax Revenue Needed (Levy)** }
 \end{array}$$

The levy is spread among all taxable properties according to their **tax capacity**. (A property's tax capacity is calculated by multiplying its taxable market value by its class rate.)

$$\text{Tax Capacity} = \text{Taxable Market Value} \times \text{Class Rate}$$

The local property tax rate is calculated by dividing the property tax revenue needed by the jurisdiction's total tax capacity.

$$\text{Local Tax Rate} = \frac{\text{Property Tax Revenue Needed (Levy)}}{\text{Total Tax Capacity (all properties)}}$$

Understanding Your Property Tax Bill

Finally, the county auditor calculates and applies any credits, voter-approved school referendum levies, and, for certain types of property, the state general tax.

By combining the above calculations, we get the **basic formula** to determine the tax due for an individual property.

Taxable Market Value	
x Class Rate	
= Tax Capacity	
x Local Tax Rate	
= Base Tax	
- Credits	
+ Referendum Levy Amounts	
+ State General Tax (if applicable)	
= Total Property Tax Payable	

Example Calculations to Determine the City of Hutchinson Portion of Your Tax Bill:

Residential Homestead Property:

	<u>2017</u>	<u>2018</u>
Estimated Market Valuation	\$ 152,200	\$ 165,400
Full Exclusion (\$76,000 x 40%)	\$ (30,400)	\$ (30,400)
Less: 9% of Value above \$76,000	\$ 6,900	\$ 8,000
Homestead Market Value Exclusion	\$ (23,500)	\$ (22,400)
Taxable Market Value	\$ 128,700	\$ 143,000
Property Classification Rate <i>Residential Homestead</i>	1.00%	1.00%
Tax Capacity	\$ 1,287	\$ 1,430
City of Hutchinson Tax Rate	71.953%	71.141%
City of Hutchinson Taxes Payable	\$ 926	\$ 1,017

Commercial Industrial - Under \$150,000 Market Value

	<u>2017</u>	<u>2018</u>
Estimated Market Valuation	\$ 140,300	\$ 142,500
Homestead Market Value Exclusion	N/A	N/A
Taxable Market Value	\$ 140,300	\$ 142,500
Property Classification Rate <i>Commercial value < \$150K</i>	1.50%	1.50%
Tax Capacity	\$ 2,105	\$ 2,138
City of Hutchinson Tax Rate	71.953%	71.141%
City of Hutchinson Taxes Payable	\$ 1,514	\$ 1,521

Commercial Industrial - Over \$150,000 Market Value

	<u>2017</u>	<u>2018</u>
Estimated Market Valuation	\$ 1,503,700	\$ 1,514,400
Homestead Market Value Exclusion	N/A	N/A
Taxable Market Value	\$ 1,503,700	\$ 1,514,400
Property Classification Rate 1st \$150,000 @ 1.50%	2,250	2,250
Over \$150,000 @ 2.00%	27,074	27,288
Tax Capacity	\$ 29,324	\$ 29,538
City of Hutchinson Tax Rate	71.953%	71.141%
City of Hutchinson Taxes Payable	\$ 21,099	\$ 21,014

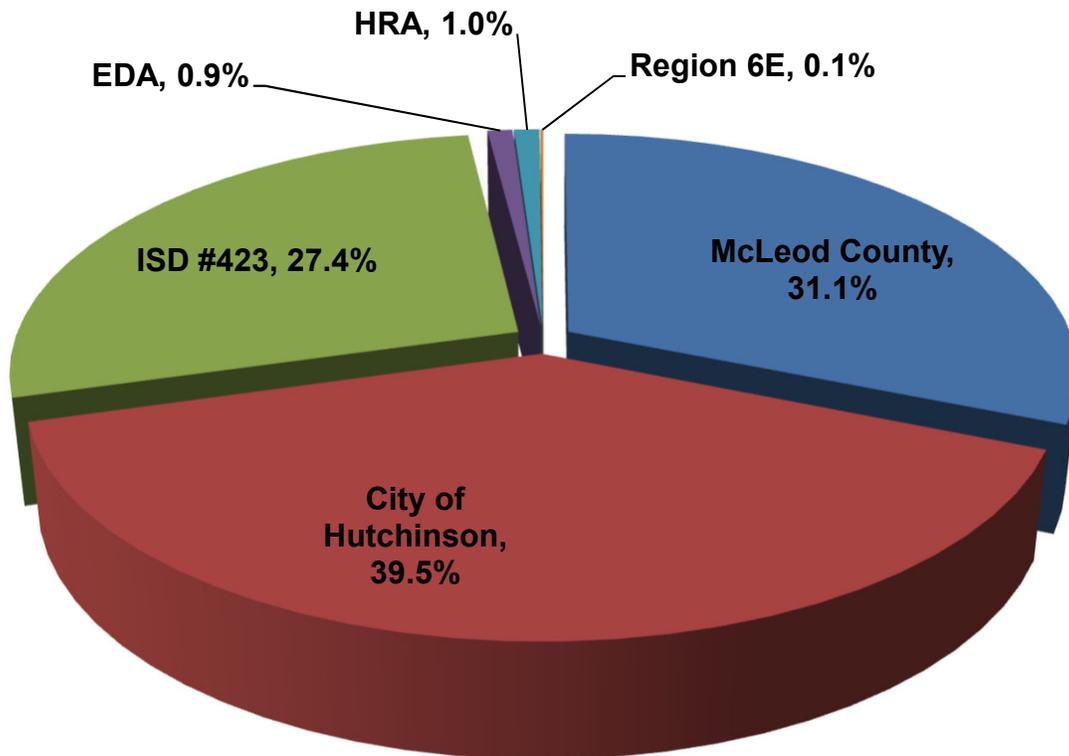
Understanding Your Property Tax Bill

Tax Levies Applicable to City of Hutchinson Property Owners

- City of Hutchinson General Fund and Debt Levies - Hutchinson City Council approves final tax levies.
- Hutchinson Economic Development Authority Special Taxing District (EDA).
 - EDA Board recommends tax levy to Hutchinson City Council. City Council approves final tax levy.
 - Tax levy limited by Minnesota State statute.
- Hutchinson Housing & Redevelopment Authority Special Taxing District (HRA).
 - HRA Board recommends tax levy to Hutchinson City Council. City Council approves final tax levy.
 - Tax levy limited by Minnesota State statute.
- McLeod County - County Commissioners approve final tax levy.
- Region 6E - Regional Economic Development Commission servicing the Counties of:
 - Kandiyohi, McLeod, Meeker & Renville
- The State General Tax is applicable mainly to Commercial/Industrial in the City of Hutchinson.

<u>Property Classification</u>	<u>Tiers</u>	<u>State General Tax Rate</u>
Commercial/Industrial	First \$150,000 of market value	1.50%
Commercial/Industrial	Over \$150,000 of market value	2.00%
Non-Profit Community Service Org.		1.50%

2018 Property Tax Bill Breakdown



Tax Levy and Tax Impact for 2019

Tax Levy

The City tax levy for 2019 is \$7,310,005, which is an increase of \$196,539 or 2.8%. This is based on a 4% General fund tax increase while the Debt tax levy remains at the same amount with no change.

The 2019 tax levies necessary to fund the annual operations of the EDA and HRA increased 7.7% and 8.6%, respectively. These entities are special taxing districts that are subject to tax levy limits set by Minnesota State Statute.

	<u>2018</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
General Fund Tax Levy	4,913,466	5,110,005	196,539	4.0%
Debt Tax Levy	2,200,000	2,200,000	-	0.0%
Total City Tax Levy	7,113,466	7,310,005	196,539	2.8%
EDA Tax Levy	169,200	182,303	13,103	7.7%
HRA Tax Levy	171,364	186,023	14,659	8.6%
Total Tax Levies	7,454,030	7,678,331	224,301	3.0%

Tax Capacity

The tax capacity, or tax base, represents the taxable property value within the City. It is determined by applying the State-wide property tax class rates to each tax parcel's taxable value. The city's 2019 tax capacity is estimated at \$10,896,013, which is an increase of \$893,878 or 8.9%

Since property market values play a major role in determining tax capacity, it's important to discuss the current trends in valuations. The table below shows the estimated market values, as provided by the McLeod County Assessor's office. The 2018 valuations, which are used to determine the 2019 tax capacity, increased by \$72,270,200 or 7.7%. Residential values made up the majority of the increase at \$60,634,800 or 8.9%. Commercial/Industrial and Apartments increased 4.6% and 5.5%, respectively, while Agricultural decreased 7.4%. We expect that residential property owners will generally see a larger tax increase than commercial or apartments simply due to the larger increase in valuation.

The city expects that valuations will increase moderately in the next one to two years due to new commercial and residential activity. We expect that the city's tax capacity will increase moderately as well, assuming existing valuations continue to increase moderately, or hold steady.

Market Value History

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Residential	583,366,100	610,489,900	647,287,100	677,723,600	738,358,400
Commercial/Industrial	190,270,200	186,613,800	187,822,600	191,228,500	200,045,000
Apartment	60,839,400	61,944,700	58,843,800	58,855,200	62,077,800
Agricultural	6,350,400	6,580,600	5,360,700	5,452,200	5,048,500
Total	840,826,100	865,629,000	899,314,200	933,259,500	1,005,529,700
% Change	1.3%	2.9%	3.9%	3.8%	7.7%

Tax Rate

The city's tax rate is determined by dividing the tax levy by the tax capacity. The 2019 tax rate is estimated at 67.107%, which is 4.034% lower than the 2018 tax rate. To determine an individual property's tax liability for city tax only, the city tax rate is applied to the property's net tax capacity.

	<u>2018</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
City Tax Levy	7,113,466	7,310,005	196,539	2.8%
Tax Capacity	9,999,135	10,893,013	893,878	8.9%
City Tax Rate	71.141%	67.107%	-4.034%	-5.7%

Tax Levy and Tax Impact for 2019

Tax Impact

Based on the estimated tax rate of 67.107%, the median **residential** home valued at \$160,000 will pay an estimated \$921 in city taxes for 2019. Even though the city's tax rate went down 4%, the median home will see an estimated tax increase of \$22 due to the estimated valuation increase of 6.7%.

Estimated Tax Impact - Residential Property at Median Value

	<u>2018</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
Estimated Market Value	\$150,000	\$160,000	\$10,000	6.7%
Homestead Exclusion	-\$23,700	-\$22,800	\$900	-3.8%
Net Taxable Value	\$126,300	\$137,200	\$10,900	8.6%
State Tax Class Rate	1.00%	1.00%		
Tax Capacity	\$1,263	\$1,372	\$109	8.6%
Estimated Tax Rate	71.141%	67.107%	-4.034%	-5.7%
Estimated City Tax	\$899	\$921	\$22	2.5%

A **commercial** building valued at \$146,500 will pay an estimated \$1,475 in city taxes for 2019. This property's tax bill would decrease by \$19 due to the 4% decrease in the tax rate and an estimated valuation increase of 4.6%.

Estimated Tax Impact - Commercial Property with Value below \$150,000

	<u>2018</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
Net Taxable Value	\$140,000	\$146,500	\$6,500	4.6%
State Tax Class Rate	1.50%	1.50%		
Tax Capacity	\$2,100	\$2,198	\$98	4.6%
Estimated Tax Rate	71.141%	67.107%	-4.034%	-5.7%
Estimated City Tax	\$1,494	\$1,475	-\$19	-1.3%

A **commercial** building valued at \$1,046,000 will pay an estimated \$13,536 in city taxes for 2019. This property's tax bill would decrease by \$159 due to the 4% decrease in the tax rate and an estimated valuation increase of 4.6%.

Estimated Tax Impact - Commercial Property with Value above \$150,000

	<u>2018</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
Net Taxable Value	\$1,000,000	\$1,046,000	\$46,000	4.6%
State Tax Class Rate				
1st \$150K at 1.50%	2,250	2,250		
Over \$150K at 2.00%	17,000	17,920		
Tax Capacity	\$19,250	\$20,170	\$920	4.8%
Estimated Tax Rate	71.141%	67.107%	-4.034%	-5.7%
Estimated City Tax	\$13,695	\$13,536	-\$159	-1.2%

Historical Tax Rate Variables

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City Tax Levy	6,656,639	6,769,035	6,951,796	7,113,466	7,310,005
Tax Capacity	8,908,926	9,117,121	9,661,581	9,999,135	10,893,013
Tax Rate	74.416%	73.966%	71.953%	71.141%	67.107%

Price of Government

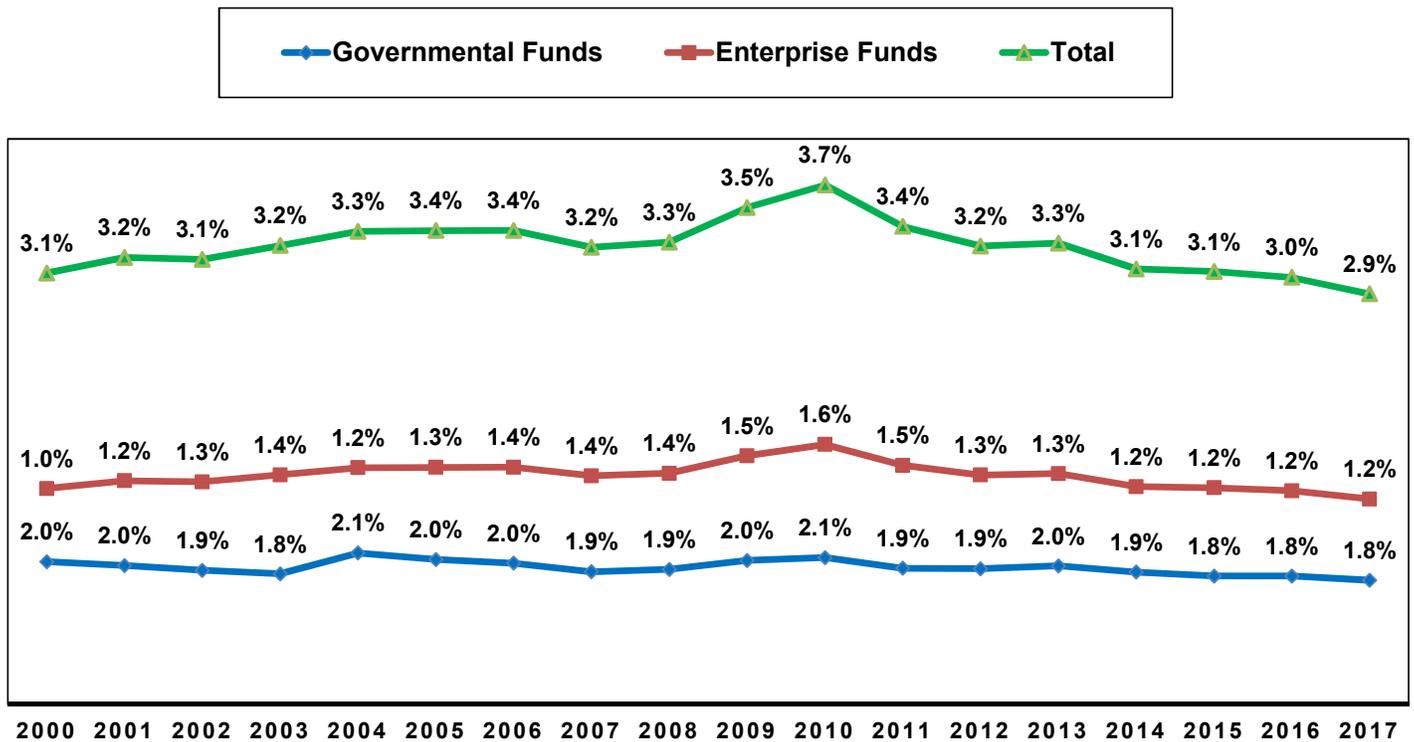
While reviewing the budget, it is helpful to keep in mind the concept of "Price of Government", which involves examining how much residents pay for all City services compared to the estimated income in the community. This analysis allows the City to compare how much residents pay for those municipal services on an annual basis and see how that has changed over time.

The graph below shows the City's price of government since the year 2000. The price has been stable throughout the analysis period but did increase during the recession to its highest level in 2010. Since 2010, the price has slowly decreased, indicating that personal income is growing at a faster rate than the cost of City services.

For 2017, Hutchinson citizens spent 1.8% of each dollar earned on the day to day operations of the City and 1.2% on the City's enterprise funds. In total, approximately 2.9% of each dollar earned by Hutchinson citizens was spent on City services in 2017. The only enterprise funds included in this analysis are Water, Sewer, Storm Water and Refuse. The Liquor and Compost funds are excluded as they are a business-type entities that are not necessarily utilized by every citizen.

Price of Government for the City of Hutchinson

(percent of every dollar earned going to pay for City services, excluding Electric & Gas Utilities)



Note: Data for 2018 was not available due to the lag in availability of U.S. Bureau of Economic Analysis Data



2019 Annual Budget

City Budget Summary

Budget Summary - All Budgeted Funds

The budget summary below consists of only those funds and departments which are highlighted in the following pages of this budget document. There are other minor funds that are not included, however the activity within those funds do not have a material impact as a result of being excluded from this summary.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Dollar Inc/Decr	% Inc/Decr
REVENUES:						
Property Taxes	6,792,736	6,972,814	7,135,466	7,332,005	196,539	2.8%
Tax Increment Taxes	174,511	151,744	145,000	20,000	(125,000)	-86.2%
Special Assessments	1,388,234	781,190	406,191	424,749	18,558	4.6%
Local Sales Tax	1,270,814	1,308,599	1,280,000	1,330,000	50,000	3.9%
Other Taxes	291,910	293,840	305,000	315,000	10,000	3.3%
Licenses & Permits	291,728	697,437	353,550	425,200	71,650	20.3%
Intergovernmental Revenue	3,101,903	3,775,292	5,163,735	5,373,299	209,564	4.1%
Charges for Services	2,819,570	3,206,777	3,324,034	3,337,602	13,568	0.4%
Fines & Forfeitures	45,588	50,233	55,000	50,000	(5,000)	-9.1%
Miscellaneous Revenue	1,467,664	1,384,415	1,043,400	1,195,550	152,150	14.6%
Transfers-In	5,419,715	5,213,957	3,395,092	3,454,145	59,053	1.7%
Fund Balance	-	601,872	-	-	-	0.0%
Bond Proceeds	2,499,108	2,528,214	2,600,000	2,670,000	70,000	2.7%
Sales Revenue	15,710,367	15,793,873	16,080,875	16,372,775	291,900	1.8%
TOTAL REVENUES	41,273,848	42,760,258	41,287,343	42,300,325	1,012,982	2.5%
EXPENDITURES:						
Wages & Benefits	10,348,942	11,006,146	11,676,480	12,045,619	369,139	3.2%
Supplies	1,459,601	1,540,200	1,739,258	1,797,361	58,103	3.3%
Services & Charges	6,094,496	6,049,621	6,393,029	6,256,447	(136,582)	-2.1%
Miscellaneous Expenses	781,485	729,713	783,465	839,238	55,773	7.1%
Depreciation Expense	3,636,988	3,722,679	3,443,000	3,293,500	(149,500)	-4.3%
Debt Service	3,334,271	2,925,282	6,329,313	6,309,601	(19,712)	-0.3%
Bond Issuance Costs	43,495	63,431	70,000	70,000	-	0.0%
Transfers-Out	4,098,066	3,891,598	1,230,000	1,078,970	(151,030)	-12.3%
Capital Outlay	7,023,814	6,217,409	7,700,988	8,964,121	1,263,133	16.4%
Cost of Sales	5,501,894	5,313,662	5,513,690	5,711,630	197,940	3.6%
TOTAL EXPENDITURES	42,323,053	41,459,741	44,879,223	46,366,487	1,487,264	3.3%
TOTAL REVENUE OVER (UNDER) EXPENDITURES	(1,049,205)	1,300,517	(3,591,880)	(4,066,162)	(474,282)	

2019 Budget Summary by Fund Type

	Total	General Fund	Enterprise Funds	Capital Project Funds	Debt Service Funds	Special Revenue Funds	Internal Service Funds
REVENUES:							
Property Taxes	7,332,005	5,122,005	-	10,000	1,863,580	-	336,420
Tax Increment Taxes	20,000	-	-	-	20,000	-	-
Special Assessments	424,749	-	-	27,500	397,249	-	-
Local Sales Tax	1,330,000	-	1,330,000	-	-	-	-
Other Taxes	315,000	315,000	-	-	-	-	-
Licenses & Permits	425,200	414,200	11,000	-	-	-	-
Intergovernmental Revenue	5,373,299	1,578,056	12,500	3,476,463	-	306,280	-
Charges for Services	3,337,602	2,830,857	151,745	70,000	-	285,000	-
Fines & Forfeitures	50,000	50,000	-	-	-	-	-
Miscellaneous Revenue	1,195,550	317,500	271,800	135,000	15,000	43,250	413,000
Transfers-In	3,454,145	2,497,175	-	700,000	100,000	156,970	-
Fund Balance	-	-	-	-	-	-	-
Bond Proceeds	2,670,000	-	-	2,670,000	-	-	-
Sales Revenue	16,372,775	-	16,372,775	-	-	-	-
TOTAL REVENUES	42,300,325	13,124,793	18,149,820	7,088,963	2,395,829	791,500	749,420
EXPENDITURES:							
Wages & Benefits	12,045,619	8,866,013	3,053,247	-	-	126,359	-
Supplies	1,797,361	870,578	581,875	-	-	344,908	-
Services & Charges	6,256,447	2,655,282	2,816,465	575,000	-	201,700	8,000
Miscellaneous Expenses	839,238	620,950	80,350	15,000	-	13,138	109,800
Depreciation Expense	3,293,500	-	2,993,500	-	-	-	300,000
Debt Service	6,309,601	-	3,408,158	30,000	2,532,793	-	338,650
Bond Issuance Costs	70,000	-	-	70,000	-	-	-
Transfers-Out	1,078,970	101,970	785,000	100,000	-	-	92,000
Capital Outlay	8,964,121	10,000	1,581,500	6,976,000	-	98,121	298,500
Cost of Sales	5,711,630	-	5,711,630	-	-	-	-
TOTAL EXPENDITURES	46,366,487	13,124,793	21,011,725	7,766,000	2,532,793	784,226	1,146,950
TOTAL REVENUE OVER (UNDER) EXPENDITURES	(4,066,162)	-	(2,861,905)	(677,037)	(136,964)	7,274	(397,530)

Budget Structure & Policy

The financial reporting and budgeting systems of the City are organized on a "**fund**" basis. A fund is a fiscal and accounting entity with a self-balancing set of accounts. Funds are the control structures that ensure that public monies are spent only for authorized purposes within the amounts authorized. Funds are established to account for the different activities and legal restrictions that are associated with a particular government function.

The City's financial structure includes the following fund types:

- 1) Governmental Funds
- 2) Proprietary Funds
- 3) Component Units

Governmental Funds

Governmental funds are used to account for activities primarily supported by taxes, grants and similar revenue sources. The City budgets for the following governmental funds:

- **General Fund**

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. It includes basic governmental services, such as Police, Fire, Parks and Recreation, Streets & Highways, Building Inspections, Cemetery, Airport and Administrative services.

- **Capital Improvement Projects Funds**

Capital Improvement Projects funds account for the acquisition or construction of major capital projects other than those financed by proprietary fund activities. The City informally budgets for the following Capital Improvement Project funds:

- Capital Projects fund
- Construction fund
- Community Improvement fund

- **Debt Service funds**

Debt Service funds account for the payment of general obligation bond principal and interest from the City's debt tax levy and special assessment repayments from property owners. The debt generally finances improvements to the City's roadways, alleys, parking lots, bridges, trails and other public infrastructure.

- **Special Revenue funds**

Special Revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes other than debt service and capital improvement projects. The City informally budgets for the following Special Revenue funds:

- Public Sites fund
- Rural Fire fund
- Tree Disease Mitigation fund
- H.A.T.S. Facility fund

Proprietary Funds

Proprietary funds are used to account for activities that receive significant support from fees and charges. These funds are classified into two fund types; Enterprise funds and Internal Service funds.

- **Enterprise Funds**

Enterprise funds are used to account for those government operations that are financed and operated in a manner similar to private business. The City formally budgets for the following Enterprise funds:

- Liquor fund
- Water fund
- Compost fund
- Sewer fund
- Refuse fund
- Storm Water fund

- **Internal Service Funds**

Internal Service funds account for operations that provide services to other departments or agencies of the City, on a cost reimbursement basis. The City informally budgets for the following Internal Service funds:

- Equipment Replacement fund (Central Garage)
- Self Insurance fund

Component Units

A component unit is a legally separate organization authorized by Minnesota statute for which the city council is financially accountable. They are classified as such because they have a separate board of directors approved by the city council and may not exercise any of the powers enumerated by the authorizing statutes without prior approval of the city council. They do 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. A tax levy, limited by state statute, is the main funding source for operations of each component unit.

The component units are discretely presented within the City's financial statements. Discretely presented essentially means that the component unit is reported within the City's combined financial statements as a separate column to emphasize that it is legally separate from the City. The City has two component units which are not included within this budget document. Budgets for each component unit are available upon request of the specific entity.

- ***Hutchinson Economic Development Authority (EDA)***
- ***Hutchinson Housing and Redevelopment Authority (HRA)***

The City has other funds which are not formally budgeted, including Special Revenue funds, Debt Service funds and Capital Improvement Project funds.

Basis of Accounting

The City is required to account for revenues and expenditures according to generally accepted accounting principles (GAAP). The budget was prepared using the following basis of accounting, which is consistent with the accounting methods used for financial reporting:

All governmental funds are maintained on a ***modified accrual basis*** with revenues recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred. Proprietary funds are maintained on the ***accrual basis***. Revenues are recognized in the accounting period in which they are earned. Expenses are recognized in the period in which the liability is incurred.

Financial Policies

The City has a responsibility to provide quality services to its residents and considers it important to do so in a fiscally responsible fashion designed to keep services and taxes as consistent as possible over time. The City approved a Financial Management Plan (Plan) that is designed to serve as the framework upon which consistent operations may be built and sustained, guides responsible use of municipal resources and contributes to the City's overall financial health. The Plan serves three main purposes:

- 1) The plan draws together the City's major financial policies into a single document.
- 2) The plan establishes principles to guide both staff and City Council members to make consistent and informed financial decisions.
- 3) The plan provides guidelines for ensuring and maintaining an appropriate level of funds, unreserved and reserved, to sustain the financial integrity of the City.

The objectives of the Financial Management Plan include:

- Provide both short term and long term future financial stability by ensuring adequate funding for the provision of services needed by the community.
- Protect the City Council's policy-making ability by ensuring that important policy decisions are not controlled by financial problems or emergencies.
- Prevent financial difficulties in the future.
- Provide sound principles to guide the decisions of the City Council and Administration.
- Employ revenue policies which prevent undue or unbalanced reliance on certain revenues, distribute the cost of municipal services fairly, and provide funding to operate desired programs.
- Provide essential public facilities and prevent deterioration of the City's public facilities and infrastructure.
- Protect and enhance the City's credit rating and prevent default on any municipal debt.
- Create a document that City staff and City Council Members can reference during financial planning, budget preparation and other financial management issues.

Portions of certain financial policies related to the budgetary formulation and compliance are summarized below. The entire policies are within the Financial Management Plan which is a supplemental document at the end of this budget.

Revenue Policy

The City will conservatively estimate and budget for its annual revenues using an objective, analytical process. All existing and potential revenue sources will be re-examined annually.

Revenue sources that are non-recurring in nature shall not be used to fund ongoing programs or operations of the City. This includes revenue such as sales of assets, settlement from a lawsuit, inter-fund transfers and other one-time payments. These revenue items should be used to build reserves or for projects that will result in long-term operating costs savings. Non-recurring revenue may also include grants and donations. These revenue sources should be dedicated to the use designated by the grantor or donor. The annual budget shall be prepared in a manner that eliminates, or minimizes, reliance on unpredictable or non-recurring revenues for on-going operating costs.

Property tax payments are the largest source of revenue in the City's General fund, accounting for approximately 40% of the total annual revenue. The City will strive to proactively avoid large increases in property taxes and will explore all other alternatives, including:

- Other policy options; debt management, fees & charges, cost allocation, expense cuts and use of reserves.
- Budget scenarios for a 0% tax levy increase, including potential reductions in service levels.
- Consideration will be given to staying within the amount of revenue generated by increased market value with no increase in the tax rate.

If after exhausting these alternatives, a tax increase is required, the goal of the City will be to keep any property tax rate increase at or below the prevailing inflation rate. City services will be funded to the maximum extent possible by the increases in market valuation (new tax base growth and valuation increases).

Possible factors for considering an increase in property tax include:

- Long-term protection of the City's infrastructure.
- Meeting legal mandates imposed by outside agencies.
- Maintaining adequate fund balance and reserve funds sufficient to the City's Fund Balance Policy.
- Funding City development and redevelopment projects that will clearly result in future tax base increases. The expenditures of development and redevelopment funds must be in accordance with a defined strategy as shown in the City's comprehensive plan, capital improvement plan, and other council documents.

Property tax increases to meet other purposes will be based on the following criteria:

- A clear expression of community need.
- The existence of community partnerships willing to share resources.
- Establishment of clearly defined objectives and measurements of success, including appropriate sunset provisions.
- Voter approved referendums for specific community needs or projects.

Operating Budget Policy

The City Administrator shall submit a balanced General fund budget that provides for all current expenditures with current revenues, matching ongoing operating expenses with the appropriate source of ongoing revenues, except in emergency situations or in the event of unforeseen needs.

The City will avoid budgetary procedures that balance current expenditures at the expense of meeting future years' budgets.

Any inclusion of previous years' excess fund balance in the adopted budget will be intended for one-time or non-recurring expenses or projects.

The impact on the operating budget from any new programs or activities being proposed should be minimized by providing funding with newly created revenues wherever possible.

The City Administrator will ensure that a budgetary control system is in place to adhere to the adopted budget and will provide monthly reports comparing actual revenues and expenditures to the budgeted amounts. The legal level of budgetary control is at the department level within a fund

- Departments shall not exceed the budget within the four main expense categories without City Administrator approval. Specific expense items within a category may be over budget as long as the category in total does not exceed the budget. The main expense categories are as follows:
 - Wages & Benefits
 - Services & Charges
 - Supplies
 - Miscellaneous
- Surplus departmental revenue may not be used to justify overspending an expenditure without approval from the City Administrator.

- The City Administrator is authorized to approve a transfer of funds from one appropriation to another within the budget of any department of the City. Department means any city function organized under the direct control of a single department head. Such approval shall be made by written memorandum setting forth the reasons therefore.
- No officer or employee of the City shall place any order or make any purchase except for a purpose and to the amount authorized in the budget resolution, or as authorized by the City Administrator.

Fund Balance Policy

The City understands it has a responsibility to maintain prudent financial practices to ensure stable operations for the benefit of city residents and businesses. Fund balance reserves are an important component in ensuring the overall financial health of a community by giving the City cushion to meet contingency or cash flow timing needs.

The office of the State Auditor recommends that at year-end, local governments maintain an unrestricted fund balance in their general fund and special revenue funds of approximately 35 to 50% of fund operating revenues, or no less than five months of operating expenditures. While the bond rating agencies do not have recommended fund balance levels, the agencies look favorably on larger fund balances, which protect against contingencies and cash flow needs.

- **General Fund**

The City will maintain an unrestricted fund balance in the General fund of an amount not less than 40% of the next year's General fund budgeted expenditures. This will assist in maintaining an adequate level of fund balance to provide for cash flow requirements and contingency needs because major revenues, including property taxes and other government aid, are received in the second half of the City's fiscal year.

- **Enterprise Funds**

It is the goal of each enterprise fund to cover the costs of operations, including depreciation and a transfer to the General fund, to maintain a financially healthy enterprise. The City will maintain cash reserves in the Enterprise funds at a minimum level equal to 25% of the annual operating costs plus one year of debt service payments.

Capital Improvement Plan

Each year, as part of the annual budgeting process, the City of Hutchinson prepares a five-year Capital Improvement Plan (CIP) that includes the following years' capital budget. The CIP identifies projects that will support existing and projected needs in the following areas: transportation, parks & recreation and public safety, etc. It is based upon numerous long range planning documents that are updated regularly as identified by the Facilities Committee, Fleet Committee, Resource Allocation Committee and City staff. The CIP prioritizes the use of limited resources that are available for capital items by identifying which projects will be funded, how they will be paid for and when they will be purchased. It establishes a comprehensive development program that is used to maximize outside revenue sources and effectively plan for the growth and maintenance of the City's infrastructure.

The CIP is a planning document comprised of potential capital improvement projects known at a certain point in time. Projects are not approved simply by being included in the CIP as funding sources or City priorities may have changed. All capital projects are subject to the City's purchasing policy, requiring quotes/bids and approvals commensurate to the total cost.



2019 Annual Budget

General Fund

General Fund

The General fund is the City's primary operating fund, consisting of the departments and functions necessary for the day to day operations of the City. The main functions include Public Safety, Public Works, Culture & Recreation and General Government. A tax levy accounts for 39% of the revenues required to fund the general operations. Charges for Services and Transfers from enterprise funds are the next largest sources of revenue at 22% and 20% of operating expenditures. On the expenditure side, employee wages and benefits account for 68% of the total general fund expenditures. Controlling wages and benefits is the largest challenge for the City's general fund and we are always looking for opportunities to keep costs as low as possible.

Budgetary Highlights for 2019

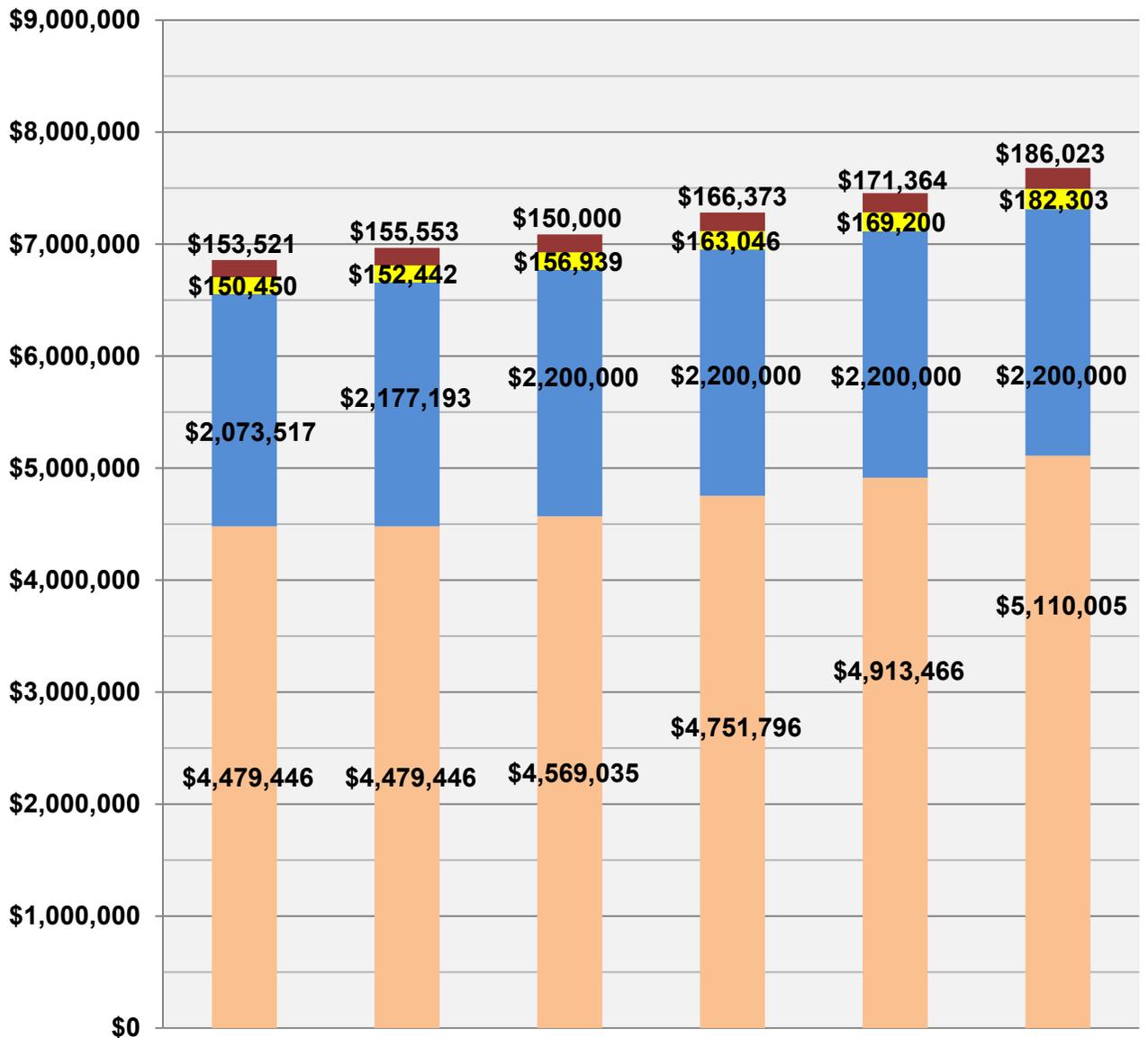
- The city council approved a 4.0% general fund tax levy increase for 2019.
- Licenses & Permits revenue increased \$71,150, primarily due to the expected continuation of building activity that the city has experienced over the past two years.
- Charges for Services decreased \$9,677 due to a combination of factors. Recreational Activity fees have been reduced \$33,080 due to decreased participation in each of the last six years. This loss is mitigated by increases in other services, such as hospital security, civic arena fees and engineering fees.
- Transfers-In decreased slightly in 2019 due mainly to a partial shift in funding for the City's contributions to employee HSA accounts. The Self Insurance fund has been funding the HSA costs entirely since 2016 by annual transfers into the General fund. The City plans to eliminate this funding source by phasing 20% of the cost into the General fund in each of the next five years. This results in a \$28,000 transfer reduction for 2019. Prior transfer from the hospital of approximately \$260,000 was discontinued in 2018 due to a buyout of the lease agreement. This loss was offset by a \$270,000 increase in the PILOT payment from Hutchinson Utilities.
- Wages & Benefits is increasing 2.4%, which is lower than normal. Receiving a zero increase in the city's health insurance premiums was a major factor in keeping costs low for 2019.
- Miscellaneous Expenses increased due to a \$50,000 increase in funding the city's General fund vehicles and equipment. The funding level has not been increased since 2013 while costs have risen.
- The Transfers-Out expenditure is the City's share of operating expenses for the H.A.T.S. Facility. The facility is operated under a Joint Powers Agreement consisting of the State, McLeod County and City.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Dollar Inc/Decr	% Inc/Decr
REVENUES:						
Property Taxes	4,581,303	4,759,282	4,925,466	5,122,005	196,539	4.0%
Other Taxes	291,910	293,840	305,000	315,000	10,000	3.3%
Licenses & Permits	281,558	686,987	343,050	414,200	71,150	20.7%
Intergovernmental Revenue	1,318,016	1,472,960	1,555,161	1,578,056	22,895	1.5%
Charges for Services	2,377,289	2,739,971	2,840,534	2,830,857	(9,677)	-0.3%
Fines & Forfeitures	45,588	50,233	55,000	50,000	(5,000)	-9.1%
Miscellaneous Revenue	319,891	317,561	319,500	317,500	(2,000)	-0.6%
Transfers-In	2,386,939	2,349,544	2,515,092	2,497,175	(17,917)	-0.7%
TOTAL REVENUES	11,602,494	12,670,378	12,858,803	13,124,793	265,990	2.1%
EXPENDITURES:						
Wages & Benefits	7,582,131	8,231,858	8,657,896	8,866,013	208,117	2.4%
Supplies	635,509	777,542	878,840	870,578	(8,262)	-0.9%
Services & Charges	2,443,317	2,455,892	2,649,777	2,655,282	5,505	0.2%
Miscellaneous Expenses	540,726	520,974	562,290	620,950	58,660	10.4%
Transfers-Out	599,755	600,000	100,000	101,970	1,970	2.0%
Capital Outlay	-	24,958	10,000	10,000	-	0.0%
TOTAL EXPENDITURES	11,801,438	12,611,224	12,858,803	13,124,793	265,990	2.1%
TOTAL REVENUE OVER (UNDER) EXPENDITURES	(198,945)	59,154	-	-	-	

General Fund

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Dollar Inc/Decr	% Inc/Decr
REVENUES:						
Property Taxes	4,581,303	4,759,282	4,925,466	5,122,005	196,539	4.0%
Other Taxes	291,910	293,840	305,000	315,000	10,000	3.3%
Licenses & Permits						
Building Permits	214,562	617,225	275,500	345,500	70,000	25.4%
Liquor Licenses	27,175	26,200	30,000	27,500	(2,500)	-8.3%
Other	39,822	43,562	37,550	41,200	3,650	9.7%
Total Licenses & Permits	281,558	686,987	343,050	414,200	71,150	20.7%
Intergovernmental Revenue						
Local Government Aid	862,500	1,000,000	1,100,252	1,100,252	-	0.0%
Police Pension Aid	170,200	169,345	169,345	190,000	20,655	12.2%
Fire Relief Pension Aid	106,662	108,253	108,252	109,292	1,040	1.0%
Other	178,654	195,361	177,312	178,512	1,200	0.7%
Total Intergovernmental	1,318,016	1,472,960	1,555,161	1,578,056	22,895	1.5%
Charges for Services						
Public Safety	447,465	440,700	444,247	458,025	13,778	3.1%
Recreation	858,881	1,186,008	1,248,198	1,210,251	(37,947)	-3.0%
Streets & Highways	422,820	446,519	473,087	478,204	5,117	1.1%
Other	648,123	666,744	675,002	684,377	9,375	1.4%
Total Charges for Services	2,377,289	2,739,971	2,840,534	2,830,857	(9,677)	-0.3%
Fines & Forfeitures	45,588	50,233	55,000	50,000	(5,000)	-9.1%
Miscellaneous Revenue	319,891	315,561	319,500	317,500	(2,000)	-0.6%
Total Revenues	9,215,555	10,318,834	10,343,711	10,627,618	283,907	2.7%
EXPENDITURES:						
General Government	2,996,101	3,032,467	3,231,468	3,320,936	89,468	2.8%
Public Safety	3,918,623	4,164,943	4,373,509	4,506,747	133,238	3.0%
Streets & Highways	1,681,625	1,745,239	1,940,070	1,908,439	(31,631)	-1.6%
Culture & Recreation	2,355,653	2,846,244	2,958,599	3,022,872	64,273	2.2%
Miscellaneous	249,681	222,330	255,157	263,829	8,672	3.4%
Total Expenditures	11,201,683	12,011,224	12,758,803	13,022,823	264,020	2.1%
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,986,129)	(1,692,390)	(2,415,092)	(2,395,205)	19,887	
OTHER FINANCING SOURCES / (USES)						
Transfers in						
Liquor fund	475,000	500,000	500,000	500,000	-	0.0%
Water & Sewer funds	86,290	120,000	120,000	120,000	-	0.0%
Compost fund	110,000	110,000	110,000	110,000	-	0.0%
Utilities Commission PILOT	1,305,256	1,196,331	1,404,468	1,675,175	270,707	19.3%
Hospital Lease Repayment	236,393	248,213	260,624	-	(260,624)	0.0%
Other	174,000	175,000	120,000	92,000	(28,000)	-23.3%
Total Transfers in	2,386,939	2,349,544	2,515,092	2,497,175	(17,917)	-0.7%
Transfers out	(599,755)	(600,000)	(100,000)	(101,970)	(1,970)	2.0%
Sale of capital assets	-	2,000	-	-	-	0.0%
Total Other Financing Sources	1,787,184	1,751,544	2,415,092	2,395,205	(19,887)	-0.8%
Net Change in Fund Balance	(198,945)	59,154	-	-	-	

Total City Tax Levy Comparison 2014-2019



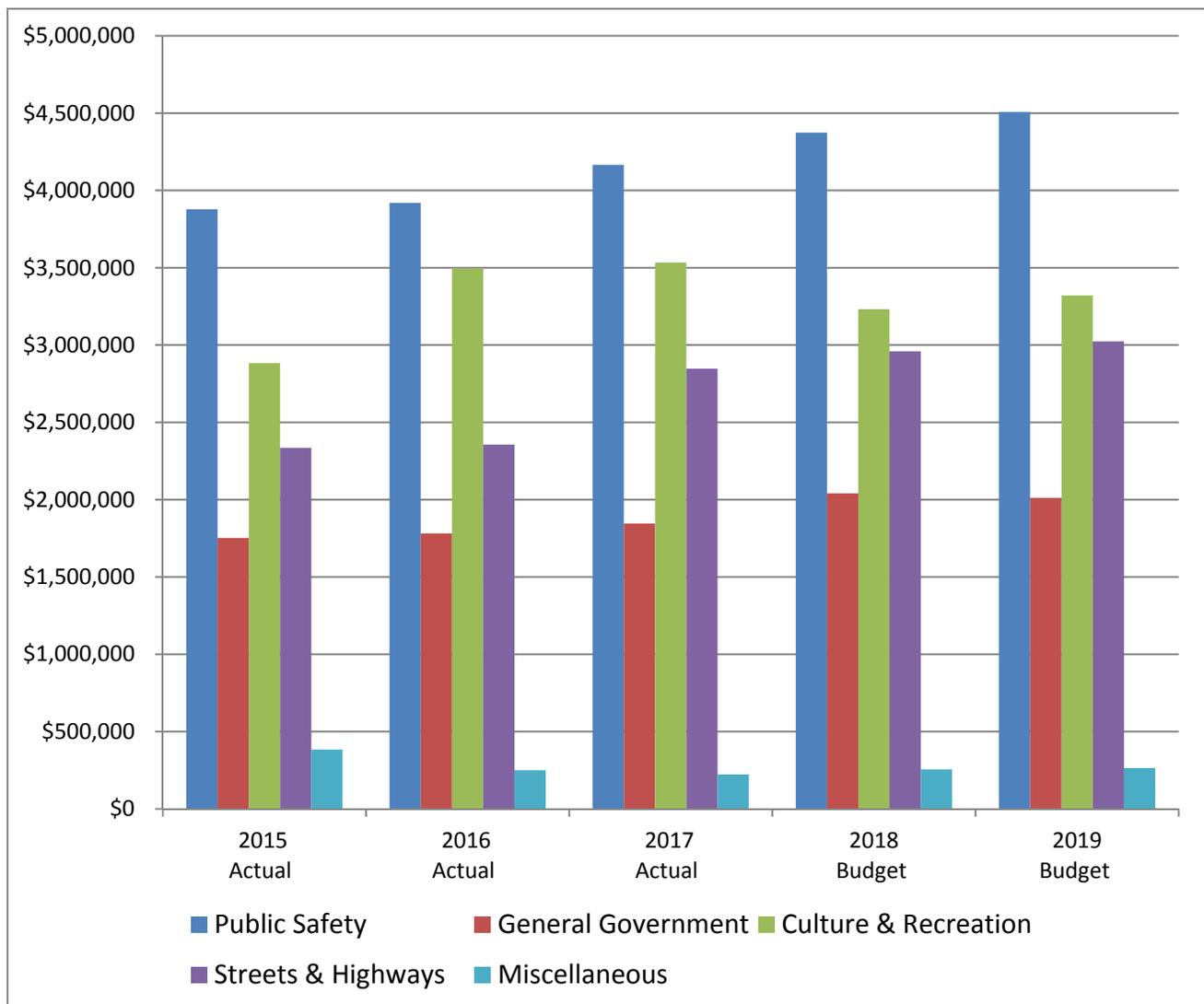
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Fund	\$ 4,479,446	\$ 4,479,446	\$ 4,569,035	\$ 4,751,796	\$ 4,913,466	\$ 5,110,005
Debt Funds	\$ 2,073,517	\$ 2,177,193	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000
EDA	\$ 150,450	\$ 152,442	\$ 156,939	\$ 163,046	\$ 169,200	\$ 182,303
HRA	\$ 153,521	\$ 155,553	\$ 160,141	\$ 166,373	\$ 171,364	\$ 186,023
Total Tax Levy	\$ 6,856,934	\$ 6,964,634	\$ 7,086,115	\$ 7,281,215	\$ 7,454,030	\$ 7,678,331

Annual Levy Change:

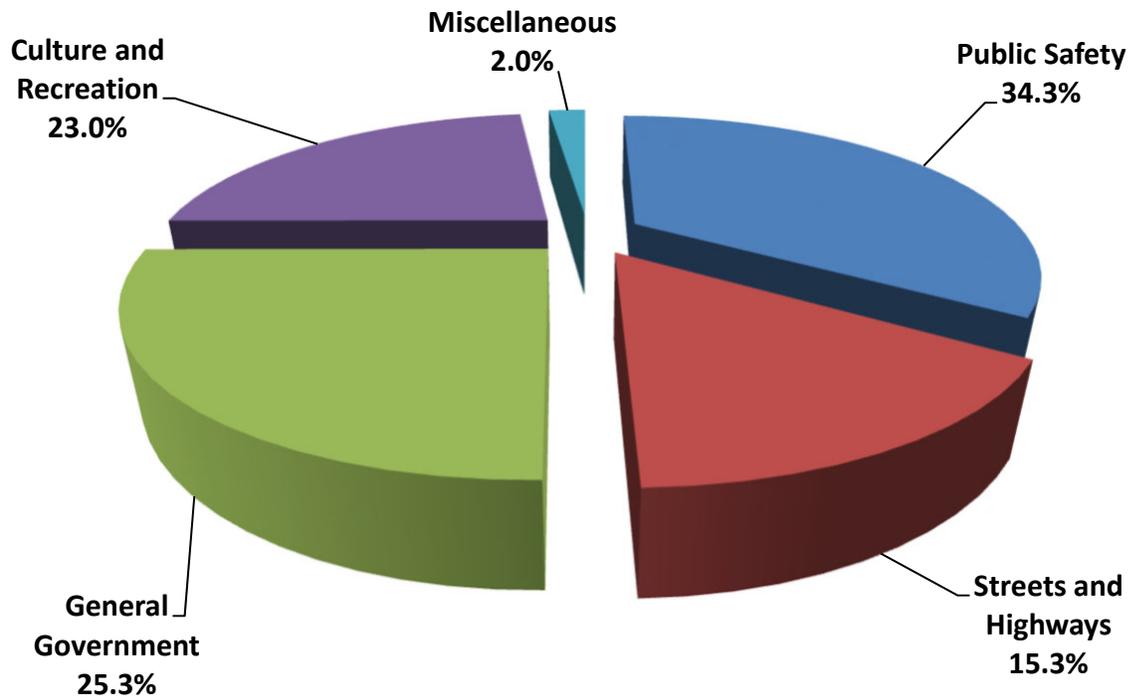
General Fund	0.0%	0.0%	2.0%	4.0%	3.4%	4.0%
Debt Funds	5.0%	5.0%	1.0%	0.0%	0.0%	0.0%
EDA	0.2%	1.3%	2.9%	3.9%	3.8%	7.7%
HRA	2.3%	1.3%	2.9%	3.9%	3.0%	8.6%
Total Tax Levy	1.5%	1.6%	1.7%	2.8%	2.4%	3.0%

EXPENDITURE COMPARISON - GENERAL FUND

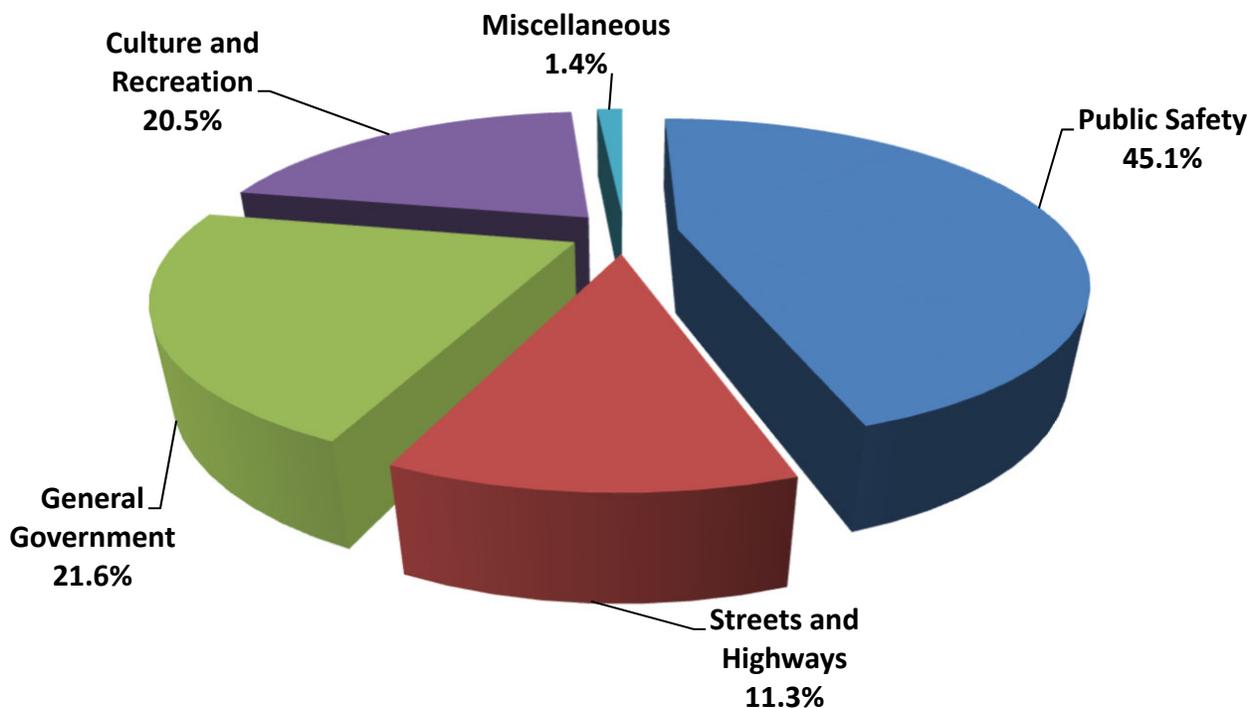
	2015 Actual	2016 Actual	2017 Actual	2018 Budget	2019 Budget	% of Total
Public Safety	\$3,878,153	\$3,918,623	\$4,164,943	\$4,373,509	\$4,506,747	34.3%
Streets & Highways	\$1,751,978	\$1,781,380	\$1,845,239	\$2,040,070	\$2,010,409	15.3%
General Government	\$2,882,869	\$3,496,101	\$3,532,467	\$3,231,468	\$3,320,936	25.3%
Culture & Recreation	\$2,334,467	\$2,355,653	\$2,846,244	\$2,958,599	\$3,022,872	23.0%
Miscellaneous	\$383,546	\$249,681	\$222,330	\$255,157	\$263,829	2.0%
Total Expenditures	\$11,231,012	\$11,801,438	\$12,611,224	\$12,858,803	\$13,124,793	100.0%



DISTRIBUTION OF 2019 GENERAL FUND BUDGETED EXPENDITURES



DISTRIBUTION OF 2019 GENERAL FUND WAGES & BENEFITS



GENERAL FUND NET REVENUE / (DEFICIT) BY DEPARTMENT

Department	2018 Adopted Budget	2019 Adopted Budget	Change
General Revenue [1]	\$ 8,753,066	\$ 9,108,844	\$ 355,778
Mayor & City Council	(49,922)	(55,328)	(5,406)
Administration	(378,915)	(382,568)	(3,653)
Elections	(23,100)	(6,000)	17,100
Finance	(358,527)	(370,041)	(11,514)
Motor Vehicle	46,668	42,779	(3,889)
Assessing	(61,131)	(61,152)	(21)
Legal	(203,702)	(261,347)	(57,645)
Planning	(132,712)	(127,335)	5,377
Information Services	(440,736)	(449,020)	(8,284)
City Hall	(160,356)	(172,505)	(12,149)
Police	(2,889,723)	(3,006,807)	(117,084)
Hospital Security	(4,444)	(3,977)	467
Emergency Management	(22,180)	(12,280)	9,900
Safety Committee	(10,800)	(10,850)	(50)
Fire	(312,358)	(337,102)	(24,744)
Protective Services	(34,062)	44,144	78,206
Engineering	-	-	-
Streets & Alleys	(1,320,483)	(1,379,955)	(59,472)
Park - Administration	(179,326)	(183,838)	(4,512)
Recreation	(61,093)	(93,396)	(32,303)
Senior Center	(20,279)	(20,122)	157
Civic Arena	(100,878)	(90,362)	10,516
Park Department	(725,984)	(736,369)	(10,385)
Recreation Building	(139,236)	(157,367)	(18,131)
Event Center	(148,808)	(158,142)	(9,334)
Evergreen Building - Senior Dining	(20,965)	(21,725)	(760)
Library	(216,091)	(223,460)	(7,369)
Waterpark	(13,741)	(18,840)	(5,099)
Cemetery	(52,242)	(46,909)	5,333
Airport	(16,440)	(21,470)	(5,030)
Unallocated Expenses	(701,500)	(787,500)	(86,000)
NET REVENUE / (DEFICIT)	\$ -	\$ -	\$ -

[1] The majority of general fund departments do not have self-supporting revenues and therefore rely on tax revenue and other government aid to fund expenditures.

General Fund Revenue

Taxes & Penalties

The City relies on property tax revenue to support the functions of general government, public safety, streets and roadways, recreation, library, event center, cemetery and airport. The 2019 property tax levy for the general fund is \$5,110,005, which represents 39% of the total general fund revenues.

The council approved a 4.0% general fund tax levy increase for 2019. The levy was previously increased 3.4% in 2018, 4.0% in 2017 and 2.0% in 2016. Prior to 2016, the levy had not increased since 2011.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Dollar Inc/Decr	% Inc/Decr
Current Ad Valorem Taxes	4,542,545	4,720,734	4,913,466	5,110,005	196,539	4.0%
Delinquent Ad Valorem Taxes	38,757	38,548	12,000	12,000	-	0.0%
Total	4,581,303	4,759,282	4,925,466	5,122,005	196,539	4.0%

Other Taxes

This revenue category consists of a 3% Lodging Tax for lodging operators and a 5% Cable TV Franchise Tax for companies providing cable TV services within the City.

Ninety-Five percent (95%) of the Lodging tax collected by the City is paid to the Hutchinson Convention and Visitors Bureau to help fund its operations. The City retains the other 5% for administering the lodging tax.

Fifty percent (50%) of the Cable TV Franchise tax collected by the City is paid to HCVN to fund operations of the public cable station operations.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Dollar Inc/Decr	% Inc/Decr
Hotel-Motel Tax	95,133	100,864	110,000	120,000	10,000	9.1%
Cable TV Franchise Fees	196,777	192,976	195,000	195,000	-	0.0%
Total	291,910	293,840	305,000	315,000	10,000	3.3%

Licenses & Permits

This revenue category is comprised of licenses for intoxicating beverages, non-intoxicating beverages, tobacco, ATVs and animals. The 2019 budget assumes a moderate decrease in Liquor license revenue to bring it in line with actual license revenue levels.

Permits in this category consist of Building, Plumbing, Demolition, Conditional Use, Variance and Planning & Zoning. The 2019 budget assumes a \$70,000 increase in Building permit revenue due to the anticipated continued growth in residential and commercial activity.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Dollar Inc/Decr	% Inc/Decr
Alcoholic Beverages	27,175	26,200	30,000	27,500	(2,500)	-8.3%
Tobacco	2,975	3,275	2,500	3,250	750	30.0%
Building Permits	214,562	616,514	275,000	345,000	70,000	25.5%
Building Permit Surcharges	-	711	500	500	-	0.0%
Plumbing Permits	12,490	13,765	15,000	16,000	1,000	6.7%
Demolition Permits	1,700	1,950	1,000	1,000	-	0.0%
Conditional Use Permits	1,500	-	-	-	-	0.0%
Variance Fees	900	-	-	-	-	0.0%
Planning & Zoning Fees	6,515	13,723	6,100	8,500	2,400	39.3%
Other Licenses	13,742	10,849	12,950	12,450	(500)	-3.9%
Total	281,558	686,987	343,050	414,200	71,150	20.7%

General Fund Revenue

Intergovernmental Revenue

This revenue category includes Local Government Aid (LGA), municipal state aid for street maintenance, aid for police and fire pensions, drug task force grants and airport aid.

The City's LGA for 2019 is certified at \$2,401,715, which is an increase of \$6,389 from 2018. The general fund is utilizing only \$1,100,252 of LGA in 2019 with \$1,301,463 of LGA transferred into the Capital Projects fund to address General fund facility capital improvements and miscellaneous infrastructure maintenance.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Dollar Inc/Decr	% Inc/Decr
Federal Grants	2,243	346	-	-	-	0.0%
Local Government Aid	862,500	1,000,000	1,100,252	1,100,252	-	0.0%
Homestead Credit Aid	1,898	443	-	-	-	0.0%
Police Training Reimbursement	6,879	6,994	19,800	19,800	-	0.0%
Municipal State Aid - Streets	27,735	27,735	27,500	27,500	-	0.0%
State E911	44,691	44,691	44,600	44,600	-	0.0%
Police Pension Aid	170,200	169,345	169,345	190,000	20,655	12.2%
PERA Reimbursement	17,912	17,912	17,912	17,912	-	0.0%
Drug Task Force Grant	42,989	40,572	37,000	37,000	-	0.0%
Fire Relief Assoc Aid - State	106,662	108,253	108,252	109,292	1,040	1.0%
Airport Aid	26,727	44,128	25,000	26,200	1,200	4.8%
State Grants - Other	7,580	12,538	5,500	5,500	-	0.0%
Total	1,318,016	1,472,960	1,555,161	1,578,056	22,895	1.5%

Charges for Services

This revenue category includes fees or rents related to engineering services, recreational activities, motor vehicle licensing & registration, cemetery burial plots, airport hangars and the community event center.

Also included is reimbursement from other entities for services provided by the City due to partnerships with ISD #423, Hutchinson Health and Hutchinson Utilities.

The new waterpark opened in May 2017 and therefore does not have any activity for 2016 as reflected in the table below. Annual waterpark revenue for 2019 is budgeted at \$370,000, down \$15,000 from the 2018 budget.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Dollar Inc/Decr	% Inc/Decr
Motor Vehicle Fees	281,462	278,776	295,000	295,000	-	0.0%
School Liaison Program	50,542	51,228	54,747	54,747	-	0.0%
Hospital Security Program	306,950	306,950	306,950	319,228	12,278	4.0%
Rental Inspection Fees	45,980	41,250	40,000	42,000	2,000	5.0%
Engineering Fees	413,028	437,513	457,087	470,704	13,617	3.0%
Recreation Fees	506,072	501,166	490,000	491,420	1,420	0.3%
Park Fees	30,117	35,390	27,500	30,000	2,500	9.1%
Campground Fees	44,258	55,395	48,000	52,000	4,000	8.3%
Rental Charges	152,091	135,234	160,385	146,725	(13,660)	-8.5%
Tree Applications/Permits	30,045	30,000	30,000	15,000	(15,000)	-50.0%
Community Education Reimb	73,060	76,055	77,013	77,306	293	0.4%
Waterpark Fees	-	333,560	385,000	370,000	(15,000)	-3.9%
Airport Rentals	70,907	66,746	65,700	68,000	2,300	3.5%
Cemetery Fees	90,240	102,585	89,175	96,000	6,825	7.7%
Senior Center Revenue	55,395	56,704	60,000	60,000	-	0.0%
HUC Personnel Reimb	173,427	173,427	173,427	173,427	-	0.0%
Other Revenues	53,715	57,991	80,550	69,300	(11,250)	-14.0%
Total	2,377,289	2,739,971	2,840,534	2,830,857	(9,677)	-0.3%

General Fund Revenue

Fines & Forfeitures

Court fines comprise this revenue category and consist of fines paid for traffic and criminal offenses occurring within the City of Hutchinson. This revenue represents only the City's portion of each fine with the State and County receiving their share of each fine as well. The 2019 budget was reduced moderately to bring in line with actuals.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Dollar Inc/Decr	% Inc/Decr
Court Fines	45,588	50,233	55,000	50,000	(5,000)	-9.1%
Total	45,588	50,233	55,000	50,000	(5,000)	-9.1%

Miscellaneous Revenues

This revenue category includes investment interest income, premium dividend refund on the general liability insurance policy and reimbursement from ISD #423 for grounds maintenance services provided by the City. Interest earnings was increased due to increasing investment yields in addition to increased cash reserves within the General fund.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Dollar Inc/Decr	% Inc/Decr
Interest Earnings	39,203	59,962	55,000	80,000	25,000	45.5%
Net Incr/Decr in FV of Invest	(15,279)	(28,905)	-	-	-	0.0%
Refunds & Reimbursements	268,893	198,731	230,500	201,500	(29,000)	-12.6%
Contrib/Donation-PrivateSource	27,030	81,861	32,500	34,500	2,000	6.2%
Other Revenue	44	5,913	1,500	1,500	-	0.0%
Total	319,891	317,561	319,500	317,500	(2,000)	-0.6%

Transfers-In

Transfers-in includes revenue from the enterprise funds to cover a portion of the services provided by the general fund. The City's general fund tax levy would be significantly higher without these transfers of excess profits.

The PILOT (payment in lieu of taxes) from Hutchinson Utilities increased \$270,707 for 2019. This is the second year of a three-year phased-in increase of the PILOT from 2.75% to 4.50% of operating revenues. The PILOT percentages are 3.25% in 2018, 4.00% in 2019 and 4.50% in 2020. The increase puts the PILOT in line with other municipal utilities.

The transfer from the hospital (Hutchinson Health) is actually an annual lease payment on a 30-year lease agreement with the hospital to essentially buy the City's hospital land, buildings and assets. The hospital prepaid the final 20 years of lease payments in 2018 as a result of joining the Health Partners network.

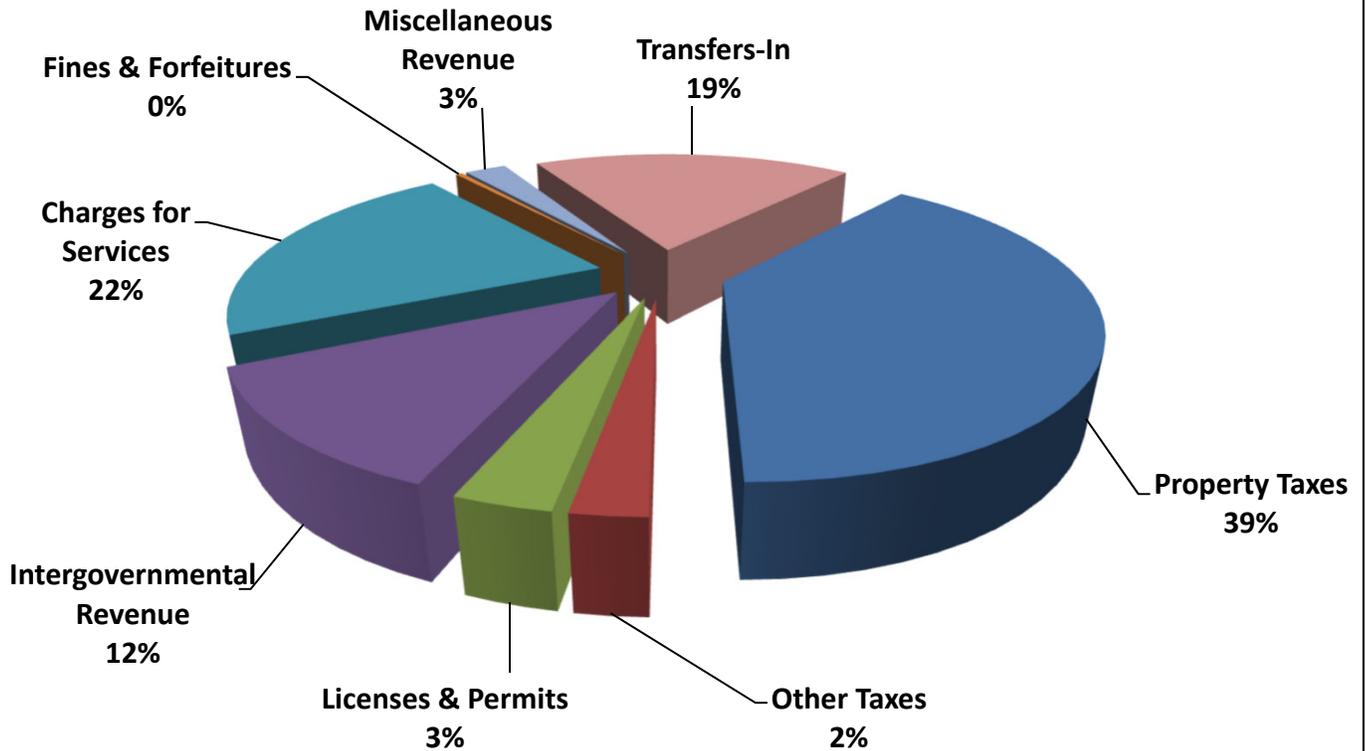
The transfer from the Self Insurance fund covers the City's contributions to employee HSA accounts as part of the City's high-deductible health insurance plan. This funding will be reduced over a five year period, starting in 2019, with the HSA contributions fully funded by the General fund after the five years.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Dollar Inc/Decr	% Inc/Decr
Transfer from Liquor Fund	475,000	500,000	500,000	500,000	-	0.0%
Transfer from Water/Sewer Fund	86,290	120,000	120,000	120,000	-	0.0%
Transfer from Compost Fund	110,000	110,000	110,000	110,000	-	0.0%
Transfer from HUC	1,305,256	1,196,331	1,404,468	1,675,175	270,707	19.3%
Transfer from Hospital	236,393	248,213	260,624	-	(260,624)	0.0%
Transfer from Self Insurance Fund	119,000	120,000	120,000	92,000	(28,000)	-23.3%
Other Transfer	55,000	55,000	-	-	-	0.0%
Total	2,386,939	2,349,544	2,515,092	2,497,175	(17,917)	-0.7%

General Fund Revenue

<u>Revenue Summary</u>	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Dollar Inc/Decr	% of Total
Property Taxes	4,581,303	4,759,282	4,925,466	5,122,005	196,539	39.0%
Other Taxes	291,910	293,840	305,000	315,000	10,000	2.4%
Licenses & Permits	281,558	686,987	343,050	414,200	71,150	3.2%
Intergovernmental Revenue	1,318,016	1,472,960	1,555,161	1,578,056	22,895	12.0%
Charges for Services	2,377,289	2,739,971	2,840,534	2,830,857	(9,677)	21.6%
Fines & Forfeitures	45,588	50,233	55,000	50,000	(5,000)	0.4%
Miscellaneous Revenue	319,891	317,561	319,500	317,500	(2,000)	2.4%
Transfers-In	2,386,939	2,349,544	2,515,092	2,497,175	(17,917)	19.0%
Total	11,602,494	12,670,378	12,858,803	13,124,793	265,990	100.0%

SOURCES OF 2019 GENERAL FUND BUDGETED REVENUES



GENERAL FUND DEPARTMENT SUMMARIES

Department: Mayor & Council

General Government

The Mayor and City Council function as the legislative and policy making board of the City of Hutchinson. The Council adopts the annual budget, levies taxes to finance City services, sets city policies and establishes the overall vision for the City.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Expenditures:						
Wages & Benefits	\$ 33,983	\$ 38,944	\$ 42,322	\$ 42,328	\$ 6	0.0%
Supplies	259	-	250	250	-	0.0%
Services & Charges	1,417	2,411	4,700	5,150	450	9.6%
Miscellaneous Expenses	2,581	2,995	2,650	7,600	4,950	186.8%
Total	\$ 38,240	\$ 44,349	\$ 49,922	\$ 55,328	\$ 5,406	10.8%
Revenue over/(under) Expenditures:	\$ (38,240)	\$ (44,349)	\$ (49,922)	\$ (55,328)	\$ (5,406)	10.8%

Department: Administration

General Government

Implements the directives, resolutions, ordinances and policies of the City Council, provides administrative oversight and guidance to all City departments and provides long-term planning for the City in all areas. In addition, provides administrative support to the City Council and handles all human resource functions as they relate to hiring, benefits, employee training, etc.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Revenues:						
Charges for Services	\$ 33,125	\$ 33,075	\$ 33,075	\$ 33,075	\$ -	0.0%
Total	\$ 33,125	\$ 33,075	\$ 33,075	\$ 33,075	\$ -	0.0%
Expenditures:						
Wages & Benefits	\$ 367,014	\$ 378,280	\$ 395,020	\$ 388,943	\$ (6,077)	-1.5%
Supplies	1,221	893	1,500	1,450	(50)	-3.3%
Services & Charges	36,725	18,855	13,470	23,150	9,680	71.9%
Miscellaneous Expenses	2,419	1,604	2,000	2,100	100	5.0%
Total	\$ 407,379	\$ 399,632	\$ 411,990	\$ 415,643	\$ 3,653	0.9%
Revenue over/(under) Expenditures:	\$ (374,255)	\$ (366,557)	\$ (378,915)	\$ (382,568)	\$ (3,653)	1.0%

Department: Elections

General Government

The election department provides resources necessary to administer the election process for the City of Hutchinson. This includes election supplies, staff time to administer the election process and equipment needed to ensure accurate and efficient processing of election ballots and results.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Revenues:						
Charges for Services	\$ 140	\$ -	\$ -	\$ -	\$ -	0.0%
Total	\$ 140	\$ -	\$ -	\$ -	\$ -	0.0%
Expenditures:						
Wages & Benefits	\$ 11,640	\$ -	\$ 12,000	\$ 4,400	\$ (7,600)	-63.3%
Supplies	939	-	10,000	500	\$ (9,500)	-95.0%
Services & Charges	389	-	1,100	1,100	-	0.0%
Miscellaneous Expenses	559	-	-	-	-	0.0%
Total	\$ 13,527	\$ -	\$ 23,100	\$ 6,000	\$ (17,100)	-74.0%
Revenue over/(under) Expenditures:	\$ (13,387)	\$ -	\$ (23,100)	\$ (6,000)	\$ 17,100	-74.0%

GENERAL FUND DEPARTMENT SUMMARIES

Department: Finance

General Government

The Finance Department functions as an internal service department for the various other departments within the City of Hutchinson. The department is responsible for all phases of budgetary planning, preparation and monitoring, contract control, the 5-year Capital Improvement Plan, debt financing, payroll, financial reporting, general ledger activity, cash receipting, cash disbursements, fixed assets, independent audit assistance, investment activity and all related accounting services.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Revenues:						
Charges for Services	\$ 545	\$ 1,241	\$ 500	\$ 500	\$ -	0.0%
Miscellaneous Revenues	908	656	500	500	-	0.0%
Total	\$ 1,452	\$ 1,897	\$ 1,000	\$ 1,000	\$ -	0.0%
Expenditures:						
Wages & Benefits	\$ 267,307	\$ 257,845	\$ 272,847	\$ 283,781	\$ 10,934	4.0%
Supplies	12,944	10,601	12,100	12,500	400	3.3%
Services & Charges	69,394	63,609	72,830	73,210	380	0.5%
Miscellaneous Expenses	1,401	1,318	1,750	1,550	(200)	-11.4%
Total	\$ 351,046	\$ 333,373	\$ 359,527	\$ 371,041	\$ 11,514	3.2%
Revenue over/(under) Expenditures:	\$ (349,593)	\$ (331,476)	\$ (358,527)	\$ (370,041)	\$ (11,514)	3.2%

Department: Motor Vehicle

General Government

Citizens are served at the motor vehicle department for all of their registration and transfer needs. This includes: DNR recreational watercraft, ATV and snowmobile registration and licensing. Fish and Game licenses are also electronically produced. In addition, the motor vehicle department assists the State in drivers' license and motor vehicle processing by performing federal background checks.

The 2018 budget includes additional wages and benefits as two part-time employees are moved to full-time status. This change is the result of increased duties being passed down to local DMV's that were previously done by the State.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Revenues:						
Charges for Services	\$ 278,345	\$ 287,658	\$ 310,000	\$ 310,000	\$ -	0.0%
Miscellaneous Revenues	44	3,913	1,500	1,500	-	0.0%
Total	\$ 278,389	\$ 291,572	\$ 311,500	\$ 311,500	\$ -	0.0%
Expenditures:						
Wages & Benefits	\$ 201,033	\$ 214,330	\$ 251,522	\$ 250,083	\$ (1,439)	-0.6%
Supplies	2,733	2,453	6,450	11,578	5,128	79.5%
Services & Charges	11,117	4,880	5,460	5,660	200	3.7%
Miscellaneous Expenses	546	702	1,400	1,400	-	0.0%
Total	\$ 215,428	\$ 222,364	\$ 264,832	\$ 268,721	\$ 3,889	1.5%
Revenue over/(under) Expenditures:	\$ 62,961	\$ 69,208	\$ 46,668	\$ 42,779	\$ (3,889)	-8.3%

Department: Assessing

General Government

The Assessing Department accounts for the expenditures associated with contracting with McLeod County to provide property valuations for the City of Hutchinson.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Expenditures:						
Services & Charges	\$ 60,953	\$ 60,963	\$ 61,131	\$ 61,152	\$ 21	0.0%
Total	\$ 60,953	\$ 60,963	\$ 61,131	\$ 61,152	\$ 21	0.0%
Revenue over/(under) Expenditures:	\$ (60,953)	\$ (60,963)	\$ (61,131)	\$ (61,152)	\$ (21)	0.0%

GENERAL FUND DEPARTMENT SUMMARIES

Department: Legal

General Government

The City Attorney serves as the legal counsel to the City of Hutchinson, Hutchinson Utilities Commission and Hutchinson Economic Development Authority.

As part of the prosecuting responsibilities, the City Attorney directs the criminal prosecution activities for petty misdemeanors, misdemeanors and those gross misdemeanors that fall within the jurisdiction of the City. The attorney also prosecutes City ordinance and other code violations.

Transfers-In revenue, which was an allocated portion of the hospital's lease repayment, was discontinued for 2019 as a result of the hospital's lease buyout agreement in 2018. The allocated revenue was an internal decision determined to reimburse for legal services that the City previously provided to the hospital.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Revenues:						
Miscellaneous Revenues	\$ 500	\$ 1,820	\$ 500	\$ 1,000	\$ 500	100.0%
Charges for Services	42,277	42,835	44,500	44,500	-	0.0%
Transfers-In	59,098	62,053	65,156	-	(65,156)	0.0%
Total	\$ 101,875	\$ 106,708	\$ 110,156	\$ 45,500	\$ (64,656)	-58.7%
Expenditures:						
Wages & Benefits	\$ 206,680	\$ 211,018	\$ 218,088	\$ 222,167	\$ 4,079	1.9%
Supplies	24,202	27,674	19,700	22,900	3,200	16.2%
Services & Charges	54,062	54,754	74,105	59,780	(14,325)	-19.3%
Miscellaneous Expenses	1,707	1,811	1,965	2,000	35	1.8%
Total	\$ 286,652	\$ 295,257	\$ 313,858	\$ 306,847	\$ (7,011)	-2.2%
Revenue over/(under) Expenditures:	\$ (184,777)	\$ (188,549)	\$ (203,702)	\$ (261,347)	\$ (57,645)	28.3%

Department: Planning

General Government

The planning and zoning function of the City is enabled by Minnesota State Statutes. The enabling legislation made it possible for cities to provide local regulations that ensured compliance with long range land use plans and specific policies as identified by that location.

The Planning department provides long range planning services and reviews land use plans for consistency with city plans. Demographic information, population growth and projections are monitored and planned for by this department. The Department also drafts policies and revises ordinances to implement the goals of the City Council regarding growth and development practices. The Department works closely with the Engineering, Housing and Redevelopment, and Economic Development departments.

Zoning is the regulation of property to ensure general health, safety, and welfare standards for the community. Staff assists residents and applicants with zoning requests, development requests and flood plain information. Staff coordinates efforts to communicate with the property owner or developer by arranging pre-development meetings to get questions answered at the beginning of the project. Department staff issues and reviews applications for Conditional Use Permits, Variances, Rezonings, Annexations, Lot Splits, Platting and Sign permits.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Revenues:						
Licenses & Permits	\$ 27,074	\$ 80,433	\$ 16,100	\$ 28,500	\$ 12,400	77.0%
Miscellaneous Revenues	-	-	400	-	(400)	0.0%
Total	\$ 27,074	\$ 80,433	\$ 16,500	\$ 28,500	\$ 12,000	72.7%
Expenditures:						
Wages & Benefits	\$ 128,709	\$ 140,459	\$ 139,187	\$ 143,935	\$ 4,748	3.4%
Supplies	889	69	900	900	-	0.0%
Services & Charges	7,998	10,025	8,200	10,000	1,800	22.0%
Miscellaneous Expenses	607	730	925	1,000	75	8.1%
Total	\$ 138,202	\$ 151,283	\$ 149,212	\$ 155,835	\$ 6,623	4.4%
Revenue over/(under) Expenditures:	\$ (111,129)	\$ (70,850)	\$ (132,712)	\$ (127,335)	\$ 5,377	-4.1%

GENERAL FUND DEPARTMENT SUMMARIES

Department: Information Services

General Government

The Information Services department serves all departments within the City of Hutchinson including Hutchinson Utilities Commission. The department provides everything from high-end network support and security, to compliance with law enforcement networks, to basic software end-user training. IT also manages and provides mapping/GIS services for all departments including GPS support and map accuracy maintenance.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Revenues:						
Charges for Services	\$ 119,852	\$ 119,852	\$ 119,852	\$ 119,852	\$ -	0.0%
Miscellaneous Revenues	617	20	-	-	-	0.0%
Total	\$ 120,469	\$ 119,872	\$ 119,852	\$ 119,852	\$ -	0.0%
Expenditures:						
Wages & Benefits	\$ 314,890	\$ 321,046	\$ 334,228	\$ 320,972	\$ (13,256)	-4.0%
Supplies	36,024	32,269	47,050	44,565	(2,485)	-5.3%
Services & Charges	119,666	155,434	179,160	203,235	24,075	13.4%
Miscellaneous Expenses	19	161	150	100	(50)	-33.3%
Total	\$ 470,600	\$ 508,910	\$ 560,588	\$ 568,872	\$ 8,284	1.5%
Revenue over/(under) Expenditures:	\$ (350,131)	\$ (389,038)	\$ (440,736)	\$ (449,020)	\$ (8,284)	1.9%

Department: City Hall

General Government

The City Hall budget mainly accounts for the building's operating costs, including utilities, maintenance and janitorial services. The Facility Manager position created in 2016 is another component to this budget. This position provides maintenance oversight to all city facilities, resulting in certain efficiencies and cost-savings.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Revenues:						
Charges for Services	\$ 2,200	\$ 2,200	\$ 2,200	\$ 2,200	\$ -	0.0%
Miscellaneous Revenues	-	335	5,000	-	(5,000)	0.0%
Total	\$ 2,200	\$ 2,535	\$ 7,200	\$ 2,200	\$ (5,000)	-69.4%
Expenditures:						
Wages & Benefits	\$ 39,479	\$ 84,650	\$ 81,806	\$ 85,765	\$ 3,959	4.8%
Supplies	9,297	9,499	15,455	15,675	220	1.4%
Services & Charges	70,121	68,708	69,845	72,615	2,770	4.0%
Miscellaneous Expenses	639	721	450	650	200	44.4%
Capital Outlay	-	9,325	-	-	-	0.0%
Total	\$ 119,536	\$ 172,903	\$ 167,556	\$ 174,705	\$ 7,149	4.3%
Revenue over/(under) Expenditures:	\$ (117,336)	\$ (170,368)	\$ (160,356)	\$ (172,505)	\$ (12,149)	7.6%

Department: Emergency Management

Public Safety

The Emergency Management budget provides resources necessary to buy protective gear and supplies needed to respond to emergency situations. Supplies are inventoried and ready to be utilized in immediate situations when necessary. This department also addresses expenditures in relation to utilizing outside vendors and professional services when needed.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Expenditures:						
Supplies	\$ 3,948	\$ 768	\$ -	\$ -	\$ -	0.0%
Services & Charges	4,919	23,233	22,180	12,280	(9,900)	-44.6%
Miscellaneous Expenses	632	647	-	-	-	0.0%
Total	\$ 9,499	\$ 24,648	\$ 22,180	\$ 12,280	\$ (9,900)	-44.6%
Revenue over/(under) Expenditures:	\$ (9,499)	\$ (24,648)	\$ (22,180)	\$ (12,280)	\$ 9,900	-44.6%

GENERAL FUND DEPARTMENT SUMMARIES

Department: Police

Public Safety

The Police Department provides protective services to the citizens within the community. This consists of responding to 911 calls, investigating crimes, providing first responder services and the direct administration of those functions. The Police department also provides security services 24/7 for Hutchinson Health, the local hospital. The hospital security operations are accounted for within a separate budget.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Revenues:						
Licenses & Permits	\$ 4,225	\$ 2,320	\$ 1,950	\$ 1,950	\$ -	0.0%
Intergovernmental	268,782	264,552	270,745	291,400	20,655	7.6%
Charges for Services	79,724	78,754	83,797	83,797	-	0.0%
Fines & Forfeitures	45,588	50,233	55,000	50,000	(5,000)	-9.1%
Miscellaneous Revenues	3,793	47,998	30,000	20,000	(10,000)	-33.3%
Total	\$ 402,111	\$ 443,857	\$ 441,492	\$ 447,147	\$ 5,655	1.3%
Expenditures:						
Wages & Benefits	\$ 2,818,636	\$ 2,947,558	\$ 3,017,215	\$ 3,145,004	\$ 127,789	4.2%
Supplies	93,218	88,659	104,300	102,000	(2,300)	-2.2%
Services & Charges	164,036	226,355	190,200	194,200	4,000	2.1%
Miscellaneous Expenses	8,921	8,061	19,500	12,750	(6,750)	-34.6%
Total	\$ 3,084,810	\$ 3,270,632	\$ 3,331,215	\$ 3,453,954	\$ 122,739	3.7%
Revenue over/(under) Expenditures:	\$ (2,682,699)	\$ (2,826,776)	\$ (2,889,723)	\$ (3,006,807)	\$ (117,084)	4.1%

Department: Hospital Security

Public Safety

The Hospital Security budget tracks all expenditures incurred by the City to provide security services to the local hospital, Hutchinson Health. The contract for services includes a reimbursement to the City that can be escalated annually as costs increase. This separate department provides a mechanism to monitor costs and give city leaders the necessary information to support any potential revenue increases needed from the hospital. A new five year contract was executed in 2018.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Revenues:						
Charges for Services	\$ 306,950	\$ 306,950	\$ 306,950	\$ 319,228	\$ 12,278	4.0%
Miscellaneous Revenues	31	-	-	-	-	0.0%
Total	\$ 306,982	\$ 306,950	\$ 306,950	\$ 319,228	\$ 12,278	4.0%
Expenditures:						
Wages & Benefits	\$ 291,233	\$ 289,893	\$ 305,994	\$ 319,205	\$ 13,211	4.3%
Supplies	947	1,771	3,000	2,500	(500)	-16.7%
Services & Charges	1,618	515	2,400	1,000	(1,400)	-58.3%
Miscellaneous Expenses	-	453	-	500	500	0.0%
Total	\$ 293,798	\$ 292,633	\$ 311,394	\$ 323,205	\$ 11,811	3.8%
Revenue over/(under) Expenditures:	\$ 13,184	\$ 14,318	\$ (4,444)	\$ (3,977)	\$ 467	-10.5%

Department: Safety Committee

Public Safety

The Safety Committee budget addresses consulting costs which provide monthly safety training meetings for the City of Hutchinson employees, including all enterprise funds as well as Hutchinson Utilities employees. Ongoing safety training is an important factor in helping to keep employees and the community safe as well as maintaining a low level of accident claims reported to the City's insurance company. A direct impact of a safe work environment is a stable workers' compensation premium.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Expenditures:						
Services & Charges	\$ 7,803	\$ 9,059	\$ 9,700	\$ 9,700	\$ -	0.0%
Miscellaneous Expenses	969	837	1,100	1,150	50	4.5%
Total	\$ 8,772	\$ 9,896	\$ 10,800	\$ 10,850	\$ 50	0.5%
Revenue over/(under) Expenditures:	\$ (8,772)	\$ (9,896)	\$ (10,800)	\$ (10,850)	\$ (50)	0.5%

GENERAL FUND DEPARTMENT SUMMARIES

Department: Fire

Public Safety

The Fire department provides three basic services to the community of Hutchinson, 1) Responding to Calls, 2) Safety & Fire Inspections and 3) Prevention & Education. The latter two areas help to address and minimize potential problems and risks before a response is needed. The Fire department also serves the townships of Acoma, Boon Lake, Cedar Mills, Collins, Ellsworth, Hassan Valley, Hutchinson and Lynn, along with the cities of Biscay and Cedar Mills. The rural entities reimburse the City for a portion of the Fire department's operating expenses within the Rural Fire fund, which is a special revenue fund.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Revenues:						
Intergovernmental	\$ 5,800	\$ 5,222	\$ 5,500	\$ 5,500	\$ -	0.0%
Charges for Services	11,219	12,746	13,000	13,000	-	0.0%
Miscellaneous Revenues	1,050	2,047	2,000	2,000	-	0.0%
Total	\$ 18,069	\$ 20,016	\$ 20,500	\$ 20,500	\$ -	0.0%
Expenditures:						
Wages & Benefits	\$ 201,579	\$ 208,269	\$ 193,608	\$ 220,782	\$ 27,174	14.0%
Supplies	43,127	43,878	49,450	52,550	3,100	6.3%
Services & Charges	45,743	61,650	83,300	77,020	(6,280)	-7.5%
Miscellaneous Expenses	5,338	4,448	6,500	7,250	750	11.5%
Total	\$ 295,786	\$ 318,245	\$ 332,858	\$ 357,602	\$ 24,744	7.4%
Revenue over/(under) Expenditures:	\$ (277,717)	\$ (298,230)	\$ (312,358)	\$ (337,102)	\$ (24,744)	7.9%

Department: Protective Inspections

Public Safety

The Protective Inspections department offers services that provide minimum standards to safeguard health, property, and public welfare by regulating and controlling the design, construction, quality of materials, use and occupancy, location and maintenance of all buildings within the City. This Department issues permits for Building, Plumbing, Fire suppression, and Mechanical projects. Building Code enforcement is not optional to the City as Minnesota Statutes require the program and there are several areas of responsibility for this program area. The main objective is to provide inspections for construction to ensure compliance with the building code. The rental inspection program is another major function of this department. Each year the department coordinates and conducts inspections on approximately one-third of the city's rental properties, looking for life and safety hazards in addition to code violations. The department also reviews plans, manages phone inquiries, and provides interaction with the public both in the field and in city hall.

The 2018 budget included the addition of one full-time building inspector to help with the increased workload resulting from increased residential and commercial building activity.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Revenues:						
Licenses & Permits	\$ 215,724	\$ 570,341	\$ 287,500	\$ 348,500	\$ 61,000	21.2%
Charges for Services	51,980	45,250	43,000	44,500	1,500	3.5%
Miscellaneous Revenues	-	-	500	-	(500)	0.0%
Total	\$ 267,704	\$ 615,591	\$ 331,000	\$ 393,000	\$ 62,000	18.7%
Expenditures:						
Wages & Benefits	\$ 206,276	\$ 228,632	\$ 319,302	\$ 315,616	\$ (3,686)	-1.2%
Supplies	4,484	4,759	4,100	7,950	3,850	93.9%
Services & Charges	10,446	14,615	40,860	24,490	(16,370)	-40.1%
Miscellaneous Expenses	4,753	884	800	800	-	0.0%
Total	\$ 225,959	\$ 248,889	\$ 365,062	\$ 348,856	\$ (16,206)	-4.4%
Revenue over/(under) Expenditures:	\$ 41,744	\$ 366,702	\$ (34,062)	\$ 44,144	\$ 78,206	-229.6%

GENERAL FUND DEPARTMENT SUMMARIES

Department: Engineering

Streets & Highways

The Engineering Department provides services to improve, maintain and monitor the City's investment in necessary transportation and utility infrastructure. Specific services delivered by Engineering staff include project planning, design, management and construction inspection, property assessment administration, private development reviews, storm water utility management, and environmental/regulatory activities. Engineering staff also continues to develop and maintain relationships with other City departments, McLeod County, Mn/DOT, local/state legislators and others to encourage partnerships for future projects.

The engineering fees generated to support this department are based on a percentage of the annual roadway and infrastructure improvement costs. The fees are financed by several sources, including municipal state aid, enterprise funds, other city funds, special assessments to property owners and the City's annual general obligation bond issuance. The fees are based on percentages that are identified within the City's annual fee schedule, which is included near the end of this budget document.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Revenues:						
Charges for Services	\$ 413,763	\$ 438,519	\$ 457,087	\$ 470,704	\$ 13,617	3.0%
Total	\$ 413,943	\$ 438,519	\$ 457,087	\$ 470,704	\$ 13,617	3.0%
Expenditures:						
Wages & Benefits	\$ 352,114	\$ 363,169	\$ 376,607	\$ 386,524	\$ 9,917	2.6%
Supplies	7,209	10,580	10,500	12,300	1,800	17.1%
Services & Charges	38,460	50,546	65,180	67,080	1,900	2.9%
Miscellaneous Expenses	2,694	3,394	4,800	4,800	-	0.0%
Total	\$ 400,477	\$ 427,689	\$ 457,087	\$ 470,704	\$ 13,617	3.0%
Revenue over/(under) Expenditures:	\$ 13,466	\$ 10,830	\$ -	\$ -	\$ -	0.0%

Department: Streets & Alleys

Streets & Highways

Streets & Alleys is responsible for maintaining a network of over 77 miles of City streets that has been growing at around 1.5% over the last two decades, over 6 miles of alleys and 12 municipal parking lots. The department is also responsible for snow removal, bridge maintenance, facility maintenance, forestry services, traffic control, mosquito control, and other municipal services. Staff from Streets & Alleys also assist other departments with equipment operation and a variety of maintenance activities.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Revenues:						
Intergovernmental	\$ 27,735	\$ 30,735	\$ 27,500	\$ 27,500	\$ -	0.0%
Charges for Services	36,649	35,000	43,500	20,000	(23,500)	-54.0%
Miscellaneous Revenues	71,994	27,692	38,500	38,500	-	0.0%
Transfers-In	144,535	147,384	153,000	73,750	(79,250)	-51.8%
Fund Balance	-	-	-	-	-	0.0%
Total	\$ 280,913	\$ 240,811	\$ 262,500	\$ 159,750	\$ (102,750)	-39.1%
Expenditures:						
Wages & Benefits	\$ 508,961	\$ 560,176	\$ 616,453	\$ 613,035	\$ (3,418)	-0.6%
Supplies	140,282	191,754	200,600	200,100	(500)	-0.2%
Services & Charges	629,975	556,238	662,030	620,700	(41,330)	-6.2%
Transfers-Out	99,755	100,000	100,000	101,970	1,970	2.0%
Miscellaneous Expenses	1,930	3,133	3,900	3,900	-	0.0%
Capital Outlay	-	6,250	-	-	-	0.0%
Total	\$ 1,380,903	\$ 1,417,551	\$ 1,582,983	\$ 1,539,705	\$ (43,278)	-2.7%
Revenue over/(under) Expenditures:	\$ (1,099,990)	\$ (1,176,739)	\$ (1,320,483)	\$ (1,379,955)	\$ (59,472)	4.5%

GENERAL FUND DEPARTMENT SUMMARIES

Department: Park/Recreation Administration

Culture & Recreation

The Administration function serves as the connecting point for the joint powers agreement between the City and ISD #423. The PRCE Director wages and benefits are shared 50/50 with the School District. Cost sharing functions including registration, brochures, technology and postage, which are funded through the administrative budget.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Revenues:						
Charges for Services	\$ 72,443	\$ 73,159	\$ 77,013	\$ 77,306	\$ 293	0.4%
Miscellaneous Revenues	4,604	8,663	4,000	4,000	-	0.0%
Total	\$ 77,047	\$ 81,822	\$ 81,013	\$ 81,306	\$ 293	0.4%
Expenditures:						
Wages & Benefits	\$ 190,176	\$ 193,840	\$ 216,009	\$ 221,944	\$ 5,935	2.7%
Supplies	1,601	379	2,100	1,700	(400)	-19.0%
Services & Charges	40,826	38,475	41,130	40,300	(830)	-2.0%
Miscellaneous Expenses	1,204	1,112	1,100	1,200	100	9.1%
Total	\$ 233,806	\$ 233,806	\$ 260,339	\$ 265,144	\$ 4,805	1.8%
Revenue over/(under) Expenditures:	\$ (156,759)	\$ (151,984)	\$ (179,326)	\$ (183,838)	\$ (4,512)	2.5%

Department: Recreation

Culture & Recreation

The Recreation function involves programming specifically designed to serve both youth and adults. A key area of service includes the many tournaments hosted by the department. All of the cooperative programming with youth associations is managed through the recreation services budget.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Revenues:						
Charges for Services	\$ 175,669	\$ 145,563	\$ 179,500	\$ 143,920	\$ (35,580)	-19.8%
Miscellaneous Revenues	5,716	24,784	7,000	12,000	5,000	71.4%
Total	\$ 181,385	\$ 170,346	\$ 186,500	\$ 155,920	\$ (30,580)	-16.4%
Expenditures:						
Wages & Benefits	\$ 126,841	\$ 136,166	\$ 155,893	\$ 164,566	\$ 8,673	5.6%
Supplies	44,565	46,185	50,700	48,000	(2,700)	-5.3%
Services & Charges	32,973	35,490	40,800	36,450	(4,350)	-10.7%
Miscellaneous Expenses	209	644	200	300	100	50.0%
Total	\$ 204,589	\$ 218,486	\$ 247,593	\$ 249,316	\$ 1,723	0.7%
Revenue over/(under) Expenditures:	\$ (23,203)	\$ (48,140)	\$ (61,093)	\$ (93,396)	\$ (32,303)	52.9%

Department: Senior Citizen Center

Culture & Recreation

The Senior Citizen Center budget provides operating funds to serve senior and adaptive recreational programs, using the Hutchinson Event Center as its home. Both programs provide social, recreational and educational opportunities for program users. Direct costs for programs are funded primarily through user fees.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Revenues:						
Charges for Services	\$ 59,970	\$ 60,813	\$ 63,500	\$ 63,500	\$ -	0.0%
Miscellaneous Revenues	5,788	4,515	3,000	3,000	-	0.0%
Total	\$ 65,759	\$ 65,328	\$ 66,500	\$ 66,500	\$ -	0.0%
Expenditures:						
Wages & Benefits	\$ 34,623	\$ 34,833	\$ 39,229	\$ 40,272	\$ 1,043	2.7%
Supplies	6,132	8,100	18,250	8,250	(10,000)	-54.8%
Services & Charges	42,635	41,722	29,300	38,100	8,800	30.0%
Total	\$ 83,391	\$ 84,655	\$ 86,779	\$ 86,622	\$ (157)	-0.2%
Revenue over/(under) Expenditures:	\$ (17,632)	\$ (19,327)	\$ (20,279)	\$ (20,122)	\$ 157	-0.8%

GENERAL FUND DEPARTMENT SUMMARIES

Department: Civic Arena

Culture & Recreation

The Burich Arena, which consists of two rinks, is home to all ice related activities and some dry-floor activities. Hutchinson youth hockey and figure skating make up the bulk of the facility's usage. The ice season runs from the beginning of October until March. In the summer, one rink typically has ice for a three to five week period. Artificial turf is installed in the east rink at the end of the hockey season allowing for additional programs such as soccer, lacrosse and baseball activities.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Revenues:						
Charges for Services	\$ 253,829	\$ 267,182	\$ 238,000	\$ 265,000	\$ 27,000	11.3%
Total	\$ 253,829	\$ 267,182	\$ 238,000	\$ 265,000	\$ 27,000	11.3%
Expenditures:						
Wages & Benefits	\$ 153,545	\$ 152,448	\$ 155,963	\$ 166,022	\$ 10,059	6.4%
Supplies	32,285	31,825	33,965	32,990	(975)	-2.9%
Services & Charges	141,983	156,205	147,150	154,850	7,700	5.2%
Miscellaneous Expenses	1,565	1,194	1,800	1,500	(300)	-16.7%
Capital Outlay	-	-	-	-	-	0.0%
Total	\$ 329,379	\$ 341,672	\$ 338,878	\$ 355,362	\$ 16,484	4.9%
Revenue over/(under) Expenditures:	\$ (75,550)	\$ (74,491)	\$ (100,878)	\$ (90,362)	\$ 10,516	-10.4%

Department: Park Department

Culture & Recreation

The Parks Department manages 37 parks covering over 400 acres of open space, including a municipal campground. The department maintains 22 multi-use fields serving football, softball, baseball, soccer and lacrosse. Joint maintenance agreements between ISD #423 and Hutchinson Public Utilities are managed through this budget function.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Revenues:						
Charges for Services	\$ 77,911	\$ 93,655	\$ 78,500	\$ 85,000	\$ 6,500	8.3%
Miscellaneous Revenues	104,138	110,776	100,000	105,000	5,000	5.0%
Total	\$ 182,049	\$ 204,431	\$ 178,500	\$ 190,000	\$ 11,500	6.4%
Expenditures:						
Wages & Benefits	\$ 586,321	\$ 585,358	\$ 598,284	\$ 607,769	\$ 9,485	1.6%
Supplies	130,367	132,622	145,550	153,700	8,150	5.6%
Services & Charges	156,161	141,508	159,150	164,200	5,050	3.2%
Miscellaneous Expenses	823	689	1,500	700	(800)	-53.3%
Capital Outlay	-	9,383	-	-	-	0.0%
Total	\$ 873,671	\$ 869,559	\$ 904,484	\$ 926,369	\$ 21,885	2.4%
Revenue over/(under) Expenditures:	\$ (691,622)	\$ (665,129)	\$ (725,984)	\$ (736,369)	\$ (10,385)	1.4%

Department: Recreation Building

Culture & Recreation

Adult and youth volleyball and basketball are two of the building's primary uses. In addition, indoor playground and open gym time is provided on a regular basis. Prior to 2016, this department also included operations for an outdoor pool. A new waterpark facility opened in May 2017 and is being accounted for under a separate general fund department.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Revenues:						
Charges for Services	\$ 73,500	\$ 76,739	\$ 86,000	\$ 80,000	\$ (6,000)	-7.0%
Total	\$ 73,500	\$ 76,739	\$ 86,000	\$ 80,000	\$ (6,000)	-7.0%
Expenditures:						
Wages & Benefits	\$ 117,508	\$ 155,873	\$ 171,586	\$ 175,867	\$ 4,281	2.5%
Supplies	6,918	15,662	15,700	15,200	(500)	-3.2%
Services & Charges	38,301	43,963	37,550	45,400	7,850	20.9%
Miscellaneous Expenses	442	305	400	900	500	125.0%
Total	\$ 163,169	\$ 215,803	\$ 225,236	\$ 237,367	\$ 12,131	5.4%
Revenue over/(under) Expenditures:	\$ (89,668)	\$ (139,063)	\$ (139,236)	\$ (157,367)	\$ (18,131)	13.0%

GENERAL FUND DEPARTMENT SUMMARIES

Department: **Event Center**

Culture & Recreation

The Hutchinson Event Center is a community owned facility for multi-purpose functions, including weddings, business meetings, trade shows, banquets and other large gatherings. The Hutchinson Seniors and Adaptive Recreation participants are anchor programs. The facility is also host to other city department functions.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Revenues:						
Charges for Services	\$ 110,228	\$ 99,605	\$ 105,000	\$ 105,000	\$ -	0.0%
Miscellaneous Revenues	250	-	-	-	-	0.0%
Total	\$ 110,478	\$ 99,605	\$ 105,000	\$ 105,000	\$ -	0.0%
Expenditures:						
Wages & Benefits	\$ 164,510	\$ 165,042	\$ 174,213	\$ 181,022	\$ 6,809	3.9%
Supplies	10,257	11,948	10,620	8,270	(2,350)	-22.1%
Services & Charges	62,628	64,275	68,775	73,650	4,875	7.1%
Miscellaneous Expenses	209	244	200	200	-	0.0%
Total	\$ 237,604	\$ 241,509	\$ 253,808	\$ 263,142	\$ 9,334	3.7%
Revenue over/(under) Expenditures:	\$ (127,127)	\$ (141,903)	\$ (148,808)	\$ (158,142)	\$ (9,334)	6.3%

Department: **Evergreen Building**

Culture & Recreation

Department staff provides maintenance, custodial and repair services for the Evergreen Senior Dining Center located in the lower level of Evergreen Senior Apartments at 115 Jefferson Street E. The Center distributes daily meals for the regional senior nutrition program and is also available to rent for special events and meetings. City staff manages the building lease for the senior dining program, the budget for operations of the space, building improvements and repairs and provides limited grounds maintenance.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Revenues:						
Charges for Services	\$ 5,331	\$ 5,687	\$ 5,685	\$ 5,525	\$ (160)	-2.8%
Total	\$ 5,331	\$ 5,687	\$ 5,685	\$ 5,525	\$ (160)	-2.8%
Expenditures:						
Supplies	\$ 1,361	\$ 933	\$ 1,250	\$ 1,550	\$ 300	24.0%
Services & Charges	22,467	23,962	25,400	25,700	300	1.2%
Total	\$ 23,827	\$ 24,895	\$ 26,650	\$ 27,250	\$ 600	2.3%
Revenue over/(under) Expenditures:	\$ (18,496)	\$ (19,208)	\$ (20,965)	\$ (21,725)	\$ (760)	3.6%

Department: **Library**

Culture & Recreation

The Hutchinson Public Library makes the world of knowledge and ideas accessible to the community by providing resources for the residents' educational, informational, cultural and recreational needs. A collection of over 50,000 books, magazines, audiobooks and videos are maintained to meet the needs of patrons, from toddlers to senior citizens. The Pioneerland Library System On-line catalog, available 24/7, provides further access to books in libraries in a 4-state area. Computers offering free internet access as well as wireless service are available to patrons at the library. Children programming offers a wealth of opportunities for new readers to develop their reading skills as they develop a lifelong love of reading.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Revenues:						
Miscellaneous Revenues	\$ 840	\$ -	\$ -	\$ -	\$ -	0.0%
Total	\$ 840	\$ -	\$ -	\$ -	\$ -	0.0%
Expenditures:						
Supplies	\$ 1,897	\$ 3,011	\$ 2,950	\$ 5,000	\$ 2,050	69.5%
Services & Charges	204,275	204,744	213,041	218,360	5,319	2.5%
Miscellaneous Expenses	44	-	100	100	-	0.0%
Total	\$ 206,216	\$ 207,754	\$ 216,091	\$ 223,460	\$ 7,369	3.4%
Revenue over/(under) Expenditures:	\$ (205,376)	\$ (207,754)	\$ (216,091)	\$ (223,460)	\$ (7,369)	3.4%

GENERAL FUND DEPARTMENT SUMMARIES

Department: **Waterpark**

Culture & Recreation

The waterpark, which opened in May 2017, features tube and body slides, a lazy river, splash pad, zip line, lap pool, climbing wall, a renovated bathhouse and a concession area. The facility is available for morning lap swim and lazy river walk and can also be rented for special events.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Revenues:						
Charges for Services	\$ -	\$ 333,605	\$ 385,000	\$ 370,000	\$ (15,000)	-3.9%
Total	\$ -	\$ 333,605	\$ 385,000	\$ 370,000	\$ (15,000)	-3.9%
Expenditures:						
Wages & Benefits	\$ -	\$ 285,245	\$ 273,441	\$ 263,740	\$ (9,701)	-3.5%
Supplies	-	84,151	87,000	84,250	(2,750)	-3.2%
Services & Charges	-	38,707	36,800	39,350	2,550	6.9%
Miscellaneous Expenses	-	-	1,500	1,500	-	0.0%
Total	\$ -	\$ 408,103	\$ 398,741	\$ 388,840	\$ (9,901)	-2.5%
Revenue over/(under) Expenditures:	\$ -	\$ (74,499)	\$ (13,741)	\$ (18,840)	\$ (5,099)	37.1%

Department: **Cemetery**

Miscellaneous

Oakland Cemetery was established in 1857 upon the death of a four-year old boy. Legend has it that the mother of the boy would not allow him to be buried out on the prairie where his grave may be disturbed. Oakland Cemetery continues to demand the highest standards in maintenance and development. It is the Cemetery's goal to provide a quiet and beautiful cemetery that protects the community's heritage while being respectful of those buried there and their families.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Revenues:						
Charges for Services	\$ 90,590	\$ 100,145	\$ 89,175	\$ 96,250	\$ 7,075	7.9%
Miscellaneous Revenues	-	-	100	-	(100)	0.0%
Total	\$ 90,590	\$ 100,145	\$ 89,275	\$ 96,250	\$ 6,975	7.8%
Expenditures:						
Wages & Benefits	\$ 72,046	\$ 89,008	\$ 91,497	\$ 91,359	\$ (138)	-0.2%
Supplies	14,829	11,675	15,750	15,450	(300)	-1.9%
Services & Charges	65,050	19,711	24,070	26,150	2,080	8.6%
Miscellaneous Expenses	85	85	200	200	-	0.0%
Capital Outlay	-	-	10,000	10,000	-	0.0%
Total	\$ 152,010	\$ 120,478	\$ 141,517	\$ 143,159	\$ 1,642	1.2%
Revenue over/(under) Expenditures:	\$ (61,420)	\$ (20,333)	\$ (52,242)	\$ (46,909)	\$ 5,333	-10.2%

Department: **Airport**

Miscellaneous

Hutchinson Municipal Airport (known as Butler Field) is located on the south side of the City along State Highway 15, just south of Airport Road. The airport is named after Ken Butler, an area aviation pioneer and Minnesota Aviation Hall of Fame inductee. Services are provided by ASI Jet, who provides aircraft fuel, maintenance and other aviation services.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Revenues:						
Intergovernmental	\$ 26,727	\$ 44,128	\$ 25,000	\$ 26,200	\$ 1,200	4.8%
Charges for Services	70,907	66,746	65,700	68,000	2,300	3.5%
Miscellaneous Revenues	5,730	5,029	6,500	5,000	(1,500)	-23.1%
Total	\$ 103,364	\$ 115,903	\$ 97,200	\$ 99,200	\$ 2,000	2.1%
Expenditures:						
Wages & Benefits	\$ 15,366	\$ 16,525	\$ 32,330	\$ 36,620	\$ 4,290	13.3%
Supplies	3,574	5,424	9,650	8,500	(1,150)	-11.9%
Services & Charges	61,741	64,762	55,760	60,000	4,240	7.6%
Miscellaneous Expenses	16,989	15,141	15,900	15,550	(350)	-2.2%
Total	\$ 97,671	\$ 101,852	\$ 113,640	\$ 120,670	\$ 7,030	6.2%
Revenue over/(under) Expenditures:	\$ 5,694	\$ 14,051	\$ (16,440)	\$ (21,470)	\$ (5,030)	30.6%

GENERAL FUND DEPARTMENT SUMMARIES

Department: General Revenue

General Government

The General Revenue department accounts for revenue that is not directly related to the operations of a specific general fund department. The largest revenue source in this department is the general fund tax levy which has increased 4.00% for 2019 operations. Other revenue includes the Local Government Aid (LGA), transfers from Enterprise Funds and the PILOT payment from Hutchinson Utilities.

The City is certified by the State to receive \$2,401,715 of LGA in 2019, a \$6,389 increase from the 2018 LGA. Of the total LGA received, only \$1,100,252 is budgeted for use in the 2019 general fund operations with the remaining LGA going into the capital projects fund to fund capital improvements to general fund facilities and infrastructure. Diverting a large portion of LGA out of the general fund puts the City in a better position in the event that future LGA funding is cut by the State. It also allows for a more stable General fund as large capital improvement projects are funded by LGA in the capital projects fund rather than the General fund tax levy.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Revenues:						
Taxes	\$ 4,581,258	\$ 4,759,276	\$ 4,925,466	\$ 5,122,005	\$ 196,539	4.0%
Other Taxes	291,910	293,840	305,000	315,000	10,000	3.3%
Licenses & Permits	34,536	33,893	37,500	35,250	(2,250)	-6.0%
Intergovernmental	882,310	1,020,069	1,118,164	1,118,164	-	0.0%
Charges for Services	10,142	12,991	10,000	10,000	-	0.0%
Miscellaneous Revenues	28,839	33,709	60,000	85,000	25,000	41.7%
Transfers-In	2,128,306	2,085,107	2,296,936	2,423,425	126,489	5.5%
Total	\$ 7,957,301	\$ 8,238,886	\$ 8,753,066	\$ 9,108,844	\$ 355,778	4.1%
Revenue over/(under) Expenditures:	\$ 7,957,301	\$ 8,238,886	\$ 8,753,066	\$ 9,108,844	\$ 355,778	4.1%

Department: Unallocated General Expense

General Government

The Unallocated General Expense department accounts for expenditures that are not directly related to the operations of a specific general fund department. The majority of expenditures are comprised of General Liability Insurance premiums, annual funding of the Equipment Replacement Fund for general fund vehicles and equipment, the contributions to the Fire Relief Association pension fund, the Lodging Tax reimbursement to the Hutchinson Convention & Visitor Bureau and the Cable TV Franchise Tax reimbursement to HCVN to fund operations of the local cable TV programming.

The vehicle and equipment funding increased \$50,000 in 2019. The increase, which is the first since 2013, was necessary due to the increasing cost of vehicles and equipment.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Increase/ (Decrease)	% Change
Revenues:						
Taxes	\$ 45	\$ 6	\$ -	\$ -	\$ -	0.0%
Intergovernmental	106,662	108,253	108,252	109,292	1,040	1.0%
Miscellaneous Revenues	84,867	45,603	60,000	40,000	(20,000)	-33.3%
Transfers-In	55,000	55,000	-	-	-	0.0%
Total	\$ 246,574	\$ 208,862	\$ 168,252	\$ 149,292	\$ (18,960)	-11.3%
Expenditures:						
Wages & Benefits	\$ 171,662	\$ 173,253	\$ 173,252	\$ 174,292	\$ 1,040	0.6%
Services & Charges	239,435	200,516	205,000	211,250	6,250	3.0%
Miscellaneous Expenses	483,441	469,664	491,500	551,250	59,750	12.2%
Transfers-Out	500,000	500,000	-	-	-	0.0%
Total	\$ 1,394,539	\$ 1,343,432	\$ 869,752	\$ 936,792	\$ 67,040	7.7%
Revenue over/(under) Expenditures:	\$ (1,147,965)	\$ (1,134,570)	\$ (701,500)	\$ (787,500)	\$ (86,000)	12.3%



2019 Annual Budget

Enterprise Funds

Enterprise Funds - 2019 Budget Summary

Enterprise funds are used to account for those government operations that are financed and operated in a manner similar to private business. The funds are self-supported by customer fees for product or services. The fees shall be determined at a level that fully covers the total direct and indirect costs, including operating expenses, capital expenditures and debt service payments. The City has the following Enterprise funds:

- **Liquor fund** - accounts for the operations of the City's retail liquor store.
- **Compost fund** - accounts for the operations of the City's compost facility.
- **Refuse fund** - accounts for the operations of the City's residential refuse disposal.
- **Water fund** - accounts for the operations of the City-owned water system.
- **Sewer fund** - accounts for the operations of the City-owned waterwater system.
- **Storm Water fund** - accounts for the operations of the City's storm water system.
- **Hutchinson Utilities Commission** - accounts for the operations of the City's electric and gas systems.
HUC is governed by a separate board of commissioners and is budgeted separately from the City's other funds.

Enterprise funds are maintained on the accrual basis. Revenues are recognized in the accounting period in which they are earned. Expenses are recognized in the period in which the liability is incurred.

Activity for the Debt Service principal payments and Capital Outlay are budgeted as expenditures simply for a cash flow presentation. In reality, those two items are recorded in the balance sheet as a reduction to the bond payable and as an increase to fixed assets.

	Total	Liquor	Compost	Refuse	Water	Sewer	Storm Water
REVENUES:							
Sales Revenue	16,372,775	6,357,000	2,378,175	1,205,600	2,323,500	3,168,000	940,500
Local Sales Tax	1,330,000	-	-	-	665,000	665,000	-
Licenses & Permits	11,000	-	-	-	-	6,500	4,500
Intergovernmental Revenue	12,500	-	-	12,500	-	-	-
Charges for Services	151,745	-	91,245	-	53,000	7,500	-
Miscellaneous Revenue	271,800	3,000	35,000	22,000	69,500	120,000	22,300
TOTAL REVENUES	18,149,820	6,360,000	2,504,420	1,240,100	3,111,000	3,967,000	967,300
EXPENDITURES:							
Wages & Benefits	3,053,247	698,094	704,078	190,965	519,888	691,874	248,348
Supplies	581,875	25,050	114,825	62,050	137,250	210,700	32,000
Services & Charges	2,816,465	246,675	308,940	761,600	522,950	803,000	173,300
Miscellaneous Expenses	80,350	5,350	11,500	1,500	15,000	36,500	10,500
Depreciation Expense	2,993,500	82,500	220,000	146,000	1,100,000	1,250,000	195,000
Debt Service	3,408,158	128,243	158,939	-	1,485,523	1,403,676	231,777
Transfers-Out	785,000	500,000	110,000	55,000	60,000	60,000	-
Capital Outlay	1,581,500	15,000	80,000	221,500	300,000	625,000	340,000
Cost of Sales	5,711,630	4,787,710	923,920	-	-	-	-
TOTAL EXPENDITURES	21,011,725	6,488,622	2,632,202	1,438,615	4,140,611	5,080,750	1,230,925
TOTAL REVENUE OVER (UNDER) EXPENDITURES	(2,861,905)	(128,622)	(127,782)	(198,515)	(1,029,611)	(1,113,750)	(263,625)

Liquor Fund

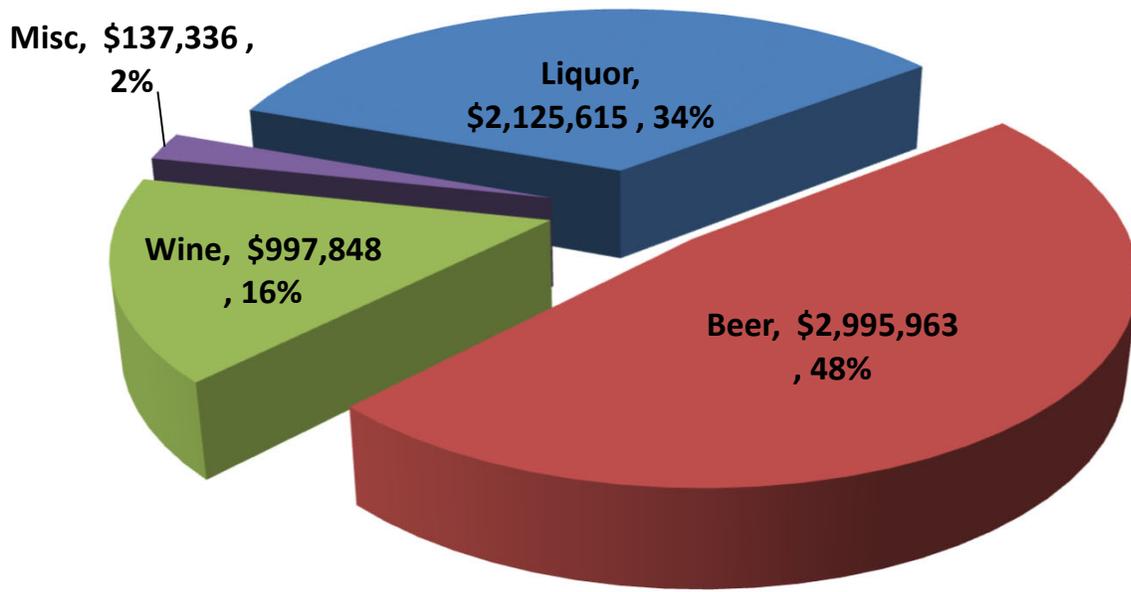
The Liquor Fund functions as a control mechanism for the sale of alcohol within the community and as a revenue source for the City of Hutchinson's General fund. While all alcohol sellers should practice responsible sales, not selling to minors or intoxicated individuals, the Liquor Hutch takes these responsibilities further by aggressively training employees to prevent underage access to alcohol and working closely with law enforcement to reflect community values. In addition, the revenues generated by the Liquor enterprise fund are used to support many essential city functions.

Budgetary Highlights for 2019

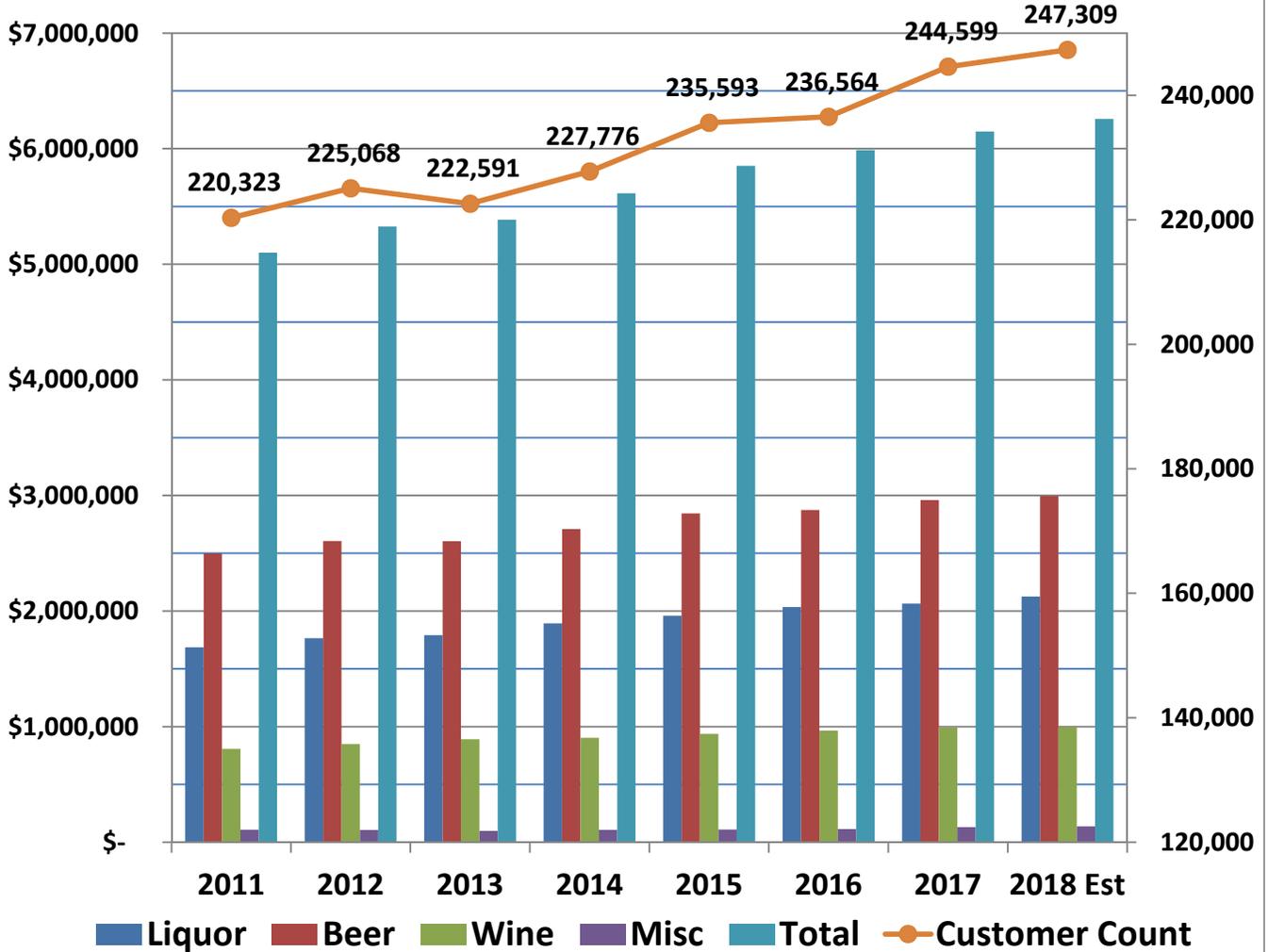
- The 2019 sales revenue is based on a 1.6% increase over the 2018 forecasted sales of \$6,256,762.
- The Debt Service expenditure is the annual principal and interest on the loan from the Water and Sewer funds related to the liquor store upgrades completed in 2005. The loan will be fully repaid in 2020.
- The Transfer-Out expenditure is the Liquor fund's transfer of excess profits to the General fund. There is no increase in the transfer for 2019.
- The Liquor fund is budgeting a negative cash flow of \$46,122 for 2019 (Net Loss of \$128,622 plus Depreciation of \$82,500 since depreciation is a non-cash transaction). We believe we have sufficient cash reserves to absorb annual cash deficits until the Water/Sewer loan is fully repaid in 2020. In the year 2021, this fund will realize a \$128,000 increase in annual cash flow due to the debt retirement.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Dollar Inc/Decr	% Inc/Decr
REVENUES:						
Sales - Liquor	2,034,646	2,064,292	2,110,000	2,154,000	44,000	2.1%
Sales - Beer	2,866,497	2,959,294	3,003,000	3,049,000	46,000	1.5%
Sales - Wine	965,433	993,807	997,000	1,016,000	19,000	1.9%
Sales - Other	119,897	130,756	135,000	138,000	3,000	2.2%
Total Sales	5,986,472	6,148,149	6,245,000	6,357,000	112,000	1.8%
Miscellaneous Revenue	3,729	2,692	4,000	3,000	(1,000)	-25.0%
TOTAL REVENUES	5,990,201	6,150,841	6,249,000	6,360,000	111,000	1.8%
EXPENDITURES:						
Cost of Sales	4,519,724	4,616,974	4,691,290	4,787,710	96,420	2.1%
Wages & Benefits	564,188	628,185	671,021	698,094	27,073	4.0%
Supplies	19,888	18,545	27,750	25,050	(2,700)	-9.7%
Services & Charges	213,348	228,994	225,800	246,675	20,875	9.2%
Miscellaneous Expenses	4,121	4,115	5,850	5,350	(500)	-8.5%
Depreciation Expense	81,228	78,640	85,000	82,500	(2,500)	-2.9%
Capital Outlay	-	-	25,000	15,000	(10,000)	-40.0%
Debt Service	23,686	19,253	128,045	128,243	198	0.2%
Transfers-Out	475,000	500,000	500,000	500,000	-	0.0%
TOTAL EXPENDITURES	5,901,182	6,094,707	6,359,756	6,488,622	128,866	2.0%
TOTAL REVENUE OVER (UNDER) EXPENDITURES	89,019	56,134	(110,756)	(128,622)	(17,866)	

2018 Forecasted Liquor Sales by Category



Liquor Sales compared to Customer Count



Compost Fund

Creekside provides citizens a drop-off site for recyclable and reusable waste materials such as logs, brush, concrete, blacktop and organic yard waste at no charge. Fees may apply to commercial customers. With these materials, Creekside produces, markets, and distributes quality bulk and bagged compost as well as a variety of bulk and bagged colored mulches to local customers as well as distributors with a current sales territory of 13 states from the Midwest to the Intermountain West. Creekside also supplies horticultural materials, along with aggregates, to various City departmental projects resulting in a savings to fund specific budgets.

Budgetary Highlights for 2019

- The 2019 production model assumes a 16.4% increase in the sale of bagged product, mainly due to a committed increase in mulch product from one specific customer.
- The largest expense driver is Cost of Sales. This includes the costs involved in creating compost, buying other materials required in our bagged product and the inventory supplies used in the bagging process.
- Wages & Benefits increased due to the addition of one full-time employee to the production team. When the Compost fund transitioned to a lower production model in 2016, one position vacated due to retirement was not replaced. The increase in production and other operational functions has made it necessary to fill this position again.
- Capital Outlay for 2019 consists of a walking floor trailer (\$80,000) which is used primarily for transporting raw material from other municipalities to Creekside for processing.
- Debt Service is anticipated to increase \$71,106 in 2019 due to a seven-year financing agreement for the purchase of a new compost turner with an estimated cost of \$450,000. We expect the machine to have a useful life of at least 15 years. The compost fund also financed a new wood grinder in 2018 at a net cost of \$416,277, over a five year period. The useful life of the grinder is expected to be only 10 years.
- The Transfer-Out expenditure is the Compost fund's transfer of excess profits to the General fund. There is no increase in the transfer for 2019.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Dollar Inc/Decr	% Inc/Decr
REVENUES:						
Sales - Bagged Product	1,668,496	1,682,291	1,666,950	1,940,190	273,240	16.4%
Sales - Bulk Product	253,929	163,802	231,900	245,890	13,990	6.0%
Sales - Other	143,054	100,254	105,125	192,095	86,970	82.7%
Total Sales	2,065,479	1,946,347	2,003,975	2,378,175	374,200	18.7%
Charges for Services	71,279	80,713	82,500	91,245	8,745	10.6%
Miscellaneous Revenue	41,624	87,150	26,400	35,000	8,600	32.6%
TOTAL REVENUES	2,178,383	2,114,209	2,112,875	2,504,420	391,545	18.5%
EXPENDITURES:						
Cost of Sales	1,452,700	1,297,433	1,316,600	1,633,505	316,905	24.1%
Inventory Cost Adjustment	(470,530)	(600,745)	(494,200)	(709,585)	(215,385)	43.6%
Wages & Benefits	562,128	583,702	610,345	704,078	93,733	15.4%
Supplies	89,868	79,342	65,300	114,825	49,525	75.8%
Services & Charges	261,982	297,435	243,440	308,940	65,500	26.9%
Miscellaneous Expenses	15,668	14,538	11,500	11,500	-	0.0%
Depreciation Expense	139,829	172,814	207,000	220,000	13,000	6.3%
Capital Outlay	-	-	139,227	80,000	(59,227)	-42.5%
Debt Service	-	3,763	87,833	158,939	71,106	81.0%
Transfers-Out	110,000	110,000	110,000	110,000	-	0.0%
TOTAL EXPENDITURES	2,161,647	1,958,282	2,297,045	2,632,202	335,157	14.6%
TOTAL REVENUE OVER (UNDER) EXPENDITURES	16,737	155,927	(184,170)	(127,782)	56,388	

Refuse Fund

The City of Hutchinson, through the Refuse fund, charges local residents a monthly garbage fee for the disposal of waste material and source-separated compostable material. Both materials are collected by a third-party refuse hauler who is contracted by the City for residential services only. The waste material is disposed at a local landfill at the expense of the Refuse fund based on a cost per ton contract rate. The source-separated material is composted into a soil product which is marketed and sold by Creekside. The garbage fees charged to residents are used to pay the contracted hauling service, landfill disposal charges and expenditures for the source-separated operations, including building improvements and capital equipment purchases. The City handles all customer service duties related to the residential refuse service.

Budgetary Highlights for 2019

- The 2019 budget assumes that refuse rates do not increase. The last increase was in 2008 (6%).
- The biodegradable-bag program where residents can receive free bio-bags for their composting needs is helping to divert waste from the landfill. The annual cost of the bio-bags is \$33,500 with some minor staff time involved in administering the program.
- The refuse hauling contract is the largest expenditure in this fund and is budgeted at \$536,000 for 2019. The contract rate is adjusted for any increase in the Consumer Price Index, capped at 2%, every six months. West Central Sanitation is the current residential refuse hauler, contracted for a five-year term expiring September 30, 2020.
- The cost to dispose of an estimated 2,522 tons of waste material at the local landfill is budgeted for 2019 at \$151,000. The landfill disposal fee is currently \$59.93 per ton and is scheduled to increase by \$1 per ton each October 1st.
- The Transfer-Out of \$55,000 to the Tree Disease Mitigation fund serves as the funding source for the City's efforts in dealing with diseased trees. City Council approved annual funding of \$55,000, starting in 2010, mainly in anticipation of the Emerald Ash Borer and the impact it would have on the City's ash tree population. The plan has since been revised to address all tree diseases.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Dollar Inc/Decr	% Inc/Decr
REVENUES:						
Refuse Sales	1,172,250	1,187,305	1,197,550	1,205,600	8,050	0.7%
Intergovernmental Revenue	12,959	12,854	12,500	12,500	-	0.0%
Miscellaneous Revenue	22,385	9,327	12,500	22,000	9,500	76.0%
TOTAL REVENUES	1,207,594	1,209,486	1,222,550	1,240,100	17,550	1.4%
EXPENDITURES:						
Wages & Benefits	174,189	175,439	187,401	190,965	3,564	1.9%
Supplies	50,831	58,207	58,400	62,050	3,650	6.3%
Services & Charges	717,019	712,794	736,190	761,600	25,410	3.5%
Miscellaneous Expenses	4,252	9,043	6,500	1,500	(5,000)	-76.9%
Depreciation Expense	128,830	126,830	144,000	146,000	2,000	1.4%
Capital Outlay	-	-	85,000	221,500	136,500	160.6%
Debt Service	1,262	346	-	-	-	0.0%
Transfers-Out	55,000	55,000	55,000	55,000	-	0.0%
TOTAL EXPENDITURES	1,131,383	1,137,659	1,272,491	1,438,615	166,124	13.1%
TOTAL REVENUE OVER (UNDER) EXPENDITURES	76,211	71,826	(49,941)	(198,515)	(148,574)	

Water Fund

The City of Hutchinson utilizes five wells, drawing groundwater from the Quaternary Buried Artesian aquifer, to annually provide over 500 million gallons of safe drinking water to the community. The City's water treatment combines biological filtration and reverse osmosis technologies. The City's water distribution consists of a 1.5 million gallon water reservoir, three 500,000 gallon water towers, over 4,800 water meters with automated meter reading transmitters, more than 70 miles of water mains and over 900 fire hydrants for community fire protection.

Budgetary Highlights for 2019

- We expect a moderate increase in the Local Sales tax revenue. The local sales tax revenue is dedicated to the retirement of outstanding debt and is split 50/50 with the Sewer fund.
- The 2019 budget assumes that water rates do not increase. The last rate increase was in 2011 (5%).
- The 2019 budget assumes that revenue from water operations will decrease 3.1%, mainly due to lower Residential (-5%) and Industrial (-16%) consumption. The industrial decrease is attributed to the change in production process for one specific customer. Rather than using city water, the customer is using its private wells to draw water for production. The decrease in consumption is partially offset by higher water connection fees (\$18,000) from the anticipated continued growth in commercial customers.
- The budgeted Transfer-Out expenditure of \$60,000 is the Water fund's transfer to the General fund. There is no increase in the transfer for 2019.

The transfers-out for the years with Actual results include amounts transferred to the City's Construction fund to finance the Water system infrastructure installed during the annual street improvement process. These transfers are budgeted as Capital Outlay.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Dollar Inc/Decr	% Inc/Decr
REVENUES:						
Local Sales Tax	635,407	654,299	640,000	665,000	25,000	3.9%
Water Sales	2,363,418	2,407,684	2,396,750	2,323,500	(73,250)	-3.1%
Intergovernmental Revenue	500	-	-	-	-	0.0%
Charges for Services	62,008	53,554	55,000	53,000	(2,000)	-3.6%
Miscellaneous Revenue	54,621	58,741	104,500	69,500	(35,000)	-33.5%
Fund Balance	-	254,078	-	-	-	0.0%
TOTAL REVENUES	3,115,954	3,428,357	3,196,250	3,111,000	(85,250)	-2.7%
EXPENDITURES:						
Wages & Benefits	486,791	462,128	478,638	519,888	41,250	8.6%
Supplies	117,147	134,565	132,300	137,250	4,950	3.7%
Services & Charges	367,224	488,417	535,960	522,950	(13,010)	-2.4%
Miscellaneous Expenses	13,228	10,836	14,700	15,000	300	2.0%
Depreciation Expense	1,227,284	1,218,822	1,100,000	1,100,000	-	0.0%
Debt Service	363,482	336,057	1,485,627	1,485,523	(104)	0.0%
Capital Outlay	-	-	350,000	300,000	(50,000)	-14.3%
Transfers-Out	308,497	351,635	60,000	60,000	-	0.0%
TOTAL EXPENDITURES	2,883,653	3,002,460	4,157,225	4,140,611	(16,614)	-0.4%
TOTAL REVENUE OVER (UNDER) EXPENDITURES	232,301	425,896	(960,975)	(1,029,611)	(68,636)	

Sewer Fund

The Sewer Department is responsible for processing the City's wastewater and discharging clean water into the environment. The Facility is designed to treat an average wet weather flow of 5.43 MGD and an average dry weather flow of 3.67 MGD. There are 13 lift stations and over 95 miles of gravity sanitary sewer lines throughout the city. The treatment facility has several features which allow it to meet the City's specific needs for variable flow and operational flexibility. Biological and Membrane Bioreactor (MRB) processes are used to remove impurities from the wastewater and achieve a level of treatment well above that which is mandated by the Minnesota Pollution Control Agency (MPCA).

Budgetary Highlights for 2019

- We expect a moderate increase in the Local Sales tax revenue. The local sales tax revenue is dedicated to the retirement of outstanding debt and is split 50/50 with the Sewer fund.
- The 2019 budget assumes that sewer rates do not increase. The last rate increase was in 2011 (5%).
- The 2019 budget assumes that revenue from sewer operations will decrease 4.9%, mainly due to Residential (-4.5%) and Industrial (-18%) usage. The industrial decrease is attributed to one customer that has changed its production process, resulting in less flow and lower violation surcharges.
- The solar array constructed in late 2015 is performing as expected with approximately a 15% savings in the annual electricity expense at the Sewer facility.
- The budgeted Transfer-Out expenditure of \$60,000 is the Sewer fund's transfer to the General fund. There is no increase in the transfer for 2019.

The transfers-out for the years with Actual results include amounts transferred to the City's Construction fund to finance the Sewer system infrastructure installed during the annual street improvement process. These transfers are budgeted as Capital Outlay.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Dollar Inc/Decr	% Inc/Decr
REVENUES:						
Local Sales Tax	635,407	654,299	640,000	665,000	25,000	3.9%
Sewer Sales	3,265,719	3,216,807	3,330,000	3,168,000	(162,000)	-4.9%
Licenses & Permits	5,200	5,100	6,500	6,500	-	0.0%
Charges for Services	9,160	13,458	3,500	7,500	4,000	114.3%
Miscellaneous Revenue	71,704	82,889	140,000	120,000	(20,000)	-14.3%
Fund Balance	-	50,816	-	-	-	0.0%
TOTAL REVENUES	3,987,189	4,023,369	4,120,000	3,967,000	(153,000)	-3.7%
EXPENDITURES:						
Wages & Benefits	618,120	577,027	678,838	691,874	13,036	1.9%
Supplies	181,332	141,948	219,700	210,700	(9,000)	-4.1%
Services & Charges	824,640	695,031	800,830	803,000	2,170	0.3%
Miscellaneous Expenses	34,033	21,790	32,500	36,500	4,000	12.3%
Depreciation Expense	1,621,495	1,621,990	1,450,000	1,250,000	(200,000)	-13.8%
Debt Service	304,958	276,427	1,458,251	1,403,676	(54,575)	-3.7%
Capital Outlay	-	-	650,000	625,000	(25,000)	-3.8%
Transfers-Out	79,523	84,884	60,000	60,000	-	0.0%
TOTAL EXPENDITURES	3,664,102	3,419,097	5,350,119	5,080,750	(269,369)	-5.0%
TOTAL REVENUE OVER (UNDER) EXPENDITURES	323,088	604,272	(1,230,119)	(1,113,750)	116,369	

Storm Water Fund

The Storm Water fund is a dedicated source of funding used to manage the City's storm water system. As a result of development, there are fewer places for storm water to seep naturally into the ground. Rooftops, driveways, parking lots and streets generate runoff, which makes its way to lakes and streams while picking up pollutants along the way. Regulations exist to protect water quality and quantity. Management of regulations, street sweeping, maintenance of existing systems, removing sediment and attention to localized drainage problems are made possible by Storm Water revenue. It continues to be the City's practice to use roughly half of the storm water revenues to address capital projects and half for on-going maintenance costs.

Budgetary Highlights for 2019

- The 2019 budget includes a 3.0% increase in storm water utility rates.
- The City's leaf vacuuming program is accounted for in this fund. Annual expenses for the program include tractor rentals, fuel, equipment repairs and maintenance, and employee wages and benefits. Capital investment in the vacuum trailers is also funded by storm water funds.
- Street sweeping is another main operation funded by storm water utility fees, reducing the amount of sediment and debris going into the storm water system. Annual expenses include fuel, repairs and maintenance on the street sweeper and employee wages and benefits.
- New debt with a total par value of \$1,550,000 was issued in 2018 to finance a new storm water retention pond at Linden Park to alleviate severe drainage issues in the south-central portion of the city. The project includes three phases to be completed over the years 2018-2020. The first phase consists of the pond construction, which began in late 2018 and is to be completed in 2019. Phases two and three focus on the street infrastructure to connect to the new pond and will be completed in 2019 and 2020. The new debt was put in place as prior debt is retired in February 2019.
New debt of \$200,000 is expected in 2019 to fund a new street sweeper as the current sweeper has exceeded its useful life. The cost will be financed over a five year period and the equipment is expected to have a useful life of 8 to 9 years.
- The transfers-out for the years with Actual results include amounts transferred to the City's Construction fund to finance the Storm Water system infrastructure installed during the annual street improvement process. These transfers are budgeted as Capital Outlay.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Dollar Inc/Decr	% Inc/Decr
REVENUES:						
Storm Water Sales	857,028	887,583	907,600	940,500	32,900	3.6%
Licenses & Permits	4,970	5,350	4,000	4,500	500	12.5%
Charges for Services	-	560	-	-	-	0.0%
Miscellaneous Revenue	16,462	18,039	13,750	22,300	8,550	62.2%
Fund Balance	-	296,978	-	-	-	0.0%
TOTAL REVENUES	878,460	1,208,511	925,350	967,300	41,950	4.5%
EXPENDITURES:						
Wages & Benefits	236,200	243,181	276,489	248,348	(28,141)	-10.2%
Supplies	15,603	15,674	38,800	32,000	(6,800)	-17.5%
Services & Charges	143,299	204,364	165,600	173,300	7,700	4.6%
Miscellaneous Expenses	9,132	7,160	11,250	10,500	(750)	-6.7%
Depreciation Expense	143,566	151,913	157,000	195,000	38,000	24.2%
Debt Service	9,383	6,492	154,750	231,777	77,027	49.8%
Capital Outlay	-	-	200,000	340,000	140,000	70.0%
Transfers-Out	270,097	298,814	125,000	-	(125,000)	0.0%
TOTAL EXPENDITURES	827,281	927,598	1,128,889	1,230,925	102,036	9.0%
TOTAL REVENUE OVER (UNDER) EXPENDITURES	51,179	280,913	(203,539)	(263,625)	(60,086)	



2019 Annual Budget

Other Governmental Funds

Other Governmental Funds - 2019 Budget Summary

Governmental Funds include the General fund, Debt Service funds, and Capital Project funds. All governmental funds are maintained on a modified accrual basis with revenues recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred.

Capital Improvement Projects funds account for the acquisition or construction of major capital projects other than those financed by proprietary fund activities. The City has the following Capital Improvement Project funds:

- **Capital Projects fund** - accounts for improvements to General fund facilities, miscellaneous city infrastructure and other projects that do not have other funding sources.
- **Community Improvement fund** - accounts for projects of a "community" nature in addition to public arts projects.
- **Construction fund** - accounts for the annual roadway and infrastructure improvement projects.

Debt Service funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. The debt generally finances improvements to the City's streets, alleys, parking lots, bridges, trails and other public infrastructure.

Special Revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes other than debt service and capital projects. The City has the following Special Revenue funds:

- **Public Sites fund** - accounts for improvements to City parks and parkland equipment.
- **Tree Disease Mitigation fund** - accounts for operations related to treating or removing diseased trees.
- **Rural Fire fund** - accounts for the City's operating costs attributed to rural fire calls and allocated to participating rural towns and townships.
- **H.A.T.S. Facility fund** - accounts for the operations of the transportation maintenance facility that operates under a joint powers agreement between the State, McLeod County and City.

	Total	Capital Improv Projects	Debt Service	Public Sites	Tree Disease Mitigation	Rural Fire	HATS
REVENUES:							
Property Taxes	1,873,580	10,000	1,863,580	-	-	-	-
Tax Increment Taxes	20,000	-	20,000	-	-	-	-
Special Assessments	424,749	27,500	397,249	-	-	-	-
Intergovernmental Revenue	3,782,743	3,476,463	-	-	-	125,000	181,280
Charges for Services	355,000	70,000	-	5,000	-	-	280,000
Miscellaneous Revenue	193,250	135,000	15,000	30,000	7,000	250	6,000
Transfers-In	956,970	700,000	100,000	-	55,000	-	101,970
Bond Proceeds	2,670,000	2,670,000	-	-	-	-	-
TOTAL REVENUES	10,276,292	7,088,963	2,395,829	35,000	62,000	125,250	569,250
EXPENDITURES:							
Wages & Benefits	126,359	-	-	-	-	84,080	42,279
Supplies	344,908	-	-	5,000	20,000	22,858	297,050
Services & Charges	776,700	575,000	-	5,000	20,000	15,500	161,200
Miscellaneous Expenses	28,138	15,000	-	5,000	-	2,538	5,600
Debt Service	2,562,793	30,000	2,532,793	-	-	-	-
Bond Issuance Costs	70,000	70,000	-	-	-	-	-
Transfers-Out	100,000	100,000	-	-	-	-	-
Capital Outlay	7,074,121	6,976,000	-	35,000	-	-	63,121
TOTAL EXPENDITURES	11,083,019	7,766,000	2,532,793	50,000	40,000	124,976	569,250
TOTAL REVENUE OVER (UNDER) EXPENDITURES	(806,727)	(677,037)	(136,964)	(15,000)	22,000	274	-

Capital Projects Fund

The Capital Projects fund accounts mainly for improvements to General Fund facilities, miscellaneous city infrastructure (trails, bridges, retaining walls, street light poles, alleys, etc) and other projects as approved by city council. Planning expenses related to potential improvement projects and the City's comprehensive plan are also accounted for in this fund. The funding sources include Local Government Aid (LGA), transfers-in from other funds, grants and a portion of the annual bond proceeds.

The Facilities Plan, which addresses General fund facility improvements, is a major component within this fund. The plan annually assigns \$700,000 of LGA for facility improvements needs. Another \$375,000 of LGA is annually assigned for miscellaneous infrastructure improvement needs and the bi-annual street seal coating projects.

Budgetary Highlights for 2019

- Tax revenue is related to excess Tax Increment Financing (TIF) dollars. Per State Statute, excess TIF dollars generated by a TIF district can be used for any general city purpose.
- Intergovernmental revenues consist of LGA dollars received from the State, net of the amount of LGA used for General fund operations. The City's 2019 LGA is certified by the State to increase by \$6,389.
- Charges for Services includes bonding proceeds dedicated to updating the City's comprehensive plan and to fund other plans or studies authorized by city council or the city administrator.
- There are no planned Transfers-In for 2019.
- Debt Service includes \$30,000 for the annual payment to the McLeod Rail Authority as part of the City's lease agreement for use of certain parkland along the rail corridor. The final lease payment is in 2020.
- The Capital Outlay for 2019 includes \$690,000 for Facility improvements, \$36,000 for new Police ballistic helmets and gas masks, \$90,000 for retrofitting a portion of the city's streetlights with LED fixtures, and \$250,000 for miscellaneous infrastructure maintenance.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Dollar Inc/Decr	% Inc/Decr
REVENUES:						
Property Taxes	11,433	13,532	10,000	10,000	-	0.0%
Intergovernmental Revenue	1,424,160	1,295,074	1,295,074	1,301,463	6,389	0.5%
Charges for Services	65,178	72,919	70,000	70,000	-	0.0%
Miscellaneous Revenue	40,285	107,350	5,000	10,000	5,000	100.0%
Transfers-In	2,000,000	1,875,000	125,000	-	(125,000)	0.0%
TOTAL REVENUES	3,541,056	3,363,875	1,505,074	1,391,463	(113,611)	-7.5%
EXPENDITURES:						
Supplies	70,194	17,129	-	-	-	0.0%
Services & Charges	405,692	210,846	300,000	50,000	(250,000)	-83.3%
Debt Service	30,000	30,000	30,000	30,000	-	0.0%
Transfers-Out	81,788	92,002	-	-	-	0.0%
Capital Outlay	4,042,564	2,497,892	1,318,750	1,066,000	(252,750)	-19.2%
TOTAL EXPENDITURES	4,630,238	2,847,869	1,648,750	1,146,000	(502,750)	-30.5%
TOTAL REVENUE OVER (UNDER) EXPENDITURES	(1,089,182)	516,005	(143,676)	245,463	389,139	

Community Improvement Fund

The Community Improvement fund mainly accounts for special projects of a "community" nature that may be approved by city council from time to time. The funding sources consist of retired Debt Service funds, delinquent special assessments from the retired Debt Service funds, grants and donations from private entities.

Support of public arts is also a function of this fund. City council renewed its commitment to the local Center for the Arts at \$15,000 annually over the three years of 2018 through 2020.

In 2018, the City received a \$6.2M buyout from the local hospital, which represents the present value of the remaining 20 years of a 30-year lease agreement between the two parties. When the hospital separated from the City in 2008, a lease agreement was executed in which the hospital was to make annual lease payments to the City. At the end of the 30-year lease, ownership in the City's assets acquired for municipal hospital operations, such as land, buildings and equipment, would be transferred to the private hospital. The hospital joined the Health Partners network in 2018, triggering the buyout clause in the City's lease.

The buyout consisted of the 2018 scheduled lease payment that is used in the General fund (\$260,000) with the remaining \$5,940,000 being placed in the Community Improvement fund. City Council resolved to transfer \$500,000 of these funds to the General fund in 2018 to rebuild fund balance after the construction of the City's new aquatic center. The City Council also committed \$3,000,000 of these funds to a potential new police facility project. The remaining balance of \$2,940,000 is being assigned within the Community Improvement fund for future projects that City Council may approve.

Budgetary Highlights for 2019

- Special Assessment revenue is related to delinquent assessments that continue to be paid related to retired Debt Service funds that have been closed into the Community Improvement fund.
- Miscellaneous Revenues consist mainly of interest income earned on cash and investments and donations from other entities. We are budgeting a significant increase in interest income due to the substantial increase in cash balance related to the hospital lease buyout monies.
- There will not be any Transfer-In revenue for 2019 as no Debt Service funds are being retired in the year. We will retire one debt service fund each year starting in 2021.
- The Capital Outlay for 2019 includes the potential land acquisition for a new police station (\$1,000,000) and a wayfinding/interpretive signage project (\$10,000).

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Dollar Inc/Decr	% Inc/Decr
REVENUES:						
Special Assessments	143,044	28,785	30,000	27,500	(2,500)	-8.3%
Miscellaneous Revenue	41,334	63,968	5,500	125,000	119,500	2172.7%
Transfers-In	163,329	231,098	-	-	-	0.0%
TOTAL REVENUES	347,707	323,851	35,500	152,500	117,000	329.6%
EXPENDITURES:						
Services & Charges	38,550	73,684	40,000	50,000	10,000	25.0%
Miscellaneous Expenses	26,002	22,750	15,000	15,000	-	0.0%
Transfers-Out	1,750,000	1,250,000	-	-	-	0.0%
Capital Outlay	249,907	43,648	90,000	1,010,000	920,000	1022.2%
TOTAL EXPENDITURES	2,064,459	1,390,082	145,000	1,075,000	930,000	641.4%
TOTAL REVENUE OVER (UNDER) EXPENDITURES	(1,716,752)	(1,066,231)	(109,500)	(922,500)	(813,000)	

Construction Fund

The Construction fund accounts for the costs related to the annual street and infrastructure improvements projects. The annual project list is recommended by the Resource Allocation Committee each year and approved by city council. The main funding sources include bonding dollars, state and federal aid, grants and transfers-in from Water, Sewer, Storm Water and other funds.

Special assessment dollars are only recognized in this fund when substantial assessments are agreed to be prepaid entirely upfront by the property owner and therefore not financed through the bonding process. Otherwise special assessment dollars are accounted for in the Debt Service funds as a source of revenue for the annual debt service payments.

Budgetary Highlights for 2019

- The annual target for bonding dollars is \$2,600,000, consisting of \$1,900,000 of city debt and \$700,000 of special assessments. Actual bonding may vary depending upon the amount of assessments.
- Intergovernmental revenue is for Federal Aid, Municipal State Aid and other grants expected to be utilized on the year's projects. The 2019 projects are expected to receive State Aid for the South Grade Road, 5th Ave SW/SE, and Uponsor Public Roadway projects.
- Transfers-In relate to the anticipated contributions from the Water, Sewer and Storm Water funds towards the infrastructure installed during the projects that service those funds operations. Transfers from the Capital Projects or Community Improvement funds may also fund portions of the project costs.
- Services and Charges consist of the fees to engineer and administer the various construction projects.
- Transfers-Out represent the fund balance being closed into the Debt Service fund. This typically occurs one year later when all projects have been finalized.
- Capital outlay consists of the actual improvement costs for the approved projects.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Dollar Inc/Decr	% Inc/Decr
REVENUES:						
Bond Proceeds	2,499,108	2,528,214	2,600,000	2,670,000	70,000	2.7%
Special Assessments	65,215	130,421	-	-	-	0.0%
Intergovernmental Revenue	65,000	712,500	2,000,000	2,175,000	175,000	8.8%
Miscellaneous Revenue	1,364	1,682	1,000	-	(1,000)	0.0%
Transfers-In	653,615	624,435	500,000	700,000	200,000	40.0%
TOTAL REVENUES	3,284,302	3,997,252	5,101,000	5,545,000	444,000	8.7%
EXPENDITURES:						
Services & Charges	515,149	516,726	500,000	475,000	(25,000)	-5.0%
Transfers-Out	116,077	980	100,000	100,000	-	0.0%
Capital Outlay	2,617,601	3,578,264	4,431,000	4,900,000	469,000	10.6%
Bond Issuance Costs	43,495	63,431	70,000	70,000	-	0.0%
TOTAL EXPENDITURES	3,292,322	4,159,401	5,101,000	5,545,000	444,000	8.7%
TOTAL REVENUE OVER (UNDER) EXPENDITURES	(8,020)	(162,149)	-	-	-	

Debt Fund

The Debt Service fund is in place to account for the debt service payments related to the City's General Obligation Special Assessment bonds. Each year the City issues bonds to finance street improvements. These bonds are repaid by special assessments levied on properties benefiting from the improvements and by the debt property tax levy.

The City's original Debt Management Plan approved in 2008 included a set of guidelines to follow when planning street improvement projects and the maximum debt issuance to cover those costs. At that time, it was determined that the maximum annual debt levy tolerance was \$2,200,000 and that improvement costs would be financed at a level sustained by the \$2,200,000 debt levy. The plan slowly increased the debt levy until it reached the \$2,200,000 target levy in 2016. In an effort to address rising costs and fluctuating interest rates, the Debt Plan was revised in 2016. The target debt levy was adjusted to \$2,600,000, however, due to the structure of existing debt, the City will not need to increase the debt tax levy until 2023. Starting in 2023, the debt levy will be increased annually by approximately 1.75% until the \$2,600,000 debt levy target is reached in 2032.

When a Construction fund has fully accounted for its improvement project costs, the remaining cash balance is transferred into the Debt fund to be used for debt service payments on that specific bond issuance. This activity is accounted for as "Transfer-In" revenue within the debt fund.

When the debt service for a specific bond issue has been retired, that Debt fund is closed with any remaining cash being transferred into the Community Improvement fund to be used at the City Council's discretion. This activity is accounted for as a "Transfer-Out" expenditure within the debt fund.

Note: Debt Service related to the Water, Sewer, Stormwater and Electric/Gas operations are not included in this fund and are accounted for within those respective funds.

Budgetary Highlights for 2019

- The property tax debt levy is currently at the \$2,200,000 target levy per the City's debt management plan and will not need to be increased until the year 2023. While the total debt tax levy is \$2,200,000, the Debt fund includes Property Tax revenue of only \$1,863,580 for 2019. The remaining tax revenue of \$336,420 is recognized in the Equipment Replacement fund as we are using a portion of the debt levy to finance \$1,445,000 of heavy equipment purchased in 2016. Those tax dollars are being used to pay the debt service within the Equipment Replacement fund.
- An estimated \$100,000 of cash balance from closing the 2018 Construction fund is budgeted as a Transfer-in for 2019.
- There will not be a transfer-out expenditure in 2019 since there will not be a debt service fund to retire in the year. The next debt service fund retirement will occur in 2021 at which point we will be retiring one debt service fund each year thereafter.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Dollar Inc/Decr	% Inc/Decr
REVENUES:						
Property Taxes	2,200,000	1,529,961	1,841,005	1,863,580	22,575	1.2%
Tax Increment Taxes	174,511	151,744	145,000	20,000	(125,000)	-86.2%
Special Assessments	1,179,975	621,984	376,191	397,249	21,058	5.6%
Miscellaneous Revenue	13,982	50,702	15,000	15,000	-	0.0%
Transfers-In	116,077	980	100,000	100,000	-	0.0%
TOTAL REVENUES	3,684,545	2,355,371	2,477,196	2,395,829	(81,367)	-3.3%
EXPENDITURES:						
Debt Service	2,568,584	2,224,324	2,361,907	2,532,793	170,886	7.2%
Transfers-Out	133,329	428,283	-	-	-	0.0%
TOTAL EXPENDITURES	2,701,913	2,652,607	2,361,907	2,532,793	170,886	7.2%
TOTAL REVENUE OVER (UNDER) EXPENDITURES	982,632	(297,236)	115,289	(136,964)	(252,253)	

General Obligation Special Assessment Bonds

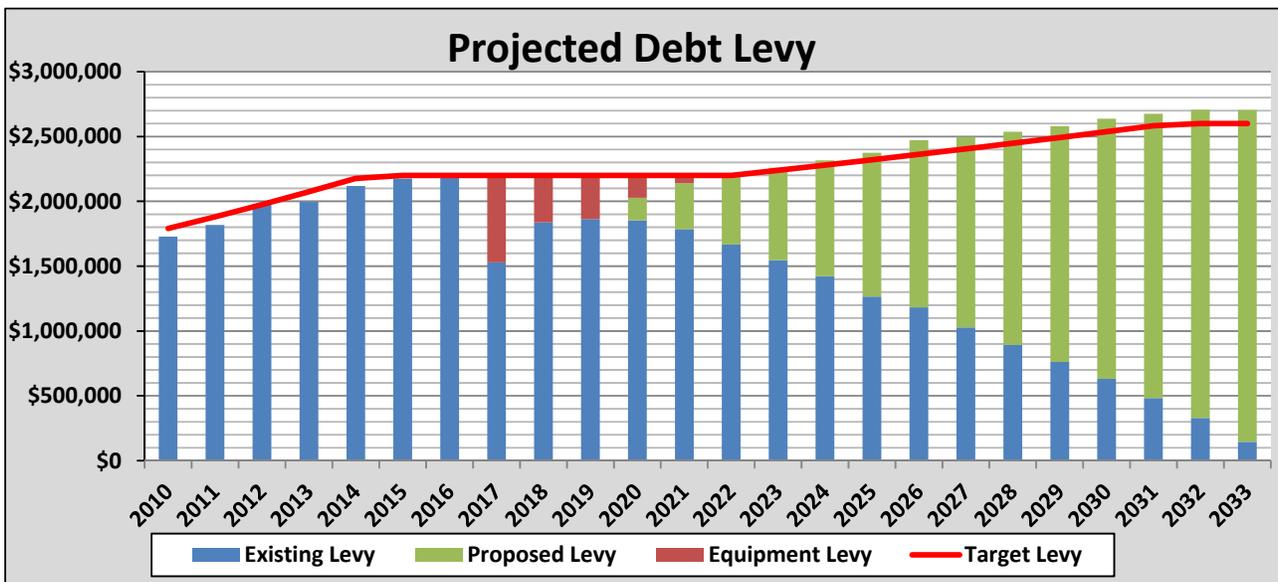
2019 annual debt service listed by debt issue:

Debt Series	Maturity	2019 Debt Service Payments			Remaining Debt
		Interest	Principal	Total	
2006	2/1/2021	14,475	355,000	369,475	305,000
2008	2/1/2023	9,875	100,000	109,875	430,000
2009	2/1/2024	27,629	170,000	197,629	700,000
2010	2/1/2025	18,694	180,000	198,694	530,000
2011	2/1/2027	40,200	215,000	255,200	1,335,000
2012	2/1/2028	29,710	170,000	199,710	1,270,000
2013	2/1/2029	44,620	165,000	209,620	1,430,000
2014	2/1/2030	43,625	180,000	223,625	1,650,000
2015	2/1/2031	50,705	145,000	195,705	1,740,000
2016	2/1/2032	43,900	170,000	213,900	2,110,000
2017	2/1/2033	65,600	230,000	295,600	2,215,000
2018	2/1/2034	63,760	-	63,760	2,395,000
Total		452,793	2,080,000	2,532,793	16,110,000

Debt service requirements to maturity for existing bond issues:

	Interest	Principal	Total	Remaining Debt
2019	452,793	2,080,000	2,532,793	16,110,000
2020	421,959	1,985,000	2,406,959	14,125,000
2021	371,658	1,770,000	2,141,658	12,355,000
2022	322,425	1,795,000	2,117,425	10,560,000
2023	273,648	1,715,000	1,988,648	8,845,000
2024	229,410	1,460,000	1,689,410	7,385,000
2025	190,829	1,270,000	1,460,829	6,115,000
2026	157,376	1,140,000	1,297,376	4,975,000
2027	126,225	1,120,000	1,246,225	3,855,000
2028	97,211	940,000	1,037,211	2,915,000
2029	71,968	820,000	891,968	2,095,000
2030	50,759	665,000	715,759	1,430,000
2031	33,693	560,000	593,693	870,000
2032	19,865	435,000	454,865	435,000
2033	9,150	300,000	309,150	135,000
2034	2,228	135,000	137,228	-
Total	2,831,194	18,190,000	21,021,194	

Note: The City annually bonds for street improvement projects. Future debt issuances are not reflected in the above schedule.



Rural Fire Fund

Through a cooperative effort with the townships and small towns in close proximity to the City of Hutchinson, a portion of the City's general fund Fire department operating costs are funded by the rural entities. The general fund expenses related to the City's fire department are allocated to the rural fire department fund based on the previous year's percentage of rural fire calls compared to the total fire calls by the City fire department. The 2019 budget is based on a 35% rural call rate. These entities also share in the funding of a portion of the City's fire response fleet, however that activity is not reflected in this fund.

The participating entities are the townships of Acoma, Boon Lake, Cedar Mills, Collins, Ellsworth, Hassan Valley, Hutchinson and Lynn, along with the cities of Biscay and Cedar Mills.

Budgetary Highlights for 2019

- Intergovernmental revenue is an amount approved by the rural entities at the annual budget meeting and serves as the funding source of the Rural Fire expenditures. The total funding amount is allocated among the entities based on respective tax capacities. The entities fund their share of expenses by levying property taxes within their township or city along with other township or city budgetary needs.

- Wages & Benefits are based on set contributions for the fire chief and officers. The volunteer firefighter wages are based on actual hours called to rural incidents in addition to an allocation of training hours.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Dollar Inc/Decr	% Inc/Decr
REVENUES:						
Intergovernmental Revenue	110,000	110,000	125,000	125,000	-	0.0%
Miscellaneous Revenue	71	24,383	250	250	-	0.0%
TOTAL REVENUES	110,071	134,383	125,250	125,250	-	0.0%
EXPENDITURES:						
Wages & Benefits	76,409	79,455	77,701	84,080	6,379	8.2%
Supplies	30,344	24,685	24,518	22,858	(1,660)	-6.8%
Services & Charges	10,730	14,012	16,772	15,500	(1,272)	-7.6%
Miscellaneous Expenses	1,078	1,353	2,275	2,538	263	11.6%
TOTAL EXPENDITURES	118,561	119,505	121,266	124,976	3,710	3.1%
TOTAL REVENUE OVER (UNDER) EXPENDITURES	(8,490)	14,878	3,984	274	(3,710)	

H.A.T.S. Facility Fund

The Hutchinson Area Transportation System (HATS) facility operates under a Joint Powers Agreement between the State of Minnesota, McLeod County and the City of Hutchinson. The operations of the fund are governed by a Joint Powers Board with representation from each entity. The City of Hutchinson serves as the fiscal agent handling the administrative duties for the facility. This facility houses Public Works employees for each entity and has storage capacity for equipment and machinery. A fueling system is also in place at this facility to service the fueling needs of each entity. The majority of the Charges for Services revenue is comprised of fuel sold to the various entities while the majority of the Supplies expense is related to the purchase of fuel.

Budgetary Highlights for 2019

- Intergovernmental Revenue is the State and County contributions necessary to operate the facility.
- Charges for Services represents the receipts from the various governmental departments utilizing the facility's refueling system.
- Transfers-In is the City's contribution from the General fund to operate the facility.
- Wages & Benefits includes 0.5 FTE for light maintenance duties.
- The majority of the Supplies category is the cost of fuel for the refueling system.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Dollar Inc/Decr	% Inc/Decr
REVENUES:						
Intergovernmental Revenue	156,045	162,280	176,000	181,280	5,280	3.0%
Charges for Services	232,407	233,012	267,500	280,000	12,500	4.7%
Miscellaneous Revenue	8,367	3,415	3,500	6,000	2,500	71.4%
Transfers-In	99,755	100,000	100,000	101,970	1,970	2.0%
TOTAL REVENUES	496,574	498,707	547,000	569,250	22,250	4.1%
EXPENDITURES:						
Wages & Benefits	48,785	25,171	38,151	42,279	4,128	10.8%
Supplies	233,286	258,108	273,650	297,050	23,400	8.6%
Services & Charges	140,084	136,470	157,160	161,200	4,040	2.6%
Miscellaneous Expenses	5,025	5,025	5,600	5,600	-	0.0%
Capital Outlay	-	14,800	76,612	63,121	(13,491)	-17.6%
TOTAL EXPENDITURES	427,180	439,574	551,173	569,250	18,077	3.3%
TOTAL REVENUE OVER (UNDER) EXPENDITURES	69,394	59,133	(4,173)	-	4,173	

Public Sites Fund

The Public Sites fund accounts mainly for parkland improvements, maintenance of the police memorial park, art projects and other projects approved by the city council. The primary funding sources include parkland dedication fees included as a component of building permits, in addition to donations and grants.

Budgetary Highlights for 2019

- Capital Outlay includes \$20,000 for the installation of the final phase of the Elks Park inclusive playground equipment. The equipment was purchased in 2018 at a cost of \$53,394 and was funded entirely by donations received from the Hutchinson Elks Lodge. Since 2016, the total cost of all three phases was approximately \$160,000 and was funded entirely by the Elks.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Dollar Inc/Decr	% Inc/Decr
REVENUES:						
Intergovernmental Revenue	15,223	9,624	-	-	-	0.0%
Charges for Services	2,250	12,590	5,000	5,000	-	0.0%
Miscellaneous Revenue	153,987	67,438	30,000	30,000	-	0.0%
Transfers-In	-	7,900	-	-	-	0.0%
TOTAL REVENUES	171,460	97,552	35,000	35,000	-	0.0%
EXPENDITURES:						
Supplies	15,598	14,455	5,000	5,000	-	0.0%
Services & Charges	7,093	6,780	5,000	5,000	-	0.0%
Miscellaneous Expenses	21,717	4,540	5,000	5,000	-	0.0%
Capital Outlay	113,742	57,848	15,000	35,000	20,000	133.3%
TOTAL EXPENDITURES	158,150	83,623	30,000	50,000	20,000	66.7%
TOTAL REVENUE OVER (UNDER) EXPENDITURES	13,310	13,929	5,000	(15,000)	(20,000)	

Tree Disease Mitigation Fund

This special revenue fund was created to account for the operations related to treating and removing diseased trees from the City's urban forest. In 2010, the city council formally authorized an annual \$55,000 transfer from the Refuse fund, essentially setting funds aside for the eventual arrival of the emerald ash borer. The purpose has since been modified to include all tree diseases. Initially, the monies were transferred into General fund reserves but as the fund balance grew, it began to distort the General fund's true fund balance. This special revenue fund was created in 2018 as a means to separately account for the efforts related to tree diseases.

Ash trees account for approximately 15% of the total trees on city-owned property as evidenced in the table below.

	Total Trees	Ash Trees	% Ash
Boulevard Trees	8,202	1,312	16%
City Park Trees	3,993	639	16%
City Cemetery Trees	778	23	3%
Other Trees	318	50	16%
Totals	13,291	2,024	15%

Budgetary Highlights for 2019

- Transfers-In represents the annual funding from the Refuse fund.
- Miscellaneous Revenue consists of interest earnings on the fund balance of approximately \$400,000.
- Annual expenditure limits were increased from a \$25,000 to \$40,000. Operations prior to 2018 were accounted for within the General fund.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Dollar Inc/Decr	% Inc/Decr
REVENUES:						
Transfers-In	-	-	55,000	55,000	-	0.0%
Miscellaneous Revenue	-	-	-	7,000	7,000	100.0%
TOTAL REVENUES	-	-	55,000	62,000	7,000	12.7%
EXPENDITURES:						
Supplies	-	-	15,000	20,000	5,000	33.3%
Services & Charges	-	-	10,000	20,000	10,000	100.0%
TOTAL EXPENDITURES	-	-	25,000	40,000	15,000	60.0%
TOTAL REVENUE OVER (UNDER) EXPENDITURES	-	-	30,000	22,000	(8,000)	



2019 Annual Budget

Internal Service Funds

Internal Service Funds - 2019 Budget Summary

Internal Service funds account for operations that provide services to other departments or agencies of the City, on a cost reimbursement basis. The City informally budgets for the following Internal Service funds:

- Equipment Replacement (Central Garage) fund - accounts for the acquisitions and dispositions of General fund vehicles and equipment.
- Self Insurance fund - accounts for the employee dental plan and temporarily funds the city's annual cost of funding the employees HSA accounts.

Internal Service funds are maintained on the accrual basis. Revenues are recognized in the accounting period in which they are earned. Expenses are recognized in the period in which the liability is incurred.

Activity for the Debt Service principal payments and Capital Outlay are budgeted as expenditures simply for a cash flow presentation. In reality, those two items are recorded in the balance sheet as a reduction to the bond payable and as an increase to fixed assets.

	Total	Equipment Replacement Fund	Self-Insurance Fund
REVENUES:			
Property Taxes	336,420	336,420	-
Miscellaneous Revenue	413,000	305,000	108,000
TOTAL REVENUES	749,420	641,420	108,000
EXPENDITURES:			
Services & Charges	8,000	-	8,000
Miscellaneous Expenses	109,800	5,000	104,800
Depreciation Expense	300,000	300,000	-
Debt Service	338,650	338,650	-
Transfers-Out	92,000	-	92,000
Capital Outlay	298,500	298,500	-
TOTAL EXPENDITURES	1,146,950	942,150	204,800
TOTAL REVENUE OVER (UNDER) EXPENDITURES	(397,530)	(300,730)	(96,800)

Equipment Replacement Fund

The Equipment Replacement fund accounts for the acquisitions and dispositions of General fund fleet and equipment. The Fleet Committee meets several times each year to review departmental requests, prioritize needs and plan for future purchases. The Fleet Committee is charged with extending the useful lives on equipment, reviewing the utilization of existing equipment to justify the need, promoting partnerships to share equipment with other entities, and promoting equipment with multi-departmental functionality.

Budgetary Highlights for 2019

- The main funding source for General fund fleet and equipment is an annual payment from the General fund. The payment for 2019 is budgeted at \$275,000, which is an increase of \$50,000 from 2018 and the first increase in funding since 2013.
- Property tax revenue is being levied in this fund as part of the City's debt tax levy (Debt Service funds). The 2016 bond issuance for street improvements included a component to finance \$1,445,000 of heavy equipment needs. The tax revenue collected in this fund is used to pay the debt service related to the 2016 heavy equipment financed through the G.O. Improvement bonds.
- Miscellaneous Revenue includes the proceeds from disposition of General fund fleet and equipment, in addition to interest earnings.
- The 2019 capital outlay consists of the following equipment:

Police Squad car #3	\$40,000
Police Squad car #7	\$40,000
Police Chief vehicle	\$35,000
Parks wide-area mower	\$61,000
Public Works 1-Ton truck	\$43,000
Public Works tractor/mower	\$58,500
Building Inspection vehicle	\$21,000
Total	\$298,500
- Miscellaneous Expenses include costs to dispose of vehicles and equipment, such as auction costs and advertising costs.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Dollar Inc/Decr	% Inc/Decr
REVENUES:						
Property Taxes	-	670,039	358,995	336,420	(22,575)	-6.3%
Equipment Funding	225,000	225,000	225,000	275,000	50,000	22.2%
Miscellaneous Revenue	348,475	158,127	30,000	30,000	-	0.0%
Transfers-In	-	25,000	-	-	-	0.0%
TOTAL REVENUES	573,475	1,078,166	613,995	641,420	27,425	4.5%
EXPENDITURES:						
Depreciation Expense	294,756	351,670	300,000	300,000	-	0.0%
Capital Outlay	-	-	310,399	298,500	(11,899)	-3.8%
Debt Service	32,917	28,619	622,900	338,650	(284,250)	-45.6%
Miscellaneous Expenses	750	8,598	5,000	5,000	-	0.0%
TOTAL EXPENDITURES	328,423	388,887	1,238,299	942,150	(296,149)	-23.9%
TOTAL REVENUE OVER (UNDER) EXPENDITURES	245,052	689,279	(624,304)	(300,730)	323,574	

Self Insurance Fund

The Self Insurance Fund primarily accounts for the City's self-funded dental benefits offered to City employees. The revenues consist of employee premiums paid for dental coverage while the majority of expenditures relate to employee dental claims. Other expenditures include costs related to the City's wellness program and Employee Assistance Program. The wellness program is designed to educate City employees to live healthier lifestyles which may in turn lower healthcare costs and ultimately result in lower premiums.

Budgetary Highlights for 2019

- Dental Premiums consist of the amounts paid by both the employee (20%) and the City (80%). Premiums rates are not increasing for 2019.
- Dental Claims include actual benefit claims paid plus a monthly fee to the company administering the dental benefits. The annual administration fee is estimated at \$7,750, and is being absorbed by the self insurance fund.
- The Transfer-Out of \$92,000 was approved by City Council to fund the City's HSA contributions in the General fund. Continuing to fund 100% of the HSA contributions will deplete this fund's cash reserves within the next four years. Starting in 2019, the General fund will eliminate the Self Insurance funding over a five year period.

	2016 Actual	2017 Actual	2018 Budget	2019 Budget	Dollar Inc/Decr	% Inc/Decr
REVENUES:						
Dental Premiums	100,242	99,806	100,000	100,000	-	0.0%
Miscellaneous Revenue	4,141	6,145	7,500	8,000	500	6.7%
TOTAL REVENUES	104,383	105,951	107,500	108,000	500	0.5%
EXPENDITURES:						
Dental Claims	99,753	93,145	100,000	100,000	-	0.0%
Services & Charges	6,369	8,174	6,500	8,000	1,500	23.1%
Miscellaneous Expenses	6,000	5,846	6,000	4,800	(1,200)	-20.0%
Transfers-Out	119,000	120,000	120,000	92,000	(28,000)	-23.3%
TOTAL EXPENDITURES	231,122	227,165	232,500	204,800	(27,700)	-11.9%
TOTAL REVENUE OVER (UNDER) EXPENDITURES	(126,739)	(121,214)	(125,000)	(96,800)	28,200	



2019 Annual Budget

**5-Year Capital
Improvement Plan**

CITY OF HUTCHINSON - CAPITAL PLAN

Administrative Summary

VISIONS AND GOALS

Each year, as part of the annual budgeting process, the City of Hutchinson prepares a five-year Capital Improvement Plan (CIP) that includes the following years' capital budget. The CIP identifies projects that will support existing and projected needs in the following areas: transportation, parks & recreation and public safety, etc. It is based upon numerous long range planning documents that are updated regularly as identified by the Facilities Committee, Fleet Committee, Resource Allocation Committee and City staff. The CIP prioritizes the use of limited resources that are available for capital items by identifying which projects will be funded, how they will be paid for and when they will be purchased. It establishes a comprehensive development program that is used to maximize outside revenue sources and effectively plan for the growth and maintenance of the City's infrastructure.

POLICIES

Criteria identified for inclusion of capital items in the CIP plan are as follows:

- 1) Capital Item must have a minimum cost of \$10,000
- 2) Project must define year proposed
- 3) Funding source should be identified
- 4) Detail should include annual operating costs or savings for proposed capital item
- 5) Department priority should be established
- 6) Must have a useful life of three years or greater

The plan encompasses projects using the following priority levels:

Priority 1: (Urgent) Projects currently underway or those that are considered essential to the departments of City operations, and should not be delayed beyond the year requested. Failure to fund these projects will seriously jeopardize City's ability to provide service to the residents and/or expose the City to a potential liability and negative legal exposure.

Priority 2: (Very Important) Projects that are needed by a department or the City to improve or maintain their operations, and to delay would cause deterioration or further deterioration of their current operation and/or level of service to the residents of the City. These should not be delayed beyond the year requested.

Priority 3: (Important) Projects that are needed by a department or the City to improve or maintain their operations, and should be done as soon as funds can reasonably be made available.

Priority 4: (Less Important) Projects, which are desirable, but needing further study.

Priority 5: (Future Consideration) Projects, which sometime in the future will need to be funded to maintain operations, safety or infrastructure desired within the community.

CIP PROCESS

1. Finance distributes CIP forms and the prior year's data to departments for updating. Any new capital items should be requested at this time.
2. Departments add, remove and update CIP data from the prior year's report.
3. Finance updates the CIP database with recommendations made by the department directors and the Fleet, Facility and Resource Allocation committees.
4. Initial draft is reviewed with City Administrator and Department directors; corrections or adjustments are made.
5. Preliminary CIP plan is submitted to City council by August 1st.
6. Final CIP plan is reviewed and adopted by City council by year-end.

PROCESS CALENDAR

April/May - Departments work on updating the CIP. Any new capital items should be requested at this time. The Facilities, Fleet and Resource Allocation Committees begin meeting to review and prioritize potential improvement projects submitted by Departments.

June/July - Departments return updated CIP items. The Facilities and Fleet Committees submit a recommended five year plan to the City Administrator. An initial CIP draft is reviewed with Department directors and corrections or adjustments are made. Current year CIP items are incorporated into the early stages of the budgeting process during this time frame.

August 1st – Per Section 7.05 of the Hutchinson City Charter, the City Administrator shall submit to the council a preliminary CIP Plan no later than August 1st of each year.

October/November – Departments and Finance make final adjustments to the preliminary CIP.

December 31st - Final CIP plan is adopted by City council prior to year-end.

CAPITAL PROJECT APPROVAL

The CIP is a planning document comprised of potential capital improvement projects known at a certain point in time. Projects are not approved simply by being included in the CIP as funding sources or City priorities may have changed. All capital projects are subject to the City's purchasing policy, requiring quotes/bids and approvals commensurate to the total cost.

City of Hutchinson, MN
CITY OF HUTCHINSON - CAPITAL PLAN
 2019 thru 2023

DEPARTMENT SUMMARY

Department	2019	2020	2021	2022	2023	Total
Administration	10,000					10,000
Airport	58,500	85,000				143,500
Building Inspections	21,000	27,810				48,810
Cemetery	70,000	89,568	34,040	34,761	10,000	238,369
City Center	140,000	350,000	166,453	50,000	250,000	956,453
Civic Arena		577,000	167,167			744,167
Compost	530,000	503,000	80,000	80,000	170,000	1,363,000
Engineering		29,504	30,389	31,300	32,239	123,432
Fire			136,581	80,000		216,581
Information Technology			35,100			35,100
Infrastructure Improvements	6,399,640	5,119,872	4,868,669	4,802,398	3,885,030	25,075,609
Library	200,000					200,000
Parks	441,000	98,656	66,082		47,500	653,238
Police	1,151,000	9,380,500	132,750	218,000	75,000	10,957,250
Public Works			140,000	65,000	35,000	240,000
Recreation Building				10,000	700,000	710,000
Refuse	221,500	200,000	235,000	370,000	300,000	1,326,500
Senior Dining					8,479	8,479
Storm Water	914,982	639,400	109,652	20,000	570,000	2,254,034
Streets	43,000	370,716	303,310	407,603	460,424	1,585,053
Wastewater	638,644	150,481	894,154	714,778	680,000	3,078,057
Water	643,644	111,000	330,389	720,000	177,000	1,982,033
TOTAL	11,482,910	17,732,507	7,729,736	7,603,840	7,400,672	51,949,665

City of Hutchinson, MN
CITY OF HUTCHINSON - CAPITAL PLAN
 2019 thru 2023

PROJECTS BY DEPARTMENT

Department	Project #	Priority	2019	2020	2021	2022	2023	Total
Administration								
Wayfinding/Interpretive Signage Project	ADMIN-1901	4	10,000					10,000
Administration Total			10,000					10,000
Airport								
Runway Seal Coat	AIR 02	3		85,000				85,000
Mower for tractor	AIRP 469	3	16,000					16,000
Tractor	AIRP 835	3	42,500					42,500
Airport Total			58,500	85,000				143,500
Building Inspections								
New vehicle for Building Inspector	BLDG 1901	3	21,000					21,000
New truck for Facility Manager	BLDG 2001	3		27,810				27,810
Building Inspections Total			21,000	27,810				48,810
Cemetery								
Fencing & Roadways	CEM 01	3	10,000	10,000	10,000	10,000	10,000	50,000
Columbaria Addition	CEM 1901	n/a	60,000					60,000
Tractor/Loader/Backhoe	CEMT 344	3		79,568				79,568
Cemetery mower	CEMT 734	4			24,040			24,040
Cemetery mower	CEMT 883	3				24,761		24,761
Cemetery Total			70,000	89,568	34,040	34,761	10,000	238,369
City Center								
City Center Security Remodel	C.CTR-1701	3		300,000				300,000
City Center boiler improvements	C.CTR-1901	2	90,000					90,000
Parking Lot improvements	C.CTR-2301	3					200,000	200,000
City Center Roof improvements	C.CTR-2302	2			116,453			116,453
Facility Plan - Miscellaneous Maintenance	C.CTR-FAC	3	50,000	50,000	50,000	50,000	50,000	250,000
City Center Total			140,000	350,000	166,453	50,000	250,000	956,453
Civic Arena								
Replace East Rink Roof	CA-1502	1		577,000				577,000
Zamboni ice resurfer	CA-2101	3			167,167			167,167
Civic Arena Total				577,000	167,167			744,167
Compost								
Walking Floor Trailer	COMP-1902	4	80,000	80,000	80,000	80,000		320,000
Forklift Replacement	COMP-2001	3		35,000				35,000
1 ton 4x4 crewcab pickup	COMP-2002	3		38,000				38,000
McCloskey Screener replacement	COMP-2020	3		350,000				350,000

Department	Project #	Priority	2019	2020	2021	2022	2023	Total
Compost Turner Replacement	COMP-2101	3	450,000					450,000
New Wheel Loader	COMP-2301	3					170,000	170,000
Compost Total			530,000	503,000	80,000	80,000	170,000	1,363,000
Engineering								
1/2 ton work truck	ENGR 659	3			30,389			30,389
Replace SUV	ENGR 686	3					32,239	32,239
1/2 ton work truck	ENGR 817	3		29,504				29,504
1/2 ton work truck	ENGR 945	3				31,300		31,300
Engineering Total				29,504	30,389	31,300	32,239	123,432
Fire								
Exhaust Capture System	FD-1801	3			55,000			55,000
Rescue 8 - 1 ton truck	FD-1901	3				80,000		80,000
Fire Hall Roof improvements	FD-2302	2			81,581			81,581
Fire Total					136,581	80,000		216,581
Information Technology								
Core Switch Upgrade	IT-1901	2			35,100			35,100
Information Technology Total					35,100			35,100
Infrastructure Improvements								
TH7/Montana St Crossing System & Sidewalk	MISC 01	3	300,000					300,000
Levee Area Walkway	MISC 03	4	350,000					350,000
Edmonton Ave SW (Hwy 15-Sherwood St)	MOL 01	3		143,910				143,910
School Rd NW (GCR - North High)	MOL 02	3		98,555				98,555
Edmonton Ave SE (Sherwood-Jefferson)	MOL 03	3		228,369				228,369
5th Ave SE (Bridge - Hwy 22)	MOL 04	3		256,805				256,805
4th Ave SW (Lynn-Main)	MOL 05	3			73,927			73,927
Century Ave SW (Dale-Boston)	MOL 06	3		164,944				164,944
Blackbird/Blackhawk/Bluejay	MOL 07	3		102,966				102,966
South Grade Trail (Dale-Hwy 15 S)	New const 05	4	2,250,000					2,250,000
Clinton Ave SW (Harrington-Merrill)	Partial 03	3	196,650					196,650
Merrill St SW (SGR-Clinton)	Partial 04	3	218,275					218,275
Neal Ave SW (Keith-Sunset)	Partial 05	3		251,862				251,862
5th Ave SW/SE (Lynn Rd SW - Ontario St SE)	Partial 08	3	1,478,015					1,478,015
Dale St SW (SGR-Roberts)	Partial 09	3			1,668,205			1,668,205
Washington Ave W (Lynn-Main)	Partial 10	3			1,236,477			1,236,477
South Grade Rd SW (School Rd SW-Dale St SW)	Partial 11	3		320,000				320,000
Michigan St SE/NE (5th Ave-Hwy 7)	Partial 12	3				1,710,033		1,710,033
Church St SW (SGR-Linden)	Reclaim 05	3	254,700					254,700
Clinton Ave SW (Merrill-Lynn)	Reclaim 06	3	127,350					127,350
Harrington St SW (SGR-Linden)	Reclaim 07	3	255,350					255,350
Merrill St SW (Clinton-Linden)	Reclaim 08	3	129,300					129,300
Neal Ave SW (Dale-Keith)	Reclaim 09	3		111,925				111,925
Sunset St SW (SGR-Linden)	Reclaim 10	3		318,956				318,956
Roberts Rd SW (Alan-Dale)	Reclaim 12	3			907,500			907,500
Linden Ave SW (Dale-Harrington)	Reclaim 14	3		664,080				664,080
McDonald Dr SW (Lakewood - School)	Reclaim 15	3				807,675		807,675
1st Ave NE (Main-Adams)	Reclaim 19	3			371,900			371,900
1st Ave SE (Main-Adams)	Reclaim 20	3			371,900			371,900
2nd Ave SW (Franklin-Main)	Reclaim 21	3			148,760			148,760
Grove St SW (2nd-Washington)	Reclaim 22	3				227,000		227,000

Department	Project #	Priority	2019	2020	2021	2022	2023	Total
Hassan St (5th Ave S-1st Ave N)	Reclaim 23	3				960,740		960,740
Larson St SW (Roberts-Lewis)	Reclaim 24	3				274,355		274,355
Sherwood St SE (Summerset-Century)	Reclaim 25	3				264,049		264,049
Southview Ct SW (Linden-Sunset)	Reclaim 26	2				120,501		120,501
Sunset St SW (Linden-Southview)	Reclaim 27	3				98,045		98,045
TDK / Uponor Public Roadway	Reclaim 28	3	750,000					750,000
Garden Rd NE (Dead end - Hwy 7E)	Reclaim 29	3					288,533	288,533
Genes Dr NE (Lindy Ln NE - Dead end)	Reclaim 30	3					40,481	40,481
Hilltop Dr NE (Michigan St NE - Genes Dr NE)	Reclaim 31	3					575,684	575,684
Lindy Ln NE (Pauls Rd NE to Genes Dr NE)	Reclaim 32	3					320,414	320,414
Mark Dr NE (Hilltop Dr NE - Lindy Ln NE)	Reclaim 33	3					122,882	122,882
Morningside Dr NE (Hilltop Dr NE - Dead end)	Reclaim 34	3					92,790	92,790
Pauls Rd NE (Hilltop Dr NE - Lindy Ln NE)	Reclaim 35	3					131,408	131,408
Boulder St SW (Roberts Rd SW - School Rd SW)	Reclaim 36	3					213,771	213,771
Boulder Cir SW (Dead end - Boulder St SW)	Reclaim 37	3					55,024	55,024
Bradford St SE (#1324 - Century Ave SE)	Reclaim 38	3					411,118	411,118
Orchard Ave SE (Bradford St SE - Elks Dr SE)	Reclaim 39	3					412,533	412,533
Elks Dr SE (Sherwood St SE - Orchard Ave SE)	Reclaim 40	3					220,005	220,005
Sherwood St SE (Summerset Ln SE - Century Ave SE)	Reclaim 41	3					343,461	343,461
4th Ave SE (Lynn Rd SW - Main St S)	Reclaim 42	3					461,565	461,565
Sherwood Cir SE (Sherwood St SE - Dead end)	Reclaim 43	3					105,361	105,361
TH 15/Main St Reconstruction	Recon 03	2		2,117,500				2,117,500
Pavement sealing/Seal coating	SCFS/RP	3		250,000		250,000		500,000
LED streetlight retrofits	UTL 90	3	90,000	90,000	90,000	90,000	90,000	450,000
Infrastructure Improvements Total			6,399,640	5,119,872	4,868,669	4,802,398	3,885,030	25,075,609
Library								
Sofit / Facia Replacement	LIB 12-02	3	175,000					175,000
Library restroom remodel	LIB-2001	4	25,000					25,000
Library Total			200,000					200,000
Parks								
North Park-tennis court improv	PARK-1602	3	350,000					350,000
1/2 Ton 4X4 Pickup	PARK-1901	4		30,389				30,389
1/2 Ton 4X2 Pickup	PARK-1902	4			24,000			24,000
3/4-ton 4x4 pickup	PARK-1903	4		38,267				38,267
Skid steer loader S250 used	PARK-2001	4			42,082			42,082
John Deere mower 12 wide	PARK-2002	4	61,000					61,000
Rail Line Purchase Debt (Exp 2020)	PARK-2020	3	30,000	30,000				60,000
Tractor, 4720 w/ cab	PARK-2101	3					47,500	47,500
Parks Total			441,000	98,656	66,082		47,500	653,238
Police								
Squad car #2 replacement	PD-1401	2				44,000		44,000
Squad car #6 replacement	PD-1402	2				44,000		44,000
Squad Car #3 replacement	PD-1501	2	40,000					40,000
Squad Car #7 replacement	PD-1502	2	40,000					40,000
Squad car #5 replacement	PD-1601	2		41,500				41,500
Squad car #8 replacement	PD-1602	2			42,750			42,750
PSAP Equipment Upgrade	PD-1801	2		179,000				179,000
New Chief vehicle	PD-1902	4	35,000					35,000
Ballistic/Riot Helmets	PD-1904	3	23,000					23,000
SCBA Gas Masks	PD-1905	3	13,000					13,000
Replacement of portable radios	PD-2002	3		160,000				160,000

Department	Project #	Priority	2019	2020	2021	2022	2023	Total
Trailer, enclosed tandem	PD-2003	4					21,000	21,000
New Police Facility	PD-2004	2	1,000,000	9,000,000				10,000,000
Replace Equinox	PD-2101	3					27,000	27,000
Replace Equinox	PD-2102	3					27,000	27,000
Replacement of Mobile Radios	PD-2103	3			90,000			90,000
Parking Lot improvements	PD-2201	3				130,000		130,000
Police Total			1,151,000	9,380,500	132,750	218,000	75,000	10,957,250
Public Works								
Stormceptor for outdoor wash area	HATS A02	3				65,000		65,000
Interior Shop Painting	HATS A03	3			140,000			140,000
Pond cleaning/excavation	HATS A04	3					35,000	35,000
Public Works Total					140,000	65,000	35,000	240,000
Recreation Building								
Rec Center/Civic Arena Parking Lot	PR-1702	3					700,000	700,000
Office carpet replacement	PR-2001	4				10,000		10,000
Recreation Building Total						10,000	700,000	710,000
Refuse								
Walking Floor Trailer	REFS-1901	3	91,500					91,500
Comptroller Software - Vessels controls	REFS-1902	2	80,000					80,000
S.S. Building Improvements	REFS-1903	3	50,000					50,000
S.S. Composting Vessels (5 per year)	REFS-2001	2		200,000	200,000	200,000	200,000	800,000
Forklift Replacement	REFS-2101	3			35,000			35,000
Wheel loader replacement	REFS-2201	2				170,000		170,000
Scale Improvements & Relocation	REFS-2301	3					100,000	100,000
Refuse Total			221,500	200,000	235,000	370,000	300,000	1,326,500
Senior Dining								
Senior Dining Roof improvements	Sr Dine-2302	2					8,479	8,479
Senior Dining Total							8,479	8,479
Storm Water								
SC Trunk Storm (local storm sewer-east)	New const 02	3	552,365					552,365
SC Trunk Storm (local storm sewer-west)	New const 03	3		532,400				532,400
Mechanical Street Sweeper	STWT 024	3	192,617					192,617
Leaf vacuum	STWT 184	3			59,652			59,652
Ridgewater College flood study	UTL 02	3		12,000				12,000
Bradford St SE drainage improvement	UTL 03	3	100,000					100,000
8th Ave NW drainage improvement	UTL 04	3		75,000				75,000
Bridgewater pond improvement	UTL 06	3			30,000			30,000
Lakes/River Basin Improvement Analysis	UTL 07	3	50,000					50,000
Michigan St NE area drainage improvement	UTL 08	3					500,000	500,000
Pond improvements	UTL 09	3					50,000	50,000
Storm Water system repair	UTL 100	3	20,000	20,000	20,000	20,000	20,000	100,000
Storm Water Total			914,982	639,400	109,652	20,000	570,000	2,254,034
Streets								
Dustless Sandblasting Equipment	STRT 002	4		50,000				50,000
Asphalt Zipper milling machine	STRT 074	3					65,673	65,673

Department	Project #	Priority	2019	2020	2021	2022	2023	Total
1-ton dump truck	STRT 156	3		45,895				45,895
1-ton 4x4 truck	STRT 170	3				38,267		38,267
1-ton 4x2 truck with dump	STRT 289	3					50,150	50,150
Truck, single axel (short) w/hooklift	STRT 441	3					238,810	238,810
Wheel Loader	STRT 447	3		207,072				207,072
Pneumatic roller	STRT 483	3		38,245				38,245
Snowplow truck	STRT 613	3				237,651		237,651
Grasshopper mower 72"	STRT 626	3					19,105	19,105
1 ton truck	STRT 660	3					39,415	39,415
1-Ton flatbed truck	STRT 740	4	43,000					43,000
1 ton flatbed truck	STRT 835	3			44,558			44,558
1-ton flatbed truck	STRT 837	3					47,271	47,271
1-ton Service truck	STRT 857	3				64,154		64,154
1/2 Ton 4x4 pickup	STRT 884	3		29,504				29,504
1 Ton 4x4 w/ aerial bucket	STRT 926	3			60,100			60,100
Wheel loader	STRT 969	3			198,652			198,652
Tandem-axle Dump Truck	STRT 972	3				67,531		67,531
Streets Total			43,000	370,716	303,310	407,603	460,424	1,585,053
Wastewater								
Collection system infrastructure	UTL 101	3	80,000	80,000	80,000	80,000	80,000	400,000
Clean oxidation ditch	UTL 54	3	60,000					60,000
WWTF SCADA Upgrade	UTL 56	3			600,000			600,000
Lift Station Repairs & Upgrades	UTL 57	3	220,000		150,000	100,000	100,000	570,000
Storage Garage/Warehouse	UTL 58	3	50,000					50,000
Oxidation Ditch Aero 2 bridges	UTL 59	3	200,000					200,000
Plant Headworks Upgrade	UTL 62	3				500,000	500,000	1,000,000
1/2 ton work truck	WWTF 023	3	28,644					28,644
Bobcat utility vehicle	WWTF 138	4		14,205				14,205
Biosolids Spreader	WWTF 218	3				34,778		34,778
Tractor Mower	WWTF 276	1		19,123				19,123
1-Ton truck w/plow	WWTF 752	2		37,153				37,153
Service truck	WWTF 760	3			64,154			64,154
Wastewater Total			638,644	150,481	894,154	714,778	680,000	3,078,057
Water								
Replace WTP Membranes	UTL 32	3	400,000					400,000
Well rehabilitation	UTL 33	3	65,000	80,000			90,000	235,000
High bay lighting at WTP	UTL 34	3		16,000				16,000
Replace VFD for High Service Pump #2	UTL 35	3		15,000				15,000
Water SCADA Upgrade	UTL 36	3			300,000			300,000
Water tower rehabilitation	UTL 37	3				700,000		700,000
Ammonia analyzer replacement	UTL 39	3				20,000		20,000
Large Water Meter Replacement (4 - 6" dia)	UTL 40	3					70,000	70,000
Well 5 & 6 Recovery Treatment	UTL 41	3	150,000					150,000
1/2 ton work truck	WATR 484	3			30,389			30,389
1/2 ton work truck	WATR 519	3	28,644					28,644
Mower replacement	WATR 793	3					17,000	17,000
Water Total			643,644	111,000	330,389	720,000	177,000	1,982,033
GRAND TOTAL			11,482,910	17,732,507	7,729,736	7,603,840	7,400,672	51,949,665

City of Hutchinson, MN
CITY OF HUTCHINSON - CAPITAL PLAN
 2019 thru 2023

FUNDING SOURCE SUMMARY

Source	2019	2020	2021	2022	2023	Total
Capital Projects Fund	156,000	459,000	180,000	90,000	90,000	975,000
Capital Projects Fund - Facilities Plan	690,000	927,000	303,034	190,000	958,479	3,068,513
Capital Projects Fund - Misc Infrastructure Maint		325,500		250,000		575,500
Community Improvement Fund	1,010,000	2,000,000				3,010,000
Compost Fund	80,000	503,000	80,950	80,000	170,000	913,950
Cooperative Agreement - EDA/HRA	350,000		630			350,630
Cooperative Agreement - HUC			9,350			9,350
Equipment Replacement - Heavy Fleet		324,885	365,819	305,182	354,633	1,350,519
Equipment Replacement - Small Fleet	298,500	242,869	267,919	286,482	260,530	1,356,300
G.O. Capital Improvement Plan Bonds		7,000,000				7,000,000
G.O. Improv Bonds - Debt Tax Levy	2,132,205	2,451,621	2,226,105	2,066,683	2,352,922	11,229,536
G.O. Stormwater Bonds	403,000	372,000				775,000
General Fund	10,000	10,000	30,570	10,000	10,000	70,570
General Fund (Perpetual Care Fund)	60,000					60,000
Grants - McLeod County			44,800	20,800	11,200	76,800
Grants - State	1,175,000		44,800	20,800	11,200	1,251,800
HATS Fund (City only)			50,400	23,400	12,600	86,400
Lease Purchase	450,000					450,000
Liquor Fund			1,250			1,250
Municipal State Aid	1,200,000	709,500	1,000,000	700,000		3,609,500
Refuse Fund	221,500	200,000	235,000	370,000	300,000	1,326,500
Rural Fire Dept Fund				40,000		40,000
Special Assessments	1,106,928	545,114	1,176,185	1,338,721	1,138,508	5,305,456
Storm Water Utility Fund	661,103	293,963	297,841	198,496	721,800	2,173,203
Wastewater Fund	736,837	721,918	989,349	804,027	825,900	4,078,031
Water Fund	741,837	646,137	425,734	809,249	182,900	2,805,857
GRAND TOTAL	11,482,910	17,732,507	7,729,736	7,603,840	7,400,672	51,949,665

City of Hutchinson, MN
CITY OF HUTCHINSON - CAPITAL PLAN
 2019 thru 2023

PROJECTS BY FUNDING SOURCE

Source	Project #	Priority	2019	2020	2021	2022	2023	Total
Capital Projects Fund								
Rail Line Purchase Debt (Exp 2020)	PARK-2020	3	30,000	30,000				60,000
PSAP Equipment Upgrade	PD-1801	2		179,000				179,000
Ballistic/Riot Helmets	PD-1904	3	23,000					23,000
SCBA Gas Masks	PD-1905	3	13,000					13,000
Replacement of portable radios	PD-2002	3		160,000				160,000
Replacement of Mobile Radios	PD-2103	3			90,000			90,000
LED streetlight retrofits	UTL 90	3	90,000	90,000	90,000	90,000	90,000	450,000
Capital Projects Fund Total			156,000	459,000	180,000	90,000	90,000	975,000
Capital Projects Fund - Facilities Plan								
City Center Security Remodel	C.CTR-1701	3		300,000				300,000
City Center boiler improvements	C.CTR-1901	2	90,000					90,000
Parking Lot improvements	C.CTR-2301	3					200,000	200,000
City Center Roof improvements	C.CTR-2302	2			116,453			116,453
Facility Plan - Miscellaneous Maintenance	C.CTR-FAC	3	50,000	50,000	50,000	50,000	50,000	250,000
Replace East Rink Roof	CA-1502	1		577,000				577,000
Exhaust Capture System	FD-1801	3			55,000			55,000
Fire Hall Roof improvements	FD-2302	2			81,581			81,581
Sofit / Facia Replacement	LIB 12-02	3	175,000					175,000
Library restroom remodel	LIB-2001	4	25,000					25,000
North Park-tennis court improv	PARK-1602	3	350,000					350,000
Parking Lot improvements	PD-2201	3				130,000		130,000
Rec Center/Civic Arena Parking Lot	PR-1702	3					700,000	700,000
Office carpet replacement	PR-2001	4				10,000		10,000
Senior Dining Roof improvements	Sr Dine-2302	2					8,479	8,479
Capital Projects Fund - Facilities Plan Total			690,000	927,000	303,034	190,000	958,479	3,068,513
Capital Projects Fund - Misc Infrastru								
Runway Seal Coat	AIR 02	3		25,500				25,500
Pavement sealing/Seal coating	SCFS/RP	3		250,000		250,000		500,000
Dustless Sandblasting Equipment	STRT 002	4		50,000				50,000
Capital Projects Fund - Misc Infrastructure Maint Total				325,500		250,000		575,500
Community Improvement Fund								
Wayfinding/Interpretive Signage Project	ADMIN-1901	4	10,000					10,000
New Police Facility	PD-2004	2	1,000,000	2,000,000				3,000,000

Source	Project #	Priority	2019	2020	2021	2022	2023	Total
Community Improvement Fund Total			1,010,000	2,000,000				3,010,000
Compost Fund								
Walking Floor Trailer	COMP-1902	4	80,000	80,000	80,000	80,000		320,000
Forklift Replacement	COMP-2001	3		35,000				35,000
1 ton 4x4 crewcab pickup	COMP-2002	3		38,000				38,000
McCloskey Screener replacement	COMP-2020	3		350,000				350,000
New Wheel Loader	COMP-2301	3					170,000	170,000
Core Switch Upgrade	IT-1901	2			950			950
Compost Fund Total			80,000	503,000	80,950	80,000	170,000	913,950
Cooperative Agreement - EDA/HRA								
Core Switch Upgrade	IT-1901	2			630			630
Levee Area Walkway	MISC 03	4	350,000					350,000
Cooperative Agreement - EDA/HRA Total			350,000		630			350,630
Cooperative Agreement - HUC								
Core Switch Upgrade	IT-1901	2			9,350			9,350
Cooperative Agreement - HUC Total					9,350			9,350
Equipment Replacement - Heavy Fleet								
Zamboni ice resurfer	CA-2101	3			167,167			167,167
Tractor/Loader/Backhoe	CEMT 344	3		79,568				79,568
Asphalt Zipper milling machine	STRT 074	3					65,673	65,673
1-ton 4x2 truck with dump	STRT 289	3					50,150	50,150
Truck, single axel (short) w/hooklift	STRT 441	3					238,810	238,810
Wheel Loader	STRT 447	3		207,072				207,072
Pneumatic roller	STRT 483	3		38,245				38,245
Snowplow truck	STRT 613	3				237,651		237,651
Wheel loader	STRT 969	3			198,652			198,652
Tandem-axle Dump Truck	STRT 972	3				67,531		67,531
Equipment Replacement - Heavy Fleet Total				324,885	365,819	305,182	354,633	1,350,519
Equipment Replacement - Small Fleet								
Mower for tractor	AIRP 469	3	16,000					16,000
Tractor	AIRP 835	3	42,500					42,500
New vehicle for Building Inspector	BLDG 1901	3	21,000					21,000
New truck for Facility Manager	BLDG 2001	3		27,810				27,810
Cemetery mower	CEMT 734	4			24,040			24,040
Cemetery mower	CEMT 883	3				24,761		24,761
1/2 ton work truck	ENGR 659	3			30,389			30,389
Replace SUV	ENGR 686	3					32,239	32,239
1/2 ton work truck	ENGR 817	3		29,504				29,504
1/2 ton work truck	ENGR 945	3				31,300		31,300
Rescue 8 - 1 ton truck	FD-1901	3				40,000		40,000
1/2 Ton 4X4 Pickup	PARK-1901	4		30,389				30,389

Source	Project #	Priority	2019	2020	2021	2022	2023	Total
1/2 Ton 4X2 Pickup	PARK-1902	4			24,000			24,000
3/4-ton 4x4 pickup	PARK-1903	4		38,267				38,267
Skid steer loader S250 used	PARK-2001	4			42,082			42,082
John Deere mower 12 wide	PARK-2002	4	61,000					61,000
Tractor, 4720 w/ cab	PARK-2101	3					47,500	47,500
Squad car #2 replacement	PD-1401	2				44,000		44,000
Squad car #6 replacement	PD-1402	2				44,000		44,000
Squad Car #3 replacement	PD-1501	2	40,000					40,000
Squad Car #7 replacement	PD-1502	2	40,000					40,000
Squad car #5 replacement	PD-1601	2		41,500				41,500
Squad car #8 replacement	PD-1602	2			42,750			42,750
New Chief vehicle	PD-1902	4	35,000					35,000
Trailer, enclosed tandem	PD-2003	4					21,000	21,000
Replace Equinox	PD-2101	3					27,000	27,000
Replace Equinox	PD-2102	3					27,000	27,000
1-ton dump truck	STRT 156	3		45,895				45,895
1-ton 4x4 truck	STRT 170	3				38,267		38,267
Grasshopper mower 72"	STRT 626	3					19,105	19,105
1 ton truck	STRT 660	3					39,415	39,415
1-Ton flatbed truck	STRT 740	4	43,000					43,000
1 ton flatbed truck	STRT 835	3			44,558			44,558
1-ton flatbed truck	STRT 837	3					47,271	47,271
1-ton Service truck	STRT 857	3				64,154		64,154
1/2 Ton 4x4 pickup	STRT 884	3		29,504				29,504
1 Ton 4x4 w/ aerial bucket	STRT 926	3			60,100			60,100
Equipment Replacement - Small Fleet Total			298,500	242,869	267,919	286,482	260,530	1,356,300

G.O. Capital Improvement Plan Bonds

New Police Facility	PD-2004	2		7,000,000				7,000,000
G.O. Capital Improvement Plan Bonds Total				7,000,000				7,000,000

G.O. Improv Bonds - Debt Tax Levy

TH7/Montana St Crossing System & Sidewalk	MISC 01	3	100,000					100,000
Edmonton Ave SW (Hwy 15-Sherwood St)	MOL 01	3		68,910				68,910
School Rd NW (GCR - North High)	MOL 02	3		48,555				48,555
Edmonton Ave SE (Sherwood-Jefferson)	MOL 03	3		103,369				103,369
5th Ave SE (Bridge - Hwy 22)	MOL 04	3		106,805				106,805
4th Ave SW (Lynn-Main)	MOL 05	3			73,927			73,927
Century Ave SW (Dale-Boston)	MOL 06	3		64,944				64,944
Blackbird/Blackhawk/Bluejay	MOL 07	3		102,966				102,966
South Grade Trail (Dale-Hwy 15 S)	New const 05	4	770,000					770,000
Clinton Ave SW (Harrington-Merrill)	Partial 03	3	149,454					149,454
Merrill St SW (SGR-Clinton)	Partial 04	3	165,888					165,888
Neal Ave SW (Keith-Sunset)	Partial 05	3		191,416				191,416
5th Ave SW/SE (Lynn Rd SW - Ontario St SE)	Partial 08	3	364,171					364,171
Dale St SW (SGR-Roberts)	Partial 09	3			767,698			767,698
Washington Ave W (Lynn-Main)	Partial 10	3			328,439			328,439
South Grade Rd SW (School Rd SW-Dale St SW)	Partial 11	3		106,000				106,000
Michigan St SE/NE (5th Ave-Hwy 7)	Partial 12	3				360,220		360,220
Church St SW (SGR-Linden)	Reclaim 05	3	193,572					193,572
Clinton Ave SW (Merrill-Lynn)	Reclaim 06	3	96,786					96,786

Source	Project #	Priority	2019	2020	2021	2022	2023	Total
Harrington St SW (SGR-Linden)	Reclaim 07	3	194,066					194,066
Merrill St SW (Clinton-Linden)	Reclaim 08	3	98,268					98,268
Neal Ave SW (Dale-Keith)	Reclaim 09	3		85,062				85,062
Sunset St SW (SGR-Linden)	Reclaim 10	3		242,407				242,407
Roberts Rd SW (Alan-Dale)	Reclaim 12	3			458,025			458,025
Linden Ave SW (Dale-Harrington)	Reclaim 14	3		478,137				478,137
McDonald Dr SW (Lakewood - School)	Reclaim 15	3				500,757		500,757
1st Ave NE (Main-Adams)	Reclaim 19	3			249,173			249,173
1st Ave SE (Main-Adams)	Reclaim 20	3			249,173			249,173
2nd Ave SW (Franklin-Main)	Reclaim 21	3			99,670			99,670
Grove St SW (2nd-Washington)	Reclaim 22	3				140,740		140,740
Hassan St (5th Ave S-1st Ave N)	Reclaim 23	3				595,658		595,658
Larson St SW (Roberts-Lewis)	Reclaim 24	3				170,100		170,100
Sherwood St SE (Summerset-Century)	Reclaim 25	3				163,710		163,710
Southview Ct SW (Linden-Sunset)	Reclaim 26	2				74,711		74,711
Sunset St SW (Linden-Southview)	Reclaim 27	3				60,787		60,787
Garden Rd NE (Dead end - Hwy 7E)	Reclaim 29	3					178,890	178,890
Genes Dr NE (Lindy Ln NE - Dead end)	Reclaim 30	3					25,098	25,098
Hilltop Dr NE (Michigan St NE - Genes Dr NE)	Reclaim 31	3					356,924	356,924
Lindy Ln NE (Pauls Rd NE to Genes Dr NE)	Reclaim 32	3					198,657	198,657
Mark Dr NE (Hilltop Dr NE - Lindy Ln NE)	Reclaim 33	3					76,186	76,186
Morningside Dr NE (Hilltop Dr NE - Dead end)	Reclaim 34	3					57,529	57,529
Pauls Rd NE (Hilltop Dr NE - Lindy Ln NE)	Reclaim 35	3					81,474	81,474
Boulder St SW (Roberts Rd SW - School Rd SW)	Reclaim 36	3					132,539	132,539
Boulder Cir SW (Dead end - Boulder St SW)	Reclaim 37	3					34,116	34,116
Bradford St SE (#1324 - Century Ave SE)	Reclaim 38	3					254,894	254,894
Orchard Ave SE (Bradford St SE - Elks Dr SE)	Reclaim 39	3					255,770	255,770
Elks Dr SE (Sherwood St SE - Orchard Ave SE)	Reclaim 40	3					136,403	136,403
Sherwood St SE (Summerset Ln SE - Century Ave SE)	Reclaim 41	3					212,947	212,947
4th Ave SE (Lynn Rd SW - Main St S)	Reclaim 42	3					286,170	286,170
Sherwood Cir SE (Sherwood St SE - Dead end)	Reclaim 43	3					65,325	65,325
TH 15/Main St Reconstruction	Recon 03	2		853,050				853,050

**G.O. Improv Bonds - Debt Tax Levy
Total**

2,132,205 2,451,621 2,226,105 2,066,683 2,352,922 11,229,536

G.O. Stormwater Bonds

SC Trunk Storm (local storm sewer-east)	New const 02	3	403,000					403,000
SC Trunk Storm (local storm sewer-west)	New const 03	3		372,000				372,000

G.O. Stormwater Bonds Total

403,000 372,000 775,000

General Fund

Fencing & Roadways	CEM 01	3	10,000	10,000	10,000	10,000	10,000	50,000
Core Switch Upgrade	IT-1901	2			20,570			20,570

General Fund Total

10,000 10,000 30,570 10,000 10,000 70,570

General Fund (Perpetual Care Fund)

Columbaria Addition	CEM 1901	n/a	60,000					60,000
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**General Fund (Perpetual Care Fund)
Total**

60,000 60,000

Source	Project #	Priority	2019	2020	2021	2022	2023	Total
Grants - McLeod County								
Stormceptor for outdoor wash area	HATS A02	3				20,800		20,800
Interior Shop Painting	HATS A03	3			44,800			44,800
Pond cleaning/excavation	HATS A04	3					11,200	11,200
Grants - McLeod County Total					44,800	20,800	11,200	76,800
Grants - State								
Stormceptor for outdoor wash area	HATS A02	3				20,800		20,800
Interior Shop Painting	HATS A03	3			44,800			44,800
Pond cleaning/excavation	HATS A04	3					11,200	11,200
TH7/Montana St Crossing System & Sidewalk	MISC 01	3	200,000					200,000
South Grade Trail (Dale-Hwy 15 S)	New const 05	4	600,000					600,000
TDK / Uponsor Public Roadway	Reclaim 28	3	375,000					375,000
Grants - State Total			1,175,000		44,800	20,800	11,200	1,251,800
HATS Fund (City only)								
Stormceptor for outdoor wash area	HATS A02	3				23,400		23,400
Interior Shop Painting	HATS A03	3			50,400			50,400
Pond cleaning/excavation	HATS A04	3					12,600	12,600
HATS Fund (City only) Total					50,400	23,400	12,600	86,400
Lease Purchase								
Compost Turner Replacement	COMP-2101	3	450,000					450,000
Lease Purchase Total			450,000					450,000
Liquor Fund								
Core Switch Upgrade	IT-1901	2			1,250			1,250
Liquor Fund Total					1,250			1,250
Municipal State Aid								
Runway Seal Coat	AIR 02	3		59,500				59,500
Edmonton Ave SW (Hwy 15-Sherwood St)	MOL 01	3		75,000				75,000
School Rd NW (GCR - North High)	MOL 02	3		50,000				50,000
Edmonton Ave SE (Sherwood-Jefferson)	MOL 03	3		125,000				125,000
5th Ave SE (Bridge - Hwy 22)	MOL 04	3		150,000				150,000
Century Ave SW (Dale-Boston)	MOL 06	3		100,000				100,000
South Grade Trail (Dale-Hwy 15 S)	New const 05	4	500,000					500,000
5th Ave SW/SE (Lynn Rd SW - Ontario St SE)	Partial 08	3	700,000					700,000
Dale St SW (SGR-Roberts)	Partial 09	3			350,000			350,000
Washington Ave W (Lynn-Main)	Partial 10	3			500,000			500,000
South Grade Rd SW (School Rd SW-Dale St SW)	Partial 11	3		150,000				150,000
Michigan St SE/NE (5th Ave-Hwy 7)	Partial 12	3				700,000		700,000
Roberts Rd SW (Alan-Dale)	Reclaim 12	3			150,000			150,000
Municipal State Aid Total			1,200,000	709,500	1,000,000	700,000		3,609,500
Refuse Fund								

Source	Project #	Priority	2019	2020	2021	2022	2023	Total
Walking Floor Trailer	REFS-1901	3	91,500					91,500
Comptroller Software - Vessels controls	REFS-1902	2	80,000					80,000
S.S. Building Improvements	REFS-1903	3	50,000					50,000
S.S. Composting Vessels (5 per year)	REFS-2001	2		200,000	200,000	200,000	200,000	800,000
Forklift Replacement	REFS-2101	3			35,000			35,000
Wheel loader replacement	REFS-2201	2				170,000		170,000
Scale Improvements & Relocation	REFS-2301	3					100,000	100,000
Refuse Fund Total			221,500	200,000	235,000	370,000	300,000	1,326,500

Rural Fire Dept Fund

Rescue 8 - 1 ton truck	FD-1901	3				40,000		40,000
Rural Fire Dept Fund Total						40,000		40,000

Special Assessments

South Grade Trail (Dale-Hwy 15 S)	New const 05	4	200,000					200,000
Clinton Ave SW (Harrington-Merrill)	Partial 03	3	39,330					39,330
Merrill St SW (SGR-Clinton)	Partial 04	3	43,655					43,655
Neal Ave SW (Keith-Sunset)	Partial 05	3		50,372				50,372
5th Ave SW/SE (Lynn Rd SW - Ontario St SE)	Partial 08	3	295,603					295,603
Dale St SW (SGR-Roberts)	Partial 09	3			417,051			417,051
Washington Ave W (Lynn-Main)	Partial 10	3			309,119			309,119
South Grade Rd SW (School Rd SW-Dale St SW)	Partial 11	3		64,000				64,000
Michigan St SE/NE (5th Ave-Hwy 7)	Partial 12	3				513,010		513,010
Church St SW (SGR-Linden)	Reclaim 05	3	50,940					50,940
Clinton Ave SW (Merrill-Lynn)	Reclaim 06	3	25,470					25,470
Harrington St SW (SGR-Linden)	Reclaim 07	3	51,070					51,070
Merrill St SW (Clinton-Linden)	Reclaim 08	3	25,860					25,860
Neal Ave SW (Dale-Keith)	Reclaim 09	3		22,385				22,385
Sunset St SW (SGR-Linden)	Reclaim 10	3		63,791				63,791
Roberts Rd SW (Alan-Dale)	Reclaim 12	3			226,875			226,875
Linden Ave SW (Dale-Harrington)	Reclaim 14	3		132,816				132,816
McDonald Dr SW (Lakewood - School)	Reclaim 15	3				242,303		242,303
1st Ave NE (Main-Adams)	Reclaim 19	3			92,975			92,975
1st Ave SE (Main-Adams)	Reclaim 20	3			92,975			92,975
2nd Ave SW (Franklin-Main)	Reclaim 21	3			37,190			37,190
Grove St SW (2nd-Washington)	Reclaim 22	3				68,100		68,100
Hassan St (5th Ave S-1st Ave N)	Reclaim 23	3				288,222		288,222
Larson St SW (Roberts-Lewis)	Reclaim 24	3				82,307		82,307
Sherwood St SE (Summerset-Century)	Reclaim 25	3				79,215		79,215
Southview Ct SW (Linden-Sunset)	Reclaim 26	2				36,150		36,150
Sunset St SW (Linden-Southview)	Reclaim 27	3				29,414		29,414
TDK / Uponor Public Roadway	Reclaim 28	3	375,000					375,000
Garden Rd NE (Dead end - Hwy 7E)	Reclaim 29	3					86,560	86,560
Genes Dr NE (Lindy Ln NE - Dead end)	Reclaim 30	3					12,144	12,144
Hilltop Dr NE (Michigan St NE - Genes Dr NE)	Reclaim 31	3					172,705	172,705
Lindy Ln NE (Pauls Rd NE to Genes Dr NE)	Reclaim 32	3					96,124	96,124
Mark Dr NE (Hilltop Dr NE - Lindy Ln NE)	Reclaim 33	3					36,865	36,865
Morningside Dr NE (Hilltop Dr NE - Dead end)	Reclaim 34	3					27,837	27,837
Pauls Rd NE (Hilltop Dr NE - Lindy Ln NE)	Reclaim 35	3					39,422	39,422
Boulder St SW (Roberts Rd SW - School Rd SW)	Reclaim 36	3					64,131	64,131
Boulder Cir SW (Dead end - Boulder St SW)	Reclaim 37	3					16,507	16,507
Bradford St SE (#1324 - Century Ave SE)	Reclaim 38	3					123,335	123,335

Source	Project #	Priority	2019	2020	2021	2022	2023	Total
Orchard Ave SE (Bradford St SE - Elks Dr SE)	Reclaim 39	3					123,760	123,760
Elks Dr SE (Sherwood St SE - Orchard Ave SE)	Reclaim 40	3					66,002	66,002
Sherwood St SE (Summerset Ln SE - Century Ave SE)	Reclaim 41	3					103,038	103,038
4th Ave SE (Lynn Rd SW - Main St S)	Reclaim 42	3					138,470	138,470
Sherwood Cir SE (Sherwood St SE - Dead end)	Reclaim 43	3					31,608	31,608
TH 15/Main St Reconstruction	Recon 03	2		211,750				211,750
Special Assessments Total			1,106,928	545,114	1,176,185	1,338,721	1,138,508	5,305,456

Storm Water Utility Fund

SC Trunk Storm (local storm sewer-east)	New const 02	3	149,365					149,365
SC Trunk Storm (local storm sewer-west)	New const 03	3		160,400				160,400
South Grade Trail (Dale-Hwy 15 S)	New const 05	4	90,000					90,000
5th Ave SW/SE (Lynn Rd SW - Ontario St SE)	Partial 08	3	59,121					59,121
Dale St SW (SGR-Roberts)	Partial 09	3			66,728			66,728
Washington Ave W (Lynn-Main)	Partial 10	3			49,459			49,459
Michigan St SE/NE (5th Ave-Hwy 7)	Partial 12	3				68,401		68,401
Roberts Rd SW (Alan-Dale)	Reclaim 12	3			36,300			36,300
Linden Ave SW (Dale-Harrington)	Reclaim 14	3		26,563				26,563
McDonald Dr SW (Lakewood - School)	Reclaim 15	3				32,307		32,307
1st Ave NE (Main-Adams)	Reclaim 19	3			14,876			14,876
1st Ave SE (Main-Adams)	Reclaim 20	3			14,876			14,876
2nd Ave SW (Franklin-Main)	Reclaim 21	3			5,950			5,950
Grove St SW (2nd-Washington)	Reclaim 22	3				9,080		9,080
Hassan St (5th Ave S-1st Ave N)	Reclaim 23	3				38,430		38,430
Larson St SW (Roberts-Lewis)	Reclaim 24	3				10,974		10,974
Sherwood St SE (Summerset-Century)	Reclaim 25	3				10,562		10,562
Southview Ct SW (Linden-Sunset)	Reclaim 26	2				4,820		4,820
Sunset St SW (Linden-Southview)	Reclaim 27	3				3,922		3,922
Garden Rd NE (Dead end - Hwy 7E)	Reclaim 29	3					11,541	11,541
Genes Dr NE (Lindy Ln NE - Dead end)	Reclaim 30	3					1,619	1,619
Hilltop Dr NE (Michigan St NE - Genes Dr NE)	Reclaim 31	3					23,027	23,027
Lindy Ln NE (Pauls Rd NE to Genes Dr NE)	Reclaim 32	3					12,817	12,817
Mark Dr NE (Hilltop Dr NE - Lindy Ln NE)	Reclaim 33	3					4,915	4,915
Morningside Dr NE (Hilltop Dr NE - Dead end)	Reclaim 34	3					3,712	3,712
Pauls Rd NE (Hilltop Dr NE - Lindy Ln NE)	Reclaim 35	3					5,256	5,256
Boulder St SW (Roberts Rd SW - School Rd SW)	Reclaim 36	3					8,551	8,551
Boulder Cir SW (Dead end - Boulder St SW)	Reclaim 37	3					2,201	2,201
Bradford St SE (#1324 - Century Ave SE)	Reclaim 38	3					16,445	16,445
Orchard Ave SE (Bradford St SE - Elks Dr SE)	Reclaim 39	3					16,501	16,501
Elks Dr SE (Sherwood St SE - Orchard Ave SE)	Reclaim 40	3					8,800	8,800
Sherwood St SE (Summerset Ln SE - Century Ave SE)	Reclaim 41	3					13,738	13,738
4th Ave SE (Lynn Rd SW - Main St S)	Reclaim 42	3					18,463	18,463
Sherwood Cir SE (Sherwood St SE - Dead end)	Reclaim 43	3					4,214	4,214
Mechanical Street Sweeper	STWT 024	3	192,617					192,617
Leaf vacuum	STWT 184	3			59,652			59,652
Ridgewater College flood study	UTL 02	3		12,000				12,000
Bradford St SE drainage improvement	UTL 03	3	100,000					100,000
8th Ave NW drainage improvement	UTL 04	3		75,000				75,000
Bridgewater pond improvement	UTL 06	3			30,000			30,000
Lakes/River Basin Improvement Analysis	UTL 07	3	50,000					50,000
Michigan St NE area drainage improvement	UTL 08	3					500,000	500,000
Pond improvements	UTL 09	3					50,000	50,000
Storm Water system repair	UTL 100	3	20,000	20,000	20,000	20,000	20,000	100,000

Source	Project #	Priority	2019	2020	2021	2022	2023	Total
Storm Water Utility Fund Total			661,103	293,963	297,841	198,496	721,800	2,173,203
Wastewater Fund								
Core Switch Upgrade	IT-1901	2			1,100			1,100
South Grade Trail (Dale-Hwy 15 S)	New const 05	4	45,000					45,000
Clinton Ave SW (Harrington-Merrill)	Partial 03	3	3,933					3,933
Merrill St SW (SGR-Clinton)	Partial 04	3	4,366					4,366
Neal Ave SW (Keith-Sunset)	Partial 05	3		5,037				5,037
5th Ave SW/SE (Lynn Rd SW - Ontario St SE)	Partial 08	3	29,560					29,560
Dale St SW (SGR-Roberts)	Partial 09	3			33,364			33,364
Washington Ave W (Lynn-Main)	Partial 10	3			24,730			24,730
Michigan St SE/NE (5th Ave-Hwy 7)	Partial 12	3				34,201		34,201
Church St SW (SGR-Linden)	Reclaim 05	3	5,094					5,094
Clinton Ave SW (Merrill-Lynn)	Reclaim 06	3	2,547					2,547
Harrington St SW (SGR-Linden)	Reclaim 07	3	5,107					5,107
Merrill St SW (Clinton-Linden)	Reclaim 08	3	2,586					2,586
Neal Ave SW (Dale-Keith)	Reclaim 09	3		2,239				2,239
Sunset St SW (SGR-Linden)	Reclaim 10	3		6,379				6,379
Roberts Rd SW (Alan-Dale)	Reclaim 12	3			18,150			18,150
Linden Ave SW (Dale-Harrington)	Reclaim 14	3		13,282				13,282
McDonald Dr SW (Lakewood - School)	Reclaim 15	3				16,154		16,154
1st Ave NE (Main-Adams)	Reclaim 19	3			7,438			7,438
1st Ave SE (Main-Adams)	Reclaim 20	3			7,438			7,438
2nd Ave SW (Franklin-Main)	Reclaim 21	3			2,975			2,975
Grove St SW (2nd-Washington)	Reclaim 22	3				4,540		4,540
Hassan St (5th Ave S-1st Ave N)	Reclaim 23	3				19,215		19,215
Larson St SW (Roberts-Lewis)	Reclaim 24	3				5,487		5,487
Sherwood St SE (Summerset-Century)	Reclaim 25	3				5,281		5,281
Southview Ct SW (Linden-Sunset)	Reclaim 26	2				2,410		2,410
Sunset St SW (Linden-Southview)	Reclaim 27	3				1,961		1,961
Garden Rd NE (Dead end - Hwy 7E)	Reclaim 29	3					5,771	5,771
Genes Dr NE (Lindy Ln NE - Dead end)	Reclaim 30	3					810	810
Hilltop Dr NE (Michigan St NE - Genes Dr NE)	Reclaim 31	3					11,514	11,514
Lindy Ln NE (Pauls Rd NE to Genes Dr NE)	Reclaim 32	3					6,408	6,408
Mark Dr NE (Hilltop Dr NE - Lindy Ln NE)	Reclaim 33	3					2,458	2,458
Morningside Dr NE (Hilltop Dr NE - Dead end)	Reclaim 34	3					1,856	1,856
Pauls Rd NE (Hilltop Dr NE - Lindy Ln NE)	Reclaim 35	3					2,628	2,628
Boulder St SW (Roberts Rd SW - School Rd SW)	Reclaim 36	3					4,275	4,275
Boulder Cir SW (Dead end - Boulder St SW)	Reclaim 37	3					1,100	1,100
Bradford St SE (#1324 - Century Ave SE)	Reclaim 38	3					8,222	8,222
Orchard Ave SE (Bradford St SE - Elks Dr SE)	Reclaim 39	3					8,251	8,251
Elks Dr SE (Sherwood St SE - Orchard Ave SE)	Reclaim 40	3					4,400	4,400
Sherwood St SE (Summerset Ln SE - Century Ave SE)	Reclaim 41	3					6,869	6,869
4th Ave SE (Lynn Rd SW - Main St S)	Reclaim 42	3					9,231	9,231
Sherwood Cir SE (Sherwood St SE - Dead end)	Reclaim 43	3					2,107	2,107
TH 15/Main St Reconstruction	Recon 03	2		544,500				544,500
Collection system infrastructure	UTL 101	3	80,000	80,000	80,000	80,000	80,000	400,000
Large Water Meter Replacement (4 - 6" dia)	UTL 40	3					70,000	70,000
Clean oxidation ditch	UTL 54	3	60,000					60,000
WWTF SCADA Upgrade	UTL 56	3			600,000			600,000
Lift Station Repairs & Upgrades	UTL 57	3	220,000		150,000	100,000	100,000	570,000
Storage Garage/Warehouse	UTL 58	3	50,000					50,000
Oxidation Ditch Aero 2 bridges	UTL 59	3	200,000					200,000
Plant Headworks Upgrade	UTL 62	3				500,000	500,000	1,000,000

Source	Project #	Priority	2019	2020	2021	2022	2023	Total
1/2 ton work truck	WWTF 023	3	28,644					28,644
Bobcat utility vehicle	WWTF 138	4		14,205				14,205
Biosolids Spreader	WWTF 218	3				34,778		34,778
Tractor Mower	WWTF 276	1		19,123				19,123
1-Ton truck w/plow	WWTF 752	2		37,153				37,153
Service truck	WWTF 760	3			64,154			64,154
Wastewater Fund Total			736,837	721,918	989,349	804,027	825,900	4,078,031

Water Fund

Core Switch Upgrade	IT-1901	2			1,250			1,250
South Grade Trail (Dale-Hwy 15 S)	New const 05	4	45,000					45,000
Clinton Ave SW (Harrington-Merrill)	Partial 03	3	3,933					3,933
Merrill St SW (SGR-Clinton)	Partial 04	3	4,366					4,366
Neal Ave SW (Keith-Sunset)	Partial 05	3		5,037				5,037
5th Ave SW/SE (Lynn Rd SW - Ontario St SE)	Partial 08	3	29,560					29,560
Dale St SW (SGR-Roberts)	Partial 09	3			33,364			33,364
Washington Ave W (Lynn-Main)	Partial 10	3			24,730			24,730
Michigan St SE/NE (5th Ave-Hwy 7)	Partial 12	3				34,201		34,201
Church St SW (SGR-Linden)	Reclaim 05	3	5,094					5,094
Clinton Ave SW (Merrill-Lynn)	Reclaim 06	3	2,547					2,547
Harrington St SW (SGR-Linden)	Reclaim 07	3	5,107					5,107
Merrill St SW (Clinton-Linden)	Reclaim 08	3	2,586					2,586
Neal Ave SW (Dale-Keith)	Reclaim 09	3		2,239				2,239
Sunset St SW (SGR-Linden)	Reclaim 10	3		6,379				6,379
Roberts Rd SW (Alan-Dale)	Reclaim 12	3			18,150			18,150
Linden Ave SW (Dale-Harrington)	Reclaim 14	3		13,282				13,282
McDonald Dr SW (Lakewood - School)	Reclaim 15	3				16,154		16,154
1st Ave NE (Main-Adams)	Reclaim 19	3			7,438			7,438
1st Ave SE (Main-Adams)	Reclaim 20	3			7,438			7,438
2nd Ave SW (Franklin-Main)	Reclaim 21	3			2,975			2,975
Grove St SW (2nd-Washington)	Reclaim 22	3				4,540		4,540
Hassan St (5th Ave S-1st Ave N)	Reclaim 23	3				19,215		19,215
Larson St SW (Roberts-Lewis)	Reclaim 24	3				5,487		5,487
Sherwood St SE (Summerset-Century)	Reclaim 25	3				5,281		5,281
Southview Ct SW (Linden-Sunset)	Reclaim 26	2				2,410		2,410
Sunset St SW (Linden-Southview)	Reclaim 27	3				1,961		1,961
Garden Rd NE (Dead end - Hwy 7E)	Reclaim 29	3					5,771	5,771
Genes Dr NE (Lindy Ln NE - Dead end)	Reclaim 30	3					810	810
Hilltop Dr NE (Michigan St NE - Genes Dr NE)	Reclaim 31	3					11,514	11,514
Lindy Ln NE (Pauls Rd NE to Genes Dr NE)	Reclaim 32	3					6,408	6,408
Mark Dr NE (Hilltop Dr NE - Lindy Ln NE)	Reclaim 33	3					2,458	2,458
Morningside Dr NE (Hilltop Dr NE - Dead end)	Reclaim 34	3					1,856	1,856
Pauls Rd NE (Hilltop Dr NE - Lindy Ln NE)	Reclaim 35	3					2,628	2,628
Boulder St SW (Roberts Rd SW - School Rd SW)	Reclaim 36	3					4,275	4,275
Boulder Cir SW (Dead end - Boulder St SW)	Reclaim 37	3					1,100	1,100
Bradford St SE (#1324 - Century Ave SE)	Reclaim 38	3					8,222	8,222
Orchard Ave SE (Bradford St SE - Elks Dr SE)	Reclaim 39	3					8,251	8,251
Elks Dr SE (Sherwood St SE - Orchard Ave SE)	Reclaim 40	3					4,400	4,400
Sherwood St SE (Summerset Ln SE - Century Ave SE)	Reclaim 41	3					6,869	6,869
4th Ave SE (Lynn Rd SW - Main St S)	Reclaim 42	3					9,231	9,231
Sherwood Cir SE (Sherwood St SE - Dead end)	Reclaim 43	3					2,107	2,107
TH 15/Main St Reconstruction	Recon 03	2		508,200				508,200
Replace WTP Membranes	UTL 32	3	400,000					400,000
Well rehabilitation	UTL 33	3	65,000	80,000			90,000	235,000

Source	Project #	Priority	2019	2020	2021	2022	2023	Total
High bay lighting at WTP	<i>UTL 34</i>	3		16,000				16,000
Replace VFD for High Service Pump #2	<i>UTL 35</i>	3		15,000				15,000
Water SCADA Upgrade	<i>UTL 36</i>	3			300,000			300,000
Water tower rehabilitation	<i>UTL 37</i>	3				700,000		700,000
Ammonia analyzer replacement	<i>UTL 39</i>	3				20,000		20,000
Well 5 & 6 Recovery Treatment	<i>UTL 41</i>	3	150,000					150,000
1/2 ton work truck	<i>WATR 484</i>	3			30,389			30,389
1/2 ton work truck	<i>WATR 519</i>	3	28,644					28,644
Mower replacement	<i>WATR 793</i>	3					17,000	17,000
Water Fund Total			741,837	646,137	425,734	809,249	182,900	2,805,857
GRAND TOTAL			11,482,910	17,732,507	7,729,736	7,603,840	7,400,672	51,949,665



2019 Annual Budget

Fee Schedule

**City of Hutchinson
2019 Fee Schedule**

Fee Schedule includes the following (in alphabetical order)

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City of Hutchinson
2019 Fee Schedule

Fee Type	2019 Fees	Notes	2018 Fees	% Change	Last Change
Building/Plumbing/Mechanical Permits					
Fixed Fees:					
1 & 2 Family Residential Reroofing	\$50.00	plus surcharge fee	\$50.00	0.0%	2011
1 & 2 Family Residential Residing	\$50.00	plus surcharge fee	\$50.00	0.0%	2011
1 & 2 Family Residential Window/Door Replacement	\$50.00	plus surcharge fee	\$50.00	0.0%	2011
Manufactured (Mobile) Home Install	\$185.00	plus surcharge fee. Separate mechanical & plumbing permit required.	\$185.00	0.0%	2011
Utility Sheds	\$50.00 \$21.29 /sq.ft.	under 200 sq. ft - surcharge does not apply. Sheds over 200 sq. ft. valuation of \$21.29 / sq. ft.	\$50.00 \$21.29 /sq.ft.	0.0% 0.0%	2011 2016
Moving Permit	\$175.00	plus surcharge fee, includes excavation permit fee, if applicable	\$175.00	0.0%	2011
Demolition Permit	\$50.00 \$125.00 \$250.00	Residential remodels & accessory structures Residential demolition Commercial demolition	\$50.00 \$125.00 \$250.00	0.0%	2015
Residential Square Foot Valuation:					
Dwellings	\$100.26 /sq.ft.	Rate x Sq. Ft. to arrive at the Construction Valuation which is used to calculate the actual fee (see fee rates under Construction Valuation) Example: 100 sq. ft. 3-Season Porch Construction Valuation = \$70.18 x 100 sq. ft. Construction Valuation = \$7,018 Fee (\$2,001 - \$25,000 valuation range) 1st \$2,000 of value: \$ 80.17 Remaining value \$5,018/1000 x \$15.44 \$ 77.48 Total Fee: \$157.65	\$100.26 /sq.ft.	0.0%	2016
Basements	\$10.00 /sq.ft.		\$10.00 /sq.ft.	0.0%	2011
Finished	\$10.00 /sq.ft.		\$10.00 /sq.ft.	0.0%	2011
Semi-Finished	\$20.00 /sq.ft.		\$20.00 /sq.ft.	0.0%	2011
Unfinished	\$70.18 /sq.ft.		\$70.18 /sq.ft.	0.0%	2016
Porches	\$100.26 /sq.ft.		\$100.26 /sq.ft.	0.0%	2016
3 Season Porch	\$40.10 /sq.ft.		\$40.10 /sq.ft.	0.0%	2016
4 Season Porch					
Screened Porch					
Garages	\$38.56 /sq.ft.		\$38.56 /sq.ft.	0.0%	2016
Attached	\$21.29 /sq.ft.	\$21.29 /sq.ft.	0.0%	2016	
Detached					
Gazebo	\$19.00 /sq.ft.		\$19.00 /sq.ft.	0.0%	2011
Deck	\$10.00 /sq.ft.		\$10.00 /sq.ft.	0.0%	2015
Construction Valuation:					
\$1 - \$1,200	\$52.37	minimum valuation and permit amount	\$52.37	0.0%	2017
\$1,201 - \$2,000	\$55.68	for the first \$1,200 plus \$3.36 for each additional \$100 or fraction thereof to and including \$2,000	\$55.68	0.0%	2017
\$2,001 - \$25,000	\$80.17	for the first \$2,000 plus \$15.44 for each additional \$1,000 or fraction thereof to and including \$25,000	\$80.17	0.0%	2017
\$25,001 - \$50,000	\$452.92	for the first \$25,000 plus \$11.14 for each additional \$1,000 or fraction thereof to and including \$50,000	\$452.92	0.0%	2017
\$50,001 - \$100,000	\$745.23	for the first \$50,000 plus \$7.72 for each additional \$1,000 or fraction thereof to and including \$100,000	\$745.23	0.0%	2017
\$100,001 - \$500,000	\$1,150.39	for the first \$100,000 plus \$6.17 for each additional \$1,000 or fraction thereof to and including \$500,000	\$1,150.39	0.0%	2017

City of Hutchinson
2019 Fee Schedule

Fee Type	2019 Fees	Notes	2018 Fees	% Change	Last Change
\$500,001 - \$1,000,000	\$3,743.47	for the first \$500,000 plus \$5.25 for each additional \$1,000 or fraction thereof to and including \$1,000,000	\$3,743.47	0.0%	2017
\$1,000,001 and Up	\$6,492.83	for the first \$1,000,000 plus \$3.48 for each additional \$1,000 or fraction thereof.	\$6,492.83	0.0%	2017
Penalty Fee		Double the Permit Fee - per City Administrator's memo of 5-17-88			
Refund Policy		Refunds may be available at the discretion of the Building Official.			
Plumbing Permit Fees:					
Fixture of Item Fee	\$12.00	\$12 per roughed-in fixture or item. Minimum of \$50.00	\$12.00	0.0%	2011
Mechanical Permit Fees:					
Gas Conversion Connection (<i>switch</i>)	\$125.00	plus surcharge fee	\$125.00	0.0%	2011
Gas Appliance Replacement	\$50.00	plus surcharge fee	\$50.00	0.0%	2011
Mechanical Fee	1.25%	Valuation X 1.25% - plus State surcharge. Minimum of \$50.00 plus State surcharge.	1.25%	0.0%	2011
Miscellaneous Fees:					
Rental registration/inspection	\$20.00 /unit	Initial inspection and 1 follow up inspection, if needed	\$20.00 /unit	0.0%	2016
Rental Unit Reinspection	\$50.00 /unit Double the cost of previous inspection	Second follow-up inspection Subsequent additional/follow-up inspections	\$50.00 /unit Double the cost of previous inspection		
Failure to Appear at Scheduled Rental Inspection	\$50.00	Fee for not showing up at scheduled inspection	\$50.00	0.0%	2011
Rental Complaint Inspection	\$50.00		\$50.00	0.0%	2011
Existing Home Inspection (FMHA)	\$75.00		\$75.00	0.0%	2011
Parkland Dedication		Per subdivision ordinance			
Temporary Certificate of Occupancy	Refundable Deposit	Add'l staff time and follow-up is required for temp C.O.s. Deposit of \$500.00 required and will be refunded if final within timeframe established by Building Department	Refundable Deposit		
Temporary Permits, including footing and foundation permits and preconstruction demolition	\$125.00	Temporary permits allow limited work to be done prior to complete plan submittal and review	\$125.00	0.0%	2011
All other non-specified inspections*	\$60.00	Minimum fee plus State surcharge * or the total hourly costs of the jurisdiction, whichever is the greatest. The cost shall include supervision, overhead equipment, hourly wages, and fringe benefits of the employees involved.	\$60.00	0.0%	2011
Fire Sprinkler Fees:					
New or Additional Fire Sprinkler Systems	1.25%	Fee is equal to 1.25% (.0125) of the total fire sprinkler contract amount, plus a State surcharge. Minimum of \$50 plus State surcharge.	1.25%	0.0%	2011

City of Hutchinson
2019 Fee Schedule

Fee Type	2019 Fees	Notes	2018 Fees	% Change	Last Change
Creekside					
Gate Fee:					
McLeod County resident leaves, grass clippings, and brush (under 6" in diameter)	No Charge	ID required; Only Compostable bags accepted NO plastic bags or garbage	No Charge		2001
McLeod County resident wood waste includes brush and logs	No Charge	Must be free of dirt and garbage NO root balls accepted	No Charge		2001
McLeod County Residential Pallet, Crate & Demo Wood	No Charge	No painted, stained or treated wood accepted Must be free of plastic and paper	No Charge		2001
Commercial Yardwaste - commingled or separated	\$12.00 /ton	Commingled yardwaste and brush mixed Compostable bags only, no plastic bags	\$12.00 /ton	0.0%	2018
Commercial Source Separated Organics	\$38.00 /ton	Prior approval of acceptance of materials is required Non-compostables not accepted; other fees may apply	\$38.00 /ton	0.0%	2018
Commercial Woodwaste; includes brush and logs	No Charge	Must be free of dirt and garbage NO root balls accepted	No Charge		2018
Commercial Pallets, Crates and Demo Wood	\$30.00 /ton	No painted, stained or treated wood accepted Must be free of plastic and paper	\$30.00 /ton	0.0%	2018
Stump Chip Disposal	No Charge		No Charge		2001
Concrete and Asphalt (Clean)	No Charge	As determined by Creekside staff review Must be free of dirt, clay, rebar and other contaminants	No Charge		2001
Concrete and Asphalt (Dirty)	\$10.00 /ton	As determined by Creekside staff review	\$10.00 /ton	0.0%	2001
Reinforced Concrete Structures	\$35.00 /ton	Includes reinforced concrete pipe (RCP), manholes, catch basins, etc.	\$35.00 /ton	0.0%	2018
Certified Scale Ticket	\$10.00 /ea	Per ticket issued. Customers/trucks may record their own weights for no charge.	\$5.00 /ea	100.0%	2019
Equipment Rates:					
Horizontal Wood Grinder		Includes operator, wheel loader to feed grinder and fuel.			
Governmental Rate	\$367.50 /hr	Machine repairs as a result of damage from contamination	\$367.50 /hr	0.0%	2018
Rate for all other Customers	\$525.00 /hr	in customer's feedstock will be billable to customer	\$525.00 /hr	0.0%	2018
Wheel Loader		Operator and fuel included			
Governmental Rate	\$85.00 /hr		\$85.00 /hr	0.0%	2018
Rate for all other Customers	\$110.00 /hr		\$110.00 /hr	0.0%	2018
Trommel Screener		Operator, fuel and equipment to feed screener are not included in this rate.			
Governmental Rate	\$95.00 /hr	Mandatory training at delivery/pick-up.	\$95.00 /hr	0.0%	2018
Rate for all other Customers	\$135.00 /hr		\$135.00 /hr	0.0%	2018
65' Radial Stacking Conveyor	\$18.00 /hr	Operator and fuel not included	\$18.00 /hr	0.0%	2018
Portable Light Tower Rental	\$50.00 /event	Cost is per unit; two units available to rent	\$50.00 /event	0.0%	2018
Mobilization Charges	\$100.00 /hr	Roundtrip for delivery and pickup of equipment to and from customer's job site	\$100.00 /hr	0.0%	2018

City of Hutchinson
2019 Fee Schedule

Fee Type	2019 Fees	Notes	2018 Fees	% Change	Last Change	
Event Center						
Great Room:	Monday - Thursday	\$350.00	Seating up to 525 dinner or 1,100 theatre	\$350.00	0.0%	2017
	Friday, Saturday, Holidays	\$700.00		\$700.00	0.0%	2017
	Sunday	\$475.00		\$475.00	0.0%	2018
	Linen Service Fee	\$95.00		\$95.00	0.0%	2013
	Wedding / Quinceanara	\$2,500.00		All-inclusive fee	2,500.00	0.0%
Half Great Room:	Monday - Thursday	\$190.00	Seating up to 250 dinner or 550 theatre	\$190.00	0.0%	2018
	Friday, Saturday, Holidays	\$450.00		\$450.00	0.0%	2018
	Sunday	\$300.00		\$300.00	0.0%	2018
	Linen Service Fee	\$50.00		\$50.00	0.0%	2013
	Wedding / Quinceanara	\$1,600.00		All-inclusive fee	1,600.00	0.0%
Quarter Great Room:	Monday - Thursday	\$100.00	Seating up to 100 dinner or 125 theatre	\$100.00	0.0%	2017
	Friday, Saturday, Holidays	\$225.00		\$225.00	0.0%	2014
	Sunday	\$175.00		\$175.00	0.0%	2017
	Linen Service Fee	\$25.00		\$25.00	0.0%	2013
	Wedding / Quinceanara	\$700.00		All-inclusive fee	N/A - new in 2019	
Meeting Room:	Ambassador	\$25.00	Seating for 40 - two hour minimum	\$25.00	0.0%	2017
	Westlund	\$25.00		\$25.00	0.0%	2017
	McCormick	\$25.00		\$25.00	0.0%	2017
Program Room:	Cash Wise	\$125.00	Seating for 75 - two hour minimum	\$125.00	0.0%	2013
	MidCountry	\$25.00	Seating for 15 - two hour minimum	\$25.00	0.0%	2018
	Stearns	\$25.00	Seating for 15 - two hour minimum	\$25.00	0.0%	2018
	Hoefler	\$25.00	Seating for 15 - two hour minimum	\$25.00	0.0%	2018
LCD Projector 3500 Lumen	\$325.00		\$325.00	0.0%	2018	
LCD Projector 1100 Lumen	\$125.00		\$125.00	0.0%	2018	
Overhead Projector	\$30.00		\$30.00	0.0%	2018	
Slide Projector	\$30.00		\$30.00	0.0%	2018	
Front Truss Screen 9X12	\$90.00		\$90.00	0.0%	2018	
Rear Truss Screen 9X13	\$125.00		\$125.00	0.0%	2018	
Podium	\$12.00		\$12.00	0.0%	2018	
Podium with Microphone	\$40.00		\$40.00	0.0%	2018	
Wireless Microphone	\$40.00		\$40.00	0.0%	2018	
TV & VCR Lap top	\$35.00		\$35.00	0.0%	2018	
VCR/DVD/CD Player	\$25.00		\$25.00	0.0%	2018	
Internet Connection	\$0.00	No Charge	\$0.00	0.0%	2018	
Piano	\$30.00		\$30.00	0.0%	2018	

City of Hutchinson
2019 Fee Schedule

Fee Type	2019 Fees	Notes	2018 Fees	% Change	Last Change
Security	\$57 /hr/officer	For events with alcohol, we require at least one Hutchinson police officer on duty until the end of the event (minimum of 4 hours). For groups of 250 or more, a second officer may be required for the final 4 hours of the event. The fee for each officer is \$51/hr. Please refer to "Rental Policy".	\$57 /hr/officer	0.0%	2018
Refundable Damage Deposit	\$300 /event		\$300 /event	0.0%	2014
White Board/Stand 3X4	\$14.00 /day		\$14.00 /day	0.0%	2018
White Board/Stand 4X6	\$17.00 /day		\$17.00 /day	0.0%	2018
Coffee	\$15.00 /30 cups \$20.00 /50 cups	Hutchinson Event Center catered events Non HEC catered events	\$15.00 /30 cups \$20.00 /50 cups	0.0% 0.0%	2014 2014
Tripod Screen 6'	\$15.00 /day		\$15.00 /day	0.0%	2018
Tripod Screen 8'	\$20.00 /day		\$20.00 /day	0.0%	2018
Food Fee-Large Group	\$80.00 /day		\$80.00 /day	0.0%	2017
Food Fee-Small Group	\$50.00 /day		\$50.00 /day	0.0%	2014
China/Flatware	\$1.00 /place setting	Food vendor may add additional fees	\$1.00 /place setting	0.0%	2013
Draper Easels	\$8.00 /day		\$8.00 /day	0.0%	2018
Speaker Phone	\$25.00 /day		\$25.00 /day	0.0%	2018

Evergreen Senior Dining

Dining Room & Kitchenette	\$100.00		\$100.00	0.0%	2009
Carpeted Room	\$60.00		\$60.00	0.0%	2009
After Hours Open or Lock-up	\$50.00		\$50.00	0.0%	2007
Damage Deposit	\$100.00	Separate check to be returned when keys are returned and if rooms are cleaned up and no damage has occurred	\$100.00	0.0%	2007

Finance

Returned check from the bank (NSF or Closed Account)	\$30.00	Covers bank charge Set by State Statute	\$30.00	0.0%	2010
Online Payments ACH, Credit Card or Bank Checks	\$30.00	Covers bank charge Set by State Statute	\$30.00		2018
Lodging Tax - City of Hutchinson	3.00%	per City ordinance 116.01 Set by City Ordinance	3.00%	0.0%	1989
Lodging Tax - penalty for late payment	10.00%	per City ordinance 116.22 Set by City Ordinance	10.00%	0.0%	1989
Local Option Sales Tax:					
Local Sales Tax Rate	0.50%	On retail sales made within, or delivered within, the city limits of Hutchinson. The tax applies to sales that are taxable under the Minnesota sales and use tax laws.	0.50%	0.0%	2012
Local Excise Tax	\$20.00	Per new or used vehicle sold by a dealer located within Hutchinson, in lieu of the Local Sales Tax Rate.	\$20.00	0.0%	2012
Local Excise Tax - Late Fee	10.00%	Dealers are required to report excise tax by the 15th day of the following month. The late fee shall be imposed if not paid by the 20th day of the following month.	10.00%	0.0%	2017
Tax Increment Financing (TIF) Application Fee - as approved by the Hutchinson EDA on 11/28/2018	\$15,000.00	Developers must pay an application fee to cover the legal and consultant costs in establishing a new TIF district. Any unused monies will be returned to the developer.	N/A - new in 2019		

City of Hutchinson
2019 Fee Schedule

Fee Type	2019 Fees	Notes	2018 Fees	% Change	Last Change
Fire Department					
Fire Engine	\$200.00 /hr	each hour on scene	\$200.00 /hr	0.0%	2014
Grass Truck/Unit	\$100.00 /hr	each hour on scene	\$100.00 /hr	0.0%	2010
HERT Trailer (Haz-Mat)	\$50.00 /hr	Plus material and/or equipment used	\$50.00 /hr	0.0%	2010
Incident Commander (IC)	\$50.00 /hr	each hour on scene	\$50.00 /hr	0.0%	2014
Certified Firefighter	\$30.00 /hr	each hour on scene	\$30.00 /hr	0.0%	2014
Platform Truck	\$350.00 /hr	each hour on scene	\$350.00 /hr	0.0%	2014
Rescue	\$200.00 /hr	First hour on scene	\$200.00 /hr	0.0%	2014
	\$100.00 /hr	Each hour after the first hour on scene	\$100.00 /hr	0.0%	2014
Water Tanker Truck	\$150.00 /hr	each hour on scene	\$150.00 /hr	0.0%	2010
Repeat False Alarm	Calculated Amount	Calculation based on the apparatus and labor charges per each hour on scene	Calculated Amount		2017
Fire Safety Inspection	\$50.00	Daycare/Foster Care units, Basic Commercial and Residential include one free re-inspection	\$50.00	0.0%	2017
Fire Incident Reports (paper or electronic copies)	\$15.00	no pictures included in report	\$15.00	0.0%	2017
	\$40.00	pictures included in report	\$40.00	0.0%	2017
Fireworks:		Fees are the Maximum amount allowed by State Statute			
Fireworks Only Business & Tent Sales	\$350.00 (Jan 1 - Dec 31)	License fee is non-refundable, cannot be prorated, and cannot be waived	\$350.00 (Jan 1 - Dec 31)	0.0%	2010
Other retailers	\$100.00 (Jan 1 - Dec 31)	License fee is non-refundable, cannot be prorated, and cannot be waived	\$100.00 (Jan 1 - Dec 31)	0.0%	2010
HRA					
Pre Energy Audit \$350 Post Energy Audit \$250	\$600.00		\$400.00	50.0%	2016
Subordination Request Processing Fee	\$100.00		\$100.00	0.0%	2003
Duplicate Document Fee	\$50.00		\$50.00	0.0%	2007
CRPI Rehab Loan Processing:					
Loan Administrative Fee	\$2,600.00		\$2,600.00	0.0%	2015
Loan Document Preparation	\$350.00	Owner match to CRPI	\$350.00	0.0%	2015
GMHF & CRV Gap Loan Admin Fee	\$500.00		\$500.00	0.0%	2017
SCDP Rental Rehab Project Loan Admin Fee	13.00%	% of SCDP Loan	13.00%	0.0%	2015
HRA Entry Cost Loan Admin Fee	\$400.00		\$400.00	0.0%	2014
Revolving New Const. Gap Loan Admin Fee	\$700.00		\$700.00	0.0%	2016
Credit Report Fee	\$20.00		\$15.00	33.3%	2000
Lead Risk Assessment					
Single Family housing (1-4 units)	\$475.00	single request	\$475.00	0.0%	2016
	\$450.00	per unit, 2 or more requests at a time	\$450.00	0.0%	2008
	\$550.00	MHFA Rehab Loan Program (additional samples required)	\$550.00	0.0%	2016
Lead Clearance Testing	\$250.00	for one unit	\$250.00	0.0%	2016
	\$75.00	for additional units up to 4 units	\$75.00	0.0%	2016
MHFA Rehab Loan Program Admin Fee	14.00%	% of loan amount (changed from specific dollar amount)	14.00%	0.0%	2008
City Deferred Grants Administration Fee (TIF)	10.00%	% of loan amount	10.00%	0.0%	2016

City of Hutchinson
2019 Fee Schedule

Fee Type	2019 Fees	Notes	2018 Fees	% Change	Last Change
FUF/CFUF & HHILP Title Search Fee	\$50.00		\$50.00	0.0%	2017
FUF/CFUF & HHILP Loan Document Preparation Fee	\$50.00		\$50.00	0.0%	2008
FUF/CFUF & HHILP Loan Origination Fee	1.00%	% of loan amount	1.00%	0.0%	2008
HRA HILP Loan Application Fee	\$350.00		\$350.00	0.0%	2016
Housing Quality Standards (HQS) Inspection Fee	\$600.00		\$600.00	0.0%	2017

Legal

Attorney's Fees for Litigation	\$150.00 /hr	Charged per 1/4 hour	\$100.00 /hr	50.0%	2008
Paralegal's Fees for Litigation	\$75.00 /hr	Charged per 1/4 hour	\$50.00 /hr	50.0%	2008
Contract Review Fee	\$150.00 /hr	Charged per 1/4 hour	\$100.00 /hr	50.0%	2008
Attorney's Fees for Rental Registration Prosecution	\$150.00 /hr	Charged per 1/4 hour	\$100.00 /hr	50.0%	2008
Paralegal's Fees for Rental Registration Prosecution	\$75.00 /hr	Charged per 1/4 hour	\$50.00 /hr	50.0%	2008
Dangerous Dog Designation Hearing	Up to \$1,000.00		Up to \$1,000.00	0.0%	2008

Licenses

ATV	\$45.00	3 year license	\$45.00	0.0%	2016
Carnival	\$525.00	Refundable deposit	\$525.00	0.0%	2009
Dance Permit (short term)	\$55.00		\$55.00	0.0%	2009
Food Cart	\$125.00		\$125.00	0.0%	2013
Garbage & Refuse Haulers:					
Commercial	\$125.00	January 1 - December 31	\$125.00	0.0%	2009
Residential	\$125.00	January 1 - December 31	\$125.00	0.0%	2009
Recycling	\$55.00	January 1 - December 31	\$55.00	0.0%	2009
Recycling	\$30.00 /day	Per Day	\$30.00 /day	0.0%	2009
Massage Services	\$175.00	January 1 - December 31	\$175.00	0.0%	2009
Motorized Golf Cart	\$10.00	January 1 - December 31	\$10.00	0.0%	2009
		Fee set in ordinance			
Peddler/Solicitor/Transient Merchant	\$125.00	Per License	\$125.00	0.0%	2009
Pawn Shops and Precious Metal Dealers	\$125.00	January 1 - December 31	\$125.00	0.0%	2009
Second Hand Goods Dealers	\$125.00	January 1 - December 31	\$125.00	0.0%	2009
Short-Term Gambling	\$30.00	Short Term	\$30.00	0.0%	2009
Shows/Exhibitions	\$100.00	Short Term	\$100.00	0.0%	2010
Tattoo License	\$175.00	January 1 - December 31	\$175.00	0.0%	2009
Taxi Cab License (per cab)	\$5.00 /cab	January 1 - December 31	\$5.00 /cab	0.0%	2009
Tobacco License	\$175.00	January 1 - December 31	\$175.00	0.0%	2009

City of Hutchinson
2019 Fee Schedule

Fee Type	2019 Fees	Notes	2018 Fees	% Change	Last Change
Liquor Licenses:					
Club Liquor License		<i>Club fees are currently at maximum amount per State Statute</i>			
Under 200 Members	\$300.00	January 1 - December 31	\$300.00	0.0%	2009
201 - 500 Members	\$500.00	January 1 - December 31	\$500.00	0.0%	2009
501 - 1000 Members	\$650.00	January 1 - December 31	\$650.00	0.0%	2009
1001 - 2000 Members	\$800.00	January 1 - December 31	\$800.00	0.0%	2009
2001 - 4000 Members	\$1,000.00	January 1 - December 31	\$1,000.00	0.0%	2009
4001 - 6000 Members	\$2,000.00	January 1 - December 31	\$2,000.00	0.0%	2009
Over 6000 Members	\$3,000.00	January 1 - December 31	\$3,000.00	0.0%	2009
Consumption & Display	\$250.00	January 1 - December 31 Set by statute; max of \$300	\$250.00	0.0%	2012
	\$25.00 /event	Temporary	\$25.00 /event	0.0%	2012
Wine License	\$425.00	January 1 - December 31 Set by statute; max of \$1,000	\$425.00	0.0%	2009
On-Sale Intoxicating Malt Liquor & Wine License	\$600.00	January 1 - December 31	\$600.00	0.0%	2009
On-Sale Intoxicating Liquor License	\$2,000.00	January 1 - December 31 (prorate; refundable)	\$2,000.00	0.0%	2015
On-Sale Sunday Intoxicating Liquor License	\$125.00	January 1 - December 31 Set by statute; max of \$200	\$125.00	0.0%	2009
	\$100.00	Temporary License (One Day)	\$100.00	0.0%	2009
On-Sale 3.2 Malt Liquor License	\$425.00	January 1 - December 31 (nonrefundable)	\$425.00	0.0%	2009
	\$75.00	Short Term (up to seven days in a calendar year)	\$75.00	0.0%	2013
Off-Sale 3.2 Malt Liquor License	\$300.00	January 1 - December 31 (nonrefundable)	\$300.00	0.0%	2009
Temporary Liquor License	\$125.00		\$125.00	0.0%	2013
Intoxicating Liquor Investigations	\$375.00	Nonrefundable	\$375.00	0.0%	2009
3.2 Malt Liquor Investigations	\$125.00	Nonrefundable	\$125.00	0.0%	2009
Caterer's Permit	\$100.00	Per Event	\$100.00	0.0%	2010
	\$300.00	Annual	\$300.00	0.0%	2010
Brewer (off-sale)	\$375.00	Annual	\$375.00	0.0%	2014
Brew pub off-sale	\$375.00	Annual	\$375.00	0.0%	2014
Taproom (on-sale)	\$600.00	Annual	\$600.00	0.0%	2014

Mapping and Printing

Comprehensive Plan		<i>Website copy available free of charge</i>			
Book	\$25.00		\$25.00	0.0%	2009
DC	\$15.00		\$15.00	0.0%	2009
Color Copy with Foldouts	\$75.00	Four books	\$75.00	0.0%	2009
Subdivision Ordinance	\$20.00		\$20.00	0.0%	2009
Zoning Manual	\$20.00		\$20.00	0.0%	2009
Zoning/Shoreland/Subdivision Manual	\$40.00		\$40.00	0.0%	2009
Joint Planning Area Zoning Manual	\$20.00		\$20.00	0.0%	2009
Subdivision Agreement	\$1.00 /page		\$1.00 /page	0.0%	2009
8 1/2" X 11" - Black & White print	\$0.25 /page		\$0.25 /page	0.0%	2009
8 1/2" X 11" - Color print	\$1.50 /page		\$1.50 /page	0.0%	2009
Legal or Tabloid Size - Black & White print	\$1.00 /page		\$1.00 /page	0.0%	2009
Legal or Tabloid Size - Color print	\$3.00 /page		\$3.00 /page	0.0%	2009
18" X 24" - Black & White print	\$1.50 /page		\$1.50 /page	0.0%	2009

City of Hutchinson
2019 Fee Schedule

Fee Type	2019 Fees	Notes	2018 Fees	% Change	Last Change
18" X 24" - Color print	\$4.50 /page		\$4.50 /page	0.0%	2009
24" X 36" - Black & White print	\$3.00 /page		\$3.00 /page	0.0%	2009
24" X 36" - Color print	\$9.00 /page	Small city zoning map	\$9.00 /page	0.0%	2009
36" X 36" - Black & White print	\$4.50 /page		\$4.50 /page	0.0%	2009
36" X 36" - Color print	\$14.00 /page		\$14.00 /page	0.0%	2009
36" X 48" - Black & White print	\$6.00 /page		\$6.00 /page	0.0%	2009
36" X 48" - Color print	\$18.00 /page		\$18.00 /page	0.0%	2009
Roll Paper Printing	\$1.50 /sq.ft.		\$1.50 /sq.ft.	0.0%	2009
Specialty Map preparation	\$27.50 /hr	Map printing at charges noted above; one hour minimum, 1/4 hour increments thereafter; must be approved by the City IT Director	\$27.50 /hr	0.0%	2009
8 1/2" X 11"	\$5.00	Color orthophoto prints	\$5.00	0.0%	2009
Legal or Tabloid	\$9.00	Color orthophoto prints	\$9.00	0.0%	2009
18" X 24"	\$20.00	Color orthophoto prints	\$20.00	0.0%	2009
24" X 36"	\$30.00	Color orthophoto prints	\$30.00	0.0%	2009
36" X 36"	\$40.00	Color orthophoto prints	\$40.00	0.0%	2009
36" X 48"	\$50.00	Color orthophoto prints	\$50.00	0.0%	2009
Digital Data Orthophoto	\$550 /sq.mile	Minimum charge of \$550.00	\$550 /sq.mile	0.0%	2009
Digital Data Contours	\$550 /sq.mile	Minimum charge of \$550.00	\$550 /sq.mile	0.0%	2009
Digital Data Planimetrics	\$250 /sq.mile	Minimum charge of \$250.00	\$250 /sq.mile	0.0%	2009

- Purchase a combination of all three data sets for \$1,350 /sq. mile not to exceed a maximum charge of \$18,100
- Special mapping requests = Data Price + \$50 /hr
- All data is provided in Arcview Shape File format on a CD
- An additional \$50 charge will be applied to digital data converted to a .dxf format for CAD systems
- The City reserves the right to waive fees by Council direction for other governmental organizations. Commercial-type printing of private,

Parks, Recreation & Community Education

Aquatic Center:

Daily Admission	All Swimmers	\$7.00		\$7.00	0.0%	2018
	24 months and younger	FREE		FREE		2017
	Spectators	\$4.00		\$4.00	0.0%	2017
	After 5pm	\$5.00		\$5.00	0.0%	2017
	Morning Fitness	\$4.00	morning fitness, lap swim, river walking	\$4.00	0.0%	2017
Season Pass	Individual	\$90.00	includes morning fitness, lap swim, river walking	\$90.00	0.0%	2017
	Each additional family member	\$35.00	example: \$195 for a family of four (\$90+\$35+\$35+\$35)	\$35.00	0.0%	2018
	Senior (age 60 years+)	\$75.00	includes morning fitness, lap swim, river walking	\$75.00	0.0%	2017
	Each additional senior family	\$20.00	example: \$95 for a family of two seniors (\$75+\$20)	\$20.00	0.0%	2017
Discount Tickets	12 admissions	\$60.00		\$60.00	0.0%	2017
Rentals	Party Tent Rentals	\$20.00	for 2 hours	\$20.00	0.0%	2017

City of Hutchinson
2019 Fee Schedule

Fee Type	2019 Fees	Notes	2018 Fees	% Change	Last Change
Youth Sports/Activities:					
Adaptive Recreation	\$5.00 /session	per session	\$5.00 /session	0.0%	2017
T-Ball / Baseball (K - Grade 2)	\$40.00	12 sessions	\$40.00	0.0%	2013
Girls Softball (Grades 1 - 4)	\$40.00	12 sessions	\$40.00	0.0%	2013
Baseball (Grades 1 - 5)	Fee to Association	14 sessions - Association determines the fee	Fee to Association		
Basketball:					
Preschool	\$30.00	7 sessions - was Association now PRCE	Fee to Association		
K - Grade 2	\$35.00	7 sessions - was Association now PRCE	Fee to Association		
Grades 3 - 4	\$50.00	14 sessions - was Association now PRCE	Fee to Association		
Grades 5 - 6	Fee to Association	24 sessions - Association determines the fee	Fee to Association		
Football:					
Flag	\$30.00	6 sessions	\$30.00	0.0%	2013
Tackle	\$75.00	14 sessions	\$50.00	50.0%	2013
Soccer:					
Indoor	\$30.00	6 sessions	\$25.00	20.0%	2013
Outdoor: Grades K-3	\$30.00	6 sessions	\$35.00	-14.3%	2011
Outdoor: Grades 4-6	\$45.00	12 sessions	\$40.00	12.5%	2013
Figure Skating:					
Tots-Delta	\$84.00	14 sessions	\$84.00	0.0%	2018
Sunday Practice	\$88.00	14 sessions	\$88.00	0.0%	2018
Open Skating Pass:					
Students/Seniors	\$50.00		\$50.00	0.0%	2018
Adults	\$60.00		\$60.00	0.0%	2018
Families	\$80.00		\$80.00	0.0%	2018
Open Skating:					
Sunday	\$3.00 /day	per youth per day	\$3.00 /day	0.0%	2018
Non-School Days	\$4.00 /day	per adult per day	\$4.00 /day	0.0%	2018
School Days	\$3.00 /day	per adult per day	\$3.00 /day	0.0%	2018
School Days	\$4.00 /day	per family per day	\$4.00 /day	0.0%	2018
Family Hour	\$4.00 /day	per adults	\$4.00 /day	0.0%	2018
Family Hour	\$6.00 /day	per family	\$6.00 /day	0.0%	2018
Swimming Lessons	\$45.00	10 lessons	\$45.00	0.0%	2017
Adult Sports:					
Men's Basketball	\$13.00	per game per team	\$12.00	8.3%	2013
Slowpitch Softball (Umpired Leagues)	\$13.00	per game per team	\$12.00	8.3%	2013
Volleyball:					
Co-Rec	\$13.00	per match per team	\$12.00	8.3%	2013
Sand	\$75.00	per team 10 matches	\$50.00	50.0%	2013
Women's	\$13.00	per match per team	\$12.00	8.3%	2013
Open Basketball	\$3.00	per person	\$3.00	0.0%	2018
Open Hockey	\$5.00 /day	per person per day	\$5.00 /day	0.0%	2001
Other Fees:					
West River Park Camping:					
Tents	\$15.00		\$15.00	0.0%	2017
Electric Hook-Up	\$25.00		\$25.00	0.0%	2017
Water, Sewer, Electric	\$30.00		\$30.00	0.0%	2017
Field Rental	\$15.00	1 1/2 hours	\$15.00	0.0%	2014
VMF Field:					
Day Game	\$45.00		\$45.00	0.0%	2017
Night Game	\$90.00		\$90.00	0.0%	2017

City of Hutchinson
2019 Fee Schedule

Fee Type	2019 Fees	Notes	2018 Fees	% Change	Last Change
Shelter reservation	Non-Electrical	\$25.00 per day	\$20.00	25.0%	2007
	Electrial	\$45.00 per day	\$40.00	12.5%	2014
Depot building rental - 25 Adams St SE	\$15.00 /hr	4 hour minimum	\$15.00	0.0%	2018
Church rental - 105 2nd Ave SE	\$50.00 /hr	2 hour minimum	\$50.00	0.0%	2016
Bleachers	\$25.00	per 3 rows	\$20.00	25.0%	2007
Picnic Tables	\$15.00	With three-day rental, will move tables; four table minimum	\$15.00	0.0%	2016
Garden Plot	\$35.00	10' x 20'	\$35.00	0.0%	2009
Open Gym Daily	\$3.00	per person	\$3.00	0.0%	2014
Open Gym Pass	\$45.00	per person	\$45.00	0.0%	2014
Indoor Playground:	Child	\$3.00 per child	\$3.00	0.0%	2018
	Family	\$4.00 per family	\$4.00	0.0%	2018
Family Playground Pass	\$50.00		\$50.00	0.0%	2018
Civic Arena (dry floor):					
	First Full Day	\$600.00 per day	\$600.00	0.0%	2001
	Half Day	\$350.00 1/2 day	\$350.00	0.0%	2010
	Additional Day	\$300.00 each additional day	\$300.00	0.0%	2001
	Turf	\$60.00 per hour	\$60.00	0.0%	2013
	Youth	\$40.00 /hr per hour	\$40.00 /hr	0.0%	2013
Rec Center:	Basketball Rental	\$20.00 per court per hour	\$20.00	0.0%	2013
	Volleyball Rental	\$20.00 for either one or two courts per hour	\$17.50	14.3%	2009
	Swimming Pool	\$300.00 per hour	\$300.00	0.0%	2018
	Gym	\$500.00 per day	\$500.00	0.0%	2017
	Gym	\$40.00 per hour	\$40.00	0.0%	2013
	Pool Office	\$100.00 per day	\$100.00	0.0%	2018
	Concession Stand (without equipment)	\$150.00 per day	\$150.00	0.0%	2018
	Concession Stand (with equipment)	\$200.00 per day	\$200.00	0.0%	2018
	Lobby	\$20.00 per hour	\$15.00	33.3%	2009
Civic Arena:	Ice Time	\$180.00 /hr per hour	\$170.00 /hr	5.9%	2018
	Summer Ice	\$180.00 /hr per hour	\$170.00 /hr	5.9%	2018
Roberts Park Tournament Fee	\$50.00	per field per day	\$45.00	11.1%	2013
Transfers	\$5.00	per person per class	\$4.00	25.0%	2010
Cancellations	\$5.00	deducted from refund	\$4.00	25.0%	2010

*****Team Fees Are Non-Refundable*****

City of Hutchinson
2019 Fee Schedule

Fee Type	2019 Fees	Notes	2018 Fees	% Change	Last Change
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Plan Review

Staff noted these fees are tied to value. As values increase, so do the fees.

Plan Review is 65% of the building permit fee
 Plan Review Fee for similar plans is 25% of Building Permit Fee (per MN Rule 1300.0160)
All other non-specified valuations to be determined by Building Official.

State Surcharge Fee:

Permits with Fixed Fees	\$1.00	Surcharge for mobile home, demolition, moving, excavation, residential reroof, residential reside, residential window or door replacement, and utility sheds over 200 sq.ft.	\$1.00	0.0%	2011
Valuation up to \$1,000,000	Mil (.0005) X Valuations	Mil (.0005) X Valuations up to \$1,000,000	Mil (.0005) X Valuations		2011
\$1,000,000 to \$2,000,000	Valuation - \$1,000,000 X .0004 + \$500.00	Valuation - \$1,000,000 X .0004 + \$500.00	Valuation - \$1,000,000 X .0004 + \$500.00		2011
\$2,000,000 to \$3,000,000	Valuation - \$2,000,000 X .0003 + \$900.00	Valuation - \$2,000,000 X .0003 + \$900.00	Valuation - \$2,000,000 X .0003 + \$900.00		2011
\$3,000,000 to \$4,000,000	Valuation - \$3,000,000 X .0002 + \$1,200.00	Valuation - \$3,000,000 X .0002 + \$1,200.00	Valuation - \$3,000,000 X .0002 + \$1,200.00		2011
\$4,000,000 to \$5,000,000	Valuation - \$4,000,000 X .0001 + \$1,400.00	Valuation - \$4,000,000 X .0001 + \$1,400.00	Valuation - \$4,000,000 X .0001 + \$1,400.00		2011
\$5,000,000 and over	Valuation - \$5,000,000 X .00005 + \$1,500.00	Valuation - \$5,000,000 X .00005 + \$1,500.00	Valuation - \$5,000,000 X .00005 + \$1,500.00		2011

Planning and Land Use

Variances	\$350.00	Includes recording fees	\$350.00	0.0%	2017
Conditional Use Permits	\$350.00	Includes recording fees	\$350.00	0.0%	2017
Rezoning	\$425.00	Includes recording fees	\$425.00	0.0%	2017
Vacation of street, alley, or easement	\$375.00	Includes recording fees	\$375.00	0.0%	2011
Lot Splits (Single and Two Family)	\$225.00	Includes recording fees	\$225.00	0.0%	2017
Lot Splits (Multiple Family, Commercial, Industrial)	\$300.00	Includes recording fees	\$300.00	0.0%	2017
Comprehensive Plan Amendment	\$350.00		\$350.00	0.0%	2017
Planned Unit Development	\$600.00	Includes recording fees	\$600.00	0.0%	2017
Platting: Preliminary Plat	\$450.00	Plus recording and legal fees	\$450.00	0.0%	2017
	+ \$10 per lot		+ \$10 per lot		
Final Plat	\$250.00	Plus recording and legal fees	\$250.00	0.0%	2017
	+ \$10 per lot		+ \$10 per lot		
Site Plan	\$400.00		\$400.00	0.0%	2017

City of Hutchinson
2019 Fee Schedule

Fee Type	2019 Fees	Notes	2018 Fees	% Change	Last Change
Annexation	\$450.00 + \$5 per acre	Includes annexation fee to be paid to State	\$450.00 + \$5 per acre	0.0%	2011
Sign Permit	\$1.00 /sq.ft. \$60.00 minimum	Per square foot with a minimum fee of \$60.00	\$1.00 /sq.ft. \$60.00 minimum	0.0%	2011
Sandwich Board Sign Permit	\$60.00	Per year	\$60.00	0.0%	2011
Portable/Temporary Sign Permit	\$60.00	Per permit, three permits per calendar year	\$60.00	0.0%	2011
Fence Permit	\$50.00		\$50.00	0.0%	2011
After the Fact	Double permit fee		Double permit fee		
Special Meeting	Double permit fee	Includes \$30 payment to Planning Commissioners in attendance	Double permit fee		
Zoning Letters	\$75.00	Per property address	\$30.00	150.0%	2011
Flood Zoning Letters	\$75.00	Per property address	\$30.00	150.0%	2011
Trees	\$300.00	Per tree	\$300.00	0.0%	2012
Residential Curb Cut, Driveway Apron, and Hard Surfacing Driveway Permit	\$50.00		\$50.00	0.0%	2011
Commercial Parking Lot	\$150.00 \$300.00	Overlay Reconstruction	\$150.00 \$300.00	0.0% 0.0%	2016 2016

NOTE: Application fees include public hearing publication, preparation of maps, public notice mailings, agenda preparation, meetings, site visits, filing fees for the County, administrative expenses, etc.

Police Department

Animal License Tag (Dog/Cat)	\$10.00	Cost is waived if pet is spayed, neutered or implanted with a microchip.	\$10.00	0.0%	2007
Dangerous Dog Designation Registration	\$50.00		\$50.00	0.0%	2009
Animal Impound	\$50.00		\$50.00	0.0%	2007
Animal Maintenance/Kennel Fee:					
Initial kennel fee - first day	\$35.00	applies to both cats and dogs	\$35.00	0.0%	2015
Dogs - kennel fee after first day	\$16.00 /day	per day following the initial kennel fee	\$16.00 /day	0.0%	2015
Cats - kennel fee after first day	\$11.00 /day	per day following the initial kennel fee	\$11.00 /day	0.0%	2015
Vaccination fee	\$5.00	applies to both cats and dogs	\$5.00	0.0%	2015
Testing fee	\$25.00	applies to cats only	\$25.00	0.0%	2015
Vehicle Impound Storage	\$10.00 /day	Per day	\$10.00 /day	0.0%	2007
Court Ordered Breath Tests	\$25.00 /week	Per week	\$25.00 /week	0.0%	2007
Finger Printing	\$20.00		\$20.00	0.0%	2007
Police Report Copies: Walk In	\$0.25 /page	Per page	\$0.25 /page	0.0%	2007
Mail or Fax	\$5.00		\$5.00	0.0%	2007
Police Service of Papers	\$45.00		\$45.00	0.0%	2015
Photographs	\$2.00 /page	Per page	\$2.00 /page	0.0%	2007
Audio/Video Magnetic Media	\$30.00 /item	Per item	\$30.00 /item	0.0%	2007
Bicycle Licenses	\$5.00		\$5.00	0.0%	2007
Automated Pawn Services	\$1.50		\$1.50	0.0%	2007
Citizen Weapon Storage	\$1.00 /day	New state law allows citizens to bring personal weapons into the Police Department for safekeeping.	\$1.00 /day	0.0%	2015

City of Hutchinson
2019 Fee Schedule

Fee Type	2019 Fees	Notes	2018 Fees	% Change	Last Change
<i>The following are court assessed fees for violation of specific ordinances</i>					
ATV Traffic Control Regulations	\$125.00	73.15	\$125.00	0.0%	2012
City Parking Lots & Ramps	\$25.00	72.08	\$25.00	0.0%	2012
Dog at Large	\$50.00	Ordinance No. 93.18	\$50.00	0.0%	2012
Dog Without License	\$25.00	93.18	\$25.00	0.0%	2012
Drive through private property to avoid traffic control device	\$85.00	71.08	\$85.00	0.0%	2012
Emergency Parking Prohibition	\$100.00	72.05	\$100.00	0.0%	2012
Equipment Requirements/Muffler	\$50.00	73.03	\$50.00	0.0%	2012
Excessive Vehicle Noise Prohibited	\$85.00	71.11	\$85.00	0.0%	2012
Fail to Remove Animal Waste	\$30.00	93.01	\$30.00	0.0%	2012
Fire Lanes; Rush Hour Traffic	\$50.00	72.13	\$50.00	0.0%	2012
Loading Zone	\$25.00	72.09	\$25.00	0.0%	2012
Motor-home/Trailer/Rec vehicle park restriction	\$25.00	72.07	\$25.00	0.0%	2012
Motorized Scooters	\$85.00	73.17	\$85.00	0.0%	2012
No Burning Permit in Possession	\$100.00	92.62	\$100.00	0.0%	2012
No Parking	\$25.00	Ordinance No. 72.04 (b) 3	\$25.00	0.0%	2012
No Parking-Bike Lane	\$25.00	70.05	\$25.00	0.0%	2012
No Parking-Snow Emergency	\$50.00	72.15	\$50.00	0.0%	2012
Nuisance Parking	\$25.00	Ordinance No. 92.19	\$25.00	0.0%	2012
Parallel Parking	\$25.00	72.02	\$25.00	0.0%	2012
Parking for Advertising or Sale Prohibited	\$50.00	72.11	\$50.00	0.0%	2012
Parking/Standing/Stopping Prohibited	\$25.00	72.01	\$25.00	0.0%	2012
Physically Handicapped Parking	\$200.00	72.12	\$200.00	0.0%	2012
Possession of uncased loaded firearm	\$125.00	130.05	\$125.00	0.0%	2012
Residential zoning district violation	\$40.00	154.056	\$40.00	0.0%	2012
Traffic Congestion Street/Restriction/Exemption	\$25.00	71.06	\$25.00	0.0%	2012
Truck Parking Restricted	\$25.00	72.06	\$25.00	0.0%	2012
Use of Bike/Skateboards/Rollerskates/Like	\$25.00	73.31	\$25.00	0.0%	2012
U-Turns Restriction	\$25.00	71.04	\$25.00	0.0%	2012
Vehicle repair on street/public parking lot restriction	\$85.00	72.1	\$85.00	0.0%	2012
Violate Angle Parking Ordinance	\$25.00	72.03	\$25.00	0.0%	2012
Violate motorized golf cart ordinance	\$50.00	73.16	\$50.00	0.0%	2012
Violation of Time Limit Parking	\$25.00	72.04	\$25.00	0.0%	2012
Water Shortages/Rest Use/Hours	\$100.00	Ordinance No. 52.06	\$100.00	0.0%	2012

City of Hutchinson
2019 Fee Schedule

Fee Type	2019 Fees	Notes	2018 Fees	% Change	Last Change
Public Works					
Engineering:					
* Design Review	3.00%	Review of site and grading plans and/or plans and specifications prepared by developer, or preliminary engineering of reconstruction plans.	3.00%	0.0%	2002
Final Design	6.00%	Preparation of project plans and specifications in-house.	6.00%	0.0%	2002
Construction Review and Staking	6.00%	Includes on-site and off-site construction services. Private developers must provide survey control and may complete this work with a consultant approved by the City and pay these costs directly.	6.00%	0.0%	2002
* Preliminary Development	1.00%	Plan review, City approval process, and preparation of developer, subdivision and/or development agreements.	1.00%	0.0%	2002
Contact Administration	2.00%	Assessment roll preparation, MN Statute 429 review, and contract administration and review.	2.00%	0.0%	2002
* Comprehensive Planning	2.00%	Comprehensive/infrastructure/system planning and improvement project studies/reports.	2.00%	0.0%	2014
Topographic Mapping	1.00%	GIS system and topographic mapping administration.	1.00%	0.0%	2014
* Housing needs fund	1.00%	Funding for HRA program supporting housing needs within the community. The HRA Board may waive this fee on projects meeting HRA Housing goals. Not applied to reconstruction or trunk utility improvements.	1.00%	0.0%	2002
Standard City Rate:					
Redevelopment/Newly Annexed	21.00%	Redevelopment and newly annexed (does not include "Housing Needs Fund")	21.00%	0.0%	2014
New Development	22.00%	New development (includes "Housing Needs Fund"). The City retains the right to approve which projects will be completed utilizing municipal financing based on guidelines approved by the City Council.	22.00%	0.0%	2014
Developer Designed & Financed Rate	7.00%	Minimum rate, including all items noted with asterisk (*). Private development projects utilizing more City services will be charged based on rates noted above. Hutchinson HRA may waive the 1% Housing Needs Fund fee based on low-income housing being included in the project.	7.00%	0.0%	2014
Engineering: Plans & Specs (paper)	\$80.00	Per set fee	\$80.00	0.0%	2002
Engineering: Plans & Specs (download set)	\$30.00	Per set fee	\$20.00	50.0%	2002

The City retains the right to engage a consultant to complete a portion of the Engineering and Project Administration. The developer shall have the preliminary and final plat approved prior to work commencing on final design. Financial assurance or bonding may be required for improvement being completed by private developers. The developer shall meet all design standards and financial surety requirements of the City.

City of Hutchinson
2019 Fee Schedule

Fee Type	2019 Fees	Notes	2018 Fees	% Change	Last Change
Typical Residential Improvement Assessment Rates:					
Total street reconstruction	\$80.00	Per adjusted front foot	\$80.00	0.0%	2010
Partial street reconstruction	\$65.00	Per adjusted front foot	\$65.00	0.0%	2013
Street rehabilitation	\$52.50	Per adjusted front foot	\$52.50	0.0%	2013
Mill/overlay of street	\$30.00	Per adjusted front foot	\$30.00	0.0%	2010
Water service lateral	\$3,000.00	or based on actual construction costs	\$3,000.00	0.0%	2010
Sewer service lateral	\$3,000.00	or based on actual construction costs	\$3,000.00	0.0%	2010
SAC (Sewer Availability Charge)	\$2,300.00	Residential per MCES criteria & Commercial/Industrial per MCES with initial unit + 50% of additional units	\$2,300.00	0.0%	2011
WAC (Water Availability Charge)	\$1,750.00	Residential per MCES criteria & Commercial/Industrial per MCES with initial unit + 50% of additional units	\$1,750.00	0.0%	2011
Assessment Search	\$30.00		\$30.00	0.0%	2011
Water Rates:					
Base charge	\$7.35	Per water meter	\$7.35	0.0%	2011
Usage (Residential, Retail, Commercial, Industrial)					
To 150,000 gallons per month	\$4.34		\$4.34	0.0%	2011
151,000 to 3,000,000 gallons per month	\$3.18		\$3.18	0.0%	2011
Over 3,000,000 gallons per month	\$2.36		\$2.36	0.0%	2011
Water Service Repair	\$0.50	Per water meter per month	\$0.50	0.0%	2011
Bulk water	\$45.00	Deposit for key rental	\$45.00	0.0%	2011
Key rental fee (Month or partial month)	\$45.00	Month or partial month	\$45.00	0.0%	2011
Lost key	\$585.00		\$585.00	0.0%	2011
Set up fee	\$25.00	Set up fee for putting a metered valve onto a hydrant for bulk water loading / use	\$25.00	0.0%	2016
Per load	\$20.00	South Park loaded by City staff	\$20.00	0.0%	2011
Per load	\$20.00	2 load/day, hydrant fills	\$20.00	0.0%	2011
Load Charge	\$8.00	per 1,000 gallon (rounded to nearest 1,000 ga.) \$20 minimum	\$8.00	0.0%	2015
Disconnect/Reconnecting Accounts					
Scheduled - Snowbirds or Foreclosures	\$30.00	\$30 for disconnect; \$30 for reconnect	\$30.00	0.0%	2011
Delinquent Accounts	\$40.00	\$40 for disconnect; \$40 for reconnect	\$40.00	0.0%	2011
		The \$40 disconnect fee applies to all accounts that do not pay by noon on the disconnect due date unless a payment arrangement is granted by the City prior to the noon.			
Reconnect after hours/weekends/holiday	\$100.00		\$100.00	0.0%	2011

City of Hutchinson
2019 Fee Schedule

Fee Type	2019 Fees	Notes	2018 Fees	% Change	Last Change	
Water Meter Fees:						
3/4" X 5/8"	\$280.00	Connections and flanges included	\$280.00	0.0%	2018	
1"	\$360.00	* meter pricing includes water meter transmitter	\$360.00	0.0%	2016	
1.5" Turbo	\$1,120.00	Water department staff will approve/disapprove or require application of turbo or compound meters.	\$1,120.00	0.0%	2018	
1.5" Compound	\$1,510.00		\$1,510.00	0.0%	2016	
2" Compound	\$1,740.00		\$1,740.00	0.0%	2018	
2" Turbo	\$1,300.00		\$1,300.00	0.0%	2018	
3" Compound	\$2,160.00		\$2,160.00	0.0%	2018	
3" Turbo	\$1,595.00		\$1,595.00	0.0%	2018	
4" Compound	\$3,600.00		\$3,600.00	0.0%	2018	
4" Turbo	\$2,910.00		\$2,910.00	0.0%	2018	
6" Compound	\$6,000.00		Water department staff will approve/disapprove or require application of turbo or compound meters.	\$6,000.00	0.0%	2016
6" Turbo	\$4,890.00		\$4,890.00	0.0%	2016	
Water meter testing fee	\$50.00	Plus all direct costs for testing by others	\$50.00	0.0%	2012	
Water meter transmitter	\$125.00	As needed, determined by the Water Dept.	\$125.00	0.0%	2015	
Telecommunications Application Fee:						
Telecommunication permit application	\$775.00		\$775.00	0.0%	2012	
Lease rates	Negotiated		Negotiated			
Sewer Rates: (will be reevaluated upon receipt of NPDES permit renewal)						
Base charge (CATEGORY A)	\$6.41	Per connection	\$6.41	0.0%	2011	
Usage (CATEGORY A)	\$6.42	Based upon January/February 30 day avg water usage	\$6.42	0.0%	2011	
Base charge (CATEGORY B)	\$6.41	Per connection	\$6.41	0.0%	2011	
Usage (CATEGORY B)	\$5.75	Based upon January/February 30 day avg water usage	\$5.75	0.0%	2011	
Load charges:						
Biochemical Oxygen Demand (BOD)	\$0.43	Greater than 140 mg/l	\$0.43	0.0%	2010	
Total Kjeldahl Nitrogen (TKN)	\$1.16	Greater than 50 mg/l	\$1.16	0.0%	2010	
Suspended Solids	\$0.40	Greater than 310 mg/l	\$0.40	0.0%	2010	
Phosphorous (P)	\$5.82	Greater than 6 mg/l	\$5.82	0.0%	2010	
Industrial Pretreatment Program Fees: (will be reevaluated upon receipt of NPDES permit renewal)						
New permit application fee						
Sewer users < 25,000 gals/day & Haulers	\$100.00	Permit application fee	\$100.00	0.0%	2006	
Sewer users > 25,000 gals/day	\$400.00	Permit application fee	\$400.00	0.0%	2006	
Annual Permit Fee						
Haulers	\$100.00	per year	\$100.00	0.0%	2006	
Sewer Users < 25,000 gals/day	\$700.00	per year	\$700.00	0.0%	2006	
Sewer Users 25,000 to 100,000 gals/day	\$1,400.00	per year	\$1,400.00	0.0%	2006	
Sewer Users > 100,000 gals/day	\$2,100.00	per year	\$2,100.00	0.0%	2006	
Annual site inspection fee	\$100.00		\$100.00	0.0%	2006	
Sampling and Lab costs	at Cost		at Cost		2006	
State and Legal Costs	at Cost		at Cost		2006	
Limits Exceedance Fees	\$150.00	per pollutant per sampling period	\$150.00	0.0%	2006	

City of Hutchinson
2019 Fee Schedule

Fee Type	2019 Fees	Notes	2018 Fees	% Change	Last Change
Hauling Waste Fees					
Portable Toilets Waste					
Truck tipping fee	\$6.00	per 100 gallons	\$6.00	0.0%	2006
Municipal WWTP Sludge					
Truck tipping fee	\$50.00	per truck load	\$50.00	0.0%	2006
Sludge volume fee	\$325.00	per dry ton	\$325.00	0.0%	2006
Garbage Rates:					
Weekly service					
30-gallon container	\$20.12	per month charge	\$20.12	0.0%	2008
60-gallon container	\$29.02	per month charge	\$29.02	0.0%	2008
90-gallon container	\$39.92	per month charge	\$39.92	0.0%	2008
Bi-weekly service	\$14.16	per month charge (60 & 90 gallon containers not available)	\$14.16	0.0%	2008
Weekly valet service					
30-gallon container	\$28.46	per month charge	\$28.46	0.0%	2008
60-gallon container	\$37.36	per month charge	\$37.36	0.0%	2008
90-gallon container	\$48.26	per month charge	\$48.26	0.0%	2008
Senior Citizens/Low Income Rate					
Bi-weekly standard service	\$14.16	30-gallon container; per month charge	\$14.16	0.0%	2008
Bi-weekly valet service (low income)	\$19.79	30-gallon container, per month charge	\$19.79	0.0%	2008
Senior citizen reduced rate (low income)	\$2.50	per month charge	\$2.50	0.0%	2008
Senior citizen reduced valet	\$10.84	per month charge	\$10.84	0.0%	2008
Senior citizen reduced bi-weekly valet	\$6.67	per month charge	\$6.67	0.0%	2008
Cart delivery fee	\$10.00		\$10.00	0.0%	2007
Stickers for extra garbage bag service	\$2.00	stickers available at City Center Administration window	\$2.00	0.0%	2007
Compost Carts					
First 95 gallon cart	\$0.00	free service	\$0.00	0.0%	2007
Second 95 gallon cart (optional)	\$100.00	annual billing - not to be prorated if cancelled within year	\$100.00	0.0%	2016
Storm Water Utility:					
Golf Course, Park, Open Space	\$5.75		\$5.58	3.0%	2018
Single & Two-Family Residential	\$4.43		\$4.30	3.0%	2018
Public/Private School & Institutional	\$22.31		\$21.66	3.0%	2018
Multi-Family Residential & Church	\$31.72		\$30.80	3.0%	2018
Commercial & Industrial	\$56.75		\$55.09	3.0%	2018
Lots 1 to 2 acres	\$7.68		\$7.46	3.0%	2018
Lots 2 to 3 acres	\$13.40		\$13.01	3.0%	2018
Lots 3 to 4 acres	\$19.11		\$18.55	3.0%	2018
Lots 4 to 5 acres	\$24.84		\$24.11	3.0%	2018
Lots over 5 acres		See Resolution No. 11637			
Drainage/Erosion Control permit	\$35.00	Drainage connection	\$35.00	0.0%	2012
	\$35.00	< 5,000 ft 2 disturbed	\$35.00	0.0%	2012
	\$100.00	5,000 ft2 - 1 acre disturbed	\$100.00	0.0%	2012
	\$200.00	1 to 5 acres disturbed	\$200.00	0.0%	2012
	\$300.00	More than 5 acres disturbed	\$300.00	0.0%	2012

City of Hutchinson
2019 Fee Schedule

Fee Type	2019 Fees	Notes	2018 Fees	% Change	Last Change
Cemetery:					
Flush marker grave space	\$790.00		\$790.00	0.0%	2017
Upright memorial grave space	\$1,030.00		\$1,030.00	0.0%	2017
Second right of interment	\$430.00		\$430.00	0.0%	2017
Baby section grave space	\$140.00		\$140.00	0.0%	2017
Flush marker cremation grave space	\$430.00		\$430.00	0.0%	2017
Upright memorial cremation grave space	\$1,030.00		\$1,030.00	0.0%	2017
Cremation grave space	\$430.00		\$430.00	0.0%	2017
Columbarium Niches Upper 3 rows	\$1,730.00		\$1,730.00	0.0%	2017
Lower 2 rows	\$1,350.00		\$1,350.00	0.0%	2017
Columbarium Shelter - all units	\$1,950.00		\$1,950.00	0.0%	2017
Replacement Bronze Plaque	\$380.00		\$380.00	0.0%	2017
Weekday interment	\$790.00		\$790.00	0.0%	2017
Weekend/Holiday interment	\$1,030.00		\$1,030.00	0.0%	2017
Winter weekday interment	\$925.00		\$925.00	0.0%	2017
Winter weekend/holiday interment	\$1,140.00		\$1,140.00	0.0%	2017
Weekday Baby interment	\$300.00		\$300.00	0.0%	2017
Weekend/Holiday Baby interment	\$540.00		\$540.00	0.0%	2017
Winter weekday Baby interment	\$600.00		\$600.00	0.0%	2017
Winter weekend/holiday Baby interment	\$650.00		\$650.00	0.0%	2017
Weekday cremation in-ground inurnment	\$415.00		\$415.00	0.0%	2017
Weekend/Holiday cremation in-ground inurnment	\$655.00		\$655.00	0.0%	2017
Winter weekday cremation in-ground inurnment	\$535.00		\$535.00	0.0%	2017
Winter weekend/holiday cremation in-ground inurnment	\$770.00		\$770.00	0.0%	2017
Vaulted cremains (additional charge)	\$240.00		\$240.00	0.0%	2017
Inurnment - Columbaria Weekday	\$375.00		\$375.00	0.0%	2018
Weekend/Holiday	\$600.00		\$600.00	0.0%	2018
Winter weekday	\$490.00		\$490.00	0.0%	2018
Winter weekend/holiday	\$700.00		\$700.00	0.0%	2018
Late charges (funerals arrive after 4pm)	\$215.00		\$215.00	0.0%	2017
Disinterment	\$1,650.00		\$1,650.00	0.0%	2017
Holding vault fee	\$135.00		\$135.00	0.0%	2017
Stone setting permit	\$80.00		\$80.00	0.0%	2012
Cemetery deed transfer	\$15.00	Rate set by Statute	\$15.00	0.0%	2008
Chapel rental	\$275.00	Per 1/2 day	\$275.00	0.0%	2017
Memorial Bench Program					
Single bronze plaque	\$550.00		\$550.00	0.0%	2017
Double bronze plaque	\$760.00		\$760.00	0.0%	2017
Engraved name/date per space	\$275.00		\$275.00	0.0%	2017
Commemorative Bench Program					
No memorial on bench; placed by Cemetery	\$2,500.00		\$2,500.00	0.0%	2017
Recording fee	\$80.00		\$80.00	0.0%	2012
Affidavit of Ownership	\$80.00	Claim of ownership by decent of title	\$80.00	0.0%	2012

City of Hutchinson
2019 Fee Schedule

Fee Type	2019 Fees	Notes	2018 Fees	% Change	Last Change
H.A.T.S. Facility:					
Fuel Charges	\$0.12	Fuel system maintenance, fuel treatment, equip wash bay	\$0.12	0.0%	2009
Airport:					
City-owned hangars:					
Hangars #1/9-1/18	\$40.00	Per month.	\$40.00	0.0%	2014
Hangars #2/1-2/8	\$85.00	Per month. Adjusted to \$0.96/SF annual cost	\$85.00	0.0%	2015
Hangars #3/2-3/4; 3/6-3/8	\$120.00	Per month. Adjusted to \$0.96/SF annual cost	\$120.00	0.0%	2014
Hangars #3/1 & 3/5	\$210.00	Per month. Adjusted to \$0.96/SF annual cost	\$210.00	0.0%	2014
Hangars #4/1-4/8	\$110.00	Per month. Adjusted to \$0.96/SF annual cost	\$110.00	0.0%	2015
City-owned storage spaces - Hangar #4	\$40.00	Per month. Adjusted to \$0.96/SF annual cost	\$40.00	0.0%	2014
Privately-owned hangar spaces:					
General Aviation	\$0.0393	per sq. ft. every other year (next adjustment in 2020)	\$0.0393	0.0%	2018
Commercial	\$0.1304	per sq. ft. every other year (next adjustment in 2020)	\$0.1304	0.0%	2018
Operations & Maintenance:					
Labor rate	\$50.00 /hr	Add \$20/hr for premium/overtime pay	\$50.00 /hr	0.0%	2012
Administrative fee	\$50.00		\$50.00	0.0%	2010
Mailbox reimbursement	\$275.00	Reimbursement to property owners for damaged mailbox not repaired by City staff.	\$275.00	0.0%	2018
Asphalt patching material	\$270.00 /ton	Per ton (up to 3 ton)	\$270.00 /ton	0.0%	2016
Other materials	Quoted		Quoted		
Equipment rental rates		See most recent FEMA reimbursement rates + 20% + Operator cost + Fuel surcharge			



2019 Annual Budget

Compensation Plan

RESOLUTION NO. 14977

CITY OF HUTCHINSON 2019 COMPENSATION PLAN

RESOLUTION ADOPTING THE PLAN, POSITION CLASSIFICATION ASSIGNMENT TABLE AND PAY GRID EFFECTIVE JANUARY 1, 2019

WHEREAS, the City Council has considered the existing classification of positions for the City of Hutchinson and the current economic conditions,

BE IT RESOLVED, that a Compensation Plan is hereby adopted. All positions covered by this Resolution shall be grouped in grades having a definite range of difficulty and responsibility. For each position there shall be a title; and there shall be shown examples of work which are illustrative of duties of positions, as well as requirements as to knowledge, abilities and skills necessary for performance of the work; and a statement of experience and training desirable for recruitment into a position.

A. Plan Objectives

- To establish and maintain a compensation plan that enables the City of Hutchinson to be highly competitive within our defined market.
- To lead or exceed the market in attracting and retaining qualified, reliable and motivated employees who are committed to quality and excellence for those we serve.
- To ensure, subject to the financial condition of the City, that employees receive fair and equitable compensation in relation to their individual contributions to the City's success.
- To follow the principles of pay equity in establishing and maintaining pay relationships among positions based on the categories of the Keystone Job Leveling System.
- To ensure program flexibility necessary to meet changing economic, competitive, technological, and regulatory conditions encountered by the City.
- To balance compensation and benefit needs with available resources.

B. Plan Structure

The compensation plan specifies salary range minimums and maximums. The intent of each salary grade is to fall within 80% and 120% of identified market for positions within the grade. (See Attachment B)

Each numbered pay grade in the basic table consists of the following:

1. **Salary Minimum:** The lowest amount paid to an employee in a specific job grade or class. No employee will receive less than the minimum rate. (80% of market)
2. **Salary Mid-point/Market Rate:** The middle of the salary range. (100% of market)
3. **Salary Maximum:** The highest amount paid to an employee in a specific job grade or class. No employee will be paid a base rate above the maximum of the salary range. (120% of market).

C. Open Salary Range

The City shall adopt an Open Salary Range compensation plan that will allow for maximum flexibility and in-range salary administration since there are not defined or pre-calculated

“steps”. Employee movement within the pay grade range to which their position is assigned is based solely on performance. The open salary range concept rewards good and exceptional performers and advances employees to the market rate more quickly. (See item I. [4])

D. Position Classification Assignment

The position assignment table shall assign all of the various positions to the appropriate pay grade (See Attachment A).

The City Administrator and Human Resources Director may jointly approve a reclassification of a position provided the reclassification does not exceed two grades upward or two grades downward from the current pay grade. To initiate consideration of this type of reclassification, the department director shall submit in writing the specific reasons for the reclassification.

Any changes to the classification of a position of more than two pay grades shall be approved by the City Council. Requests for reclassification are normally brought before the Council with the annual budget process, and at other times of the year, as needed. To initiate such a reclassification request, the department director shall submit a written request for consideration to the City Administrator and the Human Resources Director. The request shall include a description of significant or considerable changes to the position that warrant a reclassification. The City Administrator and Human Resources Director will determine if the reclassification request is to be forwarded to the City Council for consideration.

E. Allocation of New Positions

When a new position is created for which no appropriate description exists or when the duties of an existing position are sufficiently changed so that no appropriate description exists, the City Council, after recommendation of the Human Resources Director, shall cause an appropriate job description-specification to be written for said position.

F. Pay Grades

1. Exempt Employees

Each position is assigned a pay grade. The normal beginning rate for a new employee will be the minimum rate. After satisfactory completion of the required probationary period, an increase may be granted as warranted by the annual performance appraisal. Thereafter, consideration for increases may be given annually on a standardized date established by the City. The City Administrator reserves the discretion to adjust individual rates within the assigned pay grades as required. The Council will determine any pay increase for the City Administrator.

2. Non-Exempt Employees

Each position is assigned a pay grade. The normal beginning rate for a new employee will be the minimum rate. After satisfactory completion of the required probationary period, an increase may be granted as warranted by the annual performance appraisal. Thereafter, consideration for increases may be given annually on a standardized date established by the City. The City Administrator reserves the discretion to adjust individual rates within the assigned pay grades as required.

3. Police Patrol Positions

The position of full time police patrol officer is assigned to Grade 160 on the pay plan. Temporary assignments will be made from these positions as needed for the investigative function for the department. With said assignment, there will be an additional \$200.00 per month premium on top of the employee's patrol officer pay grid assignment.

4. Part-Time Liquor Store Clerk, Part-Time Custodial and Part-Time Compost Site Monitor Positions

The part-time positions of liquor store clerk, custodian, and compost site monitor have been placed in separate pay plans that recognize the specific industry labor markets in which they work.

The City Administrator and the Human Resources Director, as directed by the Administrator, shall maintain the discretion to hire at any point within the range based on the qualifications, experience, market conditions or other relevant factors, to secure the best candidate for the position.

G. Promotion, Position Reclassification, and Demotion Pay Rate Adjustment

1. When an employee is promoted or the position to which they are appointed is reclassified upward, the employee's pay rate will be adjusted as follows:
 - a. If the promotion or reclassification results in a one grade adjustment upward, the employee shall be compensated within the higher salary range at a rate that is equal to the compa ratio of the employee's pay rate in their current range.
 - b. If the promotion or reclassification results in more than a one grade adjustment upward, the employee's pay rate will be adjusted by using one of the following methods:
 - i. To at least the minimum of the higher salary range for classified staff positions; or
 - ii. If the employee's current pay rate is at or above the minimum of the promotional or reclassified position, the pay rate may be increased to a level within the salary range or budgeted pay rate amount that is equitable, based on the employee's related experience, qualifications and the pay rates of the other employees in the same position; or, the appropriate pay rate based on market conditions and competition. Generally, this pay rate increase ranges from 5% to 10%; or,
 - iii. To a level within the higher salary range that is equal to the compa ratio of the employee's pay rate in the current range if the increase does not exceed 10%.
2. When an employee is demoted or the position to which they are appointed is reclassified downward, the employee's salary will be adjusted as follows:
 - a. If the employee's current pay rate is within the salary range of the resulting position, the pay rate will remain unchanged.
 - b. If the employee's current pay rate is above the maximum of the salary range, the current pay rate may be maintained, but frozen until the pay rate falls within the

salary range as a result of adjustments to the pay grid, or may be lowered to the maximum pay rate of the lower pay grade.

When making salary adjustment decisions, the following may be considered:

- market condition trends, such as inflation and the current salary rates for the external market
- employee performance to reward increased productivity and performance improvements
- available resources, salary maximums, and other restrictions to ensure that the increase is allowable and that funds exist to cover it

The City Administrator will normally discuss the proposed pay adjustment with the director/department head and the Human Resources Director. The City Administrator must approve any pay rate adjustment due to promotion, reclassification or demotion and may vary from this policy and approve a different pay rate adjustment, per his/her discretion.

Definitions

Promotion - A promotion is the appointment of a current, active regular employee to a position in a higher salary range than the one to which the position is presently assigned. Most promotions will occur as a result of a job posting or a departmental reorganization. A promotion is also advancement to a position that requires performing accountabilities of increased complexity or responsibility.

Demotion - A demotion is the appointment of a current, active regular employee to a position in a lower salary range than the one to which the position is presently assigned. Most demotions will occur as a result of a departmental reorganization or disciplinary action. A demotion is also an appointment to a position that requires performing accountabilities of decreased complexity or responsibility.

Reclassification – A reclassification is the placement of a current position in a higher or lower salary grade because the position evaluation criteria have changed and now meet the requirements of a higher or lower pay grade.

H. Apprenticeship Program

The City has implemented an apprenticeship program for those Water and Wastewater Department positions subject to identified employee development including required licensures/demonstrated skills, experience /longevity, and maturation in a position that directly affect the department's ability to deliver municipal services.

I. Performance Evaluations

1. For all regular full time and part time employees, a performance appraisal or evaluation will be made on, at minimum, an annual basis and per city policy No. 3.08. An evaluation made by the employee's supervisor shall be submitted in writing to the employee and to the City Administrator/Human Resources Director. All evaluations will be forwarded to Human Resources for filing in the employee files.
2. Evaluations shall be based upon the performance of the individual in the position measured against established job performance criteria. Such criteria may include level of knowledge, skills, ability, and quality of work, personal work traits, compliance with established City or departmental rules and regulations or any other criteria that is indicative of performance.

- The performance appraisal process is the application of performance standards to past performance. In appraising an employee, these are the basic levels of performance:

Outstanding Performer - Performance is exceptional in all areas and is recognizable as being far superior to others.

Exceeds Expectations - Results clearly exceed most positions requirements. Performance is of high quality and is achieved on a consistent basis.

Solid Performer - Competent and dependable level of performance. Meets performance standards of the job.

Needs Improvement - Performance is deficient in certain area(s). Improvement is necessary.

Unsatisfactory - Results are generally unacceptable and require immediate improvement.

- Results

The results of the employee's evaluation will normally have the following effect on his/her salary per the following Merit Increase Guide:

Merit Guide Chart						
Pay Level Within Grade						
Compa Ratio	80-88	88.1-96	96.1-104	104.1-112	112.1-116	116.1-120
Performance Rating	Minimum	Lower Middle	Midpoint (Competitive Market)	Upper Middle	Maximum	Maximum
Outstanding Performer (4.51 - 5)	7%	6%	5%	4%	3%	2%
Exceeds Expectations (3.51 - 4.5)	6%	5%	4%	3%	2%	1%
Solid Performer (2.51 - 3.5)	5%	4%	3%	2%	1%	0%
Needs Improvement (1.51 - 2.5)	2%	0%	0%	0%	0%	0%
Unsatisfactory (0 - 1.5)	0%	0%	0%	0%	0%	0%

NOTE: 1) % increase may not result in a pay rate higher than the maximum noted on the pay grid

**Compa-ratio refers to the location of the individual in the range relative to the market.*

Merit/performance increases for eligible regular full time and regular part time employees will be effective on the first date of the first full pay period commencing on or after March 1, except for newly hired employees. For 2019, the effective date is Sunday, March 10, 2019. New employees are eligible for consideration for a merit/performance increase after one year of continuous employment, generally, the first year anniversary date. In subsequent years, eligible employees will be eligible for consideration for the merit/performance increase as specified previously and at the discretion of the department director. Application of merit/performance increases for employees appointed to the position of full time police patrol officer is subject to collective bargaining.

- Market Conditions

Notwithstanding any language to the contrary, the City Council retains the right to deviate from the pay plan when, in the sole judgment of the City Council, market conditions or other circumstances dictate such a decision.

The City Administrator and Human Resources Director maintain final approval responsibility for salary increases.

J. Annual Market Adjustment Consideration

As part of the budget preparation process, an annual market adjustment to the existing pay grid, expressed as a percentage increase, is recommended to the City Council for review and consideration for approval.

In determining a recommendation for an annual market adjustment, at least the following information shall be considered:

1. U.S., Midwest, and Minneapolis/St. Paul consumer price index changes (CPIU & CPIW)
2. Employment cost data
3. Social Security and PERA calculation of cost of living increase
4. Unemployment rate
5. Employee turnover rate
6. Legislative growth factor constraints

An approved market adjustment is applied only to the City Pay Grid, and no individual market increases will be granted in 2018. If an adjustment to the pay grid results in a regular employee's wages being below the minimum rate of the grid, the wages for the affected employee(s) will be increased to the newly established minimum rate effective January 1st.

K. Modification of the Plan

The City Council reserves the right to modify any or all of the components or to vary from any of the components of the Compensation Plan at its discretion and at any time.

L. Review of the Plan

As often as necessary to assure continued correct classification, the Position Evaluation and Compensation Plan shall be reviewed by the Human Resources Director and necessary adjustments recommended to the City Council. It is recommended that a comprehensive review be completed at least every five years.

M. Filing of the Plan

Upon adoption of the Resolution, a copy of the Compensation Plan approved by the City Council shall be placed on file with the City Administrator. The plan so filed and subsequently adjusted by the Council shall be the Compensation Plan of the City.

BE IT FURTHER RESOLVED BY THE CITY COUNCIL OF THE CITY OF HUTCHINSON

That the following tables are hereby adopted as the City Position Classification Table and Pay Grid, to be reviewed from time to time, as appropriate.

CITY OF HUTCHINSON
2019 Position Classification Table

Grade	Position	Grade	Position
110	PT Adaptive Recreation Coordinator	150	Equipment Mechanic
110	PT Compost Scale Operator	150	Maintenance Lead Operator
110	PT Maintenance -City Center	150	Parks Maintenance Specialist
110	PT Custodian - Event Center/Recreation Center	150	Sales & Marketing Specialist
110	PT Liquor Sales Clerk		
110	PT Office Specialist - Event Center	160	Arborist
110	PT PRCE Receptionist	160	Building Inspector
		160	Executive Assistant/Paralegal
120	Administrative Secretary - Public Works	160	Police Officer - FT/PT
120	General Maintenance Worker - Event Center		
120	Permit Technician	170	Event Center Coordinator
120	Licensing Clerk FT/PT	170	Recreation Services Coordinator
120	PT Recreation Facility Maintenance Technician	170	Senior Engineering Specialist
120	PT Recreation Specialist/Concessions Coordinator	170	Server/Network Technician
120	PRCE Maintenance Technician		
120	Utility Billing Specialist	180	Building Official
120	Water/Wastewater Technician	180	Facilities Manager
		180	Motor Vehicle Deputy Registrar
130	Administrative Secretary - Engineering	180	Parks Supervisor
130	Compost Laborer	180	Police Sergeant
130	Emergency Dispatcher - FT/PT	180	Project/Environmental/Regulatory Manager
130	Hospital Security Guard - FT/PT	180	Senior Accountant
130	Police Administrative Specialist	180	Wastewater Supervisor
130	Police Supplemental Services Specialist	180	Water Supervisor
130	PT Human Resources/Administrative Technician		
130	Public Works Maintenance Operator	190	Police Lieutenant
130	Wastewater Maintenance Operator	190	Recreation Facilities Operations Manager
130	Water Plant Operator		
		200	Compost Manager
140	Compost Equipment Operator	200	Economic Development Director
140	Compost Operations Specialist	200	Fire Chief
140	Information Technology Specialist	200	Liquor Sales Manager
140	Lab Technician/Wastewater Operator	200	Public Works Manager
140	Parks Maintenance Equipment Operator		
140	Payroll/Benefits Specialist	220	Finance Director
140	Plant Equipment Mechanic II	220	Human Resources Director
140	Police Investigations Specialist	220	Information Technology Director
140	Senior Accounting Specialist	220	Parks/Recreation/Community Ed (PRCE) Director
140	Senior Liquor Sales Clerk	220	Planning Director
140	Senior Public Works Maintenance Operator		
140	Senior Water Plant Operator	230	City Attorney
140	Senior Wastewater Operator	230	Police Chief/Emergency Management Director
		230	Public Works Director/City Engineer
150	Compost Coordinator		
150	Inspector	260	City Administrator
150	Engineering Specialist		



2019 Annual Budget

Financial Management Plan

PURPOSE

The City of Hutchinson (City) has a responsibility to provide quality services to its residents and considers it important to do so in a fiscally responsible fashion designed to keep services and taxes as consistent as possible over time. This Financial Management Plan (Plan) is designed to serve as the framework upon which consistent operations may be built and sustained, which guides responsible use of municipal resources and contributes to the City's overall financial health.

This Plan serves three main purposes:

1. It draws together the City's major financial policies in a single document.
2. The plan establishes principles to guide both staff and City Council members to make consistent and informed financial decisions.
3. The plan provides guidelines for ensuring and maintaining an appropriate level of funds, unreserved and reserved, to sustain the financial integrity of the City.

The objectives of this Plan are:

- To provide both short term and long term future financial stability by ensuring adequate funding for the provision of services needed by the community;
- To protect the City Council's policy-making ability by ensuring that important policy decisions are not controlled by financial problems or emergencies;
- Prevent financial difficulties in the future;
- To provide sound principles to guide the decisions of the City Council and Administration;
- To employ revenue policies which prevent undue or unbalanced reliance on certain revenues, distribute the cost of municipal services fairly, and provide funding to operate desired programs;
- To provide essential public facilities and prevent deterioration of the City's public facilities and infrastructure;
- To protect and enhance the City's credit rating and prevent default on any municipal debt;
- To create a document that City staff and City Council Members can reference during financial planning, budget preparation and other financial management issues.
- **The financial management plan will be reviewed annually during the city's budgeting process.**

CASH AND INVESTMENTS

PURPOSE

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, or his designee, 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.

SCOPE

The City Administrator, or his designee, is responsible for the investing of all financial assets of the City of Hutchinson, excluding pension funds. These funds are accounted for in the City's Comprehensive Annual Financial Report and include the following:

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Project Funds
- Enterprise Funds
- Internal Service Funds
- Economic Development Authority

PRUDENCE

Investments shall be made with judgment and care, not for speculation, but for investment, considering the probable safety of the capital as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing the overall portfolio. Investment officers acting in accordance with this policy, with MN 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

- 1) **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.
 - a. Credit Risk – the risk of loss due to failure of the security issuer or backer, will be minimized by:
 - i. Pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the City will do business in accordance with this policy under Authorized Financial Dealers and Institutions.
 - ii. Limiting investments to the types of securities listed in this policy under Authorized and Suitable Investments.
 - iii. 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.

- b. **Interest Rate Risk** – the risk that the market value of securities in the portfolio will fall due to changes in market interest rates will be minimized to:
 - i. Provide for liquidity by reviewing cash flow requirements and making investments to meet the shorter cash flow needs, thereby avoiding the need to sell securities in the open market prior to maturity.
 - ii. Manage the annual maturity of the overall portfolio to be consistent with the risk of the City.
- 2) **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 to emphasize liquidity and consist 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 that offer same day liquidity for short-term funds.
- 3) **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. A security with declining credit may be sold early to minimize loss of principal.
 - b. A security swap would improve the quality, yield, or target duration in the portfolio.
 - c. Liquidity needs of the portfolio require that the security be sold.

DELEGATION OF AUTHORITY

Authority to manage the City’s investment program is derived from MS 118A which authorizes the City to invest any funds not presently needed for other purposes. This law applies to all types of funds not presently needed, including all general, special revenue, permanent, trust or other funds regardless of source or purpose. Under this chapter, a city may invest idle funds in state or national banks, savings and loan associations, or credit unions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the policy.

Management responsibility for the investment program is hereby delegated to the City Administrator, or his designee, who shall be responsible for all transactions. The City Administrator, or his designee, shall establish procedures for the operation of the investment program, consistent with this policy. Such procedures may include delegation of authority to persons responsible for investment transactions.

ETHICS AND CONFLICTS OF INTEREST

The City Administrator and Finance staff involved in the investment process shall refrain from conducting personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Investment staff shall annually disclose to the City Council any material financial interests as required by state statute. Investment staff shall subordinate their personal investment transactions to those of the City, particularly with regard to the time of purchases and sales, and shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City.

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The City Council will annually approve by resolution the depositories and a list of financial institutions authorized to provide investment services.

- 1) Only approved security broker/dealers, selected by creditworthiness, shall be utilized, with a minimum of \$10,000,000 capital and at least five years of operation.
- 2) Financial institutions must be qualified as a “depository” by the City Council; these may include “primary” dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (Uniform Net Capital Rule).
- 3) All investments must be insured or registered, or securities must be held by the City or its agent in the City’s name.
- 4) No public deposit shall be made except in a qualified public depository, as established by state laws.
- 5) When investments purchased by the City are held in safekeeping by a broker/dealer, they must provide asset protection of \$500,000 through Securities Investor Protection Corporations (SIPC), and at least another \$2,000,000 Supplemental Insurance Protection, provided by the broker dealer.
- 6) Before engaging in investment transactions with the City, the supervising officer at the securities broker/dealer shall submit a certification of “Notification to Broker and Certification by Broker Pursuant to MN Statute 118A”. Said certification will state that the broker/dealer has reviewed the investment policies and objectives, as well as applicable state law, and agrees to disclose potential conflicts or risk to public funds that might arise out of business transactions between the securities broker/dealer firm and the City. All financial institutions shall agree to undertake reasonable efforts to preclude imprudent transactions involving the City’s funds.

AUTHORIZED AND SUITABLE INVESTMENTS

It shall be the policy of the City that available funds be invested to the best rates obtainable at the time of investment in conformance with the legal and administrative guideline outlined herein. US Treasury Obligations and Federal Agency Securities will be given preference when the yields are equal to or greater than alternative investments.

The investments of the City will be made in accordance with Minnesota Statutes, section 118A, which lists all permissible investments for municipalities.

COLLATERAL

Interest-bearing deposits in authorized depositories must be fully insured or collateralized.

Collateralization will be required on Certificates of Deposits (where the dollar amount is in excess of FDIC coverage). In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 110% of the market value of principal and accrued interest. When the pledged collateral consists of notes secured by first mortgages, the collateral level will be 140% of the market value of principal and accrued interest. Collateral shall be deposited in the name of the City, subject to release by the City Administrator.

SAFEKEEPING AND CUSTODY

Securities purchased shall be held by a third party trustee as a safekeeping agent and in a segregated account for the City’s benefit. The investment dealer or bank in which the security is purchased shall issue a confirmation ticket to the City listing the specific instrument, issuer, coupon, maturity, CUSIP number, purchase or sale price, transaction date, and other pertinent information. The financial service provider that executes the transaction on the City’s behalf shall deliver all securities on a delivery versus payment method (DVP) to the designated third party. Delivery versus payment (DVP) is a way of controlling the risk to which securities market participants are exposed. Delivery of securities (i.e. the change in their ownership) is done simultaneously with payment. This

means that neither the buyer nor the seller is exposed to the risk that the other will default. The City may not invest in securities that are uninsured. Securities will be held in the City's designated accounts.

Investments, contracts and agreements may be held in safekeeping with:

- Any Federal Reserve bank;
- Any bank authorized under the laws of the United States or any state to exercise corporate trust powers, including, but not limited to, the bank from which the investment is purchased.

DIVERSIFICATION

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. Diversification strategies shall be determined and revised periodically by the City Council for all funds.

1) Institutions – Diversity between financial institutions used.

- a. The City Administrator or investment designee will attempt to diversify its investments equally amongst investment companies, keeping in mind that some temporary fluctuations may occur throughout the year (i.e. tax settlement in June, GO Bonds for projects, etc.).
- b. No funds may be invested in any single investment company in excess of the amount insured by it.

2) Maturities – Diversity in length of maturities

- a. Investments shall be made to assure that funds are constantly available to meet immediate payment requirements.
- b. No investments shall be made with a term of more than 10 years.

3) Investments – The City should maintain a diversity of investments.

- a. Depending on market conditions, with the exception of US Treasury Securities, authorized pools, and Federal Agencies (backed by the full faith and credit of the US Government or its agencies), no more than 50% of the City's total investment portfolio may be invested in any one of the following: Certificates of Deposit or Commercial Paper.

POOLING OF INVESTMENTS

The City shall pool excess cash from all funds into one investment account in order to maximize the amount of monies available for investment. Monthly investment earnings shall be allocated among the various funds based on monthly cash balances.

PRIOR POLICY

The policy above supersedes the prior city policy #1.14.

Cash Controls & Procedures Policy

PURPOSE:

To provide reasonable controls for the handling and safeguarding of monies received in the course of operations at various City facilities, and to protect City assets and minimize the potential for theft, fraud and discrepancies in cash transaction records. The purpose of this policy is also to protect City employees from inappropriate charges of mishandling of funds by defining his/her responsibilities in the cash handling process.

Cash Systems and Records

All cash received in the course of operations, including concessions sales, must be entered into the City's point-of-sale (POS) system. Each transaction type will have a preset code within the POS system with predetermined prices set up per City approved pricing amounts. Separate cash drawers shall be maintained at each point-of-sale location and shall be integrated with the POS system for formal accounting of each transaction.

All employees authorized to receive cash shall have a separate user ID and password to gain access to the POS system. Employees shall not share POS access information with others.

Daily reports will be generated from the POS system and forwarded to Finance on a weekly basis along with the daily cash proofs for each cash drawer and the daily bank deposit proof. Finance will reconcile submitted documentation to the bank records.

Safeguarding of Cash

The facility will have a cash safe with either a combination or key lock. Access to the safe shall be restricted to City approved managers. The combination or key shall be changed periodically due to turnover of authorized personnel or if theft occurs. The cash safe shall be located within a secure room or office with access limited only to authorized personnel. Ideally, the office shall have computerized records of access based on an employee access card.

Transporting and counting of monies within the facility must always be done by two authorized employees and never by only one employee. Cash and deposit counts must always be performed within the secure office and documented by each of the two employees. Signatures by each employee on a daily cash log represents approval of the cash count and bank deposit. Discrepancies between the cash counts and the actual bank deposit shall be directly addressed to the two employees evidenced on the cash log and the manager of the facility, or their designees.

Employees may be subject to disciplinary action or termination due to cash discrepancies or theft.

Daily Cash Handling Process

1) Cash Drawer start-up cash

- a. Each morning prior to opening for business, the facility manager, or the designee, shall prepare each cash drawer with the preapproved amount of cash and coin.
- b. Cash drawers shall remain in the secure location until the start of business.
- c. Each employee working a cash drawer shall recount the start-up cash and sign off on the daily cash log sheet.
- d. The manager on duty shall walk each employee to the appropriate cash register and verify that the cash drawer is placed in service and that the employee logs into the POS system.
 - i. Cash drawers shall never be transported by only one employee.

2) Cash Transactions

- a. All cash and credit transactions must be entered through the POS system.
 - i. Acceptance of personal checks will be prohibited at certain facilities. Those facilities shall have a sign posted informing customers of this policy.
- b. A receipt shall be offered to the customer after every transaction.
- c. Only the approved managers shall have system authority to process refunds, returns, voids or over-rings.

3) Cash Drawer Count and Reconciliation

- a. At the end of each employee's shift, the manager on duty shall verify that the employee logs off the POS system.
- b. The manager shall remove the cash drawer and walk with the employee to the secure office.
- c. The cash drawer shall be counted immediately by the employee in the direct presence of the manager and documented on the daily cash log.
 - i. The cash count shall be compared to a cash register report from the POS system and any discrepancy shall be noted.
- d. The manager shall recount the cash drawer and evidence the cash count on the daily cash log.
 - i. Any discrepancies in count between the employee and manager shall be reconciled prior to finalizing the daily cash log.
 - ii. If employee and manager are in agreement, both parties sign the daily cash log and the monies and log sheet are placed in the safe by the manager prior to the employee leaving the secure room.

4) Bank Deposit Preparation

- a. The shift manager, in the presence of the facility manager, or the designee, shall prepare a total daily bank deposit based on the daily cash logs of each cash drawer.
 - i. The facility manager, or the designee, verifies that each cash log sheet is properly approved by employee and shift manager.
 - ii. The facility manager, or the designee, recounts the cash and verifies that the total deposit amount is in agreement with the totals of each daily cash log.
- b. Start-up cash for the following day's cash drawers are deducted from the daily deposit.
 - i. The start-up cash is placed in a bank bag and stored in the safe for the subsequent day cash drawers.
- c. The shift manager and facility manager, or their designees, sign the deposit slip, make a copy for Finance Department, and place the monies and deposit slip in the bank deposit bag.
 - i. The deposit bag is placed in the safe, witnessed by both employees.

5) Transporting Daily Deposit to the Bank

- a. For deposits made at night, an on-duty police officer shall be called to the facility to transport the shift manager, or the designee, and deposit bag to the bank. The deposit bag shall be removed from the safe with the police officer present as witness. If the police are unavailable, two authorized employees shall deliver the deposit to the bank.
- b. For deposits made during the day, it is preferable to have two employees deliver the deposit to the bank.

6) Daily Reports to Finance

- a. The facility manager, or the designee, shall be responsible for forwarding the following information to the Finance Department:
 - i. Approved Daily Cash Logs

- ii. Daily POS system report with subtotals by cash register
 1. POS reports shall be only for the operations of one specific department.
 - iii. Copy of the approved Daily Bank Deposit slip
 1. The facility's deposit shall be made separately from any other related departmental operations (i.e.: Aquatic Center deposits shall be separate from Recreation deposits)
 - iv. Any other reports as may be determined from time to time.
- b. Finance shall reconcile facility reports to the bank statement.

Other Cash Controls

- 1) Currency larger than a twenty-dollar bill (\$20) shall be inspected for any signs of being counterfeit.
- 2) Only cash or credit cards will be accepted at certain facilities.
- 3) Credit cards will be processed at the point-of-sale and must not leave the customer's sight. In no instance will credit card information be written down by City staff or retained in any fashion.
- 4) A receipt is required to be given to the customer for every transaction.

Cash Operations without a POS System

Some City operations may be conducted in a location where it is not feasible to have a POS system to account for cash transactions, such as the Roberts Park concession building and offsite events for the liquor store. This policy is still applicable in those instances with the exception of reconciling the receipts to a POS system report. Daily cash count sheets must still be maintained and approved, and deposits shall be made on the next business day. If possible, two employees shall be present when counting the cash and creating the deposit slip.

Policy Compliance

All employees of the City of Hutchinson, primarily Liquor Hutch and the Aquatic Center, who are responsible for cash transactions shall be subject to the procedures within this document. The Finance department acknowledges that certain aspects of this policy may not be practical for all situations. A deviation from policy may be approved if it is determined that that such deviation does not present a material risk of mishandling or misreporting cash activity. Any deviation from this policy must be approved by the Finance Director.

The City's Finance department shall reserve the right to create an internal audit process and to perform audits as determined necessary.

REVENUE POLICY

PURPOSE

The City of Hutchinson is committed to maintaining a revenue system that meets the City's immediate and long-term service delivery needs, protects the City's creditworthiness, and follows best practices for administration and collection.

REVENUE STRUCTURE AND SOURCES

The City will strive to maintain a stable and diverse revenue system to reduce the effects of short-term fluctuations in any one revenue source. Services having a city-wide benefit shall be financed with revenue sources generated from a broad base, such as property taxes, state aids and transfers from enterprise funds. Services where the customer determines the use shall be financed with user fees, charges and assessments related to the level of service provided.

1) Property Taxes

Property tax payments are the largest source of revenue in the City's General fund, accounting for approximately 40% of the total annual revenue. The City will strive to proactively avoid large increases in property taxes and will explore all other alternatives, including:

- Other policy options (debt management, fees & charges, cost allocation, expenditure cuts and use of reserves).
- Budget scenarios for a 0% tax levy, including potential reductions in service levels.
- Consideration will be given to staying within the amount of revenue generated by increased market value with no increase in the tax rate.

If after exhausting these alternatives, a tax increase is required, the goal of the City will be to keep any property tax rate increase at or below the prevailing inflation rate. City services will be funded to the maximum extent possible by the increases in market valuation (i.e.; new tax base growth and valuation increases).

Possible factors for considering an increase in property tax include:

- Long-term protection of the City's infrastructure.
- Meeting legal mandates imposed by outside agencies.
- Maintaining adequate fund balance and reserve funds sufficient to the City's Fund Balance Policy.
- Funding City development and redevelopment projects that will clearly result in future tax base increases. The expenditures of development and redevelopment funds must be in accordance with a defined strategy as shown in the City's comprehensive plan, capital improvement plan, and other council documents.

Property tax increases to meet other purposes will be based on the following criteria:

- A clear expression of community need.
- The existence of community partnerships willing to share resources.
- Establishment of clearly defined objectives and measurements of success, including appropriate sunset provisions.
- Voter approved referendums for specific community needs/projects.

2) Fees and Charges

The City will establish fees and charges for services when the cost of services can be allocated equitably among service users.

a. General Fund

Tax dollars should support essential City services that benefit and are available to everyone in the community (such as parks, police and fire protection). For services that largely or solely benefit individuals, the City should recover full or partial costs of service delivery through user fees. The user fees must not exceed the full cost of providing the service.

b. Enterprise Fund User Fees

Customer or user fees for services/products provided by an enterprise fund shall be determined at a level that fully covers the total direct and indirect costs, including operating expenses, capital expenditures and debt service. The fees shall also provide for a positive cash flow and adequate working capital.

c. Fee Schedule

The City's fee schedule shall document all fees charged, or assessed, for services provided to users or customers. Departments shall review existing fees as part of the annual budgeting process to ensure that fees keep pace with changes in the service delivery costs as well as changes in methods or levels of service delivery. Fees for new services shall also be determined in a manner that equitably charges the user for the service provided. Administration and Finance shall compile a preliminary fee schedule and present to city council for review by October 31 of each year with final approval of the schedule-taking place by December 31 of each year.

REVENUE ESTIMATES

The City will conservatively estimate and budget for its annual revenues using an objective, analytical process. All existing and potential revenue sources will be re-examined annually.

NON-RECURRING REVENUES

Revenue sources that are non-recurring in nature shall not be used to fund ongoing programs or operations of the City. This includes revenue such as sales of assets, settlement from a lawsuit, inter-fund transfers and other one-time payments. These revenue items should be used to build reserves or for projects that will result in long-term operating costs savings.

Non-recurring revenue may also include grants and donations. These revenue sources should be dedicated to the use designated by the grantor or donor.

The annual budget shall be prepared in a manner that eliminates, or minimizes, reliance on unpredictable or non-recurring revenues for on-going operating costs.

OPERATING BUDGET

PURPOSE:

The objective of the operating budget policy is to ensure that sufficient information is available to decision makers to provide for adequate levels of funding for essential City services at reasonable costs.

Budgeting is an essential element of the financial planning, control and evaluation process of municipal government. The “operating budget” is the City’s annual financial operating plan. The annual budget includes all operating departments of the general fund, other governmental funds and proprietary funds.

The budget will provide for adequate maintenance of city facilities and equipment and for their orderly replacement.

The following funds are included within the City’s annual budget:

GOVERNMENTAL FUNDS:

- 1) **General Fund**, which accounts for all financial resources except those required to be accounted for in another fund, and include basic governmental services, such as Police, Fire, Parks and Recreation, Streets and Highways, Building Inspections, Cemetery, Airport and Administrative services.
- 2) **Special Revenue Funds**, which account for revenues that are legally restricted or committed to a specific purpose other than debt service and capital projects. The City currently budgets for the Economic Development Authority and the H.A.T.S. Facility funds. (See exhibit A)
- 3) **Debt Service Funds**, which are used to account for the payment of general obligation bond principal and interest from the City’s debt tax levy and special assessment bond principal and interest from special assessment levies.
- 4) **Capital Projects Funds**, which are used to account for the acquisition or construction of major capital projects other than those financed by proprietary fund activities.

PROPRIETARY FUNDS:

Proprietary funds will be self-supporting and user rates or fees will be reviewed annually and adjusted if necessary to ensure adequate funding of operating and capital expenses.

- 1) **Enterprise Funds**, which include the City’s “business-type” activities. The City budgets for the Liquor, Water, Wastewater, Storm Water, Compost and Refuse funds.
- 2) **Internal Service Funds**, which account for the financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis. The City budgets for the Equipment Replacement and Self-Insurance funds.

BASIS OF ACCOUNTING AND OF BUDGETING:

The City accounts and budgets for all **Governmental Funds** using the modified accrual basis of accounting. This basis means that revenue is realized in the accounting period in which it becomes available and measurable, while the expenditures are recognized in the accounting period in which they are incurred. Exceptions to the modified accrual basis include:

- Grants, which are considered revenue when awarded, not received; and
- Principal and interest on long-term debt, which are recognized when paid.

The City's **Proprietary Funds** are accounted and budgeted using the *full-accrual basis of accounting*. Under this method, revenues are realized when they are earned and measurable, while expenses are recognized when they are incurred regardless of timing or related cash flows. The basis for preparing the budget is the same as the basis for accounting except for principal payments on long-term debt and capital outlay expense, which are treated as budgeted expenses.

BALANCED BUDGET:

The City Administrator shall submit a balanced General fund budget that provides for all current expenditures with current revenues, matching ongoing operating expenses with the appropriate source of ongoing revenues, except in emergency situations or in the event of unforeseen needs.

The City will avoid budgetary procedures that balance current expenditures at the expense of meeting future years' budgets.

Any inclusion of previous years' excess fund balance in the adopted budget will be intended for one-time or non-recurring expenses or projects.

The impact on the operating budget from any new programs or activities being proposed should be minimized by providing funding with newly created revenues wherever possible.

BUDGETARY CONTROLS:

The City Administrator will ensure that a budgetary control system is in place to adhere to the adopted budget and will provide monthly reports comparing actual revenues and expenditures to the budgeted amounts. The legal level of budgetary control is at the department level within a fund.

- 1) Departments shall not exceed the budget within the four main expense categories without City Administrator approval. Specific expense items within a category may be over budget as long as the category in total does not exceed the budget. The main expense categories are as follows:
 - a. Wages & Benefits
 - b. Supplies
 - c. Services & Charges
 - d. Miscellaneous
- 2) Surplus departmental revenue may not be used to justify overspending an expenditure without approval from the City Administrator.
- 3) The City Administrator is authorized to approve a transfer of funds from one appropriation to another within the budget of any department of the City. Department means any city function organized under the direct control of a single department head. Such approval shall be made by written memorandum setting forth the reasons therefore.
- 4) No officer or employee of the City shall place any order or make any purchase except for a purpose and to the amount authorized in the budget resolution, or as authorized by the City Administrator.

CAPITAL IMPROVEMENT PLAN:

The City Administrator will coordinate the development of the Capital Improvement Plan with the development of the operating budget. Costs associated with new capital improvements will be tracked for each project and included in future budget forecasts.

PUBLIC HEARING:

The City's budgeting process allows for public input at various budget workshops as well as the annual Truth in Taxation hearing.

FUND BALANCE

Policy Overview:

Fund Balance is defined as the difference between assets and liabilities reported in a governmental fund. It is essentially the accumulation of all prior years' net surpluses and/or deficits of revenues over expenditures.

The City of Hutchinson (City) understands it has a responsibility to maintain prudent financial practices to ensure stable operations for the benefit of city residents and businesses. Fund balance reserves are an important component in ensuring the overall financial health of a community by giving the City cushion to meet contingency or cash flow timing needs.

The office of the State Auditor recommends that at year-end, local governments maintain an unrestricted fund balance in their general fund and special revenue funds of approximately 35 to 50% of fund operating revenues, or no less than five months of operating expenditures. While the bond rating agencies do not have recommended fund balance levels, the agencies look favorably on larger fund balances, which protect against contingencies and cash flow needs.

The purpose of this policy is to establish specific guidelines the City will use to classify fund balances into categories based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in these funds can be spent.

Classification of Fund Balance:

Annual financial statements shall be prepared in accordance with generally accepted accounting principles establishing fund balance at the end of each year into the following categories:

1) Non-spendable

- a. This category includes amounts that are not in a spendable form (i.e.: prepaid expense or supply inventories). Resources that must be maintained intact pursuant to legal or contractual requirements are also considered non-spendable.

2) Restricted

- a. Amounts subject to externally enforceable legal restrictions (creditors, grantors, contributors and by law through constitutional provisions or enabling regulations).

3) Unrestricted

The total of committed fund balance, assigned fund balance and unassigned fund balance as described below:

a. Committed

- i. Fund balance that can only be used for the specific purposes determined by the City Council. The 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 commit those amounts.
- ii. The City Council will annually, or as deemed necessary, commit specific revenue sources for specified purposes by resolution. This formal action must occur prior to the end of the reporting period, however, the amount to be subject to the constraint, may be determined in the subsequent period.
- iii. To remove the constraint on specified use of committed resources, the City Council shall pass a resolution.

b. Assigned

- i. Amounts that are constrained by the government's intent to use for specified purposes, but are neither restricted nor committed. Assigned fund balance in the General fund includes amounts that are intended to be used for specific purposes.
- ii. The City Council has delegated the authority to assign and remove assignments of fund balance amounts for specific purposes to the City Administrator.

4) Unassigned

- a. Unassigned fund balance represents the residual classification for the General fund. This includes amounts that have not been assigned to other funds and have not been restricted, committed, or assigned to specific purposes within the General fund. The General fund should be the only fund that reports a positive unassigned fund balance amount.

Governmental Funds:

The City's governmental funds include the following fund types:

1) General Fund

- a. The City will maintain an unrestricted fund balance in the General fund of an amount not less than 40% of the next year's General fund budgeted expenditures. This will assist in maintaining an adequate level of fund balance to provide for cash flow requirements and contingency needs because major revenues, including property taxes and other government aid are received in the second half of the City's fiscal year.

2) Special Revenue Funds

- a. Special Revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. Governmental accounting standards require that substantial inflows of revenues into a special revenue fund be either restricted or committed in order for the fund to be considered a special revenue fund.

3) Debt Service Funds

- a. Debt Service fund balances are considered restricted. They are resources that are being accumulated for payments of principal and interest maturing in the current and future years.

4) Capital Projects Funds

- a. Capital Project fund balances are considered either committed or assigned. They are resources that are used to account for the acquisition or construction of capital facilities, infrastructure and equipment, other than those financed by Enterprise funds or the Equipment Replacement fund.
- b. The majority of these funds should be assigned for the Capital Improvement Plan (CIP) or reserved for a specific project.
- c. Specific Capital Project funds may temporarily have a negative fund balance due to the timing of federal, state or other funding.
- d. Future capital projects must be identified and quantified within the City's five-year CIP, which shall be included in the City's annual budget document.
- e. The City has several capital projects funds, including:

- i. Capital Projects fund, Community Improvement fund, Airport Construction fund, and the annual Capital Improvement Construction funds.
 1. The **Capital Projects** fund accounts mainly for capital improvements related to General fund facilities and miscellaneous infrastructure maintenance. The main funding sources are LGA, excess HUC payments and grants.
 2. The **Community Improvement** fund accounts for city enhancement and public arts projects as approved by the City Council. The main funding sources are retired bond funds, grants and donations.

Enterprise Funds:

- 1) It is the goal of each enterprise fund to cover the costs of operations, including depreciation and a transfer to the General fund, to maintain a financially healthy enterprise. The City will maintain cash reserves in the Enterprise funds at a minimum level equal to 25% of the annual operating costs plus one year of debt service payments.
 - a. The Liquor fund shall be exempt from this provision since the majority of profits are transferred to the General fund.
- 2) The Water, Sewer and Storm Water funds may contribute capital improvement dollars to the annual Capital Improvement Construction fund as a reimbursement for infrastructure placed in service in conjunction with roadway and other improvement projects. Contributions shall not exceed the total cost of the specific infrastructure being capitalized within the enterprise fund.
- 3) Utility rates will be reviewed annually regarding projected expenses and capital improvements. The City Council will annually establish rates in accordance to operating cost recovery and the projected capital improvements.

Order of Fund Balance Spend-Down:

- 1) When both restricted and unrestricted resources are available for use, it is the City's policy to first use restricted resources, and then unrestricted, as they are needed.
- 2) 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.
- 3) A negative residual amount may not be reported for restricted, committed, or assigned fund balances in the General fund.

Monitoring and Reporting:

The City Council shall review fund balance and cash-flow needs during the budget process in accordance with this policy. Annually, after the audited financial report has been completed, the City Council shall review fund balance results with the City Administrator, Finance Director and the City's independent auditor.

CAPITAL IMPROVEMENT PLAN

VISIONS AND GOALS

Each year, as part of the annual budgeting process, the City of Hutchinson prepares a five-year Capital Improvement Plan (CIP) that includes the following years' capital budget. The CIP identifies projects that will support existing and projected needs in the following areas: transportation, parks & recreation and public safety, etc. It is based upon numerous long range planning documents that are updated regularly as identified by the Facilities Committee, Fleet Committee, Resource Allocation Committee and City staff. The CIP prioritizes the use of limited resources that are available for capital items by identifying which projects will be funded, how they will be paid for and when they will be purchased. It establishes a comprehensive development program that is used to maximize outside revenue sources and effectively plan for the growth and maintenance of the City's infrastructure.

POLICIES

Criteria identified for inclusion of capital items in the CIP plan are as follows:

- 1) Capital Item must have a minimum cost of \$10,000
- 2) Project must define the year proposed
- 3) Funding source should be identified
- 4) Detail should include annual operating costs or savings for proposed capital item
- 5) Department priority should be established
- 6) Must have a useful life of three years or greater

The plan encompasses projects using the following priority levels:

Priority 1: (Urgent) Projects currently underway or those that are considered essential to the departments of City operations, and should not be delayed beyond the year requested. Failure to fund these projects will seriously jeopardize City's ability to provide service to the residents and/or expose the City to a potential liability and negative legal exposure.

Priority 2: (Very Important) Projects that are needed by a department or the City to improve or maintain their operations, and to delay would cause deterioration or further deterioration of their current operation and/or level of service to the residents of the City. These should not be delayed beyond the year requested.

Priority 3: (Important) Projects that are needed by a department or the City to improve or maintain their operations, and should be done as soon as funds can reasonably be made available.

Priority 4: (Less Important) Projects, which are desirable, but needing further study.

Priority 5: (Future Consideration) Projects, which sometime in the future will need to be funded to maintain operations, safety or infrastructure desired within the community.

CIP PROCESS

- 1) Finance distributes CIP forms and the prior year's data to departments for updating.
- 2) Departments add, remove and reprioritize CIP data from the prior year's report.
- 3) Finance updates the CIP database with recommendations made by the department directors and the Fleet, Facility and Resource Allocation committees.
- 4) Initial draft is reviewed with City Administrator and Department directors; corrections or adjustments are made.
- 5) Preliminary CIP plan is submitted to City council by August 1st.
- 6) Final CIP plan is reviewed and adopted by City council by year-end.

PROCESS CALENDAR

April/May - Departments work on updating the CIP. Any new capital items should be requested at this time. The Facilities, Fleet and Resource Allocation Committees begin meeting to review and prioritize potential improvement projects submitted by Departments.

June/July - Departments return updated CIP items. The Facilities, Fleet and Resource Allocation Committees submit a recommended five-year plan to the City Administrator. An initial CIP draft is reviewed with Department directors and corrections or adjustments are made. Current year CIP items are incorporated into the early stages of the budgeting process during this time frame.

August 1st - Per Section 7.05 of the Hutchinson City Charter, the City Administrator shall submit to the council a recommended CIP Plan no later than August 1st of each year.

October/November - Departments and Finance make final adjustments to the preliminary CIP.

December 31st - Final CIP is adopted by City council prior to year-end.

CAPITAL PROJECT APPROVAL

The CIP is a planning document comprised of potential capital improvement projects known at a certain point in time. Projects are not approved simply by being included in the CIP as funding sources or City priorities may have changed. All capital projects are subject to the City's purchasing policy, requiring quotes/bids and approvals commensurate to the total cost.

DEBT MANAGEMENT PLAN

The Finance Department of the City of Hutchinson has developed this Debt Management Policy to provide guidelines for the issuance of bonds and other forms of indebtedness to finance necessary land acquisitions, capital construction, equipment and other capital items for the City.

While the issuance of debt is frequently an appropriate method of financing capital projects and major equipment acquisitions, such issuance must be carefully monitored to preserve the City's credit strength and to provide the necessary flexibility to fund future capital needs.

The City will strive to maintain a "pay-go" capital funding policy, supporting capital spending without the use of debt whenever feasible. The City will attempt to pay cash for capital projects that can be anticipated and planned in advance. Financing capital projects with debt in certain circumstances may be the most cost-effective means available to the City. City staff will analyze each potential capital improvement and make a recommendation to City Council to either use cash reserves or issue debt. The City's 5-year Capital Improvement Plan will be a valuable planning tool for the financing of future improvement needs.

The goal of the City's Debt Management Policy is to ensure a stabilized overall debt burden and future tax levy requirement in addition to ensuring that issued debt can be repaid without weakening the City's financial condition. Adequate resources must be provided for the repayment of debt, and the level of debt incurred by the City must be effectively controlled to amounts that are manageable and within levels that will maintain or enhance the City's credit rating.

With the adoption of this policy, the special property tax debt levy will not exceed the levy limit of \$2,600,000. See Exhibit B for the estimated future debt tax levies per this plan.

Purpose of Financing

The City borrows money primarily to fund long-term capital improvement projects, essential equipment and vehicle needs and to refinance existing debt. The city will not issue long-term debt to finance current operations or to finance projects where the debt maturity exceeds the useful life of the improvement or asset. Debt will be used to finance eligible projects only if it is the most cost-effective means available to the City.

The four primary borrowing purposes are summarized below:

1. Long-Term Capital Improvements

The City typically issues general obligation bonds to finance improvements to roadways, infrastructure and city facilities. General obligation bonds generally achieve lower rates of interest than other financing options since they are considered a lower risk. Debt issued for this purpose generally will be for a term of at least 15 years.

Inter-fund borrowing is another form of long-term financing available to the City and will be permitted only in those circumstances in which all of the following conditions are met:

- a) The remaining fund reserve in the lending fund is adequate to meet cash flow needs.
- b) A repayment schedule will be prepared detailing the annual principal and interest payments due to the lending fund.
- c) The repayment schedule will not exceed 15 years or the useful life of the improvement.
- d) The City Council approves the inter-fund loan and repayment plan via city resolution.

2. Essential Vehicle and Equipment

Certain specialized vehicles and equipment may require the issuance of short-term debt. City staff will analyze cash reserves, other funding sources and short-term debt for each potential purchase. Assets potentially financed with short-term debt include fire trucks, jet-vac trucks, snowplow trucks, wheel loaders and any other specialized equipment as recommended by City staff. Debt issued for this purpose generally will be for a term of 5 to 10 years.

3. Refinancing/Refunding of Existing Debt

The Finance Director shall periodically review the City's existing debt and recommend refinancing or early refunding when economically beneficial.

4. Other Allowable

The Finance Director is allowed to pursue other allowable borrowing mechanism as allowed by Minnesota State Statutes (Section 475, etc.) and approved by the City Council.

Special Property Tax Debt Levy

The City annually issues General Obligation Special Assessment bonds in accordance with Minnesota Statutes 429 and 475. The annual debt service payments are funded by the city's special property tax debt levy ("**debt levy**") and by special assessments paid by property owners. It is the intent of the City to best manage the debt levy by using the following guidelines to finance annual roadway and infrastructure improvements.

A. The project costs financed by G.O. Special Assessment Improvement bonds will consist of two components accounted for in the Debt Service fund:

1. Project costs not financed by special assessments.

- i. The debt associated with this component is repaid by the City's debt levy.
- ii. The City will manage this component with an average annual **debt limit** of \$1,900,000.
- iii. The annual debt limit may be increased up or down by city council to account for changing interest rates and other economic factors.
- iv. The City will manage all debt issuances and forecast future issuances to reach a debt levy of \$2,600,000. Based on current assumptions and interest rates, this is projected to occur for property taxes levied in 2030 for 2031 collection.

2. Private property owner special assessments of at least 20% of the total project costs financed by the G.O. bonds.

- i. The debt associated with this component is generally repaid by private property owners over a 10-year period, but it may be less depending on the cost of the improvement and associated assessments. The annual installments shall be on a straight-line basis with simple interest equal to the true interest rate on the debt issuance plus 1%. The City's debt levy generally is not impacted by special assessments unless significant assessments are delinquent or deferred indefinitely.
- ii. Certain improvement projects may result in a substantial assessment to a specific large commercial property with the property owner agreeing to prepay the entire assessment in the year of improvement. In this instance, the prepaid assessment may be eliminated from the debt issuance and used as a funding source in the Improvement Construction fund.

- B. Future debt issuances will mature after 15 years. In the case of an exception to this guideline, the debt maturity shall always be shorter than the life of the financed improvement or asset.
- C. Debt service will be structured such that the debt levy will be stable over the 15-year debt term. This will prevent large fluctuations in the debt levy on a year-to-year basis.
- D. Any bond premium received will be used to reduce the par value, ultimately resulting in lower debt. City staff will review each year for any circumstances that may necessitate a different treatment of the bond premium.
- E. Debt issuances will be in an amount to finance the estimated project costs and professional fees plus a reasonable construction contingency. The costs to issue debt will also be included in the total amount financed.
- F. Net general obligation debt will not exceed the statutory limit of 3% of the estimated market value of taxable property in the City as required by Minnesota Statute, Section 475.53.
- G. Retired debt service funds will be closed into the City's Community Improvement fund. This fund will be the primary funding source for any potential debt service shortfalls.
- H. City staff will periodically review the annual debt limit and may make recommendations to City Council to increase the debt limit to address rising construction costs, interest rates or other unforeseen factors.
- I. Future financing may need flexibility in structuring its debt. This policy shall not prevent the City from deviating from this policy as long as the City adheres to the overall intent of this policy.

Prior Property Tax Levy Debt Policy

City Council approved resolution 13445 on July 8, 2008, setting guidelines to manage the special property tax debt levy and the issuance of future debt. The Debt Management Policy above supersedes the 2008 policy and shall be used as the guideline for all existing and future debt.

PURCHASING POLICY

Policy Overview

It is the intent of the City of Hutchinson to purchase, in the most efficient and effective manner possible, those goods and services necessary to conduct City operations. To accomplish this, a formal set of purchasing procedures has been adopted. This policy recognizes and retains that the ultimate purchasing authority is that of the City Administrator. This policy delegates purchasing authority as outlined below.

Public Purpose

The City Council recognizes that public funds may only be spent if the expenditure meets a public purpose and the expenditure relates to the governmental purpose for which the City of Hutchinson was created.

The meaning of “public purpose” is constantly evolving. The Minnesota Supreme Court has followed a broad approach and has generally concluded that “public purpose” means all activity that meets all of the following standards:

- The activity will benefit the community as a body.
- The activity directly relates to the function of government.
- The activity does not have, as its primary objective, the benefit of a private interest.

Purchasing Agent

The City Administrator shall be the chief purchasing agent of the City. The City Administrator is responsible for the citywide purchasing function and shall have the authority to delegate powers to the City Department Directors and Supervisors for purchasing items within their respective budgets.

Purchasing

Purchasing and budgetary control is the responsibility of the department Director. Departments shall strive to obtain the best possible prices and value, and are encouraged to buy locally whenever possible or practical.

Each department shall have on file with the Finance department a list of employees authorized to obligate appropriations of that department. Authorized employees shall be regular full-time or regular part-time employees of the City. Individual exceptions may be considered by the City Administrator, Finance Director and Department Director.

In no case shall an employee make a purchase for personal use utilizing his/her city purchasing authority. Violation of this policy may result in an employee’s purchasing authority being revoked.

1) Purchasing Limits:

\$ 0 to \$ 4,999	Department Director approval, or approved designee
\$ 5,000 to \$ 24,999	Finance Director or City Administrator approval required
\$ 25,000 to \$ 49,999	Finance Director and City Administrator approval required
\$ 50,000 to \$ 99,999	Finance, City Administrator & City Council approval required
\$100,000+	Competitive Bidding required (certain exceptions)

2) Written Quotes:

- a. Purchases estimated to cost less than \$5,000 may be made without seeking more than one quote, however more than one quote is encouraged.
- b. Purchases estimated to cost more than \$5,000 but less than \$100,000 must have at least two written quotes. Verbal quotes should not be accepted. The City will maintain documentation for a period of at least one year of its efforts to obtain at least two written quotes as required by state statute 471.345.

- c. The City will require competitive bidding on the sale, purchase or rental of supplies, materials or equipment and on contracts for the construction, alteration, repair or maintenance of real or personal property estimated to exceed \$100,000.

3) Competitive Bidding

Competitive bidding is required for certain contracts estimated to exceed \$100,000. The competitive bidding process may not be avoided by splitting a contract into several smaller contracts, each of which is under the competitive bidding threshold.

4) State Pricing & Cooperative Purchasing

Contracts or purchases estimated to exceed \$25,000 must consider the availability, price and quantity of supplies, materials, or equipment available through the State's Cooperative Purchasing Venture (CPV) before buying through another source.

The City may also purchase through a national municipal association's purchasing alliance or cooperative. The alliance or cooperative must have been created by a joint powers agreement and must purchase items from more than one source based on a competitive bidding process or competitive quotations. The City currently is a member of the State's CPV and a national joint powers alliance called NJPA. Contact the Finance Director with questions on accessing pricing for these agencies.

5) Purchase Orders

An approved purchase order is required for all purchases estimated to exceed \$5,000.

Departments may not place an order without a prior approved purchase order.

- a Departmental Responsibility
 - i. Obtaining at least two written quotes
 - ii. Preparing and forwarding a purchase requisition to the Finance Director for review
 - Attach the written quote documentation
 - Provide a reasonable explanation of the requested purchase
 - Include the proper departmental expense coding
 - Obtain the department director's approval
 - iii. Forwarding a copy of the approved purchase order to the vendor, if required.
- b Finance Department Responsibility
 - i. The Finance Director will review each purchase requisition in a timely manner.
 - ii. An approved purchase order, or an explanation in the case of a denied requisition, will be provided to the originating department generally within 2-3 business days.
 - iii. The finance department will maintain scanned images of all approved purchase orders and corresponding written quotations for compliance with state statute
 - iv. Finance Director and City Administrator approvals are required prior to seeking City Council approval on purchases over \$50,000.
- c Purchases not requiring a Purchase Order
 - i. ***Annual Service Contracts*** – The City shall evaluate the performance of service contracts at least every three years and determine if the City will renew the agreement or seek written proposals from service providers.
 - ii. ***Professional Services*** - Contracts with a total cost of \$5,000 to \$50,000 to provide professional services shall be approved by the City Administrator. Contracts with a total cost over \$50,000 shall be approved by City Council. A purchase order is not required if a contract is executed.

- iii. **Inventory Purchases** - Purchases for inventory assets of certain operations shall not require a purchase order as doing so would delay purchases and potentially hinder operations. This shall apply to the Liquor store, Creekside's bagging production process, Water and Sewer chemical purchases and HATS fuel purchases. The department directors shall be responsible for ensuring that the City is receiving favorable pricing.
- iv. **Emergency Purchases** - Purchases required by emergencies which impair the City's ability to deliver services shall be outside the scope of this policy. In these rare instances, a purchase order is not required, however the departmental director shall submit a brief written explanation of the emergency situation and attach to the invoice presented for payment.

Disbursement Methods

The following disbursement methods are available for departmental approved purchases:

- 1) **City Check** – This is the standard disbursement process described in the next section.
- 2) **Departmental Procurement Card** – Covered under separate policy; “Procurement Card Policy”.
- 3) **Vendor In-House Charge Accounts** – The City currently utilizes charge accounts with various vendors in the City. The Finance department will maintain a list of departmental employees authorized to make purchases and will submit updated lists to the vendors at least annually. Authorized purchasers shall be regular full-time or regular part-time employees.
- 4) **Vendor Charge Cards** – The City currently utilizes vendor charge cards for a limited number of vendors. Departments will control access to these cards to prevent unauthorized use and will notify the Finance Director immediately of lost/stolen cards or fraudulent activity.
- 5) **Petty Cash** – Departmental petty cash funds may be utilized for small purchases. The department shall maintain detailed receipts for each purchase and periodically submit to the Finance department for replenishment. Receipts shall be properly coded and contain an adequate explanation of the expense along with departmental approval.

Disbursement Process

Departments will submit properly coded and director approved invoices to the Accounts Payable Specialist by **12:00pm on Monday**, one week prior to each City Council meeting. In the case of a Monday holiday, the deadline shall be 12:00pm on the prior Friday. Invoices submitted after the deadline may be delayed to the next council check run. Checks will be distributed on the Wednesday after each City Council meeting.

1) Invoices – Content and Approvals

- a. Payments will only be made from original mailed or emailed invoices.
 - i. Payments will not be made from faxes, photocopies, vendor statements or quotes/estimates.
- b. The City of Hutchinson shall be named on the invoice as the purchaser.
 - i. Invoices naming another entity as the purchaser will not be processed for payment. The vendor should be contacted to correct the invoice.
- c. The invoice date shall accurately reflect the actual date of service or purchase.
- d. The invoice is sent directly from the vendor to the City's Accounts Payable Specialist at City Center.
 - i. The A/P Specialist will stamp each invoice with a received date and route to the appropriate department for approvals.
- e. A reasonable description of the purchase or service, shall be included on the invoice.

- f. The departmental expense code and director/supervisor approval shall be evidenced directly on the invoice and not on a separate paper or post-it note.
- g. Departments are responsible for ensuring that the merchandise is received or the services are performed prior to submitting an invoice for payment.
 - i. The City generally does not provide down payments for merchandise or services. Progress payments may be made to vendors based upon a reasonable percentage of completion for the service or project.
 - ii. Departments shall work directly with the vendor to correct any issues regarding incorrect or defective merchandise or service.

Prompt Payment of City Bills

Minnesota Statute 471.425 requires cities to pay each vendor obligation according to the terms of the contract. If no contract terms apply, payment must be made within the standard payment period of 35 days from the date of receipt.

1) Date of receipt is defined as the later of:

- a. The completed delivery of the goods or services, or the satisfactory installation, assembly or specified portion thereof; or
- b. The receipt of the invoice for the delivery of goods or services.

2) Invoice Errors

- a. The City must notify a vendor within 10 days of the date of receipt if the invoice is incorrect. The 35-day standard period begins when a corrected invoice is received.

3) Payment of Interest

- a. The City must calculate and pay interest if an invoice is not paid according to the terms of the contract, or if no contract terms apply, within the standard period of 35 days.
 - i. Interest rate shall be 1.5% per month or part of month.
 - ii. The minimum monthly interest penalty that the City shall calculate and pay a vendor for the unpaid balance of any one overdue bill of \$100 or more is \$10.
 - iii. For an unpaid balance of less than \$100, the City shall calculate and pay the actual interest penalty due to the vendor.

4) Prompt payment to Subcontractors

- a. Each contract of the City must require the prime contractor to pay any subcontractor within 10 days of the prime contractor's receipt of payment from the City for undisputed services provided by the subcontractor.
- b. The City's contract must require the prime contractor to pay interest of 1.5% per month or any part of a month to the subcontractor on any undisputed amount not paid on time to the subcontractor.
 - i. The minimum monthly interest penalty payment for an unpaid balance of \$100 or more is \$10.
 - ii. For an unpaid balance of less than \$100, the prime contractor shall calculate and pay the actual interest penalty due to the subcontractor.

Prior Policy

The policy above supersedes the prior city policy #1.11.

PROCUREMENT CARD POLICY

POLICY:

The purpose of this policy is to provide detailed information regarding the use of procurement cards authorized by the Hutchinson City Council and assigned by the City Administrator to selected department directors to purchase goods and services for the City. The use of the procurement card is an alternate means of payment and is not meant to replace the standard purchasing order system of the city. The use of procurement cards should only take place when the normal purchasing order system cannot be used and/or the use of a credit card is the only purchasing mechanism allowed.

STATUE AUTHORITY:

Minnesota Statute 471.382 Credit Cards. “A city council may authorize the use of a credit card by any city officer or employee otherwise authorized to make a purchase on behalf of the city. If a city officer or employee makes or directs a purchase by credit card that is not approved by the city council, the officer or employee is personally liable for the purchase. A purchase by credit card must otherwise comply with all statutes, rules, or city policy applicable to city purchases.”

POLICY ADMINISTRATION:

The City Administrator shall determine the appropriate department directors to be issued City procurement cards. The Finance Director, with the oversight of the City Administrator, is hereby designated the responsibility of procurement card issuance, accounting, monitoring of use, retrieval, payment of all charges, maintenance of a list of authorized users and cards assigned to them and general compliance with the City’s Procurement Card Policy.

MAXIMUM LIMITS:

The monthly maximum card limit per director will be established by the City Administrator and Finance Director based on the anticipated need.

DOCUMENTATION:

Invoices or receipts are required to support all procurement card purchases since the monthly billing statements lack sufficient detail to comply with Minnesota Statutes. For purchases in which a receipt is not normally available, a copy of the completed application or order form should be used as a receipt (for example, conference registration forms).

CARDHOLDER RESPONSIBILITIES:

- 1) The Department Director is responsible for the authorized use of the City issued procurement card and for any purchases made on it.
- 2) Ensure that the procurement card is used in compliance with the City’s Purchasing Policy.
 - a. Purchases must be budgeted.
 - b. Use of the procurement card for personal purchases is strictly prohibited. If the procurement card is inadvertently used for a personal purchase, contact the Finance Director/City Administrator immediately. Not reporting inadvertent personal purchases will result in immediate revocation of the procurement card and the cardholder may be subject to disciplinary and/or legal actions. The cardholder will be personally responsible for reimbursing the City for any inadvertent personal purchases.
- 3) The procurement card may only be used for the purchase of goods or services for official City business.

- a. The procurement card may not be used for cash advances or any other type of purchase not permitted under the City's Purchasing Policy. No cardholder shall be allowed to make any purchases for personal use through the City. Use of the card for personal use or inappropriate purchases, as deemed by the City Administrator, shall be reimbursed and may result in discipline. Two or more inappropriate purchases may be cause for revocation of the credit/procurement card.
 - b. Purchase of motor fuels is prohibited, with the exception of extended travel with a city owned vehicle. Fuel for personal vehicles used for official city business is reimbursed to the employee based on the IRS mileage reimbursement through the Employee Expense Reimbursement process covered under separate policy.
 - c. Cardholders shall verify with the Finance Department and notify vendors if the transaction is exempt from Minnesota sales tax. All transactions should be exempt from all local sales tax.
- 4) Authorized cardholders are responsible for the secure custody of the procurement card and protection against theft, misuse and fraud.
- a. Notify the Finance Director immediately if the procurement card is lost or stolen and when fraudulent activity is suspected.
 - b. When fraudulent activity is suspected, immediately contact the procurement card company at the phone number listed on the back of the card. The procurement card must not be used again until the situation is resolved. A new procurement card will be issued if the activity was in fact fraudulent.
 - c. To prevent fraudulent activity, the cardholder shall not make transactions over unsecured websites. Giving out procurement card information over the telephone is not recommended and should only be done in rare instances where the order cannot be completed in any other manner.
- 5) Monthly review, approval and reporting of transactions:
- a. At the end of each month, department directors shall have 10 days to review and approve the prior month purchases via the Wells Fargo online portal.
 - i. Each transaction shall be evidenced by a detailed receipt or order confirmation.
 - ii. Directors shall code each purchase to the correct departmental expense account and provide an adequate description of the expense within the online portal.
 - iii. Directors shall print from the online portal a listing of all purchases made during the month and submit to the Finance department along with all detailed receipts supporting the purchases. Finance shall receive this information by the 11th day of the month, or next business day if the 11th falls on a weekend.
 - b. The Finance department will review all transactions and provide the final approval to Wells Fargo to deduct from the City's bank account the total payment amount to cover all authorized purchases.

6) Returns or Disputed Transactions:

- a. It is the cardholder's initial responsibility to work directly with the merchant to receive proper credit on returned merchandise or disputed transactions.
- b. Finance Department will be available to assist cardholders with returns or disputed transactions if initial contact by the cardholder is unsuccessful.

7) The cardholder must immediately surrender the procurement card to the Finance Director upon retirement or termination of employment. All receipts for current purchases shall be coded and submitted to the Finance Director when the credit card is surrendered.

8) Any exceptions to this policy must be approved in advance by the City Administrator.

SUSPENSION OR REVOCATION OF CARDS:

If any of the following occur, immediate suspension and/or revocation of the procurement card privileges may result, including discipline, as determined by the City Administrator:

- 1) Use of the card for personal purchases or cash advances.
- 2) Unauthorized use of card.
- 3) Failure to notify the procurement card company and Finance Director of a lost or stolen card, and fraudulent activity.
- 4) Repeated failure to submit in a timely manner the monthly billing statement with proper receipts/support for payment.
- 5) Repeated failure in which the attached receipts do not match the item description or dollar amounts listed on the monthly billing statement with no explanation.

City of Hutchinson

Request for Procurement Card

Applicant: _____ Department: _____

Requested Monthly Card Limit: **\$2,000** **\$5,000** **\$10,000** Other: \$ _____

By requesting a City procurement card, I acknowledge the following:

1. The procurement card is to be used only to make purchases in compliance with Minnesota Statutes and the City's Purchasing Policy.
2. The card must be used in accordance with the City's Procurement Card Policy.
3. Violation of the Procurement Card Policy may result in suspension or revocation of use privileges. Employees found to have inappropriately used the procurement card will be subject to discipline, including ~~potentially~~ the requirement to reimburse the City for all costs associated with such improper use.

Director Signature: _____ Date: _____

Authorization Information

Approved Monthly Card Limit: \$ _____

City Administrator Approval: _____ Date: _____

Finance Director Approval: _____ Date: _____

This fully approved request gives the Finance Director authorization to issue a City of Hutchinson procurement card in the name of the applicant with a monthly card limit as approved by the City Administrator.

City of Hutchinson

Acknowledgement of Receipt of Procurement Card

I acknowledge that on the date indicated below, I received my City of Hutchinson Procurement Card. I have previously received a copy of the Procurement Card Policy explaining the use and responsibilities of the procurement card. I understand that:

- 1) The procurement card is a cost-effective method for the purchase and payment of small dollar material transactions and is limited to \$ _____ per month.
- 2) The procurement card is to be used solely for City business purchases; not personal purchases.
- 3) I am responsible for reconciling monthly statements and maintaining accurate accounting records.
- 4) I must attach the itemized receipt with my statement each month.
- 5) Should my employment with the City of Hutchinson terminate, I am responsible for returning the procurement card to the City Administrator or Finance Director, along with all receipts for purchases within the current billing cycle.

If the procurement card is used for personal purchases, for unauthorized items, or used by someone not authorized to do so, I hereby agree to personally pay the City for such purchases and hereby authorize the City, if necessary, to withhold from my paycheck any amount necessary to pay these charges.

This acknowledgement will be kept in my personnel file and I may be subject to discipline or termination from employment for violation of this policy.

Procurement Card #: _____

Unique #: _____ *(used to activate card and ID purposes with Wells Fargo customer service)*

Employee Name: _____
(please print)

Employee Signature: _____ Date: _____

Wells Fargo Customer Service: 1-800-932-0036

TRAVEL & MEAL EXPENSE REIMBURSEMENT POLICY

Policy Overview

This policy recognizes the fact that certain travel for official city business may require employees or elected officials to incur expenses subject to reimbursement by the City. Reasonable travel costs for out of town business meetings, conferences and training seminars may qualify for reimbursement as provided by this policy. To be reimbursed by public funds, expenditures must meet a “**public purpose**”, defined by Minnesota Supreme Court as meeting all of the following:

- The activity will benefit the community as a body.
- The activity directly relates to the function of government.
- The activity does not have, as its primary objective, the benefit of a private interest.

This policy is intended to provide guidelines regarding which travel related expenditures are for public purpose and authorized in accordance with the City’s annual budget.

The City Administrator and Finance Director shall review all employee expense reimbursement requests and will determine if an expense does not meet a public purpose and is not subject to City reimbursement.

Travel Approval

Each department director is responsible for ensuring that employee travel is for City business and is consistent with City policy. Department Directors are responsible for approving all travel requests within his/her respective departments and will ensure that departmental budget dollars are sufficient to cover requested travel prior to approving. Requests for travel by Directors shall have prior approval by the City Administrator. The following approvals are needed prior to employee travel:

- 1) **Same Day & Overnight Travel** - Department Director approval is required.
- 2) **Out of State** - All out-of-state travel exceeding a 300-mile radius from Hutchinson must be approved within the annual budget process and approved separately by City Council. The frequency of this out-of-state travel shall not exceed once every other year. In the event an additional conference or seminar presents itself, the council may use its discretion in considering the request.
- 3) **Out of State** - All out-of-state travel within a 300-mile radius of Hutchinson shall be approved by the City Administrator and does not require City Council approval.

Reimbursable Expenses

1) **Transportation**

Several means of transportation exist and each travel request shall consider the least-cost method. For the majority of travel requests, a City vehicle provides the least-cost to the City and shall be considered before any other means. Vehicles from other departments may be available and shall be a consideration.

- a) **City Vehicle** – All direct expenses incurred will be reimbursed, including fuel, oil and maintenance/repair expenses. Only City employees are authorized and insured to drive a city owned vehicle.
- b) **Personal Vehicle** – When a city vehicle is not available, a personal vehicle may be authorized for use. City reimbursement for the use of a personal vehicle is based on the current IRS approved mileage rate using the shortest route. If the travel originates from home, the mileage reported for reimbursement should be from the home or the employee’s normal City work facility, whichever is less. An employee’s normal commute mileage will not be reimbursed.
- c) **Airplane/Other** – travel by any means other than by vehicle shall be approved by the City Administrator.

- d) **Other related costs** – Reasonable parking fees, car rental and fares for rail, bus, taxis and shuttles are all subject to reimbursement if related to City business. Taxis and shuttles reimbursement may include a maximum gratuity of 20%. Gratuities in excess of 20% will not be reimbursed by the City. A standard model sedan shall be used when renting a car unless unusual circumstances dictate otherwise.

2) Lodging

The City will reimburse the reasonable cost of lodging for training, seminars or conventions of two or more days if the event site is ***outside a 50-mile radius*** of Hutchinson.

All employees shall ask for a standard room. In the event that a standard room is not available, other lodging establishments shall be contacted prior to booking a non-standard room. A non-standard room is reimbursable if it is at a contract rate through the event, offered at the same rate as a standard room or if no other options are available within a reasonable distance from the event.

An increase in lodging rate due to family members staying is not reimbursable. The employee will be reimbursed only for a standard room.

Entertainment expenses incurred will not be reimbursed, such as in-room movies, mini-bar and optional entertainment-type events provided at conferences.

3) Meals

The City will reimburse the cost of job-related meals only if an employee's travel requires an overnight stay or if a business meeting is held during typical meal hours. The following limits are in place for each meal:

Breakfast:	\$15 – Travel begins before 6:00am and extends beyond 9:00am
Lunch:	\$20 – Travel begins before 11:00am and extends beyond 2:00pm
Dinner:	\$30 – Travel begins before 4:00pm and extends beyond 7:00pm

- a) Meetings scheduled and held during typical meal hours do not automatically necessitate that a meal will be provided at City expense. Per IRS regulations, a meal must have a clear business purpose in order to be reimbursed.
- b) The maximum amounts listed above apply to the meal, non-alcoholic beverage, sales tax and gratuity.
- c) Gratuities paid by the employee over 20% will not be reimbursed.
- d) The above dollar amounts cannot be combined in any fashion in order to reimburse an employee for a meal costing more than the maximum amount listed per specific meal. For example, an employee cannot use the breakfast and lunch amounts to justify reimbursement of a \$60 dinner.
- e) Employees are expected to take advantage of meals provided by the conference or seminar. The City will not reimburse an employee for a purchased meal when a meal was provided by the event.
- f) If more than one employee is present at a job-related meal, one employee may pay for the entire meal cost of all employees. The reimbursement request shall clearly identify each employee present for the meal.
- g) If non-city personnel are present at a job-related meal, the city may reimburse the paying employee for the cost of the meal(s) of the individual(s) if an itemized receipt and a form indicating who attended, where the meal was held and the city-related purpose for the meal is submitted and approved by the Department Director and City Administrator. Reimbursement of a non-employee's meal is subject to the same dollar limit as the employee.
- h) When family members are present, a separate detailed receipt for the employee's meal shall be requested.

- i) The daily meal limits may be adjusted for out-of-state travel by the Finance Director based on current IRS per diem guidelines.

4) **Registration or Membership Cost**

The City will reimburse the costs for registration, training and membership incurred to attend conferences, seminars or training sessions. A check request shall be submitted to the City's accounts payable department prior to the event as the primary option for payment of this type of cost. The request shall include the necessary documentation evidencing the amount payable and provide sufficient time to process a check prior to any payment due date. A departmental purchasing card may also be used for payment based upon receipt of all necessary travel approvals prior to making payment. Departments shall strive to utilize any early registration discounts.

5) **Non-Reimbursable Costs**

- a. Alcoholic beverages – whether consumed by an employee or a non-employee
- b. Gratuities exceeding 20%. An employee will be required to reimburse the City for gratuities in excess of 20% if a department purchasing card was used.
- c. Snacks and other food/beverages outside of the daily meal reimbursements
- d. Meals or events for spouses or family members traveling with an employee
- e. Meals when an event provides for a meal
- f. Private automobile expenses, including gas, oil, repairs
- g. Traffic citations or fines
- h. Travel between an employee's home and work facility
- i. Entertainment expenses
- j. In-room movies, mini-bar or other hotel services not required for City business
- k. Optional entertainment events unless included as part of the overall conference registration fee (e.g. optional golf rounds, sporting events, concerts)
- l. Personal losses incurred while on City business
- m. Other costs that do not meet the public purpose definition as determined by the City Administrator and Finance Director

Employee Expense Reimbursement Form

The Finance Department shall annually provide an updated Employee Expense Reimbursement Form (Exhibit B) to all employees. This form shall be used for all reimbursement requests related to approved travel or work-related expenses paid by an employee .

- 1) **Detailed Receipts** – each item submitted for City reimbursement must be supported by an itemized receipt indicating a reasonable explanation for the expense. All receipts shall be attached to each reimbursement request.
 - a. Meals will be reimbursed based on a detailed itemized receipt. When a credit card is used to purchase the meal, both an itemized receipt and a credit card charge slip indicating the tip amount shall be submitted.
 - b. Receipts for parking and taxis may not be available and may be submitted for reimbursement without a receipt.
 - c. Mileage reimbursement for the use of a personal vehicle shall detail not only the mileage but also the location traveled and the business reason for travel.
 - d. Proper departmental expense codes shall be used for each line item.
 - e. Unsupported expenses will not be reimbursed. If an employee is unable to get a detailed receipt or the receipt is lost, a signed statement by the employee detailing the purchased item, the business reason for the expense and certifying that the claim is accurate must be submitted and approved by the Department Director. A copy of the

employee's credit card statement may also be provided to help support the dollar amount being reimbursed.

- 2) Employees shall submit an employee expense reimbursement form with all necessary supporting documentation to the appropriate Department Director for review and approval.
- 3) A Director approved employee expense reimbursement form shall be forwarded to the Accounts Payable Clerk who will route to the Finance Director and City Administrator for approval prior to payment. Any issues will be communicated back to the employee for correction/clarification.
- 4) The Finance department will make necessary corrections to reimbursement requests for mathematical errors, gratuities in excess of 20%, to remove any alcoholic beverages and other changes that may be necessary to comply with this policy.
- 5) Reimbursement will be made with the next City Council check register.
- 6) Employees shall submit an expense reimbursement claim no later than **60 days** from the date the expense was paid or incurred. If employee expenses are submitted for reimbursement more than 60 days after the expense is incurred, the reimbursement may be taxable and appropriate withholdings would need to be made through the payroll system.

Cash Advances

An employee may request a cash advance prior to an overnight business trip. The cash advance shall be used only for expenditures related to official City business as specified within this policy. An employee expense reimbursement form shall be completed upon the employee's return, detailing the expenses subject to reimbursement, less the cash amount advanced. Expenses paid by the employee above and beyond the cash advance amount will be subject to employee reimbursement per this policy. Any portion of the cash advance that was not expended for a City related purpose must be reimbursed to the City within **60 days**.

The employee shall be responsible for any cash advance that is lost or stolen. In such instances, the employee must reimburse the City within 60 days.

City Representation

Employees shall be aware at all times that they are representing the City of Hutchinson while traveling out-of-town for official City business. Employees given the opportunity to be away from their regular work and having their expenses paid are expected to perform in a similar manner as if they were still at work. Conduct improper for a city employee will be treated as if it occurred during regular working hours. At no times shall alcoholic beverages be consumed by any person(s) driving or riding in a City of Hutchinson vehicle.

Prior Policy

The policy above supersedes the prior city policies #3.22 and #3.23.

FISCAL AGENT POLICY

Purpose

This policy defines the parameters necessary for the City of Hutchinson (City) to act as the fiscal agent for a non-501(c)(3) organization (Other Entity) in order to secure grants or donations on behalf of the Other Entity.

City Authority

All requests for the City to serve as fiscal agent shall be approved by the City Administrator. The City Finance Director shall be made aware of all details related to approved fiscal agent projects for proper accounting of proceeds and expenditures.

City Purchasing Policy

The City's purchasing policy must be followed in order to comply with the State of Minnesota purchasing and contracting statutes. Vendor quotes shall be received, if required by policy, and the contract shall be awarded to the lowest responsible bidder. Invoices paid by the City must be billed to the City of Hutchinson and not another entity.

Public Purpose Expenditures

The City expenditure made on behalf of the Other Entity must meet a "public purpose", defined by the Minnesota Supreme Court as meeting all of the following:

- 1) The activity will benefit the community as a body.
- 2) The activity directly relates to the function of government.
- 3) The activity does not have, as its *primary objective*, the benefit of a private interest.

The Minnesota Supreme Court further clarifies that activities that promote the following objectives for *the benefit of all the city's residents* further a public purpose:

- Public Health
- Safety
- General welfare
- Security
- Prosperity
- Contentment

Donations

Donations related to a project with the City serving as fiscal agent shall be made directly to the City of Hutchinson. The Hutchinson City Council shall formally accept all donations by resolution prior to those funds being used for the designated purpose.

Grants

The Other Entity shall be responsible for the preparation of all grant documentation and grant compliance, including reporting requirements. The City shall, upon request from the Other Entity, supply supporting documentation or reports related to transactions incurred within the City's financial system.

Other

The City shall not expend funds in excess of donations or grant proceeds received without City Council or City Administrator approval.

EXHIBIT A

List of City Funds

Governmental Funds:

1. **General Fund**
2. **Special Revenue Funds**
 - a. Rural Fire Department
 - b. H.A.T.S. Operation
 - c. Hutchinson Enterprise Center
 - d. Economic Development Loan Funds
 - e. HRA Loan Fund
 - f. Tax Increment funds
 - g. Public Sites Fund
 - h. Tree Disease Mitigation Fund
3. **Debt Service Funds**
 - a. Special Assessment Bonds Debt Service Funds
 - b. Tax Increment Debt Service Funds
4. **Capital Projects Funds**
 - a. Capital Projects Fund
 - b. Community Improvement Fund
 - c. Airport Construction Fund
 - d. Special Assessment Capital Improvement Funds
 - e. Municipal State Aid Fund

Proprietary Funds:

1. **Enterprise Funds:**
 - a. Liquor Fund
 - b. Compost Fund
 - c. Refuse Fund
 - d. Water Fund
 - e. Wastewater Fund
 - f. Storm Water Fund
 - g. Hutchinson Utilities Commission
2. **Internal Service Funds:**
 - a. Equipment Replacement Fund
 - b. Self-Insurance Fund

Component Units:

1. Hutchinson Economic Development Authority
2. Hutchinson Housing Redevelopment Authority