

BOOK-ENTRY ONLY
BANK QUALIFIED

RATINGS: - (applied for - Moody's Aa3 and Standard & Poor's A+)

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representation and continuing compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is further of the opinion that the interest on the Bonds is exempt from State of Kansas income taxation. The Bonds are designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS" herein.

CITY OF HUTCHINSON, KANSAS

\$1,170,000 General Obligation Refunding Bonds, Series 2011-B, Dated November 15, 2011

MATURITY SCHEDULE

(See Inside Front Cover)

The General Obligation Refunding Bonds, Series 2011-B (the "Bonds") are fully registered obligations in the denomination of \$5,000 or any integral multiple thereof. The Bonds will bear interest from their dated date. Interest on the Bonds is payable semiannually on April 1 and October 1 in each year beginning on April 1, 2012 (the "Interest Payment Dates"). The principal on the Bonds is due in accordance with the maturity schedules set forth on the inside cover page hereof. The Bonds will be initially registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), to which payment of principal of and interest on the Bonds will be made. DTC will serve as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form only in authorized denominations. Purchasers will not receive certificates representing their interests in the Bonds purchased. As long as the Bonds remain in book-entry form, references herein to Bond owners or registered owners shall mean Cede & Co., as nominee of DTC, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "BOOK ENTRY ONLY SYSTEM" herein for a description of DTC's practices with respect to book-entry securities. Principal of and interest on the Bonds is payable by check or draft of the Treasurer of the State of Kansas, Topeka, Kansas (the "Paying Agent" and "Registrar"), or by electronic transfer as described herein.

The Bonds maturing on October 1, 2019, and thereafter will be subject to redemption prior to maturity at the option of the City on or after October 1, 2018, as described herein. See THE BONDS - "Redemption of Bonds."

The Bonds and the interest thereon will constitute general obligations of the City, payable as to both principal and interest 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 City.

The Bonds are offered when, as and if issued by the City, 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 in New York, New York, on or about November 15, 2011.

THE DATE OF THIS OFFICIAL STATEMENT IS OCTOBER 18, 2011

COMMERCE BANK

\$1,170,000
General Obligation Refunding Bonds
Series 2011-B
Dated November 15, 2011

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Base: 448151</u>
10/1/12	\$110,000	0.50%	0.50%	ZX 1
10/1/13	110,000	0.60%	0.60%	ZY 9
10/1/14	115,000	0.80%	0.80%	ZZ 6
10/1/15	115,000	1.00%	1.00%	A 26
10/1/16	110,000	1.25%	1.25%	A 34
10/1/17	115,000	1.50%	1.50%	A 42
10/1/18	120,000	1.70%	1.70%	A 59
10/1/19	120,000	1.90%	1.90%	A 67
10/1/20	125,000	2.10%	2.10%	A 75
10/1/21	130,000	2.20%	2.20%	A 83

(All plus accrued interest, if any)

CITY OF HUTCHINSON, KANSAS
125 East Avenue "B"
Hutchinson, Kansas 67501

GOVERNING BODY

Ron Sellers, Mayor
Dean Brigman, Council Member
Bob Bush, Council Member
Cindy Proett, Council Member
David Razo, Council Member

CITY STAFF

John Deardoff, City Manager
Dennis Bockenstedt, Finance Director

CERTIFIED PUBLIC ACCOUNTANTS

Lindburg Vogel Pierce Faris, Chartered
Hutchinson, Kansas

BOND COUNSEL

Kutak Rock LLP
Kansas City, Missouri

FINANCIAL ADVISOR

Ranson Financial Consultants, L.L.C.
Wichita, Kansas

UNDERWRITER

Commerce Bank
Kansas City, Missouri

No dealer, broker, salesman or other person has been authorized by the City of Hutchinson, Kansas to give any information or to make any representations with respect to the Bonds offered hereby 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 the City. 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 offered hereby 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 City of Hutchinson, Kansas, and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision.

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 City since the respective dates as of which information is given herein.

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OFFICIAL STATEMENT

CITY OF HUTCHINSON, KANSAS \$1,170,000 GENERAL OBLIGATION REFUNDING BONDS SERIES 2011-B

INTRODUCTION

General Information

This Official Statement is provided for the purpose of presenting certain information concerning the City of Hutchinson, Kansas (the "City"), the General Obligation Refunding Bonds, Series 2011-B, in the principal amount of \$1,170,000 (the "Bonds").

Except for the information expressly attributed to other sources, all information has been provided by the City. 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 City. 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.

Additional Information

All of the summaries of statutes, ordinances, resolutions, agreements, opinions, financial and statistical data and other related reports and documents described in this Official Statement are subject to the actual provisions of such documents. The summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are either publicly available or available for inspection during normal business hours at City Hall, 125 East Avenue "B," Hutchinson, Kansas 67501. Additional information regarding the City or the Bonds may be obtained from the Finance Director, Dennis Bockenstedt (620) 694-2613 or from Kutak Rock LLP, 1010 Grand Boulevard, Suite 500, Kansas City, Missouri 64106-2220; Attention: Dorothea Riley (816) 960-0090 or from Ranson Financial Consultants, L.L.C., 200 W. Douglas, Ste. 600, Wichita, Kansas 67202; Attention: John Haas (316) 264-3400.

THE BONDS

Authority and Purpose for the Bonds

The Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Kansas, including K.S.A. 10-1201 *et seq.* The Bonds are also being issued pursuant to an ordinance and resolution of the City authorizing their issuance, adopted by the governing body of the City on October 18, 2011 (the "Bond Resolution") for the purpose of refunding a portion of certain outstanding general obligation bonds of the City and paying the costs of issuance of the Bonds. See "THE REFUNDING PLAN" herein.

Security for the Bonds

The Bonds shall be general obligations of the City, 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 City. The full faith, credit and resources of the City are irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as they become due.

Description of the Bonds

The Bonds are available in book-entry form only. See "BOOK-ENTRY ONLY SYSTEM" below. So long as Cede & Co. is the registered owner of the Bonds as nominee of The Depository Trust Company, New York, New York, references in this section entitled "THE BONDS" to the holders or owners of the Bonds shall mean Cede & Co. and not the Beneficial Owners of such Bonds.

The Bonds will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, to which payment of principal of and interest on the Bonds will be made by wire transfer. Individual purchases of Bonds will be made in book-entry form only. Purchasers will not receive certificates representing their interest in Bonds purchased. It is anticipated that, during the term of the Bonds, Depository Trust Company will make book-entry transfers among its Participants, receive payments on the Bonds

from the City and transmit payment of principal of, and interest on, the Bonds to its Participants for subsequent distribution to Beneficial Owners of the Bonds. See “BOOK-ENTRY ONLY SYSTEM” herein.

The Bonds will be issued in the principal amount set forth on the inside cover page hereof, will be dated November 15, 2011, and will consist of fully registered certificated bonds without coupons in the denomination of \$5,000 or any integral multiple thereof, numbered in such manner as the Registrar shall determine. The Bonds will mature on the dates, in the years and in the principal amounts shown on the inside cover page hereof. Interest on the Bonds will be payable semiannually on the dates shown on the cover page hereof.

Redemption of Bonds

Optional Redemption. At the option of the City, Bonds maturing on October 1, 2019, and thereafter may be called for redemption and payment prior to maturity, in whole or in part, on October 1, 2018, or at any time thereafter at a redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date.

Selection of Bonds for Redemption. If less than all of the Bonds are to be redeemed, it is the practice of Depository Trust Company to determine by lot the amount of the interest of each DTC Participant in such maturity to be redeemed. See “BOOK-ENTRY ONLY SYSTEM” herein. If the book-entry only system is discontinued, selection of Bonds to be redeemed will be made by the Registrar in such equitable manner as it may determine.

Whenever the City is to select Bonds for the purpose of redemption, it will, in the case of Bonds in denominations greater than \$5,000, if less than all of the Bonds then outstanding are to be called for redemption, treat each \$5,000 of face value of each such fully registered Bond as though it were a separate Bond in the denomination of \$5,000.

Notice of Redemption. As long as the book-entry only system applies to the Bonds, notice of redemption is to be mailed to Depository Trust Company as the registered owner of the Bonds prior to the date set for redemption in accordance with the procedures set forth in the letter of representations between the City and Depository Trust Company. See “BOOK-ENTRY ONLY SYSTEM” herein for a description of Depository Trust Company’s practices with respect to redemption notices. If the book-entry only system is discontinued, the following notice of redemption procedures will apply.

Unless waived by any owner of the Bonds to be redeemed, if the City elects to call any Bonds for redemption and payment prior to the maturity, the City shall instruct the Bond Registrar to give written notice of its intention to call and pay such Bonds on a specified date, the same being described by maturity, such notice to be mailed by United States first-class mail addressed to the owners of the Bonds, each of the notices to be mailed not less than 30 days prior to the date fixed for redemption. The City shall also give such additional notice as may be required by Kansas law or regulation of the Securities and Exchange Commission in effect as of the date of such notice. If any Bond is called for redemption and payment made as described above, all interest on such Bond shall cease from and after the date for which such call is made, provided funds are available for its payment at the price specified.

Payment of Principal and Interest

The principal of and interest on the Bonds will be payable in lawful money of the United States of America by the Treasurer of the State of Kansas, Topeka, Kansas (the “Paying Agent” and “Bond Registrar”). The principal of each Bond will be payable at maturity or earlier redemption upon presentation and surrender at the principal office of the Paying Agent. The interest payable on the Bonds on any interest payment date shall be paid by the Paying Agent to the owner of each Bond at the owner’s address as it appears on the registration books of the Bond Registrar as of the fifteenth day (whether or not a business day) of the calendar month next preceding each interest payment date (the “Record Date”) or at such other address provided in writing by the owner to the Bond Registrar (a) by check or draft mailed by the Paying Agent to the address of such registered owner shown on the registration books, or (b) in the case of an interest payment to any registered owner that is a securities depository, by electronic transfer to such registered owner upon written notice given to the Paying Agent by such registered owner, not less than 15 days prior to the Record Date for such interest payment, containing the electronic transfer instructions, including the bank (which shall be in the continental United States), address, ABA routing number and account number to which such registered owner wishes to have such wire directed. Interest on the Bonds will be computed on a 360-day year, of twelve 30-day months. Payments coming due on a non-business day will be paid the following business day.

Registration and Transfer

As long as any Bond remains outstanding, the Bond Registrar will maintain a bond register, and all transfers and exchanges of the Bonds will be registered therein. All Bonds presented for transfer or exchange shall be accompanied by a written instrument of transfer in a form and with guarantee of signature in a form satisfactory to the Bond Registrar. Bonds may be exchanged for Bonds in the same aggregate principal amount and maturity upon presentation to the Bond Registrar, subject to the terms, conditions and limitations set forth in the Bond Resolution, and upon payment of any tax, fee or other governmental charge required to be paid with respect to any such registration, exchange or transfer. The City and Bond Registrar shall not be required to issue, register, transfer or exchange any Bonds during a period beginning on the day following the Record Date preceding any interest payment date and ending on such interest payment date or within 30 days of a date on which Bonds are to be redeemed after proper notice of redemption has been given.

Replacement of Lost, Stolen or Destroyed Bonds

If any Bond is lost, destroyed, mutilated or wrongfully taken, the City will execute and the Bond 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 City and the Bond Registrar may require satisfactory indemnification and may charge the owner of such Bonds reasonable fees and expenses for the replacement of such Bonds.

THE REFUNDING PLAN

The City has adopted this plan of refunding a portion of the City's outstanding Series 2001 Water and Sewer System Revenue Bonds, dated October 1, 2001 (the "Refunded Bonds") in order to provide economic benefits to the City derived from lower interest rates. Pursuant to the refunding plan, the Refunded Bonds will be redeemed at the optional redemption date and price as set forth below:

<u>Series</u>	<u>Maturity Dates</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
2001	2012-2021	\$1,300,000	12/01/2011	100%

APPLICATION OF BOND PROCEEDS

The following table itemizes the sources of funds available and how such funds are expected to be used:

Sources of Funds

Proceeds of the Bonds	\$1,170,000.00
Series 2001 Bond Reserve	210,000.00
Series 2001 Bond and Interest Fund	131,276.25
Total	<u>\$1,511,276.25</u>

Use of Funds

Refunding Series 2001 Bonds	\$1,300,000.00
Series 2001 Principal and Interest due December 1, 2011	131,276.25
Call Premium	13,000.00
Costs of issuance	58,049.50
Underwriter's discount	8,950.50
Total	<u>\$1,511,276.25</u>

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds (referred to in this discussion of Book-Entry-Only Issuance as the "Securities"). The Securities 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 Security certificate will be issued for each maturity of the Securities, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest 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 3.5 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 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.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

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.

Redemption notices shall be sent to DTC. If less than all of the Securities 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal redemption and interest payments on the Securities 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 City or Paying Agent on payable 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 or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the 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.

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

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

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

THE CITY WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO: THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SECURITIES; THE TRANSMITTAL TO BENEFICIAL OWNERS OR DTC PARTICIPANTS OF ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNERS OF THE SECURITIES UNDER THE APPLICABLE BOND ORDINANCE; THE SELECTION BY DTC OR ANY DTC PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SECURITIES; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDOWNER.

RISK FACTORS AND INVESTMENT CONSIDERATIONS

A PROSPECTIVE PURCHASER OF THE BONDS DESCRIBED HEREIN SHOULD BE AWARE THAT THERE ARE CERTAIN RISKS ASSOCIATED WITH SUCH OBLIGATIONS.

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 City has covenanted in the 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 City to take or omit to take certain actions after the issuance of such obligations. Because the existence and continuation of the excludability of the interest on the Bonds depends upon events occurring after the date of issuance of such obligations, the opinions of Bond Counsel described under "TAX MATTERS" assumes the compliance by the City 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 such obligations in the event of noncompliance with such provisions. The failure of the City 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.

Secondary Market

There is no established secondary market for the Bonds, and there is no assurance that a secondary market will develop for the purchase and sale of such obligations. Prices of municipal bonds traded in the secondary market, though, are subject to adjustment upward and downward in response to changes in the credit market. From time to time it may be necessary to suspend indefinitely secondary market trading in selected issues of municipal bonds as a result of financial condition or market position of broker-dealers, prevailing market conditions, lack of adequate current financial information about the City, or a material adverse change in the financial condition of the City, whether or not the subject obligations are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices.

Premium on Obligations

Any person who purchases a Bond in excess of its principal amount, whether during the initial offering or in a secondary market transaction, should consider that such obligations are subject to redemption at par as described herein.

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 City or the taxing authority of the City. Changes in laws effecting the taxing authority of the City could limit the ability of the City to collect revenue sufficient to pay principal and interest on such obligations.

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 City in issuing such obligations, are subject to the following: 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 such obligations are an appropriate investment.

THE FOREGOING 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 City.

GENERAL INFORMATION CONCERNING THE CITY

Introduction

The city of Hutchinson, Kansas (the "City"), is a community of approximately 42,000 persons, with an area of 20.94 square miles, located in the south central part of the state of Kansas. The City is approximately 45 miles northwest of Wichita, Kansas, and is the county seat of Reno 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. Hutchinson 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 Hutchinson area 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

Hutchinson 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 of Hutchinson voted that effective April 11, 1995 the City of Hutchinson 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 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 following table lists the principal elected officials of the City:

Governing Body Members

<u>Name</u>	<u>Title</u>	<u>Council Term Expires</u>
Ron E. Sellers	Mayor	April, 2013
Dean Brigman	Council Member	April, 2013
Bob Bush	Council Member	April, 2015
Cindy Proett	Council Member	April, 2015
David Razo	Council Member	April, 2013

Municipal Services and 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 waste water treatment utilities and refuse collection services. Revenues necessary for the operation of the City's water, waste water treatment and refuse collection utilities are generated exclusively by user fees. All other utility services in the City are provided by private companies. SBC provides phone 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 Aquila. Westar Energy provides electricity, and Cox Communications provides cable TV service.

Transportation

Hutchinson 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 1-35. The City is approximately 30 miles from Interstate Highway 35. Amtrak, the Burlington Northern and Santa Fe, 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. K96 Westside Bypass opened in June 2002.

Educational Institutions

There are four Unified School Districts whose boundaries are partially within the City of Hutchinson. Of those four Districts, the largest by assessed valuation is Unified School District No. 308. The District operates eight elementary schools, two middle schools and one senior high school in the City which have a total enrollment of over 5,000 students. In addition, there are three private elementary schools and two private high schools in the City. Hutchinson is also home of Hutchinson Community College, which has an enrollment of over 4,500.

Source: Unified School District No. 308

Health Facilities

Hutchinson has over 80 physicians and 28 dentists. Hutchinson Hospital, 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.

Financial Institutions

Three banks with combined assets exceeding \$304 million are located within the City.

Source: City Clerk's Office

Population Trends

<u>Year</u>	<u>City of Hutchinson</u>	<u>Reno County</u>
1960	35,574	59,055
1970	36,885	60,765
1980	40,284	64,983
1990	39,308	62,389
2000	40,787	64,790
2005	40,813	63,324
2006	40,863	63,352
2007	41,085	63,706
2008	40,668	63,145
2009	40,889	63,427
2010	42,080	64,511

Source: U.S. Census Bureau
 Kansas Statistical Abstract
 City of Hutchinson

Per Capita Income

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Reno County	\$29,101	\$30,386	\$31,566	\$32,577	N/A
State of Kansas	35,764	37,414	38,886	37,916	\$39,005
United States	36,714	38,611	40,166	39,138	39,945

Source: Bureau of Economic Analysis
 Kansas Statistical Abstract

Employment Distribution (Reno County)

The major categories of employment in Reno County for the year 2010 are as follows:

Category of Employment	Number of Employees
Contract Construction	1,394
Farm	377
Finance, Insurance & Real Estate	970
Government	5,005
Manufacturing	3,205
Mining	N/A
Service	11,436
Trade	4,333
Transportation and Public Utilities	532

Source: KDHR-Labor Market Information Services – As of 10/31/2010

Percent of Workforce Unemployed in Reno County

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
5.0%	4.5%	4.1%	3.9%	5.8%

State of Kansas: 2011, 6.9% (As of 8/11)
 United States: 2011, 9.1% (As of 8/11)*

Source: Kansas Department of Human Resources Labor Market Information Services
*U.S. Department of Labor

Major Employers in the Hutchinson Area

<u>Company (Product)</u>	<u>Employees</u>
Promise Regional Medical Center (healthcare)	1,227
Unified School District #308 (education)	960
Dillon & Kroger Companies (groceries)	731
Hutchinson Clinic (healthcare)	705
Tyson Prepared Foods (pre-cooked meats)	520
Hutchinson Correctional Facility (state prison)	515
Reno County (government)	445
City of Hutchinson (government)	406
Wal-Mart SuperCenter (retailer)	391
Hutchinson Community College (education)	385

As of July 2009

Source: Hutchinson Economic Development

Value of Building Permits Issued by the City of Hutchinson

<u>Year</u>	<u>Valuation</u>
2001	\$45,106,947
2002	42,522,040
2003	22,500,321
2004	46,186,134
2005	37,313,359
2006	46,840,794
2007	54,860,289
2008	75,126,338
2009	80,754,838
2010	70,871,426

Source: City Clerk's Office

FINANCIAL INFORMATION CONCERNING THE CITY

Budgeting, Accounting and Auditing Procedures

Kansas law prescribes the policies and procedures by which the City prepares its annual budget. By August 25 of each year prior to the new fiscal year beginning on January 1, the governing body of the City must adopt and file the annual budget with the County Clerk and the State Director of Accounts and Reports. The annual budget contains an itemized estimate of anticipated revenues and proposed expenditures necessary to meet the City's financial needs, detailed by program and object of expenditure. In addition, the annual budget must be balanced so that total resources (revenues and prior year fund balances) equal or exceed expenditures.

In order to insure that Kansas municipalities conduct their financial affairs in a fiscally responsible manner, the State legislature enacted a "cash-basis" law in 1933 (K.S.A. 10-1101 to K.S.A. 10-1122) which makes it unlawful (except where bonds, temporary notes or no-fund warrants are authorized) "for the governing body of any municipality to create any indebtedness in excess of the amount of funds actually on hand in the treasury of such municipality at the time for such purpose, or to authorize the issuance of any order, warrant, or check or other evidence of such indebtedness of such municipality in excess of funds actually on hand in the treasury of such municipality at the time for such purpose." The essence of the "Cash-basis" law is to prevent the issuance of short term debt to cover operating expenditures and to prohibit municipalities from spending more than they receive annually in operating revenues.

The City maintains 21 operating funds as separate segregated accounts for accounting purposes. For the fiscal year ending December 31, 2010, property taxes were levied for two of these funds.

Property Taxation Procedures

Tax requirements for each fund are set and, after holding a public hearing, a budget is adopted by the City Council. The City then certifies the tax requirements to the County Clerk not later than August 25. The County Clerk receives assessments of real and personal property from the County Assessor and certifies such assessments and the total levy for all purposes (state, county, city, school and other taxing jurisdictions) to the County Treasurer, who is charged with the levying and collection of taxes.

Taxes on real property are due November 1 of each year and may be paid in full or one-half on or before December 20, the remaining one-half on or before May 10. If one-half is not paid before December 21, and the balance paid not by May 10, then the taxes are considered delinquent and a delinquency charge prescribed by state statute is levied until the taxes are paid or the property is sold at foreclosure. Real estate bearing delinquent taxes is subject to tax foreclosure and may be advertised and sold by the County for taxes and all legal costs as provided by state law. Proceeds from tax foreclosure sales are prorated among the taxing units in accordance with their respective claims. Properties that are sold and not redeemed within statutorily prescribed redemption periods after the tax sale are subject to foreclosure sale. Taxes on motor vehicles are collected throughout the year at the time motor vehicle licenses are purchased.

Property Tax Levies

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.

Method of Accounting

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 of Hutchinson conform to the Kansas statutory basis of accounting and “cash-basis” law. Under the statutory basis of accounting, an increase to fund balance is recognized when cash is received. Expenditures or decreases to 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.

Auditing Procedures

Examinations of the City’s financial statements and records are performed annually by an outside certified public accountant in accordance with generally accepted auditing standards and the Minimum Standard Audit Program approved by the State Municipal Auditing Board, and are filed on an annual basis with the State Division of Accounts and Reports.

Sources of Revenue

The City finances its operations through the local property tax levy, state aid, federal grant programs, city and county sales tax, license and permit fees, charges for services and other miscellaneous sources. Debt service on general obligation debt is financed through local property taxes, except for certain improvement projects wherein the debt service is paid from assessments against the owners of property benefited by the improvements. A summary of revenues for all governmental funds (excluding fiduciary and proprietary funds) for the year ending December 31, 2009, and December 31, 2010, follows:

Summary of Primary Revenues of Tax Supported Funds

<u>Revenue Source</u>	<u>2009</u>	<u>2010</u>	<u>Percentage</u>
City Sales Tax	\$ 5,833,739	\$5,717,257	16.60%
County Sales Tax	4,804,523	4,634,008	13.45%
Property Tax Funds	10,394,909	9,948,781	28.88%
Special Assessments	958,802	919,420	2.67%
Motor Vehicle Tax Funds	1,459,073	1,487,668	4.32%
Franchise Fees	4,179,538	4,677,545	13.58%

Fines and Penalties	687,338	675,318	1.96%
Interest on Investments	54,981	15,559	0.05%
Licenses and Permits	696,233	688,025	2.00%
Fire Contracts	1,600,881	1,446,184	4.20%
Other Fees & Charges	1,748,339	2,370,938	6.88%
Transfers In	<u>1,839,602</u>	<u>1,868,487</u>	5.42%
Total	\$34,257,958	\$34,449,190	

Figures for 2010 are unaudited.

Source: City Clerk

City Sales Tax History

	<u>2007</u> <u>Actual</u>	<u>2008</u> <u>Actual</u>	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>	<u>2011</u> <u>Budget</u>
1% County Sales Tax	\$ 4,719,658	\$ 5,032,862	\$4,804,523	\$4,634,008	\$4,829,025
1/2% City Sales Tax	3,852,304	4,072,839	3,889,159	3,811,505	3,909,450
1/4% City Sales Tax	<u>1,926,152</u>	<u>2,067,196</u>	<u>1,944,582</u>	<u>1,905,752</u>	<u>1,954,725</u>
Total	<u>\$10,498,114</u>	<u>\$11,172,897</u>	<u>\$10,638,262</u>	<u>\$10,351,265</u>	<u>\$10,693,200</u>

Figures for 2010 are unaudited.

Reno County has collected a one cent sales tax since July 1, 1986. This is divided between the County and various taxing units based on a formula mandated by the state of Kansas. It is estimated that the City of Hutchinson receives approximately 30% of the amount collected. Effective July 1, 1986, the City implemented a one-half cent sales tax which is used to reduce property taxes in the City. On April 1, 1997, the voters authorized the existing .25% retailers sales tax originally scheduled to expire on April 1, 1999, to be extended to March 31, 2014. By Ordinance No. 2009-6, the sales tax revenue is pledged for street and sidewalk improvement; for property tax reduction; to the Kansas Cosmosphere and Space Center for ongoing operations and capital improvements; and to the Kansas Underground Salt Museum for ongoing operations and capital improvements.

Revenues, Expenditures and Changes in Fund Balance - General Fund and Bond and Interest Fund

The following tables show the revenues, expenditures and fund balances for the General Fund for the last five years. The information for the total actual figures 2007 through 2009 was extracted from audited financial statements prepared by Lindburg Vogel Pierce Faris, Chartered, Certified Public Accountants, Hutchinson, Kansas. Allocation of the total actual and budgeted amounts by category was prepared by the City Clerk's office.

GENERAL FUND

Comparative Statement of Revenues
(Fiscal Years Ending December 31)

<u>Revenue</u>	<u>2007</u> <u>Actual</u>	<u>2008</u> <u>Actual</u>	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>	<u>2011</u> <u>Budget</u>
Taxes	\$17,559,658	\$18,585,460	\$18,382,908	\$18,962,473	\$20,286,605
Franchise Fees	3,483,935	4,067,638	4,179,538	4,677,545	4,945,316
Licenses & Permits	420,525	500,132	713,263	681,705	513,605
Fines, Forfeitures & Penalties	702,904	668,022	687,338	480,475	487,420
Revenue from Other Sources	3,105,199	2,569,241	2,341,101	2,680,829	2,655,561
Recreation & Concessions	182,315	105,544	217,315	102,880	126,200
Central Garage	1,017,071	1,196,014	969,791	1,055,300	1,095,200
Reimbursements	451,268	1,773,781	332,398	194,835	150,000
Transfers In	<u>1,637,228</u>	<u>488,623</u>	<u>575,000</u>	<u>407,000</u>	<u>282,619</u>
Actual	\$28,560,102	\$29,954,455	\$38,309,923	\$29,243,042	N/A
Budget	\$28,170,562	\$28,473,713	\$30,151,243	\$30,861,505	\$30,542,526

Source: 2010 figures and 2011 budget figures are unaudited.

GENERAL FUND
Comparative Statement of Expenditures and
Changes in Fund Balance
(Fiscal Years Ending December 31)

<u>Category</u>	<u>2007</u> <u>Actual</u>	<u>2008</u> <u>Actual</u>	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>	<u>2011</u> <u>Budget</u>
Personal Services	\$19,183,937	\$20,153,253	\$19,309,327	\$19,235,851	\$21,742,726
Contractual Services	7,219,003	6,376,678	7,339,411	5,855,635	5,680,498
Commodities	2,028,197	2,253,898	1,882,304	2,090,469	2,081,813
Capital Outlay	1,256,997	522,065	599,768	565,701	926,180
Allocated Service Costs	-1,063,538	-1,217,047	-1,627,413	-1,678,856	-1,678,855
Appropriated Reserve	0	0	0	0	1,790,568
Transfers Out	<u>2,094,184</u>	<u>3,009,580</u>	<u>1,945,537</u>	<u>2,760,759</u>	<u>3,780,868</u>
Totals:					
Actual	\$30,718,780	\$31,098,427	\$29,448,934	\$28,829,559	N/A
Budget	\$35,101,210	\$34,067,355	\$33,608,492	\$33,963,750	\$34,323,798
Adj. Prior Years					
Encumbrances	0	0	0	0	
Unencumbered Cash	\$5,958,495	\$4,814,575	\$3,629,250	\$4,052,767	\$0

Source: 2010 figures and 2011 budget figures are unaudited.

BOND AND INTEREST FUND
(Expenditures and Changes in Fund Balance)

<u>Year</u>	<u>Fund Balance</u> <u>January 1</u>	<u>Revenues and</u> <u>Transfer</u>	<u>Expenditures,</u> <u>Encumbrances &</u> <u>Transfers</u>	<u>Fund</u> <u>Balance</u> <u>December 31</u>
2006	\$302,784	\$5,474,879	\$5,432,935	\$344,728
2007	344,728	6,040,700	6,001,342	384,087
2008	384,087	6,218,420	6,355,879	246,628
2009	246,628	9,305,284	8,960,030	591,882
2010	591,882	5,342,981	5,292,548	642,315

Property Valuation Procedures

The determination of assessed valuation and the collection of property taxes for all political subdivision in the State of Kansas are the responsibilities of the various counties as directed by state statutes. The Reno County appraiser's office determines the assessed valuation to be used as the basis for the mill levy on property located in the City.

Real and personal property is divided into classes and assessed at different percentages of fair market value as follows:

The Real Property (Class 1) subclasses are: (i) residential property, assessed at 11.5% of fair market value, (ii) agricultural land, assessed at 30% of use value, (iii) vacant lots, assessed at 12% of fair market value, (iv) commercial and industrial, assessed at 25% of fair market value, (v) public utilities, assessed at 33% of fair market value, except railroad property which would be assessed at the average rate that all other commercial and industrial property is assessed, (vi) all other not specifically classified, assessed at 30% of fair market value.

Tangible Personal Property (Class 2) subclasses are: (i) mobile homes used for residential purposes, assessed at 11.5% of fair market value, (ii) mineral leasehold interest, assessed at 30% of fair market value, (iii) public utility personal property, assessed at 33% of fair market value, except railroad property which would be assessed at the commercial and industrial rate, (iv) motor vehicles, no change, (v) commercial and industrial machinery and equipment, assessed at 20% of value when new, depreciated over the lesser of seven years or its economic life with a 20% minimum value, (vi) all other personal property not specifically classified, assessed at 20% of fair market value.

Record of Assessed Valuation

Budget Year	Amount*
2001	\$192,174,591
2002	205,643,666
2003	213,687,957
2004	220,732,228
2005	232,410,417
2006	240,056,820
2007	247,684,728
2008	246,746,942
2009	243,559,412
2010	262,916,927

Source: Reno County Clerk

*Does not include motor vehicles

Property Tax Collections

The City’s adopted budget is submitted to the Reno County Clerk, and based upon final assessed valuation for the year, the tax levies for the City and other political subdivisions are determined and placed on the tax rolls. 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. See “FINANCIAL INFORMATION CONCERNING THE CITY—Property Taxation Procedure” herein.

Personal property 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 in full by August 15, warrants are issued and placed in the hands of the Sheriff for collection. On October 1, legal judgment is entered and the delinquent tax becomes a lien on the property. Unless renewed, a nonenforced lien expires five years after it is entered.

The following table presents property tax collection information for the City:

PROPERTY TAX COLLECTIONS

Year Ending Dec. 31*	Budgeted Total Levy	Mill Levy	Amount Collected	Percentage Collected	Delinquent Taxes Collected	Total Tax Amount Collected	Percentage Collected
2006	\$9,521,868	40.970	\$8,970,069	94.20%	\$402,760	\$9,372,830	98.43%
2007	9,626,359	39.976	9,138,103	94.93%	266,860	9,404,963	97.70%
2008	10,135,005	40.848	9,600,319	94.72%	409,841	10,010,160	98.77%
2009	10,588,140	42.867	10,048,559	94.90%	400,927	10,449,486	98.69%
2010	10,057,729	41.383	9,680,940	96.25%	358,399	10,039,341	99.82%

Source: Reno County Clerk

PROPERTY TAX LEVIES BY FUND

Budget Year	General Fund*	Bond and Interest Fund	Other Funds	Total Levy
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2007	\$6,195,200	\$3,401,466	\$0	\$9,596,666
2008	6,592,051	3,525,369	0	10,117,420
2009	6,795,368	3,781,763	0	10,577,131
2010	7,681,260	2,397,729	0	10,078,989
2011	8,305,965	2,592,513	0	10,898,478

* Employee benefit fund was transferred to the general fund starting in 2007.

Source: City Clerk

Largest Taxpayers

The following table presents what are believed to be the largest taxpayers in the City of Hutchinson based on their assessed valuation and taxes levied in 2010:

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Tax Total</u>
Westar Energy	\$6,037,024	\$1,027,693
Main Line, Inc.	6,003,469	1,005,880
Rubloff Hutchinson Portfolio LLC	3,875,000	662,601
Kansas Gas Service A Division of Oneok	3,049,602	518,641
Southwestern Bell Telephone LP	2,857,404	487,319
Wal-Mart Stores	2,238,236	382,724
Sands of Hutchinson LLC	2,098,033	349,523
Eaton MDH Company, Inc.	1,920,461	328,387
Dillon Real Estate Co., Inc.	1,460,500	249,736
HD Development of Maryland, Inc.	1,315,751	224,985

Source: Reno County Clerk

Employee Retirement Plans

The City is a participating employer in the Kansas Public Employee Retirement System. All full-time employees are covered by this State-operated system. Contributions are based on actuarial studies with a portion of the cost paid by the employee and a portion paid by the City. The City's total payment to the State system from all funds, including enterprise funds, in 2010 was \$604,994.

Employee Relations

The City employs a total of approximately 400 persons. Slightly more than three hundred of the City's employees are represented by labor bargaining units which include local units of the International Association of Firefighters, Fraternal Order of Police, Hutchinson Emergency Services Dispatchers Organization and the Service Employees International Union. The City has never experienced a strike or work slow-down and employee relations are characterized as excellent.

Vacation—Sick Leave

Vacation and sick leave policies of the City vary according to the bargaining unit. The policies generally are as follows: Employees with one year of service earn two weeks paid vacation per year; after nine years of service, three weeks paid vacation per year; after fourteen years of service, four weeks paid vacation per year. Employees earning less than four weeks of vacation may accumulate up to a maximum of four weeks.

Employees are compensated for vacation pay earned but not used in the event of retirement, termination, resignation or death. Employees earn one day of paid sick leave for each month of service. Certain groups of

employees currently are allowed to accumulate up to 210 days of sick leave while others have no limit. In the event of death or retirement, employees are compensated for a maximum of 50 days accumulated sick leave.

DEBT STRUCTURE

Current General Obligation Indebtedness

The City's outstanding general obligation debt as of November 15, 2011, including the Bonds and Notes but excluding notes being refunded by the Bonds, is set forth below:

GENERAL OBLIGATION DEBT

<u>Series</u>	<u>Original Principal Amount</u>	<u>Principal Amount Outstanding</u>	<u>Final Maturity</u>
Series 2002-A Bonds	\$1,830,000	\$ 225,000	10/1/12
Series 2003-A Bonds	1,360,000	960,000	10/1/23
Series 2003-B Bonds	5,250,000	1,170,000	10/1/17
Series 2003-E Bonds	1,800,000	410,000	10/1/13
Series 2004-A Bonds	2,265,000	995,000	10/1/24
Series 2004-B Bonds	1,395,000	535,000	10/1/24
Series 2005-A Bonds	625,000	200,000	10/1/14
Series 2005-B Bonds	4,005,000	2,145,000	10/1/20
Series 2005-C Bonds	2,285,000	1,380,000	10/1/25
Series 2006-A Bonds	1,965,000	1,295,000	10/1/26
Series 2006-B Bonds	600,000	420,000	10/1/26
Series 2007-A Bonds	630,000	415,000	10/1/17
Series 2007-B Bonds	4,805,000	3,625,000	10/1/22
Series 2007-C Bonds	3,005,000	2,400,000	10/1/27
Series 2008-A Bonds	2,590,000	2,020,000	10/1/28
Series 2009-A Bonds	2,860,000	2,460,000	10/1/22
Series 2009-B Bonds	1,320,000	1,100,000	10/1/29
Series 2010-A Bonds	3,782,476	3,570,000	10/1/30
Series 2011-A Bonds	1,420,000	1,420,000	10/1/22
Series 2011-B Bonds*	<u>1,170,000</u>	<u>1,170,000</u>	12/1/21
Subtotal Bonds	<u>\$44,962,476</u>	<u>\$27,915,000</u>	
Series 2010-A Notes	\$ 872,000	\$ 665,000	06/01/14
Series 2011-A Notes	1,075,000	1,075,000	06/01/13
Series 2011-B Notes	<u>1,600,000</u>	<u>1,600,000</u>	07/15/13
Subtotal Notes	<u>\$3,547,000</u>	<u>\$3,340,000</u>	
Total Notes and Bonds	<u>\$48,509,476</u>	<u>\$31,255,000</u>	

*This issue.

Future General Obligation Debt

The City is planning on issuing approximately \$300,000 in General Obligation Temporary Notes in November 2011.

Debt Payment Record

Since 1998 the City has always promptly met principal and interest payments on outstanding indebtedness when due.

Direct Debt Ratios

Giving effect to the issuance of the Bonds, the City's direct general obligation debt as of November 15, 2011, will be as follows:

Total Bonded Debt (includes temporary notes)	\$31,255,000
Assessed Valuation*	\$299,817,066
Percent of Assessed Valuation	10.42%
Debt Per Capita**	\$743

* Includes \$36,900,139 motor vehicle assessed valuation

**42,080 (2010 population)

Overlapping General Obligation Debt

The general obligation overlapping indebtedness as of November 15, 2011, of public bodies whose boundaries overlap with those of the City is as follows:

<u>Taxing Jurisdiction</u>	<u>Total General Obligation Debt</u>	<u>Percent Overlapping</u>	<u>Amount Overlapping</u>
Hutch Comm. College	\$6,765,000	54.18%	\$ 3,665,277
USD #308 Hutchinson	80,960,000	74.13%	60,015,648
USD #309, Nickerson	4,160,000	22.98%	955,968
USD #312, Haven	3,175,000	19.79%	628,333
USD #313, Buhler	8,745,000	46.83%	4,095,284
Reno County	10,265,000	54.18%	<u>5,561,577</u>
Total			<u>\$74,922,087</u>

Source: County Clerk's Office

Overlapping Debt Ratios

Total Overlapping General Obligation Debt	\$74,922,087
Total Direct and Overlapping Debt	\$106,177,087
Ratio of Direct and Overlapping Debt to Assessed Valuation*	35.41%
Direct and Overlapping Debt Per Capita**	\$1,780

*Includes \$36,900,139 motor vehicle

**2010 population of 42,080

Special Revenue Obligations of the City

The following schedule sets forth all outstanding revenue obligations of the City as of November 15, 2011:

<u>Type</u>	<u>Outstanding</u>	<u>Final Maturity</u>
Water & Sewer System Revenue Bonds, Series 2001*	\$ 0	December 1, 2021
Sales Tax Special Obligation Revenue Bonds, Series 2006	3,650,877	December 1, 2014

* To be refinanced by the Series 2011-B Bonds.

In addition, the City has issued numerous private activity bond issues to promote economic development in the City. Such bonds are special obligations of the City payable only from sources pledged thereto.

NON-LITIGATION CERTIFICATE

On the date of delivery of the Bonds to the initial purchaser, the City will execute and deliver to the initial purchaser a certificate that there is no litigation pending or threatened at the time of the delivery affecting their validity.

CONTINUING DISCLOSURE

The City has agreed in the Bond Resolution to enter into an undertaking (the “Undertaking”) for the benefit of the holders of the Bonds to send certain financial information and operating data to certain information repositories annually and to provide notice to the Municipal Securities Rulemaking Board of certain events, pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 (the “Rule”). See “APPENDIX B, CONTINUING DISCLOSURE LETTER OF INSTRUCTIONS” herein.

To the best of the knowledge of the officials executing this Official Statement, the City has not failed to comply with any prior such undertaking under the Rule. A failure by the City to comply with the Undertaking will not constitute an event of default under the Bond Resolution (although Bond holders will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

RATING

Moody’s Investors Service and Standard & Poor’s Rating Services have given the Bonds the ratings set forth on the cover page of this Official Statement. Such rating reflects only the views of the applicable rating agency, and an explanation of the significance of such rating may be obtained from such rating agency. There is no assurance that either rating will remain in effect for any given period of time or that either rating will not be revised, either downward or upward, or withdrawn entirely, by the applicable rating agency if, in its judgment, circumstances warrant. Any such downward revisions or withdrawal of the rating may have an adverse affect on the market price of the Bonds.

LEGAL MATTERS

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. Bond Counsel has not participated in the preparation of this Official Statement, except for the section “TAX MATTERS” and Appendix B, Form of Continuing Disclosure Letter of Instructions.

TAX MATTERS

In General. In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excluded 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 in the preceding sentence assumes the accuracy of certain representation 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. Bond Counsel is further of the opinion that the interest on the Bonds is exempt from State of Kansas income taxation.

Notwithstanding Bond Counsel’s opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporation’s adjusted current earnings over its alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

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 upon such owner’s 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), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers

otherwise entitled to claim the earned income credit, 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.

Bank Qualified. The City has represented that it reasonably anticipates issuing not greater than \$10,000,000 of tax-exempt obligations during the calendar year (excluding certain private activity and refunding obligations) and that it has properly designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. Accordingly, Bond Counsel is of the opinion that in the case of certain banks, thrift institutions or other financial institutions owning the Bonds, a deduction is allowed for 80% of that portion of such institutions’ interest expense allocable to interest on the Bonds. Bond Counsel has expressed no opinion with respect to any deduction for federal tax law purposes of interest on indebtedness incurred or continued by a holder of the Bonds or a related person to purchase or carry the Bonds.

Backup Withholding. Certain purchasers may be subject to backup withholding at the application rate determined by statute with respect to interest paid with respect to the Bonds, if the purchasers, upon issuance, fail to supply the Paying Agent or their brokers with their taxpayer identification numbers, furnish incorrect taxpayer identification numbers, fail to report interest, dividends or other “reportable payments” (as defined in the Code) properly, or, under certain circumstances, fail to provide the Paying Agent with a certified statement, under penalty of perjury, that they are not subject to backup withholding.

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 above or adversely affect the market value of the Bonds. An example is the American Jobs Act of 2011 (S. 1549), proposed by the President and introduced in the Senate on September 13, 2011. If enacted as introduced, a provision of S. 1549 would limit the amount of exclusions (including tax-exempt interest) and deductions available to certain high income taxpayers for taxable years after 2012, and as a result could affect the market price or marketability 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 upon 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.

UNDERWRITING

The Bonds were purchased at a public sale on October 18, 2011. The Bonds were purchased by an account managed by Commerce Bank, Kansas City, Missouri, at a price equal to the par amount of the Bonds, less a discount of \$8,950.50, plus accrued interest, if any, to the date of closing

FINANCIAL STATEMENT CERTIFICATION

The preparation of this Official Statement and its distribution has been authorized by the City. This Official Statement is hereby duly approved by the governing body of the City and “deemed final” in accordance with Securities and Exchange Commission Rule 15c2-12 as of the date on the cover page hereof.

Dated this October 18, 2011.

CITY OF HUTCHINSON, KANSAS

Mayor

ATTEST:

City Clerk

APPENDIX A

CITY OF HUTCHINSON, KANSAS
AUDITED FINANCIAL STATEMENTS FOR THE
YEAR ENDING DECEMBER 31, 2010

CITY OF HUTCHINSON, KANSAS

DECEMBER 31, 2010

CITY OF HUTCHINSON, KANSAS

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INDEPENDENT AUDITORS' REPORT

The Mayor and City Council
City of Hutchinson, Kansas

We have audited the accompanying financial statements of the City of Hutchinson, Kansas (City) as of and for the year ended December 31, 2010, as listed in the table of contents. These financial statements are the responsibility of the City of Hutchinson, Kansas's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative financial information has been derived from the City's 2009 financial statements and, in our report dated July 26, 2010, we expressed an unqualified opinion on the financial statements taken as a whole.

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 guidance in the Kansas Municipal Audit Guide. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, the City of Hutchinson, Kansas prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States. The differences between the regulatory basis of accounting and accounting principles generally accepted in the United States are described in note 1. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the City's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States, the financial position of the City of Hutchinson, Kansas as of December 31, 2010, or changes in financial position or where applicable its cash flows for the year then ended.

However, in our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash and unencumbered cash balances of the City of Hutchinson, Kansas as of December 31, 2010, and its cash receipts, expenditures, and budgetary results for the year then ended, on the basis of accounting described in note 1.

Edward C. Michel, CPA
Michael E. Evans, CPA
Roger W. Field, CPA
Gregory D. Daughhettee, CPA
Clark R. Cowl, CPA
Todd V. Pflughoeft, CPA
Robert D. Schraeder, CPA
Steven R. Stoecklein, CPA
Kenneth D. Hamby, CPA
John W. Denney, CPA
Michael R. Meisenheimer, CPA
Nick L. Muetting, CPA
Billy J. Klug, CPA

The Mayor and City Council
City of Hutchinson, Kansas
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2011, on our consideration of the City of Hutchinson, Kansas 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in note 1.



Certified Public Accountants

Hutchinson, Kansas
July 6, 2011

CITY OF HUTCHINSON, KANSAS

STATEMENT OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH -
REGULATORY BASIS

For the Year Ended December 31, 2010

Statement 1
Page 1

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GOVERNMENTAL TYPE FUNDS							
General fund	\$ 3,629,250	\$ -	\$ 29,253,076	\$ 28,829,559	\$ 4,052,767	\$ 358,262	\$ 4,411,029
Special revenue funds							
Special street	-	-	2,337,159	2,337,159	-	25,083	25,083
Special park and recreation	-	-	150,201	150,201	-	1,331	1,331
Special alcohol programs	101,972	-	94,611	107,368	89,215	-	89,215
Animal Shelter	-	-	359,067	359,067	-	2,122	2,122
Convention and tourism	-	-	525,970	525,970	-	-	-
Health and dental insurance	3,435,781	-	2,683,672	3,330,192	2,789,261	-	2,789,261
Risk management	969,096	-	895,588	779,543	1,085,141	25,656	1,110,797
Municipal equipment reserve	759,261	-	817,015	472,127	1,104,149	-	1,104,149
Worker's compensation reserve	1,942,995	-	425,000	290,432	2,077,563	2,500	2,080,063
Fun Valley	-	-	682,758	682,758	-	2,827	2,827
Disaster	116,691	-	93	116,784	-	-	-
Tax incremental financing environmental	1,447,331	-	1,149,002	806,984	1,789,349	68,013	1,857,362
Federal and state grant funds	(1,136)	-	2,361,408	2,245,941	114,331	136,184	250,515
Debt service funds							
Bond and interest	591,882	-	5,342,980	5,292,548	642,314	-	642,314
Capital project funds							
Capital improvement	13,576,807	-	18,770,762	18,984,377	13,363,192	297,104	13,660,296
Capital improvement reserve	350,613	-	511,959	127,127	735,445	-	735,445
Special capital projects	234,167	-	1,571,348	1,805,732	(217)	-	(217)
PROPRIETARY TYPE FUNDS							
Airport revolving	-	-	379,225	379,225	-	4,520	4,520
Municipal golf	-	-	739,336	739,336	-	4,507	4,507
Refuse collection	249,869	-	2,085,996	2,318,439	17,426	156,509	173,935
Storm water utility	382,481	-	282,451	304,382	360,550	-	360,550
Waterworks	4,524,583	-	7,126,786	7,344,478	4,306,891	816,078	5,122,969
Sewage treatment plant and system	2,111,958	-	5,945,465	5,706,782	2,350,641	215,269	2,565,910
FIDUCIARY TYPE FUNDS							
Gossage animal shelter	58,355	-	38,192	55,427	41,120	-	41,120
Hutchinson Community Foundation	23,926	-	35,848	20,974	38,800	-	38,800
Donations	117,854	-	58,584	76,337	100,101	2,221	102,322
TOTAL REPORTING ENTITY (excluding agency funds)	\$ 34,623,736	\$ -	\$ 84,623,552	\$ 84,189,249	\$ 35,058,039	\$ 2,118,186	\$ 37,176,225

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

CITY OF HUTCHINSON, KANSAS

COMPOSITION OF CASH
December 31, 2010

	Statement 1 Page 2
	<u>Amount</u>
MONEY MARKET CHECKING ACCOUNTS	
First National Bank, Hutchinson, KS	\$ 6,174,254
Central Bank & Trust, Hutchinson, KS	897,507
CHANGE FUNDS	1,833
HUTCHINSON COMMUNITY FOUNDATION ACCOUNTS	38,800
MUNICIPAL INVESTMENT POOL - STATE OF KANSAS	15,906,461
CERTIFICATE OF DEPOSITS	
Central Bank & Trust, Hutchinson, KS	3,000,000
Bank of the West, Hutchinson, KS	2,000,000
Bank of Kansas, Hutchinson, KS	<u>9,203,313</u>
TOTAL CASH	37,222,168
AGENCY FUNDS PER STATEMENT 4	<u>(45,943)</u>
TOTAL REPORTING ENTITY (excluding agency funds)	<u><u>\$ 37,176,225</u></u>

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

CITY OF HUTCHINSON, KANSAS

SUMMARY OF EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Year Ended December 31, 2010

Statement 2

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
GOVERNMENT TYPE FUNDS					
General funds	\$ 33,963,750	\$ -	\$ 33,963,750	\$ 28,829,559	\$ (5,134,191)
Special revenue funds					
Special street	2,522,862	-	2,522,862	2,337,159	(185,703)
Special parks and recreation	179,462	-	179,462	150,201	(29,261)
Special alcohol programs	219,695	-	219,695	107,368	(112,327)
Animal shelter	376,347	-	376,347	359,067	(17,280)
Convention and tourism	775,000	-	775,000	525,970	(249,030)
Fun Valley	737,046	-	737,046	682,758	(54,288)
Tax incremental financing	1,078,000	-	1,078,000	806,984	(271,016)
Debt service funds					
Bond and interest	5,582,615	-	5,582,615	5,292,548	(290,067)
PROPRIETARY TYPE FUNDS					
Refuse collection	2,375,089	-	2,375,089	2,318,439	(56,650)
Municipal golf course	755,093	-	755,093	739,336	(15,757)
Airport revolving	380,592	-	380,592	379,225	(1,367)
Storm water utility	666,219	-	666,219	304,382	(361,837)
Waterworks	11,309,927	-	11,309,927	7,344,478	(3,965,449)
Sewage treatment plant and system	7,604,851	-	7,604,851	5,706,782	(1,898,069)

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

CITY OF HUTCHINSON, KANSAS

GENERAL FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

Statement 3
Page 1

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CASH RECEIPTS				
Taxes	\$ 18,382,908	\$ 18,962,473	\$ 20,382,574	\$ (1,420,101)
Utility franchise fees	4,179,538	4,677,545	4,372,550	304,995
License and permits	696,233	683,236	579,850	103,386
Fines, forfeitures, and penalties	652,802	675,318	684,150	(8,832)
Public safety revenues	2,406,003	2,285,890	2,752,879	(466,989)
Revenue from other sources	272,747	408,434	428,050	(19,616)
Recreation	88,730	76,220	86,600	(10,380)
Concessions	39,857	21,660	40,100	(18,440)
Central garage	969,791	1,055,300	1,134,750	(79,450)
Transfers	575,000	407,000	400,000	7,000
TOTAL CASH RECEIPTS	28,263,609	29,253,076	\$ 30,861,503	\$ (1,608,427)
EXPENDITURES				
Personal services	19,309,327	19,235,851	\$ 20,278,050	\$ (1,042,199)
Contractual services	7,339,411	4,813,567	8,482,534	(3,668,967)
Commodities	1,882,304	2,108,153	2,322,306	(214,153)
Capital outlay	599,768	565,701	251,285	314,416
Allocated service costs	(1,627,413)	(1,678,855)	(1,678,855)	-
Operating transfers	1,945,537	3,785,142	4,308,430	(523,288)
TOTAL EXPENDITURES	29,448,934	28,829,559	\$ 33,963,750	\$ (5,134,191)
CASH RECEIPTS OVER (UNDER) EXPENDITURES	(1,185,325)	423,517		
UNENCUMBERED CASH, BEGINNING	4,814,575	3,629,250		
UNENCUMBERED CASH, ENDING	\$ 3,629,250	\$ 4,052,767		

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

CITY OF HUTCHINSON, KANSAS

GENERAL FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

Statement 3
Page 2

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CASH RECEIPTS				
Taxes				
Ad valorem property tax	\$ 6,368,525	\$ 7,280,024	\$ 7,385,826	\$ (105,802)
Ad valorem vehicle tax	950,315	956,217	983,748	(27,531)
In lieu of tax	2,651	1,829	3,000	(1,171)
Delinquent tax collections	255,884	265,577	250,000	15,577
Local sales tax - countywide	4,804,523	4,634,008	5,246,873	(612,865)
Local sales tax - citywide	5,833,739	5,717,257	6,401,127	(683,870)
Liquor taxes	96,067	94,311	100,000	(5,689)
Intoxicating liquor tax	12,350	13,250	12,000	1,250
Machinery/equipment tax rebate	58,854	-	-	-
Total taxes	18,382,908	18,962,473	20,382,574	(1,420,101)
Utility franchise fees				
Electricity - Westar Energy	1,740,327	2,135,894	1,745,000	390,894
Gas - Kansas Gas Service Company	963,188	971,319	1,100,000	(128,681)
Telephone - AT & T	288,874	283,404	300,000	(16,596)
Black Hills Utility	16,452	76,392	14,000	62,392
Cable T.V.	439,740	441,390	445,000	(3,610)
Refuse system fund	150,207	160,109	168,550	(8,441)
Water/sewer system fund	580,750	609,037	600,000	9,037
Total utility franchise fees	4,179,538	4,677,545	4,372,550	304,995

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

CITY OF HUTCHINSON, KANSAS

GENERAL FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

Statement 3
Page 3

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CASH RECEIPTS				
Licenses and permits				
Cereal malt beverage licenses	\$ 3,250	\$ 3,275	\$ 3,675	\$ (400)
Tree trimming licenses	900	1,025	900	125
Alarm license fees	-	33,650	11,000	22,650
Fireworks permits	22,500	25,000	22,500	2,500
Police and protective licenses	7,865	199	150	49
Other licenses	1,627	3,021	2,875	146
Building and fence permits	537,888	495,878	400,000	95,878
Sign permits	3,402	2,775	3,500	(725)
Demolition permits	1,114	1,459	1,000	459
Building occupancy permits	1,898	2,760	2,000	760
Mechanical permits	27,605	30,756	33,000	(2,244)
Electrical permits	5,102	4,742	12,000	(7,258)
Plumbing permits	15,782	16,071	18,600	(2,529)
Electrical license fees	12,890	11,260	14,500	(3,240)
Plumbing license fees	12,385	10,430	12,500	(2,070)
Gas fitters license fees	145	145	350	(205)
Mechanical license fees	13,020	12,070	14,000	(1,930)
Wrecking license fees	1,225	950	1,200	(250)
Zoning application fees	5,585	6,320	6,000	320
Building contractor licenses	22,050	21,450	20,100	1,350
	<u>696,233</u>	<u>683,236</u>	<u>579,850</u>	<u>103,386</u>
Fines, forfeitures, and penalties				
Municipal court fines	424,112	416,625	459,500	(42,875)
Municipal court bond forfeitures	5,650	4,000	4,000	-
Municipal court costs	174,198	194,843	175,000	19,843
Diversion fees	32,420	43,044	27,000	16,044
Court surcharges	13,669	14,535	15,500	(965)
Other fines, forfeitures, and penalties	2,377	1,302	2,050	(748)
Court confiscated monies and property	376	969	1,100	(131)
	<u>652,802</u>	<u>675,318</u>	<u>684,150</u>	<u>(8,832)</u>

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

CITY OF HUTCHINSON, KANSAS

GENERAL FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CASH RECEIPTS				
Public Safety Revenues				
Police Officer reimbursements	\$ 159,285	\$ 173,826	\$ 201,079	\$ (27,253)
Fingerprinting fees	-	1,450	1,500	(50)
Impoundment lot storage/auction	34,536	46,967	8,000	38,967
Police records	-	2,216	-	2,216
Fire protection contracts	221,559	75,461	235,000	(159,539)
Fire District #2	1,379,322	1,370,723	1,635,590	(264,867)
Fire inspection fees	64,878	77,293	75,000	2,293
Central dispatch - Reno County	453,688	445,624	481,000	(35,376)
Central dispatch - others	30,360	30,004	30,360	(356)
Records - Reno County	10,390	7,040	33,600	(26,560)
Evidence custodian - Reno County	51,985	55,286	51,750	3,536
Total Public Safety Revenues	2,406,003	2,285,890	2,752,879	(466,989)
Revenue from other sources				
Interest income	54,981	15,559	75,000	(59,441)
Flood control project	21,931	21,773	22,000	(227)
DHRP contribution	15,000	15,000	15,000	-
Rents	1,201	1,201	500	701
Reimbursements of expenditures	104,347	126,991	156,400	(29,409)
Sale and use of City property	2,652	68,923	20,000	48,923
Miscellaneous	51,993	139,748	120,000	19,748
IRB - administration fees	3,100	1,000	4,150	(3,150)
Eastside cemetery charges	17,542	18,239	15,000	3,239
Total revenue from other sources	272,747	408,434	428,050	(19,616)

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

CITY OF HUTCHINSON, KANSAS

GENERAL FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CASH RECEIPTS				
Recreation				
Ball park - rental fees	\$ 1,361	\$ 1,258	\$ 400	\$ 858
Sports Arena - rental fees	4,365	5,298	10,000	(4,702)
Sports Arena - advertising	2,970	-	3,000	(3,000)
Memorial Hall - rental fees	8,742	5,894	10,200	(4,306)
Sports Arena - reimbursements	48,453	41,576	40,000	1,576
Homebuilders rental	13,178	12,318	12,900	(582)
Rice Park building rental	9,661	9,876	10,100	(224)
Total recreation	88,730	76,220	86,600	(10,380)
Concessions				
Sports Arena	15,968	20,288	35,300	(15,012)
Memorial Hall	4,349	1,372	4,500	(3,128)
Soft drink contract	19,540	-	300	(300)
Total concessions	39,857	21,660	40,100	(18,440)
Central garage	969,791	1,055,300	1,134,750	(79,450)
Transfers into the General Fund				
Transfers - refuse fund	250,000	250,000	250,000	-
Transfers - worker's compensation reserve fund	50,000	100,000	100,000	-
Transfers - risk management fund	275,000	50,000	50,000	-
Transfers - other funds	-	7,000	-	7,000
Total transfers	575,000	407,000	400,000	7,000
TOTAL CASH RECEIPTS	\$ 28,263,609	\$ 29,253,076	\$ 30,861,503	\$ (1,608,427)

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

CITY OF HUTCHINSON, KANSAS

GENERAL FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

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	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
EXPENDITURES				
Departmental				
City council	\$ 20,863	\$ 14,412	\$ 25,565	\$ (11,153)
City manager	247,402	248,181	248,854	(673)
Human resources	232,762	218,260	241,917	(23,657)
Human relations	33,320	-	-	-
Finance	378,125	334,744	371,296	(36,552)
Information systems	175,372	206,349	216,621	(10,272)
Planning	371,224	361,812	439,404	(77,592)
Downtown director	120,847	118,300	120,108	(1,808)
Law	490,966	518,179	522,056	(3,877)
Public works administration	41,991	87,563	98,450	(10,887)
Public works maintenance	806,627	776,740	828,429	(51,689)
Engineering	434,069	318,279	477,147	(158,868)
Traffic signals	236,786	225,760	230,065	(4,305)
GIS	-	60,855	-	60,855
Central garage	1,145,917	1,054,795	1,157,336	(102,541)
Streets	133,886	144,390	201,374	(56,984)
Storm sewer maintenance	8,711	7,804	14,975	(7,171)
Street lighting	504,323	537,681	493,302	44,379
Parks	2,586,750	2,769,270	2,711,552	57,718
Police	7,427,150	7,404,595	7,558,686	(154,091)
Fire	6,689,333	6,651,668	7,618,735	(967,067)
Inspection	497,087	497,778	559,008	(61,230)
Animal control	133,219	160,716	163,343	(2,627)
Insect/rodent control	7,581	10,820	10,400	420
Total departmental	22,724,311	22,728,951	24,308,623	(1,579,672)

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

CITY OF HUTCHINSON, KANSAS

GENERAL FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
For the Year Ended December 31, 2010
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
EXPENDITURES				
Growth fund				
Growth, Inc.	\$ 45,000	\$ 45,000	\$ 45,000	\$ -
EDC Marketing	63,000	63,000	63,000	-
Cultural committee	15,000	15,000	15,000	-
Market Hutchinson	97,000	97,000	97,000	-
Aquatic Center debt service	100,000	100,000	100,000	-
DHRP	-	25,000	25,000	-
Welcome channel	-	12,500	13,000	(500)
Hike/bike trail	-	92,000	92,000	-
Streets	280,000	250,000	250,000	-
Highways	100,000	-	-	-
Total growth fund	700,000	699,500	700,000	(500)
Appropriated Reserve	-	-	2,527,286	(2,527,286)
Nondepartmental				
Payments to organizations				
United Way	-	107,132	107,407	(275)
Arts and Humanities Council	-	25,100	26,100	(1,000)
Child Care Links	7,875	-	-	-
Cultural activities	52,500	47,250	47,250	-
Victim Abuse Network	15,000	-	-	-
Public transportation - RCAT	2,900	900	900	-
Emergency Shelter Home, Inc.	8,750	-	-	-
First Call for Help	13,819	-	-	-
Kansas Cosmosphere	664,355	632,205	711,236	(79,031)
Kansas Underground Salt Museum	57,087	95,789	107,763	(11,974)
Housing for the Homeless (vouchers)	16,423	-	-	-
Growth coordinator	20,000	15,000	15,000	-
Boys and Girls Club	55,474	-	-	-
Welcome channel	12,500	-	-	-
Cultural commission	30,000	-	-	-
ADA compliance	3,317	2,565	3,000	(435)
Training and development	4,790	7,026	4,000	3,026

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

CITY OF HUTCHINSON, KANSAS

GENERAL FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
EXPENDITURES				
Miscellaneous				
Telephone expense	\$ 28,587	\$ 18,919	\$ 30,000	\$ (11,081)
Computer expense	95,960	71,812	63,000	8,812
Computer equipment	163,376	186,296	192,500	(6,204)
Purchasing	(1,643)	(71)	-	(71)
Pool Maintenance Reserve	7,000	7,000	7,000	-
Economic Opportunity Reserve	1,115,000	65,657	449,630	(383,973)
Wellness program	3,235	-	-	-
Premiums	-	431,153	431,153	-
City Hall Equipment Reserve	-	5,179	5,179	-
Legislative lobbying	1,699	107	1,000	(893)
Audit	25,854	23,470	26,715	(3,245)
Kansas State Fair	150,000	150,000	150,000	-
CRUD program	180	3,889	6,000	(2,111)
City Improvements				
CIP Reserves	943,112	434,416	739,261	(304,845)
Street-sales tax	947,448	900,413	1,012,972	(112,559)
Other	44,854	44,969	59,959	(14,990)
Nondepartmental allocated service costs	(410,366)	(325,381)	(325,381)	-
Total nondepartmental expenditures	<u>4,079,086</u>	<u>2,950,795</u>	<u>3,871,644</u>	<u>(920,849)</u>
Transfers from the General Fund				
Transfers to the animal shelter fund	209,839	238,596	216,297	22,299
Transfers to the equipment reserve fund	-	453,000	453,000	-
Transfers to the special parks fund	63,889	55,635	63,962	(8,327)
Transfers to the municipal golf fund	164,018	183,495	136,513	46,982
Transfers to the Fun Valley fund	359,126	366,528	387,671	(21,143)
Transfers to the airport revolving fund	185,284	162,028	196,852	(34,824)
Transfers to the special street fund	963,381	991,031	1,101,902	(110,871)
Total transfers	<u>1,945,537</u>	<u>2,450,313</u>	<u>2,556,197</u>	<u>(105,884)</u>
Total nondepartmental and transfers	<u>6,024,623</u>	<u>5,401,108</u>	<u>6,427,841</u>	<u>(1,026,733)</u>
TOTAL EXPENDITURES	<u>\$ 29,448,934</u>	<u>\$ 28,829,559</u>	<u>\$ 33,963,750</u>	<u>\$ (5,134,191)</u>

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

CITY OF HUTCHINSON, KANSAS

SPECIAL STREET FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CASH RECEIPTS				
State gas tax distribution	\$ 1,028,739	\$ 1,096,883	\$ 1,179,130	\$ (82,247)
County gas tax distribution	149,354	160,382	161,380	(998)
State connecting links	53,951	67,596	54,000	13,596
Miscellaneous revenues	13	99	-	99
Street cuts	3,440	6,721	4,950	1,771
County contribution	10,714	10,714	21,500	(10,786)
Reimbursements	2,998	3,733	-	3,733
Operating transfer - general fund	963,381	991,031	1,101,902	(110,871)
TOTAL CASH RECEIPTS	2,212,590	2,337,159	\$ 2,522,862	\$ (185,703)
EXPENDITURES				
Personal services	953,713	943,004	\$ 976,531	\$ (33,527)
Contractual services	209,044	283,933	306,266	(22,333)
Commodities	332,479	321,964	340,620	(18,656)
Transfers to CIP	-	757,500	757,500	-
Capital outlay	717,354	30,758	141,945	(111,187)
TOTAL EXPENDITURES	2,212,590	2,337,159	\$ 2,522,862	\$ (185,703)
CASH RECEIPTS OVER (UNDER) EXPENDITURES	-	-		
UNENCUMBERED CASH, BEGINNING	-	-		
UNENCUMBERED CASH, ENDING	\$ -	\$ -		

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

CITY OF HUTCHINSON, KANSAS

SPECIAL PARKS AND RECREATION FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CASH RECEIPTS				
State - private clubs liquor tax	\$ 96,167	\$ 94,311	\$ 115,000	\$ (20,689)
Concessions	238	255	500	(245)
Operating transfer - general fund	63,889	55,635	63,962	(8,327)
TOTAL CASH RECEIPTS	<u>160,294</u>	<u>150,201</u>	<u>\$ 179,462</u>	<u>\$ (29,261)</u>
EXPENDITURES				
Personal services	55,072	57,057	\$ 59,323	\$ (2,266)
Contractual services	84,408	47,874	90,139	(42,265)
Commodities	20,814	32,270	17,000	15,270
Capital outlay	-	13,000	13,000	-
TOTAL EXPENDITURES	<u>160,294</u>	<u>150,201</u>	<u>\$ 179,462</u>	<u>\$ (29,261)</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	-	-		
UNENCUMBERED CASH, BEGINNING	-	-		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>	<u>\$ -</u>		

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

CITY OF HUTCHINSON, KANSAS

SPECIAL ALCOHOL PROGRAMS FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CASH RECEIPTS				
State - private clubs liquor taxes	\$ 96,167	\$ 94,611	\$ 107,000	\$ (12,389)
EXPENDITURES				
Contractual services	124,500	107,368	\$ 219,695	\$ (112,327)
CASH RECEIPTS OVER (UNDER) EXPENDITURES	(28,333)	(12,757)		
UNENCUMBERED CASH, BEGINNING	130,305	101,972		
UNENCUMBERED CASH, ENDING	\$ 101,972	\$ 89,215		

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

CITY OF HUTCHINSON, KANSAS

ANIMAL SHELTER FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CASH RECEIPTS				
Dog tax	\$ 63,478	\$ 41,489	\$ 70,000	\$ (28,511)
Fees and adoption charges	72,744	75,152	79,050	(3,898)
Private donations	20	-	-	-
Reimbursed expenses	7,870	3,830	11,000	(7,170)
Operating transfer - general fund	209,839	238,596	216,297	22,299
TOTAL CASH RECEIPTS	353,951	359,067	\$ 376,347	\$ (17,280)
EXPENDITURES				
Personal services	210,186	221,731	\$ 226,105	\$ (4,374)
Contractual services	76,687	79,312	90,742	(11,430)
Commodities	66,872	57,873	59,000	(1,127)
Bad debt	206	151	500	(349)
TOTAL EXPENDITURES	353,951	359,067	\$ 376,347	\$ (17,280)
CASH RECEIPTS OVER (UNDER) EXPENDITURES	-	-		
UNENCUMBERED CASH, BEGINNING	-	-		
UNENCUMBERED CASH, ENDING	\$ -	\$ -		

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

CITY OF HUTCHINSON, KANSAS

RISK MANAGEMENT FUND (Nonbudgeted)
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

Statement 3
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	Prior Year Actual	Current Year Actual
CASH RECEIPTS		
Interest income	\$ 10,680	\$ 2,514
Reimbursed expenses	155,789	122,084
Contributions from the general fund	-	431,153
Contributions from other funds	302,255	339,837
	468,724	895,588
EXPENDITURES		
Administrative expenses	45,648	52,406
Service allocation costs	18,000	18,000
Transfer to general fund	275,000	50,000
Claims paid	346,434	172,531
Contractual services	4,218	5,013
Extended coverage insurance	496,501	481,593
	1,185,801	779,543
CASH RECEIPTS OVER (UNDER) EXPENDITURES	(717,077)	116,045
UNENCUMBERED CASH, BEGINNING	1,686,173	969,096
UNENCUMBERED CASH, ENDING	\$ 969,096	\$ 1,085,141

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

CITY OF HUTCHINSON, KANSAS

WORKER'S COMPENSATION RESERVE FUND (Nonbudgeted)
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

Statement 3
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	Prior Year Actual	Current Year Actual
CASH RECEIPTS		
Interest income	\$ 25,420	\$ 13,213
Reimbursement of expenditures	-	319
Contributions from the general fund	127,244	332,735
Contributions from other funds	31,752	78,733
TOTAL CASH RECEIPTS	184,416	425,000
EXPENDITURES		
Contractual services	15,418	13,459
Service allocation costs	18,000	18,000
Claims/settlements	321,872	158,973
Transfer to general fund	50,000	100,000
TOTAL EXPENDITURES	405,290	290,432
CASH RECEIPTS OVER (UNDER) EXPENDITURES	(220,874)	134,568
UNENCUMBERED CASH, BEGINNING	2,163,869	1,942,995
UNENCUMBERED CASH, ENDING	\$ 1,942,995	\$ 2,077,563

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

CITY OF HUTCHINSON, KANSAS

HEALTH AND DENTAL INSURANCE FUND (Nonbudgeted)
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year Actual
		Statement 3 Page 15
CASH RECEIPTS		
Interest income	\$ 25,195	\$ 13,249
Employee contributions	618,397	898,916
Employer contributions - budgeted funds	1,983,664	1,768,104
Reimbursed expenses	<u>2,890</u>	<u>3,403</u>
TOTAL CASH RECEIPTS	<u>2,630,146</u>	<u>2,683,672</u>
EXPENDITURES		
Insurance premiums	402,996	604,066
Claim administration	39,243	7,724
Service allocation costs	18,000	18,000
Employer plan funding	-	-
Insurance claims	<u>2,575,876</u>	<u>2,700,402</u>
TOTAL EXPENDITURES	<u>3,036,115</u>	<u>3,330,192</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	(405,969)	(646,520)
UNENCUMBERED CASH, BEGINNING	<u>3,841,750</u>	<u>3,435,781</u>
UNENCUMBERED CASH, ENDING	<u>\$ 3,435,781</u>	<u>\$ 2,789,261</u>

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

CITY OF HUTCHINSON, KANSAS
 CONVENTION AND TOURISM FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

Statement 3
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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CASH RECEIPTS				
Transient guest tax	\$ 573,668	\$ 525,970	\$ 775,000	\$ (249,030)
EXPENDITURES				
Convention Center Reserve	11,100	11,100	\$ 11,100	\$ -
Hutchinson Chamber of Commerce - Convention Visitors Bureau	327,810	300,554	442,913	(142,359)
HPA Associates/Convention Center	234,758	214,316	320,987	(106,671)
TOTAL EXPENDITURES	<u>573,668</u>	<u>525,970</u>	<u>\$ 775,000</u>	<u>\$ (249,030)</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	-	-		
UNENCUMBERED CASH, BEGINNING	-	-		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>	<u>\$ -</u>		

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

CITY OF HUTCHINSON, KANSAS

FUN VALLEY FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CASH RECEIPTS				
Tournament fees	\$ 102,040	\$ 89,875	\$ 95,000	\$ (5,125)
Retail sales	1,926	3,310	10,000	(6,690)
USSSA registration fees	285	140	200	(60)
Gate admissions	60,650	42,186	80,000	(37,814)
Advertising	5,875	7,875	8,500	(625)
Concessions	111,746	94,430	100,000	(5,570)
Miscellaneous	70,325	78,414	55,675	22,739
Transfers from the General fund	359,126	366,528	387,671	(21,143)
TOTAL CASH RECEIPTS	711,973	682,758	\$ 737,046	\$ (54,288)
EXPENDITURES				
Personal services	380,536	356,392	\$ 358,119	\$ (1,727)
Contractual services	174,048	184,002	232,977	(48,975)
Commodities	116,570	120,719	121,750	(1,031)
Capital outlay	40,623	21,645	24,200	(2,555)
Bad debt	196	-	-	-
TOTAL EXPENDITURES	711,973	682,758	\$ 737,046	\$ (54,288)
CASH RECEIPTS OVER (UNDER) EXPENDITURES	-	-		
UNENCUMBERED CASH, BEGINNING	-	-		
UNENCUMBERED CASH, ENDING	\$ -	\$ -		

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

CITY OF HUTCHINSON, KANSAS

MUNICIPAL EQUIPMENT RESERVE FUND (Nonbudgeted)
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

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	Prior Year Actual	Current Year Actual
CASH RECEIPTS		
Interest income	\$ 546	\$ 569
Miscellaneous revenues	-	21,443
Contributions from the general fund	488,874	453,000
Contributions from other funds	-	342,003
	489,420	817,015
EXPENDITURES		
Contractual services	650,954	362,436
Project transfers	-	109,691
	650,954	472,127
CASH RECEIPTS OVER (UNDER) EXPENDITURES	(161,534)	344,888
UNENCUMBERED CASH, BEGINNING	920,795	759,261
UNENCUMBERED CASH, ENDING	\$ 759,261	\$ 1,104,149

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

CITY OF HUTCHINSON, KANSAS

TAX INCREMENTAL FINANCING ENVIRONMENTAL FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CASH RECEIPTS				
Governmental agencies	\$ 346,322	\$ 347,480	\$ 275,000	\$ 72,480
Interest income	1,415	1,522	3,000	(1,478)
Other contributions	-	800,000	-	800,000
State and federal grants	211,158	-	-	-
Transfers to the TIF fund				
Transfer from the Water fund	812,813	-	-	-
Transfers from the Capital improvement fund	1,350,000	-	-	-
TOTAL CASH RECEIPTS	<u>2,721,708</u>	<u>1,149,002</u>	<u>\$ 278,000</u>	<u>\$ 871,002</u>
EXPENDITURES				
Contractual services	2,488,925	806,984	\$ 278,000	\$ 528,984
Appropriated reserve	-	-	200,000	(200,000)
Transfer from the TIF fund				
Transfers to the Water fund	-	-	600,000	(600,000)
TOTAL EXPENDITURES	<u>2,488,925</u>	<u>806,984</u>	<u>\$ 1,078,000</u>	<u>\$ (271,016)</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	232,783	342,018		
UNENCUMBERED CASH, BEGINNING	<u>1,214,548</u>	<u>1,447,331</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 1,447,331</u>	<u>\$ 1,789,349</u>		

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

CITY OF HUTCHINSON, KANSAS
DISASTER FUND (Nonbudgeted)
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
For the Year Ended December 31, 2010
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

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	Prior Year Actual	Current Year Actual
CASH RECEIPTS		
Interest income	\$ 76	\$ 93
EXPENDITURES		
Contractual services	-	-
Project Transfers	-	116,784
	76	(116,691)
CASH RECEIPTS OVER (UNDER) EXPENDITURES		
UNENCUMBERED CASH, BEGINNING	116,615	116,691
UNENCUMBERED CASH, ENDING	\$ 116,691	\$ -

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

CITY OF HUTCHINSON, KANSAS

FEDERAL AND STATE GRANT FUNDS (Nonbudgeted)
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
For the Year Ended December 31, 2010

Statement 3
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	Federal/State Grant Contributions	Grantee Contributions	Interest Income	Other	Total Cash Receipts	Grant Program Expenditures	Other Expenditures	Net Transfers (In) Out	Unencumbered Cash Beginning	Unencumbered Cash Ending
Local law enforcement	\$ 8,787	\$ -	\$ -	\$ -	\$ 8,787	\$ 478	\$ -	\$ 8,309	\$ -	\$ -
Intoxicated driver deterrence	3,297	-	-	-	3,297	4,641	-	-	-	(1,344)
Special traffic enforcement	-	-	-	-	-	-	-	-	51	51
Recovery/redundant backup server	48,002	-	-	-	48,002	138,062	-	-	88,952	(1,108)
Equipment, training, and vehicle funding	329,178	-	-	398	329,576	19,241	-	-	(310,335)	-
Equipment funding	10,725	-	-	-	10,725	23,586	-	-	-	(12,861)
Bulletproof vest funding	33,551	-	-	-	33,551	35,193	-	-	-	(1,642)
Equipment funding	189,342	-	-	-	189,342	170,486	-	-	-	18,856
THC drug funds	-	-	111	65,331	65,442	-	51,002	-	112,161	126,601
ADSA - municipal court	-	-	-	(17,004)	(17,004)	-	-	-	17,004	-
Drug enforcement confiscated funds	-	-	13	-	13	-	-	-	15,376	15,389
Housing and Economic Development	-	-	-	-	-	-	-	-	-	-
2008 HOME Grant	88,031	-	-	-	88,031	128,535	-	-	-	(40,504)
Neighborhood stabilization	290,610	-	-	-	290,610	328,412	-	-	-	(37,802)
Housing grant administration	-	-	-	-	-	-	-	-	14,034	14,034
Preservation trust	-	-	-	-	-	-	-	-	5,051	5,051
Kansas historic preservation	5,389	-	-	-	5,389	3,086	-	-	2,220	2,220
Kansas historic preservation workshop	-	-	-	-	-	-	-	-	824	3,127
Planning grant administration	21,700	-	-	15,050	36,750	21,759	-	-	(389)	(389)
CDBG housing rehab	-	-	-	-	-	400	-	-	(2,000)	12,981
Development strategies	-	-	-	-	-	-	-	-	400	-
Incentives without walls	11,600	-	-	26,313	37,913	72,499	-	-	53,990	19,404
Homeless prevention	134,170	-	-	-	134,170	146,987	-	-	-	(12,817)
Economic Development Administration	665,599	-	-	-	665,599	665,599	-	-	-	-
KS Children's lead paint	-	-	-	-	-	-	-	-	1,515	1,515
Emergency Shelter	-	-	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-	5,642	5,642
2009	30,624	-	-	-	30,624	23,367	-	-	(6,132)	1,125
2010	19,065	-	-	-	19,065	21,125	-	-	-	(2,060)
FAA	-	-	-	-	-	-	-	-	-	-
Wildlife study	42,671	-	-	-	42,671	44,917	-	-	-	(2,246)
4th Avenue safety zone relocation	197,708	-	-	-	197,708	197,708	-	-	-	-
Safety zone design	49,993	-	-	-	49,993	49,993	-	-	-	-
Parks	-	-	-	-	-	-	-	-	-	-
Recreation trails program	80,000	-	-	-	80,000	80,000	-	-	-	-
Community fisheries	11,154	-	-	-	11,154	10,556	-	-	500	1,098
TOTAL	\$ 2,271,196	\$ -	\$ 124	\$ 90,088	\$ 2,361,408	\$ 2,186,630	\$ 51,002	\$ 8,309	\$ (1,136)	\$ 114,331

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

CITY OF HUTCHINSON, KANSAS

BOND AND INTEREST FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CASH RECEIPTS				
Ad valorem property tax	\$ 3,544,114	\$ 2,272,983	\$ 2,397,729	\$ (124,746)
Ad valorem vehicle tax	508,759	531,451	547,480	(16,029)
Delinquent ad valorem tax	135,087	130,197	100,000	30,197
In lieu of tax	1,475	1,004	1,500	(496)
Machinery and equipment rebate	32,445	-	-	-
Current special assessments	916,839	919,286	842,259	77,027
Delinquent special assessments	41,963	134	12,827	(12,693)
Aquatic Center debt service transfer	100,000	100,000	100,000	-
Refunding proceeds	2,860,000	-	-	-
Premiums and return of escrow	-	26,438	-	26,438
Other reimbursements	156,442	55,427	55,427	-
Transfers into the Bond and Interest fund				
Transfers from special construction projects	56,000	194,900	-	194,900
Transfers from the Water fund	476,080	555,580	555,580	-
Transfers from the Sewer fund	476,080	555,580	555,580	-
TOTAL CASH RECEIPTS	9,305,284	5,342,980	\$ 5,168,382	\$ 174,598
EXPENDITURES				
Debt service	8,891,826	5,285,048	\$ 5,535,050	\$ (250,002)
Internal service costs	7,500	7,500	7,500	-
Contingency	-	-	40,065	(40,065)
Bond issuance costs	60,704	-	-	-
TOTAL EXPENDITURES	8,960,030	5,292,548	\$ 5,582,615	\$ (290,067)
CASH RECEIPTS OVER (UNDER) EXPENDITURES	345,254	50,432		
UNENCUMBERED CASH, BEGINNING	246,628	591,882		
UNENCUMBERED CASH, ENDING	\$ 591,882	\$ 642,314		

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

CITY OF HUTCHINSON, KANSAS
 SPECIAL CAPITAL PROJECT FUNDS (Nonbudgeted)
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2010

Statement 3
 Page 23

	Cash Receipts				Expenditures							Unencumbered Cash Ending			
	Unencumbered Cash Beginning	Temporary Notes	General Obligation Bonds	Miscellaneous	Federal/State Grant Contributions	Total	Net Transfers In (Out)	Engineering Bond Expense, Appraisal, and Other	Purchases and Construction	Interest on Temporary Notes	Payment of Temporary Notes		Transfers	Total	
CRUD natural gas cleanup	\$ 5,000	-	-	-	-	-	5,000	-	-	-	-	-	-	-	-
Sanitary sewer improvement	211,040	-	-	-	-	-	-	217	-	-	-	-	217	-	(217)
Water/street improvement	11,306	234,665	-	-	-	234,665	273,360	3,004	-	10,061	706,000	-	719,065	-	-
Fun Valley improvement	72,708	138,666	-	-	-	138,666	15,999	1,776	2,238	1,961	159,996	-	165,971	-	-
Sports Arena improvement	64,603	-	-	-	-	-	(72,708)	-	-	-	-	-	-	-	-
Convention Center study project	44,400	-	-	-	-	-	(64,603)	-	-	-	-	-	-	-	-
Water improvement	(118,725)	-	-	-	-	-	(44,400)	-	-	-	-	-	-	-	-
Street improvement	5,000	-	-	-	-	-	118,725	-	-	-	-	5,000	5,000	-	-
Drainage improvement	(223,463)	-	-	-	-	-	223,463	-	-	-	-	-	-	-	-
Water/sewer improvement	16,054	181,332	-	-	-	181,332	59,654	2,322	7,651	2,994	244,273	-	257,240	-	-
Street improvement	146,244	511,995	-	-	-	511,995	-	6,557	41,181	7,242	590,732	12,527	658,239	-	-
TOTAL	\$ 234,167	\$ 1,066,658	\$ -	\$ -	\$ -	\$ 1,066,658	\$ 504,690	\$ 13,876	\$ 51,070	\$ 22,258	\$ 1,701,001	\$ 17,527	\$ 1,805,732	\$ -	\$ (217)

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

CITY OF HUTCHINSON, KANSAS

CAPITAL IMPROVEMENT FUND (Nonbudgeted)
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year Actual
Statement 3 Page 24		
CASH RECEIPTS		
Capital outlay budgeted fund improvements		
General fund	\$ 1,652,293	\$ 1,637,977
Waterworks fund	845,000	841,900
Sewage treatment plant and system fund	200,000	300,000
Special street fund	670,000	757,500
Other funds	375,000	3,602,640
Loan proceeds	-	5,464,315
Interest income	71,210	39,708
Grant reimbursements	2,907,541	1,269,089
Bond proceeds	1,102,596	3,485,358
Private donations	100,900	900
Reimbursed expenses	90,137	1,371,375
Miscellaneous	21,672	-
TOTAL CASH RECEIPTS	8,036,349	18,770,762
EXPENDITURES		
Capital improvement expenditures	11,788,570	15,897,543
Transfers to other funds	1,350,000	3,086,834
TOTAL EXPENDITURES	13,138,570	18,984,377
CASH RECEIPTS OVER (UNDER) EXPENDITURES	(5,102,221)	(213,615)
UNENCUMBERED CASH, BEGINNING	18,679,028	13,576,807
UNENCUMBERED CASH, ENDING	\$ 13,576,807	\$ 13,363,192

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

CITY OF HUTCHINSON, KANSAS

CAPITAL IMPROVEMENT RESERVE FUND (Nonbudgeted)
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

Statement 3
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	Prior Year Actual	Current Year Actual
	<u> </u>	<u> </u>
CASH RECEIPTS		
Capital outlay budgeted fund improvements		
General fund	\$ 7,000	\$ 122,977
League and facility revenues	-	150,738
Capital improvement fund	35,000	136,874
Bond proceeds	82,500	101,370
	<u>124,500</u>	<u>511,959</u>
EXPENDITURES		
Capital improvement expenditures	566,381	50,769
Project transfer	24,723	76,358
	<u>591,104</u>	<u>127,127</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	(466,604)	384,832
UNENCUMBERED CASH, BEGINNING	<u>817,217</u>	<u>350,613</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 350,613</u></u>	<u><u>\$ 735,445</u></u>

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

CITY OF HUTCHINSON, KANSAS

REFUSE COLLECTION FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

Statement 3
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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CASH RECEIPTS				
Charges for services	\$ 1,782,117	\$ 1,891,471	\$ 1,847,000	\$ 44,471
Residential composting	60,554	-	69,000	(69,000)
Delayed payment charges	27,921	29,266	29,000	266
Franchise fees	160,007	160,109	168,550	(8,441)
Interest income	7,478	5,150	15,000	(9,850)
TOTAL CASH RECEIPTS	<u>2,038,077</u>	<u>2,085,996</u>	<u>\$ 2,128,550</u>	<u>\$ (42,554)</u>
EXPENDITURES				
Contractual services	1,988,423	2,054,086	\$ 2,059,875	\$ (5,789)
Commodities	4,340	4,792	5,000	(208)
Appropriated reserves	-	-	56,014	(56,014)
Bad debt	1,334	9,561	4,200	5,361
Operating transfers - general fund	250,000	250,000	250,000	-
TOTAL EXPENDITURES	<u>2,244,097</u>	<u>2,318,439</u>	<u>\$ 2,375,089</u>	<u>\$ (56,650)</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	(206,020)	(232,443)		
UNENCUMBERED CASH, BEGINNING	<u>455,889</u>	<u>249,869</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 249,869</u>	<u>\$ 17,426</u>		

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

CITY OF HUTCHINSON, KANSAS

MUNICIPAL GOLF COURSE FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

Statement 3
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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CASH RECEIPTS				
Golf fees	\$ 278,858	\$ 264,723	\$ 312,000	\$ (47,277)
Tournament revenue	17,355	11,864	20,000	(8,136)
Locker rental	1,860	1,880	2,000	(120)
Cart shed rental	8,960	10,344	10,000	344
Cart rental	115,430	105,719	108,000	(2,281)
Private cart fees	13,850	15,281	14,000	1,281
Improvement fund fees	55,518	40,684	61,000	(20,316)
Reimbursements	1,154	6	-	6
Concessions	73,760	61,074	81,580	(20,506)
Pro Shop and driving range revenue	-	37,506	-	37,506
Miscellaneous	10,164	6,760	10,000	(3,240)
Transfers from the General Fund	164,018	183,495	136,513	46,982
TOTAL CASH RECEIPTS	740,927	739,336	\$ 755,093	\$ (15,757)
EXPENDITURES				
Personal services	501,693	452,071	\$ 465,259	\$ (13,188)
Contractual services	79,810	92,156	123,455	(31,299)
Commodities	112,904	156,067	136,056	20,011
Bad debt	-	56	-	56
Capital outlay	46,520	38,986	30,323	8,663
TOTAL EXPENDITURES	740,927	739,336	\$ 755,093	\$ (15,757)
CASH RECEIPTS OVER (UNDER) EXPENDITURES	-	-		
UNENCUMBERED CASH, BEGINNING	-	-		
UNENCUMBERED CASH, ENDING	\$ -	\$ -		

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

CITY OF HUTCHINSON, KANSAS

AIRPORT REVOLVING FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CASH RECEIPTS				
Rents	\$ 174,270	\$ 200,483	\$ 173,102	\$ 27,381
Reimbursements	3,984	2,638	2,638	-
Miscellaneous revenues	-	14,076	8,000	6,076
Transfers from the General Fund	185,284	162,028	196,852	(34,824)
TOTAL CASH RECEIPTS	363,538	379,225	\$ 380,592	\$ (1,367)
EXPENDITURES				
Personal services	143,980	155,456	\$ 159,189	\$ (3,733)
Contractual services	81,046	127,560	127,903	(343)
Commodities	68,309	79,365	73,000	6,365
Capital outlay	14,203	16,844	20,500	(3,656)
Transfers to the bond and interest fund	56,000	-	-	-
TOTAL EXPENDITURES	363,538	379,225	\$ 380,592	\$ (1,367)
CASH RECEIPTS OVER (UNDER) EXPENDITURES	-	-		
UNENCUMBERED CASH, BEGINNING	-	-		
UNENCUMBERED CASH, ENDING	\$ -	\$ -		

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

CITY OF HUTCHINSON, KANSAS

STORM WATER UTILITY FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

Statement 3
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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CASH RECEIPTS				
Storm water surcharge	\$ 280,534	\$ 282,053	\$ 282,000	\$ 53
Interest income	334	398	500	(102)
TOTAL CASH RECEIPTS	<u>280,868</u>	<u>282,451</u>	<u>\$ 282,500</u>	<u>\$ (49)</u>
EXPENDITURES				
Personal services	-	39,589	\$ 50,861	\$ (11,272)
Contractual services	11,814	12,420	363,148	(350,728)
Capital outlay	375,000	251,215	252,210	(995)
Bad debt	279	1,158	-	1,158
TOTAL EXPENDITURES	<u>387,093</u>	<u>304,382</u>	<u>\$ 666,219</u>	<u>\$ (361,837)</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES	(106,225)	(21,931)		
UNENCUMBERED CASH, BEGINNING	<u>488,706</u>	<u>382,481</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 382,481</u>	<u>\$ 360,550</u>		

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

CITY OF HUTCHINSON, KANSAS

WATERWORKS FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

Statement 3
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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CASH RECEIPTS				
Water sales	\$ 6,249,080	\$ 6,555,075	\$ 6,821,156	\$ (266,081)
Tap charges	26,235	25,945	24,000	1,945
Disconnect fees	45,549	44,436	42,000	2,436
Late fees	65,051	70,490	61,000	9,490
Interest income	54,719	24,094	72,000	(47,906)
Service connection fees	37,360	38,320	37,000	1,320
Water district surcharges	3,072	3,072	3,000	72
Salvage materials	2,026	-	3,200	(3,200)
Reimbursed expenses	20,788	35,494	200	35,294
Franchise fees	311,545	329,296	335,450	(6,154)
Transfers from the TIF fund	-	-	600,000	(600,000)
Miscellaneous	380	564	200	364
TOTAL CASH RECEIPTS	6,815,805	7,126,786	\$ 7,999,206	\$ (872,420)
EXPENDITURES				
Personal services	1,772,789	1,638,912	\$ 1,763,614	\$ (124,702)
Contractual services	736,254	1,036,337	1,882,232	(845,895)
Commodities	493,239	597,577	828,475	(230,898)
Capital outlay	989,847	1,020,925	529,700	491,225
Loan principal	692,570	692,647	697,071	(4,424)
Loan service fees	48,474	48,132	48,524	(392)
Loan interest	459,444	455,520	459,082	(3,562)
Franchise fee	311,545	329,296	352,000	(22,704)
Service allocation costs	762,217	918,428	918,427	1
Risk management reserve expense	103,500	-	-	-
Worker's compensation reserve expense	8,445	-	-	-
Required reserves	-	-	190,000	(190,000)
Appropriated reserves	-	-	2,466,222	(2,466,222)
Other expenditures	12,616	51,124	19,000	32,124
TOTAL EXPENDITURES	6,390,940	6,788,898	10,154,347	(3,365,449)
TRANSFERS				
Transfers to other funds	812,813	-	600,000	(600,000)
Transfers to the Bond and Interest fund	476,080	555,580	555,580	-
TOTAL TRANSFERS	1,288,893	555,580	1,155,580	(600,000)
TOTAL EXPENDITURES AND TRANSFERS	7,679,833	7,344,478	\$ 11,309,927	\$ (3,965,449)
CASH RECEIPTS OVER (UNDER) EXPENDITURES	(864,028)	(217,692)		
UNENCUMBERED CASH, BEGINNING	5,388,611	4,524,583		
UNENCUMBERED CASH, ENDING	\$ 4,524,583	\$ 4,306,891		

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

CITY OF HUTCHINSON, KANSAS

SEWAGE TREATMENT PLANT AND SYSTEM FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

Statement 3
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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CASH RECEIPTS				
Sewer use charges	\$ 5,400,357	\$ 5,588,419	\$ 5,412,705	\$ 175,714
Delayed payment charges	48,023	47,049	45,000	2,049
Interest income	46,841	28,433	60,000	(31,567)
Reimbursed expenses	3,887	459	300	159
Salvage sold	101	89	-	89
Industrial wastewater permit fee	1,200	1,275	1,150	125
Franchise fees	269,205	279,741	275,270	4,471
TOTAL CASH RECEIPTS	5,769,614	5,945,465	\$ 5,794,425	\$ 151,040
EXPENDITURES				
Personal services	1,471,863	1,542,957	\$ 1,647,897	\$ (104,940)
Contractual services	1,035,442	1,178,044	1,129,361	48,683
Commodities	538,352	416,531	461,215	(44,684)
Capital outlay	322,782	384,613	276,316	108,297
Debt service	90,000	161,163	161,163	-
Loan principal	356,594	311,634	311,634	-
Loan service fees	12,321	11,423	11,423	-
Loan interest	210,736	130,385	130,385	-
Franchise fees	269,205	279,741	275,270	4,471
Service allocation costs	803,696	698,928	698,928	-
Appropriated reserves	-	-	814,661	(814,661)
Required reserves	-	-	818,018	(818,018)
Risk management reserve expense	198,755	-	-	-
Worker's compensation reserve expense	6,614	-	-	-
Other expenditures	3,834	35,783	13,000	22,783
TOTAL EXPENDITURES	5,320,194	5,151,202	6,749,271	(1,598,069)
TRANSFERS				
Transfers to other funds	-	-	300,000	(300,000)
Transfers to the Bond and Interest fund	476,080	555,580	555,580	-
TOTAL TRANSFERS	476,080	555,580	855,580	(300,000)
TOTAL EXPENDITURES AND TRANSFERS	5,796,274	5,706,782	\$ 7,604,851	\$ (1,898,069)
CASH RECEIPTS OVER (UNDER) EXPENDITURES	(26,660)	238,683		
UNENCUMBERED CASH, BEGINNING	2,138,618	2,111,958		
UNENCUMBERED CASH, ENDING	\$ 2,111,958	\$ 2,350,641		

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

CITY OF HUTCHINSON, KANSAS
 FIDUCIARY FUNDS (Nonbudgeted)
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2010

Statement 3
Page 32

	Hutch Community Foundation	Donations
CASH RECEIPTS		
Interest income	\$ 28	\$ -
Private donations	35,820	58,584
TOTAL CASH RECEIPTS	35,848	58,584
EXPENDITURES		
Other contractual services	20,974	76,337
CASH RECEIPTS OVER (UNDER) EXPENDITURES	14,874	(17,753)
UNENCUMBERED CASH, BEGINNING	23,926	117,854
UNENCUMBERED CASH, ENDING	\$ 38,800	\$ 100,101

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

CITY OF HUTCHINSON, KANSAS

GOSSAGE ANIMAL SHELTER TRUST FUND (Nonbudgeted)
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2010
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year Actual
		Statement 3 Page 33
CASH RECEIPTS		
Interest income	\$ 34	\$ 5
Trust distribution	40,102	38,187
	<u>40,136</u>	<u>38,192</u>
TOTAL CASH RECEIPTS		
EXPENDITURES		
Contractual services	54,130	55,427
	<u>(13,994)</u>	<u>(17,235)</u>
CASH RECEIPTS OVER (UNDER) EXPENDITURES		
UNENCUMBERED CASH, BEGINNING	72,349	58,355
UNENCUMBERED CASH, ENDING	<u>\$ 58,355</u>	<u>\$ 41,120</u>

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

CITY OF HUTCHINSON, KANSAS

AGENCY FUNDS
 STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS - REGULATORY BASIS
 For the Year Ended December 31, 2010

Statement 4

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Payroll clearing	\$ (21,900)	\$ 1,046,225	\$ 1,036,640	\$ (12,315)
Fire proceeds	14,901	23,970	26,721	12,150
Central purchasing	17,411	150,997	122,300	46,108
TOTAL	\$ 10,412	\$ 1,221,192	\$ 1,185,661	\$ 45,943

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

CITY OF HUTCHINSON, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Hutchinson (City) is a municipal corporation incorporated under the laws of the State of Kansas and governed by an elected five-member council.

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.

The following types of funds comprise the financial activities of the City for the year of 2010:

Governmental funds

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

Special revenue funds—to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Debt service funds—to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt, and the financing of special assessments which are general obligations of the City.

Capital project funds—to account for financial resources segregated for the acquisition/construction of major capital facilities and improvements.

Proprietary funds—to account for operations that are financed and operated in a manner similar to private business enterprises—where the stated intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges—or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary funds—to account for assets held by a governmental unit, in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include expendable trust, nonexpendable trust, and agency funds.

Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances with disbursements being adjusted for prior year's accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

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 statutory basis of accounting.

Use of Estimates

The process of preparing financial statements 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 statements. 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.

Policy for Applying FASB Pronouncements to Proprietary Funds

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with, or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Departure from Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation, which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

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.

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 statements at the time the benefits are earned by the employee.

NOTE 2—BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and proprietary funds. 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 statements 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, fiduciary funds, agency funds, and the following special revenue funds:

- Risk Management
- Worker's Compensation Reserve
- Health and Dental Insurance
- Municipal Equipment Reserve
- Capital Improvement
- Capital Improvement Reserve
- Disaster
- Federal and State Grant

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 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. Certain investments of the City's proprietary funds are restricted to their use. The carrying amount of these restricted funds at December 31, 2010, was \$5,658,226.

As of December 31, 2010, the City had the following investments:

Investment Type	Fair Value	Rating
Kansas Municipal Investment Overnight Pool	\$ 15,906,461	S&P AAAf/S1+

At December 31, 2010, the City had invested \$15,906,461 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 10% of those funds may be invested in mortgage-backed securities. In addition, KMIP may invest in repurchase agreements with the Kansas banks or with primary government securities dealers.

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. The rating of the City's investments is noted above.

Restricted cash and investment balances of the water and sewer system are segregated as follows in accordance with required provisions of the bond ordinance which sets out the procedures in accounting for funds resulting from the operation of the utilities.

	2010
Meter deposit account cash	\$ 319,472
Bond account cash	14,000
Bond reserve account cash	163,000
Depreciation and emergency replacement reserve account cash	200,000
Extension and bond redemption account cash	4,961,754
	<u>\$ 5,658,226</u>

Concentration of Credit Risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. All of the City's investments were held in the Kansas Municipal Investment Overnight Pool at December 31, 2010.

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, 2010.

At December 31, 2010, the City's carrying amount of deposits was \$21,313,874 and the bank balance was \$21,445,814. The bank balance was held by four banks. Of the bank balance, \$4,000,000 was covered by federal depository insurance, \$17,445,814 was collateralized with securities held by the pledging financial institutions' agents in the City's name. At December 31, 2010, \$3,000,000 of the FDIC coverage was through the Certificate of Deposit Account Registry Service.

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.

At December 31, 2010, the City had invested \$15,906,461 in the State's municipal investment pool. The municipal investment pool 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 10% of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

NOTE 4—CAPITAL PROJECTS

At December 31, 2010, capital projects authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

City Improvement	Project Authorization	Expenditures Payable to Date
Drainage	\$ 755,000	\$ 222,619
Water/sewer	157,850	150,886
Water	368,038	245,636
Sewer	700,000	483,961
Water/sewer	312,500	240,406
Streets	705,400	497,579
Sewer	655,000	217

NOTE 5-LONG-TERM DEBT

Changes in long-term liabilities for the year ended December 31, 2010, were as follows:

	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year
General obligation bonds					
2000A	5.300% - 6.250%	05/31/00	\$ 2,020,000	10/01/20	\$ 180,000
2000B	4.300% - 5.450%	09/28/00	1,415,000	10/01/20	155,000
2001B	5.375% - 6.200%	05/01/01	110,000	10/01/11	30,000
2001C	2.400% - 3.875%	10/01/01	1,250,000	10/01/11	295,000
2002A	2.500% - 4.200%	06/01/02	1,830,000	10/01/12	645,000
2003A	3.000% - 4.300%	03/21/03	1,360,000	10/01/23	1,080,000
2003B refunding	2.000% - 3.500%	07/11/03	5,250,000	10/01/17	1,590,000
2003D refunding	1.250% - 3.300%	09/24/03	3,070,000	12/01/10	520,000
2003E	1.500% - 3.375%	12/03/03	1,800,000	10/01/13	950,000
2004A	2.375% - 3.650%	04/01/04	2,265,000	10/01/24	1,535,000
2004B	2.800% - 4.200%	11/15/04	1,395,000	10/01/24	830,000
2005A	3.000% - 3.600%	06/01/05	625,000	10/01/14	320,000
2005B refunding	3.000% - 5.000%	06/15/05	4,005,000	10/01/20	3,165,000
2005C	3.200% - 4.200%	10/31/05	2,285,000	10/01/25	1,755,000
2006A	3.650% - 4.400%	05/15/06	1,965,000	10/01/26	1,595,000
2006B	3.450% - 4.250%	10/15/06	600,000	10/01/26	495,000
2007A	3.700% - 5.000%	06/01/07	630,000	10/01/17	530,000
2007B	5.150% - 5.400%	06/01/07	4,805,000	10/01/22	4,160,000
2007C	3.550% - 4.500%	11/15/07	3,005,000	10/01/27	2,705,000
2008A	3.150% - 4.350%	08/15/08	2,590,000	10/01/28	2,420,000
2009A refunding	2.000% - 3.950%	04/01/09	2,860,000	10/01/22	2,810,000
2009B	2.000% - 4.400%	06/01/09	1,320,000	10/01/29	1,320,000
2010A	2.000% - 4.000%	06/01/10	3,782,476	10/01/30	-
					<u>29,085,000</u>
Revenue bonds					
2001 Water and Sewer Revenue Bonds	2.100% - 4.850%	10/01/01	2,100,000	12/01/21	<u>1,495,000</u>
Temporary notes					
2008B	2.850%	08/15/08	916,000	06/01/11	706,000
2009A	1.100% - 1.250%	06/01/09	995,000	06/01/10	995,000
2010A	2.000% - 2.500%	06/01/10	872,000	06/01/14	-
					<u>1,701,000</u>
Loan - Kansas Department of Health and Environment (KDHE)					
Kansas Water Pollution Control #1133	3.450%	08/23/94	1,311,490	02/28/10	55,731
Kansas Water Pollution Control #1517	3.100%	03/14/02	6,800,000	03/01/24	4,604,679
Kansas Public Water Supply #2280	4.180%	06/11/02	2,508,271	02/01/24	970,461
Kansas Water Pollution Control #1780	2.470%	03/08/10	5,700,000	03/01/31	-
Kansas Water Pollution Control #1666	2.650%	10/27/05	10,000,000	03/01/28	9,416,283
Kansas Public Water Supply #2423	3.530%	12/08/08	6,666,667	02/01/28	6,199,045
					<u>21,246,199</u>
Capital leases					
Pumper fire truck	3.45%	12/16/10	518,183	12/16/16	-
Lawnmower	3.45%	04/23/10	42,185	04/23/12	-
Lawnmower	3.45%	04/23/10	42,185	04/23/14	-
Lawnmower	3.45%	04/23/10	42,185	04/23/13	-
					<u>-</u>
Total bonded indebtedness					<u>53,527,199</u>
Compensated absences	N/A	N/A	N/A	N/A	3,397,264
Incurred but not reported claims	N/A	N/A	N/A	N/A	<u>174,929</u>
Total long-term debt					<u>\$ 57,099,392</u>

N/A - not applicable

Additions	Refundings	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
\$ -	\$ -	\$ 180,000	\$ -	\$ -	\$ 9,720
-	-	155,000	-	-	7,208
-	-	15,000	-	15,000	1,860
-	-	145,000	-	150,000	11,395
-	-	205,000	-	440,000	26,465
-	-	60,000	-	1,020,000	41,288
-	-	205,000	-	1,385,000	50,383
-	-	520,000	-	-	17,160
-	-	340,000	-	610,000	29,563
-	-	325,000	-	1,210,000	53,595
-	-	155,000	-	675,000	28,233
-	-	55,000	-	265,000	10,910
-	-	485,000	-	2,680,000	140,606
-	-	185,000	-	1,570,000	64,545
-	-	145,000	-	1,450,000	62,873
-	-	35,000	-	460,000	19,060
-	-	55,000	-	475,000	21,375
-	-	260,000	-	3,900,000	219,675
-	-	150,000	-	2,555,000	105,416
-	-	195,000	-	2,225,000	87,646
-	-	170,000	-	2,640,000	83,778
-	-	105,000	-	1,215,000	47,294
<u>3,782,476</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,782,476</u>	<u>-</u>
<u>3,782,476</u>	<u>-</u>	<u>4,145,000</u>	<u>-</u>	<u>28,722,476</u>	<u>1,140,048</u>
<u>-</u>	<u>-</u>	<u>95,000</u>	<u>-</u>	<u>1,400,000</u>	<u>66,163</u>
<u>-</u>	<u>-</u>	<u>706,000</u>	<u>-</u>	<u>-</u>	<u>10,061</u>
<u>-</u>	<u>-</u>	<u>995,000</u>	<u>-</u>	<u>-</u>	<u>12,197</u>
<u>872,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>872,000</u>	<u>-</u>
<u>872,000</u>	<u>-</u>	<u>1,701,000</u>	<u>-</u>	<u>872,000</u>	<u>22,258</u>
<u>-</u>	<u>-</u>	<u>55,731</u>	<u>-</u>	<u>-</u>	<u>1,031</u>
<u>-</u>	<u>-</u>	<u>255,903</u>	<u>-</u>	<u>4,348,776</u>	<u>140,777</u>
<u>-</u>	<u>-</u>	<u>49,874</u>	<u>-</u>	<u>920,587</u>	<u>40,049</u>
<u>5,464,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,464,315</u>	<u>21,353</u>
<u>-</u>	<u>-</u>	<u>400,309</u>	<u>-</u>	<u>9,015,974</u>	<u>246,897</u>
<u>-</u>	<u>-</u>	<u>242,463</u>	<u>-</u>	<u>5,956,582</u>	<u>216,705</u>
<u>5,464,315</u>	<u>-</u>	<u>1,004,280</u>	<u>-</u>	<u>25,706,234</u>	<u>666,812</u>
<u>518,183</u>	<u>-</u>	<u>81,767</u>	<u>-</u>	<u>436,416</u>	<u>-</u>
<u>42,185</u>	<u>-</u>	<u>14,541</u>	<u>-</u>	<u>27,644</u>	<u>-</u>
<u>42,185</u>	<u>-</u>	<u>9,019</u>	<u>-</u>	<u>33,166</u>	<u>-</u>
<u>42,185</u>	<u>-</u>	<u>11,089</u>	<u>-</u>	<u>31,096</u>	<u>-</u>
<u>644,738</u>	<u>-</u>	<u>116,416</u>	<u>-</u>	<u>528,322</u>	<u>-</u>
<u>10,763,529</u>	<u>-</u>	<u>7,061,696</u>	<u>-</u>	<u>57,229,032</u>	<u>\$ 1,895,281</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(172,209)</u>	<u>3,225,055</u>	
<u>-</u>	<u>-</u>	<u>-</u>	<u>19,117</u>	<u>194,046</u>	
<u>\$ 10,763,529</u>	<u>\$ -</u>	<u>\$ 7,061,696</u>	<u>\$ (153,092)</u>	<u>\$ 60,648,133</u>	

In April of 2011, the Kansas Department of Health and Environment forgave \$2,395,761 of the Kansas Water Pollution Control loan of March 8, 2010, as part of the federal government American Recovery and Reinvestment Act of 2009. Future long-term debt maturities listed below, have been adjusted for this forgiveness of debt.

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

	Year									Total
	2011	2012	2013	2014	2015	2016-2020	2021-2025	2026-2030	2031	
Principal										
General obligation										
bonds	\$ 3,397,476	\$ 3,175,000	\$ 3,040,000	\$ 2,905,000	\$ 2,600,000	\$ 9,635,000	\$ 3,085,000	\$ 885,000	\$ -	\$ 28,722,476
Revenue bonds	100,000	105,000	110,000	115,000	120,000	690,000	160,000	-	-	1,400,000
Loan - KDHE	1,032,172	1,127,331	1,161,896	1,197,544	1,234,307	6,764,613	7,131,069	3,562,779	98,761	23,310,472
Temporary notes	207,000	220,000	220,000	225,000	-	-	-	-	-	872,000
Capital leases	98,189	101,576	90,539	82,574	76,404	79,040	-	-	-	528,322
Total principal	4,834,837	4,728,907	4,622,435	4,525,118	4,030,711	17,168,653	10,376,069	4,447,779	98,761	54,833,270
Interest										
General obligation										
bonds	1,114,379	953,321	839,930	736,621	634,614	1,872,991	502,505	79,306	-	6,733,667
Revenue bonds	62,553	58,653	54,453	49,943	45,055	139,272	7,760	-	-	417,689
Loan - KDHE	660,910	665,856	631,290	595,643	520,965	2,240,425	1,104,960	204,201	1,343	6,625,593
Temporary notes	23,817	14,716	10,492	5,850	-	-	-	-	-	54,875
Capital leases	18,227	14,840	11,335	8,212	5,363	2,727	-	-	-	60,704
Total interest	1,879,886	1,707,386	1,547,500	1,396,269	1,205,997	4,255,415	1,615,225	283,507	1,343	13,892,528
Total principal and interest	\$ 6,714,723	\$ 6,436,293	\$ 6,169,935	\$ 5,921,387	\$ 5,236,708	\$ 21,424,068	\$ 11,991,294	\$ 4,731,286	\$ 100,104	\$ 68,725,798

Outstanding revenue bonds are secured by a pledge of revenues derived by the City from the operation of the Water and Sewer System, including revenues derived from extensions, enlargements, and improvements to the Water and Sewer System constructed or acquired by the City. Net operating revenues are defined in the revenue bond agreements. The Water and Sewer System is required to establish user fees and rates that will yield net operating revenues not less than 120% of the amount required to be paid by the City in such fiscal year on account of both principal and interest on all revenue bonds at the time outstanding.

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 statements.

The City has issued one series of Sales Tax Special Obligation Revenue Bonds for an original issue amount of \$4,800,000. These bonds are secured by the property financed and are payable solely from payments received from sales taxes collected by the City of Hutchinson.

As of December 31, 2010, there were eighteen series of Industrial Revenue Bonds outstanding, one series Single Family Revenue Bond outstanding, and five series Multi-Family Revenue Bonds outstanding. The aggregate principal payable could not be determined, however, aggregate original issue amounts payable totaled \$95,176,500.

Kansas Water Pollution Control and Public Water Supply Revolving Loan Agreements

The City entered into various loan agreements with the Kansas Department of Health and Environment (KDHE) for funding of various water pollution control and water supply improvements to the sewage treatment plant and system fund and waterworks fund. Terms of the agreements, require the City to collect such rates, fees, and charges for the use and services furnished by or through the City's wastewater treatment system and water supply system to pay the cost of the operation and maintenance of such systems, pay the principal and interest on the notes as due under these agreements, and pay all other amounts due at any time under these agreements. These loans shall be general obligations of the City payable as both principal and interest from ad valorem taxes which may be levied without limitations as to rate or amount.

Lease Obligations

The City is committed under a noncancelable operating lease for equipment. Future minimum operating lease commitments are as follows:

2011	\$	37,503
2012		6,000
2013		-
2014		-
2015		-
		<hr/>
	\$	<u>43,503</u>

Rent expenditures were \$124,805 for the year ended December 31, 2010.

NOTE 6—INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Special Street Fund	12-1,119	\$ 991,031
General Fund	Municipal Golf Course Fund	12-101a	183,495
General Fund	Special Park Fund	12-101a	55,635
General Fund	Fun Valley Fund	12-101a	366,528
General Fund	Animal Shelter Fund	12-101a	238,596
General Fund	Airport Revolving Fund	3-121	162,028
General Fund	Equipment Reserve Fund	12-101a	453,000
Special Street Fund	Capital Improvement Fund	12-1,118	757,500
Refuse Fund	General Fund	10-1204	250,000
Risk Management Fund	General Fund	12-2615	50,000
Workers Comp Fund	General Fund	44-505f	100,000
Waterworks Fund	Bond and Interest Fund	12-825d	555,580
Sewage Treatment and System Fund	Bond and Interest Fund	12-6311	555,580

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 deductions of \$10,000 and \$10,000, respectively.

Physical Property

Insured through commercial insurance with 90% coinsurance clause with a \$75,000 deductible. 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 \$350,000 per accident for firefighters and police officers and \$300,000 for all other employees. Individual claims up to \$350,000 are self-funded and administered through the Worker's Compensation Reserve Fund. Claims are administered by an independent third party. Management estimates that the amount of actual or potential claims against the City as of December 31, 2010, will not materially affect the financial condition of the City. Therefore, the financial statements do not contain provisions for and do not present estimated claims. An accidental death and dismemberment policy is carried for qualifying claims with coverage of \$150,000.

Health and Dental Insurance

The City became self-funded in regard to its health/dental insurance coverage effective January 1, 2000. The plan is administered by Blue Cross-Blue Shield of Kansas, which provides a stop loss provision of incurred claims expense in excess of \$100,000 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 2010 is presented below:

<u>Fund</u>	<u>Claim Liability Beginning of Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Claim Liability End of Year</u>
Worker's Compensation Reserve	\$ (18,296)	\$ 208,221	\$ 158,973	\$ 30,952
Health and Dental Insurance	193,255	2,670,241	2,700,402	163,094

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. Those reports may be obtained by writing to KPERs (611 S. Kansas Avenue, Topeka, Kansas 66603) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 and K.S.A. 74-49,210 establishes the KPERS member-employee contribution rates. Effective July 1, 2009, KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law established the KPERS member employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% of covered salary.

The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERS employer rate established for calendar year December 31, 2010, is 7.14% except for the period from March 14, 2010 through June 19, 2010, when the rate was 6.14%. The City employer contributions to KPERS for the years ended December 31, 2010, 2009, and 2008, were \$639,847, \$564,560, and \$479,280, respectively, equally to the statutory required contributions for each year. The KP&F employer rate established for fiscal years beginning in 2010, is 12.86%. The KP&F employer rate established for participating fire employees of former fire district #2 for 2010, is 12.86%. Employers participating in KP&F also make contributions to amortize the liability for part service costs, if any, which is determined separately for each participating employer. The City contributions to KP&F for the years ended December 31, 2010, 2009, and 2008, were \$1,126,465, \$1,184,690, and \$1,203,467, respectively, equal to the required contributions for each year.

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, 25% or \$15,500 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 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.

NOTE 11—CONTINGENCIES AND COMMITMENTS

Litigation

The City is 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 statements do 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 statements.

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 4th 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 dollars and the City would construct the Groundwater Remediation and RO Water Treatment Plant Project in order to clean-up the contamination and use the cleaned up 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 4th 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 water, but will not be required to treat the 4th and Carey Site groundwater any longer.

Commitments

On September 15, 2009, the City in conjunction with Reno County, Kansas and the City of South Hutchinson, Kansas, entered into a development agreement with Siemens Energy, Inc. The Company has built and is currently operating an assembly, production, and service facility in Hutchinson, Kansas at the Salt City Business Park. The land and improvements will be eligible for a 100% tax abatement for ten years. The City has obligated local Economic Opportunity Funds in the amount of \$1,150,000; \$1,000,000 which was paid upon execution of the development agreement with the balance of \$150,000 to be paid in equal installments in years 2010 thru 2013. The City has committed up to \$580,000 as incentives for new job creation. Payment of these funds will begin in 2014. The City has agreed to provide long-term financing for the costs of rail service improvements, estimated to be \$2,586,240 of which \$1,630,332 was paid with Economic Development Administration funds and \$955,908 of local funds (the City and Reno County, Kansas).

NOTE 12—SUBSEQUENT EVENTS

In April of 2011, the Kansas Department of Health and Environment forgave \$2,395,761 of the Kansas Water Pollution Control loan. See note 5 for additional information.

In May of 2011, the City entered into an agreement to purchase additional land for the Salt City Business Park at a price of \$1,000,000. Total cost of the development of this tract is estimated at \$3,277,944; which is to be funded through a combination of federal and state grant funding and contributions from Reno County and the City, including \$323,890 of transfers from the waterworks and sewage treatment plant and system funds for the water and sewer portions of the project. Expected final bond financing is estimated to range between \$600,000 and \$1,600,000.

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John W. Denney, CPA
Michael R. Meisenheimer, CPA
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Billy J. Klug, CPA

**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**

**The Mayor and City Council
City of Hutchinson, Kansas**

We have audited the financial statements of City of Hutchinson, Kansas (City) as of and for the year ended December 31, 2010, and have issued our report thereon dated July 6, 2011. In our report, our opinion on the financial statements was unqualified based on the prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

The Mayor and City Council
City of Hutchinson, Kansas
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the City in a separate letter dated July 6, 2011.

This report is intended solely for the information and use of the city council, management, federal awarding and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Lindburg Vogel Pierce Jarvis".

Certified Public Accountants

Hutchinson, Kansas
July 6, 2011

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

The Mayor and City Council
City of Hutchinson, Kansas

Compliance

We have audited City of Hutchinson, Kansas (City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Hutchinson's major federal programs for the year ended December 31, 2010. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City of Hutchinson, Kansas compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the 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, 2010.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

The Mayor and City Council
City of Hutchinson, Kansas
Page 2

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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the city council, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants

Hutchinson, Kansas
July 6, 2011

CITY OF HUTCHINSON, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2010Schedule 1
Page 1

Federal Grantor/Pass-Through Grantor/Program Title	American Recovery and Reinvestment Act of 2009	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Transportation				
Federal Aviation Administration				
Airport Improvement Program		20.106		\$ 1,310,556
Pass-through from Kansas Secretary of Transportation				
Highway Planning and Construction		20.205	78TE-0292	98,087
Occupant Protection Incentive		20.602	OP-991-09	8,787
State and Community Highway Safety		20.600	AL-9087-09	4,641
				<u>1,422,071</u>
Department of Justice				
Edward Byrne Memorial Justice Assistance Grant				
Edward Byrne Memorial Justice Assistance Grant	ARRA	16.738		248,504
		16.804		<u>138,062</u>
				<u>386,566</u>
Department of Housing and Urban Development				
Pass-through from Kansas Department of Commerce				
Emergency Shelter Grants		14.231	ESG-FFY2009	23,367
Emergency Shelter Grants		14.231	ESG-FFY2010	21,125
Neighborhood Stabilization Program	ARRA	14.228	09.NSP.016	291,901
Homeless Prevention and Rapid Rehousing	ARRA	14.257	HPRP02	146,987
Community Development Block Grant		14.228	09-HR-905	35,399
				<u>518,779</u>
Kansas Housing Resources Corporation				
HOME Investment Partnerships Program		14.239	HR05-0128	128,535
				<u>647,314</u>
Department of Commerce				
Economic Development Administration				
Economic Development Assistance	ARRA	11.307		<u>1,630,332</u>
Department of Energy				
Energy Efficiency and Conservation Block Grant	ARRA	81.128		<u>174,300</u>
Environmental Protection Agency				
Pass-through from Kansas Department of Health and Environment				
Capitalization Grants for Clean Water State Revolving Funds	ARRA	66.458		<u>5,437,394</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 9,697,977</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF HUTCHINSON, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2010Schedule 1
Page 2

NOTE 1—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Hutchinson, Kansas under programs of the federal government for the year ended December 31, 2010, and is presented on the statutory basis of accounting. Expenditures include disbursements, accounts payable, and encumbrances. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of 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 statutory basis of accounting.

CITY OF HUTCHINSON, KANSAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended December 31, 2010

Schedule 2
Page 1

SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issue	Unqualified (Statutory basis)
Internal control over financial reporting Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	No
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Major Programs

	<u>CFDA#</u>
Department of Transportation Federal Aviation Administration Airport Improvement Program	20.106
Department of Commerce Economic Development Administration Economic Adjustment Assistance	11.307
Environmental Protection Agency Capitalization Grants for Clean Water State Revolving Funds	66.458

Dollar threshold used to distinguish between type A and type B programs	\$	300,000
Auditee qualified as low-risk auditee?		Yes

CITY OF HUTCHINSON, KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2010

Schedule 2
Page 2

FINDINGS – FINANCIAL STATEMENTS AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

CITY OF HUTCHINSON, KANSAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2010

Schedule 3

DEPARTMENT OF JUSTICE

Finding 2009-1: Edward Byrne Memorial Justice Assistance Grants

Condition: City purchasing procedures were not followed in the purchase of \$2,790 of radio equipment under the grant. Bid solicitations were not obtained for these purchases. Purchasing procedures of the City require bid solicitations for purchases greater than \$2,500.

Recommendation: Procurement policies adopted by the City should be adhered to in conducting procurement transactions for all grant programs.

Current Status: Correction action was taken.
The City has conducted one on one training sessions with the staff responsible for the oversight and has increased communication with department managers to ensure that procedures are followed.

Finding 2009-2: Edward Byrne Memorial Justice Assistance Grants

Condition: Cash drawdowns were received on December 9, 2009, in the amount of \$34,502.35. Payment of vendor invoices totaling this amount were not made until January 20, 2010.

Recommendation: Cash management procedures should be adhered to in order to minimize the elapsed time between the drawdown and disbursement of grant funds. Grant administration procedures should be implemented to process vendor invoices on a timely basis to provide for proper cash management in accordance with federal regulations.

Current Status: Correction action was taken.
The City has conducted one on one training sessions with the staff responsible for the oversight and has increased communication with department managers to ensure that procedures are followed. The City has created a training session specifically on cash management. Annual training will be required for all City staff that administer grants. Specific training has been created for cash procedures for grants.

APPENDIX B

**FORM OF CONTINUING DISCLOSURE
LETTER OF INSTRUCTIONS**

FORM OF CONTINUING DISCLOSURE LETTER OF INSTRUCTIONS

[Closing Date]

Governing Body of the
City of Hutchinson, Kansas

Re: Continuing Disclosure Letter of Instructions for \$1,170,000 General Obligation Refunding Bonds, Series 2011-B, Dated November 15, 2011, of the City of Hutchinson, Kansas (the "Obligations")

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 Obligations at the time the Obligations are delivered to the Underwriter and that no other person is expected to become so committed at any time after issuance of the Obligations.

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, and shall include, at a minimum, that financial information and operating data which is customarily prepared by the City and publicly available.

“Audited Financial Statements” means the City’s annual financial statements, prepared in accordance with GAAP for governmental units as prescribed by GASB, 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.

“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 Obligations and delivered to the Underwriter within seven business days after the sale of the Obligations in accordance with the SEC Rule. The Final Official Statement includes the information in the Preliminary Official Statement as supplemented or amended.

“GAAP” means generally accepted accounting principles.

“GASB” means the Governmental Accounting Standards Board or its successors or assigns.

“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.

“Obligations” means the “Obligations” as previously defined herein.

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

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

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

“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 Obligations.

“SEC Report Date” means December 1 of each year, beginning 2012.

“SEC Rule” means the Securities and Exchange Commission Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (17 CFR part 240, § 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 Obligations.

Section 2. Undertaking.

A. This Letter constitutes the written undertaking for the benefit of the holders of the Obligations 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 Obligations 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 Web site, 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 Obligations are Outstanding to the MSRB in Prescribed Form in accordance with EMMA.

(3) If a Reporting Event occurs while any Obligations 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 with the MSRB. Each Reporting Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Obligations.

(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 Obligations 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, in the Prescribed Form or by such other method of transmitting information that is approved by the Commission.

Section 4. Termination or Amendment 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 Obligations 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 Obligations. This Letter may be amended without the consent of the holders of the Obligations, but only upon the delivery by the City to the MSRB, of the proposed amendment and an opinion of Bond Counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Letter by the City with the SEC Rule.

Section 5. 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 6. 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 7. 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 Obligations as required by Section (b)(5)(i) of the SEC Rule, and shall create no rights in any other person or entity.

Section 8. 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 November 15, 2011.

CITY OF HUTCHINSON, KANSAS

By: _____
Mayor

EXHIBIT A

ANNUAL FINANCIAL INFORMATION

“*Annual Financial Information*” shall include the City’s audited financial statements and the following portions of the Final Official Statement:

FINANCIAL INFORMATION CONCERNING THE CITY,
Summary of Primary Revenues of Tax Supported Funds
FINANCIAL INFORMATION CONCERNING THE CITY,
City Sales Tax History
FINANCIAL INFORMATION CONCERNING THE CITY,
Revenues, Expenditures and Changes in Fund Balance –
General Fund and Bond and Interest Fund
FINANCIAL INFORMATION CONCERNING THE CITY,
Record of Assessed Valuation
FINANCIAL INFORMATION CONCERNING THE CITY,
Property Tax Collections
DEBT STRUCTURE