CITY OF HUTCHINSON
HUTCHINSON, MINNESOTA

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2020

PREPARED BY:

FINANCE DEPARTMENT

ANDREW REID
Finance Director

Member GFOA of U.S. and Canada
Published June 9, 2021

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City of Hutchinson, Minnesota
Comprehensive Annual Financial Report
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INTRODUCTORY SECTION

CITY OF HUTCHINSON
HUTCHINSON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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HUTCHINSON
A CITY ON PURPOSE.

June 9, 2021

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

Dear Honorable Mayor and City Council:

Minnesota statutes require all cities to issue an annual report on its financial position and activity prepared in accordance with generally accepted accounting principles in the United States of America (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants or the Office of the State Auditor. Pursuant to these requirements, we hereby issue the comprehensive annual financial report of the City of Hutchinson for the fiscal year ended December 31, 2020.

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

The City's financial statements have been audited by Abdo, Eick and Meyers, LLP, a firm of independent licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2020 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2020 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing single auditor engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements. The auditor places a special emphasis on internal controls and legal requirements involving the administration of federal awards. The City did meet the requirement for a Single Audit in 2020.

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

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PROFILE OF THE GOVERNMENT

The City of Hutchinson was incorporated in 1855 and exists under the state laws of Minnesota. The City is located in McLeod County in south-central Minnesota, 60 miles west of the Twin Cities at the junctions of Highways 7, 15, and 22 and occupies 4,734 acres. Considered a Greater Minnesota Regional Center, Hutchinson's economy is diverse and includes retail, manufacturing, agricultural and services. For 2020, the latest estimate of the City's population is 14,155.

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

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

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

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

Each year the Council approves an annual budget, which serves as the foundation for the City of Hutchinson's financial planning and control. Requests from all departments and agencies are submitted and prepared by the City Administrator for presentation to the Council. The Council, following a public hearing no later than December 31, approves the budgets. Page 55 of this 2020 CAFR provides the General fund budget to actual results.

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FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

Overall the 2020 coronavirus pandemic had mixed impacts on the Hutchinson economy. Main Street businesses were hit hard due to mandated closings and capacity restrictions with restaurants and entertainment venues severely impacted. In the manufacturing sector impacts were mixed with some companies being hit very hard, a majority seeing moderate impacts and a few seeing increased business due to limitations on overseas suppliers. A majority of manufacturers saw small reductions in employment, but by spring of 2021 were in full hiring mode.

The Hutchinson EDA developed and administered a small business grant program to help those financially impacted by the pandemic. The EDA awarded $696,921 of Hutchinson's federal CARES Act funds to 67 businesses, for an average grant amount of $10,402. Businesses used the grant monies for eligible expenditures in response to the pandemic as defined by guidance from the U.S. Treasury.

The City's overall market value increased 3.7% in 2019, which is the sixth consecutive annual increase after values stabilized from the recession in 2013. The City's market valuation is comprised of Residential (73.7%), Commercial & Industrial (19.5%), Apartments (6.3%) and Agriculture (0.5%). The market values increased for all property types; Residential (4.1%), Commercial & Industrial (1.9%), Apartments (4.9%) and Agricultural (5.9%). The 2019 market values serve as the basis for property taxes paid in 2020.

Minnesota Mining & Manufacturing (3M) has its largest North American production facility in Hutchinson, employing approximately 1,601 people in the production of tape and related adhesive product lines. Resonetics, a medical device manufacturer currently employs 160 people. Other major manufacturing employers in the community include Heartland Ag Systems, Hutchinson Manufacturing, Goebel Fixture Company, Warrior Manufacturing, MITGI, Uponor and TDK-HTI.

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

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

Long-term Financial Planning

The City annually prepares a 5-year capital improvement plan detailing specific projects and proposed financing sources. The plan is a collaborative effort between the City's fleet committee, facility committee, resource allocation committee, department directors

and city council. In addition, as part of the annual General fund budget process, a 5-year financial forecast is updated, trending revenues and expenditures. The intent of the 5-year forecast is to determine how easily a future balanced budget can be achieved based on a set of assumptions. Management can then make operational changes in the near-term that will positively affect the long-term budget outlook.

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Relevant Financial Policies

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

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

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

The City annually issues 15-year general obligation debt for major roadway and infrastructure projects. A debt tax levy and assessments against benefitting properties are the main revenue sources for debt service payments. Federal and State Aid, Enterprise fund transfers, and other City funding are other financing sources annually leveraged to reduce the project costs to a level supported by the City's Debt Management plan. The Debt Management plan is a mechanism to control long-term debt funded by the debt tax levy and to assist in prioritizing capital infrastructure needs. The City's bond rating from Standard & Poor's was reaffirmed in 2019 at AA-.

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

Major Initiatives

The City has been planning since late 2017 for the construction of a new police facility. A vacant grocery store adjacent to the City's municipal liquor store was purchased in early 2020 for the site of the facility. The preliminary cost estimate of $15M to demolish the existing

building and construct the new facility and parking area. The costs will be financed by General Obligation Construction Improvement Plan bonds and $3M of Community Improvement fund balance that was committed by the city council.

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AWARDS & ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hutchinson, Minnesota for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2019. The Certificate of Achievement is a prestigious national award recognizing the City's conformance with the highest standards for preparation of state and local government financial reports.

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

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

Respectfully submitted,

CITY OF HUTCHINSON

Matthew Jaunich
City Administrator

Andrew J. Reid
Finance Director

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CITY OFFICIALS

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

Council Members	Term Expires
Gary Forcier, Mayor	12/31/2022
Mary Christensen	12/31/2022
Dave Sebesta	12/31/2022
Chad Czmowski	12/31/2024
Brandon Begnaud	12/31/2024

City Administrator

Matt Jaunich

Department Directors

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

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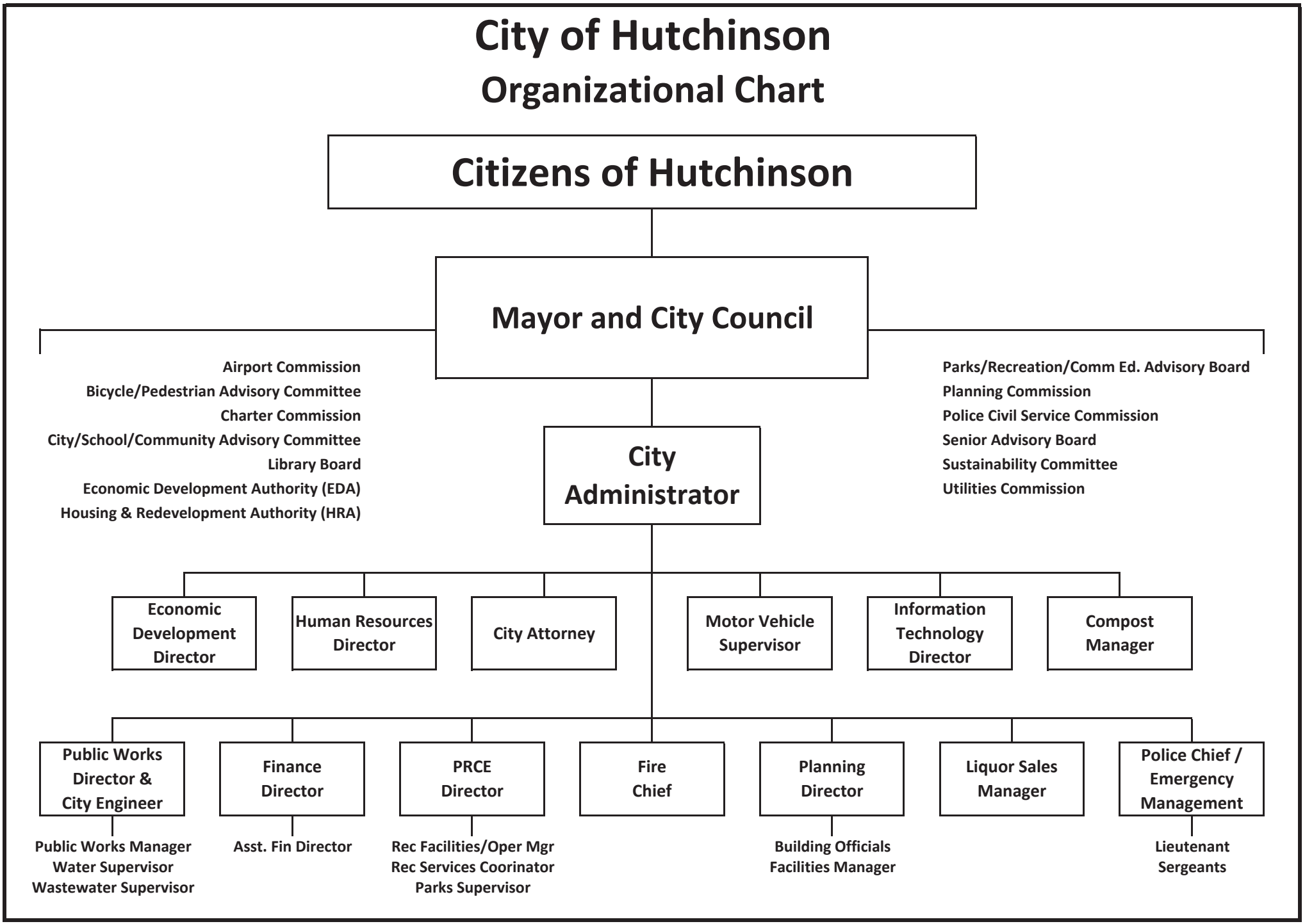
City of Hutchinson
Organizational Chart



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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hutchinson Minnesota

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION

CITY OF HUTCHINSON
HUTCHINSON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Hutchinson, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Hutchinson, Minnesota (the City), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hutchinson Public Utilities Commission, which is a major fund and 60 percent, 57 percent and 76 percent, respectively, of the assets, net position and revenues of the business-type activities. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hutchinson Public Utilities Commission mentioned above, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Mankato, MN 56001
Office 507.625.2727 | Fax 507.388.9139

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 27 and the Schedules of Employer's Share of the Net Pension Liability, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios, the Schedules of Employer's Contributions, the related note disclosures, and the Schedule of Changes in the City's OPEB Liability and Related Ratios starting on page 120 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements, schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Abdo Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
June 9, 2021

People + Process®
Going Beyond the Numbers

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Management's Discussion and Analysis

As management of the City of Hutchinson, Minnesota (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found starting on page 9 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the 2020 fiscal year by $220,540,796 (net position). Of this amount, $50,822,336 may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position increased by $7,722,389 compared to an increase of $8,546,663 in the previous year. Government-type activities decreased by $50,539 mainly due to a decrease in capital grants and contributions in the current year. Business-type activities net position increased by $7,772,928 mainly due to an increase in charges for services and a decrease in expenditures.

- As of the close of 2020, the City's combined governmental funds reported ending fund balances of $23,498,764, a decrease of $1,031,909 in comparison with the prior year. Two main factors contributed to this decrease in 2020. First was $908,253 that was for pre-project costs associated with the new police facility construction. The second was a $296,227 payment the City made to Hutchinson Health to facilitate the Harmony River complex that will be paid back to the City through assessments. Approximately $536,804, or 2.3 percent, is available for spending at the City's discretion (unassigned fund balance).

- During the year, the City's governmental expenditures and financing uses totaled $25,004,375 compared to $23,972,466 generated in revenues and other financing sources for governmental programs.

- At the end of the current fiscal year, the fund balance for the General fund was $8,165,497, or 65.8 percent of total General fund expenditures and transfers out. The unassigned fund balance of the General fund was $2,455,617 or 19.8 percent of total General fund expenditures and transfers out.

Overview of the Financial Statements

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

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

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

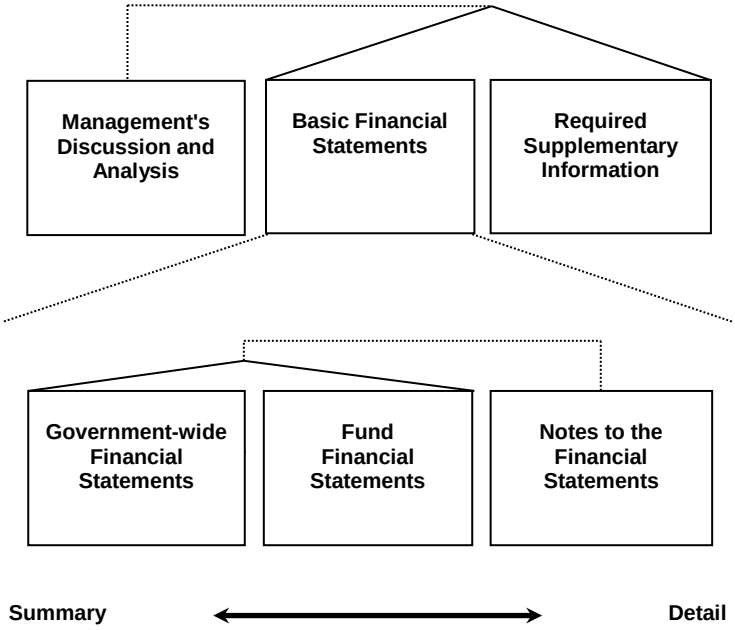


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

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

		Fund Financial Statements	
	Government-wide Statements	**Governmental Funds**	**Proprietary Funds**
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid.	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of outflow/inflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

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

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

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

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, streets and highways, culture and recreation and housing and economic development. The business-type activities of the City include electric, natural gas, water, sewer, refuse, composting, storm water, and a municipal liquor store operation.

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

The government-wide financial statements can be found starting on page 43 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. These statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

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

The City maintains numerous individual governmental funds, many of which are Debt Service funds, which are reported as one major fund for financial reporting. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund and the Debt Service fund, both of which are considered to be major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in the report.

The City adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided for the General fund on page 53 in this report to demonstrate compliance with this budget. The basic governmental fund financial statements can be found starting on page 48 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its residential refuse pickup, compost, water and sewer, electric and gas, storm water, and liquor operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its central garage and insurance operations. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of its operations that are considered to be major funds of the City. Both internal service funds balances have been incorporated into the functions of the governmental activities that benefited from these services. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found starting on page 54 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 71 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Hutchinson's share of net pension liabilities (assets) for defined benefits plans, schedules of contributions, and progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found starting on page 120 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund financial statements and schedules can be found starting on page 132 of this report.

Further, a statistical section has been included as part of the comprehensive annual financial report to facilitate additional analysis and can be found starting on page 188 of this report.

Government-wide Financial Analysis

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

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the City consider additional nonfinancial factors such as changes in the City's property tax base and the condition of the City's roads.

By far the largest portion of the City's net position (72.0 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Hutchinson's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Current and Other Assets	$ 29,905,120	$ 30,512,287	$ (607,167)	$ 54,279,124	$ 53,755,807	$ 523,317
Capital Assets	86,461,306	86,387,693	73,613	132,752,883	133,842,640	(1,089,757)
Total Assets	116,366,426	116,899,980	(533,554)	187,032,007	187,598,447	(566,440)
Deferred Outflows of Resources	1,761,343	2,289,363	(528,020)	602,561	429,654	172,907
Noncurrent Liabilities	26,428,735	25,783,862	644,873	51,290,378	58,575,182	(7,284,804)
Other Liabilities	998,922	1,243,543	(244,621)	4,145,522	4,238,875	(93,353)
Total Liabilities	27,427,657	27,027,405	400,252	55,435,900	62,814,057	(7,378,157)
Deferred Inflows of Resources	2,104,776	3,516,063	(1,411,287)	253,208	1,041,512	(788,304)
Net Position						
Net investment in capital assets	66,566,111	66,499,781	66,330	92,049,992	85,016,805	7,033,187
Restricted	11,102,357	11,088,577	13,780	-	-	-
Unrestricted	10,926,868	11,057,517	(130,649)	39,895,468	39,155,727	739,741
Total Net Position	$ 88,595,336	$ 88,645,875	$ (50,539)	$ 131,945,460	$ 124,172,532	$ 7,772,928

An additional portion of the City's net position (5.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (23.0 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of 2020, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

Governmental Activities. Governmental activities decreased the City's net position by $50,539. Key elements of the activities are shown below:

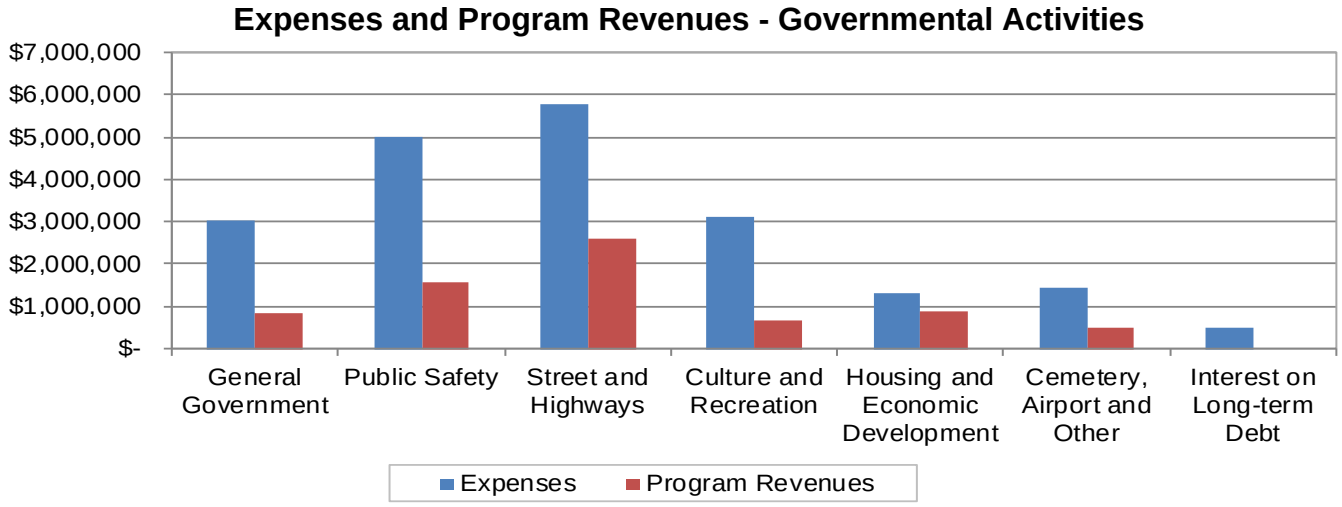
City of Hutchinson's Changes in Net Position

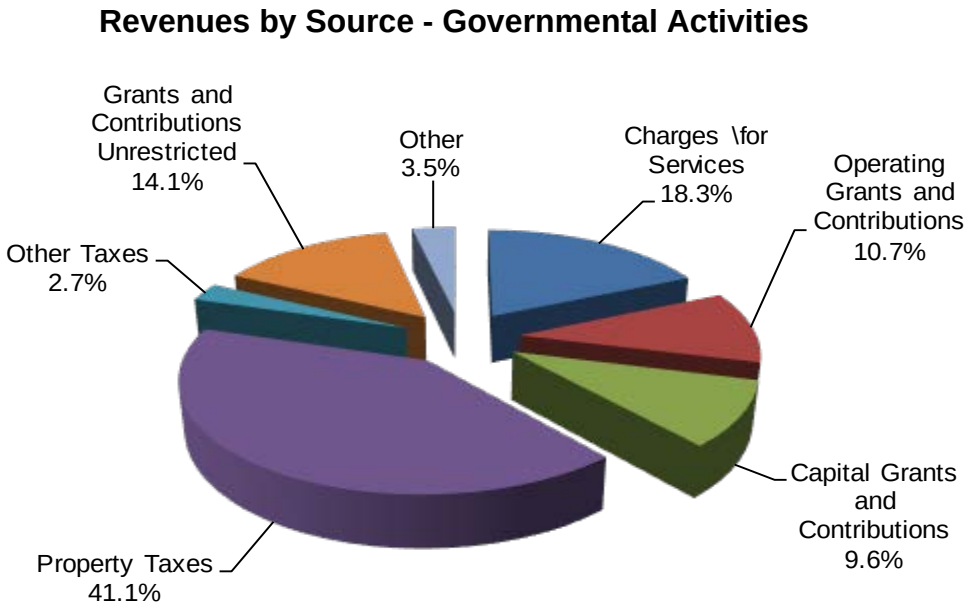
	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	$ 3,348,309	$ 4,233,837	$ (885,528)	$ 58,475,863	$ 56,938,571	$ 1,537,292
Operating grants and contributions	1,962,884	696,234	1,266,650	17,483	26,594	(9,111)
Capital grants and contributions	1,759,802	4,367,498	(2,607,696)	298,848	313,081	(14,233)
General Revenues						
Property taxes/tax increments	7,488,603	7,331,925	156,678	-	-	-
Other taxes	486,963	464,581	22,382	1,571,978	1,537,844	34,134
Grants and contributions not restricted to specific programs	2,577,193	2,421,043	156,150	-	-	-
Unrestricted investment earnings	539,587	692,739	(153,152)	1,130,054	1,183,696	(53,642)
Gain on sale of capital assets	97,194	59,757	37,437	120,746	102,658	18,088
Total Revenues	18,260,535	20,267,614	(2,007,079)	61,614,972	60,102,444	1,512,528
Expenses						
General government	3,020,058	2,435,032	585,026	-	-	-
Public safety	4,999,680	4,987,199	12,481	-	-	-
Streets and highways	5,771,299	5,657,370	113,929	-	-	-
Culture and recreation	3,117,665	3,766,612	(648,947)	-	-	-
Housing and economic development	1,332,749	392,392	940,357	-	-	-
Cemetery, airport and other	1,432,116	1,216,593	215,523	-	-	-
Interest on long-term debt	496,265	502,343	(6,078)	-	-	-
Electric	-	-	-	25,726,245	27,345,524	(1,619,279)
Natural gas	-	-	-	9,337,234	9,776,175	(438,941)
Water	-	-	-	2,515,244	2,621,826	(106,582)
Sewer	-	-	-	2,757,621	3,087,632	(330,011)
Refuse	-	-	-	1,202,458	1,160,163	42,295
Composting	-	-	-	2,704,006	2,360,824	343,182
Storm water	-	-	-	794,014	691,435	102,579
Liquor	-	-	-	6,946,464	5,822,275	1,124,189
Total Expenses	20,169,832	18,957,541	1,212,291	51,983,286	52,865,854	(882,568)
Increase (Decrease) in Net Position Before Transfers	(1,909,297)	1,310,073	(3,219,370)	9,631,686	7,236,590	2,395,096
Transfers	1,858,758	1,849,356	9,402	(1,858,758)	(1,849,356)	(9,402)
Change in Net Position	(50,539)	3,159,429	(3,209,968)	7,772,928	5,387,234	2,385,694
Net Position - January 1	88,645,875	85,486,446	3,159,429	124,172,532	118,785,298	5,387,234
Net Position - December 31	$ 88,595,336	$ 88,645,875	$ (50,539)	$ 131,945,460	$ 124,172,532	$ 7,772,928

The City of Hutchinson governmental revenues decreased and business-type activity revenue increased for 2020 while governmental expenses increased and business-type expenses decreased. Governmental revenues decreased primarily for two reasons in 2020. First is that the City received significantly less federal and state aids for construction projects during the year. Second was the majority of the City's recreation services did not take place due to the COVID-19 pandemic. These reductions were partially offset by $1,074,352 of federal CARES Act monies received. Increases in governmental expenses were $1,212,291, or a 6.4 percent increase. The majority of the increase was due to expensing the $1,074,352 of CARES Act monies, including nearly $700,000 provided to small businesses that suffered during the pandemic.

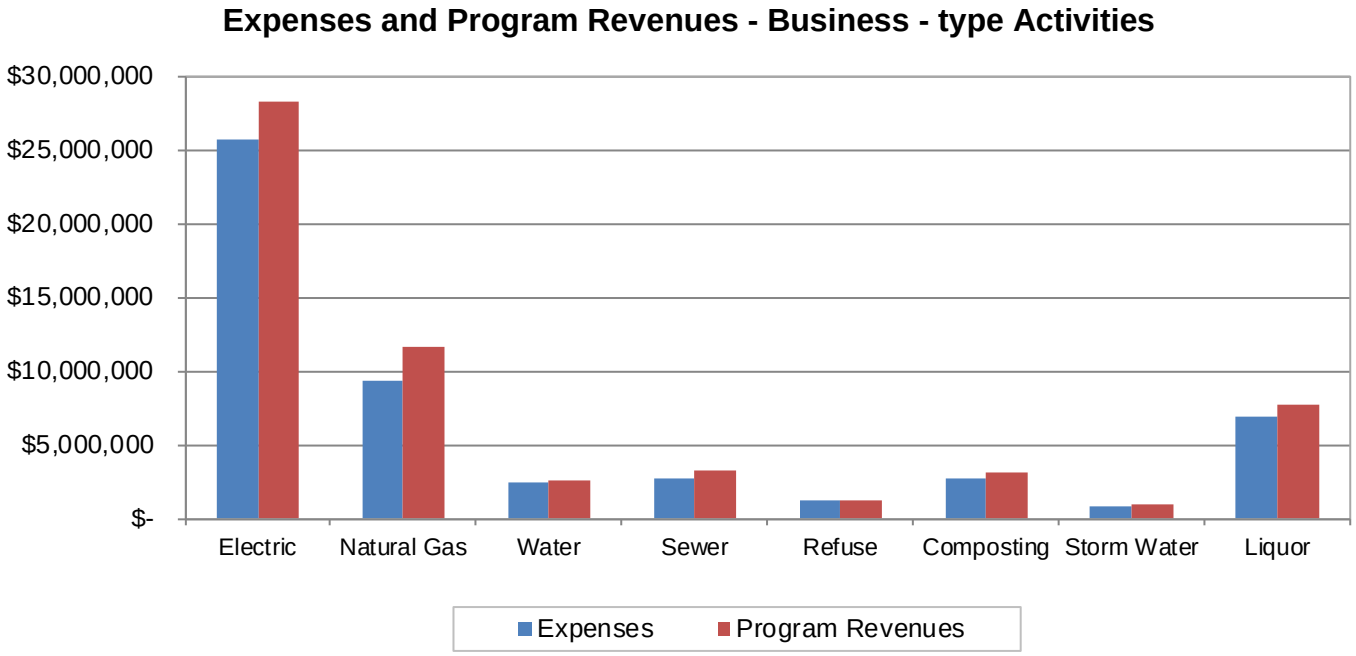
Business-type activities had an aggregate revenue increase of $1,512,528 or 2.5 percent. The biggest factor in the increased revenue for business-type activities in 2020 was a significant increase in sales at Liquor Hutch. Due to the COVID-19 pandemic, the majority of restaurants had severe restrictions, leading people to purchase from the municipal liquor store. Business-type activities saw an aggregate expense decrease of $882,568 or 1.7 percent. While the liquor business saw a large increase in sales, it was partially offset by an increase in cost of goods sold. This increase can be attributed to a higher demand for goods, increasing freight costs and increasing credit card fees due to the City not accepting cash payments due to the pandemic. The Sewer fund reflects a moderate decrease due to consumption. The Compost, Refuse, Water and Storm Water funds had moderate revenue increases. The Refuse, Water and Storm Water funds had moderate expense increases while the Compost and Sewer funds incurred moderate expense decreases. The Electric and Gas divisions experienced a significant decrease in expenses that coincided with decreased demand.

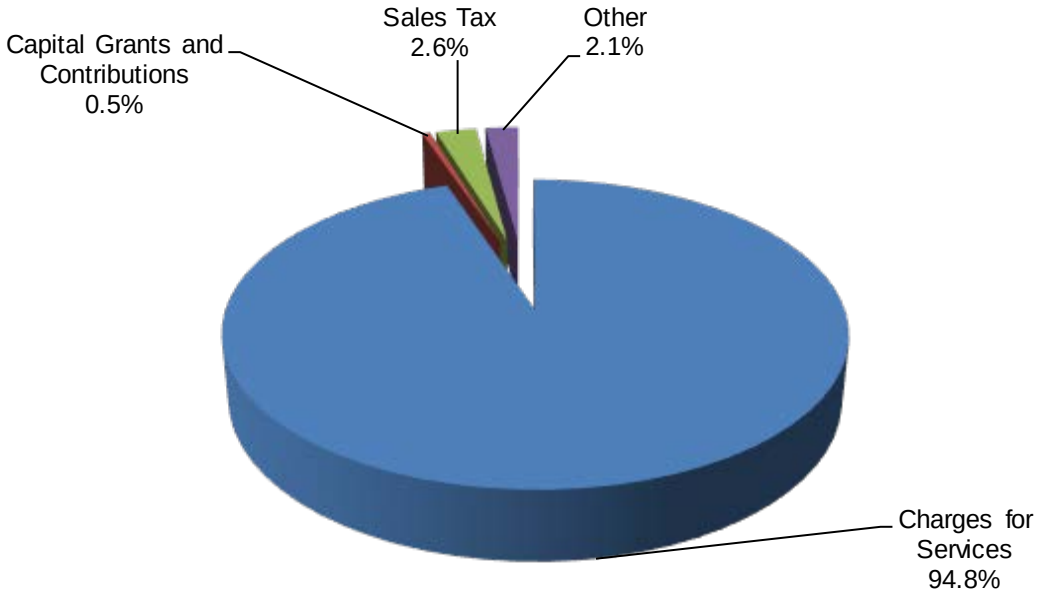
The following graphs depict various governmental activities and show the revenue and expenses directly related to those activities.





Business-type Activities. Business-type activities increased the City's net position by $7,772,928 for 2020, thereby accounting for 100.7 percent of the total growth in net position of the City. Key elements of the activities are shown below:





Financial Analysis of City's Funds

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

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

The General fund is the chief operating fund of the City. At the end of 2020, fund balance of the General fund was $8,165,497. During 2020, the fund balance of the General fund increased by $540,834, primarily due to investment earnings and building permits being $108,275 and $124,960 higher than budget, respectively. The General fund also had significantly less wages and benefits than budgeted due to the number of services shut down due to the COVID-19 pandemic. As a measure of the General fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Total fund balance represents 65.9 percent of total General fund expenditures and transfers out.

The Debt Service fund has a total fund balance of $6,162,692, all of which is restricted for future debt service principal and interest. The Debt Service fund's fund balance increased by $163,714 during the current year mainly due to special assessments issued and investment earnings in excess of debt service payments.

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

Liquor fund operation sales increased in 2020 by $1,297,079 or 20.4 percent, while gross profit increased by $221,806 from 2019. The operating income increased by $167,880 due to the gross profit increase along with an increase in personal services expenditures. The Municipal Liquor fund's net position at year end was $1,388,681, which was an increase of $223,662 from the previous year.

The Water fund's net position at year end was $17,011,129, which was an increase of $1,393,271 from the previous year.

The Sewer fund's net position at year end was $24,098,802, which was an increase of $1,513,662 from the previous year.

Rates in the Water and Sewer funds remained unchanged in 2020 and were last increased in 2011. The local sales tax of 0.5 percent in place since January 1, 2012 resulted in $1.572 million of revenue for these two funds in 2020. The local sales tax revenue is being used exclusively for debt service payments on the Water and Wastewater facilities.

The City's Electric and Gas Utilities provide services to residents of the City. Increased electric and gas demand, offset by increased purchased power expenses, resulting in an operating income of $3,773,571. The net position of the Utilities increased by $3,707,138 in 2020.

General Fund Budgetary Highlights

Several negative fluctuations in actual versus budgeted revenues resulted in a negative budget variance of $509,368. Actual expenditures came in lower than budget by $1,047,702. Significant budget variances are summarized below:

- Licenses and permit revenue exceeded the budget by $116,959 due mainly to building permit activity.

- Charges for services came in under budget by $746,329 mainly due to the waterpark being closed and most other recreation activities being cancelled due to the pandemic.

- Total expenditures were lower than budgeted by $1,047,702 due to a combination of several factors. The main factor in this was wages and benefits being $625,750 under budget, primarily due to less seasonal staff resulting from cancelled activities as well as wages being reimbursed by CARES funding. Closings due to the pandemic also played a major factor in other areas being under budget. These areas include lower utility charges at City facilities due to less staffing or rentals and no concessions supplies for the waterpark or other City facilities. Expenditures that significantly exceeded the budget include tree and landscaping materials and insurance deductible.

- The largest expenditure variances occurred in general government, public safety and culture and recreation. General government was $127,714 under budget primarily as a result of the pandemic. CARES Act monies covered wages for employees who missed time due to COVID-19, and many services and charges were significantly decreased as there were lower costs associated with restricted user access at City facilities. Public safety expenditures were $159,141 under budget due to employee turnover and lower than expected expenses in nearly all departments. Culture and recreation expenditures were $793,699 under budget due to contributing factors from the pandemic including the minimal hiring of seasonal employees and facility closings leading to decreased expenditures.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2020, amounts to $219,214,189 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure and improvements, machinery and equipment, office furniture and fixtures, automotive equipment and construction in progress. The total decrease in the City's investment in capital assets for the current fiscal year was 0.5 percent (a 0.1 percent increase for governmental activities and a 0.8 percent decrease for business-type activities).

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

- The City completed roof and façade improvements at the recreation center.

- The City completed the reconstruction of Main Street from Highway 7 to 5th Avenue.

- The City completed water and sewer utility extensions to the airport in advance of the Civil Air Patrol facility construction.

- Creekside Soils purchased a new compost screener to be used in their operations.

Additional information on the City's capital assets can be found in Note 3C starting on page 87 of this report.

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

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Land	$ 8,992,736	$ 8,992,736	$ -	$ 1,994,381	$ 1,994,381	$ -
Buildings	7,190,510	7,514,572	(324,062)	19,938,963	21,045,471	(1,106,508)
Infrastructure and Improvements	64,632,089	62,818,972	1,813,117	105,856,170	90,241,457	15,614,713
Machinery and Equipment	2,190,204	2,036,365	153,839	3,922,606	3,219,925	702,681
Automotive Equipment	1,495,734	1,686,307	(190,573)	437,957	436,696	1,261
Construction in Progress	1,960,033	3,338,741	(1,378,708)	602,806	16,904,710	(16,301,904)
Total	$ 86,461,306	$ 86,387,693	$ 73,613	$ 132,752,883	$ 133,842,640	$ (1,089,757)

Long-term Debt - At the end of the current fiscal year, the City had total bonded debt outstanding of $61,459,370. This consists of bonds secured by special assessments ($19,415,000) and specified revenue sources (i.e., revenue bonds of $42,044,370).

City of Hutchinson's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
G.O. Improvement Bonds	$ 19,415,000	$ 19,305,000	$ 110,000	$ -	$ -	$ -
G.O. Revenue Bonds	-	-	-	15,564,370	21,065,370	(5,501,000)
Revenue Bonds	-	-	-	26,480,000	28,580,000	(2,100,000)
Contracts and Notes	-	30,000	(30,000)	423,600	568,643	(145,043)
Total	$ 19,415,000	$ 19,335,000	$ 80,000	$ 42,467,970	$ 50,214,013	$ (7,746,043)

The City's total debt decreased by $7,666,043 during 2020. Issuances of debt totaled $2,405,000 and long-term debt of $10,071,043 was retired during the year.

Standard & Poor's rates the City of Hutchinson's 2020 bonds as "AA-". The revenue bonds of the Electric and Gas Utility fund are separately rated "Aa3" by Moody's Investor Service.

Additional information on the City's long-term debt can be found in Note 3F starting on page 92 of this report.

Economic Factors and Next Year's Budgets and Rates

- Hutchinson had an average unemployment rate of 5.4 percent during the fiscal year end 2020. This is an estimate based on information obtained from the Minnesota Department of Employment and Economic Development, which compares unfavorably to the average rate of 3.8 percent in the City a year ago. This current rate compares favorably to both the state and federal average unemployment rates of approximately 6.2 percent and 8.1 percent, respectively.

- Inflationary trends in the region on average for fiscal year 2020 were similar to national indices (i.e. Consumer Price Index).

All of these factors were considered in preparing the City's budget for the 2021 fiscal year.

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

Factors involved in balancing the 2021 General fund budget included a 3.3 percent tax levy increase to address rising costs.

The City's LGA received from the state increased by $69,590 in 2020 to a total of $2,646,397. The General fund is utilizing only $1,268,473 of the LGA to cover operating expenses with the remaining LGA being reserved in the Capital Improvements Projects fund for General fund facility improvements, miscellaneous infrastructure maintenance, playground replacements and other projects as approved by City Council.

The transfers in from the Water and Sewer funds increased in 2021 by a combined $30,000. The City increased annual contributions towards the funding of General fund vehicles by $50,000 in 2021.

The Storm Water fund rates were increased 3 percent in 2021 to address cash flow needs within the fund. Water, Sewer and Refuse rates remained unchanged for the year. The Compost pricing has been adjusted either up or down depending on the product line for 2021. Pricing adjustments occurred based on the actual cost to produce a certain product line or to neutralize market pricing from competitors.

Requests for Information

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

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF HUTCHINSON
HUTCHINSON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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City of Hutchinson, Minnesota
Statement of Net Position
December 31, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Economic Development Authority	Housing and Redevelopment Authority
Assets					
Cash and temporary investments	$ 24,595,984	$ 41,967,521	$ 66,563,505	$ 148,810	$ 2,310,493
Restricted assets	-	3,680,239	3,680,239	-	37,339
Receivables					
Interest	57,956	154,089	212,045	468	1,176
Delinquent taxes	78,152	-	78,152	-	-
Accounts, net of allowances	138,374	4,455,451	4,593,825	-	975
Sales taxes receivable	-	124,247	124,247	-	-
Notes	887,774	-	887,774	-	19,551
Special assessments	2,322,542	-	2,322,542	-	-
Intergovernmental	1,743,355	213,508	1,956,863	1,439	1,468
Internal balances	9,846	(9,846)	-	-	-
Due from component unit	76	-	76	-	-
Inventories	-	3,648,532	3,648,532	-	-
Prepaid items	14,006	45,383	59,389	3,132	5,090
Pension asset	57,055	-	57,055	-	-
Capital assets					
Nondepreciable	10,952,769	2,597,187	13,549,956	-	92,775
Depreciable, net of accumulated depreciation	75,508,537	130,155,696	205,664,233	-	1,434,618
Total Assets	116,366,426	187,032,007	303,398,433	153,849	3,903,485
Deferred Outflows of Resources					
Deferred pension resources	1,729,145	588,194	2,317,339	9,731	-
Deferred other postemployment benefit resources	32,198	14,367	46,565	379	-
Total Deferred Outflows of Resources	1,761,343	602,561	2,363,904	10,110	-
Liabilities					
Accounts payable	544,280	3,035,893	3,580,173	1,846	49,588
Contracts payable	44,779	-	44,779	-	-
Due to primary government	-	-	-	76	-
Due to other governments	16,336	98,396	114,732	-	57,763
Accrued interest payable	205,681	249,546	455,227	-	-
Accrued salaries payable	162,286	336,622	498,908	2,141	3,736
Deposits payable	3,673	425,065	428,738	-	37,339
Unearned revenue	21,887	-	21,887	-	14,915
Noncurrent liabilities					
Due within one year					
Long-term liabilities	2,520,894	5,396,466	7,917,360	4,712	11,596
Due in more than one year					
Long-term liabilities	17,905,937	39,847,207	57,753,144	-	346,835
Net pension liability	5,465,692	5,770,670	11,236,362	96,431	-
Other postemployment benefits liability	536,212	276,035	812,247	6,303	-
Total Liabilities	27,427,657	55,435,900	82,863,557	111,509	521,772
Deferred Inflows of Resources					
Deferred pension resources	2,061,866	240,088	2,301,954	4,196	-
Deferred other postemployment benefit resources	42,910	13,120	56,030	504	-
Total Deferred Inflows of Resources	2,104,776	253,208	2,357,984	4,700	-
Net Position					
Net investment in capital assets	66,566,111	92,049,992	158,616,103	-	1,214,393
Restricted					
Debt service	7,889,536	-	7,889,536	-	-
Future loans	2,171,124	-	2,171,124	-	-
Public sites	225,843	-	225,843	-	-
Rural fire	41,536	-	41,536	-	-
Public safety	220,052	-	220,052	-	-
Tax increment activities	554,266	-	554,266	-	-
Unrestricted	10,926,868	39,895,468	50,822,336	47,750	2,167,320
Total Net Position	$ 88,595,336	$ 131,945,460	$ 220,540,796	$ 47,750	$ 3,381,713

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

City of Hutchinson, Minnesota
Statement of Activities
For the Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	$ 3,020,058	$ 625,923	$ 229,960	$ 4,800
Public safety	4,999,680	1,052,079	495,469	12,572
Streets and highways	5,771,299	766,131	93,336	1,722,575
Culture and recreation	3,117,665	615,623	53,383	19,855
Housing and economic development	1,332,749	74,199	821,443	-
Miscellaneous	1,432,116	214,354	269,293	-
Interest on long-term debt	496,265	-	-	-
Total Governmental Activities	20,169,832	3,348,309	1,962,884	1,759,802
Business-type Activities				
Electric	25,726,245	28,208,330	-	-
Natural gas	9,337,234	11,636,939	-	-
Water	2,515,244	2,461,472	797	130,287
Sewer	2,757,621	3,144,635	1,113	168,561
Refuse	1,202,458	1,258,989	13,080	-
Composting	2,704,006	3,112,047	957	-
Storm water	794,014	984,216	373	-
Liquor	6,946,464	7,669,235	1,163	-
Total Business-type Activities	51,983,286	58,475,863	17,483	298,848
Total Primary Government	$ 72,153,118	$ 61,824,172	$ 1,980,367	$ 2,058,650
Component units				
Economic development	$ 186,361	$ 6,025	$ 258	$ -
Housing and redevelopment	966,063	344,683	371,875	12,575
Total Component Units	$ 1,152,424	$ 350,708	$ 372,133	$ 12,575
General Revenues				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Tax increments				
Sales tax				
Hotel/motel tax				
Franchise taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Gain on sale of capital assets				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position - January 1				
Net Position - December 31				

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Economic Development Authority	Housing and Redevelopment Authority
$ (2,159,375)		$ (2,159,375)		
(3,439,560)		(3,439,560)		
(3,189,257)		(3,189,257)		
(2,428,804)		(2,428,804)		
(437,107)		(437,107)		
(948,469)		(948,469)		
(496,265)		(496,265)		
(13,098,837)		(13,098,837)		
-	2,482,085	2,482,085		
-	2,299,705	2,299,705		
-	77,312	77,312		
-	556,688	556,688		
-	69,611	69,611		
-	408,998	408,998		
-	190,575	190,575		
-	723,934	723,934		
-	6,808,908	6,808,908		
(13,098,837)	6,808,908	(6,289,929)		
			$ (180,078)	$ -
			-	(236,930)
			(180,078)	(236,930)
5,288,603	-	5,288,603	189,092	192,905
2,200,000	-	2,200,000	-	-
207,626	-	207,626	-	-
-	1,571,978	1,571,978	-	-
86,660	-	86,660	-	-
192,677	-	192,677	-	-
2,577,193	-	2,577,193	-	-
539,587	1,130,054	1,669,641	3,289	17,529
97,194	120,746	217,940	-	-
1,858,758	(1,858,758)	-	-	-
13,048,298	964,020	14,012,318	192,381	210,434
(50,539)	7,772,928	7,722,389	12,303	(26,496)
88,645,875	124,172,532	212,818,407	35,447	3,408,209
$ 88,595,336	$ 131,945,460	$ 220,540,796	$ 47,750	$ 3,381,713

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

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FUND FINANCIAL STATEMENTS

CITY OF HUTCHINSON
HUTCHINSON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

City of Hutchinson, Minnesota
Balance Sheet
Governmental Funds
December 31, 2020

	General	Debt Service	Other Governmental Funds	Total
Assets				
Cash and investments	$ 8,384,214	$ 5,717,663	$ 8,971,147	$ 23,073,024
Receivables				
Interest	26,395	-	26,705	53,100
Delinquent taxes	78,152	-	-	78,152
Accounts	129,869	-	8,505	138,374
Notes	-	-	887,774	887,774
Special assessments	-	1,876,060	446,482	2,322,542
Intergovernmental	93,779	16,269	1,632,128	1,742,176
Advances to other funds	-	483,475	1,458,271	1,941,746
Prepaid items	11,371	-	2,635	14,006
Total Assets	$ 8,723,780	$ 8,093,467	$ 13,433,647	$ 30,250,894
Liabilities				
Accounts payable	$ 292,187	$ -	$ 192,827	$ 485,014
Contracts payable	-	-	44,779	44,779
Advances from other funds	-	-	1,941,746	1,941,746
Due to other governments	16,326	-	10	16,336
Accrued salaries payable	150,658	-	11,628	162,286
Deposits payable	273	-	3,400	3,673
Unearned revenue	20,687	-	1,200	21,887
Total Liabilities	480,131	-	2,195,590	2,675,721
Deferred Inflows of Resources				
Unavailable revenue				
Interest receivable	-	54,715	5	54,720
Taxes	78,152	-	-	78,152
Special assessments	-	1,876,060	446,482	2,322,542
Intergovernmental	-	-	1,620,995	1,620,995
Total Deferred Inflows of Resources	78,152	1,930,775	2,067,482	4,076,409
Fund Balances				
Nonspendable	11,371	-	2,635	14,006
Restricted	220,052	6,162,692	2,993,278	9,376,022
Committed	5,478,457	-	3,167,700	8,646,157
Assigned	-	-	4,925,775	4,925,775
Unassigned	2,455,617	-	(1,918,813)	536,804
Total Fund Balances	8,165,497	6,162,692	9,170,575	23,498,764
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 8,723,780	$ 8,093,467	$ 13,433,647	$ 30,250,894

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

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

Amounts reported for governmental activities in the statement of net position are different because	
Total Fund Balances - Governmental Funds	$ 23,498,764
Long-term assets from pension reported in governmental activies are not financial resources and therefore are not reported as assets in the funds.	57,055
Net capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	84,011,353
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Noncurrent liabilities at year-end consist of	
Severance payable	(531,636)
Other postemployment benefit obligation	(536,212)
Net pension liability	(5,465,692)
Bonds payable	(19,205,000)
Bond premiums issued, net of accumulated amortization	(472,676)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Interest receivable	54,720
Delinquent property taxes receivable	78,152
Special assessments receivable	2,322,542
Intergovernmental receivable	1,620,995
Governmental funds do not report long-term amounts related to pensions and other post employment benefits.	
Deferred outflows of pension resources	1,729,145
Deferred inflows of pension resources	(2,061,866)
Deferred outflows of other postemployment benefit resources	32,198
Deferred inflows of other postemployment benefit resources	(42,910)
Governmental funds do not report a liability for accrued interest until due and payable.	(203,931)
Internal service funds are used by management to charge the costs of various services to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.	3,710,335
Total Net Position - Governmental Activities	$ 88,595,336

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

City of Hutchinson, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	General	Debt Service	Other Governmental Funds	Total
Revenues				
Taxes	$ 5,546,400	$ 2,032,840	$ 214,014	$ 7,793,254
Special assessments	-	545,403	67,218	612,621
Licenses and permits	505,409	-	-	505,409
Intergovernmental	1,859,775	-	2,837,451	4,697,226
Charges for services	1,742,700	-	440,364	2,183,064
Fines and forfeits	45,158	-	-	45,158
Investment earnings	188,289	61,187	244,904	494,380
Miscellaneous	389,309	-	185,401	574,710
Total Revenues	10,277,040	2,639,430	3,989,352	16,905,822
Expenditures				
Current				
General government	2,368,489	-	220,750	2,589,239
Public safety	4,592,563	-	186,860	4,779,423
Streets and highways	1,968,880	-	482,818	2,451,698
Culture and recreation	2,310,876	-	99,734	2,410,610
Housing and economic development	-	-	1,259,893	1,259,893
Miscellaneous	1,034,632	-	35,103	1,069,735
Capital outlay				
General government	-	-	400,772	400,772
Public safety	6,458	-	1,070,387	1,076,845
Streets and highways	9,000	-	4,210,986	4,219,986
Culture and recreation	9,000	-	1,132,804	1,141,804
Housing and economic development	-	-	5,000	5,000
Miscellaneous	-	-	358	358
Debt service				
Principal	-	1,985,000	30,000	2,015,000
Interest and other	-	490,716	22,829	513,545
Bond issuance costs	-	-	45,400	45,400
Total Expenditures	12,299,898	2,475,716	9,203,694	23,979,308
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,022,858)	163,714	(5,214,342)	(7,073,486)
Other Financing Sources (Uses)				
Sale of capital assets	2,500	-	-	2,500
Transfers in	2,666,192	-	1,992,952	4,659,144
Bonds issued	-	-	2,405,000	2,405,000
Transfers out	(105,000)	-	(920,067)	(1,025,067)
Total Other Financing Sources (Uses)	2,563,692	-	3,477,885	6,041,577
Net Change in Fund Balances	540,834	163,714	(1,736,457)	(1,031,909)
Fund Balances, January 1	7,624,663	5,998,978	10,907,032	24,530,673
Fund Balances, December 31	$ 8,165,497	$ 6,162,692	$ 9,170,575	$ 23,498,764

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

City of Hutchinson, Minnesota
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2020

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

Net Change in Fund Balances - Governmental Funds	$ (1,031,909)
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.	
Capital outlay	5,713,189
Depreciation expense	(4,047,625)
The net effect of various miscellaneous transactions involving capital assets is to increase (decrease) net position.	
Sale/disposal of capital assets	(48,368)
Capital contributions to business-type activities, net	(1,706,319)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Principal repayments	2,015,000
Debt issued or incurred	(2,405,000)
Premium on bonds issued, net of amortization expense	65,197
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(5,320)
Long-term pension activity is not reported in governmental funds.	
Pension expense	316,269
Direct aid contributions	37,844
Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.	
Property taxes/tax increments	15,152
Special assessments	189,653
Intergovernmental	802,503
Interest earnings	11,662
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(31,157)
Other postemployment benefits costs	(20,224)
Internal service funds are used by management to charge the costs of various services to individual funds. The net revenues of certain activities of internal service funds is reported with governmental activities.	78,914
Change in Net Position - Governmental Activities	$ (50,539)

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

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City of Hutchinson, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 5,575,910	$ 5,575,910	$ 5,546,400	$ (29,510)
Licenses and permits	388,450	388,450	505,409	116,959
Intergovernmental	1,855,117	1,855,117	1,859,775	4,658
Charges for services	2,489,029	2,489,029	1,742,700	(746,329)
Fines and forfeits	55,000	55,000	45,158	(9,842)
Investment earnings	80,000	80,000	188,289	108,289
Miscellaneous	342,902	342,902	389,309	46,407
Total Revenues	10,786,408	10,786,408	10,277,040	(509,368)
Expenditures				
Current				
General government	2,496,203	2,496,203	2,368,489	127,714
Public safety	4,751,704	4,751,704	4,592,563	159,141
Streets and highways	1,947,456	1,947,456	1,968,880	(21,424)
Culture and recreation	3,104,575	3,104,575	2,310,876	793,699
Miscellaneous	1,047,662	1,047,662	1,034,632	13,030
Capital outlay				
Public safety	-	-	6,458	(6,458)
Streets and highways	-	-	9,000	(9,000)
Culture and recreation	-	-	9,000	(9,000)
Total Expenditures	13,347,600	13,347,600	12,299,898	1,047,702
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,561,192)	(2,561,192)	(2,022,858)	538,334
Other Financing Sources (Uses)				
Sale of capital assets	-	-	2,500	2,500
Transfers in	2,666,192	2,666,192	2,666,192	-
Transfers out	(105,000)	(105,000)	(105,000)	-
Total Other Financing Sources (Uses)	2,561,192	2,561,192	2,563,692	2,500
Net Change in Fund Balances	-	-	540,834	540,834
Fund Balances, January 1	7,624,663	7,624,663	7,624,663	-
Fund Balances, December 31	$ 7,624,663	$ 7,624,663	$ 8,165,497	$ 540,834

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

City of Hutchinson, Minnesota
Statement of Net Position
Proprietary Funds (Continued on the Following Pages)
December 31, 2020

	Business-type Activities - Enterprise Funds		
	609 Municipal Liquor Store	**601** Water	**602** Sewer
Assets			
Current Assets			
Cash and investments	$ 411,097	$ 3,217,452	$ 7,143,699
Receivables			
Interest	-	11,685	25,126
Accounts, net of allowance of $80,591	98,903	206,651	291,569
Sales tax	-	-	-
Intergovernmental	-	77,326	76,577
Advances to other funds	-	-	34,875
Inventories	658,850	-	-
Prepaid items	8,004	3,097	2,290
Total Current Assets	1,176,854	3,516,211	7,574,136
Noncurrent Assets			
Restricted assets			
Cash and investments	-	-	-
Advances to other funds	-	-	72,921
Capital assets			
Land	308,072	16,282	311,915
Buildings and structures	1,631,037	17,698,455	28,270,454
Infrastructure and improvements	139,207	19,338,876	21,675,362
Machinery and equipment	120,992	3,572,738	7,352,177
Automotive equipment	-	87,948	463,056
Construction in progress	-	-	198,855
Less accumulated depreciation	(1,146,479)	(19,258,586)	(34,224,164)
Total Capital Assets (Net of Accumulated Depreciation)	1,052,829	21,455,713	24,047,655
Total Noncurrent Assets	1,052,829	21,455,713	24,120,576
Total Assets	2,229,683	24,971,924	31,694,712
Deferred Outflows of Resources			
Deferred pension resources	43,740	29,986	41,859
Deferred other postemployment benefit resources	1,515	1,515	2,651
Total Deferred Outflows of Resources	45,255	31,501	44,510

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

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Public Utilities Commission	Other Enterprise Funds	Total	
$ 25,578,167	$ 5,617,106	$ 41,967,521	$ 1,522,960
97,986	19,292	154,089	4,856
3,471,561	386,767	4,455,451	-
124,247	-	124,247	-
-	59,605	213,508	1,179
-	-	34,875	-
1,961,383	1,028,299	3,648,532	-
29,588	2,404	45,383	-
31,262,932	7,113,473	50,643,606	1,528,995
3,680,239	-	3,680,239	-
-	-	72,921	-
559,528	798,584	1,994,381	-
-	2,412,521	50,012,467	-
154,534,080	7,514,557	203,202,082	-
-	4,319,287	15,365,194	1,831,347
-	859,925	1,410,929	3,889,416
403,951	-	602,806	10,534
(78,763,496)	(6,442,251)	(139,834,976)	(3,281,344)
76,734,063	9,462,623	132,752,883	2,449,953
80,414,302	9,462,623	136,506,043	2,449,953
111,677,234	16,576,096	187,149,649	3,978,948
413,037	59,572	588,194	-
4,519	4,167	14,367	-
417,556	63,739	602,561	-

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

City of Hutchinson, Minnesota
Statement of Net Position
Proprietary Funds (Continued)
December 31, 2020

	Business-type Activities - Enterprise Funds		
	609 Municipal Liquor Store	**601** Water	**602** Sewer
Liabilities			
Current Liabilities			
Accounts payable	$ 274,636	$ 76,375	$ 179,602
Advances from other funds	-	-	-
Due to other governments	86,352	1,522	-
Accrued interest payable	-	76,947	61,784
Accrued salaries payable	10,363	6,519	9,435
Accrued vacation payable	24,617	18,147	33,506
Deposits payable	-	-	-
Current portion of debt	-	1,269,000	1,236,000
Total Current Liabilities	395,968	1,448,510	1,520,327
Noncurrent Liabilities			
Advances from other funds	-	-	-
Accrued vacation payable	10,733	6,689	4,193
Other postemployment benefit obligation	25,229	25,229	44,138
Net pension liability	433,446	297,150	414,802
Capital leases and notes payable	-	-	-
Bonds payable	-	7,468,768	6,871,378
Less current portion of debt	-	(1,269,000)	(1,236,000)
Total Noncurrent Liabilities	469,408	6,528,836	6,098,511
Total Liabilities	865,376	7,977,346	7,618,838
Deferred Inflows of Resources			
Deferred pension resources	18,862	12,931	18,050
Deferred other postemployment benefit resources	2,019	2,019	3,532
Total Deferred Inflows of Resources	20,881	14,950	21,582
Net Position			
Net investment in capital assets	1,052,829	13,986,945	17,176,277
Unrestricted	335,852	3,024,184	6,922,525
Total Net Position	$ 1,388,681	$ 17,011,129	$ 24,098,802

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

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Public Utilities Commission	Other Enterprise Funds	Total	
$ 2,294,443	$ 210,837	$ 3,035,893	$ 59,266
-	34,875	34,875	-
-	10,522	98,396	-
82,542	28,273	249,546	1,750
296,684	13,621	336,622	-
29,244	37,706	143,220	-
425,065	-	425,065	-
2,459,065	289,181	5,253,246	155,000
5,587,043	625,015	9,576,863	216,016
-	72,921	72,921	-
680,007	15,701	717,323	-
112,072	69,367	276,035	-
4,034,943	590,329	5,770,670	-
-	423,600	423,600	-
28,144,162	1,475,222	43,959,530	217,519
(2,459,065)	(289,181)	(5,253,246)	(155,000)
30,512,119	2,357,959	45,966,833	62,519
36,099,162	2,982,974	55,543,696	278,535
164,556	25,689	240,088	-
-	5,550	13,120	-
164,556	31,239	253,208	-
52,270,140	7,563,801	92,049,992	2,232,434
23,560,932	6,061,821	39,905,314	1,467,979
$ 75,831,072	$ 13,625,622	131,955,306	$ 3,700,413
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.		(9,846)	
Net position of business-type activities		$ 131,945,460	

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

City of Hutchinson, Minnesota
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds (Continued on the Following Pages)
For the Year Ended December 31, 2020

	Business-type Activities - Enterprise Funds		
	609	**601**	**602**
	Municipal Liquor Store	Water	Sewer
Operating Revenues			
Sales	$ 7,666,197	$ -	$ -
Cost of sales	(5,994,877)	-	-
Gross Profit	1,671,320	-	-
Charges for services	-	2,383,939	3,110,570
Penalties	-	1,547	2,050
Other operating revenue	1,163	797	1,113
Total Operating Revenues	1,672,483	2,386,283	3,113,733
Operating Expenses			
Personal services	714,069	489,903	689,949
Supplies and maintenance	17,484	149,731	189,614
Other services and charges	134,894	565,184	644,588
Depreciation and depletion	80,937	1,115,771	1,080,629
Production	-	-	-
Purchased power/gas	-	-	-
Transmission	-	-	-
Distribution	-	-	-
Customer accounts expense	-	-	-
Sales expense	-	-	-
Administration and general	-	-	-
Total Operating Expenses	947,384	2,320,589	2,604,780
Operating Income (Loss)	725,099	65,694	508,953
Nonoperating Revenues (Expenses)			
Property taxes	-	-	-
Sales tax	-	785,989	785,989
Intergovernmental	-	-	-
Interest earnings	715	74,536	177,277
Rents	-	62,918	7,225
Merchandise and contract work, net	-	-	-
Other income	2,640	13,068	24,790
Gain (loss) on sale of capital assets	-	-	4,074
Interest expense - customer accounts and other	(4,792)	-	-
Interest expense - bonds	-	(222,064)	(175,610)
Bond premium amortization	-	26,111	21,404
Total Nonoperating Revenues (Expenses)	(1,437)	740,558	845,149

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

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Public Utilities Commission	Other Enterprise Funds	Total	
$ -	$ 3,109,054	$ 10,775,251	$ -
-	(2,009,172)	(8,004,049)	-
-	1,099,882	2,771,202	-
36,218,897	2,233,835	43,947,241	389,233
-	1,231	4,828	-
1,761,940	1,583	1,766,596	-
37,980,837	3,336,531	48,489,867	389,233
-	824,968	2,718,889	-
-	245,707	602,536	-
-	1,133,599	2,478,265	107,420
3,893,094	402,634	6,573,065	414,337
3,483,546	-	3,483,546	-
18,764,510	-	18,764,510	-
2,570,964	-	2,570,964	-
2,433,947	-	2,433,947	-
442,142	-	442,142	-
340,934	-	340,934	-
2,278,129	-	2,278,129	-
34,207,266	2,606,908	42,686,927	521,757
3,773,571	729,623	5,802,940	(132,524)
-	-	-	167,160
-	-	1,571,978	-
-	12,827	12,827	-
737,924	139,602	1,130,054	33,545
-	-	70,143	-
177,632	-	177,632	-
1,686,800	11,132	1,738,430	47,544
54,616	38,420	97,110	35,715
-	-	(4,792)	-
(1,075,279)	(68,766)	(1,541,719)	(4,717)
219,066	5,653	272,234	7,520
1,800,759	138,868	3,523,897	286,767

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

City of Hutchinson, Minnesota
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds (Continued)
For the Year Ended December 31, 2020

	Business-type Activities - Enterprise Funds		
	609 Municipal Liquor Store	**601** Water	**602** Sewer
Income Before Contributions and Transfers	$ 723,662	$ 806,252	$ 1,354,102
Capital Contributions From Other Funds	-	720,174	239,247
Other Capital Contributions			
Special assessments	-	292	-
Connection fees	-	129,995	168,561
Transfers Out	(500,000)	(263,442)	(248,248)
Change in Net Position	223,662	1,393,271	1,513,662
Net Position, January 1	1,165,019	15,617,858	22,585,140
Net Position, December 31	$ 1,388,681	$ 17,011,129	$ 24,098,802

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

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Public Utilities Commission	Other Enterprise Funds	Total	
$ 5,574,330	$ 868,491	$ 9,326,837	$ 154,243
-	746,898	1,706,319	-
-	-	292	-
-	-	298,556	-
(1,867,192)	(686,195)	(3,565,077)	(69,000)
3,707,138	929,194	7,766,927	85,243
72,123,934	12,696,428	124,188,379	3,615,170
$ 75,831,072	$ 13,625,622	$ 131,955,306	$ 3,700,413

Change in net position as shown above	$ 7,766,927
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	6,001
Change in net position of business-type activities.	$ 7,772,928

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

City of Hutchinson, Minnesota
Statement of Cash Flows
Proprietary Funds (Continued on Following Pages)
For the Year Ended December 31, 2020

	Business-type Activities - Enterprise Funds		
	609 Municipal Liquor Store	**601** Water	**602** Sewer
Cash Flows from Operating Activities			
Receipts from customers	$ 7,628,242	$ 2,382,118	$ 3,093,530
Receipts from interfund services provided	-	-	-
Other receipts	2,640	75,986	32,015
Payments to vendors and suppliers	(5,841,627)	(680,996)	(1,059,557)
Payments to or on behalf of employees	(725,978)	(524,255)	(733,956)
Net Cash Provided by Operating Activities	1,063,277	1,252,853	1,332,032
Cash Flows from Noncapital Financing Activities			
Transfers out	(500,000)	(263,442)	(248,248)
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	-	(1,010,288)	(734,348)
Proceeds from sale of capital assets	-	-	4,074
Insurance proceeds	-	-	-
Property taxes received	-	-	-
Sales tax received	-	785,989	785,989
Special assessments received	-	292	-
Connection fees collected	-	129,995	168,561
Principal paid on long-term debt	-	(2,968,000)	(2,413,000)
Interest paid on long-term debt	(4,792)	(252,743)	(199,108)
Interfund advance activity for capital improvements	(148,103)	61,718	95,577
Net Cash Provided (Used) by Capital and Related Financing Activities	(152,895)	(3,253,037)	(2,292,255)
Cash Flows from Investing Activities			
Interest received on investments	715	71,909	168,235
Net Increase (Decrease) in Cash and Cash Equivalents	411,097	(2,191,717)	(1,040,236)
Cash and Cash Equivalents, January 1	-	5,409,169	8,183,935
Cash and Cash Equivalents, December 31	$ 411,097	$ 3,217,452	$ 7,143,699
Cash and Cash Equivalents, Reported on Statement of Net Position			
Unrestricted cash and investments	$ 411,097	$ 3,217,452	$ 7,143,699
Restricted cash and investments	-	-	-
Total Cash and Cash Equivalents	$ 411,097	$ 3,217,452	$ 7,143,699

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

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Public Utilities Commission	Other Enterprise Funds	Total	
$ 36,205,588	$ 5,200,112	$ 54,509,590	$ -
-	-	-	389,233
3,590,716	23,959	3,725,316	-
(25,758,100)	(3,273,714)	(36,613,994)	(113,395)
(4,766,135)	(872,409)	(7,622,733)	-
9,272,069	1,077,948	13,998,179	275,838
(1,867,192)	(686,195)	(3,565,077)	(69,000)
(1,739,468)	(529,776)	(4,013,880)	(546,535)
58,194	271,733	334,001	56,678
-	-	-	47,544
-	-	-	188,511
-	-	1,571,978	-
-	-	292	-
-	-	298,556	-
(2,100,000)	(265,043)	(7,746,043)	(310,000)
(1,082,279)	(72,453)	(1,611,375)	(7,300)
-	-	9,192	-
(4,863,553)	(595,539)	(11,157,279)	(571,102)
755,902	132,349	1,129,110	32,479
3,297,226	(71,437)	404,933	(331,785)
25,961,180	5,688,543	45,242,827	1,854,745
$ 29,258,406	$ 5,617,106	$ 45,647,760	$ 1,522,960
$ 25,578,167	$ 5,617,106	$ 41,967,521	$ 1,522,960
3,680,239	-	3,680,239	-
$ 29,258,406	$ 5,617,106	$ 45,647,760	$ 1,522,960

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

City of Hutchinson, Minnesota
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended December 31, 2020

	Business-type Activities - Enterprise Funds		
	609 Municipal Liquor Store	**601** Water	**602** Sewer
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	$ 725,099	$ 65,694	$ 508,953
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Other income related to operations	2,640	75,986	32,015
Depreciation and amortization (see note below)	80,937	1,115,771	1,080,629
Pension related adjustments	-	-	-
(Increase) decrease in assets			
Accounts receivable	(39,118)	(5,873)	(28,364)
Interest receivable	-	-	-
Due from other governments	-	1,708	8,161
Inventories	46,438	-	-
Prepaid items	(4,744)	(3,025)	(2,091)
(Increase) decrease in deferred outflows of resources			
Deferred pension resources	(13,007)	(7,384)	(9,974)
Deferred other postemployment benefit resources	(371)	(371)	(647)
Increase (decrease) in liabilities			
Accounts payable	244,805	43,293	(223,264)
Due to other governments	19,129	(6,349)	-
Advances from other funds	-	-	-
Accrued salaries payable	(17,242)	(13,109)	(18,626)
Accrued vacation payable	4,309	(1,718)	6,224
Deposits payable	-	-	-
Other postemployment benefit obligation	1,108	1,108	1,900
Net pension liability	63,800	25,306	31,306
Increase (decrease) in deferred inflows of resources			
Deferred pension resources	(50,127)	(37,805)	(53,523)
Deferred other postemployment benefit resources	(379)	(379)	(667)
Net Cash Provided by Operating Activities	$ 1,063,277	$ 1,252,853	$ 1,332,032

Note: Depreciation expense for the nonmajor enterprise funds includes $209,677 allocated to costs of good sold.

Schedule of Noncash Investing, Capital and Financing Activities			
Capital contributions from other funds	$ -	$ 720,174	$ 239,247
Gain (loss) on disposal of capital assets	$ -	$ -	$ -
Book value of disposed/traded capital assets	$ -	$ -	$ -
Capital assets acquired on account	$ -	$ -	$ -
Amortization of bond (premium) discount	$ -	$ (26,111)	$ (21,404)

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

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Public Utilities Commission	Other Enterprise Funds	Total	
$ 3,773,571	$ 729,623	$ 5,802,940	$ (132,524)
1,846,454	23,959	1,981,054	-
3,893,094	402,634	6,573,065	414,337
(239,563)	-	(239,563)	-
(29,379)	(150,868)	(253,602)	-
17,978	-	17,978	-
-	5,277	15,146	-
(85,767)	152,746	113,417	-
48,277	(150)	38,267	-
-	(14,910)	(45,275)	-
-	(1,019)	(2,408)	-
(79,578)	(4,480)	(19,224)	(5,975)
-	507	13,287	-
-	(33,859)	(33,859)	-
71,856	(25,845)	(2,966)	-
67,815	13,798	90,428	-
(19,586)	-	(19,586)	-
6,897	3,008	14,021	-
-	53,144	173,556	-
-	(74,570)	(216,025)	-
-	(1,047)	(2,472)	-
$ 9,272,069	$ 1,077,948	$ 13,998,179	$ 275,838
$ -	$ 746,898	$ 1,706,319	$ -
$ -	$ -	$ -	$ 35,715
$ 3,578	$ 233,313	$ 236,891	$ 20,963
$ -	$ -	$ -	$ 51,501
$ (219,066)	$ (5,653)	$ (272,234)	$ -

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

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FIDUCIARY FUNDS

Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds or private-purpose trust funds.

State Fund: This fund is used to account for activities related to the State of Minnesota's motor vehicle, licensing and DNR services.

City of Hutchinson, Minnesota
Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2020

	Custodial Fund State
Assets	
Cash and investments	$ 8,806
Liabilities	
Due to other governments	$ 8,806

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

City of Hutchinson, Minnesota
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended December 31, 2020

	Custodial Fund State
Additions	
Fees collected on behalf of the state	$ 4,701,962
Deductions	
Payments to state	4,701,962
Net Increase (Decrease) in Fiduciary Net Position	-
Net Position, January 1	8,806
Net Position, December 31	$ 8,806

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

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Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

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

Joint Ventures

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

City of Hutchinson	40 %
State of Minnesota	30 %
McLeod County	30 %

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

Note 1: Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. *Governmental activities,* which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the custodial fund financial statements and the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

The *Municipal Liquor fund* is used to account for the operation of the municipal off-sale liquor store.

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

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

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

Additionally, the City reports the following fund types:

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

Fiduciary Funds

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

Deposits and Investments

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

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

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

1. Direct obligations or obligations guaranteed by the United States or its agencies.

2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.

3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.

4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.

5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.

6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.

7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.

8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

9. Guaranteed investment contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

Note 1: Summary of Significant Accounting Policies (Continued)

Investment Policy

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

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

Objective

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

1. Credit Risk - the risk of loss due to failure of the security issuer or backer, will be minimized by:

    - Limiting investments to the types of securities listed in Section VIII of this investment policy.
    - Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business in accordance with Section VII.
    - Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized. Insurance or collateral may be required to ensure return of principal.

2. Interest Rate Risk - the risk that the fair value of securities in the portfolio will fall due to changes in market interest rates will be minimized to:

    - Provide for liquidity by reviewing cash flow requirements and make investments to meet the shorter cash flow needs, thereby avoiding the need to sell securities in the open market prior to maturity.
    - Manage the average maturity of the overall portfolio to be consistent with the risk of the City.

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. There were no changes in valuation techniques that have a significant impact to the City and there are no nonrecurring fair value measurements. The City has the following recurring fair value measurements as of December 31, 2020:

- Government agency securities of $1,030,125 are valued using quoted market prices (Level 1 inputs)
- Municipal bonds of $17,927,275, FHLB bonds of $771,778 and negotiable certificates of deposits of $10,791,195 are valued using a matrix pricing model (Level 2 inputs)

Property Taxes

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

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

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2020. All trade receivables are shown net of an allowance for uncollectible accounts. The allowance in the Public Utilities Commission enterprise fund at December 31, 2020 was $80,591. The other utility funds do not record an allowance because uncollected bills may be certified to the County for collection.

Special Assessments

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

Note 1: Summary of Significant Accounting Policies (Continued)

Interfund Receivables and Payables

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

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

Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of $1 for land and more than $5,000 (amount not rounded) for all other assets and an estimated useful life in excess of one year. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items which qualify for reporting in this category. Accordingly, the items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position. These items result from actuarial calculations and current year pension contributions and OPEB contributions made subsequent to the measurement dates.

Pensions

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

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

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

	Public Employees Retirement Association of Minnesota (PERA)			Fire Relief	
	GERP	PEPFP	PEDCP	Association	Total
Pension Expense	$ 643,329	$ 324,166	$ 1,405	$ (144,940)	$ 823,960

Compensated Absences

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

Postemployment Benefits Other Than Pensions

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis. The liability was actuarially determined, in accordance with GASB Statement 75, at December 31, 2020. For the most part, the General fund is typically used to liquidate governmental OPEB liabilities.

Note 1: Summary of Significant Accounting Policies (Continued)

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Inflows of Resources

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

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

Fund Balance

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

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

Net Position

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

a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.

b. Restricted net position - Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

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

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General and Rural Fire Department and Hutchinson Area Transportation Facility special revenue funds. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

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

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

There were no budget amendments made by the City in 2020.

Note 2: Stewardship, Compliance and Accountability (Continued)

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2020, expenditures exceeded appropriations in the following fund:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Special Revenue			
Rural Fire Department	$ 125,250	$ 125,518	$ 268

The excess expenditures over appropriations were funded by more revenues than anticipated.

C. Deficit Fund Equity

The following funds had fund equity deficits at December 31, 2020:

Fund	Amount
Special Revenue	
Tax Increments 2016	$ 339,047
TIF #4-17 Enterprise Center	128,738
TIF #4-20 Warrior Expansion	9,389
TIF #4-21 1105 Benjamin Ave SE	11,114
Hutchinson Enterprise Center	240,253
Capital Projects	
Airport Renovation	91,674
Special Assessment Improvement 2019	852,669
Special Assessment Improvement 2020	245,509

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

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City's deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, with the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

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

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

At year end, the City's carrying amount of deposits, including the EDA, was $30,962,596 and the bank balance was $31,056,733. The bank balance was covered by federal depository insurance and securities pledged by the financial institution's trust department in the City's and the Public Utilities Commission's names. The primary government and the EDA component unit deposits and investments are pooled.

At year end, the HRA's (discretely presented component unit) carrying amount of deposits was $2,347,832 and the bank balance was $2,351,284. Of the bank balance, $750,000 was covered by federal depository insurance and the remaining balance was collateralized with securities held by the pledging financial institution's trust department in the HRA's name.

Note 3: Detailed Notes on All Funds (Continued)

Investments

As of December 31, 2020, the City had the following investments that are insured or registered, or securities held by the City or it's agent in the City's name:

Types of Investments	Credit Quality Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using Level 1	Fair Value Measurement Using Level 2
Pooled Investments at Amortized Costs					
Broker Mutual Funds	N/A	less than 1 year	$ 8,900,476		
Broker Deposits	N/A	less than 1 year	1,434		
Non-pooled Investments at Fair Value					
Municipal Bonds	AA2	less than 1 year	294,756	-	$ 294,756
Municipal Bonds	AA	1 to 5 years	1,047,915	-	1,047,915
Municipal Bonds	AA-	1 to 5 years	328,590	-	328,590
Municipal Bonds	A1	1 to 5 years	1,058,886	-	1,058,886
Municipal Bonds	A2	1 to 5 years	9,852,079	-	9,852,079
Municipal Bonds	AA1	1 to 5 years	3,067,671	-	3,067,671
Municipal Bonds	AA2	1 to 5 years	2,277,378	-	2,277,378
FHLB Bonds	AAA	1 to 5 years	771,778		771,778
Government Agency Securities	N/A	less than 1 year	1,030,125	1,030,125	-
Negotiable Certificates of Deposit	N/A	less than 1 year	5,075,535	-	5,075,535
Negotiable Certificates of Deposit	N/A	1 to 5 years	5,715,660	-	5,715,660
Total Investments			$39,422,283	$ 1,030,125	$29,490,248

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.
(2) Interest rate risk is disclosed using the segmented time distribution method.
N/A Indicates not applicable or available.

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

- *Credit Risk*. The credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota Statutes limit the City's investments to the list on page 74 of the notes.

- *Custodial Credit Risk*. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City typically limits its exposure by purchasing insured or registered investments.

- *Concentration of Credit Risk.* The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At December 31, 2020, there were no investments in one issuer (other than investments issued by or explicitly guaranteed by U.S. government, mutual funds, external investment pools, and other pooled investments) that represent 5 percent or more of the City's investments.

- *Interest Rate Risk.* In accordance with its investment policy, the City diversifies its investment portfolio to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity. The maturities selected shall provide for stability of income and reasonable liquidity.

Note 3: Detailed Notes on All Funds (Continued)

Cash on Hand

Cash in the possession of the City, consisting of petty cash and change funds totals $7,675.

Cash and Investments Summary

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

	Primary Government	Component Unit - EDA	Component Unit - HRA	Total Reporting Entity
Deposits	$ 30,813,786	$ 148,810	$ 2,347,832	$ 33,310,428
Investments	39,422,283	-	-	39,422,283
Cash on Hand	7,675	-	-	7,675
Total	$ 70,243,744	$ 148,810	$ 2,347,832	$ 72,740,386
Cash and Investments				
Unrestricted	$ 66,563,505	$ 148,810	$ 2,310,493	$ 69,022,808
Restricted	3,680,239	-	37,339	3,717,578
Total	$ 70,243,744	$ 148,810	$ 2,347,832	$ 72,740,386

Cash and Investments - Restricted

Cash and investments - restricted are deposits designated by bond covenants in the City's Public Utilities Commission fund for specific purposes. At December 31, 2020, restricted cash and investments consisted of the following:

Primary Government

Hutchinson Public Utilities Commission	
Public Utility Revenue Refunding Bonds, Series 2012A	
Funds required to be held in a debt service account based on criteria set aside in the bond issuance document.	$ 2,359,332
Public Utility Revenue Bonds, Series 2017B	
Funds required to be held in a debt service account based on criteria set aside in the bond issuance document.	1,320,907
Total Restricted Cash and Investments	$ 3,680,239

Component Unit - HRA

Cash and investments - restricted are tenant security deposits in the HRA at December 31, 2020 in the amount of $37,339.

Note 3: Detailed Notes on All Funds (Continued)

B. Notes Receivable

Primary Government

The City has issued various notes to local residents and businesses which are payable to the City with variable payments and interest rates. The balance on these notes as of December 31, 2020 is $887,774. Most of the notes to local residents do not have to be repaid if they remain property owners for ten years. This applies to Housing Rehabilitation Grant special revenue fund notes totaling $402,880. This City also has TIF loans that do not have to be repaid if they remain in the property for five years totaling $93,725. The Economic Development Loan fund has notes with local businesses outstanding of $129,455 and the Minnesota Investment funds has loans outstanding of $13,812. The City also has notes receivable in the Energy Loan fund of $247,902 at year end.

Component Unit - HRA

The HRA has received grants to be used for economic development and housing redevelopment services. The proceeds of these grants were loan to individuals and are to be paid back to the HRA. The balances of these notes at December 31, 2020 is $19,551.

C. Capital Assets

Primary Government

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	$ 8,992,736	$ -	$ -	$ 8,992,736
Construction in progress	3,338,741	1,921,954	(3,300,662)	1,960,033
Total Capital Assets not Being Depreciated	12,331,477	1,921,954	(3,300,662)	10,952,769
Capital Assets Being Depreciated				
Buildings and structures	12,877,772	-	-	12,877,772
Infrastructure and improvements	105,765,391	5,317,946	(100,074)	110,983,263
Machinery and equipment	5,310,112	595,240	(252,357)	5,652,995
Automotive equipment	4,968,956	108,445	(75,516)	5,001,885
Total Capital Assets Being Depreciated	128,922,231	6,021,631	(427,947)	134,515,915
Less Accumulated Depreciation for				
Buildings and structures	(5,363,200)	(324,062)	-	(5,687,262)
Infrastructure and improvements	(42,946,419)	(3,460,165)	55,410	(46,351,174)
Machinery and equipment	(3,273,747)	(378,717)	189,673	(3,462,791)
Automotive equipment	(3,282,649)	(299,018)	75,516	(3,506,151)
Total Accumulated Depreciation	(54,866,015)	(4,461,962)	320,599	(59,007,378)
Total Capital Assets Being Depreciated, Net	74,056,216	1,559,669	(107,348)	75,508,537
Governmental Activities Capital Assets, Net	$ 86,387,693	$ 3,481,623	$ (3,408,010)	$ 86,461,306

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated				
Land	$ 1,994,381	$ -	$ -	$ 1,994,381
Construction in progress	16,904,710	758,626	(17,060,530)	602,806
Total Capital Assets not Being Depreciated	18,899,091	758,626	(17,060,530)	2,597,187
Capital Assets Being Depreciated				
Buildings and structures	50,012,467	-	-	50,012,467
Infrastructure and improvements	182,793,884	20,639,762	(231,564)	203,202,082
Machinery and equipment	14,302,392	1,296,631	(233,829)	15,365,194
Automotive equipment	1,357,056	85,710	(31,837)	1,410,929
Total Capital Assets Being Depreciated	248,465,799	22,022,103	(497,230)	269,990,672
Less Accumulated Depreciation for				
Buildings and structures	(28,966,996)	(1,106,508)	-	(30,073,504)
Infrastructure and improvements	(92,552,427)	(5,006,561)	213,076	(97,345,912)
Machinery and equipment	(11,082,467)	(585,224)	225,103	(11,442,588)
Automotive equipment	(920,360)	(84,449)	31,837	(972,972)
Total Accumulated Depreciation	(133,522,250)	(6,782,742)	470,016	(139,834,976)
Total Capital Assets Being Depreciated, Net	114,943,549	15,239,361	(27,214)	130,155,696
Business-type Activities Capital Assets, Net	$ 133,842,640	$ 15,997,987	$ (17,087,744)	$ 132,752,883

Note 3: Detailed Notes on All Funds (Continued)

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

Governmental Activities	
General government	$ 54,792
Public safety	184,468
Streets and highways, including depreciation of general infrastructure assets	2,900,021
Culture and recreation	631,556
Housing and economic development	73,064
Miscellaneous	203,724
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	414,337
Total Depreciation Expense - Governmental Activities	$ 4,461,962
Business-type Activities	
Electric	$ 2,804,539
Natural gas	1,088,555
Water	1,115,771
Sewer	1,080,629
Refuse	135,387
Composting	53,812
Storm water	213,435
Liquor	80,937
Total Depreciation Expense - Business-type Activities	$ 6,573,065

Construction Commitments

The City has active projects as of December 31, 2020. At year end the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Recreation Center Improvements	$ 850,796	$ 76,357

Note 3: Detailed Notes on All Funds (Continued)

Discretely Presented Component Unit

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

	Beginning Balance	Increases	Decreases	Ending Balance
HRA				
Capital Assets not Being Depreciated				
Land	$ 92,775	$ -	$ -	$ 92,775
Capital Assets Being Depreciated				
Buildings and structures	5,163,197	65,518	(2,452)	5,226,263
Machinery and equipment	658,430	18,760	(4,840)	672,350
Total Capital Assets Being Depreciated	5,821,627	84,278	(7,292)	5,898,613
Less Accumulated Depreciation for				
Buildings and structures	(3,854,239)	(186,773)	1,478	(4,039,534)
Machinery and equipment	(385,017)	(44,284)	4,840	(424,461)
Total Accumulated Depreciation	(4,239,256)	(231,057)	6,318	(4,463,995)
Total Capital Assets Being Depreciated, Net	1,582,371	(146,779)	(974)	1,434,618
HRA Capital Assets, Net	$ 1,675,146	$ (146,779)	$ (974)	$ 1,527,393

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

Discretely Presented Component Unit	
HRA	$ 231,057

Note 3: Detailed Notes on All Funds (Continued)

D. Interfund Receivables, Payables and Transfers

Advances from/to Other Funds

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

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

The Debt Service fund loaned funds to the Tax Increment 2016 fund, the TIF 4-16, the TIF #4-17 Enterprise Center fund, the TIF #4-20 Warrior Expansion fund, and the TIF 4-21 Benjamin Ave SE to pay for costs identified in the TIF Plans. These balances will be paid back as the TIF districts generate future tax increment revenues.

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

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

Receivable Entity	Payable Entity	Amount
Primary Government	Component unit	
Internal service - Central Garage	EDA	$ 76

Note 3: Detailed Notes on All Funds (Continued)

Interfund Transfers

The following transfers were made for the year ended December 31, 2020:

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

	Transfer In		
Fund	General	Nonmajor Governmental	Total
Transfer Out			
General	$ -	$ 105,000	$ 105,000
Nonmajor governmental	-	920,067	920,067
Water enterprise	60,000	203,442	263,442
Sewer enterprise	60,000	188,248	248,248
Municipal Liquor Store enterprise	500,000	-	500,000
Public Utilities Commission enterprise	1,867,192	-	1,867,192
Nonmajor enterprise	110,000	576,195	686,195
Self Insurance internal service	69,000	-	69,000
Total	$ 2,666,192	$ 1,992,952	$ 4,659,144

For the year ended December 31, 2020, the City made the following one-time transfers:

- From the Self-insurance fund ($69,000) to the General fund to assist HSA contribution funding.
- From the General fund ($105,000) to the HATS fund for the City's contribution to the HATS facility operating costs.
- From the Refuse fund ($55,000) to fund the Tree Disease Infestation/Mitigation Plan.
- From the Capital Improvement Projects fund ($1,814) to the Public Sites fund to fund public arts maintenance.
- From the Public Sites fund ($10,000) to the Community Improvement fund to move public arts maintenance.
- From the Water fund ($203,442) to the Special Assessment Improvement 2020 fund to fund infrastructure costs.
- From the Sewer fund ($188,248) to the Special Assessment Improvement 2020 fund to fund infrastructure costs.
- From the Storm Water fund ($521,195) to the Special Assessment Improvement 2020 fund to fund infrastructure costs.

Note 3: Detailed Notes on All Funds (Continued)

E. Inventories

Inventories at December 31, 2020 consist of the following:

Fund	Amount
Municipal Liquor Store	
Liquor	$ 277,675
Wine	229,563
Beer	127,953
Miscellaneous	23,659
Total	658,850
Composting	
Processed materials	257,208
Bulk product	233,413
Bagged product	467,894
Parts	69,784
Total	1,028,299
Public Utilities Commission	
Electric division	
Fuel oil and lubricants	110,673
Plant	6,977
Engine parts	866,468
Distribution materials	380,518
Transformers	137,037
Total	1,501,673
Natural gas division	
Fittings	156,140
Transmission line gas	303,570
Total	459,710
Total	$ 3,648,532

Note 3: Detailed Notes on All Funds (Continued)

F. Long-term Debt

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

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

Primary Government Debt - Governmental Activity Debt

General Obligation Special Assessment Bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Improvement Bonds of 2009D	$ 2,255,000	2.00 - 3.63 %	11/05/09	02/01/24	$ 570,000
Improvement and Refunding Bonds of 2010C	4,595,000	3.00 - 3.13	11/10/10	02/01/25	350,000
Improvement Bonds of 2011A	2,830,000	0.50 - 3.25	11/02/11	02/01/27	1,120,000
G.O. Refunding Bonds of 2012B	2,095,000	3.00	07/25/12	02/01/21	85,000
Improvement Bonds of 2012C	2,275,000	2.00 - 2.50	10/30/12	02/01/28	1,100,000
Improvement Bonds of 2013A	2,230,000	2.00 - 3.50	09/05/13	02/01/29	1,265,000
Improvement and Refunding Bonds of 2014A	3,415,000	2.00 - 3.00	11/04/14	02/01/30	1,795,000
Improvement Bonds of 2015A	2,140,000	2.85 - 3.00	10/01/15	02/01/31	1,595,000
Improvement Bonds of 2016A	3,880,000	2.00	10/06/16	02/01/32	2,145,000
Improvement Bonds of 2017A	2,445,000	2.00 - 3.00	10/31/17	02/01/33	2,055,000
Improvement Bonds of 2018A	2,395,000	3.00 - 4.00	10/31/18	02/01/34	2,255,000
Improvement Bonds of 2019A	2,675,000	2.00 - 3.00	11/05/19	02/01/35	2,675,000
Improvement Bonds of 2020A	2,405,000	0.35 - 1.40	08/06/20	02/01/36	2,405,000
Total G.O. Special Assessment Bonds					$ 19,415,000

Note 3: Detailed Notes on All Funds (Continued)

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

Year Ending December 31	G.O. Special Assessment Bonds Governmental Activities Principal	Interest	Total
2021	$ 2,090,000	$ 465,764	$ 2,555,764
2022	2,185,000	408,693	2,593,693
2023	2,115,000	352,090	2,467,090
2024	1,865,000	300,345	2,165,345
2025	1,650,000	254,389	1,904,389
2026 - 2030	6,570,000	712,048	7,282,048
2031 - 2035	2,800,000	129,882	2,929,882
2036	140,000	980	140,980
Total	$ 19,415,000	$ 2,624,191	$ 22,039,191

Note 3: Detailed Notes on All Funds (Continued)

Business-type Activity Debt

General Obligation Revenue Bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Water Revenue Bonds of 2005 (PFA)	$ 5,696,371	2.53 %	09/28/05	08/20/24	$ 1,433,370
G.O. Water Revenue Bonds of 2006 (PFA)	12,216,000	2.63	08/07/06	08/20/25	3,896,000
G.O. Sewer Revenue Bonds of 2007 (PFA)	13,696,602	2.15	06/26/07	08/20/26	5,260,000
G.O. Water and Sewer Refunding Bonds of 2012B	2,700,000	3.00	10/30/12	02/01/28	755,000
G.O. Storm Water Bonds of 2018B	1,550,000	3.00 - 4.00	10/31/18	02/01/29	1,430,000
G.O. Water and Sewer Refunding Bonds of 2019A	2,790,000	2.00 - 3.00	11/05/19	02/01/29	2,790,000
Total G.O. Revenue Bonds					$ 15,564,370

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

Year Ending December 31	G.O. Revenue Bonds Business-type Activities Principal	Interest	Total
2021	$ 2,645,000	$ 396,532	$ 3,041,532
2022	2,722,000	328,159	3,050,159
2023	2,489,000	261,670	2,750,670
2024	2,545,370	197,316	2,742,686
2025	2,399,000	128,815	2,527,815
2026 - 2029	2,764,000	133,671	2,897,671
Total	$ 15,564,370	$ 1,446,163	$ 17,010,533

Note 3: Detailed Notes on All Funds (Continued)

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

	Water	Sewer	Storm Water
Revenue	$ 3,172,272	$ 3,899,722	$ 977,793
Principal and Interest	1,485,743	1,187,108	175,855
Percent of Revenue	46.8%	30.4%	18.0%

Revenue Bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Public Utility Revenue Refunding Bonds of 2012A	$ 20,720,000	4.00 - 5.00 %	07/19/12	12/01/26	$ 11,075,000
Public Utility Revenue Bonds, 2017E	16,675,000	3.00 - 4.00	10/31/17	12/01/37	15,405,000
Total Revenue Bonds					$ 26,480,000

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

Year Ending December 31	Revenue Bonds Business-type Activities Principal	Interest	Total
2021	$ 2,240,000	$ 990,506	$ 3,230,506
2022	2,430,000	900,906	3,330,906
2023	2,555,000	786,406	3,341,406
2024	2,655,000	702,456	3,357,456
2025	2,770,000	596,256	3,366,256
2026 - 2030	6,475,000	1,612,082	8,087,082
2031 - 2035	5,100,000	813,406	5,913,406
2036 - 2037	2,255,000	104,864	2,359,864
Total	$ 26,480,000	$ 6,506,882	$ 32,986,882

Note 3: Detailed Notes on All Funds (Continued)

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

	PUC
Revenue	$ 36,218,897
Principal and Interest	3,174,506
Percent of Revenue	8.8%

Capital Leases Payable

An obligation was issued by the City for the purchase of equipment in the Compost fund. The obligation will be retired by the net revenue of the enterprise fund. The cost of the Rotochopper was $476,277 and accumulated depreciation at December 31, 2020 was $166,697, for a book value of $309,580. The capitalized asset value of $476,277 differs from the lease obligation of $416,277 due to the capitalization of a net gain of $60,000 on a like-kind trade. The cost of the Komptech Compost Turner was $475,175 and accumulated depreciation at December 31, 2020 was $71,276, for a book value of $403,899. The capitalized asset value of $475,175 differs from the lease obligation of $473,775 due to the capitalization of a net gain of $1,400 on a like-kind trade.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Rotochopper Lease	$ 416,277	2.75 %	08/02/17	08/02/21	$ 85,482
Komptech Compost Turner	473,775	2.99	04/29/19	04/29/25	338,118
Total Capital Leases Payable					$ 423,600

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

Year Ending December 31	Capital Leases Business-type Activities Principal	Interest	Total
2021	$ 149,181	$ 12,460	$ 161,641
2022	65,603	8,205	73,808
2023	67,565	6,244	73,809
2024	69,585	4,223	73,808
2025	71,666	2,143	73,809
Total	$ 423,600	$ 33,275	$ 456,875

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation special assessment bonds	$ 19,305,000	$ 2,405,000	$ (2,295,000)	$ 19,415,000	$ 2,090,000
Bond premium	552,912	-	(72,717)	480,195	-
Total Bonds Payable	19,857,912	2,405,000	(2,367,717)	19,895,195	2,090,000
Notes Payable	30,000	-	(30,000)	-	-
Compensated Absences Payable	500,479	464,232	(433,075)	531,636	430,894
Governmental Activity Long-term Liabilites	$ 20,388,391	$ 2,869,232	$ (2,830,792)	$ 20,426,831	$ 2,520,894
Business-type Activities					
Bonds Payable					
General obligation revenue bonds	$ 21,065,370	$ -	$ (5,501,000)	$ 15,564,370	$ 2,645,000
Revenue bonds	28,580,000	-	(2,100,000)	26,480,000	2,240,000
Bond premium	2,187,394	-	(272,234)	1,915,160	219,065
Total Bonds Payable	51,832,764	-	(7,873,234)	43,959,530	5,104,065
Capital Leases Payable	568,643	-	(145,043)	423,600	149,181
Compensated Absences Payable	770,115	581,127	(490,699)	860,543	143,220
Business-type Activity Long-term Liabilities	$ 53,171,522	$ 581,127	$ (8,508,976)	$ 45,243,673	$ 5,396,466

Refunding Bond

On November 5, 2019, the City issued General Obligation Water and Sewer Refunding Bonds of 2019A for $2,790,000 to refund the maturities of the City's 2009A and 2009B obligations which were called on February 1, 2020. The savings information on the refunding bonds shows both a present value cashflow savings and net present value benefit for the City of $319,752.

Note 3: Detailed Notes on All Funds (Continued)

Component Unit Debt

Loans Payable

The HRA's long-term debt balance as of December 31, 2020 was for the 2013 and 2016 Minnesota Housing Finance Agency Publicly Owned Housing Program.

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

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

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

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

Change in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Component Unit Activities (EDA)					
Compensated Absences Payable	$ 816	$ 10,604	$ (6,708)	$ 4,712	$ 4,712
Component Unit Activities (HRA)					
Loans Payable	$ 313,000	$ -	$ -	$ 313,000	$ -
Compensated Absences Payable	44,954	23,123	(22,646)	45,431	11,596
Total	$ 357,954	$ 23,123	$ (22,646)	$ 358,431	$ 11,596

Note 3: Detailed Notes on All Funds (Continued)

G. Fund Balance Classification

At December 31, 2020, a summary of the governmental fund balance classifications are as follows:

	General	Debt Service	Other Governmental Funds	Total
Fund Balances				
Nonspendable				
Prepaid items	$ 11,371	$ -	$ 2,635	$ 14,006
Restricted				
Drug forfeiture	59,999	-	-	59,999
Debt service	-	6,162,692	-	6,162,692
E911 system	160,053	-	-	160,053
Parkland dedication	-	-	200,319	200,319
Police Memorial Park maintenance	-	-	25,524	25,524
Rural fire department	-	-	41,536	41,536
Economic development loans	-	-	501,786	501,786
Energy loans	-	-	918,349	918,349
HRA loans	-	-	83,071	83,071
Housing rehabilitation	-	-	649,430	649,430
Minnesota investment	-	-	18,488	18,488
Tax increment financing	-	-	554,775	554,775
Total Restricted	220,052	6,162,692	2,993,278	9,376,022
Committed				
Working capital	5,478,457	-	-	5,478,457
Tree escrow	-	-	80,220	80,220
Tree mitigation	-	-	485,655	485,655
Future police facility	-	-	2,091,747	2,091,747
Public arts commission	-	-	17,517	17,517
Lakes and River Basin project	-	-	492,561	492,561
Total Committed	5,478,457	-	3,167,700	8,646,157
Assigned				
Hutchinson area transportation facility	-	-	453,821	453,821
Public arts commission (maintenance)	-	-	10,000	10,000
Capital projects	-	-	1,992,831	1,992,831
Community improvement	-	-	2,469,123	2,469,123
Total Assigned	-	-	4,925,775	4,925,775
Unassigned	2,455,617	-	(1,918,813)	536,804
Total Fund Balance	$ 8,165,497	$ 6,162,692	$ 9,170,575	$23,498,764

Note 4: Defined Benefit Pension Plan - Statewide

A. Plan Description

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

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

B. Benefits Provided

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

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

General Employee Plan Benefits

General Employee Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989 receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for average salary for all years of service, For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement

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

Police and Fire Plan Benefits

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

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase will be fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan member were required to contribute 6.50 percent of their annual covered salary in the fiscal year 2020 and the City was required to pay 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ending December 31, 2020, 2019 and 2018 were $862,466, $813,778 and $782,227, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

Police and Fire Fund Contributions

Police and Fire member's contribution rates increased form 11.30 percent of pay to 11.80 percent and employer rates increased from 16.95 percent to 17.70 percent on January 1, 2020. The City's contributions to the Police and Fire Fund for the years ending December 31, 2020, 2019 and 2018 were $322,455, $296,227 and $284,969, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2020, the City of Hutchinson reported a liability of $9,298,954 for its proportionate share of the General Employees Fund's net pension liability of which the EDA's portion was calculated at $96,431. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled $286,598. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020 relative to the total employer contributions received from all of PERA's participating employers. The City's proportion was 0.1551 percent which was a 0.0049 percent increase from its proportion measured as of June 30, 2019.

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

City's Proportionate Share of the Net Pension Liability	$ 9,298,954
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	286,598
Total	$ 9,585,552

For the year ended December 31, 2020, the City recognized pension expense of $618,386 for its proportionate share of the General Employees Plan's pension expense of which the EDA's portion was calculated at $2,320. In addition, the City recognized $24,943 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

At December 31, 2020, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit - EDA	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 83,312	$ 35,042	$ 933	$ 385
Changes in Actuarial Assumptions	1,019	336,175	20	3,693
Net Difference Between Projected and Actual Earnings on Plan Investments	181,699	-	1,932	-
Changes in Proportion	230,661	18,215	2,317	118
Contributions Paid to PERA Subsequent to the Measurement Date	437,822	-	4,529	-
Total	$ 934,513	$ 389,432	$ 9,731	$ 4,196

The $442,351 reported as deferred outflows related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

	Primary Government	Component Unit - EDA
2021	$ (417,790)	$ (4,715)
2022	57,472	495
2023	245,520	2,618
2024	222,057	2,608

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

Police and Fire Fund Pension Costs

At December 31, 2020, the City reported a liability of $2,033,839 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the City's proportionate share was 0.1543 percent which was a 0.0129 percent decrease from its proportionate share measured as of June 30, 2019.

The State of Minnesota also contributed $13.5 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2020. The contribution consisted of $4.5 million in direct state aid that does meet the definition of a special funding situation and $9.0 million in fire state aid that does not meet the definition of a special funding situation. The $4.5 million direct state was paid on October 1, 2019. Thereafter, by October 1 of each year, the state will pay $9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The $9 million in fire state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

As a result, the State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the $4.5 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2020, the City recognized pension expense of $310,279 for its proportionate share of the Police and Fire Plan's pension expense.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the $9 million in fire state aid. The City also recognized $13,887 for the year ended December 31, 2020 as pension expense and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2020, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources, from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 94,772	$ 123,403
Changes in Actuarial Assumptions	774,518	1,382,843
Net Difference Between Projected and Actual Earnings on Plan Investments	52,610	-
Changes in Proportion	93,213	196,881
Contributions Paid to PERA Subsequent to the Measurement Date	171,339	-
Total	$ 1,186,452	$ 1,703,127

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

The $171,339 reported as deferred outflows related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2021	$ (183,931)
2022	(605,710)
2023	73,534
2024	63,129
2025	(35,036)

E. Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for General Employees Plan and 1.0 percent per year for Police and Fire Plan.

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

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

The following changes in actuarial assumptions and plan provisions occurred in 2020:

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

Police and Fire Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Stocks	35.5 %	5.10 %
Alternative Assets (Private Markets)	25.0	5.90
Bonds (Fixed Income)	20.0	0.75
International Stocks	17.5	5.30
Cash	2.0	-
Total	100.0 %	

F. Discount Rate

The discount rate used to measure the total pension liability in 2020 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

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

	City Proportionate Share of NPL		
	1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
General Employees Fund			
Primary Government	$ 14,741,875	$ 9,202,523	$ 4,625,513
Component Unit - EDA	161,122	96,431	50,555
Police and Fire Fund	4,053,734	2,033,839	362,730

H. Pension Plan Fiduciary Net Position

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

Note 5: Defined Contribution Plans

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

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

The City's contributions to the DCP for the years ended December 31, 2020, 2019 and 2018 were $1,405, $1,405 and $1,090, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

Contribution Amount		Percentage of Covered Payroll		
Employee	Employer	Employee	Employer	Required Rate
$ 1,405	$ 1,405	5.00%	5.00%	5.00%

Note 6: Defined Contribution Plans (Component Unit)

HRA

All eligible employees as determined by the local HRA HUD approved personnel policy are covered by a pension plan with The Housing Renewal and Local Agency Retirement Plan. The HRA's contributions to the DCP for the years ended December 31, 2020, 2019 and 2018 were $16,779, $16,644 and $18,340, respectively. Pension contributions for the year under the plan were as follows:

Contribution Amount		Percentage of Covered Payroll		
Employee	Employer	Employee	Employer	Required Rate
$ 14,465	$ 16,779	6.50%	7.50%	N/A

Note 7: Defined Benefit Pension Plans - Fire Relief Association

A. Plan Description

Firefighters, retired and active, of the City are members of the Hutchinson Fire Department Relief Association (the Association). The Association is the administrator of a single-employer defined benefit pension plan available to firefighters. The Association was established May 6, 1907, and operates under the provisions of Minnesota statutes, chapters 69 and 424. It is governed by a Board of Trustees made up of nine members, of which six are elected by the members of the Association for three-year terms, the Mayor, the City Clerk and the fire chief, who serve as ex-officio voting members of the board. As of December 31, 2020, the plan covered 35 active firefighters, 1 inactive members, 47 vested terminated fire fighters and 12 surviving beneficiaries whose pension benefits are deferred.

B. Benefits Provided

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

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

C. Contributions

Minnesota statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by property taxes, fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed $117,030 in fire state aid to the plan on behalf of the Hutchinson Fire Department for the year ended December 31, 2020, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the plan for the year ended December 31, 2020 were $117,030. The City's contributions were equal to the required contributions as set by state statute. The City also made $75,236 of voluntary contributions to the plan. Furthermore, the firefighter has no obligation to contribute to the plan.

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

D. Pension Costs

At December 31, 2020, the City reported a net pension liability (asset) of ($57,055) for the plan. The net pension liability was measured as of December 31, 2020. The total pension liability used to calculate the net pension liability in accordance with GASB 68 was determined by Van Iwaarden Associates applying an actuarial formula to specific census data certified by the Department as of December 31, 2020. The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance January 1, 2020	$ 2,644,347	$ 2,600,265	$ 44,082
Changes for the Year			
Service cost	37,705	-	37,705
Interest on pension liability (asset)	155,596	-	155,596
Change in benefit terms	(34,805)		(34,805)
Actuarial experience (gains)/losses	15,323	-	15,323
Change in assumptions	140,688	-	140,688
Nonemployer contributions	-	192,266	(192,266)
Net investment income	-	243,347	(243,347)
Benefit payments	(177,560)	(177,560)	-
Administrative expenses	-	(19,969)	19,969
Total Net Changes	136,947	238,084	(101,137)
Ending Balance December 31, 2020	$ 2,781,294	$ 2,838,349	$ (57,055)

For the year ended December 31, 2020, the City recognized negative pension expense of $144,940.

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

At December 31, 2020, the City reported deferred inflows of resources and deferred outflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 11,918	$ 16,724
Changes in Actuarial Assumptions	184,456	36,483
Net Difference Between Projected and Actual Earnings on Plan Investments	-	156,188
Total	$ 196,374	$ 209,395

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

2021	$ 10,835
2022	10,229
2023	(33,922)
2024	(163)

E. Actuarial Assumptions

The total pension liability at December 31, 2020 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

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

The following changes in benefits occurred in 2020:

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

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

The following changes in actuarial assumptions occurred in 2020:

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

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

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

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

F. Discount Rate

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

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

G. Pension Liability Sensitivity

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

	1 Percent Decrease (4.50%)	Current (5.50%)	1 Percent Increase (6.50%)
Defined Benefit Plan	$ 221,177	$ (57,055)	$ (291,350)

H. Pension Plan Fiduciary Net Position

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

Note 8: Other Information

A. Risk Management

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

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

B. Commitments and Contingencies

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

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

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

C. Self-Insurance - Benefit Plans

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

Note 8: Other Information (Continued)

The claims liability at December 31, 2020 is based on requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the funds' claims liability amount in fiscal years 2020, 2019 and 2018 were:

Year	January 1 Claims Liability	Current Year Claims and Changes in Estimates	Current Year Claim Payments	December 31 Claims Liability
2020	$ 6,341	$ 73,522	$ (79,525)	$ 338
2019	3,956	87,919	(85,534)	6,341
2018	6,127	97,638	(99,809)	3,956
2017	7,577	93,145	(94,595)	6,127
2016	17,128	99,753	(109,304)	7,577

D. Major Customers

For the year ended December 31, 2020, the PUC's Electric Division derived approximately 48 percent of utility revenue from the top five major industrial customers.

For the year ended December 31, 2020, the PUC's Natural Gas Division derived approximately 40 percent of its utility revenue from the top five major industrial customers.

E. Tax Increment Districts

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

F. Tax Abatements

As of December 31, 2020, the City has one agreement entered into by the City listed below that abate City property taxes. Below is information specific to the agreement:

The City entered into a tax abatement agreement with Uponor Inc., dated 2/13/2018 for a manufacturing project located at 500 Technology Drive. The project includes the acquisition of and improvements to an approximately 36-acre parcel of land and approximately 237,000 square-foot facility. The improvements include the renovation, retrofitting, upgrading and use of the manufacturing facility on said property. The abatement is for the increase in City taxes over and above the taxes based on the payable 2017 market value of $4,702,500, beginning for taxes payable in 2019. The agreement, negotiated under state law (Minnesota Statute 469.1812-469-1815), has a maximum abatement amount of $902,291 and a maximum duration of 15 years (2019-2033). Total taxes abated during 2020 amount to $41,994.

G. Legal Debt Margin

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

H. Concentrations

The City receives a significant amount of its annual General fund revenues from the State of Minnesota from the Local Government Aid (LGA) program. The amount received in 2020 was $1,268,473 for LGA. This accounted 12.3 percent of General fund revenues. In addition to the General fund amount noted above, the City has allocated $1,308,334 of LGA to the Capital Projects fund.

I. Economic Dependency

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

Note 9: Postemployment Benefits Other Than Pensions

A. Plan Description

The City administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiations between the City and the union representing employees and are renegotiated each three-year bargaining period. The component unit is included in the City's plan. The Retiree Health Plan does not issue a publicly available financial report.

At December 31, 2020, the following employees were covered by the benefit terms:

	City	PUC
Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	3	1
Active Plan Members	112	52
Total Plan Members	115	53

B. Funding Policy

Contribution requirements also are negotiated between the City and union representatives. The City does not contribute to the cost of current-year premiums for eligible retired plan members and their spouses. For fiscal year 2020, the City did not directly contribute to the Plan, while the implicit contributions totaled $46,944.

C. Actuarial Methods and Assumptions

The City's total OPEB liability of $818,550 was measured as of December 31, 2020. The EDA's portion of the OPEB liability is $6,303. The total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of January 1, 2019.

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	City Plan	PUC Plan
Discount Rate	3.80%	2.75%
20-Year Municipal Bond Yield	3.80%	2.75%
Inflation Rate	2.50%	2.50%
Salary Increases	3.00%	Based on the most recently disclosed assumptions for the pension plan in which employee participates.
Medical Trend Rate	6.5% in 2019 grading to 5% over 6 years	6.20% in 2020 grading to 4.00% for 2075 a later years.

The discount rate used to measure the total OPEB liability was 3.80 percent. Since the plan is not funded (has no assets), the discount rate was developed by estimating the long term investment yield on the employer funds that will be used to pay benefits as they come due.

Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel)

Note 9: Postemployment Benefits Other Than Pensions (Continued)

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

D. Changes in the Total OPEB Liability

	Primary Government	Component Unit Economic Development Authority	Total OPEB Liability
Balances at December 31, 2019	$ 759,522	$ 6,025	$ 765,547
Changes for the Year			
Service cost	52,289	323	52,612
Interest	30,191	236	30,427
Differences between expected and actual experience	(10,484)	-	(10,484)
Changes in assumptions or other inputs	11,924	-	11,924
Benefit payments	(31,195)	(281)	(31,476)
Net Changes	52,725	278	53,003
Balances at December 31, 2020	$ 812,247	$ 6,303	$ 818,550

Since the prior measurement date, the following assumptions changed:

- The discount rate was changed from 3.30% to 3.80% for the City and 3.71% to 2.75% for the PUC plan.
- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).
- The retirement and withdrawal tables for all employees were updated.

E. Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the City and the EDA, as well as what the City's and EDA's total OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (2.80 percent) or one-percentage-point higher (4.80 percent) than the current discount rate:

	City Plan		
	1 Percent Decrease (2.8%)	Current (3.8%)	1 Percent Decrease (4.8%)
Primary Government	$ 763,033	$ 700,175	$ 642,294
Component Unit - EDA	6,869	6,303	5,782

	PUC Plan		
	1 Percent Decrease (1.75%)	Current (2.75%)	1 Percent Decrease (3.75%)
Primary Government	$ 121,752	$ 112,072	$ 102,854

Note 9: Postemployment Benefits Other Than Pensions (Continued)

The following presents the total OPEB liability of the City and EDA as well as what the City's and EDA's total OPEB liability would be if it were calculated using a Healthcare Cost Trent Rates that is one-percentage point lower (5.25 percent decreasing to 4.00 percent) or one-percentage-point higher (7.25 percent increasing to 6.00 percent) than the current discount rate:

	City Plan		
	1 Percent Decrease (5.25% Decreasing to 4%)	Healthcare Cost Trend Rates (6.25% Decreasing to 5%)	1 Percent Increase (7.25% Decreasing to 6%)
Primary Government	$ 612,440	$ 700,175	$ 805,742
Component Unit - EDA	5,513	6,303	7,253

	PUC Plan		
	1 Percent Decrease (5.2% Decreasing to 3%)	Healthcare Cost Trend Rates (6.2% Decreasing to 4%)	1 Percent Increase (7.2% Decreasing to 5%)
Primary Government	$ 98,039	$ 112,072	$ 128,568

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

For the year ended December 31, 2020, the City recognized negative OPEB expense of $40,392. At December 31, 2020, the City and the EDA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Unit - EDA	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	$ -	$ 20,000	$ -	$ 180
Net Difference between Projected and Actual Earnings on Plan Investments	-	36,030	-	324
Contributions to OPEB Subsequent to the Measurement Date	46,565	-	379	-
Total	$ 46,565	$ 56,030	$ 379	$ 504

Deferred outflows of resources totaling $46,565 from the City and $379 from the EDA related to the contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2021.

Note 10: COVID-19

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

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

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HUTCHINSON
HUTCHINSON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

City of Hutchinson, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2020

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

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

* Includes EDA activity

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

Schedule of Employer's PERA Contributions - General Employees Fund

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

* Includes EDA activity

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

Notes to the Required Supplementary Information - General Employees Fund

Changes in Actuarial Assumptions

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

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

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

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

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

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

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

Changes in Plan Provisions

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

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

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

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

2016 - No changes noted.

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

Schedule of Employer's Share of PERA Net Pension Liability - Police and Fire Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/20	0.1543 %	$ 2,033,839	$ -	$ 2,033,839	$ 1,821,176	111.7 %	87.2 %
06/30/19	0.1672	1,780,013	-	1,780,013	1,764,991	100.9	89.3
06/30/18	0.1631	1,738,478	-	1,738,478	1,719,323	101.1	88.8
06/30/17	0.1580	2,133,188	-	2,133,188	1,621,218	131.6	85.4
06/30/16	0.1590	6,380,947	-	6,380,947	1,531,607	416.6	63.9
06/30/15	0.1630	1,852,061	-	1,852,061	1,472,983	125.7	86.6

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

Schedule of Employer's PERA Contributions - Police and Fire Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/20	$ 322,455	$ 322,455	$ -	$ 1,821,780	17.7 %
12/31/19	296,227	296,227	-	1,747,653	16.9
12/31/18	284,969	284,969	-	1,759,067	16.2
12/31/17	270,509	270,509	-	1,669,810	16.2
12/31/16	256,640	256,640	-	1,584,198	16.2
12/31/15	240,427	240,427	-	1,484,116	16.2

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

Notes to the Required Supplementary Information - Police and Fire Fund

Changes in Actuarial Assumptions

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

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

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

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65 percent to 60 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.6 percent to 7.5 percent.

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

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

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

Changes in Plan Provisions

2020 - No changes noted.

2019 - No changes noted.

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

2017- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016 - No changes noted.

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

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

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

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

Notes to Schedule

Benefit Changes.

In 2020, the following benefit changes:
The lump sum option was added for active members.
The annuity option was eliminated for members hired after October 8, 2020.
Survivor benefit was changed from annuity to lump sum.
In 2019, the following benefit changes:
None.
In 2018, the following benefit changes:
None.
In 2017, the following benefit changes:
None.
In 2016, the following benefit changes:
None.
In 2015, the following benefit changes:
Monthly benefit was increased from $15 to $17 per month.

Changes of Assumptions .

In 2020, the following assumptions changes:
The expected investment return and discount rate decreased from 6.00% to 5.50% to reflect updated capital market assumptions
The mortality assumptions were updated from the rates used in the July 1, 2018 Minnestoa PERA Police & Fire Plan actuarial val to the rates used in the July 1, 2020 Minnesota PERA Police & Fire Plan acturial valuation.
The inflation assumption decreased form 2.50% to 2.25%.
The election assumption for future retirees of 50% electing a lump sum plan and 50% electing a monthly plan was added to reflect new pension options forthtose hired before 10/8/2020.
In 2019, the following assumptions changes:
The expected investment return and discount rate increased from 5.75% to 6.00% to reflect updated capital market assumptions.
The mortality and withdrawal assumptions were updated from the rates used in the July 1, 2018 Minnesota PERA Police & Fire
In 2018, the following assumptions changes:
The expected investment return and discount rate decreased from 6.50% to 5.75% to reflect updated capital market assumptions
The mortality and withdrawal assumptions were updated from the rates used in the July 1, 2016 Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the July 1, 2018 Minnesota PERA Police & Fire plan actuarial valuation.
In 2017, the following assumptions changes:
None.
In 2016, the following assumptions changes:
None.
In 2015, the following assumptions changes:
The discount rate was updated to reflect current asset returns.
The index rate for 20-year municipal bonds was updated to reflect index rates as of December 31, 2015. Retirement rates were updated to reflect plan experience and expectations.

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

Schedule of Employer's Fire Relief Association Contributions

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/20	$ 188,996	$ 192,266	$ (3,270)
12/31/19	188,037	194,236	(6,199)
12/31/18	184,292	188,037	(3,745)
12/31/17	144,183	183,253	(39,070)
12/31/16	144,183	181,662	(37,479)
12/31/15	165,022	203,653	(38,631)

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

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

Benefit changes:

In 2020, there were no benefit changes.
In 2019, there were no benefit changes.
In 2018, there were no benefit changes.

Changes in assumptions:

In 2020, the following assumption changes:
The discount rate was changed from 3.71% to 2.75% for the PUC plan. The health care trend rates were changed to better anticipate sl
long term medical increases. The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generati
Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-20
Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel). The retirement and withdrawal tables for all employees

In 2019, the following assumption changes:
The discount rate was changed form 3.30% to 3.80% for the City plan and 3.31% to 3.71% for the PUC plan.

In 2018, the following assumptions changes:
The discount rate was changed from 3.50% to 3.30% for the City plan.

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

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COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CITY OF HUTCHINSON
HUTCHINSON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

City of Hutchinson, Minnesota
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2020

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total
Assets			
Cash and investments	$ 2,982,742	$ 5,988,405	$ 8,971,147
Receivables			
Interest	10,233	16,472	26,705
Accounts	8,505	-	8,505
Notes	887,774	-	887,774
Delinquent special assessments	-	21,273	21,273
Noncurrent special assessments	-	425,209	425,209
Intergovernmental	10,493	1,621,635	1,632,128
Advances to other funds	269,978	1,188,293	1,458,271
Prepaid items	1,573	1,062	2,635
Total Assets	$ 4,171,298	$ 9,262,349	$ 13,433,647
Liabilities			
Accounts payable	$ 99,700	$ 93,127	$ 192,827
Contracts payable	-	44,779	44,779
Advances from other funds	753,452	1,188,294	1,941,746
Due to other governments	10	-	10
Accrued salaries payable	11,628	-	11,628
Deposits payable	3,400	-	3,400
Unearned revenue	-	1,200	1,200
Total Liabilities	868,190	1,327,400	2,195,590
Deferred Inflows of Resources			
Unavailable revenue			
Interest receivable	5	-	5
Special assessments	-	446,482	446,482
Intergovernmental	-	1,620,995	1,620,995
Total Deferred Inflows of Resources	5	2,067,477	2,067,482
Fund Balances			
Nonspendable	1,573	1,062	2,635
Restricted	2,993,278	-	2,993,278
Committed	583,392	2,584,308	3,167,700
Assigned	453,821	4,471,954	4,925,775
Unassigned	(728,961)	(1,189,852)	(1,918,813)
Total Fund Balances	3,303,103	5,867,472	9,170,575
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 4,171,298	$ 9,262,349	$ 13,433,647

City of Hutchinson, Minnesota
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2020

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total
Revenues			
Taxes			
Property taxes	$ -	$ 6,388	$ 6,388
Tax increment district taxes	207,626	-	207,626
Special assessments	-	67,218	67,218
Intergovernmental			
Federal			
CARES	1,074,352	-	1,074,352
Other	113,868	-	113,868
State			
Local government aid	-	1,308,334	1,308,334
Street maintenance and construction aid	93,400	72,786	166,186
Other	5,589	73,722	79,311
County			
County shared aids	93,400	-	93,400
Other	2,000	-	2,000
Charges for services			
Public safety	130,000	-	130,000
Streets and highways	225,574	-	225,574
Housing and economic development	70,390	-	70,390
Miscellaneous	-	14,400	14,400
Investment earnings	79,431	165,473	244,904
Miscellaneous			
Contributions and donations	15,855	25,602	41,457
Loan interest	8,559	-	8,559
Refunds and reimbursements	30,278	4,800	35,078
Other	9,645	90,662	100,307
Total Revenues	2,159,967	1,829,385	3,989,352
Expenditures			
Current			
General government	220,750	-	220,750
Public safety	186,860	-	186,860
Streets and highways	482,818	-	482,818
Culture and recreation	99,734	-	99,734
Housing and economic development	1,259,893	-	1,259,893
Miscellaneous	35,103	-	35,103
Capital outlay			
General government	-	400,772	400,772
Public safety	-	1,070,387	1,070,387
Streets and highways	-	4,210,986	4,210,986
Culture and recreation	30,593	1,102,211	1,132,804
Housing and economic development	5,000	-	5,000
Miscellaneous	-	358	358
Debt service			
Principal	-	30,000	30,000
Interest and other	22,829	-	22,829
Bond issuance costs	-	45,400	45,400
Total Expenditures	2,343,580	6,860,114	9,203,694
Excess (Deficiency) of Revenues Over (Under) Expenditures	(183,613)	(5,030,729)	(5,214,342)
Other Financing Sources (Uses)			
Transfers in	161,814	1,831,138	1,992,952
Bonds issued	-	2,405,000	2,405,000
Transfers out	(10,000)	(910,067)	(920,067)
Total Other Financing Sources (Uses)	151,814	3,326,071	3,477,885
Net Change in Fund Balances	(31,799)	(1,704,658)	(1,736,457)
Fund Balances, January 1	3,334,902	7,572,130	10,907,032
Fund Balances, December 31	$ 3,303,103	$ 5,867,472	$ 9,170,575

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NONMAJOR ENTERPRISE FUNDS

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

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

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

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

City of Hutchinson, Minnesota
Statement of Net Position
Nonmajor Proprietary Funds
December 31, 2020

	Business-type Activities - Enterprise Funds			
	603 Refuse	**651** Composting	**652** Storm Water	Total
Assets				
Current Assets				
Cash and investments	$ 1,819,839	$ 2,588,016	$ 1,209,251	$ 5,617,106
Receivables				
Interest	6,806	9,069	3,417	19,292
Accounts	117,618	250,926	18,223	386,767
Intergovernmental	3,177	56,428	-	59,605
Inventories	-	1,028,299	-	1,028,299
Prepaid items	1,225	1,179	-	2,404
Total Current Assets	1,948,665	3,933,917	1,230,891	7,113,473
Noncurrent Assets				
Capital assets				
Land	10,913	400,608	387,063	798,584
Buildings and structures	2,355,400	57,121	-	2,412,521
Infrastructure and improvements	109,208	542,737	6,862,612	7,514,557
Machinery and equipment	1,119,267	3,094,341	105,679	4,319,287
Automotive equipment	45,938	460,593	353,394	859,925
Less accumulated depreciation	(2,578,638)	(2,358,118)	(1,505,495)	(6,442,251)
Total Noncurrent Assets	1,062,088	2,197,282	6,203,253	9,462,623
Total Assets	3,010,753	6,131,199	7,434,144	16,576,096
Deferred Outflows of Resources				
Deferred pension resources	9,545	36,009	14,018	59,572
Deferred other postemployment benefit resources	379	2,651	1,137	4,167
Total Deferred Outflows of Resources	9,924	38,660	15,155	63,739

City of Hutchinson, Minnesota
Statement of Net Position
Nonmajor Proprietary Funds (Continued)
December 31, 2020

	Business-type Activities - Enterprise Funds			
	603 Refuse	**651** Composting	**652** Storm Water	Total
Liabilities				
Current Liabilities				
Accounts payable	$ 72,814	$ 118,647	$ 19,376	$ 210,837
Advances from other funds	-	-	34,875	34,875
Due to other governments	10,056	466	-	10,522
Accrued interest payable	-	7,719	20,554	28,273
Accrued salaries payable	2,106	8,146	3,369	13,621
Accrued vacation payable	3,683	28,465	5,558	37,706
Current portion of debt	-	149,181	140,000	289,181
Total Current Liabilities	88,659	312,624	223,732	625,015
Noncurrent Liabilities				
Advances from other funds	-	-	72,921	72,921
Accrued vacation payable	-	15,701	-	15,701
Other postemployment benefit obligation	6,303	44,138	18,926	69,367
Net pension liability	94,588	356,830	138,911	590,329
Capital leases and notes payable	-	423,600	-	423,600
Bonds payable	-	-	1,475,222	1,475,222
Less current portion of debt	-	(149,181)	(140,000)	(289,181)
Total Noncurrent Liabilities	100,891	691,088	1,565,980	2,357,959
Total Liabilities	189,550	1,003,712	1,789,712	2,982,974
Deferred Inflows of Resources				
Deferred pension resources	4,116	15,528	6,045	25,689
Deferred other post employment benefit resources	504	3,532	1,514	5,550
Total Deferred Inflows of Resources	4,620	19,060	7,559	31,239
Net Position				
Net investment in capital assets	1,062,088	1,773,682	4,728,031	7,563,801
Unrestricted	1,764,419	3,373,405	923,997	6,061,821
Total Net Position	$ 2,826,507	$ 5,147,087	$ 5,652,028	$ 13,625,622

City of Hutchinson, Minnesota
Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Proprietary Funds
For the Year Ended December 31, 2020

	Business-type Activities - Enterprise Funds			
	603 Refuse	**651** Composting	**652** Storm Water	Total
Operating Revenues				
Sales	$ -	$ 3,109,054	$ -	$ 3,109,054
Cost of sales	-	(2,009,172)	-	(2,009,172)
Gross Profit	-	1,099,882	-	1,099,882
Charges for services	1,256,415	-	977,420	2,233,835
Penalties	1,231	-	-	1,231
Other operating revenue	253	957	373	1,583
Total Operating Revenues	1,257,899	1,100,839	977,793	3,336,531
Operating Expenses				
Personal services	198,958	390,620	235,390	824,968
Supplies and maintenance	52,538	(45,639)	238,808	245,707
Other services and charges	797,209	278,200	58,190	1,133,599
Depreciation and depletion	135,387	53,812	213,435	402,634
Total Operating Expenses	1,184,092	676,993	745,823	2,606,908
Operating Income	73,807	423,846	231,970	729,623
Nonoperating Revenues (Expenses)				
Intergovernmental	12,827	-	-	12,827
Interest earnings	46,609	66,945	26,048	139,602
Other income	1,343	2,993	6,796	11,132
Gain (loss) on sale/disposal of capital assets	(18,671)	57,091	-	38,420
Interest expense - bonds	-	(14,411)	(54,355)	(68,766)
Bond premium amortization	-	-	5,653	5,653
Total Nonoperating Revenues (Expenses)	42,108	112,618	(15,858)	138,868
Income Before Contributions and Transfers	115,915	536,464	216,112	868,491
Capital Contributions From Other Funds	-	-	746,898	746,898
Transfers Out	(55,000)	(110,000)	(521,195)	(686,195)
Change in Net Position	60,915	426,464	441,815	929,194
Net Position, January 1	2,765,592	4,720,623	5,210,213	12,696,428
Net Position, December 31	$ 2,826,507	$ 5,147,087	$ 5,652,028	$ 13,625,622

City of Hutchinson, Minnesota
Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended December 31, 2020

	Business-type Activities - Enterprise Funds			
	603 Refuse	**651** Composting	**652** Storm Water	Total
Cash Flows from Operating Activities				
Receipts from customers	$ 1,255,040	$ 2,976,729	$ 968,343	$ 5,200,112
Other receipts	14,170	2,993	6,796	23,959
Payments to vendors and suppliers	(836,207)	(2,123,570)	(313,937)	(3,273,714)
Payments to or on behalf of employees	(205,995)	(408,665)	(257,749)	(872,409)
Net Cash Provided by Operating Activities	227,008	447,487	403,453	1,077,948
Cash Flows from Noncapital Financing Activities				
Transfers out	(55,000)	(110,000)	(521,195)	(686,195)
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	(40,908)	(488,868)	-	(529,776)
Proceeds from sale of capital assets	-	271,733	-	271,733
Principal paid on long-term debt	-	(145,043)	(120,000)	(265,043)
Interest paid on long-term debt	-	(16,598)	(55,855)	(72,453)
Net Cash Used by Capital and Related Financing Activities	(40,908)	(378,776)	(175,855)	(595,539)
Cash Flows from Investing Activities				
Interest received on investments	43,979	63,573	24,797	132,349
Net Increase (Decrease) in Cash and Cash Equivalents	175,079	22,284	(268,800)	(71,437)
Cash and Cash Equivalents, January 1	1,644,760	2,565,732	1,478,051	5,688,543
Cash and Cash Equivalents, December 31	$ 1,819,839	$ 2,588,016	$ 1,209,251	$ 5,617,106
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	$ 73,807	$ 423,846	$ 231,970	$ 729,623
Adjustments to reconcile operating income to net cash provided by operating activities				
Other income related to operations	14,170	2,993	6,796	23,959
Depreciation and amortization (see note below)	135,387	53,812	213,435	402,634
(Increase) decrease in assets				
Accounts receivable	(2,923)	(138,495)	(9,450)	(150,868)
Due from other governments	64	5,213	-	5,277
Inventories	-	152,746	-	152,746
Prepaid items	(1,225)	577	498	(150)
(Increase) decrease in deferred outflows of resources				
Deferred pension resources	(2,497)	(9,414)	(2,999)	(14,910)
Deferred other postemployment benefit resources	(93)	(647)	(279)	(1,019)
Increase (decrease) in liabilities				
Accounts payable	14,505	(35,407)	16,422	(4,480)
Due to other governments	260	247	-	507
Advances from other funds	-	-	(33,859)	(33,859)
Accrued salaries payable	(4,062)	(15,444)	(6,339)	(25,845)
Accrued vacation payable	1,326	13,446	(974)	13,798
Other postemployment benefit obligation	278	1,900	830	3,008
Pension liability	9,812	36,954	6,378	53,144
Increase (decrease) in deferred inflows of resources				
Deferred pension resources	(11,706)	(44,173)	(18,691)	(74,570)
Deferred other postemployment benefit resources	(95)	(667)	(285)	(1,047)
Net Cash Provided by Operating Activities	$ 227,008	$ 447,487	$ 403,453	$ 1,077,948

Note: Depreciation expense for the Composting fund includes $209,677 allocated to costs of good sold.

Schedule of Noncash Investing, Capital and Financing Activities				
Capital contributions from other funds	$ -	$ -	$ 746,898	$ 746,898
Book value of disposed/traded capital assets	$ 18,671	$ 214,642	$ -	$ 233,313
Amortization of bond (premium) discount	$ -	$ -	$ (5,653)	$ (5,653)

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NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

City of Hutchinson, Minnesota
Nonmajor Special Revenue Funds
Combining Balance Sheet (Continued on the Following Pages)
December 31, 2020

	225 Rural Fire Department	226 Hutchinson Area Transportation Facility	231 Economic Development Loan	232 Energy Loan
Assets				
Cash and investments	$ 55,797	$ 476,875	$ 107,170	$ 663,025
Receivables				
Interest	149	1,678	402	2,457
Accounts	-	-	-	-
Notes	-	-	129,455	247,902
Intergovernmental	-	10,493	-	-
Advance to other funds	-	-	264,794	5,184
Prepaid items	-	1,153	-	-
Total Assets	$ 55,946	$ 490,199	$ 501,821	$ 918,568
Liabilities				
Accounts payable	$ 3,035	$ 34,962	$ 35	$ 214
Due to other governments	-	10	-	-
Advances from other funds	-	-	-	-
Accrued salaries payable	11,375	253	-	-
Deposits payable	-	-	-	-
Total Liabilities	14,410	35,225	35	214
Deferred Inflows of Resources				
Unavailable revenue				
Interest receivable	-	-	-	5
Fund Balances				
Nonspendable	-	1,153	-	-
Restricted	41,536	-	501,786	918,349
Committed	-	-	-	-
Assigned	-	453,821	-	-
Unassigned	-	-	-	-
Total Fund Balances	41,536	454,974	501,786	918,349
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 55,946	$ 490,199	$ 501,821	$ 918,568

240	241	250	233/234/235	258	259
HRA Loan	Housing Rehabilitation Grant	Tax Increment	Minnesota Investment	Tax Increment 2016	TIF #4-17 Enterprise Center
$ 82,794	$ 246,147	$ 452,435	$ 4,660	$ -	$ 369
304	483	1,658	18	-	1
-	-	-	-	-	-
-	402,880	93,725	13,812	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 83,098	$ 649,510	$ 547,818	$ 18,490	$ -	$ 370
$ 27	$ 80	$ 396	$ 2	$ -	$ -
-	-	-	-	-	-
-	-	-	-	339,047	129,108
-	-	-	-	-	-
-	-	3,400	-	-	-
27	80	3,796	2	339,047	129,108
-	-	-	-	-	-
-	-	-	-	-	-
83,071	649,430	544,022	18,488	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(339,047)	(128,738)
83,071	649,430	544,022	18,488	(339,047)	(128,738)
$ 83,098	$ 649,510	$ 547,818	$ 18,490	$ -	$ 370

City of Hutchinson, Minnesota
Nonmajor Special Revenue Funds
Combining Balance Sheet (Continued)
December 31, 2020

	260	261	262	263	270
	TIF #4-18 Highfield Housing Development	TIF #4-19 Highway 7 & 15 Soils Condition	TIF #4-20 Warrior Expansion	TIF #4-21 1105 Benjamin Ave SE	Public Sites
Assets					
Cash and investments	$ 40,045	$ 14,886	$ -	$ -	$ 322,172
Receivables					
Interest	36	1	-	-	1,188
Accounts	-	-	-	-	325
Notes	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Advance to other funds	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total Assets	$ 40,081	$ 14,887	$ -	$ -	$ 323,685
Liabilities					
Accounts payable	$ 29,837	$ 14,378	$ -	$ -	$ 105
Due to other governments	-	-	-	-	-
Advances from other funds	-	-	9,389	11,114	-
Accrued salaries payable	-	-	-	-	-
Deposits payable	-	-	-	-	-
Total Liabilities	29,837	14,378	9,389	11,114	105
Deferred Inflows of Resources					
Unavailable revenue					
Interest receivable	-	-	-	-	-
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	10,244	509	-	-	225,843
Committed	-	-	-	-	97,737
Assigned	-	-	-	-	-
Unassigned	-	-	(9,389)	(11,114)	-
Total Fund Balances	10,244	509	(9,389)	(11,114)	323,580
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 40,081	$ 14,887	$ -	$ -	$ 323,685

239	275	299	
Hutchinson Enterprise Center	Tree Disease Mitigation	COVID Relief Funding	Total
$ 20,741	$ 484,036	$ 11,590	$ 2,982,742
83	1,775	-	10,233
8,180	-	-	8,505
-	-	-	887,774
-	-	-	10,493
-	-	-	269,978
420	-	-	1,573
$ 29,424	$ 485,811	$ 11,590	$ 4,171,298
$ 4,883	$ 156	$ 11,590	$ 99,700
-	-	-	10
264,794	-	-	753,452
-	-	-	11,628
-	-	-	3,400
269,677	156	11,590	868,190
-	-	-	5
420	-	-	1,573
-	-	-	2,993,278
-	485,655	-	583,392
-	-	-	453,821
(240,673)	-	-	(728,961)
(240,253)	485,655	-	3,303,103
$ 29,424	$ 485,811	$ 11,590	$ 4,171,298

City of Hutchinson, Minnesota
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
(Continued on the Following Pages)
For the Year Ended December 31, 2020

	225 Rural Fire Department	226 Hutchinson Area Transportation Facility	231 Economic Development Loan	232 Energy Loan
Revenues				
Taxes				
Tax increment district taxes	$ -	$ -	$ -	$ -
Intergovernmental				
Federal				
CARES	-	-	-	-
Other	-	-	-	-
State				
Street maintenance aid	-	93,400	-	-
Other	-	-	-	-
County				
County shared aids	-	93,400	-	-
Other	-	-	-	-
Charges for services				
Public safety	130,000	-	-	-
Streets and highways	-	225,574	-	-
Housing and economic development	-	-	-	-
Investment earnings	1,087	12,036	8,202	16,613
Miscellaneous				
Contributions and donations	-	-	-	-
Loan interest	-	-	3,094	5,465
Refunds and reimbursements	1,498	28,580	-	200
Other	-	-	-	-
Total Revenues	132,585	452,990	11,296	22,278
Expenditures				
Current				
General government	-	-	-	-
Public safety	125,518	-	-	-
Streets and highways	-	466,411	-	-
Culture and recreation	-	-	-	-
Housing and economic development	-	-	-	26,613
Miscellaneous	-	-	-	-
Capital outlay				
Culture and recreation	-	-	-	-
Housing and economic development	-	-	-	-
Debt service				
Interest and other	-	-	-	-
Total Expenditures	125,518	466,411	-	26,613
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,067	(13,421)	11,296	(4,335)
Other Financing Sources (Uses)				
Transfers in	-	105,000	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	105,000	-	-
Net Change in Fund Balances	7,067	91,579	11,296	(4,335)
Fund Balances, January 1	34,469	363,395	490,490	922,684
Fund Balances, December 31	$ 41,536	$ 454,974	$ 501,786	$ 918,349

240	241	250	233/234/235	258	259
HRA Loan	Housing Rehabilitation Grant	Tax Increment	Minnesota Investment	Tax Increment 2016	TIF #4-17 Enterprise Center
$ -	$ -	$ 81,179	$ -	$ -	$ 14,031
-	-	-	-	-	-
-	113,868	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,089	6,209	11,285	119	-	53
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,089	120,077	92,464	119	-	14,084
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	245,134	138,565	-	179	1,086
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	5,000	-
-	-	-	-	11,207	5,451
-	245,134	138,565	-	16,386	6,537
2,089	(125,057)	(46,101)	119	(16,386)	7,547
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,089	(125,057)	(46,101)	119	(16,386)	7,547
80,982	774,487	590,123	18,369	(322,661)	(136,285)
$ 83,071	$ 649,430	$ 544,022	$ 18,488	$ (339,047)	$ (128,738)

City of Hutchinson, Minnesota
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
For the Year Ended December 31, 2020

	260	261	262	263
	TIF #4-18 Highfield Housing Development	TIF #4-19 Highway 7 & 15 Soils Condition	TIF #4-20 Warrior Expansion	TIF #4-21 1105 Benjamin Ave SE
Revenues				
Taxes				
Tax increment district taxes	$ 80,475	$ 31,941	$ -	$ -
Intergovernmental				
Federal				
CARES	-	-	-	-
Other	-	-	-	-
State				
Street maintenance aid	-	-	-	-
Other	-	-	-	-
County				
County shared aids	-	-	-	-
Other	-	-	-	-
Charges for services				
Public safety	-	-	-	-
Streets and highways	-	-	-	-
Housing and economic development	-	-	-	-
Investment earnings	708	339	-	-
Miscellaneous				
Contributions and donations	-	-	-	-
Loan interest	-	-	-	-
Refunds and reimbursements	-	-	-	-
Other	-	-	-	-
Total Revenues	81,183	32,280	-	-
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Streets and highways	-	-	-	-
Culture and recreation	-	-	-	-
Housing and economic development	73,514	18,727	-	11,003
Miscellaneous	-	-	-	-
Capital outlay				
Culture and recreation	-	-	-	-
Housing and economic development	-	-	-	-
Debt service				
Interest and other	-	129	344	111
Total Expenditures	73,514	18,856	344	11,114
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,669	13,424	(344)	(11,114)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	7,669	13,424	(344)	(11,114)
Fund Balances, January 1	2,575	(12,915)	(9,045)	-
Fund Balances, December 31	$ 10,244	$ 509	$ (9,389)	$ (11,114)

270	239	275	299	
Public Sites	Hutchinson Enterprise Center	Tree Disease Mitigation	COVID Relief Funding	Total
$ -	$ -	$ -	$ -	$ 207,626
-	-	-	1,074,352	1,074,352
-	-	-	-	113,868
-	-	-	-	93,400
5,589	-	-	-	5,589
-	-	-	-	93,400
2,000	-	-	-	2,000
-	-	-	-	130,000
-	-	-	-	225,574
4,950	65,440	-	-	70,390
8,059	595	12,037	-	79,431
15,855	-	-	-	15,855
-	-	-	-	8,559
-	-	-	-	30,278
9,645	-	-	-	9,645
46,098	66,035	12,037	1,074,352	2,159,967
-	-	-	220,750	220,750
-	-	-	61,342	186,860
-	-	-	16,407	482,818
7,862	-	58,697	33,175	99,734
-	37,497	-	707,575	1,259,893
-	-	-	35,103	35,103
30,593	-	-	-	30,593
-	-	-	-	5,000
-	5,587	-	-	22,829
38,455	43,084	58,697	1,074,352	2,343,580
7,643	22,951	(46,660)	-	(183,613)
1,814	-	55,000	-	161,814
(10,000)	-	-	-	(10,000)
(8,186)	-	55,000	-	151,814
(543)	22,951	8,340	-	(31,799)
324,123	(263,204)	477,315	-	3,334,902
$ 323,580	$ (240,253)	$ 485,655	$ -	$ 3,303,103

City of Hutchinson, Minnesota
Rural Fire Department Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			2019
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Charges for services				
Public safety	$ 130,000	$ 130,000	$ -	$ 125,000
Investment earnings	-	1,087	1,087	1,280
Miscellaneous				
Loan interest	250	-	(250)	-
Refunds and reimbursements	-	1,498	1,498	-
Total Revenues	130,250	132,585	2,335	126,280
Expenditures				
Current				
Public safety				
Rural fire department				
Personal services	88,671	86,830	1,841	80,467
Supplies	19,563	20,387	(824)	21,670
Other services and charges	17,016	18,301	(1,285)	18,835
Total Expenditures	125,250	125,518	(268)	120,972
Net Change in Fund Balances	5,000	7,067	2,067	5,308
Fund Balances, January 1	34,469	34,469	-	29,161
Fund Balances, December 31	$ 39,469	$ 41,536	$ 2,067	$ 34,469

City of Hutchinson, Minnesota
Hutchinson Area Transportation Facility Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			2019
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Intergovernmental				
State				
Street maintenance aid	$ 93,400	$ 93,400	$ -	$ 90,640
County				
County shared aids	93,400	93,400	-	90,640
Charges for services				
Streets and highways	316,000	225,574	(90,426)	339,690
Investment earnings	3,500	12,036	8,536	11,922
Miscellaneous				
Refunds and reimbursements	23,200	28,580	5,380	28,113
Total Revenues	529,500	452,990	(76,510)	561,005
Expenditures				
Current				
Streets and highways				
Streets and alleys				
Personal services	45,897	36,157	9,740	36,385
Supplies	364,484	286,929	77,555	431,266
Other services and charges	166,300	143,325	22,975	146,303
Capital outlay				
Streets and highways				
Streets and alleys	57,819	-	57,819	-
Total Expenditures	634,500	466,411	168,089	613,954
Excess (Deficiency) of Revenues Over (Under) Expenditures	(105,000)	(13,421)	91,579	(52,949)
Other Financing Sources (Uses)				
Transfers in	105,000	105,000	-	101,970
Net Change in Fund Balances	-	91,579	91,579	49,021
Fund Balances, January 1	363,395	363,395	-	314,374
Fund Balances, December 31	$ 363,395	$ 454,974	$ 91,579	$ 363,395

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NONMAJOR CAPITAL PROJECTS FUNDS

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

City of Hutchinson, Minnesota
Nonmajor Capital Projects Funds
Combining Balance Sheet
December 31, 2020

	408	401	402	496
	Airport Renovation	Capital Improvement Projects	MSA Construction	Police Facility Construction
Assets				
Cash and investments	$ -	$ 776,614	$ -	$ 33,686
Receivables				
Interest	-	7,042	-	-
Delinquent special assessments	-	-	-	-
Noncurrent special assessments	-	-	-	-
Intergovernmental	-	640	1,620,995	-
Advances to other funds	-	1,188,293	-	-
Prepaid items	-	-	-	1,062
Total Assets	$ -	$ 1,972,589	$ 1,620,995	$ 34,748
Liabilities				
Accounts payable	$ 358	$ 54,776	$ -	$ 33,686
Contracts payable	-	44,779	-	-
Advances from other funds	90,116	-	-	-
Unearned revenue	1,200	-	-	-
Total Liabilities	91,674	99,555	-	33,686
Deferred Inflows of Resources				
Unavailable revenue				
Special assessments	-	-	-	-
Intergovernmental	-	-	1,620,995	-
Total Deferred Inflows of Resources	-	-	1,620,995	-
Fund Balances				
Nonspendable	-	-	-	1,062
Committed	-	-	-	-
Assigned	-	1,873,034	-	-
Unassigned	(91,674)	-	-	-
Total Fund Balances	(91,674)	1,873,034	-	1,062
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ -	$ 1,972,589	$ 1,620,995	$ 34,748

407 Community Improvement	438 Special Assessment Improvement 2018	439 Special Assessment Improvement 2019	440 Special Assessment Improvement 2020	Total
$ 5,058,707	$ 119,398	$ -	$ -	$ 5,988,405
8,992	438	-	-	16,472
21,273	-	-	-	21,273
425,209	-	-	-	425,209
-	-	-	-	1,621,635
-	-	-	-	1,188,293
-	-	-	-	1,062
$ 5,514,181	$ 119,836	$ -	$ -	$ 9,262,349
$ 4,268	$ 39	$ -	$ -	$ 93,127
-	-	-	-	44,779
-	-	852,669	245,509	1,188,294
-	-	-	-	1,200
4,268	39	852,669	245,509	1,327,400
446,482	-	-	-	446,482
-	-	-	-	1,620,995
446,482	-	-	-	2,067,477
-	-	-	-	1,062
2,584,308	-	-	-	2,584,308
2,479,123	119,797	-	-	4,471,954
-	-	(852,669)	(245,509)	(1,189,852)
5,063,431	119,797	(852,669)	(245,509)	5,867,472
$ 5,514,181	$ 119,836	$ -	$ -	$ 9,262,349

City of Hutchinson, Minnesota
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2020

	408	401	402	496
	Airport Renovation	Capital Improvement Projects	MSA Construction	Police Facility Construction
Revenues				
Taxes				
Property taxes	$ -	$ 6,388	$ -	$ -
Special assessments	-	-	-	-
Intergovernmental				
State				
Local government aid	-	1,308,334	-	-
Street maintenance and construction aid	-	-	-	-
Other	-	46,062	-	-
Charges for services				
Miscellaneous	14,400	-	-	-
Investment earnings	-	50,676	-	-
Miscellaneous				
Contributions and donations	-	24,352	-	-
Refunds and reimbursements	-	4,800	-	-
Other	-	90,662	-	-
Total Revenues	14,400	1,531,274	-	-
Expenditures				
Capital outlay				
General government	-	42,640	-	-
Public safety	-	212,312	-	858,075
Streets and highways	-	506,807	-	-
Culture and recreation	-	1,047,548	-	-
Miscellaneous	358	-	-	-
Debt service				
Principal	-	30,000	-	-
Bond issuance costs	-	-	-	-
Total Expenditures	358	1,839,307	-	858,075
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,042	(308,033)	-	(858,075)
Other Financing Sources (Uses)				
Transfers in	-	-	-	908,253
Bonds issued	-	-	-	-
Transfers out	-	(1,814)	-	-
Total Other Financing Sources (Uses)	-	(1,814)	-	908,253
Net Change in Fund Balances	14,042	(309,847)	-	50,178
Fund Balances, January 1	(105,716)	2,182,881	-	(49,116)
Fund Balances, December 31	$ (91,674)	$ 1,873,034	$ -	$ 1,062

407 Community Improvement	438 Special Assessment Improvement 2018	439 Special Assessment Improvement 2019	440 Special Assessment Improvement 2020	Total
$ -	$ -	$ -	$ -	$ 6,388
7,218	-	-	60,000	67,218
-	-	-	-	1,308,334
-	28,626	44,160	-	72,786
-	21,364	6,296	-	73,722
-	-	-	-	14,400
110,111	3,054	268	1,364	165,473
1,250	-	-	-	25,602
-	-	-	-	4,800
-	-	-	-	90,662
118,579	53,044	50,724	61,364	1,829,385
358,132	-	-	-	400,772
-	-	-	-	1,070,387
28,263	100	96,458	3,579,358	4,210,986
54,663	-	-	-	1,102,211
-	-	-	-	358
-	-	-	-	30,000
-	-	-	45,400	45,400
441,058	100	96,458	3,624,758	6,860,114
(322,479)	52,944	(45,734)	(3,563,394)	(5,030,729)
10,000	-	-	912,885	1,831,138
-	-	-	2,405,000	2,405,000
(908,253)	-	-	-	(910,067)
(898,253)	-	-	3,317,885	3,326,071
(1,220,732)	52,944	(45,734)	(245,509)	(1,704,658)
6,284,163	66,853	(806,935)	-	7,572,130
$ 5,063,431	$ 119,797	$ (852,669)	$ (245,509)	$ 5,867,472

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GENERAL FUND

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

City of Hutchinson, Minnesota
General Fund
Comparative Balance Sheets
December 31, 2020 and 2019

	2020	2019
Assets		
Cash and investments	$ 8,384,214	$ 7,934,460
Receivables		
Interest	26,395	16,474
Delinquent taxes	78,152	63,000
Accounts	129,869	230,687
Intergovernmental	93,779	63,036
Prepaid items	11,371	5,762
Total Assets	$ 8,723,780	$ 8,313,419
Liabilities		
Accounts payable	$ 292,187	$ 215,934
Due to other governments	16,326	29,623
Accrued salaries payable	150,658	342,842
Deposits payable	273	4,370
Unearned revenue	20,687	32,987
Total Liabilities	480,131	625,756
Deferred Inflows of Resources		
Unavailable revenue		
Taxes	78,152	63,000
Fund Balances		
Nonspendable	11,371	5,762
Restricted	220,052	226,754
Committed	5,478,457	5,381,040
Unassigned	2,455,617	2,011,107
Total Fund Balances	8,165,497	7,624,663
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 8,723,780	$ 8,313,419

City of Hutchinson, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued on the Following Pages)
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues					
Taxes					
Property taxes	$ 5,270,910	$ 5,270,910	$ 5,267,063	$ (3,847)	$ 5,114,081
Hotel/motel tax	110,000	110,000	86,660	(23,340)	110,155
Franchise fees	195,000	195,000	192,677	(2,323)	189,233
Total taxes	5,575,910	5,575,910	5,546,400	(29,510)	5,413,469
Licenses and permits					
Business	36,000	36,000	27,282	(8,718)	35,322
Nonbusiness	352,450	352,450	478,127	125,677	493,680
Total licenses and permits	388,450	388,450	505,409	116,959	529,002
Intergovernmental					
Federal					
Other Federal aids	-	-	28,592	28,592	390
State					
Local government aid	1,268,473	1,268,473	1,268,473	-	1,100,252
Property tax credits	-	-	386	386	416
Police aid	207,616	207,616	203,985	(3,631)	207,616
Fire aid	111,162	111,162	117,030	5,868	111,163
Street maintenance aid	29,000	29,000	29,280	280	29,280
Airport aid	26,200	26,200	23,761	(2,439)	26,727
Other State aids	88,512	88,512	86,075	(2,437)	104,725
Total state	1,730,963	1,730,963	1,728,990	(1,973)	1,580,179
Local					
School liaison program	44,747	44,747	22,532	(22,215)	45,680
Community education reimbursement	79,407	79,407	79,661	254	77,717
Total local	124,154	124,154	102,193	(21,961)	123,397
Total intergovernmental	1,855,117	1,855,117	1,859,775	4,658	1,703,966
Charges for services					
General government	354,525	354,525	308,316	(46,209)	357,429
Public safety	398,838	398,838	374,223	(24,615)	391,260
Streets and highways	492,309	492,309	493,077	768	505,058
Culture and recreation	1,061,133	1,061,133	394,152	(666,981)	1,024,691
Other charges	182,224	182,224	172,932	(9,292)	173,261
Total charges for services	2,489,029	2,489,029	1,742,700	(746,329)	2,451,699
Fines and forfeits	55,000	55,000	45,158	(9,842)	67,225
Investment earnings	80,000	80,000	188,289	108,289	234,097
Miscellaneous					
Contributions and donations	26,500	26,500	31,548	5,048	51,559
Refunds and reimbursements	138,500	138,500	179,932	41,432	178,347
Other	177,902	177,902	177,829	(73)	178,807
Total miscellaneous	342,902	342,902	389,309	46,407	408,713
Total Revenues	10,786,408	10,786,408	10,277,040	(509,368)	10,808,171

City of Hutchinson, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Expenditures					
Current					
General government					
Mayor and council					
Personal services	$ 42,344	$ 42,344	$ 36,452	$ 5,892	$ 38,864
Supplies	250	250	-	250	19
Other services and charges	9,750	9,750	4,642	5,108	6,003
Total mayor and council	52,344	52,344	41,094	11,250	44,886
City administrator					
Personal services	437,960	437,960	423,353	14,607	391,346
Supplies	1,450	1,450	288	1,162	152
Other services and charges	20,300	20,300	8,423	11,877	29,204
Total city administrator	459,710	459,710	432,064	27,646	420,702
Elections					
Personal services	16,000	16,000	24,587	(8,587)	8,153
Supplies	1,250	1,250	1,959	(709)	14,109
Other services and charges	500	500	932	(432)	113
Total elections	17,750	17,750	27,478	(9,728)	22,375
Finance					
Personal services	293,515	293,515	280,740	12,775	281,701
Supplies	12,500	12,500	5,215	7,285	10,307
Other services and charges	75,310	75,310	70,858	4,452	72,563
Total finance	381,325	381,325	356,813	24,512	364,571
Motor vehicles					
Personal services	253,562	253,562	247,960	5,602	258,180
Supplies	5,850	5,850	6,112	(262)	1,995
Other services and charges	7,500	7,500	13,801	(6,301)	8,648
Total motor vehicles	266,912	266,912	267,873	(961)	268,823
Assessing					
Other services and charges	61,152	61,152	61,184	(32)	61,152
Legal					
Personal services	228,512	228,512	224,517	3,995	220,471
Supplies	27,400	27,400	15,244	12,156	28,599
Other services and charges	61,180	61,180	44,581	16,599	56,735
Total legal	317,092	317,092	284,342	32,750	305,805
Planning					
Personal services	149,862	149,862	147,110	2,752	144,363
Supplies	750	750	274	476	297
Other services and charges	10,650	10,650	7,089	3,561	8,036
Total planning	161,262	161,262	154,473	6,789	152,696
Information services					
Personal services	331,904	331,904	320,017	11,887	314,405
Supplies	37,350	37,350	26,033	11,317	35,598
Other services and charges	231,060	231,060	226,738	4,322	178,429
Total information services	600,314	600,314	572,788	27,526	528,432

City of Hutchinson, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Expenditures (Continued)					
Current (continued)					
General government (continued)					
City hall building					
Personal services	$ 91,607	$ 91,607	$ 91,549	$ 58	$ 87,140
Supplies	14,925	14,925	12,673	2,252	9,298
Other services and charges	71,810	71,810	66,158	5,652	63,359
Total city hall building	178,342	178,342	170,380	7,962	159,797
Total general government	2,496,203	2,496,203	2,368,489	127,714	2,329,239
Public safety					
Police					
Personal services	3,244,561	3,244,561	3,139,502	105,059	3,162,467
Supplies	99,000	99,000	80,910	18,090	86,909
Other services and charges	205,450	205,450	209,056	(3,606)	190,814
Total police	3,549,011	3,549,011	3,429,468	119,543	3,440,190
Emergency management					
Supplies	1,000	1,000	39	961	569
Other services and charges	11,280	11,280	12,344	(1,064)	17,153
Total emergency management	12,280	12,280	12,383	(103)	17,722
Safety council					
Supplies	-	-	-	-	1,147
Other services and charges	11,200	11,200	9,953	1,247	9,577
Total safety council	11,200	11,200	9,953	1,247	10,724
Fire					
Personal services	411,783	411,783	426,733	(14,950)	419,197
Supplies	48,550	48,550	36,968	11,582	45,103
Other services and charges	76,520	76,520	72,653	3,867	72,614
Total fire	536,853	536,853	536,354	499	536,914
Building inspection					
Personal services	274,905	274,905	272,582	2,323	308,889
Supplies	7,875	7,875	4,072	3,803	6,130
Other services and charges	26,790	26,790	9,779	17,011	14,207
Total building inspection	309,570	309,570	286,433	23,137	329,226
Hospital security					
Personal services	329,790	329,790	317,231	12,559	300,956
Supplies	1,500	1,500	741	759	343
Other services and charges	1,500	1,500	-	1,500	1,452
Total hospital security	332,790	332,790	317,972	14,818	302,751
Total public safety	4,751,704	4,751,704	4,592,563	159,141	4,637,527
Streets and highways					
Engineering					
Personal services	407,079	407,079	412,004	(4,925)	385,914
Supplies	8,350	8,350	6,231	2,119	6,741
Other services and charges	71,880	71,880	78,759	(6,879)	82,402
Total engineering	487,309	487,309	496,994	(9,685)	475,057

City of Hutchinson, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Expenditures (Continued)					
Current (continued)					
Streets and highways (continued)					
Streets and alleys					
Personal services	$ 632,023	$ 632,023	$ 615,062	$ 16,961	$ 613,976
Supplies	200,424	200,424	252,479	(52,055)	262,529
Other services and charges	627,700	627,700	604,345	23,355	633,262
Total streets and alleys	1,460,147	1,460,147	1,471,886	(11,739)	1,509,767
Total streets and highways	1,947,456	1,947,456	1,968,880	(21,424)	1,984,824
Culture and recreation					
Parks and recreation administration					
Personal services	228,258	228,258	226,421	1,837	216,223
Supplies	1,700	1,700	764	936	1,280
Other services and charges	44,200	44,200	41,718	2,482	43,069
Total park and recreation administration	274,158	274,158	268,903	5,255	260,572
Recreation					
Personal services	169,005	169,005	147,681	21,324	152,089
Supplies	47,500	47,500	16,825	30,675	42,359
Other services and charges	39,200	39,200	19,759	19,441	35,652
Total recreation	255,705	255,705	184,265	71,440	230,100
Senior citizen center					
Personal services	41,649	41,649	36,557	5,092	37,076
Supplies	6,250	6,250	1,465	4,785	1,786
Other services and charges	44,600	44,600	9,673	34,927	49,149
Total senior citizen center	92,499	92,499	47,695	44,804	88,011
Evergreen building					
Supplies	5,050	5,050	548	4,502	3,328
Other services and charges	25,675	25,675	15,992	9,683	24,257
Total evergreen building	30,725	30,725	16,540	14,185	27,585
Civic arena					
Personal services	171,404	171,404	145,185	26,219	173,497
Supplies	32,452	32,452	21,902	10,550	32,412
Other services and charges	170,500	170,500	132,806	37,694	161,407
Total civic arena	374,356	374,356	299,893	74,463	367,316
Park					
Personal services	670,896	670,896	560,523	110,373	587,305
Supplies	171,350	171,350	147,187	24,163	153,706
Other services and charges	144,900	144,900	134,273	10,627	152,303
Total park	987,146	987,146	841,983	145,163	893,314
Recreation building					
Personal services	183,946	183,946	141,005	42,941	173,439
Supplies	14,997	14,997	10,471	4,526	15,738
Other services and charges	46,600	46,600	26,037	20,563	44,798
Total recreation building	245,543	245,543	177,513	68,030	233,975

City of Hutchinson, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Expenditures (Continued)					
Current (continued)					
Culture and recreation (continued)					
Waterpark					
Personal services	$ 239,621	$ 239,621	$ 23,765	$ 215,856	$ 217,448
Supplies	73,190	73,190	204	72,986	59,262
Other services and charges	39,950	39,950	14,377	25,573	43,062
Total waterpark	352,761	352,761	38,346	314,415	319,772
Events center					
Personal services	186,097	186,097	158,987	27,110	179,471
Supplies	9,575	9,575	4,531	5,044	6,884
Other services and charges	73,250	73,250	63,582	9,668	60,808
Total events center	268,922	268,922	227,100	41,822	247,163
Library					
Supplies	3,300	3,300	2,376	924	3,490
Other services and charges	219,460	219,460	206,262	13,198	215,794
Total library	222,760	222,760	208,638	14,122	219,284
Total culture and recreation	3,104,575	3,104,575	2,310,876	793,699	2,887,092
Miscellaneous					
Cemetery					
Personal services	87,147	87,147	88,675	(1,528)	78,670
Supplies	16,237	16,237	14,245	1,992	18,747
Other services and charges	28,900	28,900	36,133	(7,233)	32,806
Total cemetery	132,284	132,284	139,053	(6,769)	130,223
Airport					
Personal services	39,453	39,453	28,936	10,517	38,978
Supplies	8,125	8,125	12,003	(3,878)	18,290
Other services and charges	77,300	77,300	77,658	(358)	66,708
Total airport	124,878	124,878	118,597	6,281	123,976
Unallocated					
Supplies	-	-	144	(144)	-
Other services and charges	790,500	790,500	776,838	13,662	719,442
Total unallocated	790,500	790,500	776,982	13,518	719,442
Total miscellaneous	1,047,662	1,047,662	1,034,632	13,030	973,641
Total current	13,347,600	13,347,600	12,275,440	1,072,160	12,812,323
Capital outlay					
Public safety	-	-	6,458	(6,458)	-
Streets and highways	-	-	9,000	(9,000)	-
Culture and recreation	-	-	9,000	(9,000)	8,200
Miscellaneous	-	-	-	-	9,366
Total capital outlay	-	-	24,458	(24,458)	17,566
Total Expenditures	13,347,600	13,347,600	12,299,898	1,047,702	12,829,889
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,561,192)	(2,561,192)	(2,022,858)	538,334	(2,021,718)
Other Financing Sources (Uses)					
Sale of capital assets	-	-	2,500	2,500	2,500
Transfers in	2,666,192	2,666,192	2,666,192	-	2,497,116
Transfers out	(105,000)	(105,000)	(105,000)	-	(101,970)
Total Other Financing Sources (Uses)	2,561,192	2,561,192	2,563,692	2,500	2,397,646
Net Change in Fund Balances	-	-	540,834	540,834	375,928
Fund Balances, January 1	7,624,663	7,624,663	7,624,663	-	7,248,735
Fund Balances, December 31	$ 7,624,663	$ 7,624,663	$ 8,165,497	$ 540,834	$ 7,624,663

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DEBT SERVICE FUNDS

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

City of Hutchinson, Minnesota
Debt Service Funds
Combining Balance Sheet (Continued on Following Pages)
December 31, 2020
(With Comparative Totals for December 31, 2019)

	383 G.O. Tax Increment Refunding Bonds 2004	326 Special Assessment Bonds 2006/2012B	328 Special Assessment Bonds 2008
Assets			
Cash and investments	$ 194,260	$ 212,107	$ 59,832
Receivables			
Delinquent special assessments	-	639	96,560
Noncurrent special assessments	-	13,271	-
Intergovernmental	-	1,766	835
Advances to other funds	483,475	-	-
Total Assets	$ 677,735	$ 227,783	$ 157,227
Deferred Inflows of Resources			
Unavailable revenue			
Special assessments	$ -	$ 13,910	$ 96,560
Interest receivable	54,715	-	-
Total Deferred Inflows of Resources	54,715	13,910	96,560
Fund Balances			
Restricted	623,020	213,873	60,667
Total Deferred Inflows of Resources and Fund Balances	$ 677,735	$ 227,783	$ 157,227

329 Special Assessment Bonds 2009	**330** Special Assessment Bonds 2010	**331** Special Assessment Bonds 2011
$ 230,327	$ 205,885	$ 594,392
-	3,580	9,069
-	271,964	88,195
1,129	553	1,074
-	-	-
$ 231,456	$ 481,982	$ 692,730
$ -	$ 275,544	$ 97,264
-	-	-
-	275,544	97,264
231,456	206,438	595,466
$ 231,456	$ 481,982	$ 692,730

City of Hutchinson, Minnesota
Debt Service Funds
Combining Balance Sheet (Continued)
December 31, 2020
(With Comparative Totals for December 31, 2019)

	332 Special Assessment Bonds 2012	333 Special Assessment Bonds 2013	334 Special Assessment Bonds 2014	335 Special Assessment Bonds 2015
Assets				
Cash and investments	$ 641,366	$ 646,125	$ 360,133	$ 433,340
Receivables				
Delinquent special assessments	463	381	918	-
Noncurrent special assessments	57,495	69,482	196,241	103,622
Intergovernmental	2,031	1,418	916	1,067
Advances to other funds	-	-	-	-
Total Assets	$ 701,355	$ 717,406	$ 558,208	$ 538,029
Deferred Inflows of Resources				
Unavailable revenue				
Special assessments	$ 57,958	$ 69,863	$ 197,159	$ 103,622
Interest receivable	-	-	-	-
Total Deferred Inflows of Resources	57,958	69,863	197,159	103,622
Fund Balances				
Restricted	643,397	647,543	361,049	434,407
Total Deferred Inflows of Resources and Fund Balances	$ 701,355	$ 717,406	$ 558,208	$ 538,029

336 Special Assessment Bonds 2016	**337** Special Assessment Bonds 2017	**338** Special Assessment Bonds 2018	**339** Special Assessment Bonds 2019	**340** Special Assessment Bonds 2020	Total
$ 433,410	$ 464,434	$ 456,087	$ 667,933	$ 118,032	$ 5,717,663
17	393	-	-	-	112,020
163,979	178,489	184,171	129,128	308,003	1,764,040
1,413	1,475	1,287	1,305	-	16,269
-	-	-	-	-	483,475
$ 598,819	$ 644,791	$ 641,545	$ 798,366	$ 426,035	$ 8,093,467
$ 163,996	$ 178,882	$ 184,171	$ 129,128	$ 308,003	$ 1,876,060
-	-	-	-	-	54,715
163,996	178,882	184,171	129,128	308,003	1,930,775
434,823	465,909	457,374	669,238	118,032	6,162,692
$ 598,819	$ 644,791	$ 641,545	$ 798,366	$ 426,035	$ 8,093,467

City of Hutchinson, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
(Continued on Following Pages)
For the Year Ended December 31, 2020

	383 G.O. Tax Increment Refunding Bonds 2004	**326** Special Assessment Bonds 2006/2012B	**328** Special Assessment Bonds 2008
Revenues			
Taxes			
Property taxes	$ -	$ 250,418	$ 118,466
Special assessments	-	4,676	-
Investment earnings	8,089	794	121
Total Revenues	8,089	255,888	118,587
Expenditures			
Debt service			
Principal	-	220,000	105,000
Interest and other costs	6,734	6,103	8,190
Total Expenditures	6,734	226,103	113,190
Net Change in Fund Balances	1,355	29,785	5,397
Fund Balances, January 1	621,665	184,088	55,270
Fund Balances, December 31	$ 623,020	$ 213,873	$ 60,667

329 Special Assessment Bonds 2009	**330** Special Assessment Bonds 2010	**331** Special Assessment Bonds 2011
$ 160,155	$ 78,492	$ 152,343
-	34,998	80,977
1,709	1,755	5,993
161,864	115,245	239,313
130,000	180,000	215,000
23,257	14,024	35,929
153,257	194,024	250,929
8,607	(78,779)	(11,616)
222,849	285,217	607,082
$ 231,456	$ 206,438	$ 595,466

City of Hutchinson, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
(Continued)
For the Year Ended December 31, 2020

	332 Special Assessment Bonds 2012	333 Special Assessment Bonds 2013	334 Special Assessment Bonds 2014	335 Special Assessment Bonds 2015
Revenues				
Taxes				
Property taxes	$ 129,676	$ 138,852	$ 129,884	$ 151,325
Special assessments	42,000	45,213	44,878	24,467
Investment earnings	7,176	7,209	3,427	4,412
Total Revenues	178,852	191,274	178,189	180,204
Expenditures				
Debt service				
Principal	170,000	165,000	180,000	145,000
Interest and other costs	27,038	42,048	40,390	47,083
Total Expenditures	197,038	207,048	220,390	192,083
Net Change in Fund Balances	(18,186)	(15,774)	(42,201)	(11,879)
Fund Balances, January 1	661,583	663,317	403,250	446,286
Fund Balances, December 31	$ 643,397	$ 647,543	$ 361,049	$ 434,407

336 Special Assessment Bonds 2016	**337** Special Assessment Bonds 2017	**338** Special Assessment Bonds 2018	**339** Special Assessment Bonds 2019	**340** Special Assessment Bonds 2020	Total
$ 149,932	$ 208,466	$ 182,369	$ 182,462	$ -	$ 2,032,840
41,960	8,736	71,691	27,779	118,028	545,403
4,224	4,499	4,027	7,495	257	61,187
196,116	221,701	258,087	217,736	118,285	2,639,430
175,000	160,000	140,000	-	-	1,985,000
41,178	61,628	82,628	54,233	253	490,716
216,178	221,628	222,628	54,233	253	2,475,716
(20,062)	73	35,459	163,503	118,032	163,714
454,885	465,836	421,915	505,735	-	5,998,978
$ 434,823	$ 465,909	$ 457,374	$ 669,238	$ 118,032	$ 6,162,692

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INTERNAL SERVICE FUNDS

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

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

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

City of Hutchinson, Minnesota
Internal Service Funds
Combining Statement of Net Position
December 31, 2020

	701 Central Garage	703 Self-insurance	Total
Assets			
Current Assets			
Cash and investments	$ 1,081,335	$ 441,625	$ 1,522,960
Receivables			
Interest	3,238	1,618	4,856
Intergovernmental	1,179	-	1,179
Total Current Assets	1,085,752	443,243	1,528,995
Capital Assets			
Construction in progress	10,534	-	10,534
Machinery and equipment	1,831,347	-	1,831,347
Vehicles	3,889,416	-	3,889,416
Less accumulated depreciation	(3,281,344)	-	(3,281,344)
Total Capital Assets	2,449,953	-	2,449,953
Total Assets	3,535,705	443,243	3,978,948
Liabilities			
Current Liabilities			
Accounts payable	51,850	7,416	59,266
Accrued interest payable	1,750	-	1,750
Current portion of debt	155,000	-	155,000
Total Current Liabilities	208,600	7,416	216,016
Noncurrent Liabilities			
Bonds payable	62,519	-	62,519
Total Liabilities	271,119	7,416	278,535
Net Position			
Net investment in capital assets	2,232,434	-	2,232,434
Unrestricted	1,032,152	435,827	1,467,979
Total Net Position	$ 3,264,586	$ 435,827	$ 3,700,413

City of Hutchinson, Minnesota
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2020

	701 Central Garage	703 Self-insurance	Total
Operating Revenues			
Charges for services			
Premiums	$ -	$ 114,233	$ 114,233
Vehicle rent	275,000	-	275,000
Total Operating Revenues	275,000	114,233	389,233
Operating Expenses			
Medical and dental claims	-	73,522	73,522
Other services and charges	16,870	17,028	33,898
Depreciation	414,337	-	414,337
Total Operating Expenses	431,207	90,550	521,757
Operating Income (Loss)	(156,207)	23,683	(132,524)
Nonoperating Revenues (Expenses)			
Property taxes	167,160	-	167,160
Interest earnings	22,007	11,538	33,545
Gain on sale/disposal of capital assets	35,715	-	35,715
Insurance proceeds	47,544	-	47,544
Interest expense - bonds	(4,717)	-	(4,717)
Bond premium amortization	7,520	-	7,520
Total Nonoperating Revenues (Expenses)	275,229	11,538	286,767
Income Before Transfers and Contributions	119,022	35,221	154,243
Transfers Out	-	(69,000)	(69,000)
Change in Net Position	119,022	(33,779)	85,243
Net Position, January 1	3,145,564	469,606	3,615,170
Net Position, December 31	$ 3,264,586	$ 435,827	$ 3,700,413

City of Hutchinson, Minnesota
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2020

	701 Central Garage	703 Self-insurance	Total
Cash Flows from Operating Activities			
Receipts from interfund services provided	$ 275,000	$ 114,233	$ 389,233
Payments to suppliers and vendors	(23,765)	(89,630)	(113,395)
Net Cash Provided by Operating Activities	251,235	24,603	275,838
Cash Flows from Noncapital Financing Activities			
Transfers out	-	(69,000)	(69,000)
Cash Flows from Capital and Related Financing Activities			
Purchase of capital assets	(546,535)	-	(546,535)
Proceeds from sale of capital assets	56,678	-	56,678
Insurance proceeds	47,544	-	47,544
Property taxes received	188,511	-	188,511
Principal paid on long-term debt	(310,000)	-	(310,000)
Interest paid on long-term debt	(7,300)	-	(7,300)
Net Cash Used by Capital and Related Financing Activities	(571,102)	-	(571,102)
Cash Flows from Investing Activities			
Interest received on investments	21,381	11,098	32,479
Net Increase (Decrease) in Cash and Cash Equivalents	(298,486)	(33,299)	(331,785)
Cash and Cash Equivalents, January 1	1,379,821	474,924	1,854,745
Cash and Cash Equivalents, December 31	$ 1,081,335	$ 441,625	$ 1,522,960
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	$ (156,207)	$ 23,683	$ (132,524)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	414,337	-	414,337
Increase (decrease) in liabilities			
Accounts payable	(6,895)	920	(5,975)
Net Cash Provided by Operating Activities	$ 251,235	$ 24,603	$ 275,838
Schedule of Noncash Investing, Capital and Financing Activities			
Capital assets acquired on account	$ 51,501	$ -	$ 51,501
Gain on disposal of capital assets	$ 35,715	$ -	$ 35,715
Book value of disposed/traded capital assets	$ 20,963	$ -	$ 20,963

DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY

CITY OF HUTCHINSON
HUTCHINSON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

City of Hutchinson, Minnesota
Discretely Presented Component Unit - Economic Development Authority
Balance Sheet/Statement of Net Position
December 31, 2020

Assets		
Cash and investments	$	148,810
Receivables		
Interest		468
Intergovernmental		1,439
Prepaid items		3,132
Total Assets	$	153,849
Liabilities		
Accounts payable	$	1,846
Accrued salaries payable		2,141
Accrued vacation payable		4,712
Total Liabilities		8,699
Fund Balances		
Assigned		145,150
Total Liabilities and Fund Balances	$	153,849
Amounts reported for governmental activities in the statement of net position are different because		
Total Fund Balances - Economic Development Authority	$	145,150
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Noncurrent liabilities at year-end consist of		
Other postemployment benefit obligation		(6,303)
Net pension liability		(96,431)
Governmental funds do not report long-term amounts related to pensions and other postemployment benefits.		
Deferred outflows of pension resources		9,731
Deferred inflows of pension resources		(4,196)
Deferred outflows of other postemployment benefits		379
Deferred inflows of other postemployment benefits		(504)
Internal service funds are used by management to charge the costs of various services to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.		(76)
Total Net Position - Governmental Activities	$	47,750

City of Hutchinson, Minnesota
Discretely Presented Component Unit -
Economic Development Authority
Schedule of Revenues, Expenditures and Changes in Fund Balances/Net Position
For the Year Ended December 31, 2020

Revenues		
Taxes		
Property taxes	$	189,092
Charges for services		983
Investment earnings		3,289
Miscellaneous		5,042
Total Revenues		198,406
Expenditures		
Current		
Housing and economic development		193,334
Net Change in Fund Balances		5,072
Fund Balances, January 1		140,078
Fund Balances, December 31	$	145,150
Amounts reported for governmental activities in the statement of activities are different because		
Net Change in Fund Balances - Economic Development Authority	$	5,072
Long-term pension activity is not reported in governmental funds.		
Negative pension expense		6,735
Pension revenue		258
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Other postemployment benefit costs		(90)
Internal service funds are used by management to charge the costs of various services to individual funds. The net revenues of certain activities of internal service funds is reported with governmental activities.		328
Change in Net Position - Governmental Activities	$	12,303

City of Hutchinson, Minnesota
Summary Financial Report
Revenues and Expenditures For General Operations
Governmental Funds
For the Years Ended December 31, 2020 and 2019

	Totals		Percent Increase (Decrease)
	2020	2019	
Revenues			
Taxes	$ 7,793,254	$ 7,452,325	4.57 %
Special assessments	612,621	923,986	(33.70)
Licenses and permits	505,409	529,002	(4.46)
Intergovernmental	4,697,226	6,904,746	(31.97)
Charges for services	2,183,064	2,916,389	(25.14)
Fines and forfeits	45,158	67,225	(32.83)
Investment earnings	494,380	631,050	(21.66)
Miscellaneous	574,710	857,919	(33.01)
Total Revenues	$ 16,905,822	$ 20,282,642	(16.65) %
Per Capita	$ 1,184	$ 1,422	(16.78) %
Expenditures			
Current			
General government	$ 2,589,239	$ 2,329,239	11.16 %
Public safety	4,779,423	4,758,499	0.44
Streets and highways	2,451,698	2,598,778	(5.66)
Culture and recreation	2,410,610	2,939,353	(17.99)
Economic development	1,259,893	319,328	294.55
Miscellaneous	1,069,735	973,641	9.87
Capital outlay			
General government	400,772	66,126	506.07
Public safety	1,076,845	144,354	645.98
Streets and highways	4,219,986	7,231,687	(41.65)
Culture and recreation	1,141,804	1,156,562	(1.28)
Economic development	5,000	-	100.00
Miscellaneous	358	474,202	(99.92)
Debt service			
Principal	2,015,000	2,110,000	(4.50)
Interest and other charges	513,545	489,069	5.00
Bond issuance costs	45,400	54,307	(16.40)
Total Expenditures	$ 23,979,308	$ 25,645,145	(6.50) %
Per Capita	$ 1,679	$ 1,798	(6.64) %
Total Long-Term Indebtedness	$ 19,415,000	$ 19,335,000	0.41 %
Per Capita	1,359	1,356	0.26
General Fund Balance - December 31	$ 8,165,497	$ 7,624,663	7.09 %
Per Capita	572	535	6.93

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

STATISTICAL SECTION
(UNAUDITED)

CITY OF HUTCHINSON
HUTCHINSON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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STATISTICAL SECTION (UNAUDITED)

This part of the City of Hutchinson's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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

	Fiscal Year				
	2020	2019	2018	2017	2016
Governmental Activities					
Net investment in capital assets	$ 66,566,111	$ 66,499,781	$ 63,850,387	$ 61,255,089	$ 57,290,296
Restricted	11,102,357	11,088,577	10,716,849	9,853,847	10,680,796
Unrestricted	10,926,868	11,057,517	10,919,210	5,478,380	6,860,854
Total Governmental Activities Net Position	88,595,336	88,645,875	85,486,446	76,587,316	74,831,946
Business-type Activities					
Net investment in capital assets	92,049,992	85,016,805	87,042,770	83,793,697	83,737,730
Restricted	-	-	-	3,561,829	2,539,625
Unrestricted	39,895,468	39,155,727	31,742,528	26,447,540	24,470,821
Total Business-type Activities Net Position	131,945,460	124,172,532	118,785,298	113,803,066	110,748,176
Primary Government					
Net investment in capital assets	158,616,103	151,516,586	150,893,157	145,048,786	141,028,026
Restricted	11,102,357	11,088,577	10,716,849	13,415,676	13,220,421
Unrestricted	50,822,336	50,213,244	42,661,738	31,925,920	31,331,675
Total Primary Government Net Position	$ 220,540,796	$ 212,818,407	$ 204,271,744	$ 190,390,382	$ 185,580,122

Source: Financial Statements

Table 1

Fiscal Year				
2015	2014	2013	2012	2011
$ 53,823,361	$ 50,999,100	$ 49,566,730	$ 46,659,087	$ 46,273,082
11,119,053	10,939,342	9,121,915	9,595,849	10,431,764
9,263,817	15,351,159	18,324,681	17,538,239	13,585,520
74,206,231	77,289,601	77,013,326	73,793,175	70,290,366
86,594,081	85,492,312	85,583,151	85,784,415	79,471,842
541,716	365,983	191,832	194,548	380,755
21,113,701	24,293,705	20,135,323	18,397,355	21,936,120
108,249,498	110,152,000	105,910,306	104,376,318	101,788,717
140,417,442	136,491,412	135,149,881	132,443,502	125,744,924
11,660,769	11,305,325	9,313,747	9,790,397	10,812,519
30,377,518	39,644,864	38,460,004	35,935,594	35,521,640
$ 182,455,729	$ 187,441,601	$ 182,923,632	$ 178,169,493	$ 172,079,083

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

	Fiscal Year				
	2020	2019	2018	2017	2016
Expenses					
Governmental Activities					
General government	$ 3,020,058	$ 2,435,032	$ 2,341,846	$ 2,391,495	$ 2,354,768
Public safety	4,999,680	4,987,199	4,631,282	4,836,976	5,307,395
Streets and highways	5,771,299	5,657,370	5,368,926	5,438,739	5,421,270
Culture and recreation	3,117,665	3,766,612	3,598,025	3,428,673	2,892,986
Housing and economic development	1,332,749	392,392	349,307	280,895	583,421
Miscellaneous	1,432,116	1,216,593	1,224,478	1,229,192	1,316,993
Interest on long-term debt	496,265	502,343	475,627	477,838	491,730
Total Governmental Activities Expenses	20,169,832	18,957,541	17,989,491	18,083,808	18,368,563
Business-type Activities					
Electric	25,726,245	27,345,524	28,140,954	27,379,450	26,538,262
Natural gas	9,337,234	9,776,175	9,439,397	10,304,619	9,232,357
Water	2,515,244	2,621,826	2,421,732	2,635,888	2,610,633
Sewer	2,757,621	3,087,632	3,196,430	3,303,898	3,593,584
Refuse	1,202,458	1,160,163	1,121,538	1,087,830	1,077,519
Composting	2,704,006	2,360,824	2,267,201	1,855,135	2,064,529
Storm water	794,014	691,435	609,845	632,334	585,575
Liquor	6,946,464	5,822,275	5,662,393	5,634,824	5,451,353
Total Business-type Activities Expenses	51,983,286	52,865,854	52,859,490	52,833,978	51,153,812
Total Primary Government Expenses	$ 72,153,118	$ 71,823,395	$ 70,848,981	$ 70,917,786	$ 69,522,375
Program Revenues					
Governmental Activities					
Charges for services					
General government	$ 625,923	$ 677,525	$ 679,200	$ 696,494	$ 641,899
Public safety	1,052,079	1,120,786	1,140,667	1,185,169	833,853
Streets and highways	766,131	888,371	883,671	748,479	760,014
Culture and recreation	615,623	1,268,375	1,384,047	1,311,050	938,724
Housing and economic development	74,199	73,746	88,458	18,869	19,076
Miscellaneous	214,354	205,034	184,545	231,923	266,494
Operating grants and contributions	1,962,884	696,234	767,930	937,732	715,410
Capital grants and contributions	1,759,802	4,367,498	2,453,603	2,428,531	1,823,110
Total Governmental Activities Program Revenues	7,070,995	9,297,569	7,582,121	7,558,247	5,998,580

Table 2

Fiscal Year				
2015	2014	2013	2012	2011
$ 2,274,447	$ 2,032,887	$ 2,307,145	$ 2,210,908	$ 2,132,263
4,297,569	4,181,806	4,018,616	4,036,929	3,907,785
4,568,949	5,579,567	4,909,837	4,470,565	4,423,328
2,779,174	2,585,826	2,675,883	2,436,528	2,473,720
217,094	436,241	300,264	326,743	368,587
1,109,584	1,267,447	1,014,805	995,836	807,905
436,626	477,101	556,537	635,721	538,400
15,683,443	16,560,875	15,783,087	15,113,230	14,651,988
26,936,359	26,012,324	26,189,278	26,284,199	25,668,586
9,563,857	13,601,847	11,450,559	10,693,048	12,744,621
2,634,150	2,556,042	2,717,124	2,499,411	2,438,187
3,327,256	3,513,726	3,736,919	3,710,136	3,862,158
1,036,616	1,106,012	1,079,901	1,054,727	1,204,465
2,634,096	2,715,660	2,449,375	2,172,366	2,095,500
497,695	527,613	401,086	519,193	518,569
5,264,041	5,098,025	4,865,901	4,817,672	4,642,486
51,894,070	55,131,249	52,890,143	51,750,752	53,174,572
$ 67,577,513	$ 71,692,124	$ 68,673,230	$ 66,863,982	$ 67,826,560
$ 663,176	$ 731,450	$ 703,624	$ 708,213	$ 645,877
919,533	819,654	525,525	439,368	423,521
778,973	1,051,923	1,139,288	1,004,963	1,079,416
943,835	983,674	1,004,713	928,700	901,738
22,251	21,029	51,442	55,609	54,908
253,403	237,595	253,208	253,341	205,522
598,506	866,989	685,199	761,593	863,828
3,325,032	1,389,461	3,053,878	1,547,152	3,115,830
7,504,709	6,101,775	7,416,877	5,698,939	7,290,640

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

	Fiscal Year				
	2020	2019	2018	2017	2016
Program Revenues (Continued)					
Business-type Activities					
Charges for services					
Electric	$ 28,208,330	$ 27,965,283	$ 28,780,665	$ 27,804,162	$ 27,207,567
Natural gas	11,636,939	12,501,316	12,830,426	12,440,383	11,658,645
Water	2,461,472	2,278,265	2,321,059	2,380,704	2,355,374
Sewer	3,144,635	3,204,763	3,145,437	3,138,718	3,194,892
Refuse	1,258,989	1,237,112	1,213,982	1,187,304	1,172,250
Composting	3,112,047	2,423,121	2,544,124	2,036,626	2,143,152
Storm water	984,216	957,189	929,187	898,137	868,817
Liquor	7,669,235	6,371,522	6,244,754	6,150,453	5,989,628
Operating grants and contributions	17,483	26,594	36,234	13,505	22,452
Capital grants and contributions	298,848	313,081	353,581	213,389	199,684
Total Business-type Activities Program Revenues	58,792,194	57,278,246	58,399,449	56,263,381	54,812,461
Total Primary Government Program Revenues	$ 65,863,189	$ 66,575,815	$ 65,981,570	$ 63,821,628	$ 60,811,041
Net (Expense)/Revenue					
Governmental activities	$ (13,098,837)	$ (9,659,972)	$ (10,407,370)	$ (10,525,561)	$ (12,369,983)
Business-type activities	6,808,908	4,412,392	5,539,959	3,429,403	3,658,649
Total Primary Government Net Expense	$ (6,289,929)	$ (5,247,580)	$ (4,867,411)	$ (7,096,158)	$ (8,711,334)
General Revenues and Other Changes in Net Position					
Governmental Activities					
Taxes					
Property taxes, levied for general purposes	$ 5,288,603	$ 5,131,925	$ 4,967,617	$ 4,742,969	$ 4,597,702
Property taxes, levied for debt service	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
Tax increments	207,626	165,193	234,200	271,574	293,878
Hotel-motel tax	86,660	110,155	103,941	100,864	95,133
Payment in lieu of taxes	-	-	260,624	248,213	236,393
Franchise taxes	192,677	189,233	194,967	192,976	196,777
Grants and contributions not restricted to specific programs	2,577,193	2,421,043	2,428,676	2,316,429	2,306,470
Unrestricted investment earnings (loss)	539,587	692,739	252,723	155,127	89,916
Other revenues	-	-	5,939,376	18,050	269,357
Gain on sale of capital assets	97,194	59,757	46,440	242,024	106,699
Transfers	1,858,758	1,849,356	2,677,936	1,994,792	2,603,373
Total Governmental Activities	13,048,298	12,819,401	19,306,500	12,483,018	12,995,698
General Revenues and Other Changes in Net Position					
Business-type Activities					
Sales tax	1,571,978	1,537,844	1,482,066	1,308,598	1,270,814
Unrestricted investment earnings	1,130,054	1,183,696	595,182	265,281	88,542
Gain on sale of capital assets	120,746	102,658	42,961	117,365	84,046
Transfers	(1,858,758)	(1,849,356)	(2,677,936)	(1,994,792)	(2,603,373)
Total Business-type Activities	964,020	974,842	(557,727)	(303,548)	(1,159,971)
Total Primary Government	$ 14,012,318	$ 13,794,243	$ 18,748,773	$ 12,179,470	$ 11,835,727
Changes in Net Position					
Governmental Activities	$ (50,539)	$ 3,159,429	$ 8,899,130	$ 1,957,457	$ 625,715
Business-type Activities	7,772,928	5,387,234	4,982,232	3,125,855	2,498,678
Total Primary Government	$ 7,722,389	$ 8,546,663	$ 13,881,362	$ 5,083,312	$ 3,124,393

Source: Financial Statements

Table 2 (Continued)

Fiscal Year				
2015	2014	2013	2012	2011
$ 26,882,789	$ 26,150,428	$ 25,834,604	$ 27,583,576	$ 27,723,908
11,425,821	16,171,261	13,946,578	11,799,117	14,250,540
2,482,639	2,336,775	2,464,672	2,569,955	2,447,251
3,389,165	3,226,938	3,345,367	3,394,548	3,750,471
1,146,693	1,143,283	1,130,817	1,135,884	1,143,949
3,100,161	3,158,465	2,843,294	2,422,876	2,080,197
802,235	735,773	677,421	637,853	581,499
5,853,469	5,614,596	5,388,997	5,330,668	5,102,948
12,608	12,600	12,231	34,392	52,262
1,019,453	102,476	117,357	39,047	51,087
56,115,033	58,652,595	55,761,338	54,947,916	57,184,112
$ 63,619,742	$ 64,754,370	$ 63,178,215	$ 60,646,855	$ 64,474,752
$ (8,178,734)	$ (10,459,100)	$ (8,366,210)	$ (9,414,291)	$ (7,361,348)
4,220,963	3,521,346	2,871,195	3,197,164	4,009,540
$ (3,957,771)	$ (6,937,754)	$ (5,495,015)	$ (6,217,127)	$ (3,351,808)
$ 4,526,246	$ 4,518,247	$ 4,492,207	$ 4,531,190	$ 4,217,015
2,177,193	2,073,517	1,974,778	1,974,779	1,751,870
267,068	315,558	323,237	281,773	274,297
96,269	86,613	83,175	79,290	72,627
225,137	214,416	204,206	194,482	185,220
195,074	184,421	85,765	84,382	83,587
2,290,237	2,265,678	1,674,549	4,059,738	2,061,956
109,278	223,893	(93,334)	108,169	231,062
4,904	6,364	2,348	1,911	1,556
8,198	14,924	120,359	16,608	155,757
750,657	831,744	2,765,536	1,584,778	839,268
10,650,261	10,735,375	11,632,826	12,917,100	9,874,215
1,224,846	1,323,298	1,354,668	1,300,911	-
134,502	183,535	63,661	236,144	147,308
6,819	45,259	10,000	49,398	-
(750,657)	(831,744)	(2,765,536)	(1,584,778)	(839,268)
615,510	720,348	(1,337,207)	1,675	(691,960)
$ 11,265,771	$ 11,455,723	$ 10,295,619	$ 12,918,775	$ 9,182,255
$ 2,471,527	$ 276,275	$ 3,266,616	$ 3,502,809	$ 2,512,867
4,836,473	4,241,694	1,533,988	3,198,839	3,317,580
$ 7,308,000	$ 4,517,969	$ 4,800,604	$ 6,701,648	$ 5,830,447

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

Table 3

Fiscal Year	Property Taxes: Levied for General Purposes	Property Taxes: Levied for Debt Service	Tax Increments	Hotel-Motel Tax	Payment in Lieu of Tax	Franchise Tax	Total
2020	$ 5,288,603	$ 2,200,000	$ 207,626	$ 86,660	$ -	$ 192,677	$ 7,975,566
2019	5,131,925	2,200,000	165,193	110,155	-	189,233	7,796,506
2018	4,967,617	2,200,000	234,200	103,941	260,624	194,967	7,961,349
2017	4,742,969	2,200,000	271,574	100,864	248,213	192,976	7,756,596
2016	4,597,702	2,200,000	293,878	95,133	236,393	196,777	7,619,883
2015	4,526,246	2,177,193	267,068	96,269	225,137	195,074	7,486,987
2014	4,518,247	2,073,517	315,558	86,613	214,416	184,421	7,392,772
2013	4,492,207	1,974,778	323,237	83,175	204,206	85,765	7,163,368
2012	4,531,190	1,974,779	281,773	79,290	194,482	84,382	7,145,896
2011	4,217,015	1,751,870	274,297	72,627	185,220	83,587	6,584,616

Source: Financial Statements

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

	Fiscal Year				
	2020	2019	2018	2017	2016
General Fund					
Nonspendable	$ 11,371	$ 5,762	$ 2,110	$ 275	$ 4,959
Restricted	220,052	226,754	59,514	59,514	56,607
Committed	5,478,457	5,381,040	5,249,917	5,544,809	5,266,128
Assigned	-	-	113,413	113,413	113,413
Unassigned	2,455,617	2,011,107	1,823,781	1,001,811	1,219,563
Total General Fund	$ 8,165,497	$ 7,624,663	$ 7,248,735	$ 6,719,822	$ 6,660,670
All Other Governmental Funds					
Nonspendable, reported in					
Special revenue funds	$ 1,573	$ 260	$ -	$ -	$ -
Capital projects funds	1,062	-	-	-	-
Restricted, reported in					
Debt Service funds	6,162,692	5,998,978	5,591,291	5,183,989	5,481,226
Special revenue funds	2,993,278	3,328,125	3,330,716	2,904,796	3,088,961
Capital projects funds	-	-	-	-	8,999
Committed, reported in					
Special revenue funds	583,392	106,017	110,737	118,531	830,372
Capital projects funds	2,584,308	3,507,022	3,009,837	-	236,293
Assigned, reported in					
Special revenue funds	453,821	644,870	583,327	566,448	506,798
Capital projects funds	4,471,954	5,026,875	5,253,983	2,037,769	2,577,499
Unassigned, reported in					
Special revenue funds	(728,961)	(744,370)	(1,488,413)	(749,137)	(298,639)
Capital projects funds	(1,189,852)	(961,767)	(156,631)	(199,567)	(273,711)
Total All Other Governmental Funds	$ 15,333,267	$ 16,906,010	$ 16,234,847	$ 9,862,829	$ 12,157,798

Source: Financial Statements

Note: The City implemented GASB 54 in fiscal year 2010, resulting in significant reclassification of the components of fund balance. Years prior to 2010 have not been restated.

Table 4

Fiscal Year				
2015	2014	2013	2012	2011
$ 126,547	$ -	$ 112,127	$ -	$ 1,196
54,607	29,786	67,434	72,161	67,597
4,959,914	4,663,847	4,616,184	4,360,875	4,268,852
255,279	426,610	395,301	355,293	314,755
1,539,298	1,614,284	1,059,185	1,464,413	1,346,010
$ 6,935,645	$ 6,734,527	$ 6,250,231	$ 6,252,742	$ 5,998,410
$ -	$ -	$ -	$ -	$ 16
-	-	-	-	-
4,498,594	4,950,754	4,872,276	5,698,459	4,284,797
3,933,227	4,057,729	2,049,954	1,476,793	1,329,943
-	-	12,019	-	-
120,278	120,278	121,398	130,465	129,965
-	14,661	-	-	-
435,872	375,967	284,861	276,647	185,031
5,383,434	5,926,037	7,236,090	5,592,191	3,710,233
-	(1,026)	(7,159)	(13,037)	(37,026)
(210,900)	(111,282)	(28,367)	(12,812)	(87,661)
$ 14,160,505	$ 15,333,118	$ 14,541,072	$ 13,148,706	$ 9,515,298

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

	Fiscal Year				
	2020	2019	2018	2017	2016
Revenues					
Taxes	$ 7,793,254	$ 7,452,325	$ 7,371,440	$ 6,868,189	$ 7,378,523
Special assessments	612,621	923,986	1,088,178	781,191	2,812,394
Intergovernmental revenue	4,697,226	6,904,746	5,013,658	4,798,875	1,904,422
Licenses and permits	505,409	529,002	561,655	686,987	281,559
Charges for services	2,183,064	2,916,389	2,772,324	2,604,636	2,192,444
Fines and forfeits	45,158	67,225	55,989	50,233	45,588
Investment earnings (loss)	494,380	631,050	218,938	134,569	74,374
Other revenues	574,710	857,919	7,242,496	1,161,766	1,275,922
Total Revenues	16,905,822	20,282,642	24,324,678	17,086,446	15,965,226
Expenditures					
General government	2,589,239	2,329,239	2,254,302	2,182,465	2,101,566
Community development	1,259,893	319,328	278,181	242,142	575,177
Public safety	4,779,423	4,758,499	4,723,644	4,457,700	4,208,847
Streets and highways	2,451,698	2,598,778	2,453,797	2,163,764	2,108,807
Culture and recreation	2,410,610	2,939,353	2,933,982	2,855,857	2,392,960
Miscellaneous	1,069,735	973,641	914,299	892,511	972,558
Capital outlay	6,844,765	9,072,931	7,022,252	9,521,627	8,455,158
Debt service					
Principal	2,015,000	2,110,000	1,970,000	1,835,000	2,150,000
Interest	513,545	489,069	475,741	434,866	458,736
Bond issuance costs	45,400	54,307	36,057	63,431	43,495
Total Expenditures	23,979,308	25,645,145	23,062,255	24,649,363	23,467,304
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,073,486)	(5,362,503)	1,262,423	(7,562,917)	(7,502,078)
Other Financing Sources (Uses)					
Sale of capital assets	2,500	2,500	6,495	107,222	2,915
Transfers in	4,659,144	3,779,206	4,193,817	5,585,344	5,926,322
Transfers out	(1,025,067)	(183,091)	(1,006,288)	(2,893,680)	(3,203,949)
Bonds issued	2,405,000	2,675,000	2,395,000	2,445,000	2,435,000
Premium on bonds issued	-	135,979	49,484	83,214	64,108
Payment to refunded bond escrow agent	-	-	-	-	-
Total Other Financing Sources (Uses)	6,041,577	6,409,594	5,638,508	5,327,100	5,224,396
Net Change in Fund Balances	$ (1,031,909)	$ 1,047,091	$ 6,900,931	$ (2,235,817)	$ (2,277,682)
Debt Service as a Percentage of Noncapital Expenditures	13.84%	15.19%	14.74%	14.09%	16.15%

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

Table 5

Fiscal Year				
2015	2014	2013	2012	2011
$ 7,255,422	$ 7,168,812	$ 6,980,438	$ 6,969,013	$ 6,582,570
830,081	1,057,900	1,646,524	978,975	888,578
5,911,845	4,227,782	4,000,220	3,871,042	4,495,896
324,083	283,488	278,629	241,114	223,755
1,922,483	2,183,844	2,249,396	2,040,203	2,055,597
45,449	59,737	60,012	60,498	50,604
101,220	207,830	(85,668)	97,918	207,153
1,485,213	2,251,024	2,304,362	2,248,873	1,355,080
17,875,796	17,440,417	17,433,913	16,507,636	15,859,233
1,995,215	1,902,830	2,247,388	2,028,772	2,103,242
208,850	427,997	325,164	478,847	687,323
4,176,717	3,949,625	3,741,161	3,756,228	3,623,400
2,161,317	2,458,488	2,638,192	2,406,663	2,609,878
2,339,479	2,258,762	2,365,151	2,133,359	2,164,374
887,981	834,461	712,597	710,972	647,341
7,347,784	7,601,893	5,892,215	5,000,514	5,844,312
3,330,000	4,470,000	3,080,000	2,525,000	2,725,000
459,149	499,079	566,548	538,299	554,350
50,384	76,143	48,223	113,173	58,268
22,956,876	24,479,278	21,616,639	19,691,827	21,017,488
(5,081,080)	(7,038,861)	(4,182,726)	(3,184,191)	(5,158,255)
-	-	525,359	16,608	127,078
3,396,428	4,521,284	4,381,016	4,248,730	3,000,203
(1,508,781)	(1,771,083)	(1,615,480)	(1,756,810)	(822,150)
2,140,000	3,415,000	2,230,000	4,370,000	2,830,000
81,938	86,554	51,686	193,403	-
-	-	-	-	(2,535,000)
4,109,585	6,251,755	5,572,581	7,071,931	2,600,131
$ (971,495)	$ (787,106)	$ 1,389,855	$ 3,887,740	$ (2,558,124)
23.86%	24.54%	21.65%	21.35%	19.92%

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

Table 6

Fiscal Year Ended December 31,	Residential Property	Commercial Property	Personal Property	Total Taxable Assessed Value	Estimated [1] Actual Taxable Value	Total Direct Tax Rate
2020	$ 898,916,100	$ 165,297,600	$ 1,874,300	$ 1,066,088,000	$ 1,122,197,895	66.473
2019	771,174,100	149,313,600	1,879,200	922,366,900	970,912,526	67.045
2018	740,142,000	151,192,700	1,889,700	893,224,400	940,236,211	71.141
2017	677,811,800	187,632,100	1,673,200	867,117,100	912,754,842	71.953
2016	646,911,200	186,475,400	1,681,000	835,067,600	879,018,526	73.966
2015	609,870,300	185,836,600	1,659,800	797,366,700	839,333,368	74.416
2014	583,378,600	187,325,600	1,612,500	772,316,700	812,964,947	74.518
2013	577,624,600	186,990,400	463,500	765,078,500	805,345,789	73.230
2012	575,631,700	185,032,700	456,100	761,120,500	801,179,474	70.708
2011	634,969,600	186,354,700	486,500	821,810,800	865,064,000	61.331

Source: County Auditors Office

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

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

Fiscal Year	City of Hutchinson			Overlapping Rates County		
	Operating	Debt Service	Total City	Operating	Debt Service	Total County
2020	46.867	19.606	66.473	56.305	3.504	59.809
2019	46.867	20.178	67.045	55.248	2.634	57.882
2018	49.139	22.002	71.141	54.253	1.881	56.134
2017	49.182	22.771	71.953	51.660	1.932	53.592
2016	50.112	23.854	73.966	51.002	1.952	52.954
2015	50.280	24.136	74.416	50.785	2.175	52.960
2014	51.137	23.381	74.518	55.418	-	55.418
2013	51.027	22.203	73.230	59.664	-	59.664
2012	49.236	21.472	70.708	60.901	-	60.901
2011	43.331	18.000	61.331	49.517	4.109	53.626

Source: McLeod County Auditor and Treasurers Office

Table 7

Overlapping Rates						
School District						
Operating	Debt Service	Total School	Special Districts	Total Direct Rates	Total Overlapping Rates	Total Direct and Overlapping Rates
6.992	27.261	34.253	3.612	66.473	97.674	164.147
8.685	14.870	23.555	3.581	67.045	85.018	152.063
8.206	17.005	25.211	3.608	71.141	84.953	156.094
8.037	17.452	25.489	3.609	71.953	82.690	154.643
9.600	17.772	27.372	3.659	73.966	83.985	157.951
8.641	6.332	14.973	3.634	74.416	71.567	145.983
8.033	6.966	14.999	3.678	74.518	74.095	148.613
9.040	7.767	16.807	3.651	73.230	80.122	153.352
8.855	7.612	16.467	3.477	70.708	80.845	151.553
8.638	7.014	15.652	3.022	61.331	72.300	133.631

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

Table 8

Taxpayer	Type of Business	2020 Taxable Assessed Value	2020 Rank	2020 Percentage of Total Taxable Assessed Value	2011 Taxable Assessed Value	2011 Rank	2011 Percentage of Total Taxable Assessed Value
3M Corporation	Manufacturing	$ 15,539,500	1	1.44 %	$ 17,317,600	1	2.10 %
Wal-Mart	Commercial/Retail	7,591,000	2	0.71	7,623,100	4	0.93
Menards	Commercial/Retail	7,521,900	3	0.71	7,650,000	3	0.93
Uponor	Manufacturing	6,792,600	4	0.64			-
Deer Park Apartments (formerly Wissota, LLC)	Apartment	6,453,900	5	0.61			-
City of Hutchinson	Retail Building	6,389,700	6	0.60	4,897,300	6	0.60
Papania Investments (formerly Inland)	Commerical	4,796,900	7	0.45	3,055,700	7	0.37
Target	Commercial/Retail	4,762,300	8	0.45	6,227,900	5	0.76
TDK Corporation (formerly HTI)	Manufacturing	4,331,000	9	0.41	10,837,600	2	1.32
Sterling Properties LLP	Commerical	3,698,500	10	0.35			
Coborn Realty Co/Cash Wise Foods	Commercial/Grocery				3,818,200	8	0.46
Shopko	Commercial/Retail				3,414,700	9	0.42
Silver Lake Capital Partners	Commercial				3,155,100	10	0.38
Total		$ 67,877,300		6.37 %	$ 67,997,200		8.27 %

Source: McLeod County Auditors Office

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

Table 9

Fiscal Year Ended December 31,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2020	$ 7,458,910	$ 7,414,433	99.40 %	$ -	$ 7,414,433	99.40 %
2019	7,310,005	7,278,548	99.57	22,257	7,300,805	99.87
2018	7,113,466	7,088,464	99.65	16,211	7,104,675	99.88
2017	6,951,796	6,905,665	99.34	39,131	6,944,796	99.90
2016	6,769,035	6,720,677	99.29	46,050	6,766,727	99.97
2015	6,656,623	6,604,808	99.22	49,971	6,654,779	99.97
2014	6,552,963	6,493,765	99.10	58,243	6,552,008	99.99
2013	6,454,224	6,403,138	99.21	49,832	6,452,970	99.98
2012	6,454,224	6,396,926	99.11	56,631	6,453,557	99.99
2011	6,557,762	6,494,747 *	99.04	62,684	6,557,431	99.99

* 2011 includes $315,993 of unallotted market rate homestead credit.

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

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

Fiscal Year	Governmental Activities			
	General Obligation Bonds	General Obligation Tax Increment Bonds	Special Assessment Bonds	Notes Payable
2020	$ -	$ -	$ 19,895,195	$ -
2019	-	-	19,857,912	30,000
2018	-	-	19,515,584	60,000
2017	-	-	19,676,467	90,000
2016	-	-	19,003,047	120,000
2015	-	-	17,184,350	150,000
2014	-	-	18,322,782	180,000
2013	-	-	19,314,609	210,000
2012	-	220,000	19,822,859	330,000
2011	-	320,000	17,684,443	360,000

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

(1) Outstanding General Obligation Revenue Bonds are a combination of Water and Sewer Bonds and Minnesota Public Facilities Authority (MPFA) Drinking Water Revolving Fund loans. The Funds from the MPFA are being used to build a new water treatment facility.

(2) Outstanding Revenue Bonds reflect bonds issued by the City owned by Public Utilities

(3) Business-type capital leases reflect equipment leased in Water, Sewer, Refuse and Compost funds, and the Public Utility Commission.

(4) Includes refunded bonds of $21,330,000

(5) Includes refunded bonds of $15,195,000

Table 10

Business-type Activities					
General Obligation Revenue Bonds [1]	Revenue Bonds [2]	Capital Leases [3]	Total Primary Government	Percentage of Personal Income	Per Capita
$ 15,815,368	$ 28,144,162	$ 423,600	$ 64,278,325	9.01 %	$ 4,533
21,369,536	30,463,228	568,643	72,289,319	10.40	5,107
20,934,620	32,677,293	249,644	73,437,141	10.85	5,191
21,817,341	34,191,359 [5]	384,487	76,159,654	12.01	5,382
24,240,591	18,845,615	133,865	62,343,118	9.82	4,411
26,637,841	20,316,224	209,287	64,497,702	10.47	4,552
29,301,371	21,903,551	314,301	70,022,005	11.91	4,958
33,469,371	23,269,326	415,298	76,678,604	13.46	5,416
35,451,371	44,837,671 (4	198,648	100,860,549	17.99	7,187
34,677,371	22,510,000	117,465	75,669,279	14.71	5,348

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

Fiscal Year	General Obligation Bonds	General Obligation Tax Increment Bonds	Special Assessment Bonds	Revenue Bonds	Less: Amounts Paid from Proprietary Revenue	Less: Amounts Available in Debt Service Fund
2020	$ 15,815,368	$ -	$ 19,895,195	$ 28,144,162	$ 43,959,530	$ -
2019	21,369,536	-	19,857,912	30,463,228	51,832,764	-
2018	20,934,620	-	19,515,584	32,677,293	53,611,913	-
2017	21,817,341	-	19,676,467	34,191,359	56,008,700	-
2016	24,240,591	-	19,003,047	18,845,615	43,086,206	-
2015	26,637,841	-	17,184,350	20,316,224	46,954,065	-
2014	29,301,371	-	18,322,782	21,903,551	51,204,922	-
2013	33,469,371	-	19,314,609	23,269,326	56,738,697	-
2012	35,451,371	220,000	19,822,859	44,837,671	80,289,042	-
2011	34,677,371	320,000	17,684,443	22,510,000	57,187,371	321,964

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

(1) See Table 6 for property value data.

Table 11

Total	Percentage of Total Taxable Assessed [1] Value of Property	Per Capita
$19,895,195	1.87 %	$ 1,403
19,857,912	2.15	1,403
19,515,584	2.18	1,379
19,676,467	2.20	1,390
19,003,047	2.19	1,344
17,184,350	2.06	1,213
18,322,782	2.30	1,297
19,314,609	2.50	1,364
20,042,859	2.62	1,428
17,682,479	2.32	1,250

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City of Hutchinson, Minnesota
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2020

Table 12

Governmental Unit	Debt Outstanding [1]	Estimated Percentage Applicable [2]	Estimated Share of Overlapping Debt
Direct Debt			
City of Hutchinson	$ 19,895,195	100.00 %	$ 19,895,195
Overlapping Debt			
McLeod County	21,094,396	27.65	5,833,173
Independent School Dist. 423	72,365,000	63.89	46,233,861
Total Overlapping Debt	93,459,396		52,067,034
Total Direct and Overlapping Debt	$ 113,354,591		$ 71,962,229

Sources : [1] Outstanding debt data provided by the City, McLeod County Auditors Office and ISD #423.
[2] Estimated percentages come from the Local Taxable Tax Capacity numbers supplied annually by the McLeod County Auditors Office.

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

2016 - Debt Outstanding for School District increased due to general obligation bonds that were issued during 2016 to renovate and add on to the high school.

City of Hutchinson, Minnesota
Legal Debt Margin Information
Last Ten Fiscal Years

	2020	2019	2018	2017
Assessed Value (See Table 6)	$ 1,066,088,000	$ 922,366,900	$ 893,224,400	$ 867,117,100
Legal Debt Limit				
Debt limit (3% of assessed value)	31,982,640	27,671,007	26,796,732	26,013,513
Debt Applicable to Limit:				
(See Table 10)				
General Obligation Bonds	-	-	-	-
Less: Amount reserved for repayment of general obligation debt	-	-	-	-
Total Net Debt Applicable to Limit	-	-	-	-
Legal Debt Margin	$ 31,982,640	$ 27,671,007	$ 26,796,732	$ 26,013,513
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%

Source: Assessed values are provided by McLeod County Auditor's Office.

Note: Minn. Stat. Section 475.53, subd. 1 states that except as otherwise provided in Minn. Stat. Sections 474.74 to 475.51, no municipality except a school district or a city of the first class, shall incur or be subject to a net debt in excess of three percent of the estimated market value.

Table 13

2016	2015	2014	2013	2012	2011
$ 835,067,600	$ 797,366,700	$ 772,316,700	$ 765,078,500	$ 761,120,500	$ 821,810,800
25,052,028	23,921,001	23,169,501	22,952,355	22,833,615	24,654,324
-	-	-	-	-	-
-	-	-	-	-	(321,964)
-	-	-	-	-	-
$ 25,052,028	$ 23,921,001	$ 23,169,501	$ 22,952,355	$ 22,833,615	$ 24,654,324
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

Year	Utility Revenue Bonds [1] Operating Revenues	Operating Expenses[2]	Net Revenue Available for Debt Service	Debt Service Requirements Principal	Interest	Coverage
2020	$ 44,458,646	$ 39,878,458	$ 4,580,188	$ 7,746,043	$ 1,611,375	0.49
2019	46,727,885	41,989,301	4,738,584	4,680,776	1,808,777	0.73
2018	47,793,436	42,208,203	5,585,233	3,892,843	1,891,142	0.97
2017	46,345,385	42,834,203	3,511,182	4,372,655	1,600,041	0.59
2016	44,808,639	41,281,522	3,527,117	3,731,422	1,544,312	0.67
2015	44,645,425	41,306,845	3,338,580	3,549,014	1,668,286	0.64
2014	48,405,216	44,148,102	4,257,114	3,313,997	1,839,412	0.83
2013	46,072,120	41,713,462	4,358,658	5,029,891	2,478,505	0.58
2012	45,289,317	40,652,102	4,637,215	4,059,048	2,431,400	0.71
2011	48,605,386	42,437,474	6,167,912	3,925,667	2,227,551	1.00

Source: City of Hutchinson Financial Records

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

[1] Utility Revenue Bonds include Water, Sewer, Storm Water and Public Utilities Commission funds (excludes the Municipal Liquor Store, Composting and Refuse funds which have no outstanding debt service requirements)

[2] Total operating expenses exclusive of depreciation

[3] Debt service requirements for special assessment bonds issued comes from a combination of tax collections, which includes tax credits from the State of Minnesota and special assessment collections.

Table 14

G.O. Bonds				Special Assessment Bonds			
	Debt Service Requirements			Special Assessment and	Debt Service Requirements		
Tax Collections	Principal	Interest	Coverage	Tax Collections[3]	Principal	Interest	Coverage
$ 188,511	$ 310,000	$ 7,300	0.59	$ 2,578,243	$ 1,985,000	$ 483,982	1.04
336,420	325,000	13,650	0.99	2,767,674	2,080,000	463,555	1.09
358,995	600,000	23,138	-	2,601,776	1,940,000	434,862	1.10
-	-	-	-	2,151,946	1,805,000	416,431	0.97
-	-	-	-	3,379,975	2,120,000	415,406	1.33
-	-	-	-	2,991,334	2,070,000	429,706	1.20
-	-	-	-	3,105,874	2,315,000	494,045	1.11
-	-	-	-	2,944,900	2,395,000	517,024	1.01
-	-	-	-	2,913,300	2,740,000	554,790	0.88
-	-	-	-	2,421,259	2,450,000	569,083	0.80

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

Table 15

Fiscal Year	Population [1]	Personal Income [2]	Per Capita Personal Income	School Enrollment (K-12) [3]	Unemployment Rate [4]	State Unemployment Rate [4]	National Unemployment Rate [4]
2020	14,181	$ 713,110,810 [5]	$ 50,286	2,761	5.4 %	6.2 %	8.1 %
2019	14,155	695,110,825	49,107	2,916	3.8	3.2	3.7
2018	14,147	676,997,265	47,854	2,944	3.1	2.9	3.9
2017	14,151	634,148,809	44,813	2,958	3.7	3.4	4.4
2016	14,135	634,658,573	44,900	2,968	4.4	3.9	4.9
2015	14,170	616,173,372	43,484	2,957	3.9	3.7	5.3
2014	14,124	587,806,085	41,618	2,959	5.0	4.2	6.2
2013	14,158	569,746,963	40,242	3,055	6.1	5.0	7.4
2012	14,034	560,652,795	39,950	3,007	7.3	5.6	8.1
2011	14,148	514,408,651	36,359	3,064	8.6	6.5	8.9

Data Sources: [1] United States Census Bureau or Minnesota State Demographer.

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

[3] Minnesota Department of Education.

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

[5] 2020 data is not available at time of publish; these are estimated totals

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

Table 16

Employer	2020 [1] Employees [4]	Rank	Percentage of Total County Employment [4]	2011 [2] Employees [3]	Rank	Percentage of Total County Employment [4]
3M Corporation	1,601	1	8.40 %	1,700	1	9.18 %
Hutchinson Area Health Care	571	2	3.00	750	3	4.05
Hutchinson Schools - ISD 423	442	3	2.32	446	4	2.41
Ridgewater College	302	4	1.58			
Wal-Mart	287	5	1.51	400	5	2.16
Cash Wise Foods	202	6	1.06	225	6	1.21
Menards	163	7	0.86	140	9	0.76
Resonetics	160	8	0.84	130	10	0.70
Target	150	9	0.79	215	7	1.16
City of Hutchinson	147	10	0.77			
TDK Corporation (formerly HTI)				1,200	2	6.48
National Guard Recruiting				150	8	0.81
Total	4,025		21.13 %	5,356		28.92 %

Sources: [1] 2020 Offering Statement on Municipal Bonds sold.
[2] 2011 Offering Statement on Municipal Bonds sold.
[3] Includes full-time, part-time and seasonal employees.
[4] Percentages are compiled based on Total County employment and come from the Minnesota Department of Employment and Economic Development.

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City of Hutchinson, Minnesota
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Table 17

Function/Program	Full-time Equivalent Employees as of December 31									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government										
Mayor and City Council [1]	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Administration	3.48	3.24	3.24	3.25	3.17	3.45	3.08	3.53	3.46	3.71
Finance	3.09	2.99	2.99	2.93	2.98	3.21	2.82	3.16	3.29	3.10
Attorney	1.53	1.49	1.52	1.50	1.50	1.22	1.22	1.19	1.26	1.32
Planning and zoning	1.25	1.20	1.17	1.30	1.22	1.29	1.31	1.47	1.80	1.83
Information services	3.01	2.68	2.77	3.00	3.00	3.16	3.16	3.79	3.64	2.71
Motor vehicle	3.90	3.97	3.82	3.72	3.28	2.97	3.16	3.18	3.15	3.08
Building maintenance	1.04	1.00	1.00	1.19	0.69	0.46	0.71	0.78	0.99	0.97
Cemetery	1.38	1.10	1.02	1.33	0.96	1.16	1.11	1.11	1.48	1.84
Public Safety										
Police										
Officers	23.66	23.26	22.79	21.91	21.63	21.74	21.87	22.04	23.03	21.13
Civilians	15.60	15.33	17.34	16.53	15.59	15.73	13.19	9.86	9.36	9.22
Fire										
Firefighters and officers [2]	5.51	5.31	4.62	4.98	4.98	4.20	4.46	3.23	3.34	3.57
Building inspection	3.32	3.91	3.30	2.97	2.50	2.26	2.07	2.06	1.61	1.58
Streets and Highways										
Engineering	4.24	3.71	3.73	3.82	3.77	3.94	4.30	5.31	5.33	5.21
Maintenance	7.76	7.77	7.87	7.20	7.05	7.41	8.18	7.15	7.44	8.04
Culture and Recreation										
Parks [3]	20.48	31.16	33.45	34.84	23.48	25.30	24.04	24.43	24.07	23.33
Library	-	-	-	-	-	0.13	0.20	0.21	0.35	0.34
Housing and Economic Development	1.35	1.36	1.67	1.42	1.53	1.55	1.79	1.92	1.75	1.83
Transportation										
Airport and bus drivers	0.55	0.56	0.50	0.20	0.34	0.26	0.31	0.25	0.28	0.35
Liquor	13.19	12.32	12.72	12.52	11.55	11.30	10.97	10.35	10.67	9.89
Water	5.88	5.82	5.90	6.03	7.65	6.11	5.34	5.37	5.44	5.46
Sewer	8.88	8.44	8.50	7.50	6.64	7.39	7.94	7.55	8.00	7.91
Refuse	2.34	2.44	2.51	2.49	1.58	2.07	2.46	2.66	2.83	2.86
Storm Water	3.35	2.96	2.34	2.76	2.71	1.87	1.59	1.53	1.68	1.70
Composting	7.27	6.59	6.06	5.99	5.57	6.14	7.67	7.91	8.36	8.51
Natural Gas	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Electric	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00
Total	192.06	198.61	200.83	199.38	183.37	184.32	182.95	180.04	182.61	179.49

Source: City of Hutchinson Budget Books, Hutchinson Area Health Care and Public Utilities Commission

[1] The City of Hutchinson is comprised of one mayor and four council members. These numbers do not reflect full-time equivalent hours based on actual yearly full-time hours worked.
[2] Paid-on-call volunteer firefighters are reflected in full-time equivalent hours on a yearly basis
[3] Seasonal employees were added in 2017 for the new aquatic center operations

City of Hutchinson, Minnesota
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year 2020 [3]	2019	2018	2017	2016
General Government					
Permits issued	2,275	1,038	1,424	2,291	1,089
Building inspections	1,154	3,685	2,737	3,029	1,415
Public Safety					
Police					
Incidents (calls for service) [1]	17,459	20,042	20,116	18,913	17,152
Case reports	-	-	-	-	-
Arrests [1]	360	458	481	422	372
Citations [1]	631	892	845	757	802
Fire					
Number of calls answered	484	463	492	532	505
Code inspections	46	254	306	233	218
Training hours	2,203	3,403	2,793	3,078	3,018
Highways and Streets					
Street reconstruction (miles)	0.70	1.59	1.35	1.29	1.63
Street resurfacing (miles)	1	3.79	6.09	0.24	8.25
Patching material used (tons)	399	345	148	123	183
Sanitation					
Raw incoming (tons)					
Source separated organics	1,612	1,494	1,597	1,677	1,785
Leaves, grass, and other wastes	6,796	7,148	8,292	7,648	8,227
Culture and Recreation					
Athletic field maintenance hours	707	3,271	3,281	2,994	2,811
Ice time sold	1,003	2,134	2,180	2,120	2,222
Pool admissions [2]	-	41,470	48,623	54,937	-
Shelters reserved	249	524	440	439	522
Water					
Average daily consumption (in gallons)	1,490,200	1,356,900	1,347,500	1,430,400	1,418,500
Wastewater					
Average daily sewage treatment					
MGD (million gallons/day)	2.00	2.65	2.28	2.43	2.54
Public Utilities					
Kilowatt hours (KWH) generated	19,844,000	22,900,000	34,524,000	28,605,000	35,823,000
Natural gas purchased and generated (MCF)	1,770,463	1,925,515	1,937,455	1,854,437	1,817,631
Liquor					
Liquor store sales volume ($)	$ 7,666,596	$ 6,369,376	$ 6,242,500	$ 6,148,149	$ 5,986,472

Sources: Various City departments, Public Utilities Commission and Hutchinson Area Health Care

[1] Due to new computer system installation in May 2012 numbers are estimates by Hutchinson Public Safety based on a monthly average. Case reports are no longer reported separately as they are included in total incidents.

[2] The outdoor pool was closed in 2016 and a new outdoor aquatic center opened in 2017

[3] The majority of City functions and programs in 2020 were severely and negatively impacted by the COVID-19 pandemic

Table 18

Fiscal Year				
2015	2014	2013	2012	2011
1,108	1,080	1,133	946	905
1,850	1,222	1,716	1,508	1,381
15,589	17,119	16,812	19,000 *	17,849
-	-	-	-	2,155
371	380	369	670 *	510
484	1,179	1,185	874 *	1,003
466	465	388	439	475
74	660	869	917	744
3,038	3,636	3,327	3,120	2,703
1.18	1.55	0.72	1.60	1.72
0.55	8.56	2.10	9.20	0.72
348	136	103	135	85
2,150	2,728	2,137	2,109	2,362
8,149	14,158	14,623	13,152	10,122
2,664	2,698	2,898	2,674	2,682
2,121	1,793	2,089	2,188	1,980
10,487	11,415	12,564	12,689	12,436
465	364	380	317	250
1,476,445	1,458,000	1,493,000	1,533,000	1,550,000
2.00	2.25	1.97	2.08	2.63
22,411,000	28,819,000	35,619,000	25,473,000	13,311,000
1,714,534	2,058,642	2,014,780	1,692,502	1,702,324
$ 5,850,584	$ 5,612,423	$ 5,384,444	$ 5,325,305	$ 5,099,785

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

Function	Fiscal Year 2020	2019	2018	2017	2016
General Government					
City center	1	1	1	1	1
Public Safety					
Police					
Stations	1	1	1	1	1
Patrol units	12	12	12	12	11
Fire					
Stations	1	1	1	1	1
Vehicles	9	9	9	8	9
Highways and Streets					
Miles of street	77.5	77.5	77.0	77.0	77.0
Bridges	6	6	6	6	6
Parks and Recreation					
Parks	41	41	41	37	37
Area in acres	401	401	401	401	401
Indoor ice arena	2	2	2	2	2
Recreation center (includes pool)	1	1	1	1	1
Event center	1	1	1	1	1
Compost/Refuse					
Compost buildings	2	2	2	2	2
Liquor					
Liquor store building	1	1	1	1	1
Utilities					
Municipal water					
Water treatment plant	1	1	1	1	1
Water towers	3	3	3	3	3
Miles of water main	102.0	100.0	100.0	100.0	99.0
Municipal sanitary sewer					
Wastewater treatment buildings	8	8	8	8	8
Miles of sanitary sewer	92.0	91.0	91.0	91.0	91.0
Number of lift stations	15	15	15	15	13
Storm sewer					
Holding ponds and lakes	53	53	53	53	53
Electric division					
Miles of transmission lines	17	17.0	17.0	17.0	17.0
Number of substations	6	6	6	6	6
Natural gas division					
Miles of gas lines	294	294	294	292	292

Source: Various City departments and capital asset system

Table 19

Fiscal Year				
2015	2014	2013	2012	2011
1	1	1	1	1
1	1	1	1	1
11	11	11	11	11
1	1	1	1	1
9	9	9	9	9
76.0	76.0	76.0	76.2	76.4
6	6	6	6	6
37	37	37	37	37
401	401	401	401	401
2	2	2	2	2
1	1	1	1	1
1	1	1	1	1
2	2	2	2	2
1	1	1	1	1
1	1	1	1	1
3	3	3	3	3
109.0	106.0	106.0	105.2	104.4
8	8	8	8	8
95.0	95.0	95.0	95.1	94.6
13	13	13	13	13
53	50	49	49	49
17.1	17.1	17.0	17.1	17.1
6	6	6	4	4
292	290	290	288	288

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City of Hutchinson, Minnesota
Combined Schedule of Bonds Payable
December 31, 2020

Table 20

Year Issued		Original Amount	Retired	Bonds Outstanding	Coupon Rates
	GENERAL OBLIGATION SPECIAL ASSESSMENT BONDS				
2009D		$ 2,255,000	$ 1,685,000	$ 570,000	2.00 - 3.63 %
2010C		4,595,000	4,245,000	350,000	3.00 - 3.13
2011A		2,830,000	1,710,000	1,120,000	0.50 - 3.25
2012B		2,095,000	2,010,000	85,000	3.00
2012C		2,275,000	1,175,000	1,100,000	2.00 - 2.50
2013A		2,230,000	965,000	1,265,000	2.00 - 3.50
2014A		3,415,000	1,620,000	1,795,000	2.00 - 3.00
2015A		2,140,000	545,000	1,595,000	2.85 - 3.00
2016A		3,880,000	1,735,000	2,145,000	2.00
2017A		2,445,000	390,000	2,055,000	2.00 - 3.00
2018A		2,395,000	140,000	2,255,000	3.00 - 4.00
2019A		2,675,000	-	2,675,000	2.00 - 3.00
2020A		2,405,000	-	2,405,000	0.35 - 1.40
	Totals	$ 35,635,000	$ 16,220,000	$ 19,415,000	
	GENERAL OBLIGATION REVENUE BONDS				
2005 PFA		$ 5,696,371	$ 4,263,001	$ 1,433,370	2.53
2006 PFA		12,216,000	8,320,000	3,896,000	2.63
2007 PFA		13,696,602	8,436,602	5,260,000	2.15
2009A		2,025,000	2,025,000	-	3.25 - 4.20
2009B		1,735,000	1,735,000	-	4.05 - 4.40
2012B		2,700,000	1,945,000	755,000	3.00
2014A		590,000	590,000	-	2.00 - 3.00
2018A		1,550,000	120,000	1,430,000	3.00 - 4.00
2019A		2,790,000	-	2,790,000	2.00 - 3.00
	Totals	$ 42,998,973	$ 27,434,603	$ 15,564,370	
	ELECTRIC UTILITIES REVENUE BONDS				
2012A		$ 20,720,000	$ 9,645,000	$ 11,075,000	4.00 - 5.00
2017B		16,675,000	1,270,000	15,405,000	3.00 - 4.00
	Totals	$ 37,395,000	$ 10,915,000	$ 26,480,000	

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

Electric Division	2020	2019	2018	2017	2016
Production	$ 3,483,546	$ 3,776,245	$ 3,883,945	$ 3,071,804	$ 3,387,289
Purchase Power/Gas	13,175,999	14,037,852	15,162,365	14,634,350	13,889,577
Transmission	2,334,541	3,064,741	2,652,119	2,707,438	2,376,359
Distribution	1,485,856	1,368,188	1,321,212	893,411	969,907
Customer Accounts	252,606	240,775	223,038	275,042	246,627
Administrative	1,686,199	1,597,928	1,592,817	2,684,081	2,816,972
Depreciation and Depletion	2,804,539	2,728,998	2,770,697	2,830,636	2,820,446
Total Electric	$ 25,223,286	$ 26,814,727	$ 27,606,193	$ 27,096,762	$ 26,507,177
Natural Gas Division					
Transmission	$ 236,423	$ 183,311	$ 148,891	$ 127,459	$ 119,454
Purchased Gas	5,588,511	5,961,040	6,084,090	6,883,154	5,697,867
Distribution	948,091	979,913	838,259	624,192	580,503
Customer Accounts	189,536	184,860	192,484	205,154	201,785
Administrative	932,864	965,449	656,350	896,901	1,036,110
Depreciation and Depletion	1,088,555	1,078,481	1,033,788	1,022,038	1,001,952
Total Natural Gas	$ 8,983,980	$ 9,353,054	$ 8,953,862	$ 9,758,898	$ 8,637,671

Table 21

2015	2014	2013	2012	2011
$ 3,066,764	$ 3,602,519	$ 3,944,441	$ 3,414,293	$ 3,083,489
15,068,183	14,187,971	13,769,831	15,179,773	15,774,955
1,953,324	1,684,538	1,493,351	1,172,259	142,324
894,143	863,097	882,745	833,847	752,862
229,470	190,638	191,713	166,748	253,198
2,610,006	2,709,414	2,680,919	2,591,948	2,605,654
2,816,301	2,744,769	2,612,388	2,289,200	2,284,770
$ 26,638,191	$ 25,982,946	$ 25,575,388	$ 25,648,068	$ 24,897,252
$ 119,452	$ 130,519	$ 118,379	$ 117,642	$ 98,462
5,988,821	10,460,268	7,433,522	6,400,838	9,028,704
638,944	614,544	590,116	618,559	590,717
187,748	155,976	156,843	136,431	168,798
984,438	1,032,731	1,035,498	1,012,840	829,667
1,008,133	1,002,804	1,027,662	1,043,233	1,042,071
$ 8,927,536	$ 13,396,842	$ 10,362,020	$ 9,329,543	$ 11,758,419

City of Hutchinson, Minnesota
Public Utilities Commission
Thousand Cubic Feet (MCF) Sales - Natural Gas Division
Last Ten Fiscal Years

Type of Service	MCF	Amount Billed	Revenue Per MCF	Percent of MCF to Total MCF	Percent of Revenue to Total Revenue	Number of Meters
2020						
Residential	406,279	$ 3,663,453	9.01709	26.1 %	37.4 %	5,280
Commercial	309,544	2,597,225	8.39049	19.9	26.5	574
Large Industrial	839,782	3,539,862	4.21522	54.0	36.1	5
Total Sales	1,555,605	9,800,540	6.30015	100.0	100.0	5,859
2019						
Residential	458,153	3,981,709	8.69078	27.6	37.4	5,201
Commercial	372,139	2,974,834	7.99388	22.4	28.0	581
Large Industrial	827,804	3,679,890	4.44536	50.0	34.6	5
Total Sales	1,658,096	10,636,433	6.41485	100.0	100.0	5,787
2018						
Residential	446,224	4,139,639	9.27704	27.7	37.9	5,127
Commercial	349,806	3,070,904	8.77888	21.7	28.2	570
Large Industrial	817,621	3,696,099	4.52055	50.6	33.9	5
Total Sales	1,613,651	10,906,642	6.75898	100.0	100.0	5,702
2017						
Residential	396,762	3,937,048	9.92295	25.8	37.1	5,086
Commercial	325,984	3,019,230	9.26190	21.2	28.5	564
Large Industrial	817,723	3,653,263	4.46760	53.0	34.4	3
Total Sales	1,540,469	10,609,541	6.88721	100.0	100.0	5,653
2016						
Residential	382,184	3,839,034	10.04499	26.7	38.8	5,051
Commercial	292,212	2,824,329	9.66534	20.4	28.6	551
Large Industrial	754,604	3,215,714	4.26146	52.9	32.6	3
Total Sales	1,429,000	9,879,077	6.91328	100.0	100.0	5,605

City of Hutchinson, Minnesota
Public Utilities Commission
Thousand Cubic Feet (MCF) Sales - Natural Gas Division (Continued)
Last Ten Fiscal Years

Table 22

Type of Service	MCF	Amount Billed	Revenue Per MCF	Percent of MCF to Total MCF	Percent of Revenue to Total Revenue	Number of Meters
2015						
Residential	387,205	$ 3,731,066	$ 9.63589	26.7 %	37.6 %	5,032
Commercial	295,186	2,748,161	9.30993	20.3	27.7	552
Large Industrial	770,455	3,444,273	4.47044	53.0	34.7	5
Total Sales	1,452,846	9,923,500	6.83039	100.0	100.0	5,589
2014						
Residential	475,387	4,706,388	9.90012	28.2	32.2	4,992
Commercial	401,726	3,853,504	9.59237	23.9	26.3	550
Large Industrial	805,780	6,066,290	7.52847	47.9	41.5	4
Total Sales	1,682,893	14,626,182	8.69109	100.0	100.0	5,546
2013						
Residential	470,678	4,626,722	9.82991	28.7	38.5	4,941
Commercial	392,469	3,729,790	9.50340	24.0	31.1	526
Large Industrial	774,035	3,646,509	4.71104	47.3	30.4	3
Total Sales	1,637,182	12,003,021	7.33151	100.0	100.0	5,470
2012						
Residential	364,652	3,697,538	10.13991	25.7	38.2	4,941
Commercial	325,027	3,150,925	9.69435	22.9	32.6	526
Large Industrial	731,565	2,826,424	3.86353	51.4	29.2	3
Total Sales	1,421,244	9,674,887	6.80734	100.0	100.0	5,470
2011						
Residential	434,536	4,327,788	9.95956	26.2	34.9	4,922
Commercial	399,781	3,823,162	9.56314	24.1	30.8	530
Large Industrial	821,329	4,246,780	5.17062	49.7	34.3	2
Total Sales	1,655,646	12,397,730	7.48815	100.0	100.0	5,454

City of Hutchinson, Minnesota
Raw Water Finished and Sold
Last Ten Fiscal Years

	Volume in Gallons	Percent of Total Pumped	Total Revenue	Revenue Per 1,000 Gallons	Number of Water Meters
2020					
Net Raw Water	678,668,700	100.0 %			
Used in Production	132,921,700	19.6			
Net Finished Water	545,747,000	80.4			
Loss in Distribution System	36,754,000	5.4			
Total Sales	508,993,000	75.0	$ 2,319,635	$ 4.557302	5,149
2019					
Net Raw Water	626,882,300	100.0			
Used in Production	131,302,800	20.9			
Net Finished Water	495,579,500	79.1			
Loss in Distribution System	44,378,500	7.1			
Total Sales	451,201,000	72.0	2,139,682	4.742193	4,969
2018					
Net Raw Water	625,791,600	100.0			
Used in Production	133,500,400	21.3			
Net Finished Water	492,291,200	78.7			
Loss in Distribution System	30,999,200	5.0			
Total Sales	461,292,000	73.7	2,171,465	4.707355	4,954
2017					
Net Raw Water	666,954,000	100.0			
Used in Production	139,553,900	20.9			
Net Finished Water	527,400,100	79.1			
Loss in Distribution System	44,630,100	6.7			
Total Sales	482,770,000	72.4	2,240,319	4.640551	4,933
2016					
Net Raw Water	650,851,600	100.0			
Used in Production	135,169,452	20.8			
Net Finished Water	515,682,148	79.2			
Loss in Distribution System	18,056,148	2.8			
Total Sales	497,626,000	76.4	2,203,975	4.428979	4,920

City of Hutchinson, Minnesota
Raw Water Finished and Sold (Continued)
Last Ten Fiscal Years

Table 23

	Volume in Gallons	Percent of Total Pumped	Total Revenue	Revenue Per 1,000 Gallons	Number of Water Meters
2015					
Net Raw Water	663,500,100	100.0 %			
Used in Production	139,485,505	21.0			
Net Finished Water	524,014,595	79.0			
Loss in Distribution System	20,317,595	3.1			
Total Sales	503,697,000	75.9	$ 2,302,296	$ 4.570796	4,913
2014					
Net Raw Water	664,897,200	100.0			
Used in Production	138,648,200	20.9			
Net Finished Water	526,249,000	79.1			
Loss in Distribution System	47,410,000	7.1			
Total Sales	478,839,000	72.0	2,214,552	4.624836	4,755
2013					
Net Raw Water	681,159,000	100.0			
Used in Production	134,780,000	19.8			
Net Finished Water	546,379,000	80.2			
Loss in Distribution System	24,031,000	3.5			
Total Sales	522,348,000	76.7	2,334,708	4.469641	4,718
2012					
Net Raw Water	704,095,000	100.0			
Used in Production	138,075,000	19.6			
Net Finished Water	566,020,000	80.4			
Loss in Distribution System	29,123,612	4.1			
Total Sales	536,896,388	76.3	2,421,630	4.510423	4,731
2011					
Net Raw Water	709,759,000	100.0			
Used in Production	147,232,000	20.7			
Net Finished Water	562,527,000	79.3			
Loss in Distribution System	42,128,000	5.9			
Total Sales	520,399,000	73.4	2,324,974	4.467676	4,792

City of Hutchinson, Minnesota
Cost Per Thousand Gallons of Finished Water
Last Ten Fiscal Years

Table 24

Year	Production Cost Per M Gallons	Administrative Cost Per M Gallons	Depreciation Cost Per M Gallons	Total Operating Expenses Per M Gallons	Finished Water Billed	Cost Per M Gallons Billed
2020	$ 1,071,377	$ 152,167	$ 1,115,771	$ 2,339,315	545,747,000	
	1.9631	0.2788	2.0445	4.2864	508,993,000	$ 4.5960
2019	1,101,304	128,421	1,078,696	2,308,421	495,579,500	
	2.2223	0.2591	2.1766	4.6580	451,201,000	5.1162
2018	928,774	126,327	1,109,796	2,164,897	492,291,200	
	1.8866	0.2566	2.2543	4.3975	461,292,000	4.6931
2017	980,529	115,417	1,218,822	2,314,768	527,400,100	
	1.8592	0.2188	2.3110	4.3890	482,770,000	4.7948
2016	859,423	124,715	1,227,282	2,211,420	515,682,148	
	1.6666	0.2418	2.3799	4.2883	497,626,000	4.4439
2015	987,374	111,763	1,159,268	2,258,405	524,014,595	
	1.8842	0.2133	2.2123	4.3098	503,697,000	4.4837
2014	951,131	105,442	1,093,807	2,150,380	526,249,000	
	1.8074	0.2004	2.0785	4.0863	478,839,000	4.4908
2013	848,825	185,095	1,088,642	2,122,562	546,379,000	
	1.5535	0.3388	1.9925	3.8848	522,348,000	4.0635
2012	791,089	142,040	1,047,600	1,980,729	566,020,000	
	1.3976	0.2509	1.8508	3.4993	536,896,388	3.6892
2011	783,673	135,581	1,028,894	1,948,148	562,527,000	
	1.3931	0.2410	1.8291	3.4632	520,399,000	3.7436

City of Hutchinson, Minnesota
Wastewater Inflow and Cost Per Thousand Gallons Treated
Last Ten Fiscal Years

Table 25

Year	Total M Gallons to Treatment Facility	Treatment/ Collection Cost Per M Gallons	Administrative Cost Per M Gallons	Depreciation Cost Per M Gallons	Total Cost Per M Gallons	Daily Flow Gallons Minimum/ Maximum
2020	780,818	$ 1,333,226	$ 221,412	$ 1,080,629	$ 2,635,267	1,443,000
		1.7075	0.2836	1.3840	3.3751	5,788,000
2019	967,934	1,582,066	198,333	1,053,799	2,834,198	1,729,000
		1.6345	0.2049	1.0887	2.9281	5,815,000
2018	832,229	1,437,640	192,026	1,336,077	2,965,743	1,652,000
		1.7275	0.2307	1.6054	3.5636	3,772,000
2017	889,101 (1)	1,261,759	174,037	1,621,990	3,057,786	1,756,000
		1.4191	0.1957	1.8243	3.4391	6,193,000
2016	930,509	1,466,815	189,585	1,621,494	3,277,894	1,500,000
		1.5764	0.2037	1.7426	3.5227	7,755,000
2015	728,632	1,319,913	170,670	1,552,533	3,043,116	1,580,000
		1.8115	0.2342	2.1308	4.1765	3,270,000
2014	820,690	1,401,814	178,580	1,571,081	3,151,475	1,640,000
		1.7081	0.2176	1.9143	3.8400	6,070,000
2013	719,950	1,354,855	302,650 (2)	1,637,557	3,295,062	1,230,000
		1.8819	0.4204	2.2745	4.5768	4,780,000
2012	759,200	1,431,686	167,032	1,625,644	3,224,362	1,490,000
		1.8858	0.2200	2.1413	4.2471	4,910,000
2011	958,920	1,610,786	166,157	1,620,505	3,397,448	1,470,000
		1.6798	0.1733	1.6899	3.5430	7,660,000

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

(2) Includes a one-time bad debt write-off of $117,214.

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SINGLE AUDIT AND OTHER REQUIRED REPORTS

CITY OF HUTCHINSON
HUTCHINSON, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and City Council
City of Hutchinson, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information, of the City of Hutchinson, Minnesota (the City) as of and for the year ended December 31, 2020, and the notes to the financial statements which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 9, 2021.

In connection with our audit, nothing came to our attention that caused us to believe that the City of Hutchinson failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of those charged with governance and management of the City and the State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.

Abdo Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
June 9, 2021

100 Warren Street, Suite 600
Mankato, MN 56001
Office 507.625.2727 | Fax 507.388.9139

ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and City Council
City of Hutchinson, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Hutchinson, Minnesota (the City), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 9, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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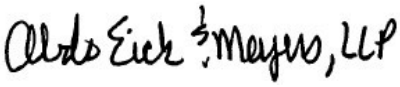
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
June 9, 2021

People + Process®
Going Beyond the Numbers

ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and City Council
City of Hutchinson, Minnesota

Report on Compliance for Each Major Federal Program

We have audited the City of Hutchinson's, Hutchinson, Minnesota (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

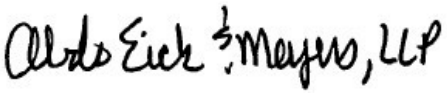
Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
June 9, 2021

People + Process. Going Beyond the Numbers

City of Hutchinson, Minnesota
Schedule of Expenditure of Federal Award Programs
For the Year Ended December 31, 2020

Federal Funding Source	Administering Department	Program Name	Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Justice	Direct	Bulletproof Vest Partnership Program	16.607	None	$ 4,963
U.S. Department of Housing and Urban Development	Minnesota Department of Employment and Economic Development	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B22CDBGCG19	113,868
U.S. Department of Transportation	Minnesota Department of Transportation	Airport Improvement Program	20.106C	TMNFAA00421820	23,629
U.S. Department of Treasury	Minnesota Department of Revenue	Coronavirus Relief Fund	21.019C	G90CARESDIST	1,074,352
	Total Federal Expenditures				$ 1,216,812

City of Hutchinson, Minnesota
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Hutchinson, Minnesota (the City) under programs of the federal government for the year ended December 31, 2020. The City's reporting entity is defined in Note 1A to the City's financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

2. Summary of Significant Accounting Policies for Expenditures

Expenditures reported on this schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, Cost Principles for Non-Profit-Organizations, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Pass-through Entity Identifying Numbers

Pass-through entity identifying numbers are presented where available.

4. Subrecipients

There were no expenditures in the current year provided to subrecipients.

5. Indirect Cost Rate

During the year ended December 31, 2020, the City did not elect to use the 10 percent de minimis indirect cost rate.

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City of Hutchinson, Minnesota
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a) of the Uniform Guidance.	No

Identification of Major Programs/Clusters	**CFDA No.**
Coronavirus Relief Fund	21.019C

Dollar threshold used to distinguish between Type A and Type B Programs	$ 750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

None.

Section III - Major Federal Award Findings and Questioned Costs

There are no significant deficiencies, material weaknesses or instances of noncompliance including questioned costs that are required to be reported in accordance with the Uniform Guidance.

Section IV - Schedule of Prior Year Audit Findings

There were no prior year audit findings.

Other Issues

A Corrective Action Plan is not required because there were no findings required to be reported under 2CFR section 200.516(a).