

CITY OF CHATFIELD, MINNESOTA

FINANCIAL STATEMENTS

DECEMBER 31, 2019

CITY OF CHATFIELD, MINNESOTA

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CITY OF CHATFIELD, MINNESOTA

INTRODUCTORY SECTION

DECEMBER 31, 2019

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CITY OF CHATFIELD, MINNESOTA
LIST OF ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2019

Russ Smith	Mayor
Paul Novotny	Vice-Mayor
Mike Urban	Councilor
Josh Broadwater	Councilor
Pam Bluhm	Councilor
John McBroom	Councilor
Joel Young	City Clerk
Kay Coe	Finance Director

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CITY OF CHATFIELD, MINNESOTA

FINANCIAL SECTION

DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of Chatfield, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chatfield, Minnesota, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chatfield, Minnesota, as of December 31, 2019, and the respective changes in financial position, cash flows thereof, and the respective budgetary comparison for the General Fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 15 and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Comparative Information

The financial statements include partial prior year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunctions with the City's financial statements for the year ended December 31, 2018, from which such partial information was derived.

We have previously audited the City's 2018 financial statements and our report dated March 25, 2019, expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Chatfield, Minnesota's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules, and supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Smith, Schaff and Associates, Ltd.

CITY OF CHATFIELD, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Chatfield, Minnesota, we offer readers of the City of Chatfield, Minnesota's financial statements this narrative overview and analysis of the financial activities of the City of Chatfield, Minnesota for the fiscal year ended December 31, 2019.

FINANCIAL HIGHLIGHTS

- The assets of the City of Chatfield, Minnesota exceeded its liabilities at the close of the most recent fiscal year by \$19,862,633 (*net position*). Of this amount, \$4,020,120 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's designations and fiscal policies.
- The City's total net position increased by \$509,689.
- As of the close of the current fiscal year, the City of Chatfield, Minnesota's governmental funds reported combined ending fund balances of \$4,402,332. Approximately \$2,776,749 of this total amount, or 63% is available for use within the City's designations and policies.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,080,079 or 50 percent of next year's total general fund property tax levy and local government aid.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Chatfield, Minnesota's basic financial statements. The City of Chatfield, Minnesota's basic financial statements comprise three components:

1. Government-wide financial statements, providing information for the City as a whole.
2. Fund financial statements, providing detailed information for the City's significant funds.
3. Notes to the financial statements, providing additional information that is essential to understanding the government-wide and fund statements.

CITY OF CHATFIELD, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

This report also contains other supplementary information in addition to the basic financial statements themselves. Additional explanation of these sections of the financial statements follows.

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

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned, but not used, compensated absences).

Both of the government-wide financial statements distinguish functions of the City of Chatfield, Minnesota that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Chatfield, Minnesota include general government, public safety, public works, parks and recreation, library and community development. The business-type activities of the City of Chatfield, Minnesota include the water, sewer and garbage utilities. The government-wide financial statements can be found on pages 16-18 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Chatfield, Minnesota, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Chatfield, Minnesota can be divided into two categories: governmental funds and proprietary funds.

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

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

CITY OF CHATFIELD, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Chatfield, Minnesota maintains twenty-eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, TIF Dist. 2-5 dollar general fund, revolving loan state fund, and the 2018A pool construction fund, which are considered to be major funds. Data from the other twenty-four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Chatfield, Minnesota adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for the general fund (pages 23-27) and the special revenue funds (pages 28 and 73-78) to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 19 and 21 of this report.

Proprietary funds. The City of Chatfield, Minnesota maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Chatfield, Minnesota uses enterprise funds to account for its water, sewer and garbage funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Chatfield, Minnesota's various functions. The City of Chatfield, Minnesota uses internal service funds to account for certain capital acquisition activities. Because all of these services predominately benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer and garbage utilities, all of which are considered to be major funds of the City of Chatfield, Minnesota.

The proprietary fund financial statements can be found on pages 29-34 of this report.

The internal service fund financial statements can be found on pages 79-81 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-66 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 69-72 of this report.

**CITY OF CHATFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Chatfield, Minnesota, assets exceeded liabilities by \$19,862,633 at the close of the most recent fiscal year.

The largest portion of the City of Chatfield, Minnesota's net position (\$14,001,937) reflects its investment in capital assets (e.g. land, buildings, vehicles, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Chatfield, Minnesota uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Chatfield, Minnesota's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Chatfield, Minnesota Net Position						
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 6,389,281	\$ 8,547,172	\$ 1,047,419	\$ 1,088,754	\$ 7,436,700	\$ 9,635,926
Capital assets	17,805,005	16,351,914	9,060,870	9,378,968	26,865,875	25,730,882
Total assets	24,194,286	24,899,086	10,108,289	10,467,722	34,302,575	35,366,808
Deferred outflows of resources	396,944	545,137	12,088	24,418	409,032	569,555
Long-term liabilities						
outstanding	9,004,659	9,415,920	4,873,433	5,372,467	13,878,092	14,788,387
Other liabilities	294,768	905,306	85,309	106,011	380,077	1,011,317
Total liabilities	9,299,427	10,321,226	4,958,742	5,478,478	14,258,169	15,799,704
Deferred inflows of resources	567,863	751,335	22,942	32,380	590,805	783,715
Net position:						
Net investment in capital assets	9,699,067	10,550,544	4,302,870	4,127,079	14,001,937	14,677,623
Restricted	1,840,576	1,574,441			1,840,576	1,574,441
Unrestricted	3,184,297	2,246,677	835,823	854,203	4,020,120	3,100,880
Total net position	<u>\$ 14,723,940</u>	<u>\$ 14,371,662</u>	<u>\$ 5,138,693</u>	<u>\$ 4,981,282</u>	<u>\$ 19,862,633</u>	<u>\$ 19,352,944</u>

The balance of *unrestricted net position* (\$4,020,120) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Chatfield, Minnesota is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its business-type activities.

Governmental activities. Governmental activities increased the City of Chatfield, Minnesota's net position by \$352,278.

**CITY OF CHATFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Business-type activities. Business-type activities increased the City of Chatfield, Minnesota's net position by \$157,411.

A condensed version of the Statement of Activities follows:

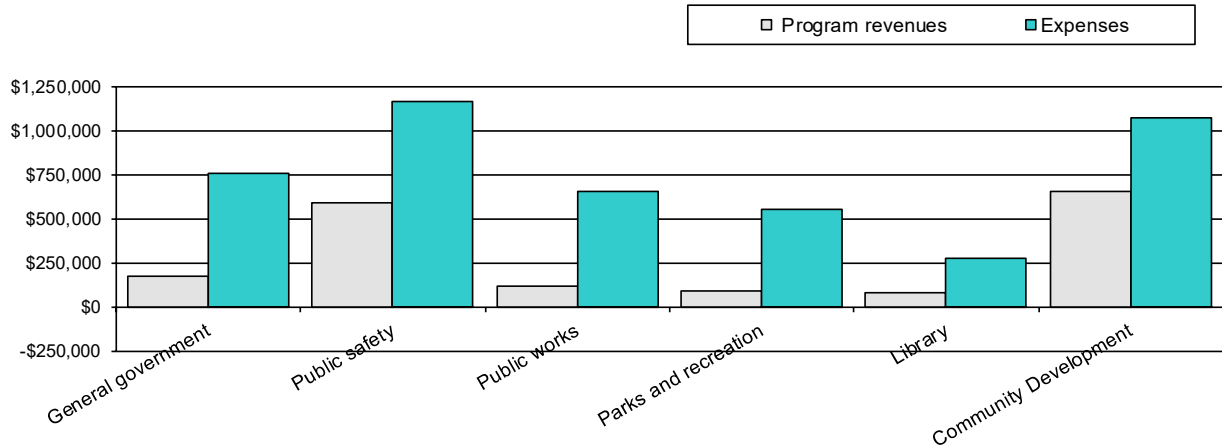
City of Chatfield, Minnesota Change in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenue:						
Program revenues:						
Charges for services	\$ 684,459	\$ 607,927	\$ 1,491,981	\$ 1,455,557	\$ 2,176,440	\$ 2,063,484
Operating grants and contributions	266,944	392,653	6,773	2,850	273,717	395,503
Capital grants and contributions	742,942	107,583	75,920	159,091	818,862	266,674
General revenues:						
Property taxes	2,041,248	1,658,853			2,041,248	1,658,853
Tax increments	190,346	165,734			190,346	165,734
Grants and contributions not restricted to specific programs						
Local government aid	787,121	785,832			787,121	785,832
Other	688	626			688	626
Miscellaneous	136,288	65,354	32,633	35,173	168,921	100,527
Total revenues	<u>4,850,036</u>	<u>3,784,562</u>	<u>1,607,307</u>	<u>1,652,671</u>	<u>6,457,343</u>	<u>5,437,233</u>
Expenses:						
General government	758,003	743,890			758,003	743,890
Public safety	1,160,230	1,238,302			1,160,230	1,238,302
Public works	649,656	705,481			649,656	705,481
Parks and recreation	550,988	315,799			550,988	315,799
Library	273,326	266,780			273,326	266,780
Community development	1,072,964	1,387,534			1,072,964	1,387,534
Interest on long-term debt	193,584	206,933			193,584	206,933
Water			359,969	306,759	359,969	306,759
Sewer			704,080	708,731	704,080	708,731
Garbage			224,854	222,110	224,854	222,110
Total expenses	<u>4,658,751</u>	<u>4,864,719</u>	<u>1,288,903</u>	<u>1,237,600</u>	<u>5,947,654</u>	<u>6,102,319</u>
Change in net position before transfers	191,285	(1,080,157)	318,404	415,071	509,689	(665,086)
Transfers	160,993	494,392	(160,993)	(494,392)		
Change in net position	352,278	(585,765)	157,411	(79,321)	509,689	(665,086)
Net position, beginning	14,371,662	14,957,427	4,981,282	5,060,603	19,352,944	20,018,030
Net position, end of year	<u>\$ 14,723,940</u>	<u>\$ 14,371,662</u>	<u>\$ 5,138,693</u>	<u>\$ 4,981,282</u>	<u>\$ 19,862,633</u>	<u>\$ 19,352,944</u>

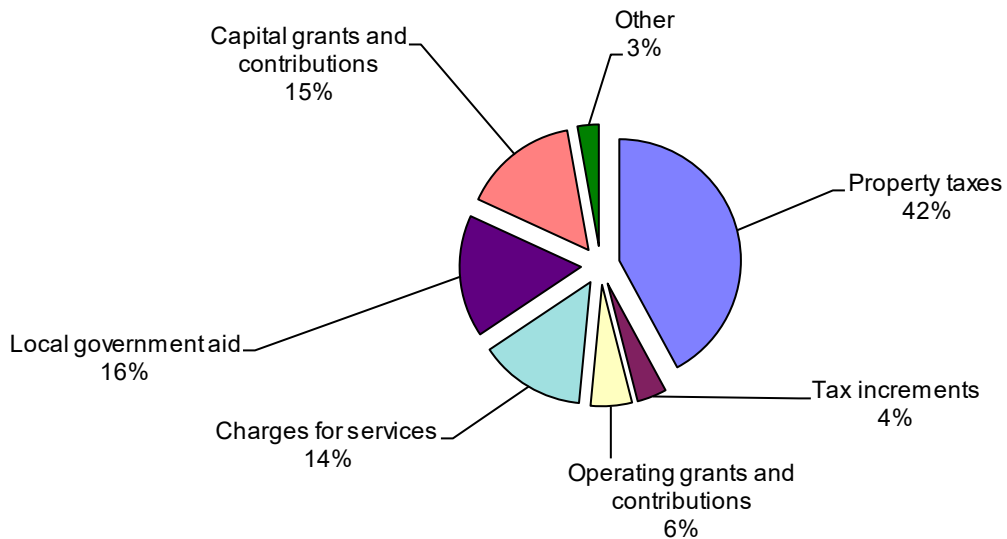
CITY OF CHATFIELD, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

Below are specific graphs that provide comparisons of the governmental activities direct program revenues with their expenses. Any shortfalls in direct revenues are primarily supported by property tax levy or general state aid.

Expenses and Program Revenues - Governmental Activities



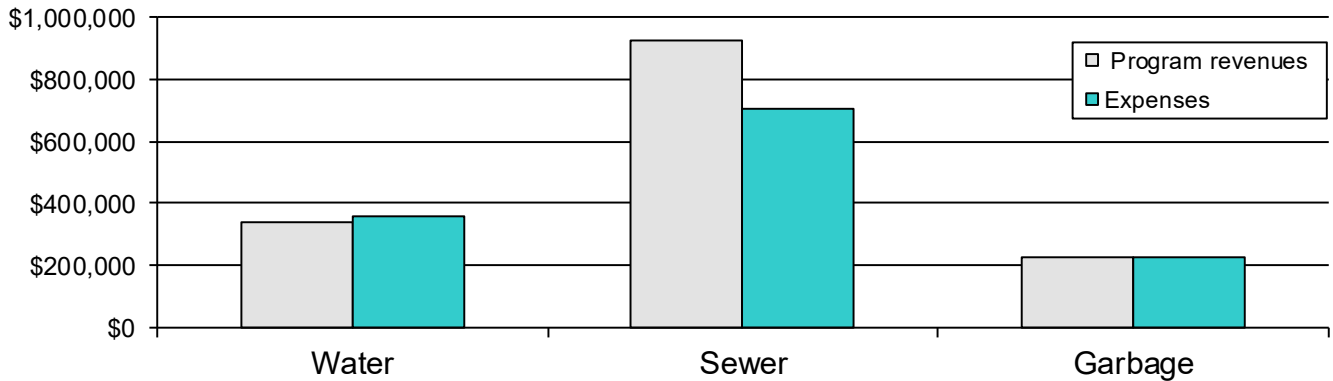
Revenues by Source - Governmental Activities



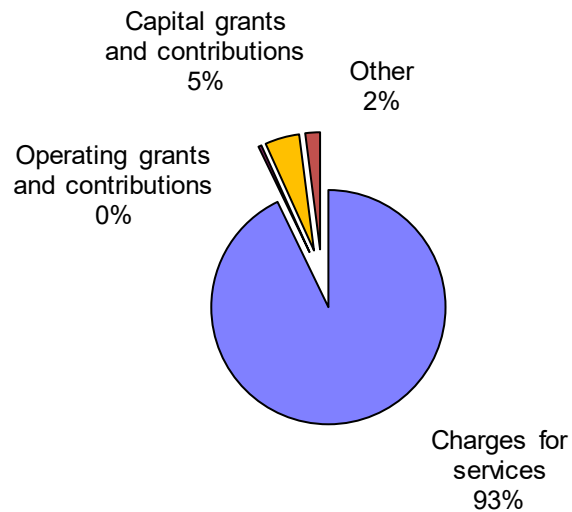
**CITY OF CHATFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following graphs relate the various business-type activities' program revenues with their expenses. Since all of these activities require significant physical assets to operate, any excess revenues are held for planned capital expenses to keep pace with growing demand for services.

Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business-Type Activities



**CITY OF CHATFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FUND BASIS FINANCIAL ANALYSIS

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

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

Fund balance is classified as non-spendable, restricted, committed, assigned or unassigned according to the following definitions:

Nonspendable – representing that portion of fund balance that is not in a spendable form. Included in this category are advances to other funds, prepaid items and inventory.

Restricted – reports resources that have external constraints placed upon their use.

Committed – reports those resources for a specific purpose by Council action. The constraints cannot be changed or removed without Council action.

Assigned – represents the portion of fund balance that reflects the amounts the City intends to use for a specific purpose. The Council has authorized the City Administrator to assign fund balance.

Unassigned – comparable to the old unreserved, undesignated classification of fund balance, this represents the amount available for any purpose. However, only the General Fund may report a positive fund balance. Fund balance in other governmental funds will fall into one or more of the categories listed above, unless a fund has a negative fund balance.

Detailed information regarding the fund balance classifications are found in Note 5 in the Notes to Financial Statements.

At the end of the current fiscal year, the City of Chatfield, Minnesota's governmental funds reported combined ending fund balances of \$4,402,332, a decrease of \$2,063,750. This decrease is primarily due to costs associated with the construction of the new swimming pool.

Approximately 16% of this total amount, or \$695,367, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of this fund balance is *restricted, assigned, or committed* to indicate that it is not available for new spending because it has already been set aside 1) to liquidate contracts and purchase orders of the prior period, 2) to repay interfund advances or other debt, or 3) to fund specific capital projects or programs as obligated by statute or other regulation.

**CITY OF CHATFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Governmental funds (Continued).

The general fund is the chief operating fund of the City of Chatfield, Minnesota. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,080,079. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to next year's general fund tax and aid.

Unassigned fund balance represents 50 percent of next year's total general fund property tax levy and local government aid.

The City of Chatfield, Minnesota has planned and implemented procedures to ensure that its general fund balance is at a level that meets its cash flow needs on a regular basis. That has been accomplished and a management tool is in place to ensure this into the future. In terms of the other governmental funds, similar management practices are in place and are designed to recognize the special nuances that might apply to funds that are more specific in nature than is the General Fund.

Proprietary funds. The City of Chatfield, Minnesota's proprietary funds statements found on pages 29-34 provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position in the respective proprietary funds are Water - \$318,225, Sewer - \$455,944, and Garbage - \$61,654.

The City invested heavily in its water and wastewater infrastructure from 2005 – 2009 by constructing a completely new wastewater treatment plant, a water tower, a pumping station, and associated water and sanitary sewer mains. These improvement projects were funded via the issuance of debt, which caused the need to implement a multi-year schedule on increasing utility rates, with an emphasis on the sanitary sewer rates. Sanitary sewer rates are at the point of sustainability and, as such, there was no increase in those rates in 2020. Future rate increases for the sanitary sewer service will be minimal. Due to the fact that sanitary sewer rates did not increase in 2020, the City was able to increase water rates by 15.0% on January 1, 2020. That increase is equivalent to just \$1.71 per month for a base user. Future water rates are projected to be 5% or less in the foreseeable future.

In order to keep sanitary sewer rates lower than they would be otherwise, the City has provided general fund support to the wastewater treatment plant debt service fund by transferring \$115,000 from the General Fund to the sanitary sewer debt service fund. Since that need is lessening that support has dropped to \$75,000 in 2020.

The City's Garbage Fund is very different from the other Enterprise Funds in that the City does not physically deliver the services associated with that fund. The City has administered an "organized collection" system for approximately thirty years and, as part of that administration, performs the billing, collecting, and other administration of the service. In return for those services, the City receives payments that are meant to cover the cost of the services it provides. Additionally, the City uses those funds to pay for the spring clean-up that it annually sponsors and the household hazardous waste collection that it sponsors each September. Rates for garbage collection have not increased in a number of years.

**CITY OF CHATFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

General Fund Budgetary Highlights

The primary cause of the increase of \$58,467 in the general fund balance was due to larger than normal amount of investment income. While there were many variances between budgeted amounts to actual throughout the budget, the increased investment income was the primary contributor to the increased fund balance.

Capital Asset and Debt Administration

Capital assets. The City of Chatfield, Minnesota's investment in capital assets for its governmental and business-type activities as of December 31, 2019, amounts to \$26,865,875 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, furniture and fixtures, wastewater treatment facility, park facilities, roads, and bridges. The total increase in the City of Chatfield, Minnesota's reported capital assets, net of depreciation, for the current fiscal year was \$1,134,993.

City of Chatfield, Minnesota Capital Assets
(net of depreciation)

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Land	\$ 936,898	\$ 1,158,679	\$ 60,492	\$ 60,492	\$ 997,390	\$ 1,219,171
Construction in process	26,593	1,524,153			26,593	1,524,153
Buildings and improvements	10,439,072	7,253,789			10,439,072	7,253,789
Vehicles	1,100,588	1,217,600			1,100,588	1,217,600
Machinery and equipment	755,517	769,171	544,856	507,369	1,300,373	1,276,540
Furniture and fixtures	165,979	150,275			165,979	150,275
Wastewater treatment facility			8,455,522	8,811,107	8,455,522	8,811,107
Infrastructure	4,380,358	4,278,247			4,380,358	4,278,247
Total	<u>\$ 17,805,005</u>	<u>\$ 16,351,914</u>	<u>\$ 9,060,870</u>	<u>\$ 9,378,968</u>	<u>\$ 26,865,875</u>	<u>\$ 25,730,882</u>

Additional information on the City of Chatfield, Minnesota's capital assets can be found in Note 3D on pages 48-49 of this report.

**CITY OF CHATFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Capital Asset and Debt Administration (Continued)

Long-term debt. At the end of the current fiscal year, the City of Chatfield, Minnesota had \$12,746,000 in bonds and notes outstanding. All of this debt is backed by the full faith and credit of the City.

City of Chatfield, Minnesota Outstanding Debt

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 8,041,000	\$ 8,257,000	\$	\$	\$ 8,041,000	\$ 8,257,000
G.O. revenue bonds			4,705,000	5,193,000	4,705,000	5,193,000
Twiford Redevelopment Note		233,611				233,611
Unamortized premium	64,938	71,939	53,000	58,889	117,938	130,828
Compensated absences	167,337	166,824	13,540	10,497	180,877	177,321
Total	<u>\$ 8,273,275</u>	<u>\$ 8,729,374</u>	<u>\$ 4,771,540</u>	<u>\$ 5,262,386</u>	<u>\$13,044,815</u>	<u>\$13,991,760</u>

The City of Chatfield, Minnesota's total long-term liabilities decreased by \$946,945 during the current fiscal year. A more detailed breakdown of these obligations can be found in Note 3F, beginning on page 53.

The City of Chatfield, Minnesota maintains an AA Stable bond rating on its general obligation bonds from Standard & Poors.

**CITY OF CHATFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Economic Factors and Next Year's Budgets and Rates

The City of Chatfield enjoys a diverse economy and is situated in one of the healthiest economic regions of Minnesota. Within the City of Chatfield are two of the larger employers in Fillmore County, one of them being a manufacturer in the wood products industry and the other being a manufacturer in the composites industry. A steel fabrication company has also grown to over 70 employees, providing further diversification and balance to the local economy. These companies, along with the strong employment base at the Chosen Valley Care Center, the Chatfield Public Schools, and the many other employers in Chatfield provide a strong financial base for the community. In fact, according to census data, there is an almost equal number of people who travel into Chatfield for work each day compared to those who leave Chatfield for work elsewhere. According to the statistics from other sources, there is almost an equal number of people who come into Chatfield to work each day as there are Chatfield residents leaving the city for work, a strong sign of health for a community the size of Chatfield. The rest of the Chatfield economy is balanced between the health care, agriculture, tourism, retail, education, and the services industries, all of which are strong in their own right.

Mayo Clinic, the largest private employer in Minnesota, is setting the stage for long term growth for all of southeast Minnesota, including Chatfield. Located just twenty minutes away, Mayo is in the process of investing \$6.5 billion dollars in physical improvements and to create 30,000 new employee positions within the next fifteen to twenty years. To leverage these opportunities, a regional "Journey To Growth" plan has been developed, in which Chatfield participates.

In addition to the robust health care industry, the high-technology industry is well established in the area while the bio-technology industry and the education field both represent emerging industries that are attracting new employees and residents to the area.

Chatfield is well positioned to participate in the economic recovery that has taken root. According to building permit records, the City issued permits for a total of just over \$13.5 million dollars in construction activity, \$3.4 million of which was residential and \$10.4 million of commercial construction, most of which was the expansion of the local senior care center. This comes on the heels of \$5.6 million of construction in 2018, and \$15 million in total construction in 2017. Permits for seven new homes were issued in Chatfield in 2019, twenty in 2018, 19 in 2017, and another 14 in 2016.

Tax rates and utility fees should remain stable for the foreseeable future, although they will increase incrementally due to inflationary pressures.

In addition to the well diversified economy of the region, Chatfield has public infrastructure that is capable of serving a larger residential base. All capital equipment has been scheduled for replacement on a routine basis and a capital improvement plan is in place to guide the City as it makes improvements in the future. The Chatfield Public School District has made recent comprehensive improvements to the elementary school property and to the high school property, providing a solid educational element to the community and solidifying Chatfield's competitive place in the educational realm. The local Care Center's investment of over \$8,000,000 continues to provide residential opportunities for local residents to age in place.

**CITY OF CHATFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Economic Factors and Next Year's Budgets and Rates (Continued)

At the same time, the private sector is well positioned to positively affect the growth of the community. From a very fundamental perspective, the community has residential lots available for new housing, lots which are offered in a variety of locations at a variety of price points. In addition, the Chatfield resident enjoys retail, professional and personal services of all kinds without needing to leave the city boundaries. Whether the resident is looking for grocery, liquor, dining, banking, medical, legal, or many other personal and professional services, those needs can be filled within the community and for those who are looking for a broader selection, it is within a short twenty minute drive. However, as people are currently required to stay at home in the effort to slow the effects of the COVID-19 pandemic, the ability of the Chatfield business community to meet the demands of the residents is being made clear to all.

In addition to the jobs and economic factors that are enjoyed locally, residents have easy access to transportation services. U.S. Highway 52 and Minnesota Highways 30/74 provide the primary service to residents while the Interstate Highway system is just ten miles away. Passenger and freight rail is within a forty minute drive and an international airport is within twenty-five minutes. On a more personal level, four commuter buses take local residents to their workplace in Rochester each day, making Chatfield a convenient place to live whether they work in Chatfield or at the many employers in Rochester.

The vibrant nature of the city is reflected in the results of the Inflow-Outflow Analysis of workers. This reports that, while approximately 1,276 residents leave Chatfield for work on a routine basis, 1,127 other people travel to Chatfield for work on a daily basis. Of the nineteen cities closest to Rochester, including Rochester, Chatfield ranks fifth among them in terms of jobs per capita.

The City's proclivity to long term planning, together with the economic health of the area, the beauty and all that is offered by the natural environment, and the full-service nature of public and private sector services that are available, has this community well positioned to continue to thrive in the future.

Requests for Information

This financial report is designed to provide a general overview of the City of Chatfield, Minnesota's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City Clerk, City Hall, 21 Second Street SE, Chatfield, MN 55923 or jyoung@ci.chatfield.mn.us.

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CITY OF CHATFIELD, MINNESOTA

FINANCIAL STATEMENTS

DECEMBER 31, 2019

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CITY OF CHATFIELD, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2019
With Comparative Totals for December 31, 2018

	Governmental Activities	Business-Type Activities	Totals	
			2019	2018
ASSETS				
Cash and investments	\$ 4,925,285	\$ 855,558	\$ 5,780,843	\$ 8,477,808
Receivables	1,337,986	189,725	1,527,711	1,110,193
Prepaid expenses	11,257	2,136	13,393	13,486
Net pension asset	114,753		114,753	34,439
Capital assets:				
Nondepreciable	963,491	60,492	1,023,983	2,743,324
Depreciable, net	16,841,514	9,000,378	25,841,892	22,987,558
Total Assets	<u>24,194,286</u>	<u>10,108,289</u>	<u>34,302,575</u>	<u>35,366,808</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pension activity	<u>396,944</u>	<u>12,088</u>	<u>409,032</u>	<u>569,555</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 24,591,230</u>	<u>\$ 10,120,377</u>	<u>\$ 34,711,607</u>	<u>\$ 35,936,363</u>
LIABILITIES				
Accounts payable	\$ 59,934	\$ 33,378	\$ 93,312	\$ 713,562
Accrued interest payable	67,497	38,391	105,888	120,336
Accrued liabilities				98
Accrued compensated absences	167,337	13,540	180,877	177,321
Noncurrent liabilities:				
Due within one year	567,000	499,069	1,066,069	940,680
Due in more than one year	7,538,938	4,258,931	11,797,869	12,873,759
Net pension liability	898,721	115,433	1,014,154	973,948
Total Liabilities	<u>9,299,427</u>	<u>4,958,742</u>	<u>14,258,169</u>	<u>15,799,704</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pension activity	<u>567,863</u>	<u>22,942</u>	<u>590,805</u>	<u>783,715</u>
NET POSITION				
Net investment in capital assets	9,699,067	4,302,870	14,001,937	14,677,623
Restricted for:				
Revolving loans	309,526		309,526	301,750
Debt service	1,531,050		1,531,050	1,272,691
Unrestricted	<u>3,184,297</u>	<u>835,823</u>	<u>4,020,120</u>	<u>3,100,880</u>
Total Net Position	<u>14,723,940</u>	<u>5,138,693</u>	<u>19,862,633</u>	<u>19,352,944</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 24,591,230</u>	<u>\$ 10,120,377</u>	<u>\$ 34,711,607</u>	<u>\$ 35,936,363</u>

See Notes to the Financial Statements

CITY OF CHATFIELD, MINNESOTA
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019

With Comparative Totals for the Fiscal Year Ending December 31, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 758,003	\$ 132,823	\$ 30,617	\$ 3,982
Public safety	1,160,230	425,153	164,853	
Public works	649,656	15,139	2,071	101,733
Parks and recreation	550,988	83,187	1,956	
Library	273,326	16,803	66,273	
Community development	1,072,964	11,354	1,174	637,227
Interest on long-term debt	193,584			
Total governmental activities	<u>4,658,751</u>	<u>684,459</u>	<u>266,944</u>	<u>742,942</u>
Business-Type activities:				
Water	359,969	337,242	6,773	12,260
Sewer	704,080	928,142		51,624
Garbage	224,854	226,597		12,036
Total business-type activities	<u>1,288,903</u>	<u>1,491,981</u>	<u>6,773</u>	<u>75,920</u>
Total	<u>\$ 5,947,654</u>	<u>\$ 2,176,440</u>	<u>\$ 273,717</u>	<u>\$ 818,862</u>

General revenues:

 General property taxes

 Tax increments

 Grants and contributions not restricted to specific programs

 Local government aid

 Other

 Interest earnings

 Miscellaneous

Transfers

 Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

See Notes to the Financial Statements

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Totals	
		2019	2018
\$ (590,581)	\$	\$ (590,581)	\$ (604,234)
(570,224)		(570,224)	(658,438)
(530,713)		(530,713)	(490,380)
(465,845)		(465,845)	(283,067)
(190,250)		(190,250)	(183,410)
(423,209)		(423,209)	(1,330,094)
(193,584)		(193,584)	(206,933)
<u>(2,964,406)</u>		<u>(2,964,406)</u>	<u>(3,756,556)</u>
	(3,694)	(3,694)	107,820
	275,686	275,686	256,893
	<u>13,779</u>	<u>13,779</u>	<u>15,185</u>
	285,771	285,771	379,898
<u>(2,964,406)</u>	<u>285,771</u>	<u>(2,678,635)</u>	<u>(3,376,658)</u>
2,041,248		2,041,248	1,658,853
190,346		190,346	165,734
787,121		787,121	785,832
688		688	626
136,288	20,760	157,048	99,496
	11,873	11,873	1,031
<u>160,993</u>	<u>(160,993)</u>		
<u>3,316,684</u>	<u>(128,360)</u>	<u>3,188,324</u>	<u>2,711,572</u>
352,278	157,411	509,689	(665,086)
<u>14,371,662</u>	<u>4,981,282</u>	<u>19,352,944</u>	<u>20,018,030</u>
<u>\$ 14,723,940</u>	<u>\$ 5,138,693</u>	<u>\$ 19,862,633</u>	<u>\$ 19,352,944</u>

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CITY OF CHATFIELD, MINNESOTA

FUND FINANCIAL STATEMENTS

DECEMBER 31, 2019

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CITY OF CHATFIELD, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2019
With Comparative Totals for December 31, 2018

	100	Special Revenue Funds		Capital Project	Other	Totals	
	General	358 TIF Dist. 2-5 Dollar General	361 Revolving Loan State	440 2018A Pool Construction	Governmental Funds	2019	2018
ASSETS							
Cash and investments	\$ 1,052,039	\$	\$ 11,598	\$ 504,599	\$ 2,588,287	\$ 4,156,523	\$ 6,845,323
Accounts receivable	2,947				272,926	275,873	225,507
Notes receivable			664,645		240,149	904,794	509,690
Due from other governmental units	12,326				6,221	18,547	15,368
Taxes receivable delinquent	25,653				6,628	32,281	37,936
Special assessments receivable	9,889				96,602	106,491	106,427
Due from other funds	38,106					38,106	15,278
Advances to other funds					331,931	331,931	
Prepaid expenses	8,015				3,242	11,257	11,352
TOTAL ASSETS	\$ 1,148,975	\$	\$ 676,243	\$ 504,599	\$ 3,545,986	\$ 5,875,803	\$ 7,766,881
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE							
Liabilities:							
Accounts payable	\$ 25,339	\$	\$	\$ 14,327	\$ 20,202	\$ 59,868	\$ 631,386
Accrued liabilities							82
Due to other funds					38,106	38,106	15,278
Advances from other funds		331,931				331,931	
Total Liabilities	25,339	331,931		14,327	58,308	429,905	646,746
Deferred Inflows of Resources:							
Unavailable revenue:							
Property taxes	35,542				6,628	42,170	49,948
Special assessments					96,602	96,602	94,415
Notes receivable			664,645		240,149	904,794	509,690
Total Deferred Inflows of Resources	35,542		664,645		343,379	1,043,566	654,053
Fund Balance:							
Nonspendable:							
Prepaid items	8,015				3,242	11,257	11,352
Restricted:							
Creditors (debt covenants)					1,531,050	1,531,050	1,272,691
Regulations			11,598		71,678	83,276	227,505
Committed:							
By Council action					510,487	510,487	510,934
Assigned:							
Fund assignments				490,272	1,080,623	1,570,895	3,437,513
Unassigned	1,080,079	(331,931)			(52,781)	695,367	1,006,087
Total Fund Balance	1,088,094	(331,931)	11,598	490,272	3,144,299	4,402,332	6,466,082
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 1,148,975	\$	\$ 676,243	\$ 504,599	\$ 3,545,986	\$ 5,875,803	\$ 7,766,881

See Notes to the Financial Statements

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CITY OF CHATFIELD, MINNESOTA
RECONCILIATION OF NET POSITION IN THE
GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND BALANCES
IN THE FUND BASIS FINANCIAL STATEMENTS
December 31, 2019

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

Total governmental fund balances (page 19)	\$ 4,402,332
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental funds - capital assets	\$ 30,192,375	
Less: Accumulated depreciation	<u>(12,387,370)</u>	
		17,805,005

Some receivables are not available soon enough to pay for current period expenditures and, therefore, are unavailable in the funds.

Delinquent property taxes	\$ 32,281	
Special assessments	106,491	
Notes receivable	<u>904,794</u>	
		1,043,566

Internal service funds are used by management to charge the costs of capital acquisitions to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

768,696

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Bonds and notes payable	\$ (8,041,000)	
Net pension liability	(1,069,640)	
Net pension asset	114,753	
Compensated absences	(167,337)	
Bond premiums net of amortization	(64,938)	
Accrued interest	<u>(67,497)</u>	
		<u>(9,295,659)</u>

Net position of governmental activities (page 16)	<u><u>\$ 14,723,940</u></u>
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See Notes to the Financial Statements

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CITY OF CHATFIELD, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	100	Special Revenue Funds		Capital Project	Other	Totals	
	General	358 TIF Dist. 2-5 Dollar General	361 Revolving Loan State	440 2018A Pool Construction	Governmental Funds	2019	2018
REVENUES							
Property taxes	\$ 1,295,941	\$	\$	\$	\$ 750,962	\$ 2,046,903	\$ 1,634,264
Special assessments	3,982				101,669	105,651	33,111
Tax increments					170,785	170,785	146,321
Tax abatement					19,561	19,561	19,413
Licenses and permits	32,356					32,356	25,560
Fines and forfeits	4,253				2,332	6,585	7,449
Intergovernmental	853,878		375,000		204,887	1,433,765	1,157,501
Franchise fees					27,184	27,184	25,752
Charges for services	83,508				251,823	335,331	278,496
Training revenue					16,865	16,865	42,436
Investment income	65,375		3,735	26,565	40,613	136,288	65,597
Contributions					151,535	151,535	130,749
Sale of land					206,727	206,727	
Miscellaneous	63,999		29,958		128,728	222,685	132,250
TOTAL REVENUES	2,403,292		408,693	26,565	2,073,671	4,912,221	3,698,899
EXPENDITURES							
Current							
General government	630,532				53,529	684,061	707,295
Public safety	664,524				431,517	1,096,041	1,022,854
Public works	479,443					479,443	420,523
Parks and recreation	316,908				30,862	347,770	259,738
Library					256,707	256,707	240,417
Community development	26,360	316,658	425,884		374,692	1,143,594	591,442
Capital Outlay				2,323,855	319,621	2,643,476	1,973,097
Debt Service				54,619	648,653	703,272	509,830
TOTAL EXPENDITURES	2,117,767	316,658	425,884	2,378,474	2,115,581	7,354,364	5,725,196
Excess (deficiency) of revenues over (under) expenditures	285,525	(316,658)	(17,191)	(2,351,909)	(41,910)	(2,442,143)	(2,026,297)
OTHER FINANCING SOURCES (USES)							
Proceeds from issuance of debt					219,450	219,450	4,593,941
Premium on issuance of bonds							31,934
Transfers in	124,500				1,410,896	1,535,396	931,724
Transfers out	(351,558)				(1,024,895)	(1,376,453)	(439,332)
TOTAL OTHER FINANCING SOURCES (USES)	(227,058)				605,451	378,393	5,118,267
Net change in fund balances	58,467	(316,658)	(17,191)	(2,351,909)	563,541	(2,063,750)	3,091,970
FUND BALANCES, beginning	1,029,627	(15,273)	28,789	2,842,181	2,580,758	6,466,082	3,374,112
FUND BALANCES, ending	\$ 1,088,094	\$ (331,931)	\$ 11,598	\$ 490,272	\$ 3,144,299	\$ 4,402,332	\$ 6,466,082

See Notes to the Financial Statements

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CITY OF CHATFIELD, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

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

Net change in fund balances - total governmental funds (page 21)		\$ (2,063,750)
Governmental funds reported capital outlays as expenditures.		
However, in the statement of activities the cost of those assets		
is allocated over their estimated useful lives and reported as		
depreciation expense.		
Capital outlay	\$ 2,414,194	
Depreciation expense	<u>(932,660)</u>	
		1,481,534
The net effect of various miscellaneous transactions involving		
capital assets (i.e., sales, trade-ins, and donations) is to		
decrease net assets.		34,845
Certain revenues in the statement of activities do not provide current		
financial resources are not reported as revenues in the funds.		
Unavailable revenue, December 31, 2019	\$ 1,043,566	
Unavailable revenue, December 31, 2018	<u>(654,053)</u>	
		389,513
Internal service funds are used by management to charge the costs		
of equipment to individual funds. The net revenue (expense) of the		
internal service funds is reported with governmental activities		(26,709)
The governmental funds report bond proceeds as financing sources, while		
repayment of bond principal is reported as an expenditure. In the statement of		
net position, however, issuing debt increases long term liabilities and does not		
affect the statement of activities and repayment of principal reduces the		
liability. Also, governmental funds report the effect of premiums and discounts		
when debt is first issued, whereas these amounts are deferred and amortized		
in the statement of activities. Interest is recognized as an expenditure in the		
governmental funds when it is due. In the statement of activities, however,		
interest expense is recognized as it accrues, regardless of when it is due. The		
net effect of these differences in the treatment of general obligations bonds and		
related items is as follows.		
Principal retirement on long-term debt	\$ 674,611	
Issuance of bonds and notes	(225,000)	
Amortization of bond premium, net	7,001	
Change in accrued interest	<u>10,504</u>	
		467,116
In the statement of activities, certain operating expenses - compensated		
absences, net pension liability, and net pension asset - are measured by the		
amounts earned during the year. In the governmental funds, however,		
expenditures for these items are measured by the amount of financial		
resources used (essentially, the amounts actually paid).		
Change in compensated absences	\$ (513)	
Change in net pension liability activity	(10,072)	
Change in net pension asset	<u>80,314</u>	
		69,729
Change in net position of governmental activities (pages 17-18)		<u>\$ 352,278</u>

See Notes to the Financial Statements

CITY OF CHATFIELD, MINNESOTA
GENERAL FUND
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	Budgeted Amounts		2019 Actual Amounts	Variance with Final Budget - Positive (Negative)	2018 Actual Amounts
	Original	Final			
REVENUES					
Property Tax Levy Collected	\$ 1,284,819	\$ 1,284,819	\$ 1,295,941	\$ 11,122	\$ 1,195,653
Special Assessments Collected	4,200	4,200	3,982	(218)	10,683
Licenses and permits	36,400	36,400	32,356	(4,044)	25,560
Intergovernmental Revenues					
Local government aid	787,121	787,121	787,121		785,832
Market value credit			688	688	626
State police aid	42,000	42,000	45,798	3,798	44,072
PERA aid	1,677	1,677	1,677		1,677
Highway	3,000	3,000	2,071	(929)	2,983
Training and reimbursement	3,200	3,200	11,523	8,323	5,908
Other			5,000	5,000	2,116
Total Intergovernmental Revenues	836,998	836,998	853,878	16,880	843,214
Charges For Services					
Plan check fee	8,000	8,000	6,480	(1,520)	7,989
Pool fees	32,000	32,000	76,743	44,743	30,036
Lodging tax	500	500	285	(215)	301
Total Charges For Services	40,500	40,500	83,508	43,008	38,326
Fines and Forfeits					
Parking fines	2,100	2,100	925	(1,175)	1,650
Court fines and other	10,000	10,000	3,288	(6,712)	3,650
Animal fines			40	40	
Total Fines and Forfeits	12,100	12,100	4,253	(7,847)	5,300
Investment Income (Loss)	12,000	12,000	65,375	53,375	(24,982)
Miscellaneous Revenues					
Sale of assets	150	150	259	109	210
Donations	700	700	1,756	1,056	1,849
Refunds/reimbursements	22,725	22,725	61,984	39,259	35,692
Total Miscellaneous Revenues	23,575	23,575	63,999	40,424	37,751
TOTAL REVENUES	\$ 2,250,592	\$ 2,250,592	\$ 2,403,292	\$ 152,700	\$ 2,131,505

See Notes to the Financial Statements

CITY OF CHATFIELD, MINNESOTA
GENERAL FUND
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>2019</u>	<u>Variance with</u>	<u>2018</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget -</u>	<u>Actual</u>
			<u>Amounts</u>	<u>Positive</u>	<u>Amounts</u>
				<u>(Negative)</u>	
EXPENDITURES					
General Government					
Mayor and Council					
Salaries	\$ 21,300	\$ 21,300	\$ 21,172	\$ 128	\$ 19,700
Employee benefits and retirement	1,670	1,670	1,542	128	1,435
Workers compensation	100	100	144	(44)	98
Office supplies	400	400		400	
Printing and publication	2,000	2,000	3,281	(1,281)	4,107
Travel and conference	3,250	3,250	1,911	1,339	919
Legal fees	9,200	9,200	11,570	(2,370)	9,360
Dues and subscription	9,000	9,000	10,926	(1,926)	10,807
Departmental capital charge	1,900	1,900	1,900		1,900
Other	1,725	1,725	3,110	(1,385)	2,357
Total Mayor and Council	<u>50,545</u>	<u>50,545</u>	<u>55,556</u>	<u>(5,011)</u>	<u>50,683</u>
Elections	<u>3,700</u>	<u>3,700</u>	<u>7</u>	<u>3,693</u>	<u>4,149</u>
Clerk's Office					
Salaries	279,000	279,000	276,144	2,856	278,691
Employee benefits and retirement	39,950	39,950	41,115	(1,165)	41,031
Workers compensation	3,000	3,000	4,341	(1,341)	3,361
Health insurance	59,075	59,075	38,065	21,010	57,622
Office supplies	3,320	3,320	6,677	(3,357)	6,976
Postage	1,100	1,100	1,683	(583)	1,798
Audit fees	10,500	10,500	8,800	1,700	11,925
Consulting fees	12,800	12,800	12,612	188	15,647
Licenses and dues	2,100	2,100	2,333	(233)	1,905
Insurance	4,900	4,900	5,148	(248)	4,809
Internet and telephone	22,100	22,100	22,565	(465)	22,704
Maintenance and repair	5,200	5,200	3,525	1,675	3,915
Travel and conference	6,950	6,950	5,693	1,257	5,721
Departmental capital charge	6,570	6,570	6,570		6,400
Other	4,175	4,175	7,267	(3,092)	4,552
Total Clerk's Office	<u>460,740</u>	<u>460,740</u>	<u>442,538</u>	<u>18,202</u>	<u>467,057</u>
Planning and Zoning					
Printing and publication	450	450	320	130	404
Consulting fees	54,500	54,500	54,295	205	52,538
Insurance	4,000	4,000	3,496	504	3,832
Other	900	900	848	52	841
Total Planning and Zoning	<u>\$ 59,850</u>	<u>\$ 59,850</u>	<u>\$ 58,959</u>	<u>\$ 891</u>	<u>\$ 57,615</u>

See Notes to the Financial Statements

**CITY OF CHATFIELD, MINNESOTA
GENERAL FUND
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual**

For the Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	Budgeted Amounts		2019	Variance with	2018
	Original	Final	Actual	Final Budget - Favorable (Unfavorable)	Actual
EXPENDITURES (Continued)					
General Government (Continued)					
Municipal Building					
Operating supplies	\$ 6,500	\$ 6,500	\$ 1,554	\$ 4,946	\$ 2,654
Small tools and minor equipment	600	600	336	264	195
Maintenance and repair	13,000	13,000	14,792	(1,792)	15,868
Contracted services	28,800	28,800	23,643	5,157	26,108
Insurance	3,500	3,500	3,647	(147)	3,421
Utilities	8,000	8,000	7,943	57	6,975
Departmental capital charge	20,600	20,600	20,600		20,000
Other	601	601	957	(356)	518
Total Municipal Building	81,601	81,601	73,472	8,129	75,739
Total General Government	656,436	656,436	630,532	25,904	655,243
Public Safety					
Animal Control					
Operating supplies	300	300	100	200	70
Printing and publication	100	100	571	(471)	256
Other	450	450	65	385	5
Total Animal Control	850	850	736	114	331
Civil Defense					
Contracted services	5,450	5,450		5,450	5,000
Departmental capital charge	2,000	2,000	2,000		2,000
Total Civil Defense	7,450	7,450	2,000	5,450	7,000
Building Code					
Consultant fee	20,000	20,000	17,898	2,102	23,697
Plan review	6,000	6,000	1,954	4,046	4,400
Surcharge fee/sales tax	7,800	7,800	7,237	563	2,758
Total Building Code	\$ 33,800	\$ 33,800	\$ 27,089	\$ 6,711	\$ 30,855

See Notes to the Financial Statements

CITY OF CHATFIELD, MINNESOTA
GENERAL FUND
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		2019	Variance with	2018
	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>	<u>Actual</u> <u>Amounts</u>
EXPENDITURES (Continued)					
Public Safety (Continued)					
Police Department					
Salaries	\$ 350,647	\$ 350,647	\$ 376,696	\$ (26,049)	\$ 336,761
Employee benefits and retirement	62,181	62,181	68,746	(6,565)	59,247
Workers compensation	18,500	18,500	31,879	(13,379)	21,094
Health insurance	56,120	56,120	53,252	2,868	58,458
Operating supplies	3,000	3,000	2,092	908	1,134
Vehicle operating supplies	8,000	8,000	7,752	248	7,290
Small tools and minor equipment	3,000	3,000	2,485	515	1,620
Internet and telephone	7,160	7,160	8,441	(1,281)	5,776
Legal fees	8,500	8,500	6,192	2,308	7,329
Towing and wrecker fees	2,000	2,000	100	1,900	375
Uniform allowance	4,250	4,250	3,088	1,162	3,354
Maintenance and repair	9,500	9,500	11,761	(2,261)	7,263
Clothing	2,000	2,000	158	1,842	1,260
Printing and publication	300	300		300	149
Postage	400	400	531	(131)	473
Training	4,500	4,500	2,793	1,707	3,448
Contracted services	8,050	8,050	7,954	96	6,175
Insurance	16,000	16,000	17,828	(1,828)	15,807
Utilities	6,000	6,000	5,277	723	5,166
Departmental capital charge	22,900	22,900	22,900		22,900
Other	5,985	5,985	4,774	1,211	4,013
Total Police Department	<u>598,993</u>	<u>598,993</u>	<u>634,699</u>	<u>(35,706)</u>	<u>569,092</u>
Total Public Safety	<u>641,093</u>	<u>641,093</u>	<u>664,524</u>	<u>(23,431)</u>	<u>607,278</u>
Public Works					
Street Department					
Salaries	73,000	73,000	87,284	(14,284)	83,217
Employee benefits and retirement	11,700	11,700	12,326	(626)	11,670
Health insurance	10,025	10,025	9,039	986	9,475
Workers compensation	1,700	1,700	2,641	(941)	1,657
Operating supplies	18,200	18,200	20,196	(1,996)	21,929
Vehicle operating supplies	12,000	12,000	15,719	(3,719)	17,469
Maintenance and repair	37,000	37,000	67,277	(30,277)	32,408
Clothing	800	800	752	48	1,241
Snow removal	5,000	5,000	21,788	(16,788)	893
Insurance	9,400	9,400	9,495	(95)	9,133
Internet and telephone	1,500	1,500	1,574	(74)	1,574
Other professional services	12,500	12,500	13,276	(776)	14,849
Small tools and minor equipment	5,000	5,000	1,958	3,042	1,867
Utilities	36,000	36,000	32,937	3,063	38,759
Departmental capital charge	179,200	179,200	179,200		173,600
Other	3,550	3,550	3,981	(431)	782
Total Public Works	<u>\$ 416,575</u>	<u>\$ 416,575</u>	<u>\$ 479,443</u>	<u>\$ (62,868)</u>	<u>\$ 420,523</u>

See Notes to the Financial Statements

CITY OF CHATFIELD, MINNESOTA
GENERAL FUND
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>2019</u>	<u>Variance with</u>	<u>2018</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget -</u>	<u>Actual</u>
			<u>Amounts</u>	<u>Positive</u>	<u>Amounts</u>
				<u>(Negative)</u>	
EXPENDITURES (Continued)					
Parks and Recreation					
Parks					
Salaries	\$ 61,200	\$ 61,200	\$ 66,628	\$ (5,428)	\$ 55,836
Employee benefits and retirement	8,500	8,500	9,232	(732)	8,081
Workers compensation	4,000	4,000	5,768	(1,768)	4,121
Health insurance	18,025	18,025	8,539	9,486	13,268
Small tools and minor equipment	1,300	1,300	739	561	1,320
Vehicle operating supplies	2,500	2,500	4,736	(2,236)	3,974
Maintenance and repair	8,000	8,000	3,059	4,941	7,438
Other professional services	9,500	9,500	629	8,871	3,774
Utilities	14,000	14,000	12,011	1,989	13,188
Insurance	7,500	7,500	7,925	(425)	7,470
Departmental capital charge	40,000	40,000	40,000		38,700
Other	8,700	8,700	7,262	1,438	7,779
Total Parks	<u>183,225</u>	<u>183,225</u>	<u>166,528</u>	<u>16,697</u>	<u>164,949</u>
Pool					
Salaries	52,000	52,000	72,827	(20,827)	48,117
Employee benefits and retirement	3,900	3,900	5,571	(1,671)	3,681
Workers compensation	3,000	3,000	5,863	(2,863)	3,331
Operating supplies	8,100	8,100	19,058	(10,958)	6,308
Maintenance and repair	2,000	2,000	1,495	505	2,250
Other professional services					1,200
Utilities	12,500	12,500	15,128	(2,628)	7,187
Insurance	9,200	9,200	9,517	(317)	8,966
Departmental capital charge	2,300	2,300	2,300		2,000
Other	9,925	9,925	13,021	(3,096)	6,149
Total Pool	<u>102,925</u>	<u>102,925</u>	<u>144,780</u>	<u>(41,855)</u>	<u>89,189</u>
Recreation	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>		<u>4,000</u>
Band					
School band concerts	480	480	480		480
Brass band concerts	1,120	1,120	1,120		1,120
Total Band	<u>1,600</u>	<u>1,600</u>	<u>1,600</u>		<u>1,600</u>
Total Parks and Recreation	<u>291,750</u>	<u>291,750</u>	<u>316,908</u>	<u>(25,158)</u>	<u>259,738</u>
Community Development					
Promotional expense	3,000	3,000	3,565	(565)	3,955
Heritage preservation	11,530	11,530	17,098	(5,568)	12,239
Other	5,100	5,100	5,697	(597)	8,006
Total Community Development	<u>19,630</u>	<u>19,630</u>	<u>26,360</u>	<u>(6,730)</u>	<u>24,200</u>
TOTAL EXPENDITURES	<u>2,025,484</u>	<u>2,025,484</u>	<u>2,117,767</u>	<u>(92,283)</u>	<u>1,966,982</u>
Excess of revenues over expenditures	<u>225,108</u>	<u>225,108</u>	<u>285,525</u>	<u>60,417</u>	<u>164,523</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	125,363	125,363	124,500	(863)	121,752
Transfers out	(351,558)	(351,558)	(351,558)		(336,132)
Total Other Financing Sources (Uses)	<u>(226,195)</u>	<u>(226,195)</u>	<u>(227,058)</u>	<u>(863)</u>	<u>(214,380)</u>
Net change in fund balances	(1,087)	(1,087)	58,467	59,554	(49,857)
FUND BALANCES, beginning	<u>1,029,627</u>	<u>1,029,627</u>	<u>1,029,627</u>		<u>1,079,484</u>
FUND BALANCES, ending	<u>\$ 1,028,540</u>	<u>\$ 1,028,540</u>	<u>\$ 1,088,094</u>	<u>\$ 59,554</u>	<u>\$ 1,029,627</u>

See Notes to the Financial Statements

CITY OF CHATFIELD, MINNESOTA
REVOLVING LOAN STATE
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	Budgeted Amounts		Fund 361 2019 Actual Amounts	Variance with Final Budget - Positive (Negative)	2018 Actual Amounts
	Original	Final			
REVENUES					
Intergovernmental	\$	\$	\$ 375,000	\$ 375,000	\$
Investment income	3,000	3,000	3,735	735	3,520
Miscellaneous	27,600	27,600	29,958	2,358	26,478
TOTAL REVENUES	30,600	30,600	408,693	378,093	29,998
EXPENDITURES					
DEED repayments to state	24,480	24,480	25,884	(1,404)	23,670
Loan advances			400,000	(400,000)	
TOTAL EXPENDITURES	24,480	24,480	425,884	(401,404)	23,670
Net change in fund balances	6,120	6,120	(17,191)	779,497	6,328
FUND BALANCES, beginning	28,789	28,789	28,789		22,461
FUND BALANCES, ending	\$ 34,909	\$ 34,909	\$ 11,598	\$ 779,497	\$ 28,789

See Notes to the Financial Statements

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
Statement of Net Position
December 31, 2019
With Comparative Totals for December 31, 2018

	601/336/ 436/339	602/622/ 337/333/341	603	Totals	
	Water	Sewer	Garbage	2019	2018
ASSETS AND DEFERRED					
OUTFLOWS OF RESOURCES					
Current Assets					
Cash and investments	\$ 335,179	\$ 469,376	\$ 51,003	\$ 855,558	\$ 871,599
Accounts receivable, net	42,505	96,152	20,648	159,305	165,423
Special assessments receivable	4,739	15,798	5,793	26,330	34,762
Special assessments delinquent	722	2,494	874	4,090	14,852
Prepaid expenses	458	1,678		2,136	2,118
Total Current Assets	383,603	585,498	78,318	1,047,419	1,088,754
Noncurrent Assets					
Capital assets:					
Nondepreciable	30,246	30,246		60,492	60,492
Depreciable	4,076,671	12,883,248		16,959,919	16,880,176
Less: Accumulated depreciation	1,410,084	6,549,457		7,959,541	7,561,700
Net capital assets	2,696,833	6,364,037		9,060,870	9,378,968
Deferred Outflows of Resources					
Deferred outflows from pension activity	4,490	7,598		12,088	24,418
TOTAL ASSETS AND DEFERRED					
OUTFLOWS OF RESOURCES	<u>\$ 3,084,926</u>	<u>\$ 6,957,133</u>	<u>\$ 78,318</u>	<u>\$ 10,120,377</u>	<u>\$ 10,492,140</u>
LIABILITIES, DEFERRED INFLOWS					
OF RESOURCES, AND NET POSITION					
Current Liabilities					
Accounts payable	\$ 8,607	\$ 8,107	\$ 16,664	\$ 33,378	\$ 53,179
Accrued compensated absences	5,684	3,787		9,471	10,497
Current maturities of bonds payable	35,000	460,000		495,000	488,000
Accrued interest payable	2,059	36,332		38,391	42,335
Total Current Liabilities	51,350	508,226	16,664	576,240	594,011
Noncurrent Liabilities					
Net pension liability	42,615	72,818		115,433	120,578
Accrued compensated absences	2,258	1,811		4,069	
Bonds payable, net of current maturities	260,000	4,003,000		4,263,000	4,763,889
Total Liabilities	356,223	4,585,855	16,664	4,958,742	5,478,478
Deferred Inflows of Resources					
Deferred inflows from pension activity	8,645	14,297		22,942	32,380
NET POSITION					
Net investment in capital assets	2,401,833	1,901,037		4,302,870	4,127,079
Unrestricted	318,225	455,944	61,654	835,823	854,203
Total Net Position	2,720,058	2,356,981	61,654	5,138,693	4,981,282
TOTAL LIABILITIES, DEFERRED INFLOWS					
OF RESOURCES AND NET POSITION	<u>\$ 3,084,926</u>	<u>\$ 6,957,133</u>	<u>\$ 78,318</u>	<u>\$ 10,120,377</u>	<u>\$ 10,492,140</u>

See Notes to the Financial Statements

Governmental Activities-Internal
Service Funds
801

Capital Goods	
2019	2018

\$ 768,762	\$ 760,886
	228

<u>768,762</u>	<u>761,114</u>
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	15,170
5,154,048	5,041,995
<u>2,436,436</u>	<u>2,276,265</u>
<u>2,717,612</u>	<u>2,780,900</u>

<u>\$ 3,486,374</u>	<u>\$ 3,542,014</u>
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\$ 66	\$ 28,997
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<u>66</u>	<u>28,997</u>
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<u>66</u>	<u>28,997</u>
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2,717,612	2,780,900
<u>768,696</u>	<u>732,117</u>
<u>3,486,308</u>	<u>3,513,017</u>

<u>\$ 3,486,374</u>	<u>\$ 3,542,014</u>
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CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
Statement of Revenues, Expenses
and Changes in Fund Net Position
For the Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	601/336/ 436/339	602/622/ 337/333/341	603	Totals	
	Water	Sewer	Garbage	2019	2018
Operating Revenues					
Service fees and charges	\$ 324,441	\$ 907,326	\$ 226,597	\$ 1,458,364	\$ 1,366,073
Departmental capital charge					
	<u>324,441</u>	<u>907,326</u>	<u>226,597</u>	<u>1,458,364</u>	<u>1,366,073</u>
Operating Expenses					
Salaries	64,822	107,340		172,162	159,419
Employee benefits and retirement	7,571	15,500		23,071	23,510
Health insurance	8,538	20,561		29,099	33,189
Workers compensation	4,150	8,392		12,542	9,990
Garbage removal			188,224	188,224	188,978
City clean up			16,483	16,483	13,896
Supplies	8,313	10,165	418	18,896	24,006
Utilities	20,820	70,258		91,078	95,044
Maintenance and repairs	41,427	38,438	4,268	84,133	83,703
Travel and training	210			210	438
Professional fees	17,615	33,071		50,686	36,460
Office expense	1,426	3,693	1,141	6,260	6,015
Insurance	3,907	11,518		15,425	14,920
Depreciation	137,262	275,460		412,722	395,889
Departmental capital charge	9,260	8,475	250	17,985	17,700
Other	29,659	19,107	14,070	62,836	46,174
Total Operating Expenses	<u>354,980</u>	<u>621,978</u>	<u>224,854</u>	<u>1,201,812</u>	<u>1,149,331</u>
Operating Income (Loss)	<u>(30,539)</u>	<u>285,348</u>	<u>1,743</u>	<u>256,552</u>	<u>216,742</u>
Nonoperating Revenues (Expenses)					
Investment income	6,747	13,039	974	20,760	34,142
Refunds and reimbursements	11,152	490		11,642	863
Special assessments	12,260	37,159	12,036	61,455	47,573
Intergovernmental	6,773			6,773	2,850
Connection and access fees	12,801	20,816		33,617	89,484
Miscellaneous	231			231	168
Gain on disposal					
Interest and fiscal charges	(4,989)	(82,102)		(87,091)	(88,269)
Total Nonoperating Revenues (Expenses)	<u>44,975</u>	<u>(10,598)</u>	<u>13,010</u>	<u>47,387</u>	<u>86,811</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>14,436</u>	<u>274,750</u>	<u>14,753</u>	<u>303,939</u>	<u>303,553</u>
Capital contributions		14,465		14,465	111,518
Transfers in	76,302	545,712		622,014	89,614
Transfers out	(209,864)	(556,943)	(16,200)	(783,007)	(584,006)
CHANGE IN NET POSITION	<u>(119,126)</u>	<u>277,984</u>	<u>(1,447)</u>	<u>157,411</u>	<u>(79,321)</u>
NET POSITION - BEGINNING OF YEAR	<u>2,839,184</u>	<u>2,078,997</u>	<u>63,101</u>	<u>4,981,282</u>	<u>5,060,603</u>
NET POSITION - END OF YEAR	<u>\$ 2,720,058</u>	<u>\$ 2,356,981</u>	<u>\$ 61,654</u>	<u>\$ 5,138,693</u>	<u>\$ 4,981,282</u>

See Notes to the Financial Statements

Governmental Activities-Internal
Service Funds
801

Capital Goods	
2019	2018
\$	\$
296,705	288,350
296,705	288,350
53,975	73,959
1,437	4,899
251,647	256,947
34,784	49,452
341,843	385,257
(45,138)	(96,907)
14,366	12,225
	22,984
1,781	29,334
232	63,144
16,379	127,687
(28,759)	30,780
2,050	167,278
	2,000
(26,709)	200,058
3,513,017	3,312,959
\$ 3,486,308	\$ 3,513,017

CITY OF CHATFIELD, MINNESOTA

PROPRIETARY FUNDS

Statement of Cash Flows

For the Year Ended December 31, 2019

With Comparative Totals for the Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds			Totals	
	Water	Sewer	Garbage	2019	2018
Cash Flows From Operating Activities					
Cash received from customers	\$ 342,199	\$ 922,766	\$ 230,584	\$ 1,495,549	\$ 1,458,146
Cash paid to employees	(76,540)	(131,253)		(207,793)	(195,037)
Cash paid to suppliers	(140,161)	(235,200)	(224,965)	(600,326)	(533,536)
Net Cash Provided By Operating Activities	125,498	556,313	5,619	687,430	729,573
Cash Flows From Noncapital Financing Activities					
Intergovernmental	19,033	37,159	12,036	68,228	50,417
Connection and access fees	12,801	20,816		33,617	
Miscellaneous					
Transfer in/out	(133,562)	(11,231)	(16,200)	(160,993)	(494,392)
Net Cash Provided By (Used In) Noncapital Financing Activities	(101,728)	46,744	(4,164)	(59,148)	(443,975)
Cash Flows From Capital and Related Financing Activities					
Capital asset acquisitions	(59,374)	(20,369)		(79,743)	(48,275)
Principal payments on bonds	(34,000)	(454,000)		(488,000)	(4,907,000)
Interest payments on bonds	(5,212)	(92,128)		(97,340)	(148,122)
Net Cash (Used In) Capital and Related Financing Activities	(98,586)	(566,497)		(665,083)	(5,103,397)
Cash Flows From Investing Activities					
Investment income	6,747	13,039	974	20,760	34,142
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(68,069)	49,599	2,429	(16,041)	(4,783,657)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	403,248	419,777	48,574	871,599	5,655,256
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 335,179	\$ 469,376	\$ 51,003	\$ 855,558	\$ 871,599
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (30,539)	\$ 285,348	\$ 1,743	\$ 256,552	\$ 306,226
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	137,262	275,460		412,722	395,889
Change in net pension liability	(1,819)	(434)		(2,253)	(57)
Miscellaneous nonoperating income	11,383	490		11,873	1,037
(Increase) Decrease In:					
Accounts receivable	2,693	3,204	221	6,118	(4,718)
Special assessments receivable	1,518	5,059	1,855	8,432	14,305
Special assessments delinquent	2,164	6,687	1,911	10,762	(8,035)
Prepaid expenses	3	(21)		(18)	(2,118)
Increase (Decrease) In:					
Accounts payable	312	(20,002)	(111)	(19,801)	25,673
Accrued liabilities	2,521	522		3,043	1,371
Net Cash Provided By Operating Activities	\$ 125,498	\$ 556,313	\$ 5,619	\$ 687,430	\$ 729,573
Noncash Capital and Related Financing Activities					
Receipt of contributed assets	\$	\$	\$	\$	\$

See Notes to the Financial Statements

Governmental Activities-
Internal Service Funds
801 Capital Goods

2019	2018
\$ 296,933	\$ 288,122
(119,127)	(99,779)
177,806	188,343
	22,984
1,781	29,334
2,050	2,000
3,831	54,318
(188,127)	(426,808)
(188,127)	(426,808)
14,366	12,225
7,876	(171,922)
760,886	932,808
\$ 768,762	\$ 760,886
\$ (45,138)	\$ (96,907)
251,647	256,947
228	(228)
(28,931)	28,531
\$ 177,806	\$ 188,343
\$	\$ 167,278

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CITY OF CHATFIELD, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The City of Chatfield, Minnesota was incorporated in 1857 and operates under a Mayor-Council form of government. The governing body is the City Council which consists of five elected Council Members and a Mayor.

The accounting policies of the City of Chatfield, Minnesota, conform to generally accepted accounting principles applicable to governmental units. The following is a summary of the more significant accounting policies:

A. Reporting Entity

In accordance with Statement No. 14 of the Governmental Accounting Standards Board, The Financial Reporting Entity, the City's financial statements include the primary government and the component units of the City of Chatfield, Minnesota, defined as follows:

Primary Government - Includes all funds, organizations, institutions, agencies, departments, or offices which are not legally separate from the City of Chatfield, Minnesota.

Component Units - Component units are legally separate organizations for which the elected officials of the City of Chatfield, Minnesota are financially accountable or for which the nature or significance of their relationship with the City of Chatfield, Minnesota would cause the general purpose financial statements to be misleading or incomplete. Because its sole purpose is to encourage future development within the City, the City of Chatfield Economic Development Authority (EDA), has been reported as a blended component unit in the financial statements of the City of Chatfield, Minnesota.

Excluded – Fire Relief Association – This association is organized as a nonprofit organization by their members to provide pension and other benefits to such members in accordance with Minnesota statutes. Their board of directors are appointed by the membership of the organization. All funding is conducted in accordance with Minnesota statutes, whereby state aids flow to the association, tax levies are determined by the association and are only reviewed by the City, and the associations pay benefits directly to their members.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

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

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

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

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

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

Unearned revenue is recorded when assets are recognized before revenue recognition criteria have been satisfied. Grants received before eligibility requirements other than time requirements are met are recorded as unearned revenue. Grants received before time requirements are met are recorded as a deferred inflow of resources.

The City reports the following major governmental funds:

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

The *TIF Dist. 2-5 dollar general fund* accounts for all tax increment revenues and expenditures for TIF District 2-5.

The *revolving loan state fund* accounts for disbursements and collection of state funds under the City's revolving loan program.

The *2018A pool construction fund* accounts for all capital improvements of the pool construction project.

The major proprietary funds are the water, sewer, and garbage funds.

The *Capital Goods fund* is an internal service fund that accounts for capital asset purchases provided to other departments on a cost reimbursement basis.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes. Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, Liabilities, Deferred Inflows of Resources and Net Position

Cash and Investments

Except where otherwise required, the City maintains all deposits in accounts in the name of the City. The deposits are invested on a short-term basis with interest income allocated to each fund based upon their relative account balance. The balances shown in each fund represents an equity interest in the commingled pool of cash and investments which is under the management of the City. Temporary cash investments are stated at cost, which approximates market.

Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans).

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

D. *Assets, Liabilities, Deferred Inflows of Resources and Net Position (Continued)*

Property Taxes

Property tax levies are set by the City Council in December each year and are certified to Fillmore and Olmsted Counties for collection in the following year. In Minnesota, counties act as collection agents for all property taxes.

The county spreads all levies over taxable property. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Revenues are recognized in the year collectible, net of delinquencies.

Real property taxes may be paid by taxpayers in two equal installments, on May 15 and October 15. Personal property taxes may be paid on February 28 and June 30. The counties provide tax settlements to cities and other taxing districts four times a year in January, June, November, and December.

Taxes which remain unpaid at December 31 are classified as delinquent taxes receivable, and are fully offset by deferred inflow of resources in the fund financial statements because they are not known to be available to finance current expenditures. These offsetting balances are not reflected in the financial statements because of their non-effect on current year operations.

Special assessments outstanding at December 31, 2019 are recognized as revenue only when received. The receivable balances in the fund financial statements are offset entirely by deferred inflow of resources until collected by the county. These offsetting balances are also not reflected in the financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest earned on the invested debt proceeds over the same period.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

D. *Assets, Liabilities, Deferred Inflows of Resources and Net Position (Continued)*

Capital Assets (Continued)

Property, plant and equipment are capitalized when acquired, and depreciation is provided using the straight-line method applied over the following estimated useful lives of the assets.

	Useful Life in Years
Buildings	10 - 30
Infrastructure	20 - 40
Wastewater Treatment Facility	20 - 40
Vehicles	5 - 10
Furniture and Fixtures	5 - 12
Machinery and Equipment	10 - 25

Compensated Absences

Vacation and sick pay are accrued when earned in the government-wide financial statements and the proprietary fund types. In the Governmental Funds of the fund financial statements, vacation and sick pay are recorded as expenditures and accrued as a current liability only if they have matured, for example, as a result of employee's resignations and retirements.

Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. Long-term liabilities expected to be financed from enterprise fund operations are accounted for in those funds.

Concentration of Credit Risk

Financial instruments which expose the City to a concentration of credit risk consist primarily of cash investments and accounts and notes receivable. The City's accounts and notes receivable are concentrated geographically, as for the most part, amounts are due from individuals residing in and businesses located in the City of Chatfield, Minnesota.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

Net position / Fund Balance

In the government-wide and proprietary financial statements, net position are classified in the following categories:

Net investment in capital assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted Net position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net position – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position.”

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual restraints.

Restricted – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City Council through formal action and remain binding unless removed by the City Council by subsequent formal action.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The City Council, by majority vote, may assigned fund balances to be used for specific purposes when appropriate. The council also delegates the power to assign fund balances to the city administrator.

Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

Pensions

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

Comparative Data

Comparative data for the prior year has been presented in certain of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, complete comparative data has not been presented since their inclusion would not provide meaningful comparisons. Certain amounts in the prior year totals column have been reclassified to conform with the current year presentation.

Deferred Outflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has one type of deferred outflow which is pension related and reported on the statement of net position.

Deferred Inflows of Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City recognized two types of deferred inflows. The first type occurs because governmental fund revenues are not recognized until available under the modified accrual basis of accounting. The second type is pension related and reported on the statement of net position.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Each fall, the City Council adopts an annual budget for the following year. The budgets are, in all material respects, prepared on the same basis of accounting used to prepare the financial statements. Budgeted amounts for the General and Major Special Revenue Funds have been presented in the financial statements with the exception of the TIF Dist. 2-5 dollar general fund, which adopts a project length budget.

Spending control for City monies is at the fund level, but management control is exercised at budgetary line item level within each fund. The City Council may amend the budget after it is approved using the same procedures necessary to approve the original budget. The budgetary data presented represents the approved budget as amended. All annual appropriations lapse at year-end.

3. Detailed Notes on All Funds

A. Summary of Cash and Investments

As of December 31, 2019, the City’s cash and investments consisted of the following items, all of which are held in an internal investment pool:

Cash and Investments	Maturities	Ratings	Fair Value
Cash on hand	None	N/A	\$ 150
Deposits	None	N/A	2,767,771
Non-negotiable certificates of deposit	May 2020 - May 2024	N/A	1,685,200
U.S. government bonds	February 2021 - May 2025	Aaa	1,151,393
Municipal bonds	February 2024	Aa1	100,220
Money market funds	None	N/A	76,109
Total Cash and Investments			<u>\$ 5,780,843</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

Investments Authorized by Minnesota Statutes

The City is authorized by Minnesota Statutes to invest idle funds as follows:

- a) Direct obligations or obligations guaranteed by the United States or its agencies.
- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above.
- c) General obligations of the State of Minnesota or its municipalities.
- d) Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System.
- e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- f) Repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a reporting dealer in to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
- g) Money market funds with institutions that have portfolios consisting exclusively of United States Treasury obligations and Federal Agency issues.

Collateralization of Cash Deposits

The City's deposits are entirely covered by federal depository insurance or by collateral held by the City's custodial bank in the City's name.

Minnesota Statutes require that all City deposits be insured, secured by surety bonds or be collateralized. Except for notes secured by first mortgages of future maturity, the market value of collateral pledged by the custodial bank must equal 110% of the deposits not covered by insurance or surety bonds.

Authorized collateral includes certain state or local government obligations and legal investments. Minnesota Statutes also require that securities pledged as collateral be held in safekeeping by the Treasurer, or in a financial institution other than the institution furnishing the collateral.

Interest Rate Risk

The City has a formal investment policy that limits investment maturities to ten years unless the investments can be matched with anticipated cash flow requirements.

Credit Risk

The City has a formal investment policy that aims to minimize credit risk by limiting its investment choices to specific types of investments, pre-qualifying financial institutions, and diversifying the investment portfolio.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

A. Summary of Cash and Investments (Continued)

Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer. Investments that are more than 5 percent of the City’s total investments are as follows:

<u>Investments</u>	<u>Ratings</u>	<u>of Total</u>
U.S. government bonds	Aaa	20%

Fair Value Measurements

Fair value measurements are determined utilizing the framework established by the Governmental Accounting Standards Board. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.
- Level 2: Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets
 - Quoted prices for identical assets or liabilities in inactive markets
 - Inputs other than quoted prices that are observable for the asset or liability
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other meansIf the asset or liability has a specific (contractual) term, Level 2 input must be observable for substantially the full term of the asset or liability
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

Fair Value Measurements (Continued)

The City's investments within the fair value hierarchy at December 31, 2019 and 2018 were as follows:

At December 31, 2019				
	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
U.S. government bonds	\$ 1,151,393	\$	\$ 1,151,393	\$
Municipal bonds	100,220		100,220	
Total	<u>\$ 1,251,613</u>	<u>\$</u>	<u>\$ 1,251,613</u>	<u>\$</u>
At December 31, 2018				
	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
U.S. government bonds	\$ 827,552	\$	\$ 827,552	\$
Municipal bonds	631,589		631,589	
Total	<u>\$ 1,459,141</u>	<u>\$</u>	<u>\$ 1,459,141</u>	<u>\$</u>

B. Deferred Special Assessments Receivable

Deferred assessments receivable represent levies made on the property of owners benefited by public improvement projects. Assessments are payable over various periods.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

C. Notes Receivable

The City of Chatfield, Minnesota entered into a Grant Agreement with the Minnesota Department of Trade and Economic Development dated October 7, 1996, for which \$115,000 in Economic Recovery Funds (ERF Funds) were received in 1997 and loaned to an enterprise within the City to help finance a recovery/expansion project.

The City of Chatfield, Minnesota entered into a Grant Agreement with the Minnesota Department of Employment and Economic Development dated December 20, 2013, for which \$408,000 in Minnesota Investment Fund (MIF) funds were received in 2014 and loaned to an enterprise within the City to help finance an expansion project. The loan is repayable at 1% interest over a period of 15 years and is subject to job creation and wage requirements as documented by the loan agreement.

The City of Chatfield, Minnesota entered into a Grant Agreement with the Minnesota Department of Employment and Economic Development dated June 26, 2019, for which \$375,000 in Minnesota Investment Fund (MIF) funds were received and loaned to an enterprise within the City. The repayable portion of the loan is \$120,000 and is repayable at 1% interest over a period of 15 years. The forgivable portion of the loan is \$255,000 and shall be forgiven at the earlier of the date the equipment financed through a MIF loan is fully operational or May 1, 2021.

Repayment of the notes, together with interest is to be used to establish and maintain a Revolving Loan Fund to further future economic development in the City of Chatfield, Minnesota.

The City of Chatfield, Minnesota has the following notes receivable outstanding as of December 31, 2019:

	Date of Loan	Initial Loan Amount	Interest Rate	Term	Balance 12/31/19
EZ Fab II - State	7/1/2014	\$ 408,000	1%	15 years	\$ 267,917
EZ Fab I - Federal	7/1/2014	125,000	1%	15 years	82,306
MT Properties	10/1/2014	62,700	4%	10 years	32,888
Steve's Auto	8/1/2015	21,000	4%	5 years	2,738
Bick & Berry Boutique	8/1/2016	30,000	4%	5 years	10,676
Corner Cuts Salon	9/20/2017	25,354	4%	10 years	20,496
Big Girl Stickers & Stems	9/20/2018	40,000	4%	10 years	35,545
EZ Fab III - State	6/26/2019	25,000	1%	10 years	24,206
EZ Fab IV - State/DEED	6/26/2019	375,000	1%	15 years	372,522
Broadwater, LLC	7/31/2019	55,500	4%	8 years	55,500
		<u>\$ 1,167,554</u>			<u>\$ 904,794</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

D. Capital Assets

Capital asset activity, including internal service fund capital assets, for the year ended December 31, 2019 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,158,679	\$	\$ 221,781	\$ 936,898
Construction in process	1,524,153	21,227	1,518,787	26,593
Total capital assets, not being depreciated	2,682,832	21,227	1,740,568	963,491
Capital assets, being depreciated:				
Buildings	12,666,771	3,793,952	275,000	16,185,723
Infrastructure	7,755,110	359,729	2,864	8,111,975
Vehicles	2,097,477	30,413	9,680	2,118,210
Furniture and fixtures	393,642	40,054	9,088	424,608
Machinery and equipment	2,347,558	179,343	138,533	2,388,368
Total capital assets, being depreciated	25,260,558	4,403,491	435,165	29,228,884
Less accumulated depreciation for:				
Buildings	5,412,982	608,669	275,000	5,746,651
Infrastructure	3,476,863	255,469	715	3,731,617
Vehicles	879,877	147,425	9,680	1,017,622
Furniture and fixtures	243,367	24,350	9,088	258,629
Machinery and equipment	1,578,387	148,394	93,930	1,632,851
Total accumulated depreciation	11,591,476	1,184,307	388,413	12,387,370
Total capital assets, being depreciated, net	13,669,082	3,219,184	46,752	16,841,514
 Governmental activities capital assets, net	 \$ 16,351,914	 \$ 3,240,411	 \$ 1,787,320	 \$ 17,805,005

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

D. Capital Assets (Continued)

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 60,492	\$	\$	\$ 60,492
Total capital assets, not being depreciated	60,492			60,492
Capital assets, being depreciated:				
Wastewater Treatment Facility and Distribution	16,176,338			16,176,338
Machinery and equipment	703,838	94,624	14,881	783,581
Total capital assets, being depreciated	16,880,176	94,624	14,881	16,959,919
Less accumulated depreciation for:				
Wastewater Treatment Facility and Distribution	7,365,231	355,585		7,720,816
Machinery and equipment	196,469	57,137	14,881	238,725
Total accumulated depreciation	7,561,700	412,722	14,881	7,959,541
Total capital assets, being depreciated, net	9,318,476	(318,098)		9,000,378
Business-type activities capital assets, net	<u>\$ 9,378,968</u>	<u>\$ (318,098)</u>	<u>\$</u>	<u>\$ 9,060,870</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

General government	\$ 49,256
Public safety	145,208
Public works	138,333
Parks and recreation	158,348
Library	48,893
Community development	392,622
Subtotal	932,660
Internal service fund	251,647
Total depreciation expense - governmental activities	<u>\$ 1,184,307</u>

Business-Type Activities:

Water Infrastructure	\$ 137,262
Sewer Infrastructure	275,460
Total depreciation expense - business-type activities	<u>\$ 412,722</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

E. Interfund Balances and Transfers

Transfers during the year ended December 31, 2019 were as follows:

Funds	Transfers In	Transfers Out
General Fund - Other	\$ 124,500	\$ 351,558
Special Revenue:		
Ambulance	115,438	54,500
Ambulance Capital Reserve	40,000	84,000
EDA	51,500	219,273
Fire	61,070	46,700
Fire Capital	43,750	
Cable Access	15,500	3,050
Sales Tax Development		110,872
Development	330,145	
Chatfield Center for the Arts	65,000	
Debt Service:		
2012A Refunding Bond	89,000	
2014A Bond	68,493	
2016A GO Refunding 2010A Bond	521,000	506,500
2017A GO Bond	10,000	
Subtotal Governmental Funds	<u>1,535,396</u>	<u>1,376,453</u>
Enterprise:		
Water	76,302	209,864
Sewer	545,712	556,943
Garbage		16,200
Subtotal Enterprise Funds	<u>622,014</u>	<u>783,007</u>
Internal Service Fund	<u>2,050</u>	
Total Transfers	<u>\$ 2,159,460</u>	<u>\$ 2,159,460</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

E. *Interfund Balances and Transfers (Continued)*

In the government-wide statement of net position, transfers in/out are comprised of:

Governmental and Internal Service Funds:	
Transfers in	\$ 1,537,446
Transfers out	<u>(1,376,453)</u>
Government-wide Statement of Activities	
Transfers in/out	<u>\$ 160,993</u>

The amounts due to and from other funds at December 31, 2019, at the individual fund level are summarized below:

<u>Funds</u>	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>
General Fund	\$	\$ 38,106
Gjere Addition Tax Increment	5,879	
2019A GO Tax Abatement Construction	15,797	
2019 Flood Damage	16,430	
	<u>\$ 38,106</u>	<u>\$ 38,106</u>

The amounts advanced to and from other funds at December 31, 2019, at the individual fund level are summarized below:

<u>Funds</u>	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>
TIF Dist. 2-5 Dollar General Development	\$ 331,931	\$ 331,931
	<u>\$ 331,931</u>	<u>\$ 331,931</u>

At December 31, 2019, the following funds have deficit balances:

TIF Dist. 2-5 Dollar General	\$ 331,931
Gjere Addition Tax Increment	5,879
2019A GO Tax Abatement Construction	15,797
2019 Flood Damage	31,105

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

E. *Interfund Balances and Transfers (Continued)*

Excess of expenditures over budgeted appropriations at the individual fund level during 2019 are as follows:

General	\$	92,283
Library		25,926
Fire		54,117
Ambulance		23,346
Chatfield Center for the Arts		3,268
Revolving Loan State Fund		1,404
Revolving Loan Federal Fund		55,500

All excess expenditures were the result of planned processes.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

F. Long-term debt

The following is a summary of changes in long-term debt obligations during the year ended December 31, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable:					
General Obligation Bonds:					
2012A GO Crossover Refunding Bonds (2.0-2.7%)	\$ 1,280,000	\$	\$ 145,000	\$ 1,135,000	\$ 150,000
2014A GO Bonds (2.0-2.25%)	1,245,000		170,000	1,075,000	170,000
2016A GO Crossover Refunding Bonds (2.0%)	875,000		90,000	785,000	90,000
2017A GO Tax Abatement Note (2.85%)	457,000		36,000	421,000	42,000
2018A GO Swimming Pool Bonds (3.0-3.375%)	4,400,000			4,400,000	115,000
2019A GO Tax Abatement Bonds (3.0%)		225,000		225,000	
Twiford Redevelopment Note	233,611		233,611		
Plus: Unamortized premium	71,939		7,001	64,938	
Total Bonds and Notes Payable	8,562,550	225,000	681,612	8,105,938	567,000
Other Liabilities:					
Compensated Absences	166,824	81,630	81,117	167,337	81,117
Governmental Activities					
Long-term Liabilities	8,729,374	306,630	762,729	8,273,275	648,117
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
General Obligation Revenue Bonds:					
2016A GO Crossover Refunding Bonds (2.0%)	4,535,000		420,000	4,115,000	425,000
2016B GO Water Revenue Note (2.825%)	388,000		38,000	350,000	40,000
2017B GO Utility Revenue Note (0%)	270,000		30,000	240,000	30,000
Plus: Unamortized premium	58,889		5,889	53,000	
Total Bonds and Notes Payable	5,251,889		493,889	4,758,000	495,000
Other Liabilities:					
Compensated Absences	10,497	7,112	4,069	13,540	4,069
Business-type Activities					
Long-term Liabilities	5,262,386	7,112	497,958	4,771,540	499,069
Total	<u>\$ 13,991,760</u>	<u>\$ 313,742</u>	<u>\$ 1,260,687</u>	<u>\$ 13,044,815</u>	<u>\$ 1,147,186</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

F. Long-term debt (Continued)

The 2012A GO Crossover Refunding Bonds were issued to refund the 2008A General Obligation Improvement Bonds. Fillmore County and Independent School District #227 have agreed to a tax abatement plan that provides funding to assist in the repayment of the 2012 GO Crossover Refunding Bond. The county has agreed to abate \$1,100,000 and the school district will abate \$454,000 of future property tax revenues generated by the project.

The 2014A GO Bonds were issued to fund the 2014 street improvement project.

The 2016A GO Crossover Refunding Bonds were issued to refund the City the 2010A and 2011A GO Bonds.

The 2016B GO Water Revenue Notes were issued to fund the 2016 water meter project.

The 2017A GO Tax Abatement Notes were issued to fund the Industrial Drive project.

The 2017B GO Utility Revenue Notes were issued to fund improvements to the water and sewer system as part of the industrial drive project.

The 2018A GO Swimming Pool Bonds were issued to fund the pool construction project.

The 2019A GO Tax Abatement Bonds were issued to fund street lighting costs.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

F. Long-term debt (Continued)

The annual requirements to amortize all long-term debt outstanding as of December 31, 2019, over the life of the debt, are summarized below:

Years	General Obligation Bonds		General Obligation Revenue Bonds	
	Principal	Interest	Principal	Interest
<u>Governmental Activities</u>				
2020	\$ 567,000	\$ 215,361		
2021	656,000	199,599		
2022	663,000	183,592		
2023	681,000	167,142		
2024	699,000	150,017		
2025-2029	2,205,000	528,835		
2030-2034	1,170,000	322,188		
2035-2039	1,400,000	118,687		
Totals	<u>\$ 8,041,000</u>	<u>\$ 1,766,734</u>		
<u>Business-Type Activities</u>				
2020			\$ 495,000	\$ 87,373
2021			506,000	77,628
2022			512,000	67,706
2023			523,000	57,605
2024			534,000	47,277
2025-2028			2,135,000	82,867
Totals			<u>\$ 4,705,000</u>	<u>\$ 420,456</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

F. Long-term debt (Continued)

Conduit Debt Obligations

To provide for previous bond refunding and construction of improvements and the acquisition and installation of equipment by Chosen Valley Care Center, Inc. (a non-profit corporation), the City of Chatfield, Minnesota issued \$3,640,806 of Healthcare and Housing Facilities Revenue Loan Participation Notes dated August 1, 2005. This note was refunded by Healthcare and Housing Facilities Revenue Refunding Bonds Series 2019 issued for \$13,350,000 to finance the construction and equipping for renovations and improvements to the existing skilled nursing facility. This bond is a special limited obligation of the City, payable solely from income sources of the non-profit corporation. The notes do not constitute a debt or pledge of the faith and credit of the City, and accordingly have not been reported in the accompanying financial statements. At December 31, 2019, remaining notes outstanding totaled \$13,350,000.

To provide financing for phase II improvements to Olmsted Medical Center, (a non-profit corporation), the City of Chatfield, Minnesota issued \$2,600,000 of Health Care Facilities Revenue Note dated April 1, 2006. These notes are special limited obligations of the City, payable solely from income sources of the non-profit corporation. The notes do not constitute a debt or pledge of the faith and credit of the City, and accordingly have not been reported in the accompanying financial statements. At December 31, 2019, remaining notes outstanding totaled \$358,772.

4. Defined Benefit Pension Plans - Statewide

Plan Description

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

1. General Employees Retirement Plan

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

Plan Description (Continued)

2. Public Employees Police and Fire Plan

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

Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

1. General Employees Plan Benefits

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

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2019 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2019, were \$62,040. The City's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Police and Fire member's contribution rates increased from 10.8 percent of pay to 11.3 percent and employer rates increase from 16.2 percent to 16.95 percent on January 1, 2019. The City's contributions to the Police and Fire Fund for the year ended December 31, 2019, were \$60,365. The City's contributions were equal to the required contributions as set by state statute.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2019, the City reported a liability of \$646,867 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2019. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$20,166. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018 through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportionate share was 0.0117 percent which was an increase of 0.0001 percent from its proportionate share measured as of June 30, 2018.

City's proportionate share of net pension liability	\$	646,867
State of Minnesota's proportionate share of the net pension liability associated with the City	\$	20,166

For the year ended December 31, 2019, the City recognized pension expense of (\$2,940) for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$1,510 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2019, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 17,642	\$
Changes in actuarial assumptions		49,860
Difference between projected and actual investment earnings		62,757
Changes in proportion	13,732	10,144
Contributions paid to PERA subsequent to the measurement date	35,467	
Total	<u>\$ 66,841</u>	<u>\$ 122,761</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

The \$35,467 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending December 31:</u>	<u>Pension Expense Amount</u>
2020	\$ (36,355)
2021	(44,629)
2022	(11,445)
2023	1,042

2. Police and Fire Fund Pension Costs

At December 31, 2019, the City reported a liability of \$367,287 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018 through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportionate share was 0.0345 percent which was an increase of 0.0035 percent from its proportionate share measured as of June 30, 2018. The City also recognized \$4,657 for the year ended December 31, 2019, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year until the plan is 90 percent funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. In addition, the state will pay \$4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay \$9 million until full funding is reached or July 1, 2048, whichever is earlier.

For the year ended December 31, 2019, the City recognized pension expense of \$10,759 for its proportionate share of the Police and Fire Plan's pension expense.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

At December 31, 2019, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 13,852	\$ 47,571
Changes in actuarial assumptions	257,671	349,610
Difference between projected and actual investment earnings		67,263
Changes in proportion	38,976	3,600
Contributions paid to PERA subsequent to the measurement date	31,692	
Total	<u>\$ 342,191</u>	<u>\$ 468,044</u>

The \$31,692 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	Pension Expense Amount
2020	\$ (17,542)
2021	(37,689)
2022	(116,137)
2023	8,079
2024	5,744

Total Pension Expense

The total pension expense for all plans recognized by the City for the year ended December 31, 2019 is as follows:

General Employees Fund	(\$1,430)
Police and Fire Fund	<u>15,416</u>
Total	<u>\$13,986</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2019, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

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

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

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The most recent four-year experience study for Police and Fire Plan was completed in 2016. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions and plan provisions occurred in 2019:

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

Actuarial Assumptions (Continued)

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	35.5%	5.10%
Private Markets	25.0%	5.90%
Fixed Income	20.0%	0.75%
International Equity	17.5%	5.90%
Cash Equivalents	2.0%	0.00%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability in 2019 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

Pension Liability Sensitivity

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

Sensitivity Analysis					
<i>Net Pension Liability at Different Discount Rates</i>					
	General Employees Fund			Police and Fire Fund	
1% Lower	6.50%	\$	1,063,414	6.50%	\$ 802,822
Current Discount Rate	7.50%	\$	646,867	7.50%	\$ 367,287
1% Higher	8.50%	\$	302,924	8.50%	\$ 7

Pension Plan Fiduciary Net Position

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

Defined Benefit Pension Plan – Fire Department Relief Association

The Chatfield Fire Department Relief Association has not had an actuarial study performed. The Association believes the funding status determined using the calculation required by the Minnesota State Auditor is sufficient to determine the reportable amounts under GASB No. 68, *Accounting and Financial Reporting for Pensions*.

Plan Description

The City contributes to the Chatfield Fire Department Relief Association ("Association"), a single employer public employee retirement system that acts as a common investment and administrator for the City's firefighters.

Volunteer firefighters of the City are members of the Chatfield Fire Department Relief Association. Association members are eligible to receive a lump sum pension benefit of \$2,300 per person per year of service after reaching a minimum retirement age of 50 and at least 20 years of service with 5 years of membership in the association. Association members are eligible to receive partial pension benefits for service of 5 years with 5 years of membership in the association. These benefit provisions are consistent with enabling State statutes. Volunteers of the department are not required to contribute to the relief association. The City levies property taxes at the direction of and for the benefit of the fire relief association and passes through state aids allocated to the plan, all in accordance with enabling state statutes. During 2019, at the Association direction, the City did not levy any property taxes to be paid to the Association.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

Funding Status and Progress

At December 31, 2019 the Association funding status is as follows:

Total plan assets	\$ 495,871
Total accrued liability	(381,118)
Excess of Plan Assets over Accrued Liability	<u>\$ 114,753</u>

Contributions Required and Contributions Made

Financial requirements of the Association are determined on a computation based on member years of service. The City's minimum obligation is the financial requirement for the year less Association investment earnings and State aids. The funding strategy should provide sufficient resources to pay relief association benefits on a timely basis. The City was not obligated to make a contribution in 2019.

The computation of the pension contribution requirements for 2019 was based on the same assumptions, benefit provision, lump sum funding method, and other significant factors used to determine pension contributions requirements in previous years.

5. Risk Management

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries insurance for liability, property, and automotive insurance through the League of Minnesota Cities Insurance Trust (LMCIT). The City provides employee health insurance through a private insurance carrier.

Settled claims resulting from these risks have not exceeded the insurance coverage in any of the past three years. There were no reductions in insurance coverage in 2019.

The City participates in a group workers' compensation plan of the LMCIT, which is a public entity risk pool currently operating as a common risk management and insurance program for member Minnesota Cities. All cities participating in the plan are jointly and severally liable for all claims and expenses of the plan. The LMCIT workers' compensation plan is self-sustaining based on the premiums charged, so that total contributions plus compounded earnings on those contributions will be sufficient to satisfy claims, liabilities and other expenses of the plan. The LMCIT plan participates in the Workers' Compensation Reinsurance Association with coverage of \$1,000,000 per claim for plan year 2019. The amount of any liability in excess of plan assets may be assessed to participating Cities in a method and amount determined by the LMCIT.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Fund Equity

Committed fund balances as of December 31, 2019 are as follows:

Committed fund balance:	
Library Fund	\$ 510,487

7. Tax Abatement – Pay-As-You-Go Tax Increment

The City may enter into tax abatement agreements as authorized by Minnesota Abatement Laws under State Statutes Sections 469.174 to 469.1794 through a pay-as-you-go tax increment financing program. Any parcel of property in the City could qualify for tax abatement under this program. The City negotiates tax increment financing agreements on an individual basis generally with the purpose of promoting economic development within the City.

The City has made no commitments, other than tax abatement, under the agreements. Under the program, the City agrees to abate real estate taxes based on the increased property value from improvements on the subject property. Generally, the agreements require 90% or 95% of the property tax increments collected to be returned to the property owner as reimbursement of certain improvement costs. The remaining 5% or 10% is retained by the City for administrative costs.

The City has 5 pay-as-you-go tax increment financing districts. For the year ended December 31, 2019, the City paid tax increments totaling \$358,625 related to these agreements.

8. Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through April 20, 2020, the date the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to impact future operations, however, the potential impact is unknown at this time.

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CITY OF CHATFIELD, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019

CITY OF CHATFIELD, MINNESOTA
Schedules of City Pension Contributions

PERA General Employees Retirement Fund
Last Ten Years (presented prospectively)

Year Ended December 31	Contributions in Relation to			Contributions as a Percentage of Covered Payroll (b/c)
	Statutorily Required Contribution (a)	Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	
2014	\$ 43,241	\$ 43,241	\$	\$ 596,428 7.25%
2015	67,009	67,009		893,453 7.50%
2016	54,923	54,923		732,307 7.50%
2017	54,824	54,824		730,987 7.50%
2018	58,595	58,595		781,267 7.50%
2019	62,040	62,040		827,200 7.50%
2020				
2021				
2022				
2023				

PERA Public Employees Police and Fire Fund Pension Plan
Last Ten Years (presented prospectively)

Year Ended December 31	Contributions in Relation to			Contributions as a Percentage of Covered Payroll (b/c)
	Statutorily Required Contribution (a)	Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	
2014	\$ 37,020	\$ 37,020	\$	\$ 241,961 15.3%
2015	55,140	55,140		340,370 16.2%
2016	46,950	46,950		289,815 16.2%
2017	46,269	46,269		285,611 16.2%
2018	52,960	52,960		326,914 16.2%
2019	60,365	60,365		372,623 16.2%
2020				
2021				
2022				
2023				

CITY OF CHATFIELD, MINNESOTA
Schedules of City and Non-Employer Proportionate Share of Net Pension Liability

PERA General Employees Retirement Fund
Last Ten Years (presented prospectively)

Fiscal Year Ended June 30	Employer's Proportionate Share (Percentage) of Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City (a+b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a+b)/c	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0124%	\$ 582,490	\$	\$ 582,490	\$ 728,259	80%	78.70%
2015	0.0114%	590,807		590,807	744,940	79%	78.20%
2016	0.0118%	958,101	12,561	970,662	812,880	119%	68.90%
2017	0.0113%	721,385	9,108	730,493	731,647	100%	75.90%
2018	0.0116%	643,520	21,143	664,663	756,127	88%	79.53%
2019	0.0117%	646,867	20,166	667,033	804,233	83%	80.23%
2020							
2021							
2022							
2023							

PERA Public Employees Police and Fire Fund Pension Plan
Last Ten Years (presented prospectively)

Fiscal Year Ended June 30	Employer's Proportionate Share (Percentage) of Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a+b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.032%	\$ 345,613	\$ 296,393	117%	87.10%
2015	0.030%	340,870	291,166	117%	86.60%
2016	0.030%	1,203,952	315,093	382%	63.90%
2017	0.030%	405,036	287,713	141%	85.40%
2018	0.031%	330,428	306,262	108%	88.84%
2019	0.035%	367,287	349,769	105%	89.26%
2020					
2021					
2022					
2023					

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CITY OF CHATFIELD, MINNESOTA
COMBINING AND INDIVIDUAL NONMAJOR FUNDS
STATEMENTS AND SCHEDULES
DECEMBER 31, 2019

CITY OF CHATFIELD, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2019

	Special Revenue											
	211/212	220/221	240	230/231	360	614/615	241	242	250	251	353	354
	Library	Fire	EDA	Ambulance	Revolving Loan Federal	Cable Access	Sales tax Development	Development	Chatfield Center for the Arts	CCA - Schmidt Foundation	Pope & Young Tax Increment	Lone Stone Tax Increment
ASSETS												
Cash and investments	\$ 511,624	\$ 246,152	\$ 52,265	\$ 26,032	\$ 69,377	\$ 50,166	\$ 2,301	\$	\$ 42,795	\$ 1,801	\$ 462	\$ 7,296
Accounts receivable				266,134		6,792						
Notes receivable					240,149							
Due from other governmental units												1,328
Taxes receivable - delinquent												
Special assessment receivable												
Advances to other funds								331,931				
Prepaid expenses	1,678			1,564								
TOTAL ASSETS	\$ 513,302	\$ 246,152	\$ 52,265	\$ 293,730	\$ 309,526	\$ 56,958	\$ 2,301	\$ 331,931	\$ 42,795	\$ 1,801	\$ 462	\$ 8,624
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE												
Liabilities												
Accounts payable	\$ 1,137	\$ 826	\$	\$ 3,430	\$	\$ 134	\$	\$	\$	\$	\$	\$
Due to other funds												
Total Liabilities	1,137	826		3,430		134						
Deferred Inflows of Resources												
Unavailable revenue:												
Property taxes												
Special assessments												
Notes receivable					240,149							
Total Deferred Inflows of Resources					240,149							
Fund Balance												
Nonspendable:												
Prepaid items	1,678			1,564								
Restricted:												
Creditors (debt covenants)												
Regulations					69,377		2,301					
Committed:												
By Council resolution	510,487											
Assigned:												
Fund assignments		245,326	52,265	288,736		56,824		331,931	42,795	1,801	462	8,624
Unassigned:												
Total Fund Balance	512,165	245,326	52,265	290,300	69,377	56,824	2,301	331,931	42,795	1,801	462	8,624
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE												
	\$ 513,302	\$ 246,152	\$ 52,265	\$ 293,730	\$ 309,526	\$ 56,958	\$ 2,301	\$ 331,931	\$ 42,795	\$ 1,801	\$ 462	\$ 8,624

					Debt Service				Capital Projects			Total Nonmajor Governmental Funds
355	357	359	332	334	335 2016A GO Refunding 2010A Bond	338 2017A GO Bond	340 2018A GO Pool Bond	342 2019A GO Tax Abatement Bond	438 Enterprise Drive Project	442 2019A GO Tax Abatement Construction	453 2019 Flood Damage	
Gjere Addition Tax Increment	EZ Fab Tax Increment	Cabin Coffee Tax Increment	2012A Refunding Bond	2014A Bond								
\$	\$ 33	\$ 1	\$ 304,478	\$ 423,129	\$ 565,198	\$ 29,400	\$ 198,393	\$ 5,559	\$ 51,825	\$	\$	\$ 2,588,287
												272,926
												240,149
												6,221
												6,628
												96,602
												331,931
												3,242
\$	\$ 33	\$ 1	\$ 305,531	\$ 522,552	\$ 568,425	\$ 30,116	\$ 202,097	\$ 5,559	\$ 51,825	\$	\$	\$ 3,545,986
\$ 5,879	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 14,675	\$ 20,202
5,879										15,797	16,430	38,106
										15,797	31,105	58,308
			783	1,877 96,602	2,272	329	1,367					6,628
												96,602
												240,149
			783	98,479	2,272	329	1,367					343,379
												3,242
			304,748	424,073	566,153	29,787	200,730	5,559				1,531,050
												71,678
												510,487
(5,879)	33	1							51,825	(15,797)	(31,105)	1,080,623
(5,879)	33	1	304,748	424,073	566,153	29,787	200,730	5,559	51,825	(15,797)	(31,105)	(52,781)
												3,144,299
\$	\$ 33	\$ 1	\$ 305,531	\$ 522,552	\$ 568,425	\$ 30,116	\$ 202,097	\$ 5,559	\$ 51,825	\$	\$	\$ 3,545,986

CITY OF CHATFIELD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	Special Revenue										
	211/212	220/221	240	230/231	360	614/615	241	242	250	251	353
	Library	Fire	EDA	Ambulance	Revolving Loan Federal	Cable Access	Sales Tax Development	Development	Chatfield Center for the Arts	CCA - Schmidt Foundation	Pope & Young Tax Increment
REVENUES											
Property tax levy											
Property tax collected	\$ 164,217	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Special assessments											
Tax increments											12,819
Tax abatement											
Fines and forfeits	2,332										
Intergovernmental	61,988	106,394		36,505							
Franchise fees						27,184					
Charges for services		3,751		234,572		13,500					
Training revenue				16,865							
Investment income (loss)	8,988	3,465	2,961	648	7,777	872	1,436	1,786	512	35	3
Contributions	4,285	115,964	500	15,785		15,001					
Sale of land			206,727								
Miscellaneous	14,471	91	9,791	339	30,346	722			2,329		
TOTAL REVENUES	256,281	229,665	219,979	304,714	38,123	57,279	1,436	1,786	2,841	35	12,822
EXPENDITURES											
Current:											
General government						53,304	225				
Public safety		130,651		300,866							
Parks and recreation											
Library	256,707										
Community development			67,326		55,500				68,268		12,378
Capital outlay		61,980	2,853	328							
Debt service											
Principal retirement											
Interest and fiscal charges											
TOTAL EXPENDITURES	256,707	192,631	70,179	301,194	55,500	53,304	225		68,268		12,378
Excess (deficiency) of revenues over (under) expenditures	(426)	37,034	149,800	3,520	(17,377)	3,975	1,211	1,786	(65,427)	35	444
OTHER FINANCING SOURCES (USES)											
Proceeds from issuance of debt											
Transfer in		104,820	51,500	155,438		15,500		330,145	65,000		
Transfer out		(46,700)	(219,273)	(138,500)		(3,050)	(110,872)				
TOTAL OTHER FINANCING SOURCES (USES)		58,120	(167,773)	16,938		12,450	(110,872)	330,145	65,000		
Net change in fund balances	(426)	95,154	(17,973)	20,458	(17,377)	16,425	(109,661)	331,931	(427)	35	444
FUND BALANCES, beginning	512,591	150,172	70,238	269,842	86,754	40,399	111,962		43,222	1,766	18
FUND BALANCES, ending	\$ 512,165	\$ 245,326	\$ 52,265	\$ 290,300	\$ 69,377	\$ 56,824	\$ 2,301	\$ 331,931	\$ 42,795	\$ 1,801	\$ 462

Debt Service													
Capital Projects													
354	355	357	359	332	334	335	338	340	342	438	442	453	Total
Lone	Gjere	EZ Fab Tax	Cabin	2012A	2014A	2016A GO	2017A	2018A	2019A	Enterprise	2019A	2019	Total
Stone Tax	Addition Tax	Increment	Coffee Tax	Refunding	Bond	Refunding	GO	GO Pool	GO Tax	Drive	GO Tax	Flood	Nonmajor
Increment	Increment	Increment	Increment	Bond	Bond	2010A	Bond	Bond	Abatement	Project	Abatement	Damage	Governmental
													Funds
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
137,798		13,201	6,967	31,215	110,917	111,828	47,331	285,454					750,962
				19,561	101,669								101,669
													170,785
													19,561
													2,332
													204,887
													27,184
													251,823
													16,865
391	(116)	11	1	4,345	5,104	755	(110)	1,391	109	533	(41)	(243)	40,613
													151,535
													206,727
										70,639			128,728
138,189	(116)	13,212	6,968	55,121	217,690	112,583	47,221	286,845	109	71,172	(41)	(243)	2,073,671
													53,529
													431,517
												30,862	30,862
145,295	5,763	13,200	6,962										256,707
													374,692
										24,704	229,756		319,621
				145,000	170,000	90,000	36,000						441,000
				28,193	26,521	17,658	12,512	122,769					207,653
145,295	5,763	13,200	6,962	173,193	196,521	107,658	48,512	122,769		24,704	229,756	30,862	2,115,581
(7,106)	(5,879)	12	6	(118,072)	21,169	4,925	(1,291)	164,076	109	46,468	(229,797)	(31,105)	(41,910)
				89,000	68,493	521,000	10,000		5,450		214,000		219,450
						(506,500)							1,410,896
													(1,024,895)
				89,000	68,493	14,500	10,000		5,450		214,000		605,451
(7,106)	(5,879)	12	6	(29,072)	89,662	19,425	8,709	164,076	5,559	46,468	(15,797)	(31,105)	563,541
15,730		21	(5)	333,820	334,411	546,728	21,078	36,654		5,357			2,580,758
\$ 8,624	\$ (5,879)	\$ 33	\$ 1	\$ 304,748	\$ 424,073	\$ 566,153	\$ 29,787	\$ 200,730	\$ 5,559	\$ 51,825	\$ (15,797)	\$ (31,105)	\$ 3,144,299

**CITY OF CHATFIELD, MINNESOTA
CHATFIELD CENTER FOR THE ARTS
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual**

For the Year Ended December 31, 2019

With Comparative Totals for the Year Ended December 31, 2018

	Budgeted Amounts		Fund 250 2019 Actual Amounts	Variance with Final Budget - Positive (Negative)	2018 Actual Amounts
	Original	Final			
REVENUES					
Investment income	\$ 200	\$ 200	\$ 512	\$ 312	\$ 467
Miscellaneous	1,500	1,500	2,329	829	7,503
TOTAL REVENUES	<u>1,700</u>	<u>1,700</u>	<u>2,841</u>	<u>1,141</u>	<u>7,970</u>
EXPENDITURES					
Repairs and maintenance			1,805	(1,805)	3,030
Professional Services	50,000	50,000	50,000		51,000
Miscellaneous	15,000	15,000	16,463	(1,463)	15,220
TOTAL EXPENDITURES	<u>65,000</u>	<u>65,000</u>	<u>68,268</u>	<u>(3,268)</u>	<u>69,250</u>
Deficiency of revenues under expenditures	<u>(63,300)</u>	<u>(63,300)</u>	<u>(65,427)</u>	<u>(2,127)</u>	<u>(61,280)</u>
OTHER FINANCING SOURCES					
Transfers in	65,000	65,000	65,000		62,000
Net change in fund balances	1,700	1,700	(427)	(2,127)	720
FUND BALANCES, beginning	<u>43,222</u>	<u>43,222</u>	<u>43,222</u>		<u>42,502</u>
FUND BALANCES, ending	<u>\$ 44,922</u>	<u>\$ 44,922</u>	<u>\$ 42,795</u>	<u>\$ (2,127)</u>	<u>\$ 43,222</u>

CITY OF CHATFIELD, MINNESOTA
LIBRARY FUND
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	Budgeted Amounts		211	212	2019	Variance with	2018
	Original	Final	Library	Library Endowment	Actual Amounts	Final Budget - Positive (Negative)	Actual Amounts
REVENUES							
Property tax levy	\$ 164,217	\$ 164,217	\$ 164,217	\$	\$ 164,217	\$	\$ 161,524
Intergovernmental revenues	60,619	60,619	61,988		61,988	1,369	60,247
Library fines	2,000	2,000	2,332		2,332	332	2,149
Investment income	1,300	1,300	2,942	6,046	8,988	7,688	11,099
Contributions			2,073	2,212	4,285	4,285	4,555
Sale of merchandise	200	200	12,494		12,494	12,294	14,310
Miscellaneous	2,445	2,445	1,977		1,977	(468)	2,109
TOTAL REVENUES	230,781	230,781	248,023	8,258	256,281	25,500	255,993
EXPENDITURES							
Library							
Salaries	118,112	118,112	121,966		121,966	(3,854)	114,003
Employee benefits and retirement	17,894	17,894	17,570		17,570	324	16,305
Workers compensation	925	925	1,373		1,373	(448)	987
Health insurance	19,344	19,344	22,399		22,399	(3,055)	26,505
Travel	645	645	455		455	190	181
Office supplies and postage	1,800	1,800	1,262		1,262	538	1,415
Operating supplies/small tools	500	500	51		51	449	182
Scrip purchases/program	2,000	2,000	15,035		15,035	(13,035)	14,872
Insurance	4,000	4,000	3,477		3,477	523	3,273
Utilities	6,700	6,700	6,685		6,685	15	7,611
Maintenance and repair	14,750	14,750	11,542		11,542	3,208	13,257
Telephone	2,500	2,500	2,275		2,275	225	2,623
Cleaning services	1,000	1,000	1,225		1,225	(225)	1,319
Capital outlay	26,000	26,000	16,048	21,227	37,275	(11,275)	24,132
Other	14,611	14,611	14,117		14,117	494	13,752
TOTAL EXPENDITURES	230,781	230,781	235,480	21,227	256,707	(25,926)	240,417
Net change in fund balances			12,543	(12,969)	(426)	(426)	15,576
FUND BALANCES, beginning	512,591	512,591	118,156	394,435	512,591		497,015
FUND BALANCES, ending	\$ 512,591	\$ 512,591	\$ 130,699	\$ 381,466	\$ 512,165	\$ (426)	\$ 512,591

CITY OF CHATFIELD, MINNESOTA
FIRE FUND
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	Budgeted Amounts		220	221	2019	Variance with	2018
	Original	Final	Fire	Fire Capital	Actual	Final Budget - Positive (Negative)	Actual
REVENUES							
Intergovernmental Revenues							
State Grants and Aids	\$ 36,000	\$ 36,000	\$ 35,968	\$ 4,275	\$ 40,243	\$ 4,243	\$ 39,275
Township contributions	61,000	61,000	63,837		63,837	2,837	61,639
Training and reimbursement	2,000	2,000	2,314		2,314	(2,000)	1,730
Charges for services	8,000	8,000	3,751		3,751	(4,249)	2,080
Investment income			1,479	1,986	3,465	3,465	2,696
Donations	75,000	75,000		115,964	115,964	40,964	94,180
Miscellaneous			91		91	91	1,563
TOTAL REVENUES	182,000	182,000	107,440	122,225	229,665	45,351	203,163
EXPENDITURES							
Public Safety							
Salaries	25,000	25,000	27,670		27,670	(2,670)	27,900
Employee benefits and retirement	3,364	3,364	2,118		2,118	1,246	2,135
Workers compensation	12,000	12,000	17,761		17,761	(5,761)	13,398
Operating supplies	3,000	3,000	1,821		1,821	1,179	1,499
Small tools and minor equipment	6,000	6,000	2,267		2,267	3,733	7,006
Vehicle operating supplies	1,500	1,500	1,534		1,534	(34)	1,710
Insurance	5,500	5,500	2,399		2,399	3,101	2,333
Utilities	7,640	7,640	7,436		7,436	204	8,670
Maintenance and repairs	8,000	8,000	12,551		12,551	(4,551)	9,331
Training	1,500	1,500	6,029		6,029	(4,529)	1,393
Fire pension contribution	44,000	44,000	42,351		42,351	1,649	45,439
Capital Outlay	12,360	12,360		61,980	61,980	(49,620)	171,255
Other	8,650	8,650	4,553	2,161	6,714	1,936	6,190
TOTAL EXPENDITURES	138,514	138,514	128,490	64,141	192,631	(54,117)	298,259
Excess (deficiency) of revenues over (under) expenditures	43,486	43,486	(21,050)	58,084	37,034	(8,766)	(95,096)
OTHER FINANCING SOURCES (USES)							
Transfers in	104,750	104,750	61,070	43,750	104,820	70	101,792
Transfers out	(46,700)	(46,700)	(46,700)		(46,700)		(45,450)
Total Other Financing Sources (Uses)	58,050	58,050	14,370	43,750	58,120	70	56,342
Net change in fund balances	101,536	101,536	(6,680)	101,834	95,154	(8,696)	(38,754)
FUND BALANCES, beginning	150,172	150,172	68,594	81,578	150,172		188,926
FUND BALANCES, ending	\$ 251,708	\$ 251,708	\$ 61,914	\$ 183,412	\$ 245,326	\$ (8,696)	\$ 150,172

CITY OF CHATFIELD, MINNESOTA
EDA FUND
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	Budgeted Amounts		Fund 240 2019 Actual Amounts	Variance with Final Budget - Positive (Negative)	2018 Actual Amounts
	Original	Final			
REVENUES					
Charges for services	\$ 7,000	\$ 7,000	\$	\$ (7,000)	\$
Investment Income			2,961	2,961	899
Contributions			500	500	500
Sale of land			206,727	206,727	
Miscellaneous	3,500	3,500	9,791	6,291	9,472
TOTAL REVENUES	<u>10,500</u>	<u>10,500</u>	<u>219,979</u>	<u>209,479</u>	<u>10,871</u>
EXPENDITURES					
Repairs and maintenance	500	500	288	212	419
Professional services	61,626	61,626	49,837	11,789	59,196
Capital outlay			2,853	(2,853)	
Other	13,750	13,750	5,520	8,230	241,932
DEED repayment			11,681	(11,681)	
TOTAL EXPENDITURES	<u>75,876</u>	<u>75,876</u>	<u>70,179</u>	<u>5,697</u>	<u>301,547</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(65,376)</u>	<u>(65,376)</u>	<u>149,800</u>	<u>215,176</u>	<u>(290,676)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of debt					233,611
Transfers in	51,500	51,500	51,500		50,000
Transfers out			(219,273)	(219,273)	
Total Other Financing Sources (Uses)	<u>51,500</u>	<u>51,500</u>	<u>(167,773)</u>	<u>(219,273)</u>	<u>283,611</u>
Net change in fund balances	(13,876)	(13,876)	(17,973)	(4,097)	(7,065)
FUND BALANCES, beginning	<u>70,238</u>	<u>70,238</u>	<u>70,238</u>		<u>77,303</u>
FUND BALANCES, ending	<u>\$ 56,362</u>	<u>\$ 56,362</u>	<u>\$ 52,265</u>	<u>\$ (4,097)</u>	<u>\$ 70,238</u>

CITY OF CHATFIELD, MINNESOTA
AMBULANCE FUND
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	Budgeted Amounts		230	231	2019	Variance with	2018
	Original	Final	Ambulance	Ambulance Capital Reserve	Actual Amounts	Final Budget - Positive (Negative)	Actual Amounts
REVENUES							
Intergovernmental Revenues							
County contract	\$ 4,500	\$ 4,500	\$ 4,500	\$	\$ 4,500	\$	\$ 4,500
Township contributions	26,750	26,750	27,280		27,280	530	26,785
Training reimbursement	5,000	5,000	4,725		4,725	(275)	3,695
Charges for services	160,000	160,000	234,572		234,572	74,572	228,890
Training revenue	30,000	30,000	16,865		16,865	(13,135)	42,436
Investment income	300	300	(874)	1,522	648	348	791
Contributions	12,500	12,500		15,785	15,785	3,285	16,514
Miscellaneous	1,200	1,200	339		339	(861)	4,015
TOTAL REVENUES	240,250	240,250	287,407	17,307	304,714	64,464	327,626
EXPENDITURES							
Public Safety							
Salaries	150,000	150,000	162,142		162,142	(12,142)	154,498
Employee benefits and retirement	25,800	25,800	28,168		28,168	(2,368)	25,974
Workers compensation	4,000	4,000	8,914		8,914	(4,914)	6,324
Health insurance	25,440	25,440	20,291		20,291	5,149	22,415
Inoculations	100	100	178		178	(78)	38
Training	9,000	9,000	13,122		13,122	(4,122)	11,935
Small tools and minor equipment	500	500	718	28	746	(246)	1,523
Office supplies	4,000	4,000	1,075		1,075	2,925	2,801
Operating supplies	12,000	12,000	10,821		10,821	1,179	13,291
Vehicle operating supplies	3,000	3,000	3,530		3,530	(530)	4,326
Internet and telephone	3,300	3,300	4,111		4,111	(811)	3,836
Travel	250	250				250	9
Printing and publications	2,198	2,198	449	1,038	1,487	711	2,282
Insurance	1,700	1,700	792		792	908	699
Utilities	4,000	4,000	5,277		5,277	(1,277)	5,165
Maintenance and repairs	8,800	8,800	13,068		13,068	(4,268)	10,625
Medical services	3,000	3,000	6,141		6,141	(3,141)	5,049
Laundry services	600	600	361		361	239	821
Clothing	450	450	837		837	(387)	427
License, permits, dues and subscription	9,000	9,000	12,566		12,566	(3,566)	9,626
Capital outlay	5,000	5,000		328	328	4,672	5,284
Refunds	1,000	1,000	1,684		1,684	(684)	2,506
Departmental capital charge	1,700	1,700	1,700		1,700		1,400
Other	3,010	3,010	3,286	569	3,855	(845)	3,002
TOTAL EXPENDITURES	277,848	277,848	299,231	1,963	301,194	(23,346)	293,856
Excess (deficiency) of revenues over (under) expenditures	<u>(37,598)</u>	<u>(37,598)</u>	<u>(11,824)</u>	<u>15,344</u>	<u>3,520</u>	<u>41,118</u>	<u>33,770</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	65,000	65,000	115,438	40,000	155,438	90,438	62,840
Transfers out	<u>(54,500)</u>	<u>(54,500)</u>	<u>(54,500)</u>	<u>(84,000)</u>	<u>(138,500)</u>	<u>(84,000)</u>	<u>(54,700)</u>
Total Other Financing Sources (Uses)	<u>10,500</u>	<u>10,500</u>	<u>60,938</u>	<u>(44,000)</u>	<u>16,938</u>	<u>6,438</u>	<u>8,140</u>
Net change in fund balances	(27,098)	(27,098)	49,114	(28,656)	20,458	47,556	41,910
FUND BALANCES, beginning	<u>269,842</u>	<u>269,842</u>	<u>215,503</u>	<u>54,339</u>	<u>269,842</u>		<u>227,932</u>
FUND BALANCES, ending	<u>\$ 242,744</u>	<u>\$ 242,744</u>	<u>\$ 264,617</u>	<u>\$ 25,683</u>	<u>\$ 290,300</u>	<u>\$ 47,556</u>	<u>\$ 269,842</u>

CITY OF CHATFIELD, MINNESOTA
REVOLVING LOAN FEDERAL
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	Budgeted Amounts		Fund 360 2019 Actual Amounts	Variance with Final Budget - Positive (Negative)	2018 Actual Amounts
	Original	Final			
REVENUES					
Investment income	\$ 4,082	\$ 4,082	\$ 7,777	\$ 3,695	\$ 6,927
Miscellaneous	26,923	26,923	30,346	3,423	28,234
TOTAL REVENUES	<u>31,005</u>	<u>31,005</u>	<u>38,123</u>	<u>7,118</u>	<u>35,161</u>
EXPENDITURES					
Loan advances			55,500	(55,500)	40,000
Net change in fund balances	31,005	31,005	(17,377)	(48,382)	(4,839)
FUND BALANCES, beginning	<u>86,754</u>	<u>86,754</u>	<u>86,754</u>		<u>91,593</u>
FUND BALANCES, ending	<u>\$ 117,759</u>	<u>\$ 117,759</u>	<u>\$ 69,377</u>	<u>\$ (48,382)</u>	<u>\$ 86,754</u>

CITY OF CHATFIELD, MINNESOTA
INTERNAL SERVICE FUND
Statements of Net Position
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 768,762	\$ 760,886
Accounts receivable		228
Total Current Assets	<u>768,762</u>	<u>761,114</u>
Noncurrent Assets		
Capital assets:		
Nondepreciable		15,170
Depreciable	5,154,048	5,041,995
Less: Accumulated depreciation	<u>2,436,436</u>	<u>2,276,265</u>
Net capital assets	<u>2,717,612</u>	<u>2,780,900</u>
Total Assets	<u>3,486,374</u>	<u>3,542,014</u>
LIABILITIES		
Accounts payable	<u>66</u>	<u>28,997</u>
NET POSITION		
Invested in capital assets	2,717,612	2,780,900
Unrestricted	<u>768,696</u>	<u>732,117</u>
Total Net Position	<u>\$ 3,486,308</u>	<u>\$ 3,513,017</u>

CITY OF CHATFIELD, MINNESOTA
INTERNAL SERVICE FUND
Statements of Revenues, Expenses
and Changes in Fund Net Position
For the Years Ended December 31, 2019 and 2018

	2019	2018
Operating Revenues		
Departmental capital charge	\$ 296,705	\$ 288,350
Operating Expenses		
Depreciation	251,647	256,947
Repairs	53,975	73,959
Minor equipment	28,720	43,645
Professional fees	1,437	4,899
Other	6,064	5,807
Total Operating Expenses	341,843	385,257
Operating Loss	(45,138)	(96,907)
Nonoperating Revenues		
Interest income	14,366	12,225
Intergovernmental - small cities assistance		22,984
Miscellaneous	1,781	29,334
Gain on sale of assets	232	63,144
Total Nonoperating Revenues	16,379	127,687
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	(28,759)	30,780
Capital contributions		167,278
Transfers in	2,050	2,000
CHANGE IN NET POSITION	(26,709)	200,058
NET POSITION - BEGINNING OF YEAR	3,513,017	3,312,959
NET POSITION - END OF YEAR	\$ 3,486,308	\$ 3,513,017

CITY OF CHATFIELD, MINNESOTA
INTERNAL SERVICE FUND
Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flows From Operating Activities		
Cash received from other departments	\$ 296,933	\$ 288,122
Cash paid to suppliers	(119,127)	(99,779)
Net Cash Provided by Operating Activities	<u>177,806</u>	<u>188,343</u>
Cash Flows From Noncapital Financing Activities		
Intergovernmental		22,984
Miscellaneous	1,781	29,334
Transfer in	2,050	2,000
Net Cash Provided by Noncapital Financing Activities	<u>3,831</u>	<u>54,318</u>
Capital and Related Financing Activities		
Capital asset acquisitions	(188,127)	(426,808)
Cash Flows From Investing Activities		
Investment income received	<u>14,366</u>	<u>12,225</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,876	(171,922)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>760,886</u>	<u>932,808</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 768,762</u></u>	<u><u>\$ 760,886</u></u>

**RECONCILIATION OF OPERATING LOSS
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Loss	\$ (45,138)	\$ (96,907)
Adjustments to Reconcile Operating		
Loss to Net Cash Provided		
by Operating Activities		
Depreciation	251,647	256,947
(Increase) Decrease in:		
Accounts receivable	228	(228)
Increase (Decrease) in:		
Accounts payable	(28,931)	28,531
Net Cash Provided By Operating Activities	<u><u>\$ 177,806</u></u>	<u><u>\$ 188,343</u></u>
Noncash Capital and Related		
Financing Activities		
Receipt of contributed assets	\$	\$ 167,278

CITY OF CHATFIELD, MINNESOTA
SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
WATER FUND
Statements of Net Position
December 31, 2019 and 2018

	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 335,179	\$ 403,248
Accounts receivable	42,505	45,198
Special assessments receivable	4,739	6,257
Special assessments delinquent	722	2,886
Prepaid expenses	458	461
Total Current Assets	<u>383,603</u>	<u>458,050</u>
Property and Equipment		
Nondepreciable	30,246	30,246
Depreciable	4,076,671	4,017,297
Less: Accumulated depreciation	<u>1,410,084</u>	<u>1,272,822</u>
Property, Plant and Equipment, Net	<u>2,696,833</u>	<u>2,774,721</u>
Deferred Outflows of Resources		
Deferred outflows from pension activity	<u>4,490</u>	<u>9,098</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 3,084,926</u></u>	<u><u>\$ 3,241,869</u></u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 8,607	\$ 8,295
Accrued compensated absences	5,684	5,421
Current maturities of bonds payable	35,000	34,000
Accrued interest payable	2,059	2,282
Total Current Liabilities	<u>51,350</u>	<u>49,998</u>
Noncurrent Liabilities		
Net pension liability	42,615	45,474
Accrued compensated absences	2,258	
Bonds payable, net of current maturities	<u>260,000</u>	<u>295,000</u>
Total Noncurrent Liabilities	<u>304,873</u>	<u>340,474</u>
Total Liabilities	<u>356,223</u>	<u>390,472</u>
Deferred Inflows of Resources		
Deferred inflows from pension activity	<u>8,645</u>	<u>12,213</u>
NET POSITION		
Net investment in capital assets	2,401,833	2,445,721
Unrestricted	<u>318,225</u>	<u>393,463</u>
Total Net Position	<u>2,720,058</u>	<u>2,839,184</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 3,084,926</u></u>	<u><u>\$ 3,241,869</u></u>

**CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
WATER FUND**

**Statement of Revenues, Expenses
and Changes in Fund Net Position - Budget and Actual**

For the Year Ended December 31, 2019

With Comparative Totals for the Year Ended December 31, 2018

	Budgeted Amounts		2019 Actual Amounts	Variance with Final Budget - Positive (Negative)	2018 Actual Amounts
	Original	Final			
Operating Revenue					
Service fees and charges	\$ 292,350	\$ 292,350	\$ 324,441	\$ 32,091	\$ 302,167
Operating Expenses					
Salaries	57,500	57,500	64,822	(7,322)	57,892
Employee benefits and retirement	11,350	11,350	7,571	3,779	8,517
Health insurance	9,025	9,025	8,538	487	8,685
Workers compensation	2,900	2,900	4,150	(1,250)	3,278
Supplies	9,350	9,350	8,313	1,037	9,768
Utilities	19,000	19,000	20,820	(1,820)	21,602
Maintenance and repairs	15,400	15,400	41,427	(26,027)	25,244
Travel and training	800	800	210	590	438
Professional fees	17,300	17,300	17,615	(315)	18,421
Office expense	1,500	1,500	1,426	74	1,367
Insurance	4,200	4,200	3,907	293	4,176
Depreciation			137,262	(137,262)	118,859
Departmental capital charge	9,260	9,260	9,260		9,250
Other	6,500	6,500	29,659	(23,159)	9,512
Total Operating Expenses	164,085	164,085	354,980	(190,895)	297,009
Operating Income (Loss)	128,265	128,265	(30,539)	158,804	5,158
Nonoperating Revenues (Expenses)					
Investment income	5,200	5,200	6,747	1,547	6,800
Refunds and reimbursements	300	300	11,152	10,852	370
Special assessments	9,000	9,000	12,260	3,260	8,559
Intergovernmental			6,773	6,773	2,850
Connection and access fees	11,200	11,200	12,801	1,601	36,880
Miscellaneous			231	231	168
Interest expense	(78,425)	(78,425)	(4,989)	73,436	(9,750)
Total Nonoperating Revenues (Expenses)	(52,725)	(52,725)	44,975	97,700	45,877
INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	75,540	75,540	14,436	(61,104)	51,035
Capital contributions					64,123
Transfer in	39,944	39,944	76,302	36,358	39,482
Transfers out	(170,652)	(170,652)	(209,864)	(39,212)	(220,630)
Total Other Financing Sources (Uses)	(130,708)	(130,708)	(133,562)	(2,854)	(117,025)
CHANGE IN NET POSITION	(55,168)	(55,168)	(119,126)	(63,958)	(65,990)
NET POSITION - BEGINNING OF YEAR	2,839,184	2,839,184	2,839,184		2,905,174
NET POSITION - END OF YEAR	\$ 2,784,016	\$ 2,784,016	\$ 2,720,058	\$ (63,958)	\$ 2,839,184

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
SEWER FUND
Statement of Net Position
December 31, 2019 and 2018

	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 469,376	\$ 419,777
Accounts receivable	96,152	99,356
Special assessments receivable	15,798	20,857
Special assessments delinquent	2,494	9,181
Prepaid expenses	1,678	1,657
Total Current Assets	<u>585,498</u>	<u>550,828</u>
Property and Equipment		
Nondepreciable	30,246	30,246
Depreciable	12,883,248	12,862,879
Less: Accumulated depreciation	<u>6,549,457</u>	<u>6,288,878</u>
Property, Plant and Equipment, Net	<u>6,364,037</u>	<u>6,604,247</u>
Deferred Outflows of Resources		
Deferred outflows from pension activity	<u>7,598</u>	<u>15,320</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 6,957,133</u></u>	<u><u>\$ 7,170,395</u></u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 8,107	\$ 28,109
Accrued compensated absences	3,787	5,076
Current maturities of bonds payable	460,000	454,000
Accrued interest payable	36,332	40,053
Total Current Liabilities	<u>508,226</u>	<u>527,238</u>
Noncurrent Liabilities		
Net pension liability	72,818	75,104
Accrued compensated absences	1,811	
Bonds payable, net of current maturities	4,003,000	4,468,889
Total Noncurrent Liabilities	<u>4,077,629</u>	<u>4,543,993</u>
Total Liabilities	<u>4,585,855</u>	<u>5,071,231</u>
Deferred Inflows of Resources		
Deferred inflows from pension activity	<u>14,297</u>	<u>20,167</u>
NET POSITION		
Net investment in capital assets	1,901,037	1,681,358
Unrestricted	455,944	397,639
Total Net Position	<u>2,356,981</u>	<u>2,078,997</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 6,957,133</u></u>	<u><u>\$ 7,170,395</u></u>

**CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
SEWER FUND**

**Statement of Revenues, Expenses
and Changes in Fund Net Position - Budget and Actual**

For the Year Ended December 31, 2019

With Comparative Totals for the Year Ended December 31, 2018

	Budgeted Amounts		2019 Actual Amounts	Variance with Final Budget - Positive (Negative)	2018 Actual Amounts
	Original	Final			
Operating Revenue					
Service fees and charges	\$ 870,150	\$ 870,150	\$ 907,326	\$ 37,176	\$ 837,077
Operating Expenses					
Salaries	108,000	108,000	107,340	660	101,527
Employee benefits and retirement	24,250	24,250	15,500	8,750	14,993
Health insurance	25,550	25,550	20,561	4,989	24,504
Workers compensation	6,000	6,000	8,392	(2,392)	6,712
Supplies	11,200	11,200	10,165	1,035	13,973
Utilities	62,000	62,000	70,258	(8,258)	73,442
Maintenance and repairs	44,400	44,400	38,438	5,962	54,916
Travel and training	1,950	1,950		1,950	
Professional fees	15,700	15,700	33,071	(17,371)	18,039
Office expense	3,500	3,500	3,693	(193)	3,491
Insurance	12,000	12,000	11,518	482	10,744
Depreciation			275,460	(275,460)	277,030
Departmental capital charge	8,475	8,475	8,475		8,200
Other	19,450	19,450	19,107	343	22,641
Total Operating Expenses	342,475	342,475	621,978	(279,503)	630,212
Operating Income	527,675	527,675	285,348	(242,327)	206,865
Nonoperating Revenues (Expenses)					
Investment income	3,000	3,000	13,039	10,039	26,613
Refunds and reimbursements	1,200	1,200	490	(710)	493
Special assessments	30,000	30,000	37,159	7,159	28,548
Connection and access fees	18,200	18,200	20,816	2,616	52,604
Interest expense			(82,102)	(82,102)	(78,519)
Total Nonoperating Revenue (Expense)	52,400	52,400	(10,598)	(62,998)	29,739
INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	580,075	580,075	274,750	(305,325)	236,604
Capital contributions			14,465	14,465	47,395
Transfer in			545,712	545,712	50,132
Transfers out	(579,585)	(579,585)	(556,943)	22,642	(347,616)
Total Other Financing Sources (Uses)	(579,585)	(579,585)	3,234	582,819	(250,089)
CHANGE IN NET POSITION	490	490	277,984	277,494	(13,485)
NET POSITION - BEGINNING OF YEAR	2,078,997	2,078,997	2,078,997		2,092,482
NET POSITION - END OF YEAR	\$ 2,079,487	\$ 2,079,487	\$ 2,356,981	\$ 277,494	\$ 2,078,997

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
GARBAGE FUND
Statement of Net Position
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 51,003	\$ 48,574
Accounts receivable, net	20,648	20,869
Special assessments receivable	5,793	7,648
Special assessments delinquent	874	2,785
TOTAL CURRENT ASSETS	<u>\$ 78,318</u>	<u>\$ 79,876</u>
 LIABILITIES		
Current Liabilities		
Accounts payable	<u>\$ 16,664</u>	<u>\$ 16,775</u>
Total Current Liabilities	<u>16,664</u>	<u>16,775</u>
 NET POSITION		
Unrestricted	<u>61,654</u>	<u>63,101</u>
 TOTAL LIABILITIES AND NET POSITION	<u>\$ 78,318</u>	<u>\$ 79,876</u>

CITY OF CHATFIELD, MINNESOTA
GARBAGE FUND
Schedule of Revenues, Expenditures
and Changes in Net Position - Budget and Actual
For the Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	Budgeted Amounts		Fund 603 2019 Actual Amounts	Variance with Final Budget - Positive (Negative)	2018 Actual Amounts
	Original	Final			
Operating Revenue					
Charges for Services	\$ 214,100	\$ 214,100	\$ 226,597	\$ 12,497	\$ 226,829
Operating Expenses					
Waste Removal					
Garbage removal	182,000	182,000	188,224	(6,224)	188,978
City cleanup	14,000	14,000	16,483	(2,483)	13,896
Supplies	650	650	418	232	265
Maintenance and repairs	4,700	4,700	4,268	432	3,543
Office expense	1,400	1,400	1,141	259	1,157
Departmental capital charge	250	250	250		250
Other	14,575	14,575	14,070	505	14,021
Total Operating Expenses	217,575	217,575	224,854	(7,279)	222,110
Operating Income (Loss)	(3,475)	(3,475)	1,743	5,218	4,719
Nonoperating Revenue					
Investment income	500	500	974	474	729
Special assessments	11,000	11,000	12,036	1,036	10,466
Total Nonoperating Revenue	11,500	11,500	13,010	1,510	11,195
INCOME BEFORE TRANSFERS	8,025	8,025	14,753	6,728	15,914
Transfers out	(16,200)	(16,200)	(16,200)		(15,760)
CHANGE IN NET POSITION	(8,175)	(8,175)	(1,447)	6,728	154
NET POSITION - BEGINNING OF YEAR	63,101	63,101	63,101		62,947
NET POSITION - END OF YEAR	\$ 54,926	\$ 54,926	\$ 61,654	\$ 6,728	\$ 63,101

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MINNESOTA LEGAL COMPLIANCE

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Chatfield, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the City of Chatfield, Minnesota, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Chatfield, Minnesota's basic financial statements, and have issued our report thereon dated April 20, 2020.

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

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

Smith, Schaffer and Associates, Ltd.

Rochester, Minnesota
April 20, 2020