

## OFFICIAL STATEMENT

**BOOK-ENTRY ONLY**

**RATING: Moody's: "Aa3"**

*In the opinion of Kutak Rock LLP, Kansas City, Missouri, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2022-A Bonds (including any original issue discount properly allocable to the owner of a Series 2022-A Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The City has not designated the Bonds as "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that, under existing State of Kansas statutes, interest on the Bonds is excluded from computation of Kansas adjusted gross income. For a more complete description of such opinions of Bond Counsel, see "LEGAL MATTERS" herein.*

**\$9,810,000**

**CITY OF HUTCHINSON, KANSAS  
GENERAL OBLIGATION BONDS  
SERIES 2022-A**

**Dated: June 14, 2022**

**Due: As shown on the  
inside cover page hereof**

The General Obligation Bonds, Series 2022-A (the "Series 2022-A Bonds" or the "Bonds"), when issued, will be registered in the name of Cede & Co., as registered owner for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of Bonds will be made in book-entry form only and purchasers will not receive certificates representing their interest in the Bonds purchased. As long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to Bond owners or registered owners shall mean Cede & Co., and shall not mean the Beneficial Owners (herein defined) of the Bonds. (See "THE DEPOSITORY TRUST COMPANY" herein.)

The Bonds will be issued by the City of Hutchinson, Kansas (the "City" or the "Issuer"), as fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof. Principal of the Series 2022-A Bonds will be payable annually on October 1, on the dates set forth on the inside cover page hereof, and semiannual interest will be payable on April 1 and October 1, beginning on April 1, 2023. Principal will be payable upon presentation and surrender of the Bonds by the registered owners thereof at the office of the Treasurer of the State of Kansas, Topeka, Kansas, as bond registrar and paying agent (the "Paying Agent" and "Bond Registrar").

The Bonds maturing on October 1, 2031 and thereafter will be subject to redemption prior to maturity, at the option of the Issuer, on October 1, 2030 and any date thereafter as described herein. (See "THE BONDS-Redemption Provisions" herein).

The Bonds and the interest thereon will constitute general obligations of the Issuer payable as to both principal and interest, from ad valorem taxes which may be levied without limitation as to rate or amount upon all taxable tangible property, real and personal, within the territorial limits of the Issuer, (See "THE BONDS – Security for the Bonds" herein).

The Bonds are offered when, as and if issued by the Issuer, subject to the approval of legality by Kutak Rock LLP, Kansas City, Missouri, Bond Counsel. It is expected that the Bonds will be available for delivery through the facilities of The Depository Trust Company, New York, New York on or about June 14, 2022.



The date of this Official Statement is May 17, 2022

**\$9,810,000**  
**CITY OF HUTCHINSON, KANSAS**  
**GENERAL OBLIGATION BONDS**  
**SERIES 2022-A**

**Dated: June 14, 2022**

**Due: October 1, as shown below**

**SERIAL BONDS**

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>(1)</sup></u>
2023	\$180,000	5.00%	2.25%	4481517L8
2024	320,000	5.00%	2.50%	4481517M6
2025	340,000	5.00%	2.65%	4481517N4
2026	355,000	5.00%	2.70%	4481517P9
2027	370,000	5.00%	2.85%	4481517Q7
2028	390,000	5.00%	3.00%	4481517R5
2029	415,000	5.00%	3.10%	4481517S3
2030	430,000	5.00%	3.20%	4481517T1
2031	455,000	5.00%	3.30%	4481517U8
2032	475,000	5.00%	3.40%	4481517V6
2033	505,000	5.00%	3.50%	4481517W4
2034	525,000	4.00%	3.80%	4481517X2
2035	550,000	4.00%	3.85%	4481517Y0
2039	640,000	4.00%	4.03%	4481518C7
2040	670,000	4.00%	4.06%	4481518D5
2041	695,000	4.00%	4.09%	4481518E3
2042	715,000	4.00%	4.12%	4481518F0

**TERM BONDS**

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>(1)</sup></u>
2038	\$1,780,000	4.00%	4.00%	4481518B9

(Plus Accrued Interest, if any)

<sup>(1)</sup> CUSIP data is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Capital IQ, a subsidiary of The McGraw-Hill Companies, Inc. and is included solely for the convenience of the Owners of the Bonds. Neither the Issuer nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

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**THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES OR "BLUE SKY" LAWS. THE BONDS ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION.**

**IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.**

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**CITY OF HUTCHINSON, KANSAS**

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**UNDERWRITER**

Robert W. Baird & Co., Inc.  
Milwaukee, Wisconsin

No dealer, broker, salesman or other person has been authorized by the Issuer, Financial Advisor or the Underwriter to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the Issuer and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Financial Advisor or Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof.

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# OFFICIAL STATEMENT

## **\$9,810,000** **CITY OF HUTCHINSON, KANSAS** **GENERAL OBLIGATION BONDS** **SERIES 2022-A**

### INTRODUCTION

#### **General Matters**

The purpose of this Official Statement is to furnish information relating to the City of Hutchinson, Kansas (the "Issuer" or the "City"), and the General Obligation Bonds, Series 2022-A, of the Issuer, dated June 14, 2022, to be issued in the principal amount of \$9,810,000 ("the Bonds".)

The Appendices to this Official Statement are integral parts of this document and should be read in their entirety. The presentation of information herein, including tables of receipts from various taxes, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the Issuer. No representation is made that past experience, as might be shown by such financial or other information, will necessarily continue or be repeated in the future.

#### **Continuing Disclosure**

The Securities and Exchange Commission (the "SEC") has promulgated amendments to Rule 15c2-12 (the "Rule"), requiring continuous secondary market disclosure. Subject to the requirements of the Rule, the Issuer has covenanted to provide continuous secondary market disclosure. To the knowledge of the officer of the Issuer executing this Official Statement, for the past five years the Issuer has complied in all material respects with its obligations to provide continuing disclosure. The Issuer's filings relating to financial and operating data, including audited financials, for the past five years are set forth in the table below:

<b><u>Fiscal Year</u></b> <b><u>Ending December 31</u></b>	<b><u>Report Date</u></b>	<b><u>Financial Statement</u></b> <b><u>Filing Date</u></b>	<b><u>Operating Data</u></b> <b><u>Filing Date</u></b>
2016	December 1, 2017	August 14, 2017	August 24, 2017
2017	December 1, 2018	August 18, 2018	November 30, 2018
2018	December 1, 2019	July 16, 2019	July 16, 2019
2019	December 1, 2020	June 30, 2020	June 30, 2020
2020	December 1, 2021	August 2, 2021	October 21, 2021

During the past five years, the Issuer has made filings of event notices on EMMA with respect to bond calls, defeasances, and rating changes, however, during said time period, the Issuer may not have made timely filings of event notices on EMMA relating to all bond calls, defeasances or rating changes. Further, although the Issuer timely filed financial and operating data during the years 2012 through and including 2016, such filings did not update the entirety of information required to be updated pursuant to the Issuer's continuing disclosure obligations; however, the operating and financial data for fiscal year 2016, required to be filed in calendar year 2017, was included in the information posted to EMMA on August 24, 2017, and November 22, 2017.

For more information regarding the Issuer's continuing disclosure undertaking, see "*APPENDIX C-FORM OF CONTINUING DISCLOSURE LETTER OF INSTRUCTIONS*"

## **Additional Information**

Additional information regarding the Issuer or the Bonds may be obtained from Ms. Angela Richard Director of Finance, at City Hall, 125 East Avenue B, Hutchinson, Kansas 67501, (620) 694-2784, or the Financial Advisor, Piper Sandler & Co., 11635 Rosewood, Leawood, Kansas 66211 (913) 345-3300.

## **Book-Entry Only System**

The Bonds are available in book-entry form only. See "THE DEPOSITORY TRUST COMPANY" herein. As long as Cede & Co., is the registered owner of the Bonds as nominee of DTC, New York, New York, references in the following sections entitled "THE BONDS" to the holders or owners of Bonds shall mean Cede & Co., and not the beneficial owners of the Bonds.

## **THE BONDS**

### **Authority for the Bonds**

The Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Kansas (the "State"), including Article 12, Section 5, of the Constitution of the State, and Charter Ordinance No. 50 of the Issuer, all as amended or supplemented, and an ordinance and a resolution adopted by the governing body of the Issuer on May 17, 2022. The ordinance and resolution authorizing the Series 2022-A Bonds are referred to collectively as the "Bond Resolution."

### **Security for the Bonds**

The Bonds and the interest thereon will constitute general obligations of the Issuer payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer.

### **Description of the Bonds**

The Bonds shall consist of fully registered bonds in the denomination of \$5,000 or any integral multiple thereof. The Bonds shall be dated June 14, 2022 (the "Dated Date"). Interest on the Bonds will be payable on April 1 and October 1, in each year beginning April 1, 2023 (each an "Interest Payment Date"). The principal of the Bonds shall become due in the amounts as set forth on the inside cover page of this Official Statement on the stated maturities, and subject to redemption and payment prior to their stated maturities. The Bonds shall bear interest (computed on the basis of twelve 30-day months) from the later of the Dated Date or the most recent Interest Payment Date to which interest has been paid.

### **Designation of Paying Agent and Bond Registrar**

The Treasurer of the State of Kansas, Topeka, Kansas (the "Bond Registrar" and "Paying Agent") has been designated by the Issuer as paying agent for the payment of principal of and interest on the Bonds and bond registrar with respect to the registration, transfer and exchange of Bonds.

### **Method and Place of Payment of the Bonds**

The principal of, or redemption price, and interest on the Bonds shall be payable in any coin or currency which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. The principal or redemption price of each Bond shall be paid at maturity to the person in whose name such Bond is registered on the bond register at the maturity thereof, upon presentation and surrender of such Bond at the principal office of the Paying Agent.

The interest payable on each Bond on any Interest Payment Date shall be paid to the Owner of such Bond as shown on the bond register at the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding each interest payment date (the "Record Date") for such interest (a) by check or draft mailed by the Paying Agent to the address of such Owner shown on the bond register or at such other address as is furnished to the Paying Agent in writing by such Owner, or (b) in the case only of an interest payment to an Owner that is a securities depository, by wire transfer to

such Owner upon written notice given to the Bond Registrar by such Owner, not less than 15 days prior to the record date for such interest, containing the electronic transfer instructions, as provided in the Bond Resolution.

### **Registration, Transfer and Exchange of Bonds**

As long as any of the Bonds remain outstanding, each Bond when issued shall be registered in the name of the Owner thereof on the bond register. Bonds may be transferred and exchanged only on the bond register as hereinafter provided. Upon surrender of any Bond at the principal office of the Bond Registrar, the Bond Registrar shall transfer or exchange such Bond for a new Bond or Bonds in any authorized denomination of the same stated maturity and in the same aggregate principal amount as the Bond that was presented for transfer or exchange. Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Bond Registrar, duly executed by the Owner thereof or by the Owner's duly authorized agent.

In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Bond Registrar shall authenticate and deliver Bonds in accordance with the provisions of the Bond Resolution. The Issuer shall pay the fees and expenses of the Bond Registrar for the registration, transfer and exchange of Bonds. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Bond Registrar, are the responsibility of the Owners of the Bonds. In the event any Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Owner sufficient to pay any governmental charge required to be paid as a result of such failure.

The Issuer and the Bond Registrar shall not be required (a) to register the transfer or exchange of any Bond that has been called for redemption after notice of such redemption has been mailed by the Paying Agent and during the period of 15 days next preceding the date of mailing of such notice of redemption; or (b) to register the transfer or exchange of any Bond during a period beginning at the opening of business on the day after receiving written notice from the Issuer of its intent to pay defaulted interest and ending at the close of business on the date fixed for the payment of defaulted interest.

### **Mutilated, Lost, Stolen or Destroyed Bonds**

If any Bond is lost, destroyed, mutilated or wrongfully taken, the Issuer will execute and the Registrar will authenticate a new Bond of the same date, maturity, denomination and interest rate, subject to the provisions of the Bond Resolution authorizing the issuance of the Bonds. In connection with the replacement of Bonds, the Issuer and the Registrar may require satisfactory indemnification and may charge the owner of such Bonds reasonable fees and expenses for the replacement of such Bonds.

### **Redemption Provisions**

***Optional Redemption.*** At the option of the Issuer, the Bonds or portions thereof maturing in the years 2031 and thereafter may be called for redemption and payment prior to their stated maturity on October 1, 2030, and thereafter as a whole or in part (selection of maturities and the amount of Bonds of each maturity to be redeemed to be determined by the Issuer in such manner as it may determine) at any time, at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the redemption date

#### ***Mandatory Redemption.***

***2038 Term Bonds.*** The 2038 Term Bonds shall be subject to mandatory redemption and payment prior to stated maturity pursuant to the mandatory redemption requirements hereinafter set forth at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date. The payments shall be sufficient to redeem, and the Issuer shall redeem on October 1 in each year, the following principal amounts of such 2038 Term Bonds:

<u>Principal Amount</u>	<u>Year</u>
\$575,000	2036
590,000	2037
615,000	2038*

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\*Final Maturity



**Notice of Redemption of Bonds.** At the direction of the City, written notice of the call for any redemption identifying the Bonds or portions thereof to be redeemed shall be given by the Paying Agent, in the name of the City, by mailing a copy of the redemption notice by first class mail not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the registered owners address shown on the registration books maintained by the Bond Registrar hereinafter described, provided, however, that failure to give such notice by mailing as aforesaid, or any defect therein, shall not affect the validity of any proceedings for the redemption of the Bonds. Any notice of redemption shall state the date of redemption, the place or places at which such Bonds shall be presented for payment, the maturity dates and numbers and CUSIP numbers of the Bonds or portions of Bonds to be redeemed (and in the case of the redemption of a portion of any Bond, the principal amount thereof being redeemed), the redemption price, whether the redemption is conditioned on the occurrence of certain events and shall state that interest on the Bonds described in such notice will cease to accrue from and after the redemption date.

So long as DTC is effecting book-entry transfers of the Bonds, the Paying Agent shall provide the notices specified above to DTC. It is expected that DTC will, in turn, notify the DTC Participants and that the DTC Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of DTC or a DTC Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond (having been mailed notice from the Paying Agent, a DTC Participant or otherwise) to notify the Beneficial Owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

**Effect of Call for Redemption.** On or prior to the date fixed for any redemption, funds or government securities maturing on or before the date fixed for redemption shall be deposited by the City with the Paying Agent or deposited in escrow as provided in the Bond Resolution in amounts sufficient to provide for payment of the Bonds called for redemption, the accrued interest thereon to the redemption date and the redemption premium, if any. Upon the deposit of such funds or government securities, and notice of such redemption having been given, the Bonds or portions of the principal amount of Bonds called for redemption shall cease to bear interest on the specified redemption date.

## THE DEPOSITORY TRUST COMPANY

1. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each scheduled maturity of the Bonds, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of “AA+”. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written

confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Paying Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Paying Agent. The requirement for physical delivery of the Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Paying Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

11. The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

## THE PROJECT

The Bonds are being issued for the purpose of: (a) paying a portion of the costs of certain street, park, public building, and parking lot improvements (collectively, the "Project"); and (b) paying the costs of issuance of the Bonds. Proceeds of the Bonds may also be used for additional or substitute improvements upon compliance with the terms of the Bond Resolution.

## SOURCES AND USES OF FUNDS

The following table itemizes the sources and uses of funds available for paying the cost of the Project including the proceeds from the sale of the Bonds:

### Sources of Funds:

Principal Amount of the Bonds	\$9,810,000.00
Original Issue Premium	<u>422,199.65</u>
Total =	<u>\$10,232,199.65</u>

### Uses of Funds:

Deposit to Improvement Fund	\$10,024,864.00
Costs of Issuance	106,045.63
Underwriter's Discount	<u>101,290.02</u>
Total =	<u>\$10,232,199.65</u>

## RISK FACTORS AND INVESTMENT CONSIDERATIONS

A PROSPECTIVE PURCHASER OF THE BONDS DESCRIBED HEREIN SHOULD BE AWARE THAT THERE ARE CERTAIN RISKS ASSOCIATED WITH THE BONDS WHICH MUST BE RECOGNIZED.

THE FOLLOWING STATEMENTS REGARDING CERTAIN RISKS ASSOCIATED WITH THE OFFERING SHOULD NOT BE CONSIDERED AS A COMPLETE DESCRIPTION OF ALL RISKS TO BE CONSIDERED IN THE DECISION TO PURCHASE THE BONDS.

PROSPECTIVE PURCHASERS OF THE BONDS SHOULD ANALYZE CAREFULLY THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT AND ADDITIONAL INFORMATION IN THE FORM OF THE COMPLETE DOCUMENTS SUMMARIZED HEREIN, COPIES OF WHICH ARE AVAILABLE AND MAY BE OBTAINED FROM THE ISSUER OR FINANCIAL ADVISOR.

### Taxation of Interest on the Bonds

An opinion of Bond Counsel will be obtained to the effect that interest earned on the Bonds is excludable from gross income for federal income tax purposes under current provisions of the Code, and applicable rulings and regulations under the Code; however, an application for a ruling has not been made and an opinion of counsel is not binding upon the Internal Revenue Service. There can be no assurance that the present provisions of the Code, or the rules and regulations thereunder, will not be adversely amended or modified, thereby rendering the interest earned on the Bonds includable in gross income for federal income tax purposes.

The Issuer has covenanted in the Bond Resolution and in other documents and certificates to be delivered in connection with the issuance of the Bonds to comply with the provisions of the Code, including those which require the Issuer to take or omit to take certain actions after the issuance of the Bonds. Because the existence and continuation of the excludability of the interest on the Bonds depends upon events occurring after the date of issuance of the Bonds, the opinion of Bond Counsel described under "LEGAL MATTERS" assumes the compliance by the Issuer with the provisions of the Code described above and the regulations relating thereto. No opinion is expressed by Bond Counsel with respect to the excludability of the interest on the Bonds in the event of noncompliance with such provisions. The failure of the Issuer to comply with the provisions described above may cause the interest on the Bonds to become includable in gross income as of the date of issuance.

## **Market for the Bonds**

**Secondary Market.** There is no assurance that a secondary market will develop for the purchase and sale of the Bonds. The absence of continuing disclosure of financial or other information pertaining to the Issuer may impair the development of a secondary market for the Bonds and could impair the ability of an Owner to sell the Bonds in the secondary market. Prices of Bonds traded in the secondary market, though, are subject to adjustment upward and downward in response to changes in the credit markets. From time to time it may be necessary to suspend indefinitely secondary market trading in the Bonds as a result of financial condition or market position of broker-dealers, prevailing market conditions, lack of adequate current financial information about the Issuer, or a material adverse change in the financial condition of the Issuer, whether or not the Bonds are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices.

## **Legal Matters**

Various state and federal laws, regulations and constitutional provisions apply to the obligations created by the Bonds. There is no assurance that there will not be any change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the Issuer or the taxing authority of the Issuer.

## **Limitations on Remedies Available to Owners of Bonds**

The enforceability of the rights and remedies of the Owners of Bonds, and the obligations incurred by the Issuer in issuing the Bonds, are subject to the federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the United States Constitution; and the reasonable and necessary exercise, in certain unusual situations, of the police power inherent in the State of Kansas and its governmental subdivisions in the interest of serving a legitimate and significant public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy and otherwise, and consequently may involve risks of delay, limitation or modification of their rights.

## **Suitability of Investment**

The tax exempt feature of the Bonds is more valuable to high tax bracket investors than to investors who are in low tax brackets, and so the value of the interest compensation to any particular investor will vary with individual tax rates. Each prospective investor should carefully examine this Official Statement, including the Appendices hereto, and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment.

## **COVID-19 Pandemic**

On March 11, 2020, the World Health Organization proclaimed the Coronavirus (COVID-19) to be a pandemic. In an effort to lessen the risk of transmission of COVID-19, the United States government, state and local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19, affecting business activities and impacting global, state and local commerce and financial markets. The Governor of the State has issued various Executive Orders in response to the COVID-19 pandemic, including Executive Orders temporarily preventing foreclosures and evictions, deferring certain tax deadlines and payments, instituting a temporary State-wide stay-at-home (expired as of May 2020), and instituting a mask mandate which granted each county the right to opt out of such order.

The COVID-19 pandemic could result in increased costs to the Issuer and/or negative impacts on the collection of property taxes (a primary source of revenue for the Issuer, including for repayment of the Bonds) within the Issuer due to increased payment delinquencies or disruption of the collection or distribution of property taxes. All such factors could have a material adverse effect on the Issuer's operations and financial condition. As of the date hereof, the Issuer has not experienced material adverse changes relative to its adopted budget with regard to expenditures or receipt of revenues.

Governmental authorities continue efforts to contain and limit the spread of COVID-19. Future revenue collections, including property tax and sales tax revenues may deviate from historical or anticipated levels.

The emergence of COVID-19 and the spread thereof is an emerging and evolving issue. The Issuer is not able to predict and makes no representations as to the economic impact of the COVID-19 pandemic on the Issuer.

### **Cybersecurity Risks**

Security breaches, including electronic break-ins, computer viruses, attacks by hackers and similar breaches could create disruptions or shutdowns of the Issuer and the services it provides, or the unauthorized disclosure of confidential personal, health-related, credit and other information. If a security breach occurs, the Issuer may incur significant costs to remediate possible injury to the affected persons, and the Issuer may be subject to sanctions and civil penalties. Any failure to maintain proper functionality and security of information systems could interrupt the Issuer's operations, delay receipt of revenues, damage its reputation, subject it to liability claims or regulatory penalties and could have a material adverse effect on its operations, financial condition and results of operations.

### **Natural Disasters, Terrorist or Cyber Attacks**

The occurrence of a terrorist attack or cyber security breach in the Issuer, or natural disasters, such as fires, tornados, earthquakes, floods or droughts, could damage the Issuer and its systems and infrastructure, and interrupt services or otherwise impair operations of the Issuer.

## **ABSENCE OF LITIGATION**

There is no controversy, suit or other proceeding of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the Issuer or its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act or the constitutionality or validity of the indebtedness represented by the Bonds or the validity of said Bonds, or any of the proceedings had in relation to the authorization, issuance or sale thereof, or the levy and collection of a tax to pay the principal and interest thereof.

## **LEGAL MATTERS**

**Approval of Bonds.** All matters incident to the authorization and issuance of the Bonds are subject to the approval of Kutak Rock LLP, Kansas City, Missouri, Bond Counsel. The factual and financial information appearing herein has been supplied or reviewed by certain officials of the Issuer and its certified public accountants, as referred to herein. Bond Counsel has not participated in the preparation of the Official Statement and expresses no opinion as to the accuracy or sufficiency thereof, except for the matters appearing in the sections of this Official Statement captioned "THE BONDS", "LEGAL MATTERS", "*APPENDIX C – FORM OF CONTINUING DISCLOSURE LETTER OF INSTRUCTIONS*".

**General Matters.** In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds (including any original issue discount properly allocable to the owner of a Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described above assumes the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The City has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit,

taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

Bond Counsel is also of the opinion that, under existing State of Kansas statutes, interest on the Bonds is excluded from computation of Kansas adjusted gross income. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State of Kansas or any other state or jurisdiction.

**Original Issue Discount.** The Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “Discount Bonds”), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity (excluding “qualified stated interest” within the meaning of Section 1.1273-1 of the Regulations) constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the “adjusted issue price” of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

**Original Issue Premium.** The Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “Premium Bonds”), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

**Backup Withholding.** An owner of a Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Bonds if such owner fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner’s taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other “reportable payments” (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

***Not Bank Qualified.*** The Bonds will NOT be designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

***Internal Revenue Service Audits.*** The Internal Revenue Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Internal Revenue Service, interest on such tax-exempt obligations is included in the gross income for federal income tax purposes. It cannot be predicted whether or not the Internal Revenue Service will commence an audit of any of the Bonds. If an audit is commenced, under current procedures the Internal Revenue Service may treat the related issuer as a taxpayer, and the registered owners of the Bonds may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the related Bonds until the audit is concluded, regardless of the ultimate outcome.

#### **Changes in Federal and State Tax Law.**

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading “LEGAL MATTERS” or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

**PROSPECTIVE PURCHASERS OF THE BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS.**

#### **RATING**

Moody's Investors Service has assigned rating of “Aa3” to the Bonds. Such rating reflects only the view of such rating agency, and an explanation of the significance of such rating may be obtained therefrom. No such rating constitutes a recommendation to buy, sell, or hold any bonds, including the Bonds, or as to the market price or suitability thereof for a particular investor. The Issuer furnished such rating agency with certain information and materials relating to the Bonds that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the rating agencies. There is no assurance that a particular rating will remain in effect for any given period of time or that it will not be revised, either downward or upward, or withdrawn entirely, if in the judgment of the agency originally establishing such rating, circumstances so warrant. Any downward revision or withdrawal of any rating may have an adverse effect on the market price of the Bonds.

#### **FINANCIAL ADVISOR**

Piper Sandler & Co., Leawood, Kansas, has acted as Financial Advisor to the Issuer in connection with the sale of the Bonds. The Financial Advisor is a “municipal advisor” as defined in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The Financial Advisor has assisted the Issuer in the preparation of this Official Statement and in other matters relating to the issuance of the Bonds. The Financial Advisor will not be a manager or a member of any underwriting group submitting a proposal for the purchase of the Bonds. The fees of the Financial Advisor are contingent upon the issuance of the Bonds.

## **UNDERWRITING**

The Bonds have been sold by the Issuer to Robert W. Baird & Co., Inc., Milwaukee, Wisconsin (the "Underwriter") at the purchase price of 100% of the principal amount of the Bonds plus accrued interest, plus a net premium of \$422,199.65, less an underwriting discount of \$101,290.02. The Underwriter has agreed, subject to certain conditions, to purchase the Bonds.

The Bonds will be offered to the public initially at the prices determined to produce the yields set forth on the inside cover page of this Official Statement. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) at prices other than the price stated on the inside cover page hereof and may change the initial offering price from time to time subsequent to the date hereof. In connection with the offering, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

## **AUTHORIZATION OF OFFICIAL STATEMENT**

The preparation of this Official Statement and its distribution has been authorized by the governing body of the Issuer as of the date on the cover page hereof.

**CITY OF HUTCHINSON, KANSAS**



## ***APPENDIX A***

### **INFORMATION CONCERNING THE ISSUER**

#### **Size and Location**

The City is a community of approximately 40,006 persons, with an area of 20.94 square miles, located in the south-central part of the state of Kansas. The City is located approximately 45 miles northwest of Wichita, Kansas, and is the county seat of Reno County, Kansas (the “County”).

Reno County is a rich agricultural area and generally ranks as one of the top wheat producing counties in Kansas. The County also ranks high in the production of sorghum, barley, alfalfa, hay, alfalfa seed, milk and eggs. The City is one of the largest prime wheat markets in the world with storage capacity of nearly 42 million bushels. The City has long been one of the primary salt producing areas in the country. In addition, the area surrounding the City has a diversified economic base with more than 200 industries including: paper products, hydraulic valves, signs, farm machinery, agricultural research, food distribution and processing, millwork, baked goods, ice cream, school buses, ambulances, rebuilt engines, grain handling equipment and mobile homes.

#### **Government and Organization of the City**

The City of Hutchinson, Kansas is a city of the first class, incorporated in 1872. The City operated under the Commission-Manager form of government from April, 1947 until April, 1995. The City Commission consisted of five Commissioners elected in at-large, nonpartisan elections for staggered terms of four years and two years.

On November 8, 1994, the electors of the City voted that effective April 11, 1995, the City would abandon its Commission/City Manager form of government, and adopt a Mayor/Council/City Manager plan, wherein one council member would be elected from the city-at-large, and four council members would be elected by district of approximately equal population; and, that once elected, the City Council shall select the Mayor from its own members by a majority vote. The council members receive no annual compensation.

The Mayor is elected by the Council from among its membership for a one-year term and has no regular administrative duties. The City Council is the legislative body of the City.

The City Council appoints the City Manager, who is the chief executive and administrative officer of the City and is responsible to the Council for the proper administration of the City’s affairs. The City Council has appointed Gary Meagher as Interim City Manager and is proceeding with a search for a permanent City Manager.

#### **Pension and Employee Retirement Plans**

The Issuer participates in the Kansas Public Employees Retirement System (“KPERs”) established in 1962, as an instrumentality of the State, pursuant to K.S.A. 74-4901 et seq., to provide retirement and related benefits to public employees in Kansas. KPERs is governed by a board of trustees consisting of nine members, each of whom serve four-year terms. The board of trustees appoints an Executive Director to serve as the managing officer of KPERs and employs a staff to carry out daily operations of the system.

As of December 31, 2020, KPERs serves approximately 326,000 members and approximately 1,500 participating employers, including the State, school districts, counties, cities, public libraries, hospitals and other governmental units. KPERs administers the following three statewide, defined benefit retirement plans for public employees:

- (a) Kansas Public Employees Retirement System;
- (b) Kansas Police and Firemen’s Retirement System; and
- (c) Kansas Retirement System for Judges.

These three plans are separate and distinct with different membership groups, actuarial assumptions, experience, contribution rates and benefit options. The Kansas Public Employees Retirement System is the largest of the three plans, accounting for approximately 95% of the members. The Kansas Public Employees Retirement System is further divided into two separate groups, as follows:

- (a) State/School Group - includes members employed by the State, school districts, community colleges, vocational-technical schools and educational cooperatives. The State of Kansas makes all employer contributions for this group, the majority of which comes from the State General Fund.

(b) Local Group - all participating cities, counties, library boards, water districts and political subdivisions are included in this group. Local employers contribute at a different rate than the State/School Group rate.

KPERS is currently a qualified, governmental, § 401(a) defined benefit pension plan, and has received IRS determination letters attesting to the plan's qualified status dated October 14, 1999 and March 5, 2001. KPERS is also a "contributory" defined benefit plan, meaning that employees make contributions to the plan. This contrasts it from noncontributory pension plans, which are funded solely by employer contributions. The Issuer's employees currently annually contribute 6% of their gross salary to the plan if such employees are KPERS Tier 1 members (covered employment prior to July 1, 2009), KPERS Tier 2 members (covered employment on or after July 1, 2009), or KPERS Tier 3 members (covered employment on or after January 1, 2015).

In 2021, the Legislature authorized the issuance of revenue bonds to provide net proceeds of up to \$500 million (the "Revenue Bonds") the proceeds of which must be applied to the unfunded actuarial pension liability as directed by KPERS. The Revenue Bonds in the principal amount of \$504,535,000 were issued August 26, 2021. The repayment of the Revenue Bonds shall be subject to legislative annual appropriation, shall not be an obligation of the KPERS system, and the full faith and credit or taxing power of the State shall not be pledged to the repayment of the Revenue Bonds. Due to the authorization of the Revenue Bonds, the Legislature changed the State/School employer contribution rate from 14.09% to 13.33% for fiscal year 2022 and from 13.86% to 13.11% for fiscal year 2023.

The Issuer's contribution varies from year to year based upon the annual actuarial valuation and appraisal made by KPERS, subject to legislative caps on percentage increases. The Issuer's contribution is 8.87% of the employee's gross salary for calendar year 2021. The Issuer's contribution is projected to change to 8.90% of gross compensation for calendar year 2022. In addition, the Issuer contributes 1% of the employee's gross salary for Death and Disability Insurance for covered employees; provided that starting July 1, 2021, there will be a moratorium on the Death and Disability Insurance rate, and the Issuer will contribute 0% of the employee's gross salary for Death and Disability Insurance for covered employees after such date.

According to the Valuation Report as of December 31, 2020 (the "2020 Valuation Report") the KPERS Local Group, of which the Issuer is a member, carried an unfunded accrued actuarial liability ("UAAL") of approximately \$1.419 billion at the end of 2020. The amount of the UAAL in 2020 changed from the previous year's amount due to the factors discussed in the 2020 Valuation Report; such report also includes additional information relating to the funded status of the KPERS Local Group, including recent trends in the funded status of the KPERS Local Group. A copy of the 2020 Valuation Report is available on the KPERS website at [kpers.org/about/reports.html](https://kpers.org/about/reports.html). The Issuer has no means to independently verify any of the information set forth on the KPERS website or in the 2020 Valuation Report, which is the most recent financial and actuarial information available on the KPERS website relating to the funded status of the KPERS Local Group. The 2020 Valuation Report sets the employer contribution rate for the period beginning January 1, 2023, for the KPERS Local Group, and KPERS' actuaries identified that an employer contribution rate of 8.43% of covered payroll would be necessary, in addition to statutory contributions by covered employees, to eliminate the UAAL by the end of the actuarial period set forth in the 2020 Valuation Report. The statutory contribution rate of employers currently equals the 2020 Valuation Report's actuarial rate. As a result, members of the Local Group are adequately funding their projected actuarial liabilities and the UAAL can be expected to diminish over time. The required employer contribution rate may increase up to the maximum statutorily allowed rate, which is 1.2% in fiscal year 2017 and thereafter.

The Issuer has established membership in the Kansas Police and Fire Retirement System ("KP&F") for its police and fire personnel. KP&F is a division of and is administered by KPERS. Annual contributions are adjusted annually based on actuarial studies, subject to legislative caps on percentage increases. According to the 2020 Valuation Report, KP&F carried an UAAL of approximately \$918 million at the end of 2020. For KP&F, the Issuer's employees currently annually contribute 7.15% of their gross salary to the plan. For the year beginning January 1, 2021, the Issuer contributes 22.80% of employees' gross compensation. Beginning January 1, 2022, the Issuer's contribution is projected to change to 22.99% of gross compensation for calendar year 2022.

## **Risk Management**

The City is exposed to various risks of loss related to torts, loss and damage to property, errors and omissions and injuries to employees. The City obtains employee health and dental insurance through Meritain. The City self-insures worker's compensation and other related expenses up to certain limits and reinsures additional excess amounts up to certain limits.

## **Educational Facilities**

Unified School District No. 308 operates eight elementary schools, two middle schools and one senior high school in the City, which have a total enrollment of 4,437 students. Unified School District No. 309, Unified School District No. 312 and Unified School District No. 313 also serve a portion of the City. In addition, there are three private elementary schools and two private high schools in the City. The City is home to Hutchinson Community College and Area Vocational School which offer numerous academic, technical skills and continuing education programs to approximately 5,600 students each year.

## **Transportation and Communication Facilities**

The City is served by U.S. Highway 50 and State Highways 17, 61 and 96 (Highway 96 is a four-lane highway between Hutchinson and Wichita) which connect to U.S. Highways 54, 56 and I-35. The City is approximately 30 miles from Interstate Highway 35. Amtrak, the Burlington Northern and Santa Fe Railroad, Kansas and Oklahoma Railroad, Union Pacific and Southern Pacific Railway and Hutchinson and Northern Railway (a local intercity rail line) railroads provide rail service. The City owns and operates an airport with three paved and lighted runways, the longest of which is 7,200 feet.

## **Medical and Health Facilities**

The City has over 80 physicians and 28 dentists. Hutchinson Regional Medical Center, which was constructed in 1975 on an 83-acre site, has over 200 acute care beds and 30 skilled nursing units. Since its original construction, a \$2.3 million Linear Accelerator Cancer Treatment Facility has been added to the Hospital's facilities as well as a \$5 million retirement center including intermediate care, a 60-bed nursing center and a 30-suite assisted living facility, same-day surgery facility and an open-heart surgery facility. The Hutchinson Clinic which includes ambulatory surgery and dialysis treatment centers, brings together 65 physicians and nearly 700 health care professionals to provide advanced health care services.

## **Public Utilities**

The City provides a full range of services including police and fire protection, construction and maintenance of infrastructure, community development and planning, and recreational and cultural activities. The City also provides water and wastewater treatment utilities. Revenues necessary for the operation of the City's water and wastewater treatment utilities are generated exclusively by user fees. All other utility services in the City are provided by private companies. Ideatek provides phone and internet service in the City. AT&T, Sprint, MCI and other long-distance carriers are available, as is cellular telephone service. Natural gas service is provided by KGS, and Black Hills Energy. Evergy provides electricity and Cox Communications provides cable TV service.

## **Attractions, Recreation and Cultural Arts**

The City offers a rich diversity of facilities, attractions, events and cultural arts amenities to residents and the approximately 1.5 million annual visitors to the community. Reno County is the site of the Kansas State Fair Grounds which draw thousands of visitors year-round, but especially each September for the Kansas State Fair. The Kansas Cosmosphere and Space Museum houses the largest collection of space artifacts outside the Smithsonian Institution and the largest collection of Soviet space hardware in the Western world. The museum, along with its education programs and IMAX Theater, is a major tourist destination, drawing visitors from all over the world. The Kansas Underground Salt Museum is the community's newest tourist attraction. This cavernous, subterranean museum, located in a working salt mine, offers a fascinating historical, cultural and geological account of salt mining. The Reno County Museum features rotating exhibit galleries that recount the County's history and heritage from its earliest beginnings to present day. One highlight of community life is the annual National Junior College Athletic Association Men's Division I Basketball Tournament held each year at the Hutchinson Sports Arena.

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## ECONOMIC INFORMATION

### Major Employers

Listed below are the major employers located in or near the City and the number employed by each:

<u>Major Employers</u>	<u>Product/Service</u>	<u>Number of Full &amp; Part-time Employees</u>
Hutchinson Regional Healthcare System	Medical Services	1600
Hutchinson Public Schools (USD #308)	Public Education	878
Hutchinson Community College	Higher Education	877
Hutchinson Clinic	Medical Services	750
Hutchinson Correctional Facility	State Prison	644
Dillons	Groceries	548
Tyson Prepared Foods	Pre-cooked Meats	548
City of Hutchinson	Local Government	430
Wal-Mart Supercenter	Discount Retailer	417
Reno County	Local Government	395
Buhler Public Schools (USD 313)	Public Education	331
Kroger Accounting Services	Corporate Offices - Accounting	319
Mennonite Friendship Communities	Health Care/Retirement Services	315
Wesley Towers	Health Care/Retirement Services	260
Collins Bus Corporation	Type A Bus Manufacturer	250
Nickerson Public Schools (USD 309)	Public Education	245
Data Center, Inc.	Financial Technology / Banking	230
Kuhn Krause, Inc.	Agricultural Manufacturer	208
TECH, Inc.	Education & Training for Special Needs	200
First National Bank of Hutchinson	Financial Services	196
Morton Salt, Inc.	Salt	160
Kwik Shop, Inc	Retail Store	153
Siemens Wind Power	Wind Turbine Components Mfr.	150
Takako America Co., Inc.	Manufacturer - Hydraulic parts	136
Cargill Salt	Salt	130
Good Samaritan Society Hutchinson Village	Retirement, Assisted Living	127
Jackson Dairy	Food - Bakers, Processors & Wholesalers	120
Sonoco	Manufacturers - Paper Products	120
APAC-Kansas, Inc. Shears Division	Commercial Contractors	111
Lowen Corporation	Industrial Marking/Sign Mfr.	100
National Credit Adjusters	Debt Collection	82
Portfolio Recovery Associates	Debt Collection	79
Conklin Cars Hutchinson	Automobile - Dealers	21

**Source:** Hutchinson Chamber of Commerce

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## Labor Force

The following table sets forth labor force figures for Reno County and the State of Kansas:

### RENO COUNTY

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployed Rate</u>
2017	30,028	28,867	1,161	3.9%
2018	29,916	28,841	1,075	3.6%
2019	29,642	28,692	950	3.2%
2020	29,731	28,164	1,567	5.3%
2021	29,772	28,825	947	3.2%

### STATE OF KANSAS

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployed Rate</u>
2017	1,478,713	1,424,724	53,989	3.7%
2018	1,482,220	1,432,387	49,833	3.4%
2019	1,486,620	1,439,563	47,057	3.2%
2020	1,493,706	1,408,965	84,741	5.7%
2021	1,495,665	1,447,323	48,342	3.2%

*Source:* Kansas Department of Labor

## Retail Sales Tax Collections

The following table lists the sales tax collections for the State of Kansas portion of the total sales tax collections for the years indicated for sales occurring in Reno County, Kansas:

<u>Year*</u>	<u>Sales Tax Collections</u>	<u>Per Capita Sales Tax</u>
2016	\$57,169,084	\$907.40
2017	54,964,610	886.40
2018	55,048,785	901.90
2019	68,158,428	1,072.51
2020	72,267,562	1,125.82

The statewide sales and use tax was 6.15% effective July 1, 2013, and increased to 6.50%, effective July 1, 2015.

\* Use tax collections included beginning in 2019

*Source:* Kansas Statistical Abstract, Kansas Dept. of Revenue

## Oil Production

The oil production (in number of barrels) for Reno County, Kansas for the years listed is indicated in the following table:

<u>Year</u>	<u>Oil Production</u>
2016	652,030
2017	701,605
2018	539,929
2019	478,517
2020	414,089

*Source:* Kansas Geological Survey

## Financial and Banking Institutions

There are currently 11 banks and 25 banking offices located in Reno County, Kansas. For the years listed, bank deposits of the County's banks are as follows:

<u>Year</u>	<u>Total Bank Deposits</u>
2017	\$1,093,023,000
2018	1,111,814,000
2019	1,113,977,000
2020	1,285,861,000
2021	1,388,750,000

*Source:* FDIC

## Population

The following table shows the approximate population of the City and County in the years indicated:

<u>Year</u>	<u>City Population</u>	<u>Reno County Population</u>
1960	37,574	59,055
1970	36,885	60,765
1980	40,284	64,983
1990	39,308	62,389
2000	40,787	64,790
2010	42,080	63,854
2020	40,006	61,898

The median age of persons in Reno County and the State of Kansas is 38.3 and 36.0, respectively, per the 2010 Census.

*Source:* Kansas Statistical Abstract

## Personal Income

Reno County personal and per capita income and the State of Kansas per capita income are listed for the years indicated, in the following table:

<u>Year</u>	<u>Reno County Personal Income</u>	<u>Reno County Per Capita Income</u>	<u>State of Kansas Per Capita Income</u>
2016	\$2,352,878,000	\$37,324	\$47,496
2017	2,459,321,000	39,343	48,559
2018	2,562,967,000	41,111	51,471
2019	2,582,066,000	41,671	53,203
2020	2,751,568,000	44,529	56,099

*Source:* Kansas Statistical Abstract and Bureau of Economic Analysis

## FINANCIAL INFORMATION OF THE ISSUER

### Accounting, Budgeting and Auditing Procedures

The statutes of Kansas and the regulations of the Kansas Board of Accountancy provide for municipal accounting in conformance with generally accepted accounting principles unless the municipality opts to adhere to the statutory basis of accounting, state law, the State Division of Accounts and Reports, the State Department of Administration, bond covenants, commitments for grants, ordinances passed and resolutions adopted by the City Council.

In compliance with K.S.A. 75-1120a(c), the City has approved a resolution allowing the municipality to use the statutory basis of accounting. Accounting policies of the City conform to the Kansas statutory basis of accounting and "cash-basis" law. Under the statutory basis of accounting, an increase to a fund balance is recognized when cash is received. Expenditures or decreases to a fund balance include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods and services and are usually evidenced by a purchase order or written contract.

An annual budget of estimated receipts and disbursements for the coming calendar year is required by statute to be prepared for all funds (unless specifically exempted). The budget is prepared utilizing the Kansas cash basis which is further modified by the encumbrance method of accounting. For example, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures. The budget lists estimated receipts by funds and sources and estimated disbursements by funds and purposes. The proposed budget is presented to the governing body of the City prior to August 1, with a public hearing required to be held prior to August 15, with the final budget to be adopted prior to August 25 of each year (or September 20 if the City must conduct a public hearing to levy taxes in excess of its revenue neutral rate described below). Budgets may be amended upon action of the governing body after notice and public hearing, provided that no additional tax revenues may be raised after the original budget is adopted.

Kansas law prohibits governmental units from creating indebtedness unless there are funds on hand in the proper accounts and unencumbered by previous action with which to pay such indebtedness. An exception to this cash-basis operation is made where provision has been made for payment of obligations by bonds or other specific debt obligations authorized by law.

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with generally accepted auditing standards. The annual audit was performed by Lindburg Vogel Pierce Faris, Chartered, Hutchinson, Kansas. Copies of the audit reports for the past five (5) years are on file in the City Clerk's office and are available for review. The audit for the Fiscal Year ended December 31, 2020 is attached hereto as *Appendix B*.

The City received the Distinguished Budget Presentation Award for the 9th consecutive time from the Government Finance Officers Association (GFOA) in 2021.

The financial information contained in the Appendices to this Official Statement are an integral part of this document and are intended to be read in conjunction herewith.

**Sources of Revenue**

The City finances its general operations through the local property tax levy, sales tax, various other taxes, a variety of license and permit fees, and other miscellaneous sources as indicated below for the 2021 Fiscal Year (General Fund only):

<u>Source</u>	<u>Percent</u>
Taxes	71.07%
Franchise Fees	13.61%
License and Permits	1.25%
Fines, Forfeitures and Penalties	1.65%
Public Safety Revenues	8.03%
Other	<u>4.39%</u>
TOTAL	<u>100.00%</u>

**Property Valuation**

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the state of Kansas is the responsibility of the various counties under the direction of state statutes. The Reno County Appraiser's office determines the fair market value of all taxable property within Reno County and the assessed valuation thereof that is to be used as a basis for the mill levy on property located in the Issuer.

Property subject to ad valorem taxation is divided into two classes, real property and personal property. Real property is divided into seven subclasses; there are six subclasses of personal property. The real property (Class 1) subclasses are: (i) real property used for residential purposes including multi-family mobile or manufactured homes and the real property on which such homes are located, assessed at 11.5%, (ii) agricultural land, valued on the basis of agricultural income or productivity, assessed at 30%, (iii) vacant lots, assessed at 12%, (iv) real property, owned and operated by a not-for-profit organization not subject to federal income taxation, pursuant to Code §501, assessed at 12%, (v) public utility real property, except railroad real property, assessed at the average rate that all other commercial and industrial property is assessed, assessed at 33%, (vi) real property used for commercial and industrial purposes and buildings and other improvements located on land devoted to agricultural use, assessed at 25%, and (vii) all other urban and real property not otherwise specifically classified, assessed at 30%. Tangible personal property (Class 2) subclasses are: (i) mobile homes used for residential purposes, assessed at 11.5%, (ii) mineral leasehold interests, except oil leasehold interests, the average daily production from which is 5 barrels or less, and natural gas leasehold interests, the average daily production from which is 100 mcf or less, which shall be assessed at 25%, assessed at 30%, (iii) public utility tangible personal property, including inventories thereof, except railroad personal property, including inventories thereof, which shall be assessed at the average rate all other commercial and industrial property is

assessed, assessed at 33%, (iv) all categories of motor vehicles not defined and specifically valued and taxed pursuant to law enacted prior to January 1, 1985, assessed at 30%, (v) commercial and industrial machinery and equipment which if its economic life is 7 years or more, shall be valued at its retail cost, when new, less seven-year straight-line depreciation, or which, if its economic life is less than 7 years, shall be valued at its retail cost when new, less straight-line depreciation over its economic life, except that, the value so obtained for such property, notwithstanding its economic life and as long as such property is being used, shall not be less than 20% of the retail cost when new of such property, assessed at 25%, and (vi) all other tangible personal property not otherwise specifically classified, assessed at 30%. All property used exclusively for state, county, municipal, literary, educational, scientific, religious, benevolent and charitable purposes, farm machinery and equipment, merchants' and manufacturers' inventories, other than public utility inventories included in subclass (3) of class 2, livestock, and all household goods and personal effects not used for the production of income, shall be exempted from property taxation.

The Kansas Legislature (the "Legislature") reduced the applicable assessment rates on motor vehicles from 30% of market value to 20% of market value as of January 1, 2000.

The 2006 Legislature exempted from all property or ad valorem property taxes levied under the laws of the State all commercial, industrial, telecommunications and railroad machinery and equipment acquired by qualified purchase or lease after June 30, 2006 or transported into the State after June 30, 2006 for the purpose of expanding an existing business or creation of a new business.

**Assessed Valuation**

The following table shows the assessed valuation of the taxable tangible property within the City for the years set forth below:

<u>Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>State Assessed Utility</u>	<u>Motor Vehicle</u>	<u>Total</u>
2015	\$266,470,646	\$11,483,964	\$20,603,448	\$38,709,448	\$337,267,506
2016	273,408,339	10,978,371	20,976,013	38,141,079	343,503,802
2017	277,099,591	10,391,846	21,434,072	38,031,184	346,956,693
2018	278,471,922	9,244,872	22,664,856	38,198,983	348,580,633
2019	275,608,776	7,877,752	24,295,032	38,573,047	346,354,607
2020	278,879,693	7,613,035	25,692,371	38,985,400	351,170,499
2021	285,089,044	7,371,453	26,178,386	40,774,529	359,413,412

*Source:* County Clerk

**Estimated Actual Valuation**

The following table shows the estimated actual valuation for the taxable property within the City assuming an average assessment ratio of 17.3%:

<u>Year</u>	<u>Total</u>
2015	\$1,949,523,156
2016	1,985,571,110
2017	2,005,530,017
2018	2,014,916,954
2019	2,002,049,751
2020	2,029,887,277
2021	2,077,534,173



## Property Tax Levies and Collections

The following table sets forth the property taxes levied and collected in the years indicated:

<u>Levy Year</u>	<u>Taxes Levied</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>
2014	\$13,606,843	\$13,010,356	95.62%
2015	14,132,263	13,373,230	94.62%
2016	9,799,686	9,176,568	93.64%
2017	14,742,105	13,353,057	90.58%
2018	14,753,269	13,738,149	93.12%
2019	14,765,871	14,449,051	97.85%
2020	14,882,564	14,486,731	97.34%

*Source:* County Treasurer's Office

## Tax Collections

Tax statements are mailed November 1 each year and may be paid in full or one-half on or before December 20 with the remaining one-half due on or before May 10 of the following year. Taxes that are unpaid on the due dates are considered delinquent and accrue interest at the rate of 12% per annum until paid or until the property is sold for taxes. Real estate bearing unpaid taxes is advertised for sale on or before August 1 of each year and is sold by the County for taxes and all legal charges on the first Tuesday in September. Properties that are sold and not redeemed within two years after the tax sale are subject to foreclosure sale, except homestead properties which are subject to foreclosure sale after three years.

Personal taxes are due and may be paid in the same manner as real estate taxes, with the same interest applying to delinquencies. If personal taxes are not paid when due, and after written notice, warrants are issued and placed in the hands of the Sheriff for collection. If not paid on or before October 1, legal judgment is entered and the delinquent tax becomes a lien on the property. Unless renewed, a non-enforced lien expires five years after it is entered.

Motor vehicle taxes are collected periodically throughout the year concurrently with the renewal of motor vehicle tags based upon the value of such vehicles. Such tax receipts are distributed to all taxing subdivisions, including the State of Kansas, in proportion to the number of mills levied within each taxpayer's tax levy unit.

## Special Assessments and Collections

In the past the City has pursued a policy of utilizing special benefit districts to assign the cost of certain internal improvement projects to the property which was directly benefited from the construction thereof. Kansas statutes allow for the creation of special benefit districts to pay for the cost of a variety of improvements including street construction, storm water drains, sanitary sewer system improvements, street lighting, water system improvements, recreational facilities, flood control projects, bridges and parking facilities. The City has typically utilized special benefit districts to pay for the costs associated with constructing streets, sidewalks, water lines, sewers, curbs, gutters and lighting in new residential developments within the City.

The creation of special benefit districts, the determination of property benefited and the method of allocating the cost of the improvements is at the discretion of the City. Property owners have the ability to suggest improvement to be made through a petition process and to comment on the final amount of their assessment. The City may or may not be included as part of the special benefit district. All property owners have the option to pay their portion of the improvement cost with a one-time payment during an assessment prepayment period or pay in annual installments with interest over a certain number of years.

Upon completion of the special benefit district improvement projects and a prepayment period, the City issues general obligation bonds to provide for permanent project financing. The payment of the principal of and interest on such bonds is paid from the special assessments levied annually on the benefited property owners. Special assessments are paid at the same time and in the same manner as ad valorem property taxes. If at any time the special assessments received from the property owners are insufficient to provide for the payment of the principal of and interest on the bonds, the City is obligated to provide for the balance of such payments through its ability to levy unlimited ad valorem property taxes.

Kansas law authorizes cities to establish land banks pursuant to K.S.A. 12-5901 *et seq.* The City has established a land bank (the "Land Bank") pursuant to Ordinance No. 2013-34, passed September 17, 2013, with the primary responsibility and authority of acquiring, managing and transforming vacant, abandoned and tax-foreclosed property into productive use. For property acquired by the Land Bank subject to special assessments, K.S.A. 12-5909(d) and (e) authorize the governing body of the City to abate, defer or

reamortize such special assessments. Accordingly, the Land Bank could, in the future, acquire certain property subject to the special assessments levied to pay principal and interest on outstanding bonds, and the governing body of the City could abate, defer or reamortize such special assessments. However, in such case, such bonds would remain general obligations of the City, payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all taxable tangible property, real and personal, within the territorial limits of the City.

**Property Tax Levy**

The City may levy taxes in accordance with the requirements of its adopted budget. Property tax levies are based on the adopted budget of the City and the assessed valuations provided by the County appraiser.

In 2021, the Kansas Legislature passed legislation (the “Revenue Neutral Tax Act”) that repeals the “tax lid” (formerly K.S.A. 79-2925c) and provides that, beginning January 1, 2021, a taxing subdivision (which includes any political subdivision of the State that levies an ad valorem property tax, including the City is not authorized to levy a property tax rate in excess of its revenue neutral rate without first providing notice, holding a public hearing, and authorizing such property tax rate by majority vote of its governing body. The revenue neutral rate means the tax rate for the current tax year that would generate the same property tax revenue as levied the previous tax year using the current tax year’s total assessed valuation.

The Revenue Neutral Tax Act provides that by June 15 of every year, each county clerk shall calculate the revenue neutral rate for each taxing subdivision in their respective county. If a taxing subdivision desires to levy a tax rate in excess of its revenue neutral rate, it must first publish notice of a public hearing and notify, by July 20, the county clerk of the taxing subdivision’s intent to exceed the revenue neutral rate. The county clerk is required to provide notice of the public hearing to each taxpayer with property in the taxing subdivision, along with following information concerning the taxing subdivision: (1) the revenue neutral rate, (2) the proposed property tax revenue needed to fund the proposed budget, (3) the proposed tax rate based on the proposed budget, (4) the tax rate and property tax of each taxing subdivision on the taxpayer’s property from the previous year’s tax statement, (5) the appraised value and assessed value of the taxpayer’s property, (6) estimates of the tax for the current tax year on the taxpayer’s property based on the revenue neutral rate of each taxing subdivision and any proposed tax rates that exceed the revenue neutral rates, (7) the difference between the estimates of tax based on the proposed tax rate and the revenue neutral rate. The public hearing regarding exceeding the revenue neutral rate is to be held between August 20 and September 20, and can be held in conjunction with the taxing subdivision’s budget hearing. If multiple taxing subdivisions within the county are required to hold a public hearing, the county clerk’s notices to the taxpayer can be combined into a single notice. After the public hearing, the taxing subdivision can approve exceeding the revenue neutral rate by governing body approval of a resolution or ordinance, and thereafter the taxing subdivisions will hold the public hearing and adopt the budget by majority vote of its governing body. The amount of tax to be levied and the adopted budget must be certified to the county clerk by October 1. The taxing subdivision’s adopted budget shall not result in a tax rate in excess of its proposed rate stated in the notice provided to the taxpayers. If a taxing subdivision fails to comply with the requirements of the Revenue Neutral Tax Act, it shall refund to the taxpayers any property taxes over-collected based on the amount of the levy that was in excess of the revenue neutral rate.

The City cannot predict the impact of the Revenue Neutral Tax Act on the rating on the Bonds, or the general rating of the City. A change in the rating on the Bonds or a change in the general rating of the City may adversely impact the market price of the Bonds in the secondary market.

Kansas law prohibits governmental units from creating indebtedness unless there are funds on hand in the proper accounts and unencumbered by previous action with which to pay such indebtedness. An exception to this cash-basis operation is made where provision has been made for payment of obligations by bonds or other specific debt obligations authorized by law.

The following table shows the City's mill levies by fund (per \$1,000 of assessed valuation) for each of the years indicated:

<u>Year</u>	<u>General Fund</u>	<u>Bond and Interest Fund</u>	<u>Other Funds</u>	<u>Total Levy</u>
2014/15	33.246	9.980	3.413	46.639
2015/16	33.288	9.907	3.681	46.876
2016/17	34.124	9.860	3.650	47.634
2017/18	33.782	10.341	3.649	47.772
2018/19	33.428	10.716	3.683	47.827
2019/20	33.605	10.908	3.690	48.203
2020/21	33.567	10.895	3.685	48.147
2021/22	33.590	10.902	3.613	48.105

*Source:* County Clerk

## Aggregate Tax Levies

The aggregate tax levies (per \$1,000 assessed valuation) of the City and overlapping jurisdictions for the years indicated are set forth in the following table:

<b>Fiscal Year</b>	<b>Hutchinson</b>		<b>Reno County</b>	<b>Hutchinson</b>		<b>State</b>	<b>Total Levy</b>
	<b>Community College</b>	<b>City</b>		<b>Library District</b>	<b>School District</b>		
2014/15	22.456	46.639	39.527	6.128	52.086	1.500	168.336
2015/16	22.510	46.876	40.897	6.138	55.954	1.500	173.875
2016/17	22.442	47.634	41.775	6.110	55.168	1.500	174.629
2017/18	22.467	47.772	41.675	6.093	54.983	1.500	174.490
2018/19	22.525	47.827	41.687	6.303	54.884	1.500	174.726
2019/20	21.907	48.203	41.687	6.496	54.456	1.500	174.249
2020/21	21.860	48.147	41.599	6.549	53.507	1.500	173.162
2021/22	21.835	48.105	39.498	6.421	53.515	1.500	170.874

*Source:* County Clerk

## Major Taxpayers

The following table sets forth the largest taxpayers in the City for the year 2021:

<b>Firm</b>	<b>Assessed Valuation</b>	<b>Total Taxes Paid</b>
Evergy Kansas Central, Inc.	\$14,950,091	\$2,555,844.82
Siemens Wind Power, Inc.	6,724,054	1,125,270.46
Main Line, Inc.	5,168,507	892,586.40
Kansas Gas Service	4,251,774	726,689.54
Dillon Real Estate Co., Inc.	2,624,281	448,703.46
Archer-Daniels-Midland Company	2,525,276	431,504.08
Wal-Mart Stores	2,498,855	426,989.36
Nustar Pipeline Operating Partnership LP	2,438,875	416,750.92
Dillon Companies, Inc.	2,347,933	405,716.04
BNSF Railroad	2,067,565	354,024.40

*Source:* County Clerk

## Sales Tax Collections

Sales tax collections are the responsibility of the Kansas Department of Revenue. The Department of Revenue distributes the local option countywide and citywide sales taxes on a monthly basis. Countywide sales taxes are distributed between the levying county and the cities within the county based on population and relative tax levies. Citywide local option sales taxes are distributed solely to the levying city.

The total sales tax for goods and services in the City is 8.60%, which consists of 6.50% imposed by the State of Kansas, 1.00% imposed by Reno County and a 1.10% citywide local option sales tax. The City had a ¼-cent (0.25%) sales tax which was scheduled to expire in March 1, 2014. The City conducted an election in November, 2012 in which the voters approved the renewal of the 0.25% sales tax which was scheduled to expire in 2014. The City voted in November 2017 to extend the ¼-cent sales tax for another 5 years to March 30, 2024. The City uses sales tax receipts from the ¼-cent local option citywide sales tax to fund infrastructure improvements, job growth and provide property tax relief. In addition, the City has a ½-cent sales tax for general purposes which was approved by voters in January, 1986. Furthermore, the voters in the City approved a sales tax election for \$0.35 in April, 2015 for improvements to the Hutchinson Municipal Sports Arena.

The voters in Reno County approved a 1.00% countywide general sales tax. This sales tax will be shared by the County with cities located in Reno County, Kansas. The City expects to receive approximately 48% of the sales tax collections received by the County pursuant to this sales tax.

The following table lists the total local option sales tax receipts of the City in the years indicated:

**CITY SALES TAX COLLECTIONS**

	<u>¼-Cent Citywide Sales Tax Receipts</u>	<u>½- Cent Citywide Sales Tax Receipts</u>	<u>\$0.35 Sports Arena Sales Tax</u>	<u>Total</u>
2012	\$2,012,950	\$4,086,900	---	\$6,099,850
2013	2,160,231	4,320,464	---	6,480,695
2014	2,222,974	4,445,948	---	6,668,922
2015	2,200,310	4,400,619	\$997,336	7,598,265
2016	2,246,203	4,492,406	3,144,684	9,883,293
2017	2,150,008	4,300,016	3,010,011	9,460,035
2018	2,170,904	4,341,805	3,039,263	9,551,972
2019	2,192,864	4,385,729	3,070,010	9,648,603
2020	2,281,747	4,563,494	3,194,446	10,039,687
2021	2,442,798	4,885,598	3,419,918	10,748,315

The City receives a portion of the county-wide 1% sales tax based upon a formula. The City’s share of the 1% county-wide sales tax is approximately 48%. The following table sets forth the City’s portion of the county-wide sales tax:

**CITY PORTION OF COUNTY SALES TAX COLLECTIONS**

<u>Year</u>	<u>City Portion of County 1% Sales Tax Collections</u>
2012	\$5,093,067
2013	5,413,893
2014	5,620,091
2015	5,534,743
2016	5,458,821
2017	5,247,064
2018	5,386,646
2019	5,670,664
2020	5,786,518
2021	5,588,605

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## DEBT STRUCTURE OF THE ISSUER

### Debt Ratios

Assessed Valuation	\$359,413,412
Estimated Actual Valuation <sup>(1)</sup>	\$2,077,534,173
Outstanding General Obligation Bonds and Notes <sup>(2)</sup>	\$58,356,000
Net Overlapping Indebtedness	\$40,595,460
Direct and Overlapping Indebtedness	\$98,951,460
Direct Debt per Capita (population = 40,006)	\$1,458.68
Direct and Overlapping Debt per Capita	\$2,473.42
Direct Debt as a percentage of Assessed Valuation	16.24%
Direct Debt as a percentage of Estimated Actual Valuation	2.81%
Direct & Overlapping Debt as a percentage of Assessed Valuation	27.53%
Direct & Overlapping Debt as a percentage of Estimated Actual Valuation	4.76%

<sup>(1)</sup> The Estimated Actual Valuation has been estimated based upon an average assessment ratio of 17.3%.

<sup>(2)</sup> Includes the Bonds.

### General Obligation Bonds

The following table shows the general obligation bonded indebtedness of the City, excluding the general obligation bonds which are historically paid primarily from revenues of the water or sewer system of the City, as of the dated date:

#### GENERAL OBLIGATION BONDS

<u>Series</u>	<u>Original Principal Amount</u>	<u>Principal Amount Outstanding</u>	<u>Final Maturity</u>
Series 2013-C Bonds (Taxable)	\$2,530,000	\$150,000	10/1/2022
Series 2014-B Bonds (Taxable)	2,545,000	110,000	10/1/2022
Series 2014-C Bonds	1,710,000	370,000	10/1/2034
Series 2015-A Bonds	7,530,000	2,830,000	10/1/2027
Series 2015-B Bonds	4,915,000	3,485,000	10/1/2025
Series 2016-A Bonds	24,985,000	10,430,000	10/1/2025
Series 2016-B Bonds	3,970,000	2,190,000	10/1/2026
Series 2016-C Bonds	2,165,000	1,225,000	10/1/2026
Series 2017-A Bonds	6,265,000	3,180,000	10/1/2037
Series 2018-A Bonds	1,350,000	1,215,000	10/1/2038
Series 2018-B Bonds (Taxable)	380,000	266,000	10/1/2028
Series 2019-A Bonds	8,565,000	6,280,000	10/1/2032
Series 2019-B Bonds (Taxable)	3,490,000	3,455,000	10/1/2035
Series 2020-A	3,740,000	3,590,000	10/1/2039
Series 2020-B	6,670,000	6,450,000	10/1/2040
Series 2020-C <sup>(2)</sup>	3,160,000	2,650,000	10/1/2033
Series 2022-A <sup>(1)</sup>	<u>9,810,000</u>	<u>9,810,000</u>	10/1/2042
Sub-Total Bonds=	<u>\$93,780,000</u>	<u>\$57,686,000</u>	
Sub-total Notes	<u>\$670,000</u>	<u>\$670,000</u>	
Total Notes and Bonds	<u>\$94,450,000</u>	<u>\$58,356,000</u>	

<sup>(1)</sup> This Issue.

<sup>(2)</sup> A portion of the 2020-C bonds will be paid from revenues of the water or sewer system of the City.

**General Obligation Bonds – Utility Supported Issues**

The following table shows the outstanding general obligation bonded indebtedness of the City as of the date of this Official Statement for which the City intends to use revenues of the utility systems to repay such bonds. The revenues of the respective utility systems are not formally pledged to the repayment of such bonds.

**GENERAL OBLIGATION BONDS – UTILITY SUPPORTED ISSUES**

<u>Series</u>	<u>System</u>	<u>Original Principal Amount</u>	<u>Principal Amount Outstanding</u>	<u>Final Maturity</u>
Series 2020-C Bonds <sup>(1)</sup>	Water & Sewer	<u>\$4,120,000</u>	<u>\$3,375,000</u>	10/1/2028
	Total =	<u>\$4,120,000</u>	<u>\$3,375,000</u>	

<sup>(1)</sup> A portion of the 2020-C bonds will be paid from revenues of the water or sewer system of the City.

**History of Indebtedness**

The City has never in its history defaulted on the payment of any of its debt obligations.

**Lease Obligations**

The City has entered into various operating leases for office equipment. In addition, the City has the following outstanding Capital Leases:

<u>Capital Leases</u>	<u>Interest Rate</u>	<u>Date of Lease</u>	<u>Amount of Lease</u>	<u>Final Maturity</u>	<u>Outstanding Balance</u>
911 Equipment	2.50%	01/12/2016	\$443,905	01/12/2024	\$176,835
Pumper Fire Truck	1.735%	10/22/2016	472,554	09/22/2022	61,792
Street Sweeper	3.330%	05/01/2018	212,525	05/01/2022	41,134
2021 Aerial Truck	1.715%	09/30/2021	1,501,567	08/01/2031	1,501,567
2021 Street Sweeper	1.513%	10/18/2021	241,750	12/15/2025	<u>192,408</u>
			Total =		<u>\$1,973,736</u>

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## Debt Service Requirements

The following debt service schedule shows the annual principal and interest requirements for all outstanding general obligation indebtedness of the Issuer, except for the portion historically paid from utility system revenues, including the Bonds:

### Debt Service Schedule

<u>Year</u>	<u>Outstanding Bonds</u>	<u>Series 2022-A Bonds</u>		<u>Total Debt Service</u>
	<u>Total Debt Service</u>	<u>Principal</u>	<u>Interest</u>	
2022	\$9,564,854			\$9,564,853.86
2023	9,206,304	\$180,000	\$563,967.36	9,950,271.26
2024	8,764,616	320,000	425,750.00	9,510,366.38
2025	8,260,284	340,000	409,750.00	9,010,033.86
2026	3,942,551	355,000	392,750.00	4,690,301.36
2027	3,129,776	370,000	375,000.00	3,874,776.38
2028	2,158,189	390,000	356,500.00	2,904,688.86
2029	1,646,595	415,000	337,000.00	2,398,595.10
2030	1,647,314	430,000	316,250.00	2,393,563.82
2031	1,476,926	455,000	294,750.00	2,226,676.32
2032	1,380,695	475,000	272,000.00	2,127,695.08
2033	1,361,514	505,000	248,250.00	2,114,763.82
2034	1,202,108	525,000	223,000.00	1,950,107.58
2035	990,126	550,000	202,000.00	1,742,126.32
2036	823,976	575,000	180,000.00	1,578,976.32
2037	811,816	590,000	157,000.00	1,558,816.32
2038	764,656	615,000	133,400.00	1,513,056.32
2039	681,263	640,000	108,800.00	1,430,062.50
2040	<u>430,500</u>	670,000	83,200.00	1,183,700.00
2041		695,000	56,400.00	751,400.00
2042		<u>715,000</u>	<u>28,600.00</u>	<u>743,600.00</u>
TOTAL =	<u>\$58,244,064</u>	<u>\$9,810,000</u>	<u>\$5,164,367.36</u>	<u>\$73,218,431.46</u>

## Overlapping Indebtedness

The following table sets forth the overlapping general obligation indebtedness and the percent attributable (on the basis of assessed valuation) to the City as of the dated date:

<u>Taxing Jurisdiction</u>	<u>Assessed Valuation</u>	<u>G.O. Debt Outstanding</u>	<u>Percent Applicable to Issuer</u>	<u>Gross Amount Applicable to Issuer</u>	<u>Net Amount Applicable to Issuer<sup>(1)</sup></u>
Hutchinson Community College	\$641,734,089	\$-0-	49.65%	\$-0-	\$-0-
Unified School District No. 308 <sup>(1)</sup>	220,585,579	37,475,000	69.23%	25,942,988	10,896,055
Unified School District No. 309 <sup>(1)</sup>	81,114,050	-0-	25.46%	-0-	-0-
Unified School District No. 312 <sup>(1)</sup>	89,651,776	8,960,000	28.14%	2,520,973	2,394,924
Unified School District No. 313 <sup>(1)</sup>	175,856,366	55,515,000	55.19%	30,638,653	20,221,511
Reno County, Kansas	641,734,089	14,265,000	49.65%	<u>7,082,971</u>	<u>7,082,971</u>
			Total =	<u>\$66,185,584</u>	<u>\$40,595,460</u>

<sup>(1)</sup> Net Debt excludes the portion to be paid by the State of Kansas pursuant to the School Finance Formula.

## Additional Indebtedness

The City does plan to issue additional general obligation notes or bonds for certain internal improvements within the next year.

*APPENDIX B*

**FINANCIAL STATEMENTS AND REPORT OF  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**



# City of Hutchinson, Kansas

## Annual Financial Report

For the Year Ended December 31, 2020

Submitted By:

Finance Department

City of Hutchinson, Kansas

City of Hutchinson, Kansas  
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For the Year Ended December 31, 2020  
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Annual Financial Report  
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Brent L. Knoche, CPA  
Brian W. Mapel, CPA  
Jeffrey D. Reece, CPA  
Brady H. Byrnes, CPA  
Alex P. Larson, CPA

## INDEPENDENT AUDITORS' REPORT

The Mayor and City Council  
City of Hutchinson, Kansas

### Report on the Financial Statements

We have audited the accompanying regulatory basis summary statement of receipts, expenditures, and unencumbered cash, of City of Hutchinson, Kansas (the City), as of and for the year ended December 31, 2020, and the related notes to the financial statement.

### Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the regulatory basis reporting provisions permitted in the Kansas Municipal Audit and Accounting Guide (KMAAG), as described in Note 1—Summary of Significant Accounting Policies, to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for preparing the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit 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 KMAAG. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1—Summary of Significant Accounting Policies of the financial statement, the financial statement is prepared by the City on the basis of the financial reporting provisions permitted in KMAAG, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matters discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly in accordance with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2020, or changes in net position or cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to in the first paragraph presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City, as of December 31, 2020, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions permitted in KMAAG described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2020 fund summary statement of receipts, expenditures, and unencumbered cash – regulatory basis (basic financial statement) as a whole. The summary of expenditures – regulatory basis - actual and budget, the individual fund schedules of receipts and expenditures – regulatory basis - actual and budget, and the agency funds schedule of receipts and disbursements – regulatory basis (Schedules 1 through 3, as listed in the table of contents) are presented for analysis and are not a required part of the 2020 basic financial statement; however, they are required to be presented under the provisions in KMAAG. The accompanying 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 financial statement of the City. Such 2020 information is the responsibility of management and the supplementary information was derived from, and relates directly to, the underlying accounting and other records used to prepare the 2020 basic financial statement. The 2020 information has been subjected to the auditing procedures applied in the audit of the 2020 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2020 basic financial statement or to the 2020 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2020 comparative information is fairly stated, in all material respects, in relation to the 2020 basic financial statement as a whole, based on accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City, as of and for the year ended December 31, 2019, not presented herein, and have issued our report thereon dated April 14, 2020, which contained an unmodified opinion on the regulatory basis basic financial statement. The 2019 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the Kansas Department of Administration website at the link <http://admin.ks.gov/offices/chief-financial-officer/municipal-services>. The 2019 actual column (2019 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures - actual and budget for the year ended December 31, 2020 (Schedule 2 as listed in the table of contents), are also presented for comparative analysis and are not a required part of the basic financial statement. Such 2019 comparative information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the 2019 basic financial statement. The 2019 comparative information was subjected to the auditing procedures applied in the audit of the 2019 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2019 basic financial statement or to the 2019 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2019 comparative information is fairly stated in all material respects in relation to the 2019 basic financial statement as a whole, on the basis of accounting described in Note 1—Summary of Significant Accounting Policies.

Other Reporting Required by Government Auditing Standards

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



Certified Public Accountants

Hutchinson, Kansas  
April 9, 2021

City of Hutchinson  
 Summary Statement of Receipts, Expenditures, and Unencumbered Cash  
 Regulatory Basis  
 For the Year Ended December 31, 2020

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds							
General	\$ 5,591,921	\$ 491	\$ 34,440,964	\$ 32,831,178	\$ 7,202,198	\$ 543,771	\$ 7,745,969
Special Purpose Funds							
Special Street	15	-	1,670,963	1,670,978	-	14,148	14,148
Special Parks & Recreation	-	-	216,239	216,239	-	858	858
Special Alcohol Programs	102,295	-	86,161	77,500	110,956	-	110,956
Economic Opportunity Fund	312,500	-	150,000	75,000	387,500	-	387,500
Convention & Tourism Promotion	-	-	535,445	535,445	-	-	-
Recreation Commission	320	-	1,271,142	1,271,462	-	-	-
Animal Shelter	-	-	595,074	595,074	-	10,110	10,110
Community Improvement District	-	-	478,592	478,592	-	-	-
E 911 Surcharge	1,030,106	-	404,492	475,952	958,646	156,432	1,115,078
Federal and State Grants	29,595	-	471,125	565,364	(64,644)	97,016	32,373
Planning Projects	94,106	-	15,922	33,348	76,679	0	76,679
Gossage Animal Shelter Trust	-	-	7,023	7,023	-	-	-
Municipal Equipment Reserve	2,711,286	-	2,488,563	2,244,233	2,955,616	225,768	3,181,384
Bond and Interest Funds							
Bond and Interest	6,649	-	6,180,733	5,834,734	352,648	-	352,648
Sports Arena Sales Tax Fund	2,991,525	-	3,760,456	3,212,225	3,539,756	-	3,539,756
Capital Projects Funds							
Capital Improvement	8,079,999	7,572	16,133,323	13,813,704	10,407,190	5,646,045	16,053,235
Business Funds							
Refuse	313,357	-	2,057,823	2,139,938	231,242	147,212	378,454
Golf Course	-	-	833,844	833,844	-	5,241	5,241
Airport	-	-	430,377	430,377	-	20,014	20,014
Water Utility	4,085,039	1,992	7,572,774	7,027,684	4,632,121	347,998	4,980,119
Sewer Utility	3,141,118	-	6,558,632	5,685,441	4,014,309	86,895	4,101,204
Storm Water Utility	4,298,186	-	2,240,896	971,356	5,567,726	1,608	5,569,334
Health & Dental Insurance	3,232,238	-	4,110,748	4,161,911	3,181,076	2,084	3,183,160
Risk Management	2,337,953	-	982,775	914,683	2,406,045	5,099	2,411,144
Worker's Compensation	1,658,276	-	690,580	340,931	2,007,925	6,000	2,013,925
Central Purchasing	24,950	-	1,600	1,600	24,950	-	24,950
Trust Funds							
Hutchinson Community Foundation	78,643	-	18,002	4,028	92,617	-	92,617
Donation	421,678	-	297,003	176,090	542,591	27,506	570,097
<b>Total Reporting Entity (Excluding Agency Funds)</b>	<b>\$ 40,541,757</b>	<b>\$ 10,055</b>	<b>\$ 94,701,271</b>	<b>\$ 86,625,933</b>	<b>\$ 48,627,150</b>	<b>\$ 7,343,805</b>	<b>\$ 55,970,954</b>
Composition of Cash							
					Checking Account		\$ 34,259,856
					Petty Cash		9,150
					Municipal Investment Pool		5,103,667
					Certificates of Deposit		16,569,470
					Hutchinson Community Foundation		92,617
					Total Cash		56,034,760
					Agency Funds per Schedule 3		(63,806)
					Total Reporting Entity (Excluding Agency Funds)		<b>\$ 55,970,954</b>

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

CITY OF HUTCHINSON, KANSAS  
NOTES TO THE FINANCIAL STATEMENT  
December 31, 2020

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

The City of Hutchinson (The City) is a municipal corporation incorporated under the laws of the State of Kansas and governed by an elected five-member council. This financial statement does not include the Hutchinson Recreation Commission as a related municipal entity. A related municipal entity is an entity established to benefit the City and/or its constituents.

**Hutchinson Recreation Commission**

The City of Hutchinson Recreation Commission oversees recreation activities. The recreation commission operates as a separate governing body but the City levies the taxes for the recreation commission and the recreation commission has only the powers granted by statute, K.S.A. 12-1928.

Fund Accounting

The accounts of the City are organized on the basis of funds each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Kansas Regulatory Basis of Accounting Fund Definitions

The following types of funds were utilized in recording the financial activities of the City for the year of 2020:

General Fund - to account for all unrestricted resources except those required to be accounted for in another fund.

Special Purpose Funds - to account for the proceeds of specific tax levies and other specific revenue sources (other than capital projects and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Funds - to account for the accumulation of resources for and the payment of interest and principal on general long-term debt.

Capital Projects Funds - to account for debt proceeds and other financial resources to be used for the acquisition or construction of major capital facilities or equipment.

Business Funds - funds financed in whole or in part by fees charged to users of the goods and services.

Trust Funds - to report assets held in trust for the benefit of the City.

Agency Funds - to account for assets held by a governmental unit as an agent for individuals, private organizations, other governmental units, and/or other funds.

Regulatory Basis of Accounting and Departures from Accounting Principles Generally Accepted in the United State of America

The regulatory basis of accounting as prescribed in the Kansas Municipal Audit and Accounting Guide (KMAAG) involves the recognition of cash, cash equivalents, marketable investments and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and reporting the changes in unencumbered cash and investments of a fund resulting from the regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently



impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles, and allowing the municipality to use the regulatory basis of accounting.

#### Use of Estimates

The process of preparing the financial statement requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statement. Accordingly, upon settlement, actual results may differ from estimated amounts.

#### Reimbursements

The City records reimbursable expenditures (or expense) in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures (expenses) are properly offset by the reimbursements.

#### Restricted Assets

As a part of the disposal well permit with the Kansas Department of Health and Environment (KDHE), the City is required to set funds aside for the future closure of water wells. The City also has restricted cash balances relating to customer utility deposits.

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

#### Operating and Reserve Transfers

Transfers of monies between budgeted City funds are presented as Operating Transfers. Transfers of monies between an unbudgeted fund and any other City fund are presented as Reserve Transfers.

### **NOTE 2—BUDGETARY INFORMATION**

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although discretionary rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1.
2. Publication in local newspaper on or before August 5 of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal operating budgets are prepared using the regulatory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, trust funds, agency funds and the following special purpose and business funds:

- Risk Management
- Worker's Compensation
- Health and Dental Insurance
- Municipal Equipment Reserve
- Federal and State Grant
- Planning Projects
- Gossage Animal Shelter Trust
- Central Purchasing

Spending in funds which are not subject to the legal annual operating budget requirements is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

The County Clerk must calculate the final tax levy rates necessary to finance the budget subject to any legal limitations. After all budgets have been received and tax rates calculated, the County Clerk certifies the tax roll to the County Treasurer, who prepares tax statements and receives payment.

These taxes become a lien against all property November 1. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20 and May 10.

Taxes levied to finance the budget are made available to the City after January 1 and are distributed by the County Treasurer approximately every month and a half. At least 50% of the taxes levied are available in January. Delinquent tax collections are distributed throughout the year.

**NOTE 3—DEPOSITS AND INVESTMENTS**

The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is accounted for individually. The City's cash and investment pool contains both restricted and unrestricted funds. The City has restricted cash and investment balances as follows:

Water Well Closure \$ 252,724

As of December 31, 2020, the City had the following investments:

Investment Type	Fair Value	S&P Rating
Kansas Municipal Investment Pool	\$ 5,103,667	Not Rated
Hutchinson Community Foundation Investment Pool	<u>92,617</u>	Not Rated
	<u>\$ 5,196,284</u>	

At December 31, 2020, the City had invested \$5,103,667 in the Kansas Municipal Investment Pool (KMIP). KMIP is under the oversight of the pooled money investment board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the United States government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, KMIP may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

At December 31, 2020 the City also had \$92,617 in investments being held by the Hutchinson Community Foundation (HCF) investment pool.

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificate of deposits with allowable financial institutions; United States government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

#### Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. State statutes place no limit on the amount the City can invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City manages this risk by placing funds with financial institutions only after contacting all eligible institutions in the taxing area and monies in the KMIP are diversified according to policies of the investment pool.

#### Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2020.

At December 31, 2020, the City's carrying amount of deposits was \$50,829,320 and the bank balance was \$51,364,444. The bank balance was held by six banks. Of the bank balance, \$19,511,410 was covered by Federal Depository Insurance Corporation (FDIC): of this amount, \$18,008,710 of the FDIC coverage was through pass-through deposit placement agreements such as the Certificate of Deposit Account Registry Service and brokered certificates of deposit. The remaining \$31,853,034 was collateralized by pledged securities and irrevocable letters of credit by the pledging financial institutions' agent in the City's name.

#### Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

**NOTE 4—CAPITAL PROJECTS**

At December 31, 2020, capital projects authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

<u>CITY IMPROVEMENT</u>	<u>AUTHORIZED PROJECTS</u>	<u>EXPENDITURES</u>
Tower #4 Interior Lining	\$ 1,700,000	\$ 10,697
Well #9 Pipeline Project	296,225	50,563
Farmland J Groundwater Remediation	175,000	116,474
Secondary Treatment	3,000,000	203,254
UV Building Upgrades	1,250,000	909,494
Disposal Well By-Pass Project	1,500,000	23,022
Risk and Resilience Assessment	150,000	23,579
Transp Alt Grant - Trail State Fair	569,125	164,388
Geometric Improvement (4th and K61)	76,000	61,690
Radio Receivers Controllers	30,000	9,167
Cow Creek Channel Expansion	11,600,000	1,002,557
Main Street 5th to 13th Reconstruct	3,259,200	425,855
Applelane Street	810,882	15,503
Orchard Park	883,392	578,575
Runway 13/31	660,000	516,937
Hanger 2 Floor Refurbish	60,000	29,245
Zoo Electrical Upgrades	150,000	12,040
SW Bricktown Park Development	50,000	38,013
Airport Restroom Remodel	60,000	3,041
Zoo Nature Play Project	75,000	21,750
GA Parking Apron Seal Coat & Remark	85,000	29,670
Farmington Park Development	515,000	2,470
Police LEC Renovation	2,605,790	1,993,010
	<u>\$ 29,560,614</u>	<u>\$ 6,240,992</u>

## NOTE 5 – LONG TERM DEBT

Changes in long-term debt of the City for the year ended December 31, 2020 were as follows:

	Interest Rates	Date of Issue	Original Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Refunding	Reductions/Payments	Balance End of Year	Interest Paid
General Obligation Bonds										
2011B	0.50 - 2.20%	11/15/11	1,170,000	10/01/21	\$ 255,000	\$ -	\$ -	\$ 125,000	\$ 130,000	\$ 5,485
2012B	1.50 - 2.00%	10/23/12	6,270,000	10/01/28	3,500,000	-	3,070,000	430,000	-	60,625
2013A	1.55 - 2.90%	05/31/13	4,585,000	10/01/33	2,985,000	-	2,670,000	315,000	-	63,465
2013B	2.00 - 3.20%	09/24/13	2,955,000	10/01/23	895,000	-	680,000	215,000	-	21,505
2013C	2.00 - 3.20%	09/24/13	2,530,000	10/01/22	930,000	-	-	380,000	550,000	28,200
2014A	2.00 - 2.35%	04/30/14	3,875,000	10/01/24	1,755,000	-	1,380,000	375,000	-	36,635
2014B	2.50 - 4.50%	04/30/14	2,545,000	10/01/34	320,000	-	-	105,000	215,000	11,200
2014C	2.00 - 3.38%	09/22/14	1,710,000	10/01/34	505,000	-	-	110,000	395,000	13,838
2015A	2.00 - 4.00%	08/31/15	7,530,000	10/01/35	4,020,000	-	-	590,000	3,430,000	97,190
2015B	2.00 - 2.50%	12/07/15	4,915,000	10/01/25	3,975,000	-	-	245,000	3,730,000	93,050
2016A	2.00 - 4.00%	02/17/16	24,985,000	10/01/25	15,910,000	-	-	2,655,000	13,255,000	496,100
2016B	2.00 - 4.00%	06/07/16	3,970,000	10/01/23	2,960,000	-	-	375,000	2,585,000	91,300
2016C	1.50 - 2.00%	10/13/16	2,165,000	10/01/26	1,690,000	-	-	230,000	1,460,000	33,800
2017A	2.00 - 3.20%	11/28/17	6,265,000	10/01/37	4,245,000	-	-	525,000	3,720,000	115,820
2018A	2.00 - 4.00%	07/12/18	1,382,010	10/01/38	1,310,000	-	-	45,000	1,265,000	41,838
2018B	3.00 - 4.25%	10/04/18	380,000	10/01/28	342,000	-	-	38,000	304,000	12,731
2019 A	3.00 - 4.25%	11/25/19	8,565,000	10/01/32	8,565,000	-	-	1,310,000	7,255,000	285,515
2019 B	3.00 - 3.00%	11/25/19	3,490,000	10/01/35	3,490,000	-	-	25,000	3,465,000	87,465
2020 A	2.00-3.00%	05/14/20	3,740,000	10/01/39	-	3,740,000	-	-	3,740,000	33,130
2020 B	2.00-3.625%	11/25/20	6,670,000	10/01/40	-	6,670,000	-	-	6,670,000	-
2020C	2.00-3.625%	10/19/20	7,280,000	10/01/33	-	7,280,000	-	-	7,280,000	-
					<u>57,652,000</u>	<u>17,690,000</u>	<u>7,800,000</u>	<u>8,093,000</u>	<u>59,449,000</u>	<u>1,628,892</u>
Capital Leases										
2014 Pumper Fire Truck	2.00%	11/15/14	371,216	11/15/20	64,972	-	-	64,972	-	1,303
Emergency Radios	4.56%	01/01/12	135,572	09/01/21	32,152	-	-	15,718	16,434	1,466
911 Equipment Refinanced	2.50%	01/12/16	443,905	01/12/24	287,638	-	-	54,725	232,913	7,191
2016 Pumper Fire Truck	1.735%	10/22/16	472,554	09/22/22	222,697	-	-	79,755	142,942	3,232
2018 Street Sweeper	3.330%	05/01/18	212,525	05/01/22	119,471	-	-	38,527	80,944	3,978
					<u>726,930</u>	<u>-</u>	<u>-</u>	<u>253,697</u>	<u>473,233</u>	<u>17,170</u>
Total Bonded Indebtedness					<u>\$ 58,378,930</u>	<u>\$ 17,690,000</u>	<u>\$ 7,800,000</u>	<u>\$ 8,346,697</u>	<u>\$ 59,922,233</u>	<u>\$ 1,646,062</u>

Current maturities of long-term debt and interest for the next five years and in five-year increments through maturity are as follows:

	2021	2022	2023	2024	2025	2026-2030	2031-2035	2036-2040	Total
Principal									
General Obligation Bonds	\$ 8,198,000	\$ 8,133,000	\$ 8,063,000	\$ 7,843,000	\$ 7,548,000	\$ 10,749,000	5,625,000	3,290,000	\$ 59,449,000
Capital Leases	193,470	160,423	58,933	60,406	-	-	-	-	473,232
Total Principal	<u>8,391,470</u>	<u>8,293,423</u>	<u>8,121,933</u>	<u>7,903,406</u>	<u>7,548,000</u>	<u>10,749,000</u>	<u>5,625,000</u>	<u>3,290,000</u>	<u>59,922,232</u>
Interest									
General Obligation Bonds	1,718,413	1,480,095	1,190,234	967,178	756,440	1,898,947	786,370	222,211	9,019,889
Capital Leases	11,120	6,238	2,983	1,510	-	-	-	-	21,852
Total Interest	<u>1,729,533</u>	<u>1,486,333</u>	<u>1,193,218</u>	<u>968,689</u>	<u>756,440</u>	<u>1,898,947</u>	<u>786,370</u>	<u>222,211</u>	<u>9,041,741</u>
Total Principal and Interest	<u>\$ 10,121,003</u>	<u>\$ 9,779,756</u>	<u>\$ 9,315,151</u>	<u>\$ 8,872,095</u>	<u>\$ 8,304,440</u>	<u>\$ 12,647,947</u>	<u>\$ 6,411,370</u>	<u>\$ 3,512,211</u>	<u>\$ 68,963,973</u>

On November 25, 2020, the City issued \$7,280,000 refunding general obligation bonds. Proceeds from this issue were used to refund tax exempt general obligation bonds Series 2012b, 2013A, 2013b, and 2014A. The refunding of these bonds was completed to reduce future debt service payments.

### Other Loans

On June 26, 2015, the City entered into a loan agreement for the purchase of a fire pumper truck for the amount of \$574,402. The loan is for a term of 6 years with an interest rate of 1.9% and annual payments totaling \$101,457. The loan has been included in accounts payable for the Municipal Equipment Reserve Fund. The balance of the loan as of December 31, 2020 was \$49,900.

### Operating Lease

On December 27, 2017, the City entered into a loan agreement for the operating lease of a fire ladder truck for the amount of \$1,172,074. The loan is for a term of 10 years with an interest rate of 3.24% and annual payments totaling \$122,066. There is a final balloon payment of \$305,545 due January 27, 2028, if the City decides to purchase the truck at the end of the lease.

On February 4, 2019, the City entered into a loan agreement for the operating lease of a fire ladder truck for the amount of \$650,000. The loan is for a term of 9 years with an interest rate of 4.45% and annual payments totaling \$73,115. There is a final balloon payment of \$174,257 due March 5, 2028, if the City decides to purchase the truck at the end of the lease.

### Conduit Debt Obligation

From time to time, the City has issued Industrial Revenue Bonds, Single Family Revenue Bonds, Multi-Family Revenue Bonds, and Sales Tax Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State of Kansas, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. The bonds are not reported as liabilities in the accompanying financial statement.

As of December 31, 2020, there were 7 series of Industrial Revenue Bonds outstanding, 1 series of Multi-Family Revenue Bonds outstanding, and 6 Health Care Facilities Refunding Revenue Bonds outstanding. The aggregate principal payable could not be determined; however, aggregate original issue amounts payable totaled \$299,452,000.

### **NOTE 6—INTERFUND TRANSFERS**

Interfund transfers were as follows:

<b>From:</b>	<b>To:</b>	<b>Statutory Authority</b>	<b>Amount</b>
General Fund	Special Street Fund	12-1,119	\$ 351,148
General Fund	Golf Course	12-101a	178,571
General Fund	Special Parks Fund	12-101a	130,078
General Fund	Animal Shelter Fund	12-101a	486,879
General Fund	Airport Fund	3-1121	202,392
General Fund	Economic Opportunity Fund	Home Rule	150,000
General Fund	Municipal Equipment Reserve	12-1,117	1,384,586
General Fund	Capital Improve Projects	12-1,118	1,882,520
General Fund	Planning Projects	Home Rule	15,000
Grants Fund	Planning Projects	Home Rule	922
Special Street Fund	Capital Impr Projects	12-1,118	200,000
Special Street Fund	Municipal Equipment Reserve	12-1,117	233,425
Convention and Tourism	Capital Impr Projects	12-1,118	229,476
Gossage Trust	Bond & Interest Fund	Home Rule	7,023
Refuse Collection	General Fund	12-825d	100,000
Golf Course	Municipal Equipment Reserve	12-1,117	29,000

Water Utility Fund	Bond & Interest Fund	12-825d	499,728
Water Utility Fund	Capital Impr Projects	12-1,118	362,000
Water Utility Fund	Municipal Equipment Reserve	12-1,117	278,898
Sewer Utility Fund	Bond & Interest Fund	12-825d	542,124
Sewer Utility Fund	Capital Impr Projects	12-1,118	12,000
Sewer Utility Fund	Municipal Equipment Reserve	12-1,117	224,838
Storm Water	Bond & Interest Fund	12-825d	43,140
Storm Water	Capital Improv Projects	12-1,118	490,356
Storm Water	Municipal Equipment Reserve	12-1,117	78,681
Grant Fund	Capital Improv Projects	12-1,118	19,615
Capital Improvement	Bond & Interest Fund	Home Rule	67,945
			\$ 8,200,345

## NOTE 7—RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters. The City manages these various risks of loss as follows:

### General Liability

Insured through commercial insurance policy with a \$25,000 deductible. Commercial insurance carried for law enforcement and public official liability with deductibles of \$10,000 and \$10,000, respectively.

### Physical Property

Insured through commercial insurance with a \$50,000 deductible for property and a \$100,000 deductible for wind, hail, or earthquake damage. Replacement cost insured values based on annual review by insuring agent. Any uninsured losses are funded by the Risk Management Fund.

### Worker's Compensation

Insured through an excess indemnity insurance policy. Policy provides coverage for claims in excess of \$400,000 per accident for all other employees. Individual claims up to \$500,000 are self-funded and administered through the Worker's Compensation Reserve. Claims are administered by an independent third party. Aggregate claims for Worker's Compensation are limited to \$1,000,000.

### Health and Dental Insurance

The City became self-funded in regard to its health/dental insurance coverage effective January 1, 2000. In 2020, the plan was administered by Meritain, which provided a stop loss provision of incurred claims expense in excess of \$125,000 for an insured in a contract year.

### Claim Liability Analysis

The claims liabilities related to the above noted risks of loss that are retained and recognized when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. An analysis of claims activities for 2020 is presented below:

FUND	Claim Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claim Liability End of Year
Worker's Compensation	\$ 507,051	\$ 231,012	\$ 282,779	\$ 455,284
Health and Dental Insurance	300,264	3,098,907	3,132,234	266,937

## NOTE 8—DEFINED BENEFIT PENSION PLAN

### Plan Description

The City contributes to the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are cost-sharing multiple-employer defined benefit pension plans as provided by K.S.A. 74-4901, et seq. KPERS and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in the Comprehensive Annual Financial Report which can be found on KPERS website at [www.kpers.org](http://www.kpers.org) or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

### Contributions

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009; KPERS 2 members were first employed in a covered position on or after July 1, 2009; and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law establishes the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2, or KPERS 3 members. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

Kansas law provides that employer contribution rates for KPERS 1, KPERS 2, KPERS 3, and KP&F be determined annually based on the results of an annual actuarial valuation. The actuarially determined employer contribution rate (excluding the contribution rate for the Death and Disability program) and the statutory contribution rate was 8.61% for KPERS and 21.93% for KP&F for the year ended December 31, 2020. Contributions to the pension plan from the City were \$976,738 for KPERS and \$2,155,814 for KP&F for the year ended December 31, 2020.

### Net Pension Liability

At December 31, 2020, KPERS has determined the City's proportionate share of the collective net pension liability was \$9,269,622 for KPERS and \$22,292,156 for KP&F. The net pension liability was measured as of June 30, 2020, and the total pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. The City's share of the allocation is based on the ratio of the City's employer contributions, relative to the total employer and non-employer contributions for the plan groups the City participates in. Because the regulatory basis of accounting under KMAAG does not recognize long-term debt, this liability is not reported in the financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at [www.kpers.org](http://www.kpers.org) or can be obtained as described in the first paragraph above.



## **NOTE 9—DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salaries, 100% or \$19,500 per year, whichever is less, until future years. The deferred compensation is not available to employees until termination, retirement, or unforeseeable emergency. Deferred compensation is available to employees' beneficiaries in case of death.

All assets of the Plan are held by an independent administrator. In management's opinion, the City has no liability for losses under the plan. However, the City does have the duty of due care that would be required of a plan sponsor/fiduciary.

## **NOTE 10—OTHER LONG TERM LIABILITIES**

### Compensated Absences

Employees of the City, except temporary and part-time employees working less than 20 hours per week, accumulate vacation leave at the rate of two weeks per year during the first four years of employment. The rate increases to three weeks per year after five years of employment, and to four weeks per year after fourteen years of employment. Employees are paid for all unused and accrued vacation leave at the time of their leaving City employment. The estimated liability for this vacation is \$812,200. This amount is not reflected in the financial statements.

Employees are paid for unused sick leave up to 480 hours when leaving City employment due to death or qualified retirement (including disability retirement). The costs of accumulated vacation, sick leave, and severance pay are not recorded in the financial statement at the time the benefits are earned by the employee. The estimated liability for this sick leave is \$2,477,879. This amount is not reflected in the financial statements.

### Other Post-Employment Benefits

As provided by K.S.A. 12-5040, the local government allows certain qualifying retirees to participate in the group health insurance plan. Monthly premiums for the retiree are set at 102% of the group plan premiums.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid at 102% of the group plan premiums.

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement Systems (KPERs) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERs that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2020.

## **NOTE 11—CONTINGENCIES AND COMMITMENTS**

### Litigation

The City may sometimes be a defendant in various legal actions pending or in process concerning personal injury, worker's compensation claims, and property damage. The ultimate liability that might result from the final resolution of the above matters is not presently determinable. The financial statement does not include accruals or provisions for loss contingencies that may result from these proceedings. Provisions of the Kansas Tort Claims Act authorize the levy of an annual tax by the Risk Management Reserve Fund to provide funding for payment of claims and other direct and indirect costs in connection therewith. In the opinion of the City's legal counsel, the final outcome of the cases will not have an adverse material effect on the City's financial statement.

### Grant Program Involvement

In the normal course of operations, the City participates in various federal or state grant/loan programs from year to year. The grant and loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

### Environmental Remediation

KDHE has state oversight for the Environmental Protection Agency concerning the groundwater contamination cleanup of the 4<sup>th</sup> and Carey Site. In 1994, the City entered into a consent agreement with KDHE accepting the obligation to clean-up the contamination. The City entered into a separate agreement with the companies responsible for the contamination in which the companies agreed to pay for the clean-up of the contamination. The City later revised the agreement with the companies by which the companies paid the City \$10.5 million and the City would construct the Groundwater Remediation and RO Water Treatment Plant Project in order to clean-up the contamination and use the clean water as part of the City's public water supply. The City under the agreement with KDHE must operate the remediation and water treatment systems until sampling and monitoring indicates that the 4<sup>th</sup> and Carey groundwater contamination has been satisfactorily cleaned up. Those systems were operational as of May 2009. It is anticipated that it will take 20 to 30 years to treat and clean-up the groundwater contamination. The City has specific monitoring and reporting requirements from KDHE for the term of the remediation efforts. Based on the results of the monitoring of the remediation efforts, KDHE will decide when the contamination has been cleaned up and the remediation system and treatment plant are no longer needed to treat the contaminated water. At that point, the water treatment plant will continue to treat the City of Hutchinson's public water supply but will not be required to treat the 4<sup>th</sup> and Carey Site groundwater any longer.

### Commitments

The City has committed up to \$288,200 as incentives for new job creation. Payment of these incentives is dependent upon achievement of certain measures by the participating businesses. The incentives could take place between 2020 through 2023 depending on when and if the businesses reach the agreed upon measures.

The City has committed \$50,000 to New Beginnings, Inc. for payment of costs of construction of a social detox and inpatient treatment center. The commitment is dependent on achievement of certain condition, including securing other funding, signing an operating agreement, and a signed construction contract. The funds will be paid from the Economic Opportunity Fund when conditions have been met.

### **NOTE 12 - CRF AND CARES ACT FUNDING**

As a result of COVID-19, the State of Kansas has received Coronavirus Relief Funds (CRF) under the Coronavirus Aid, Relief and Economic Security (CARES) Act. The CRF were passed through to the counties of Kansas through Strengthening People and Revitalizing Kansas (SPARK). SPARK's first round distribution was to local governments in the amount of \$400 million. The City received CRF in the amount of \$229,818 during 2020. The County is encouraged to share the CRF with cities, school districts and local businesses within the County. The CRF are to be used to strengthen health, to allow the economy to reopen safely and to remain open. The goals are to be fair, impactful and timely. Additional information and updates on SPARK, the CARES Act and CRF, which includes audit requirements, can be found at <https://covid.ks.gov/>.

City of Hutchinson, Kansas  
 Summary of Expenditures - Actual & Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2020

Schedule 1

	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Over (Under)</u>
<b>Government Type Funds</b>					
General Fund	\$ 39,460,583	\$ -	\$ 39,460,583	\$ 32,831,178	\$ (6,629,405)
<b>Special Purpose Funds</b>					
Special Street Fund	2,177,468	-	2,177,468	1,670,978	(506,490)
Special Parks and Recreation Fund	234,004	-	234,004	216,239	(17,765)
Special Alcohol Programs Fund	175,362	-	175,362	77,500	(97,862)
Economic Opportunity Fund	430,900	-	430,900	75,000	(355,900)
Convention and Tourism Promotion Fund	850,000	-	850,000	535,445	(314,555)
Recreation Commission Fund	1,326,422	-	1,326,422	1,271,462	(54,960)
Animal Shelter Fund	677,465	-	677,465	595,074	(82,391)
Community Improvement District Fund	800,000	-	800,000	478,592	(321,408)
E 911 Surcharge Fund	1,335,304	-	1,335,304	475,952	(859,352)
<b>Bond and Interest Funds</b>					
Bond and Interest Fund	6,051,333	-	6,051,333	5,834,734	(216,599)
Sports Arena Sales Tax Fund	6,243,854	-	6,243,854	3,212,225	(3,031,629)
<b>Business Funds</b>					
Refuse Fund	2,879,493	-	2,879,493	2,139,938	(739,555)
Golf Course Fund	923,988	-	923,988	833,844	(90,144)
Airport Fund	498,758	-	498,758	430,377	(68,381)
Water Utility Fund	10,441,958	-	10,441,958	7,027,684	(3,414,274)
Sewer Utility Fund	8,325,783	-	8,325,783	5,685,441	(2,640,342)
Storm Water Utility Fund	6,329,188	-	6,329,188	971,356	(5,357,832)

City of Hutchinson, Kansas  
 General Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2020  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-A

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Property Taxes	\$ 11,383,582	\$ 11,616,838	\$ 11,608,277	\$ 8,561
Non Property Taxes	12,391,585	12,699,580	12,464,717	234,863
Franchise Fees	4,792,927	4,698,619	5,003,024	(304,405)
License and Permits	514,488	452,434	452,615	(181)
Fines, Forfeitures, and Penalties	645,489	618,485	669,000	(50,515)
Use of Money & Property	141,940	99,021	49,200	49,821
Public Safety Service Charges	2,655,270	2,631,129	2,827,350	(196,221)
Recreation & Concession Service Charges	169,552	143,212	228,150	(84,938)
Internal Service Charges	913,580	849,852	1,168,900	(319,048)
Miscellaneous	136,423	531,794	146,402	385,392
Operating Transfers In	-	100,000	100,000	-
<b>Total Receipts</b>	<u>33,744,836</u>	<u>34,440,964</u>	<u>34,717,635</u>	<u>(276,671)</u>
<b>Expenditures</b>				
Personnel Services	23,113,682	23,259,773	24,049,048	(789,275)
Contractual Services	6,420,179	6,092,777	6,576,071	(483,294)
Commodities	2,022,464	1,904,174	2,265,200	(361,026)
Capital Outlay	119,605	178,255	241,100	(62,845)
Reserve Transfers	3,187,319	3,267,107	3,296,384	(29,277)
Operating Transfers Out	1,617,140	1,514,068	2,171,658	(657,590)
Allocated Service Costs	(3,247,426)	(3,384,975)	(3,384,975)	-
Appropriated Reserve	-	-	4,246,097	(4,246,097)
<b>Total Expenditures</b>	<u>33,232,962</u>	<u>32,831,178</u>	<u>\$ 39,460,583</u>	<u>\$ (6,629,405)</u>
Receipts Over (Under) Expenditures	511,874	1,609,786		
Unencumbered Cash, Beginning	5,079,900	5,591,921		
Prior Year Cancelled Encumbrance	<u>147</u>	<u>491</u>		
Unencumbered Cash, Ending	<u>\$ 5,591,921</u>	<u>\$ 7,202,198</u>		

City of Hutchinson, Kansas  
 General Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2020  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-A

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Receipts</b>				
<b>Property Taxes</b>				
Ad Valorem Property Tax	\$ 9,577,247	\$ 9,695,768	\$ 10,168,668	\$ (472,900)
Vehicle Tax	1,296,594	1,278,558	1,257,528	21,030
In Lieu of Tax	15,392	19,674	23,436	(3,762)
TIF	73,377	68,227	-	68,227
Delinquent Tax Collections	420,973	554,611	158,645	395,966
<b>Total Property Taxes</b>	<b>11,383,582</b>	<b>11,616,838</b>	<b>11,608,277</b>	<b>8,561</b>
<b>Non Property Taxes</b>				
Local Sales tax - Countywide	5,670,664	5,786,519	5,576,795	209,724
Local Sales Tax - Citywide	6,578,593	6,815,242	6,775,822	39,420
Liquor Taxes	133,028	86,169	100,500	(14,331)
Intoxicating Liquor Tax	9,300	11,650	11,600	50
<b>Total Non Property Taxes</b>	<b>12,391,585</b>	<b>12,699,580</b>	<b>12,464,717</b>	<b>234,863</b>
<b>Utility Franchise Fees</b>				
Electricity - Westar Energy	2,648,289	2,635,398	2,843,374	(207,976)
Gas - Kansas Gas Service Company	848,350	760,014	857,000	(96,986)
Telephone - AT & T / Other	84,298	77,619	60,000	17,619
Cable Television	392,055	382,598	419,000	(36,402)
Refuse System Fund	204,796	200,962	198,900	2,062
Water/Sewer System Fund	615,139	642,028	624,750	17,278
<b>Total Utility Franchise Fees</b>	<b>\$ 4,792,927</b>	<b>\$ 4,698,619</b>	<b>\$ 5,003,024</b>	<b>\$ (304,405)</b>

City of Hutchinson, Kansas  
 General Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2020  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-A

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Receipts</b>				
<b>Licenses and Permits</b>				
Cereal Malt Beverage Licenses	\$ 2,600	\$ 2,275	\$ 2,700	\$ (425)
Tree Trimming Licenses	450	625	500	125
Alarm License Fees	13,705	13,770	17,740	(3,970)
Fireworks Permits	12,500	12,525	10,000	2,525
Police and Protective Licenses	350	254	0	254
Other Licenses and Permits	1,527	913	1,979	(1,067)
Building and Fence Permits	337,255	257,114	251,371	5,743
Sign Permits	3,514	3,490	3,305	185
Demolition Permits and Licenses	1,643	1,422	736	686
Building Occupancy Permits	855	1,235	5,920	(4,685)
Mechanical Permits	31,016	38,329	38,270	59
Electrical and Plumbing Permits	27,050	23,394	28,731	(5,337)
Electrical and Plumbing License Fees	25,650	30,670	29,022	1,648
Mechanical License Fees	15,615	17,330	15,496	1,834
Driveway Permit	909	1,189	1,370	(181)
Building Contractor Licenses	39,850	47,900	45,475	2,425
<b>Total Licenses and Permits</b>	<b>514,488</b>	<b>452,434</b>	<b>452,615</b>	<b>(181)</b>
<b>Fines, Forfeitures, and Penalties</b>				
Municipal Court Fines	380,991	368,059	390,000	(21,941)
Probation	24,027	24,685	26,000	(1,315)
Municipal Court Bond Forfeitures	28,803	28,380	25,000	3,380
Municipal Court Costs	157,760	131,666	180,000	(48,334)
Court Surcharges	11,670	9,790	13,000	(3,210)
Diversion Fees	42,209	55,882	34,000	21,882
LALF Fees	29	23	1,000	(977)
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 645,489</b>	<b>\$ 618,485</b>	<b>\$ 669,000</b>	<b>\$ (50,515)</b>

City of Hutchinson, Kansas  
 General Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2020  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-A

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Receipts</b>				
<b>Use of Money and Property</b>				
Interest Income	\$ 137,240	\$ 95,821	\$ 45,000	\$ 50,821
Rents and Leases	4,700	3,200	4,200	(1,000)
<b>Total Use of Money and Property</b>	<b>141,940</b>	<b>99,021</b>	<b>49,200</b>	<b>49,821</b>
<b>Public Safety Revenues</b>				
Police Officer Service Charges	97,459	78,565	100,000	(21,435)
Police Records	13,994	11,376	3,700	7,676
Fingerprinting Fees	7,006	1,355	2,500	(1,145)
Radio Maintenance Service Charges	9,425	39,661	38,500	1,161
Fire District #2	1,883,502	1,889,100	1,964,150	(75,050)
Central Dispatch	581,155	558,683	650,000	(91,317)
Records - Reno County	10,151	3,269	23,500	(20,231)
Evidence Custodian - Reno County	52,579	49,120	45,000	4,120
<b>Total Public Safety Revenues</b>	<b>2,655,270</b>	<b>2,631,129</b>	<b>2,827,350</b>	<b>(196,221)</b>
<b>Recreation and Concessions</b>				
Soft Drink Contract and Commissions	6,904	5,995	12,700	(6,705)
Sports Arena - Rental Fees	-	-	4,300	(4,300)
Memorial Hall - Rental Fees	9,513	4,025	8,000	(3,975)
Sports Arena - Reimbursements	123,799	119,003	172,650	(53,647)
Homebuilders and Gazebo Rental	28,346	14,190	24,500	(10,310)
Concessions	990	-	6,000	(6,000)
<b>Total Recreation and Concessions</b>	<b>\$ 169,552</b>	<b>\$ 143,212</b>	<b>\$ 228,150</b>	<b>\$ (84,938)</b>

City of Hutchinson, Kansas  
 General Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2020  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-A

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
Receipts				
Central Garage/Custodial Services	\$ 913,580	\$ 849,852	\$ 1,168,900	\$ (319,048)
Miscellaneous				
Sale of City Property	-	64,318	-	64,318
Flood Control Project	26,759	25,947	24,402	1,545
Miscellaneous	1,975	1,708	5,000	(3,292)
Industrial Revenue Bond Admin Fees	29,176	26,530	25,000	1,530
Eastside Cemetery Charges	16,691	42,095	15,500	26,595
Zoning Application Fees	5,653	4,574	5,500	(927)
Reimbursements of Expenditures	37,974	21,038	28,000	(6,962)
Zoo Gift Shop	18,195	37,965	43,000	(5,035)
Private Contributions	-	1,000	-	1,000
FEMA Grant Reimbursment	-	306,620	-	306,620
Total Miscellaneous	<u>136,423</u>	<u>531,794</u>	<u>146,402</u>	<u>385,392</u>
Transfers into the General Fund				
Operating Transfer	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total Receipts	<u>\$ 33,744,836</u>	<u>\$ 34,440,964</u>	<u>\$ 34,717,635</u>	<u>\$ (276,671)</u>



City of Hutchinson, Kansas  
 General Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2020  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-A

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Expenditures				
Departmental				
City Council	\$ 21,372	\$ 44,354	\$ 22,500	\$ 21,854
City Manager	352,316	439,567	355,027	84,540
Human Relations	40,913	47,895	60,412	(12,517)
Downtown Director	8,265	-	-	-
Street Lighting	744,319	729,853	777,500	(47,647)
Human Resources	453,088	435,291	502,935	(67,644)
Finance	338,687	341,559	351,401	(9,842)
Utility Billing	822,222	859,478	829,324	30,154
Purchasing	67,623	63,855	69,425	(5,570)
Information Systems	670,758	732,413	740,079	(7,666)
Planning	354,245	426,293	320,601	105,692
Housing Development	59,417	18,360	133,133	(114,773)
Law	689,552	699,596	704,072	(4,476)
Public Works Administration	269,204	271,396	286,096	(14,700)
Public Works Maintenance	472,431	335,725	578,251	(242,526)
Central Garage	1,139,234	1,069,829	1,440,380	(370,551)
Engineering	560,635	687,385	738,407	(51,022)
Traffic Signals	151,380	211,151	286,658	(75,507)
GIS	177,474	115,230	263,351	(148,121)
Parks	4,067,794	3,946,090	4,472,176	(526,086)
Police	9,487,720	8,959,993	9,715,788	(755,795)
Animal Control	86,193	-	-	-
Fire	8,652,635	9,038,150	9,021,510	16,640
Inspection	663,082	577,156	667,106	(89,950)
Total Departmental	\$ 30,350,561	\$ 30,050,619	\$ 32,336,132	\$ (2,285,513)

City of Hutchinson, Kansas  
 General Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2020  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-A

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Expenditures</b>				
<b>Growth Contractual Services</b>				
Chamber of Commerce	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
<b>Total Growth</b>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
<b>Non Departmental Contractual Services</b>				
Kansas Cosmosphere	723,645	752,977	723,692	29,285
Kansas Underground Salt Museum	109,643	114,087	109,650	4,437
SCKEDD & REAP Memberships	15,007	9,500	10,400	(900)
Miscellaneous Contractual Services	681	18,004	5,000	13,004
Cultural Activities Fund	40,983	40,989	40,983	6
Hutch Fest Activities	15,000	15,000	5,000	10,000
Arts & Humanities Council	8,131	33,562	33,562	-
United Way	9,905	-	-	-
Employee Recognition Program	4,239	12,378	12,000	378
Railroad Spur Property Taxes	41,865	42,292	-	42,292
Kohl's Tax Rebate	17,204	-	-	-
Rockstep Sales Tax Reimbursement	28,832	24,651	-	24,651
Rockstep TIF Payment	69,515	64,636	-	64,636
HRC-Director of Neighborhoods	15,000	15,000	15,000	-
New Construction Homebuyer Incentive	19,013	-	-	-
Welcome Channel	6,500	-	-	-
Census	204	1,284	-	1,284
Hutchisnon Reno County Chamber	-	10,000	10,000	-
StartUp Hutch	-	30,000	30,000	-
<b>Total Non Departmental Contractual Services</b>	<u>\$ 1,125,367</u>	<u>\$ 1,184,360</u>	<u>\$ 995,287</u>	<u>\$ 189,073</u>

City of Hutchinson, Kansas  
 General Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2020  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-A

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Expenditures</b>				
Reserve Transfers				
Municipal Equipment Reserve	\$ 1,496,173	\$ 1,384,586	\$ 1,384,586	\$ -
Capital Improvement Projects	1,691,147	1,882,520	1,911,798	(29,278)
<b>Total Reserve Transfers</b>	<b>3,187,320</b>	<b>3,267,106</b>	<b>3,296,384</b>	<b>(29,278)</b>
<b>Operating Transfers</b>				
Special Street	438,376	351,148	854,638	(503,490)
Golf Course	254,783	178,571	232,262	(53,691)
Special Park	67,897	130,078	133,004	(2,926)
Animal Shelter	367,522	486,879	565,665	(78,786)
Airport	213,720	202,392	236,089	(33,697)
Economic Opportunity Fund	150,000	150,000	150,000	-
Bond and Interest Fund	118,843	-	-	-
Planning Projects Fund	5,000	15,000	-	15,000
Grants Fund	999	-	-	-
<b>Total Operating Transfers</b>	<b>1,617,139</b>	<b>1,514,068</b>	<b>2,171,658</b>	<b>(657,590)</b>
<b>Other Costs</b>				
Nondepartmental Allocated Service Costs	(3,247,426)	(3,384,975)	(3,384,975)	-
Pay Adjustments	-	-	(400,000)	400,000
Appropriated Reserve	-	-	4,246,097	(4,246,097)
<b>Total Other Costs</b>	<b>(3,247,426)</b>	<b>(3,384,975)</b>	<b>461,122</b>	<b>(3,846,097)</b>
<b>Total Expenditures</b>	<b>\$ 33,232,962</b>	<b>\$ 32,831,178</b>	<b>\$ 39,460,583</b>	<b>\$ (6,629,404)</b>

City of Hutchinson, Kansas  
Special Street Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2020  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-B

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
<b>Receipts</b>				
Intergovernmental Revenue				
State Gas Tax Distribution	\$ 1,114,668	\$ 1,053,872	\$ 1,111,970	\$ (58,098)
County Gas Tax Distribution	163,554	156,566	155,860	706
State Connecting Links	74,499	93,124	55,000	38,124
Street Cuts	8,116	-	-	-
Miscellaneous Revenues				
Federal Grants	-	16,253	-	16,253
Operating Transfer In	438,376	351,148	854,638	(503,490)
<b>Total Receipts</b>	<u>1,799,213</u>	<u>1,670,963</u>	<u>2,177,468</u>	<u>(506,505)</u>
<b>Expenditures</b>				
Personnel Services	895,573	862,353	1,224,576	(362,223)
Contractual Services	126,889	138,446	176,232	(37,786)
Commodities	283,922	236,754	337,235	(100,481)
Capital Outlay	25,561	-	6,000	(6,000)
Reserve Transfer to Municipal Equipment Reserve	167,253	233,425	233,425	-
Reserve Transfer to Capital Improvement Fund	300,000	200,000	200,000	-
<b>Total Expenditures</b>	<u>1,799,198</u>	<u>1,670,978</u>	<u>\$ 2,177,468</u>	<u>\$ (506,490)</u>
Receipts Over (Under) Expenditures	15.00	(15)		
Unencumbered Cash, Beginning	<u>-</u>	<u>15</u>		
Unencumbered Cash, Ending	<u>\$ 15</u>	<u>\$ -</u>		

City of Hutchinson, Kansas  
Special Parks and Recreation Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2020  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-C

	Prior Year Actual	Current Year		Variance Over (Under)
	Actual	Actual	Budget	(Under)
Receipts				
Non Property Taxes				
Liquor Taxes	\$ 133,028	\$ 86,161	\$ 101,000	\$ (14,839)
Operating Transfer In	67,897	130,078	133,004	(2,926)
	200,925	216,239	234,004	(17,765)
Total Receipts				
Expenditures				
Personnel Services	68,985	68,773	73,514	(4,741)
Contractual Services	69,339	83,970	104,490	(20,520)
Commodities	62,600	63,496	56,000	7,496
	200,925	216,239	\$ 234,004	\$ (17,765)
Total Expenditures				
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

City of Hutchinson, Kansas  
Special Alcohol Programs Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2020  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-D

	Prior Year Actual	Current Year		Variance Over (Under)
	Actual	Actual	Budget	(Under)
Receipts				
Non Property Taxes				
Liquor Taxes	\$ 133,028	\$ 86,161	\$ 107,690	\$ (21,529)
Expenditures				
Contractual Services	78,500	77,500	77,500	-
Appropriated Reserves	-	-	97,862	(97,862)
Total Expenditures	78,500	77,500	\$ 175,362	\$ (97,862)
Receipts Over (Under) Expenditures	54,528	8,661		
Unencumbered Cash, Beginning	47,767	102,295		
Unencumbered Cash, Ending	\$ 102,295	\$ 110,956		

City of Hutchinson, Kansas  
Economic Opportunity Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2020  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-E

	Prior Year Actual	Current Year		Variance Over (Under)
	Actual	Actual	Budget	(Under)
Receipts				
Transfers In	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
Expenditures				
Appropriated Reserves	37,500	75,000	\$ 430,900	\$ (355,900)
Receipts Over (Under) Expenditures	112,500	75,000		
Unencumbered Cash, Beginning	200,000	312,500		
Unencumbered Cash, Ending	\$ 312,500	\$ 387,500		

City of Hutchinson, Kansas  
Convention and Tourism Promotion Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2020  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-F

	Prior Year Actual	Current Year		Variance Over (Under)
	Actual	Actual	Budget	(Under)
<b>Receipts</b>				
Non Property Taxes				
Transient Guest Tax	\$ 781,472	\$ 535,445	\$ 850,000	\$ (314,555)
<b>Expenditures</b>				
Convention Visitors Bureau	446,555	305,969	479,371	(173,402)
Atrium/Convention Center	-	-	359,529	(359,529)
Reserve Transfer to Capital Improvement	334,916	229,476	11,100	218,376
<b>Total Expenditures and Transfers</b>	<b>781,472</b>	<b>535,445</b>	<b>\$ 850,000</b>	<b>\$ (314,555)</b>
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		



City of Hutchinson, Kansas  
 Recreation Commission Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-G

	Prior Year Actual	Current Year		Variance Over (Under)
		Current Year Actual	Budget	
<b>Receipts</b>				
Property Taxes				
Ad Valorem Property Tax	\$ 1,058,379	\$ 1,067,522	\$ 1,133,893	\$ (66,371)
Motor Vehicle Tax	138,417	139,008	136,815	2,193
16/20M Vehicle Tax	495	316	571	(255)
Recreational Vehicle Tax	1,113	1,557	1,146	411
Delinquent Ad Valorem Tax	45,657	60,579	51,497	9,082
In Lieu of Tax	1,696	2,160	-	2,160
Miscellaneous	-	-	2,500	(2,500)
<b>Total Receipts</b>	<u>1,245,756</u>	<u>1,271,142</u>	<u>1,326,422</u>	<u>(55,280)</u>
<b>Expenditures</b>				
Appropriation to Recreation Commission	1,245,436	1,271,462	1,323,922	(52,460)
Miscellaneous	-	-	2,500	(2,500)
<b>Total Expenditures</b>	<u>1,245,436</u>	<u>1,271,462</u>	<u>\$ 1,326,422</u>	<u>\$ (54,960)</u>
Receipts Over (Under) Expenditures	320	(320)		
Unencumbered Cash, Beginning	-	320		
Unencumbered Cash, Ending	<u>\$ 320</u>	<u>\$ -</u>		

City of Hutchinson, Kansas  
Animal Shelter Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2020  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-H

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Licenses and Permits				
Dog License	\$ 14,119	\$ 8,845	\$ 16,000	\$ (7,155)
Service Charges				
Shelter Fees & Charges	7,691	6,584	4,000	2,584
Adoption Fees	64,054	62,223	72,000	(9,777)
Reclaimed Pet Fees	11,515	8,788	11,000	(2,212)
Relinquishment Fees	6,541	7,810	6,300	1,510
Miscellaneous				
Federal Grants	-	3,871	-	3,871
Reimbursed Expenses	36,742	10,074	2,500	7,574
Operating Transfer In	367,522	486,879	565,665	(78,786)
<b>Total Receipts</b>	<u>508,184</u>	<u>595,074</u>	<u>677,465</u>	<u>(82,391)</u>
<b>Expenditures</b>				
Personnel Services	324,674	427,940	468,145	(40,205)
Contractual Services	103,350	88,973	122,820	(33,847)
Commodities	77,183	76,492	86,500	(10,008)
Capital Outlay	849	1,669	-	1,669
Reserve Transfers to Municipal Equipment Reserve	2,128	-	-	-
<b>Total Expenditures</b>	<u>508,184</u>	<u>595,074</u>	<u>677,465</u>	<u>(82,391)</u>
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ <u>-</u>	\$ <u>-</u>		

City of Hutchinson, Kansas  
Community Improvement District Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2020  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-1

	Prior Year Actual	Current Year		Variance Over (Under)
	Actual	Actual	Budget	(Under)
Receipts				
Non Property Taxes				
CID Sales Tax	\$ 533,529	\$ 478,592	\$ <u>800,000</u>	\$ <u>(321,408)</u>
Expenditures				
Contractual Services	<u>533,529</u>	<u>478,592</u>	<u>\$ 800,000</u>	<u>\$ (321,408)</u>
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

City of Hutchinson, Kansas  
E 911 Surcharge Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2020  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-J

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Use of Money and Property				
Interest Income	\$ 13,043	\$ 9,751	\$ 3,000	\$ 6,751
Intergovernmental				
State E 911	374,614	394,742	352,000	42,742
Miscellaneous				
Reimbursements	81,385	-	-	-
<b>Total Receipts</b>	<u>469,043</u>	<u>404,492</u>	<u>355,000</u>	<u>49,492</u>
<b>Expenditures</b>				
Contractual Services	289,945	164,724	288,850	(124,126)
Commodities	4,840	13,032	10,000	3,032
Capital Outlay	65,806	298,196	722,000	(423,804)
Appropriated Reserve	-	-	314,454	(314,454)
<b>Total Expenditures</b>	<u>360,592</u>	<u>475,952</u>	<u>\$ 1,335,304</u>	<u>\$ (859,352)</u>
Cash Over (Under) Expenditures	108,452	(71,459)		
Unencumbered Cash, Beginning	<u>921,654</u>	<u>1,030,106</u>		
Unencumbered Cash, Ending	<u>\$ 1,030,106</u>	<u>\$ 958,646</u>		

City of Hutchinson, Kansas  
Federal and State Grant Funds  
Schedule of Receipts and Expenditures - Regulatory Basis  
For the Year Ended December 31, 2020  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-K

Grant Description	Prior Year Actual						Unencumbered Cash Ending
	Unencumbered Cash Beginning	Federal/State Grant Contributions	Other Income	Transfer In	Grant Program Expenditures	Transfer Out	
<b>Public Safety</b>							
THC Drug Funds	\$ 5,713	\$ -	\$ 29,989	\$ 1,154	\$ (36,812)	\$ -	\$ 44
Drug Enforcement Confiscated Funds	19,352	-	10	-	(19,362)	-	-
Confiscated Property Drug Unit	1,154	-	-	(1,154)	-	-	-
Intoxicated Driver Deterrence	-	4,632	-	-	(4,632)	-	-
Special Traffic Enforcement	-	11,028	-	-	(11,028)	-	-
Nighttime Seatbelt Enforcement	-	1,878	-	-	(1,878)	-	-
Bulletproof Vest Funding	16,066	-	-	-	(5,320)	-	10,746
JAG	(233)	-	-	-	-	-	(233)
2018 JAG	-	-	-	-	(22,281)	-	(22,281)
2019 JAG	-	-	-	-	(15,765)	-	(15,765)
E 911 Telephone Surcharge	422	-	(422)	-	-	-	-
Volunteer Fire Assistance	(999)	-	-	999	-	-	-
ONEOK Hose & Equipment	-	-	18,000	-	(17,730)	-	270
<b>Housing and Economic Development</b>							
Incentives Without Walls Revolving Loan	72,178	-	39,028	-	(73,319)	-	37,887
Safe Routes to School	54,169	-	-	-	(34,554)	-	19,615
2018 Planning Repair Grant	10,000	-	-	-	-	-	10,000
Phase Zero Hutch	-	-	7,500	-	-	-	7,500
<b>Emergency Shelter</b>							
2018 Emergency Shelter Grant	-	27,317	-	-	(26,233)	(1,084)	-
2019 Emergency Shelter Grant	-	11,080	-	-	(10,158)	(922)	-
<b>CDBG</b>							
Stevens Building Grant	-	248,000	161,389	-	(438,190)	-	(28,801)
<b>Parks</b>							
Community Fisheries	6,448	13,942	-	-	(9,109)	-	11,281
SW Bricktown Development	37,035	-	-	-	(37,703)	-	(668)
	<u>\$ 221,305</u>	<u>\$ 317,877</u>	<u>\$ 255,494</u>	<u>\$ 999</u>	<u>\$ (764,074)</u>	<u>\$ (2,006)</u>	<u>\$ 29,595</u>

City of Hutchinson, Kansas  
Federal and State Grant Funds  
Schedule of Receipts and Expenditures - Regulatory Basis  
For the Year Ended December 31, 2020  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-K Cont.

Grant Description	Current Year						Unencumbered Cash Ending
	Unencumbered Cash Beginning	Federal/State Grant Contributions	Other Income	Transfer In	Grant Program Expenditures	Transfer Out	
<b>Public Safety</b>							
THC Drug Funds	\$ 44	\$ -	\$ 5,000	\$ -	\$ (244)	\$ -	4,800
Intoxicated Driver Deterrence	-	1,795	-	-	(1,795)	-	-
Special Traffic Enforcement	-	2,531	-	-	(2,531)	-	-
Nighttime Seatbelt Enforcement	-	-	-	-	-	-	-
Bulletproof Vest Funding	10,746	29,502	-	-	(36,702)	-	3,546
JAG	(233)	-	-	-	233	-	-
2018 JAG	(22,281)	22,221	-	-	60	-	-
2019 JAG	(15,765)	-	-	-	-	-	(15,765)
2019 Emergency Response JAG	-	-	-	-	(22,208)	-	(22,208)
JAG COVID	-	40,997	-	-	(9,846)	-	31,151
E 911 Telephone Surcharge	-	-	-	-	-	-	-
ONEOK Hose & Equipment	270	-	-	-	-	-	270
CARES Act	-	133,322	-	-	(197,446)	-	(64,124)
<b>Housing and Economic Development</b>							
Incentives Without Walls Revolving Loan	37,887	26,239	-	-	(64,126)	-	-
Safe Routes to School	19,615	-	-	-	-	(19,615)	-
2018 Planning Repair Grant	10,000	-	-	-	-	-	10,000
Phase Zero Hutch	7,500	-	-	-	(1,574)	-	5,926
<b>Emergency Shelter</b>							
2019 Emergency Shelter Grant	-	26,784	-	-	(26,784)	-	-
2020 Emergency Shelter Grant	-	11,440	-	-	(11,440)	-	-
<b>CDBG</b>							
Stevens Building Grant	(28,801)	2,000	26,890	-	(89)	-	-
CDBG-CV	-	127,000	-	-	(132,000)	-	(5,000)
CDBG-Housing	-	4,250	-	-	(29,250)	-	(25,000)
<b>Parks</b>							
Community Fisheries	11,281	11,154	-	-	(10,675)	-	11,760
SW Bricktown Development	(668)	-	-	-	668	-	-
	<u>\$ 29,595</u>	<u>\$ 439,235</u>	<u>\$ 31,890</u>	<u>\$ -</u>	<u>\$ (545,749)</u>	<u>\$ (19,615)</u>	<u>\$ (64,644)</u>

City of Hutchinson, Kansas  
 Planning Projects Fund  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2020  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-L

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Use of Money and Property		
Private Donations	\$ 2,103	\$ -
Transfer	<u>6,084</u>	<u>15,922</u>
Total Receipts	<u>8,187</u>	<u>15,922</u>
Expenditures		
Contractual Services	29,886	33,348
Transfers	<u>2,500</u>	<u>-</u>
Total Expenditures	<u>32,386</u>	<u>33,348</u>
Receipts Over (Under) Expenditures	(24,198)	(17,426)
Unencumbered Cash, Beginning	<u>118,304</u>	<u>94,106</u>
Unencumbered Cash, Ending	<u>\$ 94,106</u>	<u>\$ 76,679</u>

City of Hutchinson, Kansas  
 Gossage Animal Shelter Trust Fund  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2020  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-M

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Use of Money and Property		
Trust Donations	\$ 7,479	\$ 7,023
Expenditures		
Transfer to Bond & Interest Fund	<u>7,479</u>	<u>7,023</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>



City of Hutchinson, Kansas  
Municipal Equipment Reserve Fund  
Schedule of Receipts and Expenditures  
Regulatory Basis  
For the Year Ended December 31, 2020  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-N

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
<b>Receipts</b>		
Use of Money and Property		
Municipal Court Fees	\$ 4,213	\$ 4,814
Interest Income	43,428	30,538
Miscellaneous		
Miscellaneous	188,093	30,043
Grants	-	3,500
Reimbursement	84,458	70,699
Sale/Salvage/Auction Property	193,855	119,541
Reserve Transfers In	<u>2,415,737</u>	<u>2,229,428</u>
<b>Total Receipts</b>	<u>2,929,783</u>	<u>2,488,563</u>
<b>Expenditures</b>		
Contractual Services	57,971	116,176
Capital Outlay	<u>2,134,505</u>	<u>2,128,056</u>
<b>Total Expenditures</b>	<u>2,192,476</u>	<u>2,244,233</u>
Receipts Over (Under) Expenditures	737,307	244,330
Unencumbered Cash, Beginning	1,973,429	2,711,286
Prior Year Cancelled Encumbrance	<u>550</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 2,711,286</u>	<u>\$ 2,955,616</u>

City of Hutchinson, Kansas  
Bond and Interest Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2020  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-O

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Use of Money and Property				
Interest Income	\$ 32,538	\$ 24,936	\$ 10,000	\$ 14,936
Property Taxes				
Ad Valorem Property Tax	3,070,188	3,147,206	3,301,248	(154,043)
Motor Vehicle Tax	391,952	405,977	396,928	9,049
16/20M Vehicle Tax	1,338	896	1,661	(765)
Recreational Vehicle Tax	3,151	3,424	4,532	(1,108)
Delinquent Ad Valorem Tax	128,304	174,251	50,496	123,755
In Lieu of Tax	4,934	6,386	-	6,386
Current Special Assessments	999,913	953,190	1,029,187	(75,997)
Delinquent Special Assessments	53,542	45,449	10,000	35,449
Bonds/Loans				
Bond Proceeds/Premium Received	132,254	158,000	-	158,000
Intergovernmental				
Contributions Other Governments	101,059	101,059	50,000	51,059
Miscellaneous				
Fire District #2	-	-	76,591	(76,591)
Reserve Transfers	27,326	74,968	7,023	67,945
Operating Transfer In	1,187,851	1,084,992	1,084,986	6
<b>Total Receipts</b>	<b>6,134,348</b>	<b>6,180,733</b>	<b>6,022,652</b>	<b>158,081</b>
<b>Expenditures</b>				
Debt Principal	5,063,000	4,895,216	4,853,000	42,216
Debt Interest	1,000,570	861,506	1,005,698	(144,192)
Refinancing Costs	117,767	70,512	-	70,512
Internal Service Costs	-	7,500	7,500	-
Appropriated Reserve	-	-	185,135	(185,135)
<b>Total Expenditures</b>	<b>6,181,337</b>	<b>5,834,734</b>	<b>6,051,333</b>	<b>(216,599)</b>
Receipts Over (Under) Expenditures	(46,989)	345,999		
Unencumbered Cash, Beginning	53,638	6,649		
Unencumbered Cash, Ending	\$ 6,649	\$ 352,648		

City of Hutchinson, Kansas  
Sports Arena Sales Tax Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2020  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-P

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
<b>Receipts</b>				
Non Property Taxes				
Sales Tax	\$ 3,070,010	\$ 3,224,446	\$ 3,039,000	\$ 185,446
Reimbursement	500,000	500,000	500,000	-
Transfers In	225,837	-	-	-
Interest Income	45,824	36,010	8,000	28,010
<b>Total Receipts</b>	<u>3,841,671</u>	<u>3,760,456</u>	<u>3,547,000</u>	<u>213,456</u>
<b>Expenditures</b>				
Bond Principal	2,490,000	2,655,000	2,655,000	-
Bond Interest	656,825	557,225	557,225	-
Appropriated Reserve	-	-	3,031,629	(3,031,629)
<b>Total Expenditures and Transfers</b>	<u>3,146,825</u>	<u>3,212,225</u>	<u>6,243,854</u>	<u>(3,031,629)</u>
Receipts Over (Under) Expenditures	694,846	548,231		
Unencumbered Cash, Beginning	<u>2,296,679</u>	<u>2,991,525</u>		
Unencumbered Cash, Ending	\$ <u>2,991,525</u>	\$ <u>3,539,756</u>		

City of Hutchinson, Kansas  
Capital Improvement Fund  
Schedule of Receipts and Expenditures  
Regulatory Basis  
For the Year Ended December 31, 2020  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Schedule 2-Q	
	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Use of Money and Property		
Interest Income	\$ 230,903	\$ 127,920
Miscellaneous		
Reimbursed Expenses	444,025	844,640
Donations	19,403	13,973
Miscellaneous	29	-
Sale of Real Estate/Salvage/Auction	-	573
Federal Grants	607,250	1,037,112
Non Revenue Receipts		
Bond Proceeds	-	10,913,139
Reserve Transfer Sewer	287,000	12,000
Reserve Transfer Storm Sewer Fund	525,000	490,356
Reserve Transfer Water Fund	392,000	362,000
Reserve Transfer General Fund	1,691,147	1,882,520
Reserve Transfer Planning Projects	2,500	-
Reserve Transfer Donation Fund	490	-
Reserve Transfer Grant Fund	-	19,615
Reserve Transfer Airport	21,887	-
Reserve Transfer Convention & Tourism	334,916	229,476
Reserve Transfer Special Street	<u>300,000</u>	<u>200,000</u>
Total Receipts	<u>4,856,550</u>	<u>16,133,323</u>
Expenditures		
Capital Improvement Expenditures	11,461,828	13,745,759
Transfer to Bond and Interest	19,847	67,945
Transfer to Sports Arena Sales Tax Fund	<u>225,837</u>	<u>-</u>
Total Expenditures	<u>11,707,512</u>	<u>13,813,704</u>
Receipts Over (Under) Expenditures	(6,850,963)	2,319,619
Unencumbered Cash, Beginning	14,832,981	8,079,999
Prior Year Cancelled Encumbrances	<u>97,981</u>	<u>7,572</u>
Unencumbered Cash, Ending	<u>\$ 8,079,999</u>	<u>\$ 10,407,190</u>

City of Hutchinson, Kansas  
 Refuse Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2020  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-R

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Use of Money and Property				
Interest Income	\$ 6,719	\$ 4,389	\$ 2,000	\$ 2,389
Utility Fees				
Refuse Collection Fees	2,131,623	1,834,140	2,334,759	(500,619)
Franchise Fees	204,796	200,962	195,391	5,571
Late Fees	24,362	18,333	26,000	(7,667)
<b>Total Receipts</b>	<u>2,367,500</u>	<u>2,057,823</u>	<u>2,558,150</u>	<u>(500,327)</u>
<b>Expenditures</b>				
Contractual Services	2,283,817	1,964,172	2,423,812	(459,640)
Internal Service Cost	70,622	75,766	75,766	-
Transfer to General Fund	-	100,000	100,000	-
Appropriated Reserves	-	-	279,915	(279,915)
<b>Total Expenditures</b>	<u>2,354,439</u>	<u>2,139,938</u>	<u>\$ 2,879,493</u>	<u>\$ (739,555)</u>
Receipts Over (Under) Expenditures	13,061	(82,115)		
Unencumbered Cash, Beginning	<u>300,296</u>	<u>313,357</u>		
Unencumbered Cash, Ending	\$ <u>313,357</u>	\$ <u>231,242</u>		

City of Hutchinson, Kansas  
Golf Course  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2020  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-S

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Use of Money and Property				
Green Fees	\$ 153,821	\$ 185,583	\$ 196,514	\$ (10,931)
League Fees	-	-	1,000	(1,000)
Advertising	-	1,000	2,250	(1,250)
Season Passes	78,655	101,855	98,505	3,350
School Fees	10,300	4,950	7,500	(2,550)
Private Cart Fees	14,268	14,299	18,062	(3,763)
City Cart Rental	123,552	150,006	126,150	23,856
Locker Rental	2,240	1,734	1,770	(36)
Cart Shed Rental	12,945	12,595	14,505	(1,910)
Golf Concessions	72,470	58,910	86,650	(27,740)
Golf Pro Shop	80,894	56,575	77,000	(20,425)
Driving Range	30,957	31,384	34,500	(3,116)
Miscellaneous				
Miscellaneous	19,744	17,008	25,620	(8,612)
Golf Certificates	1,138	272	1,700	(1,428)
Federal Grants	-	19,104	-	19,104
Operating Transfer In	<u>254,783</u>	<u>178,571</u>	<u>232,262</u>	<u>(53,691)</u>
<b>Total Receipts</b>	<u>855,767</u>	<u>833,844</u>	<u>923,988</u>	<u>(90,144)</u>
<b>Expenditures</b>				
Personnel Services	540,253	531,900	557,565	(25,665)
Contractual Services	134,245	129,858	137,783	(7,925)
Commodities	171,270	136,119	192,440	(56,321)
Capital Outlay	-	6,967	7,200	(233)
Reserve Transfer to Municipal Equipment Reserve	<u>10,000</u>	<u>29,000</u>	<u>29,000</u>	<u>-</u>
<b>Total Expenditures</b>	<u>855,767</u>	<u>833,844</u>	<u>923,988</u>	<u>(90,144)</u>
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

City of Hutchinson, Kansas  
 Airport Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2020  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-T

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Use of Money and Property				
Restaurant Rent	\$ 45,852	\$ 37,019	\$ 50,021	\$ (13,002)
Hanger Rent	97,157	121,988	122,100	(112)
Other Rents & Fees	630	-	520	(520)
Office Rent	52,584	44,145	55,083	(10,938)
Farm Rent	25,161	7,295	14,295	(7,000)
Fuel Sales	18,683	16,402	20,650	(4,248)
Miscellaneous				
Federal Grants	-	1,136	-	1,136
Operating Transfer In	213,720	202,392	236,089	(33,697)
<b>Total Receipts</b>	<u>453,787</u>	<u>430,377</u>	<u>498,758</u>	<u>(68,381)</u>
<b>Expenditures</b>				
Personnel Services	164,388	167,338	192,079	(24,741)
Contractual Services	180,372	183,306	225,279	(41,973)
Commodities	70,789	51,215	65,900	(14,685)
Capital Outlay	-	13,018	-	13,018
Debt Principal and Interest	15,500	15,500	15,500	-
Transfer to Municipal Equipment Reserve Fund	851	-	-	-
Transfer to Capital Improvement	21,887	-	-	-
<b>Total Expenditures</b>	<u>453,787</u>	<u>430,377</u>	<u>498,758</u>	<u>(68,381)</u>
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Prior Year Cancelled Encumbrances	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

City of Hutchinson, Kansas  
Water Utility Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2020  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-U

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
<b>Receipts</b>				
Use of Money and Property				
Interest Income	\$ 63,081	\$ 44,625	\$ 20,000	\$ 24,625
<b>Utility Fees</b>				
Water Sales	6,458,795	6,872,261	6,910,258	(37,997)
Service Connection Fees	67,960	69,894	39,000	30,894
Tapping Charges	25,670	26,080	-	26,080
Connect/Disconnect Fees	82,334	75,011	125,000	(49,989)
Late Fees	58,988	49,413	60,000	(10,587)
Water District Surcharge	2,816	3,072	-	3,072
Franchise Fees	323,106	343,039	345,513	(2,474)
<b>Non Revenue Receipts</b>				
Temporary Note Repayment	14,497	14,827	-	14,827
<b>Miscellaneous</b>				
Reimbursements	56,695	53,772	50,000	3,772
Miscellaneous	22,741	7,927	-	7,927
Sale of Property	-	3,193	-	3,193
Federal Grant	-	9,661	-	9,661
<b>Total Receipts</b>	<u>7,176,681</u>	<u>7,572,774</u>	<u>7,549,771</u>	<u>23,003</u>
<b>Expenditures</b>				
Personnel Services	1,115,635	1,181,173	1,399,079	(217,906)
Contractual Services	1,381,965	1,453,159	1,732,368	(279,209)
Commodities	724,944	568,827	939,400	(370,573)
Capital Outlay	34,302	53,204	134,000	(80,796)
Bond Principal	507,335	480,000	507,334	(27,334)
Bond Interest and Fees	139,871	152,490	139,871	12,619
Franchise Fee	323,106	343,039	310,000	33,039
Service Allocation Costs	1,596,891	1,655,166	1,655,166	-
Reserve Transfer Municipal Equipment Reserve	334,393	278,898	278,898	-
Reserve Transfer Capital Improvement Fund	392,000	362,000	362,000	-
Operating Transfer Out to Bond and Interest Fund	489,025	499,728	499,721	7
Appropriated Reserves	-	-	2,484,121	(2,484,121)
<b>Total Expenditures</b>	<u>7,039,467</u>	<u>7,027,684</u>	<u>10,441,958</u>	<u>(3,414,274)</u>
Receipts Over (Under) Expenditures	137,215	545,090		
Unencumbered Cash, Beginning	3,947,824	4,085,039		
Prior Year Cancelled Encumbrances	-	1,992		
<b>Unencumbered Cash, Ending</b>	<u>\$ 4,085,039</u>	<u>\$ 4,632,121</u>		



City of Hutchinson, Kansas  
Sewer Utility Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2020  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-V

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Use of Money and Property				
Interest Income	\$ 43,568	\$ 34,717	\$ 10,000	\$ 24,717
Rental of City Property	-	110	-	110
Utility Fees				
Industrial Wastewater Permit Fee	250	150	-	150
Sewer Use Charges	5,868,913	6,120,273	6,015,900	104,373
Late Fees	41,357	33,693	37,500	(3,807)
Franchise Fees	292,033	298,989	300,795	(1,806)
Miscellaneous				
Reimbursed Expenses	6,796	3,495	-	3,495
Federal Grants	-	67,206	-	67,206
<b>Total Receipts</b>	<u>6,252,918</u>	<u>6,558,632</u>	<u>6,364,195</u>	<u>194,437</u>
<b>Expenditures</b>				
Personnel Services	1,440,657	1,536,172	1,643,632	(107,460)
Contractual Services	1,319,259	1,250,968	1,482,025	(231,057)
Commodities	558,594	484,429	689,025	(204,596)
Capital Outlay	11,563	25,364	34,000	(8,636)
Bond Principal	147,739	140,000	147,377	(7,378)
Bond Interest and Fees	52,470	57,673	52,832	4,841
Service Allocation Costs	1,357,185	1,411,874	1,411,874	-
Transfer to Municipal Equipment Reserve Fund	278,518	224,838	224,838	-
Reserve Transfer Capital Improvement Fund	287,000	12,000	12,000	-
Operating Transfer Out to Bond and Interest Fund	536,700	542,124	542,120	4
Appropriated Reserves	-	-	2,086,060	(2,086,060)
<b>Total Expenditures</b>	<u>5,989,684</u>	<u>5,685,441</u>	<u>\$ 8,325,783</u>	<u>\$ (2,640,342)</u>
Receipts Over (Under) Expenditures	263,234	873,191		
Unencumbered Cash, Beginning	2,877,884	3,141,118		
Prior Year Cancelled Encumbrances	-	-		
<b>Unencumbered Cash, Ending</b>	<u>\$ 3,141,118</u>	<u>\$ 4,014,309</u>		

City of Hutchinson, Kansas  
Storm Water Utility Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2020  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-W

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Use of Money and Property				
Interest Income	\$ 54,835	\$ 47,598	\$ 7,500	\$ 40,098
Utility Fees				
Storm Water Surcharge	2,161,226	2,167,872	2,160,000	7,872
Miscellaneous				
Federal Grants	-	25,426	-	25,426
<b>Total Receipts</b>	<u>2,216,061</u>	<u>2,240,896</u>	<u>2,167,500</u>	<u>73,396</u>
<b>Expenditures</b>				
Personnel Services	172,163	237,730	266,295	(28,565)
Contractual Services	39,965	11,496	32,873	(21,377)
Commodities	37,279	35,415	95,850	(60,435)
Service Allocation Costs	71,007	74,538	74,538	-
Reserve Transfer to Municipal Equipment Reserve Fund	101,422	78,681	78,682	(1)
Reserve Transfer Capital Improvement Fund	525,000	490,356	425,000	65,356
Operating Transfer to Bond and Interest Fund	43,282	43,140	43,145	(5)
Appropriated Reserve	-	-	5,312,805	(5,312,805)
<b>Total Expenditures</b>	<u>990,118</u>	<u>971,356</u>	<u>\$ 6,329,188</u>	<u>\$ (5,357,832)</u>
Receipts Over (Under) Expenditures	1,225,943	1,269,540		
Unencumbered Cash, Beginning	<u>3,072,243</u>	<u>4,298,186</u>		
Unencumbered Cash, Ending	<u>\$ 4,298,186</u>	<u>\$ 5,567,726</u>		

City of Hutchinson, Kansas  
Health and Dental Insurance Fund  
Schedule of Receipts and Expenditures  
Regulatory Basis  
For the Year Ended December 31, 2020  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-X

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
<b>Receipts</b>		
Use of Money and Property		
Interest Income	\$ 48,794	\$ 32,942
Insurance Premiums		
Employee Contributions	710,156	746,983
Retiree Premiums Collected	95,993	79,671
Employer Contributions	2,807,820	3,020,878
Reimbursed Expenses	<u>117,162</u>	<u>230,275</u>
<b>Total Receipts</b>	<u>3,779,924</u>	<u>4,110,748</u>
<b>Expenditures</b>		
Insurance Claims	2,873,005	3,132,234
Claim Administration	3,119	1,462
Insurance Premiums	837,060	897,969
Employee Wellness Program	9,360	12,115
Service Allocation Costs	<u>109,721</u>	<u>118,131</u>
<b>Total Expenditures</b>	<u>3,832,265</u>	<u>4,161,911</u>
Receipts Over (Under) Expenditures	(52,341)	(51,163)
Unencumbered Cash, Beginning	<u>3,284,579</u>	<u>3,232,238</u>
Unencumbered Cash, Ending	<u>\$ 3,232,238</u>	<u>\$ 3,181,076</u>

City of Hutchinson, Kansas  
Risk Management Fund  
Schedule of Receipts and Expenditures  
Regulatory Basis  
For the Year Ended December 31, 2020  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-Y

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
<b>Receipts</b>		
Use of Money and Property		
Interest Income	\$ 33,355	\$ 20,344
Miscellaneous		
Reimbursed Expenses	84,780	144,122
Department Premiums Charged	<u>784,175</u>	<u>818,308</u>
<b>Total Receipts</b>	<u>902,310</u>	<u>982,775</u>
<b>Expenditures</b>		
Administrative Expenses	36,822	54,962
Claims Paid	84,525	73,763
Extended Coverage Insurance	728,042	764,958
Service Allocation Costs	<u>21,000</u>	<u>21,000</u>
<b>Total Expenditures</b>	<u>870,389</u>	<u>914,683</u>
Receipts Over (Under) Expenditures	31,921	68,092
Unencumbered Cash, Beginning	<u>2,306,032</u>	<u>2,337,953</u>
Unencumbered Cash, Ending	<u>\$ 2,337,953</u>	<u>\$ 2,406,045</u>

City of Hutchinson, Kansas  
 Worker's Compensation Fund  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2020  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-Z

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
<b>Receipts</b>		
Use of Money and Property		
Interest Income	\$ 25,011	\$ 18,182
Miscellaneous		
Reimbursed Expenses	48,932	32,361
Department Premiums Charged	<u>647,437</u>	<u>640,037</u>
<b>Total Receipts</b>	<u>721,380</u>	<u>690,580</u>
<b>Expenditures</b>		
Contractual Services	610,023	319,931
Service Allocation Costs	<u>21,000</u>	<u>21,000</u>
<b>Total Expenditures</b>	<u>631,023</u>	<u>340,931</u>
Receipts Over (Under) Expenditures	90,357	349,649
Unencumbered Cash, Beginning	<u>1,567,919</u>	<u>1,658,276</u>
Unencumbered Cash, Ending	<u>\$ 1,658,276</u>	<u>\$ 2,007,925</u>

City of Hutchinson, Kansas  
 Central Purchasing Fund  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2020  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-AA

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Inventory Sold	\$ 1,908	1,600
Expenditures		
Inventory Purchased	1,908	1,600
Transfer to General Fund	<u>-</u>	<u>-</u>
Total Expenditures	<u>1,908</u>	<u>1,600</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>24,950</u>	<u>24,950</u>
Unencumbered Cash, Ending	<u>\$ 24,950</u>	<u>\$ 24,950</u>

City of Hutchinson, Kansas  
Hutchinson Community Foundation Funds  
Schedule of Receipts and Expenditures  
Regulatory Basis  
For the Year Ended December 31, 2020  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-AB

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Use of Money and Property		
Interest Income	\$ 8,605	\$ 5,873
Miscellaneous		
Private Donations	<u>100</u>	<u>12,129</u>
Total Receipts	8,705	18,002
Expenditures		
Other Contractual Services	<u>22,562</u>	<u>4,028</u>
Receipts Over (Under) Expenditures	(13,857)	13,974
Unencumbered Cash, Beginning	<u>92,500</u>	<u>78,643</u>
Unencumbered Cash, Ending	<u>\$ 78,643</u>	<u>\$ 92,617</u>

City of Hutchinson, Kansas  
 Donation Fund  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2020  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

Schedule 2-AC

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Miscellaneous		
Private Donations	\$ 214,113	\$ 283,507
Miscellaneous	<u>34,021</u>	<u>13,496</u>
Total Receipts	<u>248,134</u>	<u>297,003</u>
Expenditures		
Other Contractual Services	170,657	176,090
Transfers Out	<u>25,490</u>	<u>-</u>
Total Expenditures	<u>196,147</u>	<u>176,090</u>
Receipts Over (Under) Expenditures	51,987	120,913
Unencumbered Cash, Beginning	352,191	421,678
Prior Year Cancelled Encumbrances	<u>17,500</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 421,678</u>	<u>\$ 542,591</u>



City of Hutchinson, Kansas  
 Agency Funds  
 Summary of Receipts and Disbursements  
 Regulatory Basis  
 For the Year Ended December 31, 2020

Schedule 3

	<u>Beginning</u> Cash Balance	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending</u> Cash Balance
Payroll Clearing Fund	\$ 9,087	\$ 1,269,630	\$ 1,286,023	\$ (7,306)
Fire Proceeds Fund	9,600	21,054	24,804	5,850
Municipal Court Agency Fund	73,725	133,759	144,182	63,302
Agency Funds	<u>7,293</u>	<u>18,707</u>	<u>24,040</u>	<u>1,960</u>
 Total	 \$ <u>99,705</u>	 \$ <u>1,443,149</u>	 \$ <u>1,479,049</u>	 \$ <u>63,806</u>

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Brent L. Knoche, CPA  
Brian W. Mapel, CPA  
Jeffrey D. Reece, CPA  
Brady H. Byrnes, CPA  
Alex P. Larson, CPA

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

The Mayor and City Council  
City of Hutchinson, Kansas

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, and the Kansas Municipal Audit and Accounting Guide, the regulatory basis summary statement of receipts, expenditures, and unencumbered cash of City of Hutchinson, Kansas (the City), as of and for the year ended December 31, 2020, and the related notes to the financial statement, which collectively comprise the City's basic financial statement, and have issued our report thereon dated April 9, 2021, which was modified because the financial statement is prepared on the regulatory basis of accounting.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, 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 opinion on the financial statement, 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 statement 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 a material weakness. 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 statement is free of 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 statement. 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 that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Lindburg Vogel Pierce Faris". The signature is written in black ink and is centered horizontally on the page.

Certified Public Accountants

Hutchinson, Kansas  
April 9, 2021

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

The Mayor and City Council  
City of Hutchinson, Kansas

Report on Compliance for Each Major Federal Program

We have audited City of Hutchinson, Kansas (the City) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (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 auditors' 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.

Auditors' 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the 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.



Certified Public Accountants

Hutchinson, Kansas  
April 9, 2021

City of Hutchinson, Kansas  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant ID Number	Passed through to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development				
Pass-through from Kansas Housing Resource Corporation				
Emergency Solution Grants	14.231	ESG-FFY2019	26,784	<u>26,784</u>
Pass-through from Kansas Department of Commerce				
COVID-19 Community Development Block Grants - Housing Grant	14.228	20-HR-002		8,500
COVID-19 Community Development Block Grants - CV	14.228	20-CV-032		<u>129,000</u>
TOTAL - Community Development Block				<u>137,500</u>
TOTAL - U.S. Department of Housing and Urban Development				<u>164,284</u>
U.S. Department of Homeland Security				
Pass-through from Kansas Division of Emergency Preparedness				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4417DR		24,531
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4449DR		<u>391,259</u>
TOTAL - U.S. Department of Homeland Security				<u>415,790</u>
U.S. Department of the Agriculture				
Pass-through from Kansas State University				
Volunteer Fire Assistance, Cooperative Forestry Assistance Program	10.664	RN101		<u>1,050</u>
TOTAL - U.S. Department of Agriculture				<u>1,050</u>
U.S. Department of Justice				
Bulletproof Vest Program	16.607			36,702
Edward Byrne Memorial Justice Assistance Grant	16.738	2018-DJ-BX-0448		14,043
Edward Byrne Memorial Justice Assistance Grant	16.738	2019-DJ-BX-0068		22,208
COVID-19 BJA FY 20 Coronavirus Emergency Supplemental Funding	16.034	2020-VD-BX-0561		<u>44,084</u>
TOTAL - U.S. Department of Justice				<u>117,037</u>
U.S. Department of Transportation				
Airport Improvement Program	20.106	3-20-0035-32		1,054
Airport Improvement Program	20.106	3-20-0035-34		516,937
COVID-19 Airport Improvement Program	20.106	3-20-0035-35		<u>66,375</u>
				<u>584,366</u>
Pass-through from Kansas Department of Transportation				
State and Community Highway Safety	20.600	SP-1300-20		2,532
State and Community Highway Safety	20.600	SP-1701-20		1,271
National Priority Safety Programs	20.616	SP-4704-20		<u>1,795</u>
TOTAL - Highway Safety Cluster				<u>5,598</u>
TOTAL - U.S. Department of Transportation				<u>589,964</u>
U.S. Department of Treasury				
Pass-through from Reno County, KS				
COVID-19 Coronavirus Relief Fund	21.019	CRF-RN-CityHutch		<u>396,428</u>
Total Federal Awards Expended			<u>\$ 26,784</u>	<u>\$ 1,684,553</u>

See Accompanying Notes to the Schedule of Federal Awards

**CITY OF HUTCHINSON, KANSAS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended December 31, 2020

**NOTE A—BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Hutchinson, Kansas under programs of the federal government for the year ended December 31, 2020, and is presented on the regulatory basis of accounting in accordance with the Kansas Municipal Audit and Accounting Guide. Expenditures include disbursements, accounts payable, and encumbrances. 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 the operations of The City of Hutchinson, it is not intended to and does not present the cash and unencumbered cash balances and its cash receipts, expenditures, and budgetary results for the year then ended on the regulatory basis of accounting.

**NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the basis of accounting as described in Note A. Such expenditures are recognized following the cost principles contained in OMB' Uniform Guidance (2 CFR Part 200, Subpart E), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE C – INDIRECT COSTS**

The City did not elect to use the 10% de minimus cost rate.

**NOTE D – FEDERAL AWARDS PASS-THROUGH TO SUBRECIPIENTS**

The City provided federal awards to the subrecipients as follows:

Program Title	Assistance Listing No.	Amount Provided
Emergency Solutions Grant	14.231	\$ 26,784

CITY OF HUTCHINSON, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For Year Ended December 31, 2020

**SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unmodified opinion on the financial statement of the City prepared on the regulatory basis of accounting in accordance with the cash basis and budget laws of the State of Kansas prescribed by the Kansas Municipal Audit and Accounting Guide described in Note 1—Summary of Significant Accounting Policies to the financial statement.
2. No significant deficiencies relating to the audit of the financial statement are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statement of the City, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of major federal award programs are reported in the Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for the City expressed an unmodified opinion.
6. There were no audit findings relative to the major federal award programs that are required to be reported in accordance with Section 2 CFR 200.516(a).
7. The programs tested as major programs include:

	<u>CFDA No.</u>
Airport Improvement Program	20.106
Disaster Grants - Public Assistance	97.036

8. The threshold for distinguishing between Type A and Type B programs was \$750,000.00.
9. The City was not determined to be a low-risk auditee.

**FINDINGS – FINANCIAL STATEMENT AUDIT**

There were no findings.

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

There were no findings.



*APPENDIX C*

**FORM OF CONTINUING DISCLOSURE LETTER OF INSTRUCTIONS**

**APPENDIX C**  
**FORM OF CONTINUING DISCLOSURE LETTER OF INSTRUCTIONS**

[Closing Date]

Governing Body of the  
City of Hutchinson, Kansas

Re: Continuing Disclosure Letter of Instructions for \$9,810,000 General Obligation Bonds, Series 2022-A, Dated June 14, 2022, of the City of Hutchinson, Kansas (the “Bonds”)

The purpose of this letter is to assist the Underwriter (as defined below) in complying with the requirements of the SEC Rule (as defined below). It being the intention of the City that there be full and complete compliance with the SEC Rule and EMMA (as defined below), this letter shall be construed in accordance with the written interpretative guidance and no-action letters published from time to time by the Commission (as defined below) and its staff or the MSRB (as defined below) and its staff with respect to the SEC Rule or EMMA, as the case may be. The City represents that it will be the only Obligated Person (as defined below) with respect to the Bonds at the time the Bonds are delivered to the Underwriter and that no other person is expected to become so committed at any time after issuance of the Bonds.

**Section 1. Definitions.** Unless the context otherwise requires, the following capitalized terms have the following meanings:

“**Annual Financial Information**” means the financial information or operating data with respect to the City, provided at least annually, of the type included in the portions of the Final Official Statement set forth in *Exhibit A* to this Letter.

“**Audited Financial Statements**” means the City’s annual financial statements, prepared in accordance with the regulatory basis of accounting as described in the Kansas Municipal Audit and Accounting Guide (KMAAG), which is a basis of accounting other than accounting principles generally accepted in the United States, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State.

“**Bond Counsel**” means the firm of Kutak Rock LLP, or any other attorney or firm of attorneys whose expertise in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized and acceptable to the City.

“**Bonds**” means the “Bonds” as previously defined herein.

“**City**” means the City of Hutchinson, Kansas.

“**Commission**” means the Securities and Exchange Commission.

**“Continuing Disclosure Letter of Instructions”** or **“Letter”** means this Continuing Disclosure Letter of Instructions the execution of which is authorized by the Resolution, as the same may be amended or supplemented in accordance with its terms.

**“EMMA”** means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB, or any other market access method approved under the SEC Rule.

**“Final Official Statement”** means the final official statement prepared by the City or its representatives in connection with the sale of the Bonds and delivered to the Underwriter within seven business days after the sale of the Bonds in accordance with the SEC Rule. The Final Official Statement includes the information in the Preliminary Official Statement as supplemented or amended.

**“Financial Obligation”** means a financial obligation as defined in the SEC Rule.

**“MSRB”** means the Municipal Securities Rulemaking Board and any successors or assigns, or any other entities or agencies approved under the SEC Rule.

**“Obligated Person”** means an Obligated Person as defined in the SEC Rule.

**“Outstanding”** means as of a particular date of determination, all Bonds authenticated and delivered under the provisions of the Resolution, except:

- A. Bonds canceled by the Paying Agent or delivered to the Paying Agent for cancellation pursuant to the Resolution;
- B. Bonds for the payment or redemption of which moneys or investments have been deposited in accordance with the defeasance provisions of the Resolution; and
- C. Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to the Resolution.

**“Paying Agent”** means the paying agent for the Bonds as described in the Resolution.

**“Preliminary Official Statement”** means the Preliminary Official Statement which was prepared by the City and its advisors in connection with the sale of the Bonds and distributed to potential purchasers of the Bonds before the Final Official Statement, as described in the SEC Rule, was made available.

**“Prescribed Form”** means such electronic format accompanied by such identifying information as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of the applicable information.

**“Reporting Event”** means any of the following events with respect to the Bonds:

- A. principal and interest payment delinquencies;
- B. non-payment related defaults, if material;
- C. unscheduled draws on debt service reserves reflecting financial difficulties;
- D. unscheduled draws on credit enhancements reflecting financial difficulties;
- E. substitution of credit or liquidity providers, or their failure to perform;
- F. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- G. modifications to rights of security holders, if material;
- H. bond calls (other than mandatory sinking fund redemptions), if material, and tender offers;
- I. defeasances;
- J. release, substitution, or sale of property securing repayment of the securities, if material;
- K. rating changes;
- L. bankruptcy, insolvency, receivership or similar event of the Obligated Person (this event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in proceedings under the U.S. Bankruptcy Code or in any other proceedings under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization,

arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.);

M. the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

N. appointment of a successor or additional trustee or the change of name of a trustee, if material;

O. incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and

P. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

“**Reporting Event Notice**” means notice in Prescribed Form in accordance with EMMA of a Reporting Event.

“**Resolution**” means the resolution of the City prescribing the terms and details of the Bonds.

“**SEC Report Date**” means December 1 of each year, beginning December 1, 2022.

“**SEC Rule**” means the Securities and Exchange Commission Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (17 CFR § 240.15c2-12).

“**State**” means the State of Kansas.

“**Underwriter**” means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

## **Section 2. Undertaking.**

A. This Letter constitutes the written undertaking for the benefit of the holders of the Bonds required by Section (b)(5)(i) of the SEC Rule.

B. The City, as an “Obligated Person” within the meaning of the SEC Rule, undertakes to provide the following information as provided in this Letter:

- (1) Annual Financial Information;
- (2) Audited Financial Statements, if any; and
- (3) Reporting Event Notices.

C. (1) The City shall while any Bonds are Outstanding provide the Annual Financial Information in Prescribed Form in accordance with EMMA to the MSRB, on or before the SEC Report Date. The City may adjust the SEC Report Date if the City changes its fiscal year by providing written notice of the change of fiscal year and the new SEC Report Date to the MSRB; provided that the new SEC Report Date shall be six months after the end of the new fiscal year and provided further that the period between the final SEC Report Date relating to the former fiscal year and the initial SEC Report Date relating to the new fiscal year shall not exceed one year in duration. It shall be sufficient if the City provides to the MSRB the Annual Financial Information by specific reference to documents available to the public on the MSRB’s Internet website, or filed with the Commission.

(2) If not provided as part of the Annual Financial Information, the City shall provide the Audited Financial Statements when and if available while any Bonds are Outstanding to the MSRB in Prescribed Form in accordance with EMMA.

(3) If a Reporting Event occurs while any Bonds are Outstanding, the City shall file a Reporting Event Notice in a timely manner not in excess of ten business days after the occurrence of such event in Prescribed Form in accordance with EMMA. Each Reporting Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Bonds.

(4) The City shall provide in Prescribed Form in accordance with EMMA in a timely manner not in excess of ten business days after the occurrence of such event to the MSRB notice of any failure by the City while any Bonds are Outstanding to provide to the MSRB Annual Financial Information on or before the SEC Report Date.

D. Any failure by the City to perform in accordance with this Letter shall not constitute an “event of default” under the Resolution, and the rights and remedies

provided therein upon the occurrence of an event of default shall not apply to any such failure.

**Section 3. Method of Transmitting Continuing Disclosure.** The information listed in Section 2 shall be provided by the City to the MSRB, at [www.emma.msrb.org](http://www.emma.msrb.org) (or such other address or addresses as the MSRB may from time to time specify), in the Prescribed Form or by such other method of transmitting information that is approved by the Commission.

**Section 4. Amendments; Waiver.** Notwithstanding any other provision of this Letter, the City may amend this Letter, and any provision of this Letter may be waived, if:

(a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the City or type of business conducted;

(b) This Letter, as amended, or the provision, as waived, would have complied with the requirements of the SEC Rule at the time of the primary offering, after taking into account any amendments or interpretations of the SEC Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by a vote of the owners of the Bonds holding a majority of the aggregate principal amount of the Bonds (excluding Bonds held by or on behalf of the City or its affiliates) or (ii) in the opinion of nationally recognized bond counsel, does not materially impair the interests of the owners of the Bonds; or

(d) The amendment or waiver is otherwise permitted by the SEC Rule.

Following any amendment or waiver of a provision of this Letter, the City shall give notice in the same manner as for the occurrence of a Reporting Event under Section 2 and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City.

**Section 5. Termination of Obligation to Provide Continuing Disclosure.** The continuing obligation hereunder of the City to provide Annual Financial Information, Audited Financial Statements, if any, and Reporting Event Notices shall terminate immediately once the Bonds no longer are Outstanding. This Letter, or any provision hereof, shall be null and void in the event that the City delivers to the MSRB an opinion of Bond Counsel to the effect that those portions of the SEC Rule which require this Letter, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds.

**Section 6. Dissemination Agent.** The City may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Letter and may discharge any such agent with or without appointing a successor agent.

**Section 7. Additional Information.** Nothing in this Letter shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this subsection or any other means of communication, or including any other information in any Annual Financial Information or notice of occurrence of a Reporting Event in addition to that which is required by this Letter. If the City chooses to include any information from any document or notice of occurrence of a Reporting Event in addition to that which is specifically required by this Letter, the City shall not have any obligation under this Letter to update such information or include it in any future disclosure or notice of the occurrence of a Reporting Event.

**Section 8. Beneficiaries.** This Letter has been executed in order to assist the Underwriter in complying with the Rule; however, this Letter shall inure solely to the benefit of the holders of the Bonds as required by Section (b)(5)(i) of the SEC Rule, and shall create no rights in any other person or entity.

**Section 9. Recordkeeping.** The City shall maintain records of all disclosure made pursuant to this Letter, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

KUTAK ROCK LLP



**THIS CONTINUING DISCLOSURE LETTER OF INSTRUCTIONS**, received,  
acknowledged and agreed to as of [Closing Date].

CITY OF HUTCHINSON, KANSAS

By: \_\_\_\_\_  
Mayor

## **EXHIBIT A**

### **ANNUAL FINANCIAL INFORMATION**

“*Annual Financial Information*” shall include the City’s Audited Financial Statements and, unless included in the Audited Financial Statements, shall include the tables under the following sections or headings in the Final Official Statement:

- APPENDIX A, INFORMATION CONCERNING THE ISSUER, FINANCIAL INFORMATION OF THE ISSUER, Assessed Valuation
- APPENDIX A, INFORMATION CONCERNING THE ISSUER, FINANCIAL INFORMATION OF THE ISSUER, Property Tax Levies and Collections
- APPENDIX A, INFORMATION CONCERNING THE ISSUER, FINANCIAL INFORMATION OF THE ISSUER, Property Tax Levy
- APPENDIX A, INFORMATION CONCERNING THE ISSUER, FINANCIAL INFORMATION OF THE ISSUER, Aggregate Tax Levies
- APPENDIX A, INFORMATION CONCERNING THE ISSUER, FINANCIAL INFORMATION OF THE ISSUER, Major Taxpayers
- APPENDIX A, INFORMATION CONCERNING THE ISSUER, FINANCIAL INFORMATION OF THE ISSUER, Sales Tax Collections, CITY SALES TAX COLLECTIONS
- APPENDIX A, INFORMATION CONCERNING THE ISSUER, DEBT STRUCTURE OF THE ISSUER