

**CITY OF CHATFIELD, MINNESOTA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**



**CITY OF CHATFIELD, MINNESOTA**

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**CITY OF CHATFIELD, MINNESOTA**

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**CITY OF CHATFIELD, MINNESOTA**

**INTRODUCTORY SECTION**

**DECEMBER 31, 2021**

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**CITY OF CHATFIELD, MINNESOTA**  
**LIST OF ELECTED AND APPOINTED OFFICIALS**  
**DECEMBER 31, 2021**

|                                |                  |
|--------------------------------|------------------|
| Russ Smith                     | Mayor            |
| Paul Novotny                   | Vice-Mayor       |
| Mike Urban                     | Councilor        |
| Josh Broadwater                | Councilor        |
| Pam Bluhm                      | Councilor        |
| John McBroom (resigned 7/2021) | Councilor        |
| Dave Frank (started 8/2021)    | Councilor        |
| Joel Young                     | City Clerk       |
| Kay Wangen                     | Finance Director |

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**CITY OF CHATFIELD, MINNESOTA**

**FINANCIAL SECTION**

**DECEMBER 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2021, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Chatfield, Minnesota and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

The City of Chatfield, Minnesota's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Chatfield, Minnesota's ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Chatfield, Minnesota's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Chatfield, Minnesota's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16 and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Honorable Mayor and Members  
of the City Council  
Page 3

***Supplementary 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual 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.

***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 conjunction with the City's financial statements for the year ended December 31, 2020, from which such partial information was derived.

We have previously audited the City's 2020 financial statements and our report dated March 10, 2021, 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, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Smith, Schafn and Associates, Ltd.*

Rochester, Minnesota  
March 8, 2022

## **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, 2021.

### **FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the City of Chatfield, Minnesota exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$22,332,046 (*net position*). Of this amount, \$3,830,120 (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 \$1,808,041.
- As of the close of the current fiscal year, the City of Chatfield, Minnesota's governmental funds reported combined ending fund balances of \$4,762,720. Approximately \$2,763,818 of this total amount, or 58% 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 \$1,465,234 or 62 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 17-19 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-three 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 CCA construction phase II fund which are considered to be major funds. Data from the other nineteen 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 24-29) and the special revenue funds (pages 30 and 80-85) to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 20 and 22 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 31-36 of this report.

The internal service fund financial statements can be found on pages 86-88 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 37-71 of this report.

***Other information.*** The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 76-79 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 and deferred outflows exceeded liabilities and deferred inflows by \$22,332,046 at the close of the most recent fiscal year.

The largest portion of the City of Chatfield, Minnesota's net position (\$16,038,553) 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          |                     |                      |                      |
|                                  | 2021                 | 2020                 | 2021                | 2020                | 2021                 | 2020                 |
| Current and other assets         | \$ 7,179,954         | \$ 6,289,478         | \$ 1,134,634        | \$ 1,043,927        | \$ 8,314,588         | \$ 7,333,405         |
| Capital assets                   | 18,184,206           | 17,598,773           | 8,468,505           | 8,854,451           | 26,652,711           | 26,453,224           |
| Total assets                     | 25,364,160           | 23,888,251           | 9,603,139           | 9,898,378           | 34,967,299           | 33,786,629           |
| Deferred outflows of resources   | 780,727              | 326,789              | 76,955              | 12,550              | 857,682              | 339,339              |
| Long-term liabilities            |                      |                      |                     |                     |                      |                      |
| outstanding                      | 7,525,490            | 8,537,816            | 3,851,266           | 4,388,399           | 11,376,756           | 12,926,215           |
| Other liabilities                | 902,578              | 266,149              | 90,732              | 81,260              | 993,310              | 347,409              |
| Total liabilities                | 8,428,068            | 8,803,965            | 3,941,998           | 4,469,659           | 12,370,066           | 13,273,624           |
| Deferred inflows of resources    | 1,024,807            | 323,051              | 98,062              | 5,288               | 1,122,869            | 328,339              |
| Net position:                    |                      |                      |                     |                     |                      |                      |
| Net investment in capital assets | 11,315,270           | 10,066,836           | 4,723,283           | 4,597,340           | 16,038,553           | 14,664,176           |
| Restricted                       | 2,463,373            | 2,583,476            |                     |                     | 2,463,373            | 2,583,476            |
| Unrestricted                     | 2,913,369            | 2,437,712            | 916,751             | 838,641             | 3,830,120            | 3,276,353            |
| Total net position               | <u>\$ 16,692,012</u> | <u>\$ 15,088,024</u> | <u>\$ 5,640,034</u> | <u>\$ 5,435,981</u> | <u>\$ 22,332,046</u> | <u>\$ 20,524,005</u> |

The balance of *unrestricted net position* (\$3,830,120) 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 \$1,603,988.

**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 \$204,053.

A condensed version of the Statement of Activities follows:

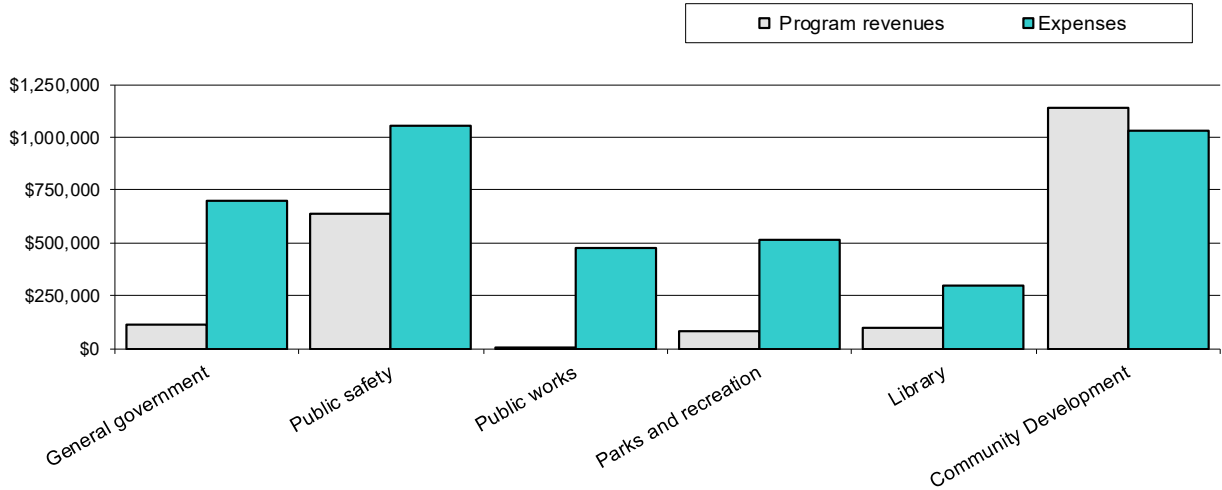
**City of Chatfield, Minnesota Change in Net Position**

|   | Governmental         |                      | Business-Type       |                     | Totals               |                      |
|---|----------------------|----------------------|---------------------|---------------------|----------------------|----------------------|
|   | Activities           |                      | Activities          |                     |                      |                      |
|   | 2021                 | 2020                 | 2021                | 2020                | 2021                 | 2020                 |
| Revenue:  |                      |                      |                     |                     |                      |                      |
| Program revenues:   |                      |                      |                     |                     |                      |                      |
| Charges for services  | \$ 473,811           | \$ 398,592           | \$ 1,676,247        | \$ 1,586,716        | \$ 2,150,058         | \$ 1,985,308         |
| Operating grants and contributions                              | 276,407              | 267,196              | 3,700               | 9,850               | 280,107              | 277,046              |
| Capital grants and contributions                                | 1,313,270            | 130,106              | 51,647              | 51,863              | 1,364,917            | 181,969              |
| General revenues:   |                      |                      |                     |                     |                      |                      |
| Property taxes  | 2,274,245            | 2,176,945            |                     |                     | 2,274,245            | 2,176,945            |
| Tax increments  | 219,165              | 249,324              |                     |                     | 219,165              | 249,324              |
| Grants and contributions not<br>restricted to specific programs |                      |                      |                     |                     |                      |                      |
| Local government aid  | 840,269              | 825,052              |                     |                     | 840,269              | 825,052              |
| Other   | 155,152              | 191,663              |                     | 34,022              | 155,152              | 225,685              |
| Miscellaneous   | 52,512               | 144,985              | 18,958              | 22,328              | 71,470               | 167,313              |
| Total revenues  | <u>5,604,831</u>     | <u>4,383,863</u>     | <u>1,750,552</u>    | <u>1,704,779</u>    | <u>7,355,383</u>     | <u>6,088,642</u>     |
| Expenses:   |                      |                      |                     |                     |                      |                      |
| General government  | 701,409              | 692,268              |                     |                     | 701,409              | 692,268              |
| Public safety   | 1,052,095            | 989,883              |                     |                     | 1,052,095            | 989,883              |
| Public works  | 477,213              | 666,098              |                     |                     | 477,213              | 666,098              |
| Parks and recreation  | 513,745              | 473,510              |                     |                     | 513,745              | 473,510              |
| Library   | 294,761              | 281,145              |                     |                     | 294,761              | 281,145              |
| Community development   | 1,033,654            | 787,860              |                     |                     | 1,033,654            | 787,860              |
| Unallocated - CARES Act   |                      | 127,636              |                     |                     |                      | 127,636              |
| Interest on long-term debt                                      | 190,160              | 205,173              |                     |                     | 190,160              | 205,173              |
| Water   |                      |                      | 367,579             | 321,891             | 367,579              | 321,891              |
| Sewer   |                      |                      | 679,690             | 678,048             | 679,690              | 678,048              |
| Garbage   |                      |                      | 237,036             | 203,758             | 237,036              | 203,758              |
| Total expenses  | <u>4,263,037</u>     | <u>4,223,573</u>     | <u>1,284,305</u>    | <u>1,203,697</u>    | <u>5,547,342</u>     | <u>5,427,270</u>     |
| Change in net position before transfers                         | 1,341,794            | 160,290              | 466,247             | 501,082             | 1,808,041            | 661,372              |
| Transfers   | 262,194              | 203,794              | (262,194)           | (203,794)           |                      |                      |
| Change in net position  | 1,603,988            | 364,084              | 204,053             | 297,288             | 1,808,041            | 661,372              |
| Net position, beginning   | 15,088,024           | 14,723,940           | 5,435,981           | 5,138,693           | 20,524,005           | 19,862,633           |
| Net position, end of year                                       | <u>\$ 16,692,012</u> | <u>\$ 15,088,024</u> | <u>\$ 5,640,034</u> | <u>\$ 5,435,981</u> | <u>\$ 22,332,046</u> | <u>\$ 20,524,005</u> |

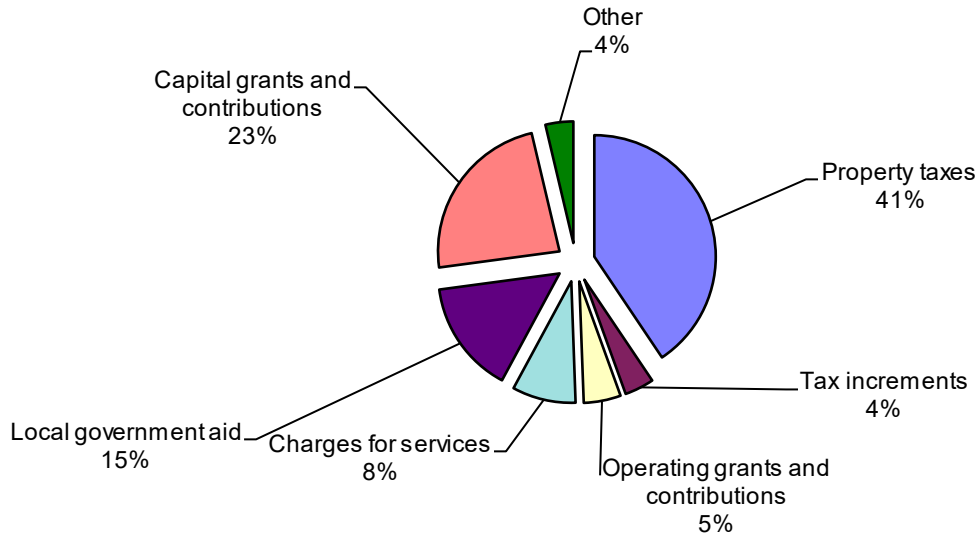
## CITY OF CHATFIELD, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

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**



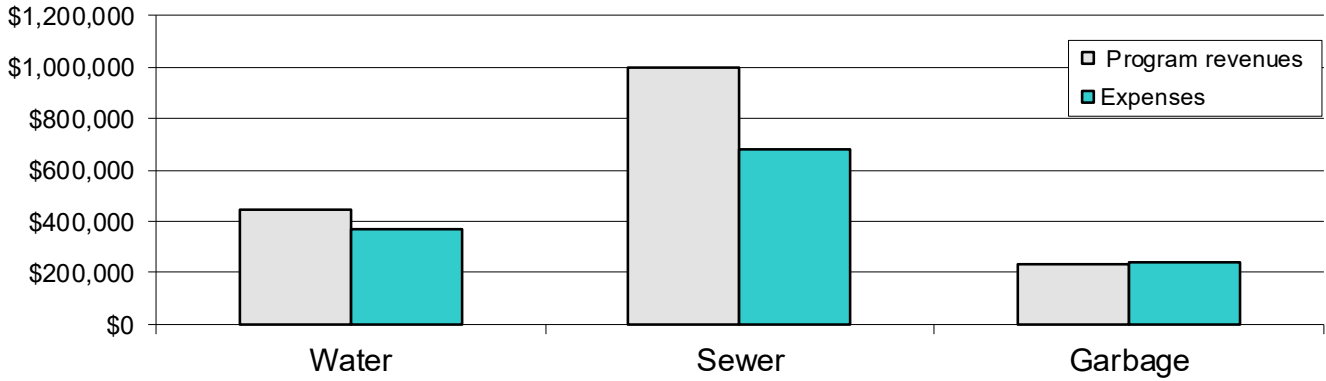
**Revenues by Source - Governmental Activities**



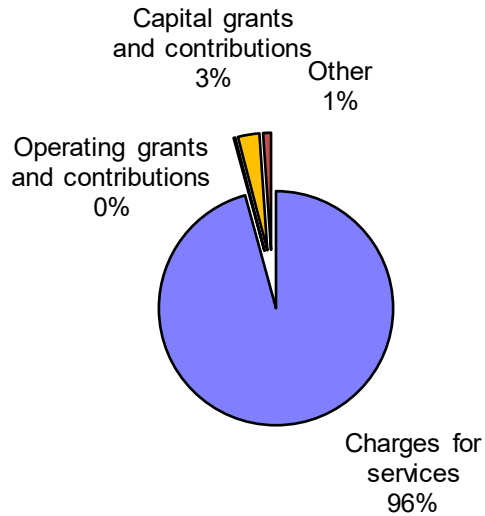
**CITY OF CHATFIELD, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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.

At the end of the current fiscal year, the City of Chatfield, Minnesota's governmental funds reported combined ending fund balances of \$4,762,720, an increase of \$490,242. This increase is primarily due to receipts from the American Recovery Plan Act, higher than anticipated revenues from swimming pool operations and insurance reimbursements, along with increased balances in the debt services funds.

Approximately 24% of this total amount, or \$1,137,993, 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 \$1,465,234. 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 62 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 31-36 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 - \$237,898, Sewer - \$613,107, and Garbage - \$65,746.

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. After the implementation of a multi-year schedule of user fee increases, the sanitary sewer rates are at the point of sustainability and, as such, there was no increase in those rates in 2020 or 2021 and there will be no increase in 2022. Future rate increases for the sanitary sewer service will be minimal. The water user fee rates will increase by 3.0% in 2022 and should remain relatively stabilize.

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 money from the General Fund to the sanitary sewer debt service fund each year for several years. Those transfers are no longer necessary as the Sanitary Sewer Fund is healthy.

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 increase of \$186,508 in the general fund balance was due to three primary factors:

- 1) An infusion of American Recovery Plan Act (ARPA) funding from the federal government.
- 2) Swimming pool revenues.
- 3) Insurance reimbursements.

**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, 2021, amounts to \$26,652,711 (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 \$199,487.

**City of Chatfield, Minnesota Capital Assets**

(net of depreciation)

|                               | Governmental         |                      | Business-Type       |                     | Totals               |                      |
|-------------------------------|----------------------|----------------------|---------------------|---------------------|----------------------|----------------------|
|                               | Activities           |                      | Activities          |                     |                      |                      |
|                               | 2021                 | 2020                 | 2021                | 2020                | 2021                 | 2020                 |
| Land                          | \$ 929,406           | \$ 936,898           | \$ 60,492           | \$ 60,492           | \$ 989,898           | \$ 997,390           |
| Construction in process       | 1,128,186            | 4,329                |                     |                     | 1,128,186            | 4,329                |
| Buildings and improvements    | 10,011,411           | 10,606,690           |                     |                     | 10,011,411           | 10,606,690           |
| Vehicles                      | 997,988              | 956,982              |                     |                     | 997,988              | 956,982              |
| Machinery and equipment       | 971,122              | 776,340              | 663,361             | 693,922             | 1,634,483            | 1,470,262            |
| Furniture and fixtures        | 128,975              | 153,447              |                     |                     | 128,975              | 153,447              |
| Wastewater treatment facility |                      |                      | 7,744,652           | 8,100,037           | 7,744,652            | 8,100,037            |
| Infrastructure                | 4,017,118            | 4,164,087            |                     |                     | 4,017,118            | 4,164,087            |
| <b>Total</b>                  | <b>\$ 18,184,206</b> | <b>\$ 17,598,773</b> | <b>\$ 8,468,505</b> | <b>\$ 8,854,451</b> | <b>\$ 26,652,711</b> | <b>\$ 26,453,224</b> |

Additional information on the City of Chatfield, Minnesota's capital assets can be found in Note 3E on pages 50-51 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 \$10,522,000 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          |                     |                     |                     |
|                          | 2021                | 2020                | 2021                | 2020                | 2021                | 2020                |
| General obligation bonds | \$ 6,818,000        | \$ 7,474,000        | \$                  | \$                  | \$ 6,818,000        | \$ 7,474,000        |
| G.O. revenue bonds       |                     |                     | 3,704,000           | 4,210,000           | 3,704,000           | 4,210,000           |
| Unamortized premium      | 50,936              | 57,937              | 41,222              | 47,111              | 92,158              | 105,048             |
| Compensated absences     | 202,061             | 178,270             | 25,359              | 19,463              | 227,420             | 197,733             |
| Total                    | <u>\$ 7,070,997</u> | <u>\$ 7,710,207</u> | <u>\$ 3,770,581</u> | <u>\$ 4,276,574</u> | <u>\$10,841,578</u> | <u>\$11,986,781</u> |

The City of Chatfield, Minnesota's total long-term liabilities decreased by \$1,145,203 during the current fiscal year. A more detailed breakdown of these obligations can be found in Note 3G, beginning on page 54.

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 some of the larger employers in Fillmore County, with manufacturers in the wood products industry, the composites industry and the steel fabrication industry. 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, 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. Notable, too, is the recent opening of the Joy Ridge Event Center which is capable of hosting weddings and business and social events of all sizes. Furthermore, the Chatfield Center for the Arts is in the middle of a \$8,700,000 improvement project, after which the events hosted at the Center will once again attract thousands of people to Chatfield each year.

Mayo Clinic, the largest private employer in Minnesota, continues to set the stage for long term growth throughout 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.

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 2021 building permit records, the City issued permits for a total of just under \$10,000,000; \$2.4 million of which was residential and \$7.5 million of commercial construction. This comes on the heels of \$2.5 million in 2020, \$13.5 million of construction in 2019, \$5.6 million of construction in 2018, and \$15 million in total construction in 2017. Permits for eleven new homes in 2021, eight new homes 2020, seven in 2019, twenty in 2018, and another 19 in 2017.

The City's local property tax rate has declined each year since 2018 and that trend should continue for a few more years. 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. To focus its work plan, the City adopted its first Strategic Plan in November of 2021.

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 recent investment of \$14,000,000 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. These services are being bolstered by the recent opening of the Joy Ridge Event Center, the anticipated opening of a bakery and the re-opening of the regional Chatfield Center for the Arts after it completes \$8.7 million dollars of improvements. The Chatfield business community is well equipped to meet the demands of the residents.

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. These transportation assets help make Chatfield a convenient place to live whether they work in Chatfield or at the many employers in Rochester or elsewhere in the region.

The vibrant nature of the City is reflected in the results of the Inflow-Outflow Analysis of workers, which states that an almost equal number of people travel to Chatfield for work each day as the number of people who leave town for work each day. 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](mailto:jyoung@ci.chatfield.mn.us).

**CITY OF CHATFIELD, MINNESOTA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

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**CITY OF CHATFIELD, MINNESOTA**  
**STATEMENT OF NET POSITION**  
December 31, 2021  
With Comparative Totals for December 31, 2020

|   | Governmental<br>Activities | Business-Type<br>Activities | Totals               |                      |
|---|----------------------------|-----------------------------|----------------------|----------------------|
|   |                            |                             | 2021                 | 2020                 |
| <b>ASSETS</b>   |                            |                             |                      |                      |
| Cash and investments  | \$ 4,871,923               | \$ 906,078                  | \$ 5,778,001         | \$ 5,674,067         |
| Receivables   | 2,019,102                  | 225,657                     | 2,244,759            | 1,437,421            |
| Prepaid items   | 15,278                     | 2,899                       | 18,177               | 15,827               |
| Net pension asset   | 273,651                    |                             | 273,651              | 206,090              |
| Capital assets:   |                            |                             |                      |                      |
| Nondepreciable  | 2,057,592                  | 60,492                      | 2,118,084            | 1,001,719            |
| Depreciable, net  | 16,126,614                 | 8,408,013                   | 24,534,627           | 25,451,505           |
| Total Assets  | <u>25,364,160</u>          | <u>9,603,139</u>            | <u>34,967,299</u>    | <u>33,786,629</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                     |                            |                             |                      |                      |
| Deferred outflows from pension activity                                   | <u>780,727</u>             | <u>76,955</u>               | <u>857,682</u>       | <u>339,339</u>       |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                    |                            |                             |                      |                      |
|   | <u>\$ 26,144,887</u>       | <u>\$ 9,680,094</u>         | <u>\$ 35,824,981</u> | <u>\$ 34,125,968</u> |
| <b>LIABILITIES</b>  |                            |                             |                      |                      |
| Accounts payable  | \$ 645,053                 | \$ 35,099                   | \$ 680,152           | \$ 54,291            |
| Accrued interest payable  | 55,464                     | 30,274                      | 85,738               | 95,385               |
| Accrued compensated absences  | 202,061                    | 25,359                      | 227,420              | 197,733              |
| Noncurrent liabilities:   |                            |                             |                      |                      |
| Due within one year   | 663,000                    | 520,390                     | 1,183,390            | 1,172,882            |
| Due in more than one year   | 6,205,936                  | 3,224,832                   | 9,430,768            | 10,616,166           |
| Net pension liability   | 656,554                    | 106,044                     | 762,598              | 1,137,167            |
| Total Liabilities   | <u>8,428,068</u>           | <u>3,941,998</u>            | <u>12,370,066</u>    | <u>13,273,624</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |                            |                             |                      |                      |
| Deferred inflows from pension activity                                    | <u>1,024,807</u>           | <u>98,062</u>               | <u>1,122,869</u>     | <u>328,339</u>       |
| <b>NET POSITION</b>   |                            |                             |                      |                      |
| Net investment in capital assets  | 11,315,270                 | 4,723,283                   | 16,038,553           | 14,664,176           |
| Restricted for:   |                            |                             |                      |                      |
| Revolving loans   | 691,084                    |                             | 691,084              | 967,092              |
| Debt service  | 1,772,289                  |                             | 1,772,289            | 1,616,384            |
| Unrestricted  | <u>2,913,369</u>           | <u>916,751</u>              | <u>3,830,120</u>     | <u>3,276,353</u>     |
| Total Net Position  | <u>16,692,012</u>          | <u>5,640,034</u>            | <u>22,332,046</u>    | <u>20,524,005</u>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b> |                            |                             |                      |                      |
|   | <u>\$ 26,144,887</u>       | <u>\$ 9,680,094</u>         | <u>\$ 35,824,981</u> | <u>\$ 34,125,968</u> |

**See Notes to the Financial Statements**

**CITY OF CHATFIELD, MINNESOTA**  
**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2021

With Comparative Totals for the Fiscal Year Ending December 31, 2020

| <u>Functions/Programs</u>      | <u>Expenses</u>     | <u>Program Revenues</u>     |   |   |
|--------------------------------|---------------------|-----------------------------|---|---|
|                                |                     | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| Governmental activities:       |                     |                             |   |   |
| General government             | \$ 701,409          | \$ 61,249                   | \$ 42,652                                 | \$ 4,373                                |
| Public safety                  | 1,052,095           | 316,005                     | 138,067                                   | 180,711                                 |
| Public works                   | 477,213             |                             | 2,071                                     |   |
| Parks and recreation           | 513,745             | 83,434                      |   |   |
| Library                        | 294,761             | 11,144                      | 88,220                                    |   |
| Community development          | 1,033,654           | 1,979                       | 5,397                                     | 1,128,186                               |
| Unallocated - CARES Act        |                     |                             |   |   |
| Interest on long-term debt     | 190,160             |                             |   |   |
| Total governmental activities  | <u>4,263,037</u>    | <u>473,811</u>              | <u>276,407</u>                            | <u>1,313,270</u>                        |
| Business-Type activities:      |                     |                             |   |   |
| Water                          | 367,579             | 448,141                     | 3,700                                     | 11,953                                  |
| Sewer                          | 679,690             | 994,711                     |   | 30,863                                  |
| Garbage                        | 237,036             | 233,395                     |   | 8,831                                   |
| Total business-type activities | <u>1,284,305</u>    | <u>1,676,247</u>            | <u>3,700</u>                              | <u>51,647</u>                           |
| Total                          | <u>\$ 5,547,342</u> | <u>\$ 2,150,058</u>         | <u>\$ 280,107</u>                         | <u>\$ 1,364,917</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<br>Activities | Business-Type<br>Activities | Totals               |                      |
|----------------------------|-----------------------------|----------------------|----------------------|
|                            |                             | 2021                 | 2020                 |
| \$ (593,135)               | \$                          | \$ (593,135)         | \$ (599,837)         |
| (417,312)                  |                             | (417,312)            | (430,992)            |
| (475,142)                  |                             | (475,142)            | (664,027)            |
| (430,311)                  |                             | (430,311)            | (426,564)            |
| (195,397)                  |                             | (195,397)            | (188,733)            |
| 101,908                    |                             | 101,908              | (784,717)            |
|                            |                             |                      | (127,636)            |
| (190,160)                  |                             | (190,160)            | (205,173)            |
| <u>(2,199,549)</u>         |                             | <u>(2,199,549)</u>   | <u>(3,427,679)</u>   |
|                            | 96,215                      | 96,215               | 78,009               |
|                            | 345,884                     | 345,884              | 335,721              |
|                            | <u>5,190</u>                | <u>5,190</u>         | <u>31,002</u>        |
|                            | 447,289                     | 447,289              | 444,732              |
| <u>(2,199,549)</u>         | <u>447,289</u>              | <u>(1,752,260)</u>   | <u>(2,982,947)</u>   |
| 2,274,245                  |                             | 2,274,245            | 2,176,945            |
| 219,165                    |                             | 219,165              | 249,324              |
| 840,269                    |                             | 840,269              | 825,052              |
| 155,152                    |                             | 155,152              | 225,685              |
| 4,429                      | 13,135                      | 17,564               | 125,286              |
| 48,083                     | 5,823                       | 53,906               | 42,027               |
| 262,194                    | (262,194)                   |                      |                      |
| <u>3,803,537</u>           | <u>(243,236)</u>            | <u>3,560,301</u>     | <u>3,644,319</u>     |
| 1,603,988                  | 204,053                     | 1,808,041            | 661,372              |
| <u>15,088,024</u>          | <u>5,435,981</u>            | <u>20,524,005</u>    | <u>19,862,633</u>    |
| <u>\$ 16,692,012</u>       | <u>\$ 5,640,034</u>         | <u>\$ 22,332,046</u> | <u>\$ 20,524,005</u> |

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**CITY OF CHATFIELD, MINNESOTA**

**FUND FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

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**CITY OF CHATFIELD, MINNESOTA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2021  
With Comparative Totals for December 31, 2020

|  | 100<br>General      | Special Revenue Funds                     |                                   | Capital<br>Project Fund                | Other<br>Governmental<br>Funds | Totals              |                     |
|--|---------------------|---|-----------------------------------|--|--------------------------------|---------------------|---------------------|
|  |                     | 358<br>TIF Dist. 2-5<br>Dollar<br>General | 361<br>Revolving<br>Loan<br>State | 454<br>CCA<br>Construction<br>Phase II |                                | 2021                | 2020                |
| <b>ASSETS</b>  |                     |   |                                   |  |                                |                     |                     |
| Cash and investments   | \$ 932,531          | \$  | \$ 27,038                         | \$                                     | \$ 2,972,529                   | \$ 3,932,098        | \$ 3,953,742        |
| Accounts receivable  | 270                 |   |                                   |  | 300,305                        | 300,575             | 294,459             |
| Notes receivable   |                     |   | 344,782                           |  | 182,470                        | 527,252             | 851,485             |
| Due from other governmental units  | 13,003              |   |                                   | 1,128,186                              | 5,119                          | 1,146,308           | 37,172              |
| Taxes receivable delinquent  | 17,960              |   |                                   |  | 18,511                         | 36,471              | 25,914              |
| Special assessments receivable   | 220                 |   |                                   |  | 8,276                          | 8,496               | 14,478              |
| Due from other funds   | 542,379             |   |                                   |  |                                | 542,379             | 641                 |
| Advances to other funds  |                     |   |                                   |  | 323,227                        | 323,227             | 331,931             |
| Prepaid items  | 10,879              |   |                                   |  | 4,399                          | 15,278              | 13,303              |
| <b>TOTAL ASSETS</b>  | <b>\$ 1,517,242</b> | <b>\$</b>                                 | <b>\$ 371,820</b>                 | <b>\$ 1,128,186</b>                    | <b>\$ 3,814,836</b>            | <b>\$ 6,832,084</b> | <b>\$ 5,523,125</b> |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>       |                     |   |                                   |  |                                |                     |                     |
| <b>Liabilities:</b>  |                     |   |                                   |  |                                |                     |                     |
| Accounts payable   | \$ 22,949           | \$  | \$                                | \$ 595,321                             | \$ 13,269                      | \$ 631,539          | \$ 26,198           |
| Due to other funds   |                     |   |                                   | 536,024                                | 6,355                          | 542,379             | 641                 |
| Advances from other funds  |                     | 323,227                                   |                                   |  |                                | 323,227             | 331,931             |
| Total Liabilities  | 22,949              | 323,227                                   |                                   | 1,131,345                              | 19,624                         | 1,497,145           | 358,770             |
| <b>Deferred Inflows of Resources:</b>                                    |                     |   |                                   |  |                                |                     |                     |
| Unavailable revenue:   |                     |   |                                   |  |                                |                     |                     |
| Property taxes   | 17,960              |   |                                   |  | 18,511                         | 36,471              | 25,914              |
| Special assessments  | 220                 |   |                                   |  | 8,276                          | 8,496               | 14,478              |
| Notes receivable   |                     |   | 344,782                           |  | 182,470                        | 527,252             | 851,485             |
| Total Deferred Inflows of Resources                                      | 18,180              |   | 344,782                           |  | 209,257                        | 572,219             | 891,877             |
| <b>Fund Balance:</b>   |                     |   |                                   |  |                                |                     |                     |
| Nonspendable:  |                     |   |                                   |  |                                |                     |                     |
| Prepaid items  | 10,879              |   |                                   |  | 4,399                          | 15,278              | 13,303              |
| Restricted:  |                     |   |                                   |  |                                |                     |                     |
| Creditors (debt covenants)   |                     |   |                                   |  | 1,807,931                      | 1,807,931           | 1,660,159           |
| Regulations  |                     |   | 27,038                            |  | 148,655                        | 175,693             | 133,460             |
| Committed:   |                     |   |                                   |  |                                |                     |                     |
| By Council action  |                     |   |                                   |  | 334,595                        | 334,595             | 313,177             |
| Assigned:  |                     |   |                                   |  |                                |                     |                     |
| Fund assignments   |                     |   |                                   |  | 1,291,230                      | 1,291,230           | 1,204,818           |
| Unassigned   | 1,465,234           | (323,227)                                 |                                   | (3,159)                                | (855)                          | 1,137,993           | 947,561             |
| Total Fund Balance   | 1,476,113           | (323,227)                                 | 27,038                            | (3,159)                                | 3,585,955                      | 4,762,720           | 4,272,478           |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b> | <b>\$ 1,517,242</b> | <b>\$</b>                                 | <b>\$ 371,820</b>                 | <b>\$ 1,128,186</b>                    | <b>\$ 3,814,836</b>            | <b>\$ 6,832,084</b> | <b>\$ 5,523,125</b> |

**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, 2021**

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

|   |    |                     |                             |
|---|----|---------------------|-----------------------------|
| Total governmental fund balances (page 20)  | \$ | 4,762,720           |                             |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.   |    |                     |                             |
| Governmental funds - capital assets   | \$ | 27,255,502          |                             |
| Less: Accumulated depreciation  |    | <u>(11,822,971)</u> | 15,432,531                  |
| Some receivables are not available soon enough to pay for current period expenditures and, therefore, are unavailable in the funds.   |    |                     |                             |
| Delinquent property taxes   | \$ | 36,471              |                             |
| Special assessments   |    | 8,496               |                             |
| Notes receivable  |    | <u>527,252</u>      | 572,219                     |
| 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. |    |                     |                             |
|   |    |                     | 3,677,986                   |
| 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   | \$ | (6,818,000)         |                             |
| Net pension liability   |    | (900,634)           |                             |
| Net pension asset   |    | 273,651             |                             |
| Compensated absences  |    | (202,061)           |                             |
| Bond premiums net of amortization   |    | (50,936)            |                             |
| Accrued interest  |    | <u>(55,464)</u>     | <u>(7,753,444)</u>          |
| Net position of governmental activities (page 17)   |    |                     | <u><u>\$ 16,692,012</u></u> |

**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, 2021  
With Comparative Totals for the Year Ended December 31, 2020

|  | 100<br>General      | Special Revenue Funds                     |                                   | Capital<br>Project Fund                | Other<br>Governmental<br>Funds | Totals              |                     |
|--|---------------------|---|-----------------------------------|--|--------------------------------|---------------------|---------------------|
|  |                     | 358<br>TIF Dist. 2-5<br>Dollar<br>General | 361<br>Revolving<br>Loan<br>State | 454<br>CCA<br>Construction<br>Phase II |                                | 2021                | 2020                |
| <b>REVENUES</b>  |                     |   |                                   |  |                                |                     |                     |
| Property taxes   | \$ 1,439,918        | \$  | \$                                | \$                                     | \$ 823,770                     | \$ 2,263,688        | \$ 2,183,312        |
| Special assessments  | 4,373               |   |                                   |  | 2,921                          | 7,294               | 10,106              |
| Tax increments   |                     | 12,850                                    |                                   |  | 172,558                        | 185,408             | 223,709             |
| Tax abatement  |                     |   |                                   |  | 33,757                         | 33,757              | 25,615              |
| Licenses and permits   | 27,660              |   |                                   |  |                                | 27,660              | 20,775              |
| Fines and forfeits   | 6,471               |   |                                   |  | 648                            | 7,119               | 5,425               |
| Intergovernmental  | 1,065,099           |   |                                   | 1,128,186                              | 223,293                        | 2,416,578           | 1,302,048           |
| Franchise fees   |                     |   |                                   |  | 26,652                         | 26,652              | 26,376              |
| Charges for services   | 105,450             |   |                                   |  | 243,687                        | 349,137             | 282,507             |
| Training revenue   |                     |   |                                   |  | 13,310                         | 13,310              | 9,325               |
| Investment income (loss)                                     | (25,555)            | (3,947)                                   | 3,880                             | (3,159)                                | 33,210                         | 4,429               | 106,467             |
| Contributions  |                     |   |                                   |  | 200,238                        | 200,238             | 150,024             |
| Miscellaneous  | 29,298              |   | 37,189                            |  | 62,693                         | 129,180             | 107,501             |
| <b>TOTAL REVENUES</b>  | <b>2,652,714</b>    | <b>8,903</b>                              | <b>41,069</b>                     | <b>1,125,027</b>                       | <b>1,836,737</b>               | <b>5,664,450</b>    | <b>4,453,190</b>    |
| <b>EXPENDITURES</b>  |                     |   |                                   |  |                                |                     |                     |
| <b>Current</b>   |                     |   |                                   |  |                                |                     |                     |
| General government   | 664,059             |   |                                   |  | 36,576                         | 700,635             | 656,605             |
| Public safety  | 668,353             |   |                                   |  | 386,419                        | 1,054,772           | 995,233             |
| Public works   | 477,381             |   |                                   |  |                                | 477,381             | 418,921             |
| Parks and recreation   | 378,786             |   |                                   |  |                                | 378,786             | 395,703             |
| Library  |                     |   |                                   |  | 242,970                        | 242,970             | 228,200             |
| Community development  | 40,753              | 199                                       | 32,289                            |  | 307,531                        | 380,772             | 398,323             |
| Unallocated - CARES Act                                      |                     |   |                                   |  |                                |                     | 141,452             |
| <b>Capital Outlay</b>  |                     |   |                                   | 1,128,186                              | 285,512                        | 1,413,698           | 820,646             |
| <b>Debt Service</b>  |                     |   |                                   |  | 859,828                        | 859,828             | 786,990             |
| <b>TOTAL EXPENDITURES</b>                                    | <b>2,229,332</b>    | <b>199</b>                                | <b>32,289</b>                     | <b>1,128,186</b>                       | <b>2,118,836</b>               | <b>5,508,842</b>    | <b>4,842,073</b>    |
| Excess (deficiency) of revenues<br>over (under) expenditures | 423,382             | 8,704                                     | 8,780                             | (3,159)                                | (282,099)                      | 155,608             | (388,883)           |
| <b>OTHER FINANCING<br/>SOURCES (USES)</b>                    |                     |   |                                   |  |                                |                     |                     |
| Transfers in   | 127,516             |   |                                   |  | 592,568                        | 720,084             | 769,629             |
| Transfers out  | (364,390)           |   |                                   |  | (21,060)                       | (385,450)           | (510,600)           |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>              | <b>(236,874)</b>    |   |                                   |  | <b>571,508</b>                 | <b>334,634</b>      | <b>259,029</b>      |
| Net change in fund balances                                  | 186,508             | 8,704                                     | 8,780                             | (3,159)                                | 289,409                        | 490,242             | (129,854)           |
| <b>FUND BALANCES, beginning</b>                              | <b>1,289,605</b>    | <b>(331,931)</b>                          | <b>18,258</b>                     |  | <b>3,296,546</b>               | <b>4,272,478</b>    | <b>4,402,332</b>    |
| <b>FUND BALANCES, ending</b>                                 | <b>\$ 1,476,113</b> | <b>\$ (323,227)</b>                       | <b>\$ 27,038</b>                  | <b>\$ (3,159)</b>                      | <b>\$ 3,585,955</b>            | <b>\$ 4,762,720</b> | <b>\$ 4,272,478</b> |

**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, 2021**

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

|   |    |                         |
|---|----|-------------------------|
| Net change in fund balances - total governmental funds (page 22)  | \$ | 490,242                 |
| <p>Governmental funds reported capital outlays as expenditures.<br/> However, in the statement of activities the cost of those assets<br/> is allocated over their estimated useful lives and reported as<br/> depreciation expense.</p>  |    |                         |
| Capital outlay  | \$ | 1,407,393               |
| Depreciation expense  |    | <u>(936,152)</u>        |
|   |    | 471,241                 |
| <p>The net effect of various miscellaneous transactions involving<br/> capital assets (i.e., sales, trade-ins, and donations) is to<br/> decrease net assets.</p>   |    |                         |
|   |    | (7,492)                 |
| <p>Certain revenues in the statement of activities do not provide current<br/> financial resources are not reported as revenues in the funds.</p>   |    |                         |
| Unavailable revenue, December 31, 2021  | \$ | 572,219                 |
| Unavailable revenue, December 31, 2020  |    | <u>(891,877)</u>        |
|   |    | (319,658)               |
| <p>Internal service funds are used by management to charge the costs<br/> of equipment to individual funds. The net revenue (expense) of the<br/> internal service funds is reported with governmental activities</p>   |    |                         |
|   |    | 155,835                 |
| <p>The governmental funds report bond proceeds as financing sources, while<br/> repayment of bond principal is reported as an expenditure. In the statement of<br/> net position, however, issuing debt increases long term liabilities and does not<br/> affect the statement of activities and repayment of principal reduces the<br/> liability. Also, governmental funds report the effect of premiums and discounts<br/> when debt is first issued, whereas these amounts are deferred and amortized<br/> in the statement of activities. Interest is recognized as an expenditure in the<br/> governmental funds when it is due. In the statement of activities, however,<br/> interest expense is recognized as it accrues, regardless of when it is due. The<br/> net effect of these differences in the treatment of general obligations bonds and<br/> related items is as follows.</p> |    |                         |
| Principal retirement on long-term debt  | \$ | 656,000                 |
| Amortization of bond premium, net   |    | 7,001                   |
| Change in accrued interest  |    | <u>5,542</u>            |
|   |    | 668,543                 |
| <p>In the statement of activities, certain operating expenses - compensated<br/> absences, net pension liability, and net pension asset - are measured by the<br/> amounts earned during the year. In the governmental funds, however,<br/> expenditures for these items are measured by the amount of financial<br/> resources used (essentially, the amounts actually paid).</p>  |    |                         |
| Change in compensated absences  | \$ | (23,791)                |
| Change in net pension liability activity  |    | 121,184                 |
| Change in net pension asset   |    | <u>47,884</u>           |
|   |    | <u>145,277</u>          |
| Change in net position of governmental activities (pages 18-19)   | \$ | <u><u>1,603,988</u></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, 2021  
With Comparative Totals for the Year Ended December 31, 2020

|                                      | Budgeted Amounts |              | 2021<br>Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) | 2020<br>Actual<br>Amounts |
|--------------------------------------|------------------|--------------|---------------------------|---|---------------------------|
|                                      | Original         | Final        |                           |   |                           |
| <b>REVENUES</b>                      |                  |              |                           |   |                           |
| <b>Property Tax Levy Collected</b>   | \$ 1,427,835     | \$ 1,427,835 | \$ 1,439,918              | \$ 12,083   | \$ 1,358,225              |
| <b>Special Assessments Collected</b> | 3,500            | 3,500        | 4,373                     | 873   | 3,830                     |
| <b>Licenses and Permits</b>          | 24,100           | 24,100       | 27,660                    | 3,560   | 20,775                    |
| <b>Intergovernmental Revenues</b>    |                  |              |                           |   |                           |
| Local government aid                 | 840,269          | 840,269      | 840,269                   |   | 825,052                   |
| Market value credit                  |                  |              | 572                       | 572   | 584                       |
| State police aid                     | 42,000           | 42,000       | 46,314                    | 4,314   | 47,255                    |
| Highway                              | 2,100            | 2,100        | 2,071                     | (29)  | 2,071                     |
| Training and reimbursement           | 4,500            | 4,500        | 12,153                    | 7,653   | 8,468                     |
| CARES Act funding                    |                  |              |                           |   | 65,026                    |
| ARPA funding                         |                  |              | 154,580                   | 154,580   |                           |
| Other                                | 2,677            | 2,677        | 9,140                     | 6,463   |                           |
| Total Intergovernmental Revenues     | 891,546          | 891,546      | 1,065,099                 | 173,553   | 948,456                   |
| <b>Charges for Services</b>          |                  |              |                           |   |                           |
| Planning and zoning fees             | 5,750            | 5,750        | 12,374                    | 6,624   | 5,231                     |
| Pool fees                            | 65,000           | 65,000       | 84,178                    | 19,178  | 52,282                    |
| Camping fees                         | 500              | 500          | 4,560                     | 4,060   | 1,050                     |
| Street department fees               | 5,000            | 5,000        | 2,852                     | (2,148)   | 2,720                     |
| Other                                | 525              | 525          | 1,486                     | 961   | 680                       |
| Total Charges for Services           | 76,775           | 76,775       | 105,450                   | 28,675  | 61,963                    |
| <b>Fines and Forfeits</b>            |                  |              |                           |   |                           |
| Parking fines                        | 2,100            | 2,100        | 2,250                     | 150   | 2,125                     |
| Court fines and other                | 5,000            | 5,000        | 4,221                     | (779)   | 2,693                     |
| Total Fines and Forfeits             | 7,100            | 7,100        | 6,471                     | (629)   | 4,818                     |
| <b>Investment Income (Loss)</b>      | 12,000           | 12,000       | (25,555)                  | (37,555)  | 61,652                    |
| <b>Miscellaneous Revenues</b>        |                  |              |                           |   |                           |
| Sale of assets                       |                  |              | 425                       | 425   | 59                        |
| Donations                            |                  |              | 900                       | 900   | 865                       |
| Rent                                 | 7,000            | 7,000        | 7,000                     |   | 7,000                     |
| Insurance reimbursements             | 2,550            | 2,550        | 15,351                    | 12,801  | 5,734                     |
| Other                                | 5,400            | 5,400        | 5,622                     | 222   | 13,943                    |
| Total Miscellaneous Revenues         | 14,950           | 14,950       | 29,298                    | 14,348  | 27,601                    |
| <b>TOTAL REVENUES</b>                | \$ 2,457,806     | \$ 2,457,806 | \$ 2,652,714              | \$ 194,908  | \$ 2,487,320              |

**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, 2021  
With Comparative Totals for the Year Ended December 31, 2020

|                                  | Budgeted Amounts |           | 2021              | Variance with                            | 2020              |
|----------------------------------|------------------|-----------|-------------------|--|-------------------|
|                                  | Original         | Final     | Actual<br>Amounts | Final Budget -<br>Positive<br>(Negative) | Actual<br>Amounts |
| <b>EXPENDITURES</b>              |                  |           |                   |  |                   |
| <b>General Government</b>        |                  |           |                   |  |                   |
| <b>Mayor and Council</b>         |                  |           |                   |  |                   |
| Salaries                         | \$ 22,500        | \$ 22,500 | \$ 22,590         | \$ (90)                                  | \$ 22,877         |
| Employee benefits and retirement | 1,675            | 1,675     | 1,649             | 26                                       | 1,576             |
| Workers compensation             | 150              | 150       | 88                | 62                                       | 141               |
| Office supplies                  | 400              | 400       | 18                | 382                                      | 118               |
| Printing and publication         | 2,500            | 2,500     | 1,649             | 851                                      | 2,192             |
| Travel and conference            | 3,000            | 3,000     | 99                | 2,901                                    | 842               |
| Legal fees                       | 10,000           | 10,000    | 14,779            | (4,779)                                  | 9,185             |
| Dues and subscription            | 11,000           | 11,000    | 12,213            | (1,213)                                  | 12,007            |
| Departmental capital charge      | 1,900            | 1,900     | 3,900             | (2,000)                                  | 1,900             |
| Other                            | 2,288            | 2,288     | 2,581             | (293)                                    | 2,402             |
| Total Mayor and Council          | 55,413           | 55,413    | 59,566            | (4,153)                                  | 53,240            |
| <b>Elections</b>                 | 5,000            | 5,000     |                   | 5,000                                    | 8,533             |
| <b>Clerk's Office</b>            |                  |           |                   |  |                   |
| Salaries                         | 315,000          | 315,000   | 295,809           | 19,191                                   | 271,213           |
| Employee benefits and retirement | 43,200           | 43,200    | 43,864            | (664)                                    | 43,075            |
| Workers compensation             | 4,500            | 4,500     | 2,074             | 2,426                                    | 4,007             |
| Health insurance                 | 46,095           | 46,095    | 43,136            | 2,959                                    | 41,023            |
| Office supplies                  | 7,500            | 7,500     | 5,234             | 2,266                                    | 7,219             |
| Postage                          | 1,900            | 1,900     | 671               | 1,229                                    | 574               |
| Audit fees                       | 12,500           | 12,500    | 10,300            | 2,200                                    | 11,850            |
| Consulting fees                  | 17,000           | 17,000    | 17,939            | (939)                                    | 15,382            |
| Licenses and dues                | 2,764            | 2,764     | 6,231             | (3,467)                                  | 3,220             |
| Insurance                        | 5,500            | 5,500     | 5,062             | 438                                      | 5,333             |
| Internet and telephone           | 24,000           | 24,000    | 23,004            | 996                                      | 24,043            |
| Maintenance and repair           | 4,700            | 4,700     | 1,710             | 2,990                                    | 3,198             |
| Travel and conference            | 7,150            | 7,150     | 4,298             | 2,852                                    | 413               |
| Departmental capital charge      | 8,100            | 8,100     | 8,100             |  | 6,700             |
| Other                            | 10,075           | 10,075    | 8,529             | 1,546                                    | 6,860             |
| Total Clerk's Office             | 509,984          | 509,984   | 475,961           | 34,023                                   | 444,110           |
| <b>Planning and Zoning</b>       |                  |           |                   |  |                   |
| Printing and publication         | 500              | 500       | 253               | 247                                      | 322               |
| Consulting fees                  | 30,000           | 30,000    | 48,495            | (18,495)                                 | 15,531            |
| Insurance                        | 3,800            | 3,800     | 3,677             | 123                                      | 3,737             |
| Other                            | 1,000            | 1,000     | 720               | 280                                      | 1,793             |
| Total Planning and Zoning        | \$ 35,300        | \$ 35,300 | \$ 53,145         | \$ (17,845)                              | \$ 21,383         |

**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, 2021  
With Comparative Totals for the Year Ended December 31, 2020

|                                       | Budgeted Amounts |                  | 2021<br>Actual<br>Amounts | Variance with<br>Final Budget -<br>Favorable<br>(Unfavorable) | 2020<br>Actual<br>Amounts |
|---------------------------------------|------------------|------------------|---------------------------|---|---------------------------|
|                                       | Original         | Final            |                           |   |                           |
| <b>EXPENDITURES (Continued)</b>       |                  |                  |                           |   |                           |
| <b>General Government (Continued)</b> |                  |                  |                           |   |                           |
| <b>Municipal Building</b>             |                  |                  |                           |   |                           |
| Operating supplies                    | \$ 3,500         | \$ 3,500         | \$ 1,788                  | \$ 1,712  | \$ 1,031                  |
| Small tools and minor equipment       | 500              | 500              | 198                       | 302   | 1,397                     |
| Maintenance and repair                | 15,000           | 15,000           | 8,447                     | 6,553   | 24,635                    |
| Contracted services                   | 29,200           | 29,200           | 17,871                    | 11,329  | 14,010                    |
| Insurance                             | 3,800            | 3,800            | 4,143                     | (343)   | 4,026                     |
| Utilities                             | 8,000            | 8,000            | 9,225                     | (1,225)   | 7,552                     |
| Departmental capital charge           | 26,850           | 26,850           | 32,850                    | (6,000)   | 21,220                    |
| Other                                 | 998              | 998              | 865                       | 133   | 524                       |
| Total Municipal Building              | <u>87,848</u>    | <u>87,848</u>    | <u>75,387</u>             | <u>12,461</u>   | <u>74,395</u>             |
| Total General Government              | <u>693,545</u>   | <u>693,545</u>   | <u>664,059</u>            | <u>29,486</u>   | <u>601,661</u>            |
| <b>Public Safety</b>                  |                  |                  |                           |   |                           |
| <b>Animal Control</b>                 |                  |                  |                           |   |                           |
| Operating supplies                    | 300              | 300              | 101                       | 199   | 101                       |
| Printing and publication              | 200              | 200              |                           | 200   |                           |
| Other                                 | 450              | 450              | 6                         | 444   | 4                         |
| Total Animal Control                  | <u>950</u>       | <u>950</u>       | <u>107</u>                | <u>843</u>  | <u>105</u>                |
| <b>Civil Defense</b>                  |                  |                  |                           |   |                           |
| Contracted services                   | 450              | 450              |                           | 450   |                           |
| Departmental capital charge           | 2,000            | 2,000            | 2,000                     |   | 2,000                     |
| Total Civil Defense                   | <u>2,450</u>     | <u>2,450</u>     | <u>2,000</u>              | <u>450</u>  | <u>2,000</u>              |
| <b>Building Code</b>                  |                  |                  |                           |   |                           |
| Consultant fee                        | 18,000           | 18,000           | 15,183                    | 2,817   | 19,688                    |
| Plan review                           | 3,000            | 3,000            | 2,280                     | 720   | 312                       |
| Surcharge fee/sales tax               | 3,500            | 3,500            | 214                       | 3,286   | 810                       |
| Total Building Code                   | <u>\$ 24,500</u> | <u>\$ 24,500</u> | <u>\$ 17,677</u>          | <u>\$ 6,823</u>   | <u>\$ 20,810</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, 2021  
With Comparative Totals for the Year Ended December 31, 2020

|                                  | Budgeted Amounts  |                   | 2021<br>Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) | 2020<br>Actual<br>Amounts |
|----------------------------------|-------------------|-------------------|---------------------------|---|---------------------------|
|                                  | Original          | Final             |                           |   |                           |
| <b>EXPENDITURES (Continued)</b>  |                   |                   |                           |   |                           |
| <b>Public Safety (Continued)</b> |                   |                   |                           |   |                           |
| <b>Police Department</b>         |                   |                   |                           |   |                           |
| Salaries                         | \$ 377,123        | \$ 377,123        | \$ 382,721                | \$ (5,598)  | \$ 355,318                |
| Employee benefits and retirement | 72,401            | 72,401            | 72,207                    | 194   | 70,390                    |
| Workers compensation             | 32,000            | 32,000            | 24,850                    | 7,150   | 30,706                    |
| Health insurance                 | 58,041            | 58,041            | 62,969                    | (4,928)   | 55,737                    |
| Operating supplies               | 3,000             | 3,000             | 1,411                     | 1,589   | 1,137                     |
| Vehicle operating supplies       | 8,000             | 8,000             | 6,959                     | 1,041   | 5,063                     |
| Small tools and minor equipment  | 3,000             | 3,000             | 474                       | 2,526   | 432                       |
| Internet and telephone           | 7,200             | 7,200             | 7,159                     | 41  | 7,639                     |
| Legal fees                       | 8,500             | 8,500             | 5,903                     | 2,597   | 4,493                     |
| Towing and wrecker fees          | 750               | 750               | 125                       | 625   | 250                       |
| Uniform allowance                | 4,250             | 4,250             | 4,801                     | (551)   | 4,086                     |
| Maintenance and repair           | 10,000            | 10,000            | 11,890                    | (1,890)   | 7,923                     |
| Clothing                         | 2,000             | 2,000             |                           | 2,000   | 1,701                     |
| Printing and publication         | 300               | 300               | 248                       | 52  | 304                       |
| Postage                          | 500               | 500               | 274                       | 226   | 285                       |
| Training                         | 4,500             | 4,500             | 1,724                     | 2,776   | 2,418                     |
| Contracted services              | 9,850             | 9,850             | 8,502                     | 1,348   | 7,467                     |
| Insurance                        | 18,500            | 18,500            | 15,747                    | 2,753   | 16,226                    |
| Utilities                        | 6,000             | 6,000             | 4,959                     | 1,041   | 5,583                     |
| Departmental capital charge      | 30,165            | 30,165            | 30,165                    |   | 22,900                    |
| Other                            | 8,515             | 8,515             | 5,481                     | 3,034   | 4,762                     |
| Total Police Department          | <u>664,595</u>    | <u>664,595</u>    | <u>648,569</u>            | <u>16,026</u>   | <u>604,820</u>            |
| Total Public Safety              | <u>692,495</u>    | <u>692,495</u>    | <u>668,353</u>            | <u>24,142</u>   | <u>627,735</u>            |
| <b>Public Works</b>              |                   |                   |                           |   |                           |
| <b>Street Department</b>         |                   |                   |                           |   |                           |
| Salaries                         | 93,000            | 93,000            | 88,196                    | 4,804   | 76,557                    |
| Employee benefits and retirement | 12,900            | 12,900            | 12,893                    | 7   | 11,644                    |
| Health insurance                 | 9,230             | 9,230             | 9,378                     | (148)   | 10,348                    |
| Workers compensation             | 3,500             | 3,500             | 9,620                     | (6,120)   | 3,318                     |
| Operating supplies               | 21,200            | 21,200            | 16,753                    | 4,447   | 11,486                    |
| Vehicle operating supplies       | 16,000            | 16,000            | 10,651                    | 5,349   | 8,544                     |
| Maintenance and repair           | 43,500            | 43,500            | 70,863                    | (27,363)  | 51,026                    |
| Clothing                         | 800               | 800               | 872                       | (72)  | 910                       |
| Snow removal                     | 5,000             | 5,000             | 1,360                     | 3,640   | 1,463                     |
| Insurance                        | 9,500             | 9,500             | 9,841                     | (341)   | 10,770                    |
| Internet and telephone           | 1,800             | 1,800             | 2,489                     | (689)   | 1,518                     |
| Other professional services      | 13,500            | 13,500            | 6,481                     | 7,019   | 4,308                     |
| Small tools and minor equipment  | 5,000             | 5,000             | 5,514                     | (514)   | 2,275                     |
| Utilities                        | 35,000            | 35,000            | 43,164                    | (8,164)   | 37,147                    |
| Departmental capital charge      | 187,354           | 187,354           | 187,354                   |   | 185,400                   |
| Other                            | 3,895             | 3,895             | 1,952                     | 1,943   | 2,207                     |
| Total Public Works               | <u>\$ 461,179</u> | <u>\$ 461,179</u> | <u>\$ 477,381</u>         | <u>\$ (16,202)</u>  | <u>\$ 418,921</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, 2021  
With Comparative Totals for the Year Ended December 31, 2020

|                                  | Budgeted Amounts |                  | 2021<br>Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) | 2020<br>Actual<br>Amounts |
|----------------------------------|------------------|------------------|---------------------------|---|---------------------------|
|                                  | Original         | Final            |                           |   |                           |
| <b>EXPENDITURES (Continued)</b>  |                  |                  |                           |   |                           |
| <b>Parks and Recreation</b>      |                  |                  |                           |   |                           |
| <b>Parks</b>                     |                  |                  |                           |   |                           |
| Salaries                         | \$ 71,200        | \$ 71,200        | \$ 76,315                 | \$ (5,115)  | \$ 74,690                 |
| Employee benefits and retirement | 9,700            | 9,700            | 9,909                     | (209)   | 9,927                     |
| Workers compensation             | 6,000            | 6,000            | 4,332                     | 1,668   | 5,273                     |
| Health insurance                 | 9,230            | 9,230            | 17,700                    | (8,470)   | 12,919                    |
| Small tools and minor equipment  | 1,000            | 1,000            | 4,031                     | (3,031)   | 201                       |
| Vehicle operating supplies       | 4,000            | 4,000            | 7,077                     | (3,077)   | 4,776                     |
| Maintenance and repair           | 6,000            | 6,000            | 12,737                    | (6,737)   | 6,873                     |
| Other professional services      | 4,000            | 4,000            | 5,213                     | (1,213)   | 577                       |
| Utilities                        | 14,000           | 14,000           | 16,646                    | (2,646)   | 9,215                     |
| Insurance                        | 8,000            | 8,000            | 9,022                     | (1,022)   | 8,734                     |
| Departmental capital charge      | 42,400           | 42,400           | 42,400                    |   | 41,200                    |
| Other                            | 8,820            | 8,820            | 13,490                    | (4,670)   | 7,234                     |
| Total Parks                      | <u>184,350</u>   | <u>184,350</u>   | <u>218,872</u>            | <u>(34,522)</u>   | <u>181,619</u>            |
| <b>Pool</b>                      |                  |                  |                           |   |                           |
| Salaries                         | 75,000           | 75,000           | 70,112                    | 4,888   | 54,384                    |
| Employee benefits and retirement | 5,900            | 5,900            | 5,364                     | 536   | 4,839                     |
| Workers compensation             | 8,000            | 8,000            | 3,317                     | 4,683   | 7,821                     |
| Operating supplies               | 20,000           | 20,000           | 13,306                    | 6,694   | 13,266                    |
| Maintenance and repair           | 2,000            | 2,000            | 3,770                     | (1,770)   | 1,453                     |
| Other professional services      |                  |                  |                           |   | 204                       |
| Utilities                        | 15,000           | 15,000           | 16,528                    | (1,528)   | 21,628                    |
| Insurance                        | 18,000           | 18,000           | 18,267                    | (267)   | 17,735                    |
| Departmental capital charge      | 2,500            | 2,500            | 2,500                     |   | 2,500                     |
| Other                            | 12,320           | 12,320           | 21,150                    | (8,830)   | 10,592                    |
| Total Pool                       | <u>158,720</u>   | <u>158,720</u>   | <u>154,314</u>            | <u>4,406</u>  | <u>134,422</u>            |
| <b>Recreation</b>                | <u>4,200</u>     | <u>4,200</u>     | <u>4,000</u>              | <u>200</u>  | <u>2,000</u>              |
| <b>Band</b>                      |                  |                  |                           |   |                           |
| 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>348,870</u>   | <u>348,870</u>   | <u>378,786</u>            | <u>(29,916)</u>   | <u>319,641</u>            |
| <b>Community Development</b>     |                  |                  |                           |   |                           |
| Promotional expense              |                  |                  | 3,596                     | (3,596)   | 1,524                     |
| Heritage preservation            | 13,330           | 13,330           | 22,443                    | (9,113)   | 12,274                    |
| Other                            | 14,248           | 14,248           | 14,714                    | (466)   | 5,293                     |
| Total Community Development      | <u>\$ 27,578</u> | <u>\$ 27,578</u> | <u>\$ 40,753</u>          | <u>\$ (13,175)</u>  | <u>\$ 19,091</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, 2021  
With Comparative Totals for the Year Ended December 31, 2020

|                                       | Budgeted Amounts    |                     | 2021<br>Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) | 2020<br>Actual<br>Amounts |
|---------------------------------------|---------------------|---------------------|---------------------------|---|---------------------------|
|                                       | Original            | Final               |                           |   |                           |
| <b>EXPENDITURES (Continued)</b>       |                     |                     |                           |   |                           |
| <b>UNALLOCATED - CARES ACT</b>        |                     |                     |                           |   |                           |
| Salaries                              | \$                  | \$                  | \$                        | \$  | \$ 46,500                 |
| Supplies                              |                     |                     |                           |   | 9,543                     |
| Small tools and minor equipment       |                     |                     |                           |   | 2,895                     |
| Maintenance and repair                |                     |                     |                           |   | 1,000                     |
| Other professional services           |                     |                     |                           |   | 650                       |
| Other                                 |                     |                     |                           |   | 4,438                     |
| Total Unallocated - CARES Act         |                     |                     |                           |   | <u>65,026</u>             |
| <b>TOTAL EXPENDITURES</b>             | <u>2,223,667</u>    | <u>2,223,667</u>    | <u>2,229,332</u>          | <u>(5,665)</u>  | <u>2,052,075</u>          |
| Excess of revenues over expenditures  | <u>234,139</u>      | <u>234,139</u>      | <u>423,382</u>            | <u>189,243</u>  | <u>435,245</u>            |
| <b>OTHER FINANCING SOURCES (USES)</b> |                     |                     |                           |   |                           |
| Transfers in                          | 127,316             | 127,316             | 127,516                   | 200   | 127,316                   |
| Transfers out                         | <u>(361,455)</u>    | <u>(361,455)</u>    | <u>(364,390)</u>          | <u>(2,935)</u>  | <u>(361,050)</u>          |
| Total Other Financing Sources (Uses)  | <u>(234,139)</u>    | <u>(234,139)</u>    | <u>(236,874)</u>          | <u>(2,735)</u>  | <u>(233,734)</u>          |
| Net change in fund balances           |                     |                     | 186,508                   | 186,508   | 201,511                   |
| <b>FUND BALANCES, beginning</b>       | <u>1,289,605</u>    | <u>1,289,605</u>    | <u>1,289,605</u>          |   | <u>1,088,094</u>          |
| <b>FUND BALANCES, ending</b>          | <u>\$ 1,289,605</u> | <u>\$ 1,289,605</u> | <u>\$ 1,476,113</u>       | <u>\$ 186,508</u>   | <u>\$ 1,289,605</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, 2021  
With Comparative Totals for the Year Ended December 31, 2020

|                                 | Budgeted Amounts |           | Fund 361<br>2021<br>Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) | 2020<br>Actual<br>Amounts |
|---------------------------------|------------------|-----------|---------------------------------------|---|---------------------------|
|                                 | Original         | Final     |                                       |   |                           |
| <b>REVENUES</b>                 |                  |           |                                       |   |                           |
| Investment income               | \$ 3,966         | \$ 3,966  | \$ 3,880                              | \$ (86)   | \$ 3,150                  |
| Miscellaneous                   | 35,271           | 35,271    | 37,189                                | 1,918   | 27,725                    |
| <b>TOTAL REVENUES</b>           | 39,237           | 39,237    | 41,069                                | 1,832   | 30,875                    |
| <b>EXPENDITURES</b>             |                  |           |                                       |   |                           |
| DEED repayments to state        | 31,390           | 31,390    | 32,289                                | (899)   | 24,215                    |
| Net change in fund balances     | 7,847            | 7,847     | 8,780                                 | 933   | 6,660                     |
| <b>FUND BALANCES, beginning</b> | 18,258           | 18,258    | 18,258                                |   | 11,598                    |
| <b>FUND BALANCES, ending</b>    | \$ 26,105        | \$ 26,105 | \$ 27,038                             | \$ 933  | \$ 18,258                 |

**See Notes to the Financial Statements**



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**CITY OF CHATFIELD, MINNESOTA**  
**PROPRIETARY FUNDS**  
**Statement of Net Position**  
December 31, 2021  
With Comparative Totals for December 31, 2020

|  | 601/336/339         | 602/622/<br>337/333/341 | 603              | Totals              |                     |
|--|---------------------|-------------------------|------------------|---------------------|---------------------|
|  | Water               | Sewer                   | Garbage          | 2021                | 2020                |
| <b>ASSETS AND DEFERRED</b>                 |                     |                         |                  |                     |                     |
| <b>OUTFLOWS OF RESOURCES</b>               |                     |                         |                  |                     |                     |
| <b>Current Assets</b>                      |                     |                         |                  |                     |                     |
| Cash and investments                       | \$ 252,303          | \$ 602,559              | \$ 51,216        | \$ 906,078          | \$ 827,490          |
| Accounts receivable, net                   | 48,772              | 118,211                 | 23,222           | 190,205             | 182,595             |
| Special assessments receivable             | 6,159               | 20,529                  | 7,528            | 34,216              | 26,923              |
| Special assessments delinquent             | 309                 | 754                     | 173              | 1,236               | 4,395               |
| Prepaid items                              | 621                 | 2,278                   |                  | 2,899               | 2,524               |
| Total Current Assets                       | <u>308,164</u>      | <u>744,331</u>          | <u>82,139</u>    | <u>1,134,634</u>    | <u>1,043,927</u>    |
| <b>Noncurrent Assets</b>                   |                     |                         |                  |                     |                     |
| Capital assets:                            |                     |                         |                  |                     |                     |
| Nondepreciable                             | 30,246              | 30,246                  |                  | 60,492              | 60,492              |
| Depreciable                                | 4,163,520           | 13,042,710              |                  | 17,206,230          | 17,173,391          |
| Less: Accumulated depreciation             | <u>1,666,577</u>    | <u>7,131,640</u>        |                  | <u>8,798,217</u>    | <u>8,379,432</u>    |
| Net capital assets                         | <u>2,527,189</u>    | <u>5,941,316</u>        |                  | <u>8,468,505</u>    | <u>8,854,451</u>    |
| <b>Deferred Outflows of Resources</b>      |                     |                         |                  |                     |                     |
| Deferred outflows from pension activity    | <u>27,772</u>       | <u>49,183</u>           |                  | <u>76,955</u>       | <u>12,550</u>       |
| <b>TOTAL ASSETS AND DEFERRED</b>           |                     |                         |                  |                     |                     |
| <b>OUTFLOWS OF RESOURCES</b>               | <u>\$ 2,863,125</u> | <u>\$ 6,734,830</u>     | <u>\$ 82,139</u> | <u>\$ 9,680,094</u> | <u>\$ 9,910,928</u> |
| <b>LIABILITIES, DEFERRED INFLOWS</b>       |                     |                         |                  |                     |                     |
| <b>OF RESOURCES, AND NET POSITION</b>      |                     |                         |                  |                     |                     |
| <b>Current Liabilities</b>                 |                     |                         |                  |                     |                     |
| Accounts payable                           | \$ 12,653           | \$ 6,053                | \$ 16,393        | \$ 35,099           | \$ 27,418           |
| Accrued compensated absences               | 7,136               | 9,833                   |                  | 16,969              | 8,581               |
| Current maturities of bonds payable        | 36,000              | 476,000                 |                  | 512,000             | 506,000             |
| Accrued interest payable                   | 1,582               | 28,692                  |                  | 30,274              | 34,379              |
| Total Current Liabilities                  | <u>57,371</u>       | <u>520,578</u>          | <u>16,393</u>    | <u>594,342</u>      | <u>576,378</u>      |
| <b>Noncurrent Liabilities</b>              |                     |                         |                  |                     |                     |
| Net pension liability                      | 38,261              | 67,783                  |                  | 106,044             | 131,288             |
| Accrued compensated absences               | 2,968               | 5,422                   |                  | 8,390               | 10,882              |
| Bonds payable, net of current maturities   | <u>188,500</u>      | <u>3,044,722</u>        |                  | <u>3,233,222</u>    | <u>3,751,111</u>    |
| Total Liabilities                          | <u>287,100</u>      | <u>3,638,505</u>        | <u>16,393</u>    | <u>3,941,998</u>    | <u>4,469,659</u>    |
| <b>Deferred Inflows of Resources</b>       |                     |                         |                  |                     |                     |
| Deferred inflows from pension activity     | <u>35,438</u>       | <u>62,624</u>           |                  | <u>98,062</u>       | <u>5,288</u>        |
| <b>NET POSITION</b>                        |                     |                         |                  |                     |                     |
| Net investment in capital assets           | 2,302,689           | 2,420,594               |                  | 4,723,283           | 4,597,340           |
| Unrestricted                               | 237,898             | 613,107                 | 65,746           | 916,751             | 838,641             |
| Total Net Position                         | <u>2,540,587</u>    | <u>3,033,701</u>        | <u>65,746</u>    | <u>5,640,034</u>    | <u>5,435,981</u>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS</b> |                     |                         |                  |                     |                     |
| <b>OF RESOURCES AND NET POSITION</b>       | <u>\$ 2,863,125</u> | <u>\$ 6,734,830</u>     | <u>\$ 82,139</u> | <u>\$ 9,680,094</u> | <u>\$ 9,910,928</u> |

**See Notes to the Financial Statements**

Governmental Activities-Internal  
 Service Funds  
 801

Capital Goods

| <u>2021</u> | <u>2020</u> |
|-------------|-------------|
|-------------|-------------|

|            |            |
|------------|------------|
| \$ 939,825 | \$ 892,835 |
|------------|------------|

|                |                |
|----------------|----------------|
| <u>939,825</u> | <u>892,835</u> |
|----------------|----------------|

|                  |                  |
|------------------|------------------|
| 5,334,446        | 5,089,360        |
| <u>2,582,771</u> | <u>2,459,369</u> |
| <u>2,751,675</u> | <u>2,629,991</u> |

|                     |                     |
|---------------------|---------------------|
| <u>\$ 3,691,500</u> | <u>\$ 3,522,826</u> |
|---------------------|---------------------|

|           |        |
|-----------|--------|
| \$ 13,514 | \$ 675 |
|-----------|--------|

|               |            |
|---------------|------------|
| <u>13,514</u> | <u>675</u> |
|---------------|------------|

|               |            |
|---------------|------------|
| <u>13,514</u> | <u>675</u> |
|---------------|------------|

|                  |                  |
|------------------|------------------|
| 2,751,675        | 2,629,991        |
| <u>926,311</u>   | <u>892,160</u>   |
| <u>3,677,986</u> | <u>3,522,151</u> |

|                     |                     |
|---------------------|---------------------|
| <u>\$ 3,691,500</u> | <u>\$ 3,522,826</u> |
|---------------------|---------------------|

**CITY OF CHATFIELD, MINNESOTA**

**PROPRIETARY FUNDS**

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

For the Year Ended December 31, 2021

With Comparative Totals for the Year Ended December 31, 2020

|   | 601/336/339         | 602/622/<br>337/333/341 | 603              | Totals              |                     |
|---|---------------------|-------------------------|------------------|---------------------|---------------------|
|   | Water               | Sewer                   | Garbage          | 2021                | 2020                |
| <b>Operating Revenues</b>               |                     |                         |                  |                     |                     |
| Service fees and charges                | \$ 418,847          | \$ 960,431              | \$ 233,395       | \$ 1,612,673        | \$ 1,561,516        |
| Departmental capital charge             |                     |                         |                  |                     |                     |
|   | <u>418,847</u>      | <u>960,431</u>          | <u>233,395</u>   | <u>1,612,673</u>    | <u>1,561,516</u>    |
| <b>Operating Expenses</b>               |                     |                         |                  |                     |                     |
| Salaries                                | 70,771              | 128,140                 |                  | 198,911             | 177,720             |
| Employee benefits and retirement        | 11,674              | 20,377                  |                  | 32,051              | 24,524              |
| Health insurance                        | 9,378               | 22,927                  |                  | 32,305              | 34,402              |
| Workers compensation                    | 2,409               | 5,377                   |                  | 7,786               | 11,775              |
| Garbage removal                         |                     |                         | 194,057          | 194,057             | 184,660             |
| City clean up                           |                     |                         | 21,931           | 21,931              | 217                 |
| Supplies                                | 6,931               | 6,181                   | 183              | 13,295              | 13,754              |
| Utilities                               | 22,770              | 52,364                  |                  | 75,134              | 71,737              |
| Maintenance and repairs                 | 43,468              | 32,188                  | 4,817            | 80,473              | 47,892              |
| Travel and training                     | 633                 | 601                     |                  | 1,234               | 440                 |
| Professional fees                       | 40,627              | 13,281                  |                  | 53,908              | 39,034              |
| Office expense                          | 1,368               | 3,873                   | 1,016            | 6,257               | 5,935               |
| Insurance                               | 3,647               | 12,089                  |                  | 15,736              | 16,300              |
| Depreciation                            | 128,574             | 290,211                 |                  | 418,785             | 419,891             |
| Departmental capital charge             | 9,853               | 9,009                   | 310              | 19,172              | 18,482              |
| Other                                   | 11,627              | 19,286                  | 14,722           | 45,635              | 49,607              |
| Total Operating Expenses                | <u>363,730</u>      | <u>615,904</u>          | <u>237,036</u>   | <u>1,216,670</u>    | <u>1,116,370</u>    |
| Operating Income (Loss)                 | <u>55,117</u>       | <u>344,527</u>          | <u>(3,641)</u>   | <u>396,003</u>      | <u>445,146</u>      |
| <b>Nonoperating Revenues (Expenses)</b> |                     |                         |                  |                     |                     |
| Investment income                       | 3,039               | 9,432                   | 664              | 13,135              | 18,819              |
| Refunds and reimbursements              | 1,886               | 3,937                   |                  | 5,823               | 3,509               |
| Special assessments                     | 11,953              | 30,863                  | 8,831            | 51,647              | 51,863              |
| State aid                               | 3,700               |                         |                  | 3,700               | 9,850               |
| CARES Act funding                       |                     |                         |                  |                     | 34,022              |
| CARES Act expenses                      |                     |                         |                  |                     | (9,856)             |
| Connection and access fees              | 29,294              | 34,280                  |                  | 63,574              | 25,200              |
| Miscellaneous                           |                     |                         |                  |                     |                     |
| Gain on disposal                        |                     |                         |                  |                     |                     |
| Interest and fiscal charges             | (3,849)             | (63,786)                |                  | (67,635)            | (77,471)            |
| Total Nonoperating Revenues (Expenses)  | <u>46,023</u>       | <u>14,726</u>           | <u>9,495</u>     | <u>70,244</u>       | <u>55,936</u>       |
| <b>INCOME BEFORE TRANSFERS</b>          | <u>101,140</u>      | <u>359,253</u>          | <u>5,854</u>     | <u>466,247</u>      | <u>501,082</u>      |
| Transfers in                            |                     | 14,450                  |                  | 14,450              | 74,050              |
| Transfers out                           | (183,935)           | (75,809)                | (16,900)         | (276,644)           | (277,844)           |
| <b>CHANGE IN NET POSITION</b>           | <u>(82,795)</u>     | <u>297,894</u>          | <u>(11,046)</u>  | <u>204,053</u>      | <u>297,288</u>      |
| <b>NET POSITION - BEGINNING OF YEAR</b> | <u>2,623,382</u>    | <u>2,735,807</u>        | <u>76,792</u>    | <u>5,435,981</u>    | <u>5,138,693</u>    |
| <b>NET POSITION - END OF YEAR</b>       | <u>\$ 2,540,587</u> | <u>\$ 3,033,701</u>     | <u>\$ 65,746</u> | <u>\$ 5,640,034</u> | <u>\$ 5,435,981</u> |

**See Notes to the Financial Statements**

Governmental Activities-Internal  
Service Funds  
801

| Capital Goods       |                     |
|---------------------|---------------------|
| 2021                | 2020                |
| \$                  | \$                  |
| 332,031             | 305,528             |
| <u>332,031</u>      | <u>305,528</u>      |
| 15,718              | 46,436              |
| 4,999               | 1,128               |
| 265,777             | 251,325             |
| 6,004               | 13,823              |
| <u>292,498</u>      | <u>312,712</u>      |
| <u>39,533</u>       | <u>(7,184)</u>      |
| 10,696              | 13,322              |
| 53,300              | 57,583              |
| 31,306              | 22,712              |
| 93,440              | 4,645               |
| <u>188,742</u>      | <u>98,262</u>       |
| 228,275             | 91,078              |
| 2,100               | 2,100               |
| <u>(74,540)</u>     | <u>(57,335)</u>     |
| 155,835             | 35,843              |
| <u>3,522,151</u>    | <u>3,486,308</u>    |
| <u>\$ 3,677,986</u> | <u>\$ 3,522,151</u> |

**CITY OF CHATFIELD, MINNESOTA**

**PROPRIETARY FUNDS**

**Statement of Cash Flows**

For the Year Ended December 31, 2021

With Comparative Totals for the Year Ended December 31, 2020

|   | Business-Type Activities - Enterprise Funds |            |            | Totals       |              |
|---|---|------------|------------|--------------|--------------|
|   | Water                                       | Sewer      | Garbage    | 2021         | 2020         |
| <b>Cash Flows From Operating Activities</b>                     |   |            |            |              |              |
| Cash received from customers                                    | \$ 416,318                                  | \$ 958,313 | \$ 232,121 | \$ 1,606,752 | \$ 1,540,837 |
| Cash paid to employees  | (84,934)                                    | (154,189)  |            | (239,123)    | (214,407)    |
| Cash paid to suppliers  | (141,484)                                   | (164,895)  | (236,056)  | (542,435)    | (484,758)    |
| Net Cash Provided By (Used In) Operating Activities             | 189,900                                     | 639,229    | (3,935)    | 825,194      | 841,672      |
| <b>Cash Flows From Noncapital Financing Activities</b>          |   |            |            |              |              |
| Intergovernmental   | 3,700                                       |            |            | 3,700        | 34,016       |
| Connection and access fees                                      | 29,294                                      | 34,280     |            | 63,574       | 25,200       |
| Miscellaneous   |   |            |            |              |              |
| Transfer in/out   | (183,935)                                   | (61,359)   | (16,900)   | (262,194)    | (203,794)    |
| Net Cash Provided By (Used In) Noncapital Financing Activities  | (150,941)                                   | (27,079)   | (16,900)   | (194,920)    | (144,578)    |
| <b>Cash Flows From Capital and Related Financing Activities</b> |   |            |            |              |              |
| Capital asset acquisitions                                      | (31,343)                                    | (1,496)    |            | (32,839)     | (213,472)    |
| Intergovernmental   | 11,953                                      | 30,863     | 8,831      | 51,647       | 51,863       |
| Principal payments on bonds                                     | (35,500)                                    | (470,500)  |            | (506,000)    | (495,000)    |
| Interest payments on bonds                                      | (4,090)                                     | (73,539)   |            | (77,629)     | (87,372)     |
| Net Cash (Used In) Capital and Related Financing Activities     | (58,980)                                    | (514,672)  | 8,831      | (564,821)    | (743,981)    |
| <b>Cash Flows From Investing Activities</b>                     |   |            |            |              |              |
| Investment income   | 3,039                                       | 9,432      | 664        | 13,135       | 18,819       |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>     | (16,982)                                    | 106,910    | (11,340)   | 78,588       | (28,068)     |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>             | 269,285                                     | 495,649    | 62,556     | 827,490      | 855,558      |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>                   | \$ 252,303                                  | \$ 602,559 | \$ 51,216  | \$ 906,078   | \$ 827,490   |

**RECONCILIATION OF OPERATING INCOME (LOSS)  
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES**

|  |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|
| <b>Operating Income (Loss)</b>   | \$ 55,117  | \$ 344,527 | \$ (3,641) | \$ 396,003 | \$ 445,146 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |            |            |            |            |            |
| Depreciation   | 128,574    | 290,211    |            | 418,785    | 419,891    |
| Change in net pension liability  | 1,176      | 1,949      |            | 3,125      | (2,261)    |
| Miscellaneous nonoperating income  | 1,886      | 3,937      |            | 5,823      | 3,509      |
| (Increase) Decrease In:  |            |            |            |            |            |
| Accounts receivable  | (3,531)    | (3,697)    | (382)      | (7,610)    | (23,290)   |
| Special assessments receivable   | (1,313)    | (4,375)    | (1,605)    | (7,293)    | (593)      |
| Special assessments delinquent   | 429        | 2,017      | 713        | 3,159      | (305)      |
| Prepaid expenses   | (80)       | (295)      |            | (375)      | (388)      |
| Increase (Decrease) In:  |            |            |            |            |            |
| Accounts payable   | 6,509      | 192        | 980        | 7,681      | (5,960)    |
| Accrued liabilities  | 1,133      | 4,763      |            | 5,896      | 5,923      |
| Net Cash Provided By (Used In) Operating Activities  | \$ 189,900 | \$ 639,229 | \$ (3,935) | \$ 825,194 | \$ 841,672 |

**See Notes to the Financial Statements**

Governmental Activities-  
Internal Service Funds  
801 Capital Goods

| 2021           | 2020           |
|----------------|----------------|
| \$ 332,031     | \$ 305,528     |
| (13,882)       | (60,778)       |
| <u>318,149</u> | <u>244,750</u> |

|                 |                 |
|-----------------|-----------------|
| 31,306          | 22,712          |
| (72,440)        | (55,235)        |
| <u>(41,134)</u> | <u>(32,523)</u> |

|           |           |
|-----------|-----------|
| (294,021) | (159,059) |
| 53,300    | 57,583    |

|                  |                  |
|------------------|------------------|
| <u>(240,721)</u> | <u>(101,476)</u> |
|------------------|------------------|

|               |               |
|---------------|---------------|
| <u>10,696</u> | <u>13,322</u> |
|---------------|---------------|

|        |         |
|--------|---------|
| 46,990 | 124,073 |
|--------|---------|

|                |                |
|----------------|----------------|
| <u>892,835</u> | <u>768,762</u> |
|----------------|----------------|

|                   |                   |
|-------------------|-------------------|
| <u>\$ 939,825</u> | <u>\$ 892,835</u> |
|-------------------|-------------------|

|           |            |
|-----------|------------|
| \$ 39,533 | \$ (7,184) |
|-----------|------------|

|         |         |
|---------|---------|
| 265,777 | 251,325 |
|---------|---------|

|        |     |
|--------|-----|
| 12,839 | 609 |
|--------|-----|

|                   |                   |
|-------------------|-------------------|
| <u>\$ 318,149</u> | <u>\$ 244,750</u> |
|-------------------|-------------------|

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**CITY OF CHATFIELD, MINNESOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**

# CITY OF CHATFIELD, MINNESOTA

## NOTES TO THE FINANCIAL STATEMENTS

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### 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 when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a 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 *CCA construction phase II fund* accounts for the financial resources to be used for the construction of the CCA phase II 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, Deferred Outflows of Resources, 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)

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1. Summary of Significant Accounting Policies (Continued)

---

D. Assets, Deferred Outflows of Resources, 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, 2021 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)

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1. Summary of Significant Accounting Policies (Continued)

---

D. Assets, Deferred Outflows of Resources, 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.

|                               | <u>Useful Life<br/>in Years</u> |
|-------------------------------|---------------------------------|
| 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

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

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)

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1. Summary of Significant Accounting Policies (Continued)

---

D. Assets, Deferred Outflows of Resources, 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:

Nonspendable – 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)

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1. Summary of Significant Accounting Policies (Continued)

---

D. Assets, Deferred Outflows of Resources, 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. 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)

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2. Stewardship, Compliance, and Accountability

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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.

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3. Detailed Notes on All Funds

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A. Summary of Cash and Investments

As of December 31, 2021, the City's cash and investments consisted of the following items, all of which are held in an internal investment pool:

| <u>Cash and Investments</u>            | <u>Maturities</u>              | <u>Ratings</u> | <u>Fair Value</u>   |
|--|--------------------------------|----------------|---------------------|
| Cash on hand                           | None                           | N/A            | \$ 150              |
| Deposits                               | None                           | N/A            | 2,309,563           |
| Non-negotiable certificates of deposit | February 2022 - September 2025 | N/A            | 3,348,638           |
| Municipal bonds                        | February 2024                  | Aa1            | 100,748             |
| Money market funds                     | None                           | N/A            | <u>18,902</u>       |
| Total Cash and Investments             |                                |                | <u>\$ 5,778,001</u> |

**CITY OF CHATFIELD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**3. Detailed Notes on All Funds (Continued)**

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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 into 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)**

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**3. Detailed Notes on All Funds (Continued)**

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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.

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: Observable market-based inputs or unobservable inputs that are corroborated by market data. 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, 2021 and 2020 were as follows:

|                 | At December 31, 2021          |                            |            |         |
|-----------------|-------------------------------|----------------------------|------------|---------|
|                 | Assets Measured at Fair Value | Fair Value Hierarchy Level |            |         |
|                 |                               | Level 1                    | Level 2    | Level 3 |
| Municipal bonds | \$ 100,748                    | \$                         | \$ 100,748 | \$      |
| Total           | \$ 100,748                    | \$                         | \$ 100,748 | \$      |

|                 | At December 31, 2020          |                            |            |         |
|-----------------|-------------------------------|----------------------------|------------|---------|
|                 | Assets Measured at Fair Value | Fair Value Hierarchy Level |            |         |
|                 |                               | Level 1                    | Level 2    | Level 3 |
| Municipal bonds | \$ 102,556                    | \$                         | \$ 102,556 | \$      |
| Total           | \$ 102,556                    | \$                         | \$ 102,556 | \$      |

**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.

**C. Due From Other Governmental Units**

Amounts due from other governmental units as of December 31, 2021 are as follows:

| Fund Type       | Fillmore County | Olmsted County | State of Minnesota | Total        |
|-----------------|-----------------|----------------|--------------------|--------------|
| General         | \$ 10,135       | \$ 2,868       | \$                 | \$ 13,003    |
| Debt Service    | 3,969           | 1,150          |                    | 5,119        |
| Capital Project |                 |                | 1,128,186          | 1,128,186    |
|                 | \$ 14,104       | \$ 4,018       | \$ 1,128,186       | \$ 1,146,308 |

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

D. 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 was \$255,000 and was forgiven on 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, 2021:

|                           | Date of<br>Loan | Initial Loan<br>Amount | Interest<br>Rate | Term     | Balance<br>12/31/21 |
|---------------------------|-----------------|------------------------|------------------|----------|---------------------|
| EZ Fab II - State         | 7/1/2014        | \$ 408,000             | 1%               | 15 years | \$ 220,411          |
| EZ Fab I - Federal        | 7/1/2014        | 125,000                | 1%               | 15 years | 67,928              |
| MT Properties             | 10/1/2014       | 62,700                 | 4%               | 10 years | 21,483              |
| Corner Cuts Salon         | 9/20/2017       | 25,354                 | 4%               | 10 years | 16,407              |
| Big Girl Stickers & Stems | 9/20/2018       | 40,000                 | 4%               | 10 years | 29,325              |
| EZ Fab III - State        | 6/26/2019       | 25,000                 | 1%               | 10 years | 19,994              |
| EZ Fab IV - State/DEED    | 6/26/2019       | 375,000                | 1%               | 15 years | 104,377             |
| Broadwater, LLC           | 7/31/2019       | 55,500                 | 4%               | 8 years  | 47,327              |
|                           |                 | <u>\$ 1,116,554</u>    |                  |          | <u>\$ 527,252</u>   |

**CITY OF CHATFIELD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. Detailed Notes on All Funds (Continued)**

**E. Capital Assets**

Capital asset activity, including internal service fund capital assets, for the year ended December 31, 2021 was as follows:

| <b>Governmental Activities</b>                      | <b>Beginning Balance</b> | <b>Increases</b>  | <b>Decreases</b> | <b>Ending Balance</b> |
|---|--------------------------|-------------------|------------------|-----------------------|
| Capital assets, not being depreciated:              |                          |                   |                  |                       |
| Land  | \$ 936,898               | \$                | \$ 7,492         | \$ 929,406            |
| Construction in process                             | 4,329                    | 1,128,186         | 4,329            | 1,128,186             |
| <b>Total capital assets, not being depreciated</b>  | <b>941,227</b>           | <b>1,128,186</b>  | <b>11,821</b>    | <b>2,057,592</b>      |
| Capital assets, being depreciated:                  |                          |                   |                  |                       |
| Buildings   | 16,966,223               | 18,816            |                  | 16,985,039            |
| Infrastructure                                      | 8,148,290                | 105,232           |                  | 8,253,522             |
| Vehicles  | 2,039,210                | 174,210           |                  | 2,213,420             |
| Furniture and fixtures                              | 438,020                  |                   |                  | 438,020               |
| Machinery and equipment                             | 2,411,991                | 372,739           | 142,375          | 2,642,355             |
| <b>Total capital assets, being depreciated</b>      | <b>30,003,734</b>        | <b>670,997</b>    | <b>142,375</b>   | <b>30,532,356</b>     |
| Less accumulated depreciation for:                  |                          |                   |                  |                       |
| Buildings   | 6,359,533                | 614,095           |                  | 6,973,628             |
| Infrastructure                                      | 3,984,203                | 252,201           |                  | 4,236,404             |
| Vehicles  | 1,082,228                | 133,204           |                  | 1,215,432             |
| Furniture and fixtures                              | 284,573                  | 24,472            |                  | 309,045               |
| Machinery and equipment                             | 1,635,651                | 177,957           | 142,375          | 1,671,233             |
| <b>Total accumulated depreciation</b>               | <b>13,346,188</b>        | <b>1,201,929</b>  | <b>142,375</b>   | <b>14,405,742</b>     |
| <b>Total capital assets, being depreciated, net</b> | <b>16,657,546</b>        | <b>(530,932)</b>  |                  | <b>16,126,614</b>     |
| <br>  |                          |                   |                  |                       |
| <b>Governmental activities capital assets, net</b>  | <b>\$ 17,598,773</b>     | <b>\$ 597,254</b> | <b>\$ 11,821</b> | <b>\$ 18,184,206</b>  |

**CITY OF CHATFIELD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. Detailed Notes on All Funds (Continued)**

**E. Capital Assets (Continued)**

| <b>Business-Type Activities</b>                | <b>Beginning Balance</b> | <b>Increases</b> | <b>Decreases</b> | <b>Ending Balance</b> |
|--|--------------------------|------------------|------------------|-----------------------|
| 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                        | 997,053                  | 32,839           |                  | 1,029,892             |
| Total capital assets, being depreciated        | 17,173,391               | 32,839           |                  | 17,206,230            |
| Less accumulated depreciation for:             |                          |                  |                  |                       |
| Wastewater Treatment Facility and Distribution | 8,076,301                | 355,385          |                  | 8,431,686             |
| Machinery and equipment                        | 303,131                  | 63,400           |                  | 366,531               |
| Total accumulated depreciation                 | 8,379,432                | 418,785          |                  | 8,798,217             |
| Total capital assets, being depreciated, net   | 8,793,959                | (385,946)        |                  | 8,408,013             |
| <br>   |                          |                  |                  |                       |
| Business-type activities capital assets, net   | \$ 8,854,451             | \$ (385,946)     | \$               | \$ 8,468,505          |

Depreciation expense was charged to functions/programs as follows:

**Governmental Activities:**

|  |              |
|--|--------------|
| General government                                   | \$ 49,118    |
| Public safety  | 136,081      |
| Public works   | 133,934      |
| Parks and recreation                                 | 170,711      |
| Library  | 55,021       |
| Community development                                | 391,287      |
| Subtotal   | 936,152      |
| Internal service fund                                | 265,777      |
| Total depreciation expense - governmental activities | \$ 1,201,929 |

**Business-Type Activities:**

|   |            |
|---|------------|
| Water Infrastructure                                  | \$ 128,574 |
| Sewer Infrastructure                                  | 290,211    |
| Total depreciation expense - business-type activities | \$ 418,785 |



**CITY OF CHATFIELD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. Detailed Notes on All Funds (Continued)**

*F. Interfund Balances and Transfers*

Transfers during the year ended December 31, 2021 were as follows:

| <u>Funds</u>                  | Transfers<br>In   | Transfers<br>Out  |
|-------------------------------|-------------------|-------------------|
| General Fund - Other          | \$ 127,516        | \$ 364,390        |
| Special Revenue:              |                   |                   |
| Ambulance                     | 71,450            | 15,000            |
| EDA                           | 50,000            |                   |
| Fire                          | 68,340            | 2,950             |
| Cable Access                  | 16,500            | 3,110             |
| Chatfield Center for the Arts | 71,000            |                   |
| Debt Service:                 |                   |                   |
| 2012A Refunding Bond          | 101,875           |                   |
| 2014A Bond                    | 68,313            |                   |
| 2016A GO Refunding 2010A Bond | 60,550            |                   |
| 2017A GO Bond                 | 84,540            |                   |
| Subtotal Governmental Funds   | <u>720,084</u>    | <u>385,450</u>    |
| Enterprise:                   |                   |                   |
| Water                         |                   | 183,935           |
| Sewer                         | 14,450            | 75,809            |
| Garbage                       |                   | 16,900            |
| Subtotal Enterprise Funds     | <u>14,450</u>     | <u>276,644</u>    |
| Internal Service Fund         | <u>2,100</u>      | <u>74,540</u>     |
| Total Transfers               | <u>\$ 736,634</u> | <u>\$ 736,634</u> |

The City generally utilizes interfund transfers for cash flow purposes.

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

|  |                   |
|--|-------------------|
| Governmental and Internal Service Funds: |                   |
| Transfers in                             | \$ 722,184        |
| Transfers out                            | <u>(459,990)</u>  |
| Government-wide Statement of Activities  |                   |
| Transfers in/out                         | <u>\$ 262,194</u> |

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

F. *Interfund Balances and Transfers (Continued)*

The amounts due to and from other funds at December 31, 2021, at the individual fund level are summarized below:

| <u>Funds</u>                 | <u>Due From<br/>Other Funds</u> | <u>Due To<br/>Other Funds</u> |
|------------------------------|---------------------------------|-------------------------------|
| General Fund                 | \$ 542,379                      | \$                            |
| CCA Construction Phase II    |                                 | 536,024                       |
| Gjere Addition Tax Increment |                                 | 6,355                         |
|                              | <u>\$ 542,379</u>               | <u>\$ 542,379</u>             |

The amounts advanced to and from other funds at December 31, 2021, at the individual fund level are summarized below:

| <u>Funds</u>                 | <u>Advances To<br/>Other Funds</u> | <u>Advances From<br/>Other Funds</u> |
|------------------------------|------------------------------------|--------------------------------------|
| Development                  | \$ 323,227                         | \$                                   |
| TIF Dist. 2-5 Dollar General |                                    | 323,227                              |
|                              | <u>\$ 323,227</u>                  | <u>\$ 323,227</u>                    |

The City generally utilizes interfund balances for cash flow purposes.

At December 31, 2021, the following funds have deficit balances:

|                              |            |
|------------------------------|------------|
| TIF Dist. 2-5 Dollar General | \$ 323,227 |
| Gjere Addition Tax Increment | 855        |
| CCA Construction Phase II    | 3,159      |

Excess of expenditures over budgeted appropriations at the individual fund level during 2021 are as follows:

|                      |          |
|----------------------|----------|
| General              | \$ 5,665 |
| Revolving Loan State | 899      |
| Library              | 4,199    |
| Fire                 | 60,195   |
| EDA                  | 1,161    |
| Ambulance            | 76,387   |

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)

G. Long-term debt

The following is a summary of changes in long-term debt obligations during the year ended December 31, 2021:

|   | Beginning<br>Balance | Additions  | Reductions   | Ending<br>Balance | Amounts<br>Due Within<br>One Year |
|---|----------------------|------------|--------------|-------------------|-----------------------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>                    |                      |            |              |                   |                                   |
| Bonds and Notes Payable:                          |                      |            |              |                   |                                   |
| General Obligation Bonds:                         |                      |            |              |                   |                                   |
| 2012A GO Crossover Refunding Bonds (2.0-2.7%)     | \$ 985,000           | \$         | \$ 145,000   | \$ 840,000        | \$ 145,000                        |
| 2014A GO Bonds (2.25%)                            | 905,000              |            | 175,000      | 730,000           | 175,000                           |
| 2016A GO Crossover Refunding Bonds (2.0%)         | 695,000              |            | 95,000       | 600,000           | 95,000                            |
| 2017A GO Tax Abatement Note (2.85%)               | 379,000              |            | 43,000       | 336,000           | 44,000                            |
| 2018A GO Swimming Pool Bonds (3.0-3.375%)         | 4,285,000            |            | 170,000      | 4,115,000         | 175,000                           |
| 2019A GO Tax Abatement Bonds (3.0%)               | 225,000              |            | 28,000       | 197,000           | 29,000                            |
| Plus: Unamortized Premium                         | 57,937               |            | 7,001        | 50,936            |                                   |
| Total Bonds and Notes Payable                     | 7,531,937            |            | 663,001      | 6,868,936         | 663,000                           |
| Other Liabilities:                                |                      |            |              |                   |                                   |
| Compensated Absences                              | 178,270              | 105,107    | 81,316       | 202,061           | 81,316                            |
| Governmental Activities<br>Long-term Liabilities  | 7,710,207            | 105,107    | 744,317      | 7,070,997         | 744,316                           |
| <b>BUSINESS-TYPE ACTIVITIES</b>                   |                      |            |              |                   |                                   |
| Bonds and Notes Payable:                          |                      |            |              |                   |                                   |
| General Obligation Revenue Bonds:                 |                      |            |              |                   |                                   |
| 2016A GO Crossover Refunding Bonds (2.0%)         | 3,690,000            |            | 435,000      | 3,255,000         | 440,000                           |
| 2016B GO Water Revenue Note (2.825%)              | 310,000              |            | 41,000       | 269,000           | 42,000                            |
| 2017B GO Utility Revenue Note (0%)                | 210,000              |            | 30,000       | 180,000           | 30,000                            |
| Plus: Unamortized Premium                         | 47,111               |            | 5,889        | 41,222            |                                   |
| Total Bonds and Notes Payable                     | 4,257,111            |            | 511,889      | 3,745,222         | 512,000                           |
| Other Liabilities:                                |                      |            |              |                   |                                   |
| Compensated Absences                              | 19,463               | 14,286     | 8,390        | 25,359            | 8,390                             |
| Business-type Activities<br>Long-term Liabilities | 4,276,574            | 14,286     | 520,279      | 3,770,581         | 520,390                           |
| Total   | \$ 11,986,781        | \$ 119,393 | \$ 1,264,596 | \$ 10,841,578     | \$ 1,264,706                      |

**CITY OF CHATFIELD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**3. Detailed Notes on All Funds (Continued)**

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G. 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)

G. Long-term debt (Continued)

The annual requirements to amortize all long-term debt outstanding as of December 31, 2021, 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>  |                          |                     |                                  |                   |
| 2022                            | \$ 663,000               | \$ 183,592          |                                  |                   |
| 2023                            | 681,000                  | 167,142             |                                  |                   |
| 2024                            | 699,000                  | 150,017             |                                  |                   |
| 2025                            | 696,000                  | 132,477             |                                  |                   |
| 2026                            | 509,000                  | 116,830             |                                  |                   |
| 2027-2031                       | 1,445,000                | 429,453             |                                  |                   |
| 2032-2036                       | 1,255,000                | 246,950             |                                  |                   |
| 2037-2039                       | 870,000                  | 44,000              |                                  |                   |
| Totals                          | <u>\$ 6,818,000</u>      | <u>\$ 1,470,461</u> |                                  |                   |
| <u>Business-Type Activities</u> |                          |                     |                                  |                   |
| 2022                            |                          |                     | \$ 512,000                       | \$ 67,706         |
| 2023                            |                          |                     | 523,000                          | 57,605            |
| 2024                            |                          |                     | 534,000                          | 47,277            |
| 2025                            |                          |                     | 540,000                          | 36,769            |
| 2026                            |                          |                     | 552,000                          | 26,070            |
| 2027-2028                       |                          |                     | 1,043,000                        | 20,028            |
| Totals                          |                          |                     | <u>\$ 3,704,000</u>              | <u>\$ 255,455</u> |

**CITY OF CHATFIELD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**3. Detailed Notes on All Funds (Continued)**

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G. 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, 2021, remaining notes outstanding totaled \$13,075,000.

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**4. Defined Benefit Pension Plans - Statewide**

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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.

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.

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**CITY OF CHATFIELD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**4. Defined Benefit Pension Plans – Statewide (Continued)**

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*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 for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is 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. 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.

**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. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

**CITY OF CHATFIELD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**4. Defined Benefit Pension Plans – Statewide (Continued)**

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Benefits Provided (Continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase is 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. 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 2021 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, 2021, were \$65,916. The City's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2021 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2021, were \$65,508. The City's contributions were equal to the required contributions as set by state statute.

Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2021, the City reported a liability of \$520,995 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. 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 \$15,945.



**CITY OF CHATFIELD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. Defined Benefit Pension Plans – Statewide (Continued)**

*Pension Costs (Continued)*

The net pension liability was measured as of June 30, 2021, 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, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0122 percent at the end of the measurement period and 0.0118 percent for the beginning of the period.

|  |            |
|--|------------|
| City's proportionate share of net pension liability  | \$ 520,995 |
| State of Minnesota's proportionate share of the net pension liability associated with the City | \$ 15,945  |

For the year ended December 31, 2021, the City recognized pension expense of (\$46,122) for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$1,286 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, 2021, 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:

|  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| Differences between expected and actual economic experience                | \$ 3,069                                      | \$ 15,884                                    |
| Changes in actuarial assumptions   | 318,106                                       | 11,115                                       |
| Net collective difference between projected and actual investment earnings |   | 452,336                                      |
| Changes in proportion  | 22,138  |  |
| Contributions paid to PERA subsequent to the measurement date              | 35,561  |  |
| Total  | <u>\$ 378,874</u>                             | <u>\$ 479,335</u>                            |

**CITY OF CHATFIELD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**4. Defined Benefit Pension Plans – Statewide (Continued)**

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The \$35,561 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, 2022. 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<br/>Expense<br/>Amount</u> |
|---------------------------------|---------------------------------------|
| 2022                            | \$ (13,399)                           |
| 2023                            | (913)                                 |
| 2024                            | 1,358                                 |
| 2025                            | (123,068)                             |

**2. Police and Fire Fund Pension Costs**

At December 31, 2021, the City reported a liability of \$241,603 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0313 percent at the end of the measurement period and 0.0326 percent for the beginning of the period.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2020. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2021, the City recognized pension expense of (\$71,937) for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$1,978 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

**CITY OF CHATFIELD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. Defined Benefit Pension Plans – Statewide (Continued)**

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$10,859 for the year ended December 31, 2021 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.

At December 31, 2021, 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:

|  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| Differences between expected and actual economic experience                | \$ 45,495                                     | \$   |
| Changes in actuarial assumptions   | 345,229                                       | 124,691                                      |
| Net collective difference between projected and actual investment earnings |   | 459,054                                      |
| Changes in proportion  | 22,510  | 27,008                                       |
| Contributions paid to PERA subsequent to the measurement date              | <u>33,233</u>                                 |  |
| Total  | <u>\$ 446,467</u>                             | <u>\$ 610,753</u>                            |

The \$33,233 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year ending December 31:</u> | <u>Pension<br/>Expense<br/>Amount</u> |
|---------------------------------|---------------------------------------|
| 2022                            | \$ (153,487)                          |
| 2023                            | (29,271)                              |
| 2024                            | (31,606)                              |
| 2025                            | (55,956)                              |
| 2026                            | 72,801                                |

**Total Pension Expense**

The total pension expense for all plans recognized by the City for the year ended December 31, 2021 is as follows:

|                        |                    |
|------------------------|--------------------|
| General Employees Fund | (\$44,836)         |
| Police and Fire Fund   | (69,959)           |
| Fire Relief            | <u>(47,884)</u>    |
| Total                  | <u>(\$162,679)</u> |

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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4. Defined Benefit Pension Plans – Statewide (Continued)

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Long-Term Expected Return on Investment

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      | 33.5%                    | 5.10%   |
| International Equity | 16.5%                    | 5.30%   |
| Fixed Income         | 25.0%                    | 0.75%   |
| Private Markets      | 25.0%                    | 5.90%   |
| Total                | 100%                     |   |

Actuarial Methods and Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan and 2.25 percent for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan. The Police and Fire Plan benefit increase is fixed at 1 percent per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 29 years of service and 6.0 percent per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

**CITY OF CHATFIELD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**4. Defined Benefit Pension Plans – Statewide (Continued)**

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*Actuarial Methods and Assumptions (Continued)*

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2021:

General Employees Fund

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

Police and Fire Fund

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
  - The inflation assumption was changed from 2.50 percent to 2.25 percent.
  - The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
  - The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
  - The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
  - Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
  - Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
  - Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
  - Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
  - Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.
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CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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4. Defined Benefit Pension Plans – Statewide (Continued)

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Actuarial Methods and Assumptions (Continued)

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

Discount Rate

The discount rate used to measure the total pension liability in 2021 was 6.50 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.

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**  
*Net Pension Liability (Asset) at Different Discount Rates*

|                       | General Employees Fund |              | Police and Fire Fund |            |
|-----------------------|------------------------|--------------|----------------------|------------|
| 1% Lower              | 5.50%                  | \$ 1,062,563 | 5.50%                | \$ 767,048 |
| Current Discount Rate | 6.50%                  | 520,995      | 6.50%                | 241,603    |
| 1% Higher             | 7.50%                  | 76,605       | 7.50%                | (189,132)  |

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](http://www.mnpera.org).

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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**5. Defined Benefit Pension Plan – Volunteer Fire Relief Association**

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Plan Description

The of Chatfield Fire Department Relief Association (Association) participates in the Statewide Volunteer Firefighter Retirement Plan (accounted for in the Volunteer Firefighter Fund), an agent multiple-employer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The Volunteer Firefighter Plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. As of December 31, 2021 the plan covered 26 active firefighters and 2 vested terminated fire fighters whose pension benefits are deferred. The plan is established and administered in accordance with *Minnesota Statutes*, Chapter 353 G.

Benefits Provided

The Volunteer Firefighter Plan provides retirement, death, and supplemental benefits to covered firefighters and survivors. Benefits are paid based on the number of years of service multiplied by a benefit level approved by the City. Members are eligible for a lump-sum retirement benefit at 50 years of age with five years of service. Plan provisions include a pro-rated vesting schedule that increases from 5 years at 40 percent through 20 years at 100 percent.

Contributions

The Volunteer Firefighter Plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in *Minnesota Statutes*, and voluntary City contributions. The State of Minnesota contributed \$43,063 in fire state aid to the fund for the year ended December 31, 2021. Required City contributions are calculated annually based on statutory provisions. The City made voluntary contributions of \$6,808 to the plan.

Pension Costs

At December 31, 2021, the City reported a net pension asset of \$273,651 for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2021. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department.

**CITY OF CHATFIELD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5. Defined Benefit Pension Plan – Volunteer Fire Relief Association (Continued)**

The following table presents the changes in net pension liability (asset) during the year.

|                                     | Total Pension<br>Liability (a) | Plan Fiduciary Net<br>Position (b) | Net Pension Liability<br>(Asset) (a-b) |
|-------------------------------------|--------------------------------|------------------------------------|--|
| Beginning Balance 12/31/20          | \$ 205,225                     | \$ 411,315                         | \$ (206,090)                           |
| Changes for the Year                |                                |                                    |  |
| Service Cost                        | 29,617                         |                                    | 29,617                                 |
| Interest on Pension Liability       | 14,091                         |                                    | 14,091                                 |
| Actuarial Experience (Gains)/Losses | (915)                          |                                    | (915)                                  |
| Projected Investment Earnings       |                                | 24,679                             | (24,679)                               |
| Contributions (Employer)            |                                | 6,808                              | (6,808)                                |
| Contributions (Fire Relief)         |                                | 19,000                             | (19,000)                               |
| Contributions (State)               |                                | 43,063                             | (43,063)                               |
| Asset (Gain)/Loss                   |                                | 17,669                             | (17,669)                               |
| Administrative Costs                |                                | (865)                              | 865                                    |
| Net Changes                         | 42,793                         | 110,354                            | (67,561)                               |
| Ending Balance 12/31/21             | \$ 248,018                     | \$ 521,669                         | \$ (273,651)                           |

There were no benefit provision changes during the measurement period.

For the year ended December 31, 2021, the City recognized pension expense of (\$47,884).

At December 31, 2021, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

|                                  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|----------------------------------|--------------------------------------|-------------------------------------|
| Actual experience (gains)/losses | \$                                   | \$ 32,049                           |
| Asset (gain)/loss                | 32,341                               | 732                                 |
| Total                            | \$ 32,341                            | \$ 32,781                           |



CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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**5. Defined Benefit Pension Plan – Volunteer Fire Relief Association (Continued)**

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Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year ending December 31:</u> | <u>Pension<br/>Expense<br/>Amount</u> |
|---------------------------------|---------------------------------------|
| 2022                            | \$ 1,093                              |
| 2023                            | 1,093                                 |
| 2024                            | 1,090                                 |
| 2025                            | (3,716)                               |

Actuarial Assumptions

The total pension liability at December 31, 2021, was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

- Retirement eligibility at the later of age 50 or 20 years of service
- Investment rate of return of 6.0 percent
- Inflation rate of 3.0 percent

No actuarial changes were made during the measurement period.

Discount Rate

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

**CITY OF CHATFIELD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5. Defined Benefit Pension Plan – Volunteer Fire Relief Association (Continued)**

Pension Liability Sensitivity

The following presents the City’s net pension asset for the Volunteer Firefighter Fund, calculated using the assumed discount rate as well as what the City’s net pension asset would be if it were calculated using a discount rate one percent lower or one percent higher than the current discount rate:

|                   | 1% Decrease in<br>Discount Rate | Discount Rate | 1% Increase in<br>Discount Rate |
|-------------------|---------------------------------|---------------|---------------------------------|
|                   | 5.00%                           | 6.00%         | 7.00%                           |
| Net pension asset | \$ 257,673                      | \$ 273,651    | \$ 289,068                      |

Plan Investments

*Investment Policy:*

The Minnesota State Board of Investment (SBI) is established by Article XI of the Minnesota Constitution to invest all state funds. Its membership as specified in the Constitution is comprised of the governor (who is designated as chair of the board), state auditor, secretary of state and state attorney general.

All investments undertaken by the SBI are governed by the prudent person rule and other standards codified in *Minnesota Statutes*, Chapter 11A and Chapter 353G.

Within the requirements defined by state law, the SBI, with assistance of the SBI staff and the Investment Advisory Council, establishes investment policy for all funds under its control. These investments policies are tailored to the particular needs of each fund and specify investment objectives, risk tolerance, asset allocation, investment management structure and specific performance standards. Studies guide the on-going management of the funds and are updated periodically.

*Asset Allocation:*

To match the long-term nature of the pension obligations, the SBI maintains a strategic asset allocation for the Volunteer Firefighter Plan that includes allocations to domestic equity, international equity, bonds, and cash equivalents. The long-term target asset allocation and long-term expected real rate of return is the following:

| Asset Class          | Target<br>Allocation | Long Term<br>Expected Real<br>Rate of Return |
|----------------------|----------------------|--|
| Domestic Equity      | 35%                  | 5.10%  |
| International Stocks | 15%                  | 5.30%  |
| Bonds                | 45%                  | 0.75%  |
| Unallocated Cash     | 5%                   | 0.00%  |
|                      | 100%                 |  |

**CITY OF CHATFIELD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**5. Defined Benefit Pension Plan – Volunteer Fire Relief Association (Continued)**

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The six percent long-term expected rate of return on pension plan investments was determined using a building-block method. Best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations from a number of investment management and consulting organizations. The asset class estimates and the target allocations were then combined to produce a geometric, long-term expected real rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

*Description of significant investment policy changes during the year:*

The SBI made no significant changes to their investment policy during fiscal year 2021 for the Volunteer Firefighter Fund.

*Pension Plan Fiduciary Net Position*

Detailed information about the Volunteer Firefighter Fund's fiduciary net position as of June 30, 2021, is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained at [www.mnpera.org](http://www.mnpera.org).

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**6. Risk Management**

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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 2021.

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 2021. 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.

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**CITY OF CHATFIELD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**7. Fund Equity**

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Committed fund balances as of December 31, 2021 are as follows:

|                         |            |
|-------------------------|------------|
| Committed fund balance: |            |
| Library Fund            | \$ 334,595 |

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**8. Tax Abatement – Pay-As-You-Go Tax Increment**

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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 4 pay-as-you-go tax increment financing districts. For the year ended December 31, 2021, the City paid tax increments totaling \$176,602 related to these agreements.

**CITY OF CHATFIELD, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2021**

**CITY OF CHATFIELD, MINNESOTA**  
**Schedules of City Pension Contributions**

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

| Year Ended<br>December 31 | Contributions<br>in Relation to                |  |  | Covered<br>Payroll (c) | Contributions as<br>a Percentage of<br>Covered Payroll<br>(b/c) |
|---------------------------|--|--|--|------------------------|---|
|                           | Statutorily<br>Required<br>Contribution<br>(a) | Statutorily<br>Required<br>Contribution<br>(b) | Contribution<br>Deficiency<br>(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                      | 63,191   | 63,191   |  | 842,547                | 7.50%   |
| 2021                      | 65,916   | 65,916   |  | 878,880                | 7.50%   |
| 2022                      |  |  |  |                        |   |
| 2023                      |  |  |  |                        |   |

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

| Year Ended<br>December 31 | Contributions<br>in Relation to                |  |  | Covered<br>Payroll (c) | Contributions as<br>a Percentage of<br>Covered Payroll<br>(b/c) |
|---------------------------|--|--|--|------------------------|---|
|                           | Statutorily<br>Required<br>Contribution<br>(a) | Statutorily<br>Required<br>Contribution<br>(b) | Contribution<br>Deficiency<br>(Excess) (a-b) |                        |   |
| 2014                      | \$ 37,020                                      | \$ 37,020                                      | \$   | \$ 241,961             | 15.30%  |
| 2015                      | 55,140   | 55,140   |  | 340,370                | 16.20%  |
| 2016                      | 46,950   | 46,950   |  | 289,815                | 16.20%  |
| 2017                      | 46,269   | 46,269   |  | 285,611                | 16.20%  |
| 2018                      | 52,960   | 52,960   |  | 326,914                | 16.20%  |
| 2019                      | 60,365   | 60,365   |  | 356,136                | 16.95%  |
| 2020                      | 63,717   | 63,717   |  | 359,983                | 17.70%  |
| 2021                      | 65,508   | 65,508   |  | 370,102                | 17.70%  |
| 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                      | 0.0118%  | 707,464  | 21,880   | 729,344   | 834,873             | 87%  | 79.06%   |
| 2021                      | 0.0122%  | 520,995  | 15,945   | 536,940   | 860,713             | 62%  | 87.00%   |
| 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                      | 0.0320%  | \$ 345,613   | \$ 296,393          | 117%   | 87.10%   |
| 2015                      | 0.0300%  | 340,870  | 291,166             | 117%   | 86.60%   |
| 2016                      | 0.0300%  | 1,203,952  | 315,093             | 382%   | 63.90%   |
| 2017                      | 0.0300%  | 405,036  | 287,713             | 141%   | 85.40%   |
| 2018                      | 0.0310%  | 330,428  | 306,262             | 108%   | 88.84%   |
| 2019                      | 0.0345%  | 367,287  | 341,525             | 108%   | 89.26%   |
| 2020                      | 0.0326%  | 429,703  | 358,059             | 120%   | 87.19%   |
| 2021                      | 0.0313%  | 241,603  | 365,042             | 66%  | 93.66%   |
| 2022                      |  |  |                     |  |  |
| 2023                      |  |  |                     |  |  |

**CITY OF CHATFIELD, MINNESOTA**  
**Schedule of Changes in the Fire Relief Association Net Pension Asset and Related Ratios**  
**December 31, 2021**

|   | <b>2021</b>         | <b>2020</b>         |
|---|---------------------|---------------------|
| <b>Total Pension Liability</b>  |                     |                     |
| Service cost  | \$ 29,617           | \$ 28,754           |
| Interest on the pension liability   | 14,091              | 13,923              |
| Actuarial experience (gains)/losses   | (915)               | 53,902              |
| Transition to SVF Retirement Plan   |                     | (81,665)            |
| Benefit payouts   |                     | (189,318)           |
| Net change in total pension liability   | 42,793              | (174,404)           |
| Total Pension Liability - beginning of year                                       | 205,225             | 379,629             |
| Total Pension Liability - end of year   | <u>\$ 248,018</u>   | <u>\$ 205,225</u>   |
| <b>Plan Fiduciary Net Position</b>  |                     |                     |
| Projected Investment Earnings   | \$ 24,679           | \$ 29,663           |
| Contributions (Employer)  | 6,808               | 6,597               |
| Contributions (Fire Relief)   | 19,000              |                     |
| Contributions (State)   | 43,063              | 39,192              |
| Adj. to Initial Asset Transfer  |                     | 1,781               |
| Asset (Gain)/Loss   | 17,669              | 29,856              |
| Benefit Payout  |                     | (189,318)           |
| Administrative Costs  | (865)               | (838)               |
| Net change in plan fiduciary net position   | 110,354             | (83,067)            |
| Plan Fiduciary Net Position - beginning of year                                   | 411,315             | 494,382             |
| Plan Fiduciary Net Position - end of year   | <u>\$ 521,669</u>   | <u>\$ 411,315</u>   |
| <b>Net Pension Liability (Asset) - End of Year</b>                                | <b>\$ (273,651)</b> | <b>\$ (206,090)</b> |
| <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b> | <b>210.34%</b>      | <b>200.42%</b>      |



**Schedule of City Contributions and Non-Employer Contributing Entities  
 Chatfield Fire Department Relief Association  
 Last Ten Years (presented prospectively)**

| Year Ended<br>December 31 | Statutorily<br>Required<br>Contribution (a) | Contributions in<br>Relation to<br>Statutorily Required<br>Contribution (b) | Contribution<br>Deficiency<br>(Excess)<br>(a-b) | Non-Employer Contributions |          |
|---------------------------|---|---|---|----------------------------|----------|
|                           |   |   |   | State 2% Fire<br>Aid       | Other    |
| 2020                      | \$  | \$  | \$  | \$ 31,286                  | \$ 7,906 |
| 2021                      |   |   |   | 32,281                     | 10,782   |
| 2022                      |   |   |   |                            |          |
| 2023                      |   |   |   |                            |          |
| 2024                      |   |   |   |                            |          |
| 2025                      |   |   |   |                            |          |
| 2026                      |   |   |   |                            |          |
| 2027                      |   |   |   |                            |          |
| 2028                      |   |   |   |                            |          |
| 2029                      |   |   |   |                            |          |

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**CITY OF CHATFIELD, MINNESOTA**  
**COMBINING AND INDIVIDUAL NONMAJOR FUNDS**  
**STATEMENTS AND SCHEDULES**  
**DECEMBER 31, 2021**

**CITY OF CHATFIELD, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
December 31, 2021

|   | Special Revenue   |                   |                  |                   |                              |                  |                   |                                     |                                |
|---|-------------------|-------------------|------------------|-------------------|------------------------------|------------------|-------------------|-------------------------------------|--------------------------------|
|   | 211/212           | 220/221           | 240              | 230/231           | 360                          | 614/615          | 242               | 250/251                             | 354                            |
|   | Library           | Fire              | EDA              | Ambulance         | Revolving<br>Loan<br>Federal | Cable<br>Access  | Development       | Chatfield<br>Center for<br>the Arts | Lone<br>Stone Tax<br>Increment |
| <b>ASSETS</b>   |                   |                   |                  |                   |                              |                  |                   |                                     |                                |
| Cash and investments  | \$ 334,025        | \$ 379,078        | \$ 47,615        | \$ 107,566        | \$ 136,794                   | \$ 73,392        | \$ 18,645         | \$ 54,990                           | \$ 11,741                      |
| Accounts receivable   | 2,086             | 250               |                  | 286,549           |                              | 5,920            |                   |                                     |                                |
| Notes receivable  |                   |                   |                  |                   | 182,470                      |                  |                   |                                     |                                |
| Due from other governmental units   |                   |                   |                  |                   |                              |                  |                   |                                     |                                |
| Taxes receivable - delinquent   |                   |                   |                  |                   |                              |                  |                   |                                     | 6,965                          |
| Special assessment receivable   |                   |                   |                  |                   |                              |                  |                   |                                     |                                |
| Advances to other funds   |                   |                   |                  |                   |                              |                  | 323,227           |                                     |                                |
| Prepaid items   | 2,277             |                   |                  | 2,122             |                              |                  |                   |                                     |                                |
| <b>TOTAL ASSETS</b>   | <b>\$ 338,388</b> | <b>\$ 379,328</b> | <b>\$ 47,615</b> | <b>\$ 396,237</b> | <b>\$ 319,264</b>            | <b>\$ 79,312</b> | <b>\$ 341,872</b> | <b>\$ 54,990</b>                    | <b>\$ 18,706</b>               |
| <b>LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>         |                   |                   |                  |                   |                              |                  |                   |                                     |                                |
| <b>Liabilities</b>  |                   |                   |                  |                   |                              |                  |                   |                                     |                                |
| Accounts payable  | \$ 1,516          | \$ 7,091          | \$               | \$ 3,912          | \$                           | \$ 750           | \$                | \$                                  | \$                             |
| Due to other funds  |                   |                   |                  |                   |                              |                  |                   |                                     |                                |
| Total Liabilities   | 1,516             | 7,091             |                  | 3,912             |                              | 750              |                   |                                     |                                |
| <b>Deferred Inflows of Resources</b>                                      |                   |                   |                  |                   |                              |                  |                   |                                     |                                |
| Unavailable revenue:  |                   |                   |                  |                   |                              |                  |                   |                                     |                                |
| Property taxes  |                   |                   |                  |                   |                              |                  |                   |                                     | 6,965                          |
| Special assessments   |                   |                   |                  |                   |                              |                  |                   |                                     |                                |
| Notes receivable  |                   |                   |                  |                   | 182,470                      |                  |                   |                                     |                                |
| Total Deferred Inflows of Resources                                       |                   |                   |                  |                   | 182,470                      |                  |                   |                                     | 6,965                          |
| <b>Fund Balance</b>   |                   |                   |                  |                   |                              |                  |                   |                                     |                                |
| Nonspendable:   |                   |                   |                  |                   |                              |                  |                   |                                     |                                |
| Prepaid items   | 2,277             |                   |                  | 2,122             |                              |                  |                   |                                     |                                |
| Restricted:   |                   |                   |                  |                   |                              |                  |                   |                                     |                                |
| Creditors (debt covenants) Regulations                                    |                   |                   |                  |                   | 136,794                      |                  |                   |                                     | 11,741                         |
| Committed:  |                   |                   |                  |                   |                              |                  |                   |                                     |                                |
| By Council resolution   | 334,595           |                   |                  |                   |                              |                  |                   |                                     |                                |
| Assigned:   |                   |                   |                  |                   |                              |                  |                   |                                     |                                |
| Fund assignments  |                   | 372,237           | 47,615           | 390,203           |                              | 78,562           | 341,872           | 54,990                              |                                |
| Unassigned:   |                   |                   |                  |                   |                              |                  |                   |                                     |                                |
| Total Fund Balance  | 336,872           | 372,237           | 47,615           | 392,325           | 136,794                      | 78,562           | 341,872           | 54,990                              | 11,741                         |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b> | <b>\$ 338,388</b> | <b>\$ 379,328</b> | <b>\$ 47,615</b> | <b>\$ 396,237</b> | <b>\$ 319,264</b>            | <b>\$ 79,312</b> | <b>\$ 341,872</b> | <b>\$ 54,990</b>                    | <b>\$ 18,706</b>               |

| Special Revenue                    |                         |                                  | Debt Service               |                   |  |                     |                          | Capital Project                      |                               | Total<br>Nonmajor<br>Governmental<br>Funds |
|------------------------------------|-------------------------|----------------------------------|----------------------------|-------------------|--|---------------------|--------------------------|--------------------------------------|-------------------------------|--|
| 355                                | 357                     | 359                              | 332                        | 334               | 335                                    | 338                 | 340                      | 342                                  | 440                           |  |
| Gjere<br>Addition Tax<br>Increment | EZ Fab Tax<br>Increment | Cabin<br>Coffee Tax<br>Increment | 2012A<br>Refunding<br>Bond | 2014A<br>Bond     | 2016A GO<br>Refunding<br>2010A<br>Bond | 2017A<br>GO<br>Bond | 2018A<br>GO Pool<br>Bond | 2019A<br>GO Tax<br>Abatement<br>Bond | 2018A<br>Pool<br>Construction |  |
| \$ 5,500                           | \$ 113                  | \$ 7                             | \$ 271,900                 | \$ 411,708        | \$ 642,375                             | \$ 150,938          | \$ 289,742               | \$ 36,149                            | \$ 5,751                      | \$ 2,972,529                               |
|                                    |                         |                                  |                            |                   |  |                     |                          |                                      |                               | 300,305                                    |
|                                    |                         |                                  |                            |                   |  |                     |                          |                                      |                               | 182,470                                    |
|                                    |                         |                                  | 169                        | 907               | 927                                    | 356                 | 2,473                    | 287                                  |                               | 5,119                                      |
|                                    |                         |                                  | 314                        | 1,038             | 1,322                                  | 309                 | 8,563                    |                                      |                               | 18,511                                     |
|                                    |                         |                                  |                            | 8,276             |  |                     |                          |                                      |                               | 8,276                                      |
|                                    |                         |                                  |                            |                   |  |                     |                          |                                      |                               | 323,227                                    |
|                                    |                         |                                  |                            |                   |  |                     |                          |                                      |                               | 4,399                                      |
| <u>\$ 5,500</u>                    | <u>\$ 113</u>           | <u>\$ 7</u>                      | <u>\$ 272,383</u>          | <u>\$ 421,929</u> | <u>\$ 644,624</u>                      | <u>\$ 151,603</u>   | <u>\$ 300,778</u>        | <u>\$ 36,436</u>                     | <u>\$ 5,751</u>               | <u>\$ 3,814,836</u>                        |
| \$ 6,355                           |                         |                                  |                            |                   |  |                     |                          |                                      |                               | \$ 13,269                                  |
| 6,355                              |                         |                                  |                            |                   |  |                     |                          |                                      |                               | 6,355                                      |
|                                    |                         |                                  |                            |                   |  |                     |                          |                                      |                               | 19,624                                     |
|                                    |                         |                                  | 314                        | 1,038             | 1,322                                  | 309                 | 8,563                    |                                      |                               | 18,511                                     |
|                                    |                         |                                  |                            | 8,276             |  |                     |                          |                                      |                               | 8,276                                      |
|                                    |                         |                                  |                            |                   |  |                     |                          |                                      |                               | 182,470                                    |
|                                    |                         |                                  | 314                        | 9,314             | 1,322                                  | 309                 | 8,563                    |                                      |                               | 209,257                                    |
|                                    |                         |                                  |                            |                   |  |                     |                          |                                      |                               | 4,399                                      |
|                                    | 113                     | 7                                | 272,069                    | 412,615           | 643,302                                | 151,294             | 292,215                  | 36,436                               |                               | 1,807,931                                  |
|                                    |                         |                                  |                            |                   |  |                     |                          |                                      |                               | 148,655                                    |
|                                    |                         |                                  |                            |                   |  |                     |                          |                                      |                               | 334,595                                    |
| (855)                              |                         |                                  |                            |                   |  |                     |                          |                                      | 5,751                         | 1,291,230                                  |
| (855)                              | 113                     | 7                                | 272,069                    | 412,615           | 643,302                                | 151,294             | 292,215                  | 36,436                               | 5,751                         | (855)                                      |
| <u>\$ 5,500</u>                    | <u>\$ 113</u>           | <u>\$ 7</u>                      | <u>\$ 272,383</u>          | <u>\$ 421,929</u> | <u>\$ 644,624</u>                      | <u>\$ 151,603</u>   | <u>\$ 300,778</u>        | <u>\$ 36,436</u>                     | <u>\$ 5,751</u>               | <u>\$ 3,814,836</u>                        |

**CITY OF CHATFIELD, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2021

|   | Special Revenue   |                   |                  |                   |                              |                  |                   |                                     |                                |
|---|-------------------|-------------------|------------------|-------------------|------------------------------|------------------|-------------------|-------------------------------------|--------------------------------|
|   | 211/212           | 220/221           | 240              | 230/231           | 360                          | 614/615          | 242               | 250/251                             | 354                            |
|   | Library           | Fire              | EDA              | Ambulance         | Revolving<br>Loan<br>Federal | Cable<br>Access  | Development       | Chatfield<br>Center for<br>the Arts | Lone<br>Stone Tax<br>Increment |
| <b>REVENUES</b>   |                   |                   |                  |                   |                              |                  |                   |                                     |                                |
| Property tax levy:  |                   |                   |                  |                   |                              |                  |                   |                                     |                                |
| Property tax collected                                    | \$ 176,604        | \$                | \$               | \$                | \$                           | \$               | \$                | \$                                  | \$                             |
| Special assessments                                       |                   |                   |                  |                   |                              |                  |                   |                                     |                                |
| Tax increments  |                   |                   |                  |                   |                              |                  |                   |                                     | 150,603                        |
| Tax abatement   |                   |                   |                  |                   |                              |                  |                   |                                     |                                |
| Fines and forfeits  | 648               |                   |                  |                   |                              |                  |                   |                                     |                                |
| Intergovernmental   | 84,693            | 71,275            |                  | 67,325            |                              |                  |                   |                                     |                                |
| Franchise fees  |                   |                   |                  |                   |                              | 26,652           |                   |                                     |                                |
| Charges for services                                      |                   | 8,750             |                  | 234,537           |                              | 400              |                   |                                     |                                |
| Training revenue  |                   |                   |                  | 13,310            |                              |                  |                   |                                     |                                |
| Investment income (loss)                                  | 6,036             | 3,756             | 416              | 1,467             | 7,417                        | 865              | 4,069             | 364                                 | 241                            |
| Contributions   | 3,427             | 154,112           | 1,000            | 26,599            |                              | 15,100           |                   |                                     |                                |
| Miscellaneous   | 12,795            | 518               | 1,997            | 3,282             | 32,028                       | 113              |                   | 6,460                               |                                |
| <b>TOTAL REVENUES</b>                                     | <b>284,203</b>    | <b>238,411</b>    | <b>3,413</b>     | <b>346,520</b>    | <b>39,445</b>                | <b>43,130</b>    | <b>4,069</b>      | <b>6,824</b>                        | <b>150,844</b>                 |
| <b>EXPENDITURES</b>                                       |                   |                   |                  |                   |                              |                  |                   |                                     |                                |
| <b>Current:</b>   |                   |                   |                  |                   |                              |                  |                   |                                     |                                |
| General government  |                   |                   |                  |                   |                              | 36,576           |                   |                                     |                                |
| Public safety   |                   | 86,581            |                  | 299,838           |                              |                  |                   |                                     |                                |
| Library   | 242,970           |                   |                  |                   |                              |                  |                   |                                     |                                |
| Community development                                     |                   |                   | 55,634           |                   |                              |                  |                   | 67,400                              | 156,843                        |
| Capital outlay  | 19,521            | 179,312           |                  | 76,479            |                              |                  |                   |                                     |                                |
| Debt service:   |                   |                   |                  |                   |                              |                  |                   |                                     |                                |
| Principal retirement                                      |                   |                   |                  |                   |                              |                  |                   |                                     |                                |
| Interest and fiscal charges                               |                   |                   |                  |                   |                              |                  |                   |                                     |                                |
| <b>TOTAL EXPENDITURES</b>                                 | <b>262,491</b>    | <b>265,893</b>    | <b>55,634</b>    | <b>376,317</b>    |                              | <b>36,576</b>    |                   | <b>67,400</b>                       | <b>156,843</b>                 |
| Excess (deficiency) of revenues over (under) expenditures | 21,712            | (27,482)          | (52,221)         | (29,797)          | 39,445                       | 6,554            | 4,069             | (60,576)                            | (5,999)                        |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                   |                   |                  |                   |                              |                  |                   |                                     |                                |
| Transfer in   |                   | 68,340            | 50,000           | 71,450            |                              | 16,500           |                   | 71,000                              |                                |
| Transfer out  |                   | (2,950)           |                  | (15,000)          |                              | (3,110)          |                   |                                     |                                |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>               |                   | <b>65,390</b>     | <b>50,000</b>    | <b>56,450</b>     |                              | <b>13,390</b>    |                   | <b>71,000</b>                       |                                |
| Net change in fund balances                               | 21,712            | 37,908            | (2,221)          | 26,653            | 39,445                       | 19,944           | 4,069             | 10,424                              | (5,999)                        |
| <b>FUND BALANCES, beginning</b>                           | <b>315,160</b>    | <b>334,329</b>    | <b>49,836</b>    | <b>365,672</b>    | <b>97,349</b>                | <b>58,618</b>    | <b>337,803</b>    | <b>44,566</b>                       | <b>17,740</b>                  |
| <b>FUND BALANCES, ending</b>                              | <b>\$ 336,872</b> | <b>\$ 372,237</b> | <b>\$ 47,615</b> | <b>\$ 392,325</b> | <b>\$ 136,794</b>            | <b>\$ 78,562</b> | <b>\$ 341,872</b> | <b>\$ 54,990</b>                    | <b>\$ 11,741</b>               |

| Special Revenue                    |                         |                                  | Debt Service               |                     |  |                     |                          | Capital Project                      |                               | Total<br>Nonmajor<br>Governmental<br>Funds  |
|------------------------------------|-------------------------|----------------------------------|----------------------------|---------------------|--|---------------------|--------------------------|--------------------------------------|-------------------------------|---|
| 355                                | 357                     | 359                              | 332                        | 334                 | 335                                    | 338                 | 340                      | 342                                  | 440                           |   |
| Gjere<br>Addition Tax<br>Increment | EZ Fab Tax<br>Increment | Cabin<br>Coffee Tax<br>Increment | 2012A<br>Refunding<br>Bond | 2014A<br>Bond       | 2016A GO<br>Refunding<br>2010A<br>Bond | 2017A<br>GO<br>Bond | 2018A<br>GO Pool<br>Bond | 2019A<br>GO Tax<br>Abatement<br>Bond | 2018A<br>Pool<br>Construction |   |
| \$                                 | \$                      | \$                               | \$ 19,226                  | \$ 110,964<br>2,921 | \$ 113,206                             | \$ 46,252           | \$ 320,410               | \$ 37,108                            | \$                            | \$ 823,770<br>2,921<br>172,558<br>33,757<br>648<br>223,293<br>26,652<br>243,687<br>13,310 |
| (14)                               | 1                       | 5                                | 2,105                      | 3,512               | 820                                    | 587                 | 1,300                    | 154                                  | 109                           | 33,210  |
| 5,500                              |                         |                                  |                            |                     |  |                     |                          |                                      |                               | 200,238<br>62,693   |
| 5,486                              | 14,692                  | 7,269                            | 55,088                     | 117,397             | 114,026                                | 46,839              | 321,710                  | 37,262                               | 109                           | 1,836,737   |
| 5,700                              | 14,690                  | 7,264                            |                            |                     |  |                     |                          |                                      | 10,200                        | 36,576<br>386,419<br>242,970<br>307,531<br>285,512  |
|                                    |                         |                                  | 145,000<br>22,292          | 175,000<br>19,451   | 95,000<br>14,008                       | 43,000<br>10,189    | 170,000<br>131,558       | 28,000<br>6,330                      |                               | 656,000<br>203,828  |
| 5,700                              | 14,690                  | 7,264                            | 167,292                    | 194,451             | 109,008                                | 53,189              | 301,558                  | 34,330                               | 10,200                        | 2,118,836   |
| (214)                              | 2                       | 5                                | (112,204)                  | (77,054)            | 5,018                                  | (6,350)             | 20,152                   | 2,932                                | (10,091)                      | (282,099)   |
|                                    |                         |                                  | 101,875                    | 68,313              | 60,550                                 | 84,540              |                          |                                      |                               | 592,568<br>(21,060)   |
|                                    |                         |                                  | 101,875                    | 68,313              | 60,550                                 | 84,540              |                          |                                      |                               | 571,508   |
| (214)                              | 2                       | 5                                | (10,329)                   | (8,741)             | 65,568                                 | 78,190              | 20,152                   | 2,932                                | (10,091)                      | 289,409   |
| (641)                              | 111                     | 2                                | 282,398                    | 421,356             | 577,734                                | 73,104              | 272,063                  | 33,504                               | 15,842                        | 3,296,546   |
| \$ (855)                           | \$ 113                  | \$ 7                             | \$ 272,069                 | \$ 412,615          | \$ 643,302                             | \$ 151,294          | \$ 292,215               | \$ 36,436                            | \$ 5,751                      | \$ 3,585,955  |

**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, 2021

*With Comparative Totals for the Year Ended December 31, 2020*

|  | Budgeted Amounts |                 | 250                                 | 251             | 2021<br>Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) | 2020<br>Actual<br>Amounts |
|--|------------------|-----------------|-------------------------------------|-----------------|---------------------------|---|---------------------------|
|  | Original         | Final           | Chatfield<br>Center for<br>the Arts | CCA<br>Capital  |                           |   |                           |
| <b>REVENUES</b>  |                  |                 |                                     |                 |                           |   |                           |
| CARES Act funding  | \$               | \$              | \$                                  | \$              | \$                        | \$  | \$ 2,500                  |
| Investment income  | 300              | 300             | 324                                 | 40              | 364                       | 64  | 472                       |
| Miscellaneous  | 400              | 400             | 6,460                               |                 | 6,460                     | 6,060   | 3,507                     |
| <b>TOTAL REVENUES</b>  | <b>700</b>       | <b>700</b>      | <b>6,784</b>                        | <b>40</b>       | <b>6,824</b>              | <b>6,124</b>  | <b>6,479</b>              |
| <b>EXPENDITURES</b>  |                  |                 |                                     |                 |                           |   |                           |
| <b>Community Development</b>                                 |                  |                 |                                     |                 |                           |   |                           |
| Repairs and maintenance                                      | 1,000            | 1,000           | 1,846                               |                 | 1,846                     | (846)   | 2,305                     |
| Professional services  | 50,000           | 50,000          | 46,667                              |                 | 46,667                    | 3,333   | 50,000                    |
| Miscellaneous  | 19,000           | 19,000          | 18,887                              |                 | 18,887                    | 113   | 18,903                    |
| Total Community Development                                  | 70,000           | 70,000          | 67,400                              |                 | 67,400                    | 2,600   | 71,208                    |
| <b>Unallocated - CARES Act</b>                               |                  |                 |                                     |                 |                           |   |                           |
| Repairs and maintenance                                      |                  |                 |                                     |                 |                           |   | 2,500                     |
| <b>TOTAL EXPENDITURES</b>                                    | <b>70,000</b>    | <b>70,000</b>   | <b>67,400</b>                       |                 | <b>67,400</b>             | <b>2,600</b>  | <b>73,708</b>             |
| Excess (deficiency) of revenues<br>over (under) expenditures | (69,300)         | (69,300)        | (60,616)                            | 40              | (60,576)                  | 8,724   | (67,229)                  |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                  |                 |                                     |                 |                           |   |                           |
| Transfers in   | 71,000           | 71,000          | 71,000                              | 3,333           | 74,333                    | 3,333   | 69,000                    |
| Transfers out  |                  |                 | (3,333)                             |                 | (3,333)                   | (3,333)   |                           |
| Total Other Financing Sources (Uses)                         | 71,000           | 71,000          | 67,667                              | 3,333           | 71,000                    |   | 69,000                    |
| Net change in fund balances                                  | 1,700            | 1,700           | 7,051                               | 3,373           | 10,424                    | 8,724   | 1,771                     |
| <b>FUND BALANCES, beginning</b>                              | <b>44,566</b>    | <b>44,566</b>   | <b>44,566</b>                       |                 | <b>44,566</b>             |   | <b>42,795</b>             |
| <b>FUND BALANCES, ending</b>                                 | <b>\$46,266</b>  | <b>\$46,266</b> | <b>\$ 51,617</b>                    | <b>\$ 3,373</b> | <b>\$ 54,990</b>          | <b>\$ 8,724</b>   | <b>\$ 44,566</b>          |



**CITY OF CHATFIELD, MINNESOTA**  
**LIBRARY FUND**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
For the Year Ended December 31, 2021  
With Comparative Totals for the Year Ended December 31, 2020

|                                  | Budgeted Amounts  |                   | 211               | 212                  | 2021              | Variance with                            | 2020              |
|----------------------------------|-------------------|-------------------|-------------------|----------------------|-------------------|--|-------------------|
|                                  | Original          | Final             | Library           | Library<br>Endowment | Actual<br>Amounts | Final Budget -<br>Positive<br>(Negative) | Actual<br>Amounts |
| <b>REVENUES</b>                  |                   |                   |                   |                      |                   |  |                   |
| Property tax levy                | \$ 176,604        | \$ 176,604        | \$ 176,604        | \$                   | \$ 176,604        | \$                                       | \$ 173,962        |
| Intergovernmental revenues:      |                   |                   |                   |                      |                   |  |                   |
| County contracts                 | 76,243            | 76,243            | 84,693            |                      | 84,693            | 8,450                                    | 74,668            |
| CARES Act funding                |                   |                   |                   |                      |                   |  | 775               |
| Library fines                    | 2,000             | 2,000             | 648               |                      | 648               | (1,352)                                  | 607               |
| Investment income                | 1,300             | 1,300             | 1,556             | 4,480                | 6,036             | 4,736                                    | 4,396             |
| Contributions                    |                   |                   | 2,427             | 1,000                | 3,427             | 3,427                                    | 7,848             |
| Sale of merchandise              | 400               | 400               | 10,316            |                      | 10,316            | 9,916                                    | 9,429             |
| Miscellaneous                    | 1,745             | 1,745             | 2,479             |                      | 2,479             | 734                                      | 1,242             |
| <b>TOTAL REVENUES</b>            | <b>258,292</b>    | <b>258,292</b>    | <b>278,723</b>    | <b>5,480</b>         | <b>284,203</b>    | <b>25,911</b>                            | <b>272,927</b>    |
| <b>EXPENDITURES</b>              |                   |                   |                   |                      |                   |  |                   |
| <b>Library</b>                   |                   |                   |                   |                      |                   |  |                   |
| Salaries                         | 138,635           | 138,635           | 137,976           |                      | 137,976           | 659                                      | 130,568           |
| Employee benefits and retirement | 21,003            | 21,003            | 20,238            |                      | 20,238            | 765                                      | 19,130            |
| Workers compensation             | 1,000             | 1,000             | 1,000             |                      | 1,000             |  | 1,340             |
| Health insurance                 | 28,923            | 28,923            | 27,016            |                      | 27,016            | 1,907                                    | 25,493            |
| Travel                           | 350               | 350               |                   |                      |                   | 350                                      |                   |
| Office supplies and postage      | 1,800             | 1,800             | 1,043             |                      | 1,043             | 757                                      | 1,625             |
| Operating supplies/small tools   | 500               | 500               | 924               |                      | 924               | (424)                                    | 991               |
| Scrip purchases/program          | 2,500             | 2,500             | 14,056            |                      | 14,056            | (11,556)                                 | 9,645             |
| Insurance                        | 4,000             | 4,000             | 3,925             |                      | 3,925             | 75                                       | 3,851             |
| Utilities                        | 6,700             | 6,700             | 6,850             |                      | 6,850             | (150)                                    | 6,012             |
| Maintenance and repair           | 12,775            | 12,775            | 12,952            |                      | 12,952            | (177)                                    | 12,241            |
| Telephone                        | 3,000             | 3,000             | 3,143             |                      | 3,143             | (143)                                    | 3,025             |
| Cleaning services                | 1,000             | 1,000             | 984               |                      | 984               | 16                                       | 1,490             |
| Capital outlay                   | 21,500            | 21,500            | 17,620            | 1,901                | 19,521            | 1,979                                    | 240,957           |
| Other                            | 14,606            | 14,606            | 12,863            |                      | 12,863            | 1,743                                    | 12,789            |
| Total Library                    | 258,292           | 258,292           | 260,590           | 1,901                | 262,491           | (4,199)                                  | 469,157           |
| <b>Unallocated - CARES Act</b>   |                   |                   |                   |                      |                   |  |                   |
| Maintenance and repair           |                   |                   |                   |                      |                   |  | 775               |
| <b>TOTAL EXPENDITURES</b>        | <b>258,292</b>    | <b>258,292</b>    | <b>260,590</b>    | <b>1,901</b>         | <b>262,491</b>    | <b>(4,199)</b>                           | <b>469,932</b>    |
| Net change in fund balances      |                   |                   | 18,133            | 3,579                | 21,712            | 21,712                                   | (197,005)         |
| <b>FUND BALANCES, beginning</b>  | <b>315,160</b>    | <b>315,160</b>    | <b>147,143</b>    | <b>168,017</b>       | <b>315,160</b>    |  | <b>512,165</b>    |
| <b>FUND BALANCES, ending</b>     | <b>\$ 315,160</b> | <b>\$ 315,160</b> | <b>\$ 165,276</b> | <b>\$ 171,596</b>    | <b>\$ 336,872</b> | <b>\$ 21,712</b>                         | <b>\$ 315,160</b> |

**CITY OF CHATFIELD, MINNESOTA  
FIRE FUND  
Schedule of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2021  
With Comparative Totals for the Year Ended December 31, 2020**

|  | Budgeted Amounts  |                   | 220<br>Fire      | 221<br>Fire Capital | 2021<br>Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) | 2020<br>Actual<br>Amounts |
|--|-------------------|-------------------|------------------|---------------------|---------------------------|---|---------------------------|
|  | Original          | Final             |                  |                     |                           |   |                           |
| <b>REVENUES</b>  |                   |                   |                  |                     |                           |   |                           |
| Intergovernmental revenues:                                  |                   |                   |                  |                     |                           |   |                           |
| CARES Act funding  | \$                | \$                | \$               | \$                  | \$                        | \$  | \$ 1,099                  |
| Township contributions                                       | 65,405            | 65,405            | 68,075           |                     | 68,075                    | 2,670   | 65,968                    |
| Training and reimbursement                                   | 5,000             | 5,000             | 3,200            |                     | 3,200                     | (1,800)   | 2,184                     |
| Charges for services   | 8,000             | 8,000             | 8,750            |                     | 8,750                     | 750   | 7,458                     |
| Investment income  |                   |                   | 1,214            | 2,542               | 3,756                     | 3,756   | 4,853                     |
| Donations  | 80,000            | 80,000            |                  | 154,112             | 154,112                   | 74,112  | 109,166                   |
| Miscellaneous  |                   |                   | 518              |                     | 518                       | 518   | 203                       |
| <b>TOTAL REVENUES</b>  | <b>158,405</b>    | <b>158,405</b>    | <b>81,757</b>    | <b>156,654</b>      | <b>238,411</b>            | <b>80,006</b>   | <b>190,931</b>            |
| <b>EXPENDITURES</b>  |                   |                   |                  |                     |                           |   |                           |
| <b>Public Safety</b>   |                   |                   |                  |                     |                           |   |                           |
| Salaries   | 25,000            | 25,000            | 29,638           |                     | 29,638                    | (4,638)   | 24,305                    |
| Employee benefits and retirement                             | 9,800             | 9,800             | 2,268            |                     | 2,268                     | 7,532   | 1,855                     |
| Workers compensation   | 18,000            | 18,000            | 9,213            |                     | 9,213                     | 8,787   | 16,556                    |
| Operating supplies   | 3,000             | 3,000             | 1,438            |                     | 1,438                     | 1,562   | 686                       |
| Small tools and minor equipment                              | 6,000             | 6,000             | 3,739            |                     | 3,739                     | 2,261   | 6,549                     |
| Vehicle operating supplies                                   | 1,500             | 1,500             | 1,696            |                     | 1,696                     | (196)   | 1,083                     |
| Insurance  | 2,400             | 2,400             | 2,722            |                     | 2,722                     | (322)   | 2,400                     |
| Utilities  | 8,000             | 8,000             | 8,753            |                     | 8,753                     | (753)   | 6,218                     |
| Maintenance and repairs                                      | 8,000             | 8,000             | 9,511            |                     | 9,511                     | (1,511)   | 6,260                     |
| Training   | 1,500             | 1,500             | 4,192            |                     | 4,192                     | (2,692)   | 2,778                     |
| Fire pension contribution                                    |                   |                   | 6,808            |                     | 6,808                     | (6,808)   | 6,597                     |
| Capital outlay   | 115,000           | 115,000           |                  | 179,312             | 179,312                   | (64,312)  | 79,621                    |
| Other  | 7,498             | 7,498             | 3,824            | 2,779               | 6,603                     | 895   | 6,471                     |
| Total Public Safety  | 205,698           | 205,698           | 83,802           | 182,091             | 265,893                   | (60,195)  | 161,379                   |
| <b>Unallocated - CARES Act</b>                               |                   |                   |                  |                     |                           |   |                           |
| Capital outlay   |                   |                   |                  |                     |                           |   | 1,099                     |
| <b>TOTAL EXPENDITURES</b>                                    | <b>205,698</b>    | <b>205,698</b>    | <b>83,802</b>    | <b>182,091</b>      | <b>265,893</b>            | <b>(60,195)</b>   | <b>162,478</b>            |
| Excess (deficiency) of revenues<br>over (under) expenditures | (47,293)          | (47,293)          | (2,045)          | (25,437)            | (27,482)                  | 19,811  | 28,453                    |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                   |                   |                  |                     |                           |   |                           |
| Transfers in   | 111,350           | 111,350           | 68,340           | 46,350              | 114,690                   | 3,340   | 108,500                   |
| Transfers out  | (49,300)          | (49,300)          | (49,300)         |                     | (49,300)                  |   | (47,950)                  |
| Total Other Financing Sources (Uses)                         | 62,050            | 62,050            | 19,040           | 46,350              | 65,390                    | 3,340   | 60,550                    |
| Net change in fund balances                                  | 14,757            | 14,757            | 16,995           | 20,913              | 37,908                    | 23,151  | 89,003                    |
| <b>FUND BALANCES, beginning</b>                              | <b>334,329</b>    | <b>334,329</b>    | <b>75,008</b>    | <b>259,321</b>      | <b>334,329</b>            |   | <b>245,326</b>            |
| <b>FUND BALANCES, ending</b>                                 | <b>\$ 349,086</b> | <b>\$ 349,086</b> | <b>\$ 92,003</b> | <b>\$ 280,234</b>   | <b>\$ 372,237</b>         | <b>\$ 23,151</b>  | <b>\$ 334,329</b>         |

**CITY OF CHATFIELD, MINNESOTA  
EDA FUND**

**Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual**

For the Year Ended December 31, 2021

With Comparative Totals for the Year Ended December 31, 2020

|  | Budgeted Amounts |                  | Fund 240                  | Variance with                            | 2020              |
|--|------------------|------------------|---------------------------|--|-------------------|
|  | Original         | Final            | 2021<br>Actual<br>Amounts | Final Budget -<br>Positive<br>(Negative) | Actual<br>Amounts |
| <b>REVENUES</b>  |                  |                  |                           |  |                   |
| CARES Act Funding  | \$               | \$               | \$                        | \$                                       | \$ 40,000         |
| Investment Income  | 900              | 900              | 416                       | (484)                                    | 674               |
| Contributions  | 500              | 500              | 1,000                     | 500                                      | 500               |
| Miscellaneous  | 2,600            | 2,600            | 1,997                     | (603)                                    | 2,237             |
| <b>TOTAL REVENUES</b>  | <b>4,000</b>     | <b>4,000</b>     | <b>3,413</b>              | <b>(587)</b>                             | <b>43,411</b>     |
| <b>EXPENDITURES</b>  |                  |                  |                           |  |                   |
| <b>Community Development</b>                                 |                  |                  |                           |  |                   |
| Repairs and maintenance                                      | 500              | 500              | 309                       | 191                                      | 271               |
| Professional services  | 48,150           | 48,150           | 47,151                    | 999                                      | 53,846            |
| Other  | 5,823            | 5,823            | 8,174                     | (2,351)                                  | 8,024             |
| Total Community Development                                  | 54,473           | 54,473           | 55,634                    | (1,161)                                  | 62,141            |
| <b>Unallocated - CARES Act</b>                               |                  |                  |                           |  |                   |
| Grants   |                  |                  |                           |  | 40,000            |
| <b>TOTAL EXPENDITURES</b>                                    | <b>54,473</b>    | <b>54,473</b>    | <b>55,634</b>             | <b>(1,161)</b>                           | <b>102,141</b>    |
| Excess (deficiency) of revenues<br>over (under) expenditures | (50,473)         | (50,473)         | (52,221)                  | (1,748)                                  | (58,730)          |
| <b>OTHER FINANCING SOURCES</b>                               |                  |                  |                           |  |                   |
| Transfers in   | 50,000           | 50,000           | 50,000                    |  | 56,301            |
| Net change in fund balances                                  | (473)            | (473)            | (2,221)                   | (1,748)                                  | (2,429)           |
| <b>FUND BALANCES, beginning</b>                              | <b>49,836</b>    | <b>49,836</b>    | <b>49,836</b>             |  | <b>52,265</b>     |
| <b>FUND BALANCES, ending</b>                                 | <b>\$ 49,363</b> | <b>\$ 49,363</b> | <b>\$ 47,615</b>          | <b>\$ (1,748)</b>                        | <b>\$ 49,836</b>  |

**CITY OF CHATFIELD, MINNESOTA**  
**AMBULANCE FUND**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
For the Year Ended December 31, 2021  
With Comparative Totals for the Year Ended December 31, 2020

|  | Budgeted Amounts  |                   | 230<br>Ambulance  | 231<br>Ambulance<br>Capital<br>Reserve | 2021<br>Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) | 2020<br>Actual<br>Amounts |
|--|-------------------|-------------------|-------------------|--|---------------------------|---|---------------------------|
|  | Original          | Final             |                   |  |                           |   |                           |
| <b>REVENUES</b>  |                   |                   |                   |  |                           |   |                           |
| Intergovernmental revenues:                                  |                   |                   |                   |  |                           |   |                           |
| County contract  | \$ 4,500          | \$ 4,500          | \$ 4,500          | \$                                     | \$ 4,500                  | \$  | \$ 4,500                  |
| Township contributions                                       | 57,475            | 57,475            | 58,000            |  | 58,000                    | 525   | 57,725                    |
| Training reimbursement                                       | 4,500             | 4,500             | 4,825             |  | 4,825                     | 325   |                           |
| CARES Act funding  |                   |                   |                   |  |                           |   | 32,052                    |
| Other state aid  |                   |                   |                   |  |                           |   | 6,492                     |
| Charges for services   | 180,000           | 180,000           | 234,537           |  | 234,537                   | 54,537  | 216,707                   |
| Training revenue   | 18,000            | 18,000            | 13,310            |  | 13,310                    | (4,690)   | 9,325                     |
| Investment income  |                   |                   | 335               | 1,132                                  | 1,467                     | 1,467   | 1,022                     |
| Contributions  | 13,000            | 13,000            |                   | 26,599                                 | 26,599                    | 13,599  | 17,110                    |
| Miscellaneous  | 600               | 600               | 3,282             |  | 3,282                     | 2,682   | 332                       |
| <b>TOTAL REVENUES</b>  | <b>278,075</b>    | <b>278,075</b>    | <b>318,789</b>    | <b>27,731</b>                          | <b>346,520</b>            | <b>68,445</b>   | <b>345,265</b>            |
| <b>EXPENDITURES</b>  |                   |                   |                   |  |                           |   |                           |
| <b>Public Safety</b>   |                   |                   |                   |  |                           |   |                           |
| Salaries   | 157,000           | 157,000           | 145,565           |  | 145,565                   | 11,435  | 154,148                   |
| Employee benefits and retirement                             | 28,500            | 28,500            | 23,239            |  | 23,239                    | 5,261   | 27,090                    |
| Workers compensation   | 9,000             | 9,000             | 11,732            |  | 11,732                    | (2,732)   | 7,647                     |
| Health insurance   | 22,845            | 22,845            | 23,722            |  | 23,722                    | (877)   | 22,793                    |
| Inoculations   | 200               | 200               | 37                |  | 37                        | 163   | 25                        |
| Training   | 11,000            | 11,000            | 10,632            |  | 10,632                    | 368   | 3,964                     |
| Small tools and minor equipment                              | 1,750             | 1,750             | 544               |  | 544                       | 1,206   | 2,293                     |
| Office supplies  | 1,500             | 1,500             | 72                |  | 72                        | 1,428   |                           |
| Operating supplies   | 11,000            | 11,000            | 12,341            |  | 12,341                    | (1,341)   | 6,520                     |
| Vehicle operating supplies                                   | 3,500             | 3,500             | 4,631             |  | 4,631                     | (1,131)   | 2,607                     |
| Internet and telephone                                       | 4,200             | 4,200             | 5,259             |  | 5,259                     | (1,059)   | 4,298                     |
| Travel   | 50                | 50                |                   |  |                           | 50  |                           |
| Printing and publications                                    | 1,800             | 1,800             | 168               | 1,373                                  | 1,541                     | 259   | 1,229                     |
| Insurance  | 1,250             | 1,250             | 1,776             |  | 1,776                     | (526)   | 1,832                     |
| Utilities  | 5,000             | 5,000             | 4,959             |  | 4,959                     | 41  | 5,583                     |
| Maintenance and repairs                                      | 15,500            | 15,500            | 20,364            |  | 20,364                    | (4,864)   | 17,583                    |
| Medical services   | 3,500             | 3,500             | 8,017             |  | 8,017                     | (4,517)   | 7,165                     |
| Clothing   | 2,750             | 2,750             | 2,979             |  | 2,979                     | (229)   | 3,833                     |
| License, permits, dues and subscription                      | 12,550            | 12,550            | 14,825            |  | 14,825                    | (2,275)   | 12,635                    |
| Capital outlay   |                   |                   |                   | 76,479                                 | 76,479                    | (76,479)  | 8,751                     |
| Refunds  | 1,500             | 1,500             | 2,054             |  | 2,054                     | (554)   | 249                       |
| Departmental capital charge                                  | 1,915             | 1,915             | 1,915             |  | 1,915                     |   | 1,700                     |
| Other  | 3,620             | 3,620             | 3,178             | 456                                    | 3,634                     | (14)  | 2,546                     |
| Total Public Safety  | 299,930           | 299,930           | 298,009           | 78,308                                 | 376,317                   | (76,387)  | 294,491                   |
| <b>Unallocated - CARES Act</b>                               |                   |                   |                   |  |                           |   |                           |
| Salaries   |                   |                   |                   |  |                           |   | 13,000                    |
| Small tools and minor equipment                              |                   |                   |                   |  |                           |   | 3,045                     |
| Capital outlay   |                   |                   |                   |  |                           |   | 16,007                    |
| <b>TOTAL EXPENDITURES</b>                                    | <b>299,930</b>    | <b>299,930</b>    | <b>298,009</b>    | <b>78,308</b>                          | <b>376,317</b>            | <b>(76,387)</b>   | <b>326,543</b>            |
| Excess (deficiency) of revenues<br>over (under) expenditures | (21,855)          | (21,855)          | 20,780            | (50,577)                               | (29,797)                  | (7,942)   | 18,722                    |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                   |                   |                   |  |                           |   |                           |
| Transfers in   | 114,710           | 114,710           | 71,450            | 43,260                                 | 114,710                   |   | 113,450                   |
| Transfers out  | (58,260)          | (58,260)          | (58,260)          |  | (58,260)                  |   | (56,800)                  |
| Total Other Financing Sources (Uses)                         | 56,450            | 56,450            | 13,190            | 43,260                                 | 56,450                    |   | 56,650                    |
| Net change in fund balances                                  | 34,595            | 34,595            | 33,970            | (7,317)                                | 26,653                    | (7,942)   | 75,372                    |
| <b>FUND BALANCES, beginning</b>                              | <b>365,672</b>    | <b>365,672</b>    | <b>290,673</b>    | <b>74,999</b>                          | <b>365,672</b>            |   | <b>290,300</b>            |
| <b>FUND BALANCES, ending</b>                                 | <b>\$ 400,267</b> | <b>\$ 400,267</b> | <b>\$ 324,643</b> | <b>\$ 67,682</b>                       | <b>\$ 392,325</b>         | <b>\$ (7,942)</b>   | <b>\$ 365,672</b>         |

**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, 2021  
With Comparative Totals for the Year Ended December 31, 2020

|                                 | Budgeted Amounts  |                   | Fund 360<br>2021<br>Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) | 2020<br>Actual<br>Amounts |
|---------------------------------|-------------------|-------------------|---------------------------------------|---|---------------------------|
|                                 | Original          | Final             |                                       |   |                           |
| <b>REVENUES</b>                 |                   |                   |                                       |   |                           |
| Investment income               | \$ 5,895          | \$ 5,895          | \$ 7,417                              | \$ 1,522  | \$ 7,479                  |
| Miscellaneous                   | 38,393            | 38,393            | 32,028                                | (6,365)   | 24,739                    |
| <b>TOTAL REVENUES</b>           | <u>44,288</u>     | <u>44,288</u>     | <u>39,445</u>                         | <u>(4,843)</u>  | <u>32,218</u>             |
| <b>EXPENDITURES</b>             |                   |                   |                                       |   |                           |
| Loan advances                   |                   |                   |                                       |   | 4,200                     |
| Professional services           |                   |                   |                                       |   | 46                        |
| <b>TOTAL EXPENDITURES</b>       |                   |                   |                                       |   | <u>4,246</u>              |
| Net change in fund balances     | 44,288            | 44,288            | 39,445                                | (4,843)   | 27,972                    |
| <b>FUND BALANCES, beginning</b> | <u>97,349</u>     | <u>97,349</u>     | <u>97,349</u>                         |   | <u>69,377</u>             |
| <b>FUND BALANCES, ending</b>    | <u>\$ 141,637</u> | <u>\$ 141,637</u> | <u>\$ 136,794</u>                     | <u>\$ (4,843)</u>   | <u>\$ 97,349</u>          |

**CITY OF CHATFIELD, MINNESOTA**  
**INTERNAL SERVICE FUND**  
**Statements of Net Position**  
December 31, 2021 and 2020

|                                | 2021         | 2020         |
|--------------------------------|--------------|--------------|
| <b>ASSETS</b>                  |              |              |
| <b>Current Assets</b>          |              |              |
| Cash and cash equivalents      | \$ 939,825   | \$ 892,835   |
| <b>Noncurrent Assets</b>       |              |              |
| Capital assets:                |              |              |
| Depreciable                    | 5,334,446    | 5,089,360    |
| Less: Accumulated depreciation | 2,582,771    | 2,459,369    |
| Net capital assets             | 2,751,675    | 2,629,991    |
| Total Assets                   | 3,691,500    | 3,522,826    |
| <b>LIABILITIES</b>             |              |              |
| Accounts payable               | 13,514       | 675          |
| <b>NET POSITION</b>            |              |              |
| Invested in capital assets     | 2,751,675    | 2,629,991    |
| Unrestricted                   | 926,311      | 892,160      |
| Total Net Position             | \$ 3,677,986 | \$ 3,522,151 |

**CITY OF CHATFIELD, MINNESOTA**  
**INTERNAL SERVICE FUND**  
**Statements of Revenues, Expenses**  
**and Changes in Fund Net Position**  
For the Years Ended December 31, 2021 and 2020

|   | 2021         | 2020         |
|---|--------------|--------------|
| <b>Operating Revenues</b>               |              |              |
| Departmental capital charge             | \$ 332,031   | \$ 305,528   |
| <b>Operating Expenses</b>               |              |              |
| Depreciation                            | 265,777      | 251,325      |
| Repairs                                 | 15,718       | 46,436       |
| Minor equipment                         |              | 7,664        |
| Professional fees                       | 4,999        | 1,128        |
| Other                                   | 6,004        | 6,159        |
| Total Operating Expenses                | 292,498      | 312,712      |
| Operating Income (Loss)                 | 39,533       | (7,184)      |
| <b>Nonoperating Revenues</b>            |              |              |
| Investment income                       | 10,696       | 13,322       |
| Intergovernmental - CARES Act funding   |              | 57,583       |
| Intergovernmental - small cities aid    | 53,300       |              |
| Miscellaneous                           | 31,306       | 22,712       |
| Gain on sale of assets                  | 93,440       | 4,645        |
| Total Nonoperating Revenues             | 188,742      | 98,262       |
| <b>INCOME BEFORE TRANSFERS</b>          | 228,275      | 91,078       |
| Transfers in                            | 2,100        | 2,100        |
| Transfers out                           | (74,540)     | (57,335)     |
| <b>CHANGE IN NET POSITION</b>           | 155,835      | 35,843       |
| <b>NET POSITION - BEGINNING OF YEAR</b> | 3,522,151    | 3,486,308    |
| <b>NET POSITION - END OF YEAR</b>       | \$ 3,677,986 | \$ 3,522,151 |

**CITY OF CHATFIELD, MINNESOTA**  
**INTERNAL SERVICE FUND**  
**Statements of Cash Flows**  
For the Years Ended December 31, 2021 and 2020

|  | 2021       | 2020       |
|--|------------|------------|
| <b>Cash Flows From Operating Activities</b>                    |            |            |
| Cash received from other departments                           | \$ 332,031 | \$ 305,528 |
| Cash paid to suppliers   | (13,882)   | (60,778)   |
| Net Cash Provided by Operating Activities                      | 318,149    | 244,750    |
| <b>Cash Flows From Noncapital Financing Activities</b>         |            |            |
| Miscellaneous  | 31,306     | 22,712     |
| Transfer in/out  | (72,440)   | (55,235)   |
| Net Cash Provided By (Used In) Noncapital Financing Activities | (41,134)   | (32,523)   |
| <b>Capital and Related Financing Activities</b>                |            |            |
| Capital asset acquisitions                                     | (294,021)  | (159,059)  |
| Intergovernmental  | 53,300     | 57,583     |
| Net Cash Used In Capital and Related Financing Activities      | (240,721)  | (101,476)  |
| <b>Cash Flows From Investing Activities</b>                    |            |            |
| Investment income received                                     | 10,696     | 13,322     |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>               | 46,990     | 124,073    |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>            | 892,835    | 768,762    |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>                  | \$ 939,825 | \$ 892,835 |

**RECONCILIATION OF OPERATING INCOME (LOSS)**  
**TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

|   |            |            |
|---|------------|------------|
| Operating Income (Loss)                   | \$ 39,533  | \$ (7,184) |
| Adjustments to Reconcile Operating Income |            |            |
| (Loss) to Net Cash Provided by            |            |            |
| Operating Activities                      |            |            |
| Depreciation                              | 265,777    | 251,325    |
| Increase (Decrease) in:                   |            |            |
| Accounts payable                          | 12,839     | 609        |
| Net Cash Provided By Operating Activities | \$ 318,149 | \$ 244,750 |



**CITY OF CHATFIELD, MINNESOTA**  
**SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2021**

**CITY OF CHATFIELD, MINNESOTA**  
**PROPRIETARY FUNDS**  
**WATER FUND**  
**Statements of Net Position**  
December 31, 2021 and 2020

|  | 2021                | 2020                |
|--|---------------------|---------------------|
| <b>ASSETS</b>  |                     |                     |
| <b>Current Assets</b>  |                     |                     |
| Cash and cash equivalents  | \$ 252,303          | \$ 269,285          |
| Accounts receivable  | 48,772              | 45,241              |
| Special assessments receivable   | 6,159               | 4,846               |
| Special assessments delinquent   | 309                 | 738                 |
| Prepaid items  | 621                 | 541                 |
| Total Current Assets   | 308,164             | 320,651             |
| <b>Property and Equipment</b>  |                     |                     |
| Nondepreciable   | 30,246              | 30,246              |
| Depreciable  | 4,163,520           | 4,132,177           |
| Less: Accumulated depreciation   | 1,666,577           | 1,538,003           |
| Property, Plant and<br>Equipment, Net  | 2,527,189           | 2,624,420           |
| <b>Deferred Outflows of Resources</b>  |                     |                     |
| Deferred outflows from pension activity                                      | 27,772              | 4,355               |
| <b>TOTAL ASSETS AND DEFERRED<br/>OUTFLOWS OF RESOURCES</b>                   | <b>\$ 2,863,125</b> | <b>\$ 2,949,426</b> |
| <b>LIABILITIES</b>   |                     |                     |
| <b>Current Liabilities</b>   |                     |                     |
| Accounts payable   | \$ 12,653           | \$ 6,144            |
| Accrued compensated absences   | 7,136               | 4,771               |
| Current maturities of bonds payable  | 36,000              | 35,500              |
| Accrued interest payable   | 1,582               | 1,823               |
| Total Current Liabilities  | 57,371              | 48,238              |
| <b>Noncurrent Liabilities</b>  |                     |                     |
| Net pension liability  | 38,261              | 47,169              |
| Accrued compensated absences   | 2,968               | 4,200               |
| Bonds payable, net of current maturities                                     | 188,500             | 224,500             |
| Total Noncurrent Liabilities   | 229,729             | 275,869             |
| Total Liabilities  | 287,100             | 324,107             |
| <b>Deferred Inflows of Resources</b>   |                     |                     |
| Deferred inflows from pension activity                                       | 35,438              | 1,937               |
| <b>NET POSITION</b>  |                     |                     |
| Net investment in capital assets   | 2,302,689           | 2,364,420           |
| Unrestricted   | 237,898             | 258,962             |
| Total Net Position   | 2,540,587           | 2,623,382           |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND NET POSITION</b> | <b>\$ 2,863,125</b> | <b>\$ 2,949,426</b> |

**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, 2021

With Comparative Totals for the Year Ended December 31, 2020

|   | Budgeted Amounts |              | 2021<br>Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) | 2020<br>Actual<br>Amounts |
|---|------------------|--------------|---------------------------|---|---------------------------|
|   | Original         | Final        |                           |   |                           |
| <b>Operating Revenue</b>                |                  |              |                           |   |                           |
| Service fees and charges                | \$ 350,400       | \$ 350,400   | \$ 418,847                | \$ 68,447   | \$ 372,381                |
| <b>Operating Expenses</b>               |                  |              |                           |   |                           |
| Salaries                                | 67,000           | 67,000       | 70,771                    | (3,771)   | 61,721                    |
| Employee benefits and retirement        | 9,900            | 9,900        | 11,674                    | (1,774)   | 7,758                     |
| Health insurance                        | 9,025            | 9,025        | 9,378                     | (353)   | 8,848                     |
| Workers compensation                    | 4,300            | 4,300        | 2,409                     | 1,891   | 3,892                     |
| Supplies                                | 9,550            | 9,550        | 6,931                     | 2,619   | 8,120                     |
| Utilities                               | 22,000           | 22,000       | 22,770                    | (770)   | 20,448                    |
| Maintenance and repairs                 | 15,400           | 15,400       | 43,468                    | (28,068)  | 18,598                    |
| Travel and training                     | 800              | 800          | 633                       | 167   | 50                        |
| Professional fees                       | 18,200           | 18,200       | 40,627                    | (22,427)  | 23,185                    |
| Office expense                          | 1,500            | 1,500        | 1,368                     | 132   | 1,145                     |
| Insurance                               | 4,500            | 4,500        | 3,647                     | 853   | 4,418                     |
| Depreciation                            |                  |              | 128,574                   | (128,574)   | 127,919                   |
| Departmental capital charge             | 9,603            | 9,603        | 9,853                     | (250)   | 9,522                     |
| Other                                   | 7,750            | 7,750        | 11,627                    | (3,877)   | 17,587                    |
| Total Operating Expenses                | 179,528          | 179,528      | 363,730                   | (184,202)   | 313,211                   |
| Operating Income                        | 170,872          | 170,872      | 55,117                    | 115,755   | 59,170                    |
| <b>Nonoperating Revenues (Expenses)</b> |                  |              |                           |   |                           |
| Investment income                       | 5,000            | 5,000        | 3,039                     | (1,961)   | 4,974                     |
| Refunds and reimbursements              | 200              | 200          | 1,886                     | 1,686   | 1,293                     |
| Special assessments                     | 7,000            | 7,000        | 11,953                    | 4,953   | 8,069                     |
| State aid                               |                  |              | 3,700                     | 3,700   | 9,850                     |
| CARES Act funding                       |                  |              |                           |   | 4,255                     |
| CARES Act expenses                      |                  |              |                           |   | (4,255)                   |
| Connection and access fees              | 11,200           | 11,200       | 29,294                    | 18,094  | 9,600                     |
| Interest expense                        | (4,090)          | (4,090)      | (3,849)                   | 241   | (4,425)                   |
| Total Nonoperating Revenues (Expenses)  | 19,310           | 19,310       | 46,023                    | 26,713  | 29,361                    |
| <b>INCOME BEFORE TRANSFERS</b>          | 190,182          | 190,182      | 101,140                   | (89,042)  | 88,531                    |
| Transfer in                             | (79)             | (79)         |                           | 79  |                           |
| Transfers out                           | (184,225)        | (184,225)    | (183,935)                 | 290   | (185,207)                 |
| <b>CHANGE IN NET POSITION</b>           | 5,878            | 5,878        | (82,795)                  | (88,673)  | (96,676)                  |
| <b>NET POSITION - BEGINNING OF YEAR</b> | 2,623,382        | 2,623,382    | 2,623,382                 |   | 2,720,058                 |
| <b>NET POSITION - END OF YEAR</b>       | \$ 2,629,260     | \$ 2,629,260 | \$ 2,540,587              | \$ (88,673)   | \$ 2,623,382              |

**CITY OF CHATFIELD, MINNESOTA**  
**PROPRIETARY FUNDS**  
**SEWER FUND**  
**Statement of Net Position**  
December 31, 2021 and 2020

|  | 2021                | 2020                |
|--|---------------------|---------------------|
| <b>ASSETS</b>  |                     |                     |
| <b>Current Assets</b>  |                     |                     |
| Cash and cash equivalents  | \$ 602,559          | \$ 495,649          |
| Accounts receivable  | 118,211             | 114,514             |
| Special assessments receivable   | 20,529              | 16,154              |
| Special assessments delinquent   | 754                 | 2,771               |
| Prepaid items  | 2,278               | 1,983               |
| Total Current Assets   | 744,331             | 631,071             |
| <b>Property and Equipment</b>  |                     |                     |
| Nondepreciable   | 30,246              | 30,246              |
| Depreciable  | 13,042,710          | 13,041,214          |
| Less: Accumulated depreciation   | 7,131,640           | 6,841,429           |
| Property, Plant and<br>Equipment, Net  | 5,941,316           | 6,230,031           |
| <b>Deferred Outflows of Resources</b>  |                     |                     |
| Deferred outflows from pension activity                                      | 49,183              | 8,195               |
| <b>TOTAL ASSETS AND DEFERRED<br/>OUTFLOWS OF RESOURCES</b>                   | <b>\$ 6,734,830</b> | <b>\$ 6,869,297</b> |
| <b>LIABILITIES</b>   |                     |                     |
| <b>Current Liabilities</b>   |                     |                     |
| Accounts payable   | \$ 6,053            | \$ 5,861            |
| Accrued compensated absences   | 9,833               | 3,810               |
| Current maturities of bonds payable  | 476,000             | 470,500             |
| Accrued interest payable   | 28,692              | 32,556              |
| Total Current Liabilities  | 520,578             | 512,727             |
| <b>Noncurrent Liabilities</b>  |                     |                     |
| Net pension liability  | 67,783              | 84,119              |
| Accrued compensated absences   | 5,422               | 6,682               |
| Bonds payable, net of current maturities                                     | 3,044,722           | 3,526,611           |
| Total Noncurrent Liabilities   | 3,117,927           | 3,617,412           |
| Total Liabilities  | 3,638,505           | 4,130,139           |
| <b>Deferred Inflows of Resources</b>   |                     |                     |
| Deferred inflows from pension activity                                       | 62,624              | 3,351               |
| <b>NET POSITION</b>  |                     |                     |
| Net investment in capital assets   | 2,420,594           | 2,232,920           |
| Unrestricted   | 613,107             | 502,887             |
| Total Net Position   | 3,033,701           | 2,735,807           |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND NET POSITION</b> | <b>\$ 6,734,830</b> | <b>\$ 6,869,297</b> |

**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, 2021

With Comparative Totals for the Year Ended December 31, 2020

|   | Budgeted Amounts |              | 2021<br>Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) | 2020<br>Actual<br>Amounts |
|---|------------------|--------------|---------------------------|---|---------------------------|
|   | Original         | Final        |                           |   |                           |
| <b>Operating Revenue</b>                |                  |              |                           |   |                           |
| Service fees and charges                | \$ 945,150       | \$ 945,150   | \$ 960,431                | \$ 15,281   | \$ 963,882                |
| <b>Operating Expenses</b>               |                  |              |                           |   |                           |
| Salaries                                | 113,300          | 113,300      | 128,140                   | (14,840)  | 115,999                   |
| Employee benefits and retirement        | 17,166           | 17,166       | 20,377                    | (3,211)   | 16,766                    |
| Health insurance                        | 27,050           | 27,050       | 22,927                    | 4,123   | 25,554                    |
| Workers compensation                    | 8,500            | 8,500        | 5,377                     | 3,123   | 7,883                     |
| Supplies                                | 11,200           | 11,200       | 6,181                     | 5,019   | 5,320                     |
| Utilities                               | 72,000           | 72,000       | 52,364                    | 19,636  | 51,289                    |
| Maintenance and repairs                 | 194,300          | 194,300      | 32,188                    | 162,112   | 24,800                    |
| Travel and training                     | 1,950            | 1,950        | 601                       | 1,349   | 390                       |
| Professional fees                       | 24,000           | 24,000       | 13,281                    | 10,719  | 15,849                    |
| Office expense                          | 4,000            | 4,000        | 3,873                     | 127   | 3,801                     |
| Insurance                               | 12,000           | 12,000       | 12,089                    | (89)  | 11,882                    |
| Depreciation                            |                  |              | 290,211                   | (290,211)   | 291,972                   |
| Departmental capital charge             | 9,009            | 9,009        | 9,009                     |   | 8,710                     |
| Other                                   | 22,400           | 22,400       | 19,286                    | 3,114   | 19,186                    |
| Total Operating Expenses                | 516,875          | 516,875      | 615,904                   | (99,029)  | 599,401                   |
| Operating Income                        | 428,275          | 428,275      | 344,527                   | (83,748)  | 364,481                   |
| <b>Nonoperating Revenues (Expenses)</b> |                  |              |                           |   |                           |
| Investment income                       | 10,000           | 10,000       | 9,432                     | (568)   | 12,809                    |
| Refunds and reimbursements              | 401              | 401          | 3,937                     | 3,536   | 2,216                     |
| Special assessments                     | 30,000           | 30,000       | 30,863                    | 863   | 34,287                    |
| CARES Act funding                       |                  |              |                           |   | 29,767                    |
| CARES Act expenses                      |                  |              |                           |   | (5,601)                   |
| Connection and access fees              | 18,200           | 18,200       | 34,280                    | 16,080  | 15,600                    |
| Interest expense                        | (4,089)          | (4,089)      | (63,786)                  | (59,697)  | (73,046)                  |
| Total Nonoperating Revenue (Expense)    | 54,512           | 54,512       | 14,726                    | (39,786)  | 16,032                    |
| <b>INCOME BEFORE TRANSFERS</b>          | 482,787          | 482,787      | 359,253                   | (123,534)   | 380,513                   |
| Transfer in                             |                  |              | 14,450                    | 14,450  | 74,050                    |
| Transfers out                           | (90,809)         | (90,809)     | (75,809)                  | 15,000  | (75,737)                  |
| <b>CHANGE IN NET POSITION</b>           | 391,978          | 391,978      | 297,894                   | (94,084)  | 378,826                   |
| <b>NET POSITION - BEGINNING OF YEAR</b> | 2,735,807        | 2,735,807    | 2,735,807                 |   | 2,356,981                 |
| <b>NET POSITION - END OF YEAR</b>       | \$ 3,127,785     | \$ 3,127,785 | \$ 3,033,701              | \$ (94,084)   | \$ 2,735,807              |

**CITY OF CHATFIELD, MINNESOTA**  
**PROPRIETARY FUNDS**  
**GARBAGE FUND**  
**Statement of Net Position**  
December 31, 2021 and 2020

|   | 2021      | 2020      |
|---|-----------|-----------|
| <b>ASSETS</b>                                 |           |           |
| <b>Current Assets</b>                         |           |           |
| Cash and cash equivalents                     | \$ 51,216 | \$ 62,556 |
| Accounts receivable                           | 23,222    | 22,840    |
| Special assessments receivable                | 7,528     | 5,923     |
| Special assessments delinquent                | 173       | 886       |
| Total Current Assets                          | \$ 82,139 | \$ 92,205 |
| <br><b>LIABILITIES</b>                        |           |           |
| <b>Current Liabilities</b>                    |           |           |
| Accounts payable                              | \$ 16,393 | \$ 15,413 |
| Total Current Liabilities                     | 16,393    | 15,413    |
| <br><b>NET POSITION</b>                       |           |           |
| Unrestricted                                  | 65,746    | 76,792    |
| <br><b>TOTAL LIABILITIES AND NET POSITION</b> | \$ 82,139 | \$ 92,205 |

**CITY OF CHATFIELD, MINNESOTA**  
**GARBAGE FUND**  
**Schedule of Revenues, Expenditures**  
**and Changes in Net Position - Budget and Actual**  
For the Year Ended December 31, 2021  
With Comparative Totals for the Year Ended December 31, 2020

|   | Budgeted Amounts |            | Fund 603                  | Variance with                            | 2020              |
|---|------------------|------------|---------------------------|--|-------------------|
|   | Original         | Final      | 2021<br>Actual<br>Amounts | Final Budget -<br>Positive<br>(Negative) | Actual<br>Amounts |
| <b>Operating Revenue</b>                |                  |            |                           |  |                   |
| Charges for services                    | \$ 232,700       | \$ 232,700 | \$ 233,395                | \$ 695                                   | \$ 225,253        |
| <b>Operating Expenses</b>               |                  |            |                           |  |                   |
| Garbage removal                         | 192,000          | 192,000    | 194,057                   | (2,057)                                  | 184,660           |
| City cleanup                            | 16,000           | 16,000     | 21,931                    | (5,931)                                  | 217               |
| Supplies                                | 650              | 650        | 183                       | 467                                      | 314               |
| Maintenance and repairs                 | 5,600            | 5,600      | 4,817                     | 783                                      | 4,494             |
| Office expense                          | 1,500            | 1,500      | 1,016                     | 484                                      | 989               |
| Departmental capital charge             | 310              | 310        | 310                       |  | 250               |
| Other                                   | 14,975           | 14,975     | 14,722                    | 253                                      | 12,834            |
| Total Operating Expenses                | 231,035          | 231,035    | 237,036                   | (6,001)                                  | 203,758           |
| Operating Income (Loss)                 | 1,665            | 1,665      | (3,641)                   | (5,306)                                  | 21,495            |
| <b>Nonoperating Revenue</b>             |                  |            |                           |  |                   |
| Investment income                       | 700              | 700        | 664                       | (36)                                     | 1,036             |
| Special assessments                     | 10,000           | 10,000     | 8,831                     | (1,169)                                  | 9,507             |
| Total Nonoperating Revenue              | 10,700           | 10,700     | 9,495                     | (1,205)                                  | 10,543            |
| <b>INCOME BEFORE TRANSFERS</b>          | 12,365           | 12,365     | 5,854                     | (6,511)                                  | 32,038            |
| Transfers out                           | (16,900)         | (16,900)   | (16,900)                  |  | (16,900)          |
| <b>CHANGE IN NET POSITION</b>           | (4,535)          | (4,535)    | (11,046)                  | (6,511)                                  | 15,138            |
| <b>NET POSITION - BEGINNING OF YEAR</b> | 76,792           | 76,792     | 76,792                    |  | 61,654            |
| <b>NET POSITION - END OF YEAR</b>       | \$ 72,257        | \$ 72,257  | \$ 65,746                 | \$ (6,511)                               | \$ 76,792         |

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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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 8, 2022.

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'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, Schafner and Associates, Ltd.*

Rochester, Minnesota  
March 8, 2022