

**CITY OF CHATFIELD, MINNESOTA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**



**CITY OF CHATFIELD, MINNESOTA**

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**CITY OF CHATFIELD, MINNESOTA**

**INTRODUCTORY SECTION**

**DECEMBER 31, 2022**

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**CITY OF CHATFIELD, MINNESOTA**  
**LIST OF ELECTED AND APPOINTED OFFICIALS**  
**DECEMBER 31, 2022**

Russ Smith	Mayor
Paul Novotny	Vice-Mayor
Mike Urban	Councilor
Josh Broadwater	Councilor
Pam Bluhm	Councilor
Dave Frank	Councilor
Joel Young	City Clerk
Kay Wangen	Finance Director

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**CITY OF CHATFIELD, MINNESOTA**

**FINANCIAL SECTION**

**DECEMBER 31, 2022**

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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 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, 2022, 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, 2022, and the respective changes in financial position, cash flows thereof, and the respective budgetary comparison for the General Fund 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 twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***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.

### ***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 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.

### ***Other Information***

Management is responsible for the other information included in the report. The other information comprises the introductory section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***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, 2021, from which such partial information was derived.

We have previously audited the City's 2021 financial statements and our report dated March 8, 2022, 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, 2021, 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 14, 2023

## **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, 2022.

### **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 \$29,755,541 (*net position*). Of this amount, \$3,717,706 (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 \$7,423,495.
- As of the close of the current fiscal year, the City of Chatfield, Minnesota's governmental funds reported combined ending fund balances of \$5,185,095. Of this amount, \$2,754,607 or 53 percent, 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 \$1,578,202 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-nine 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 and the CCA construction phase II fund which are considered to be major funds. Data from the other twenty-seven 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 87-93) 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.

**Fiduciary funds.** The City of Chatfield, Minnesota maintains one fiduciary fund. *Fiduciary* funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. This fund accounts for SE MN Transportation Management Organization (TMO) activities and net position was \$27,521 at the end of 2022.

The proprietary fund financial statements can be found on pages 30-35 of this report.

The internal service fund financial statements can be found on pages 94-96 of this report.

The fiduciary fund financial statements can be found on page 36 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 37-74 of this report.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 79-86 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 \$29,755,541 at the close of the most recent fiscal year.

The largest portion of the City of Chatfield, Minnesota's net position (\$23,530,284) 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			
	Activities		Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 7,342,614	\$ 7,179,954	\$ 1,769,208	\$ 1,134,634	\$ 9,111,822	\$ 8,314,588
Capital assets	25,623,772	18,184,206	8,595,870	8,468,505	34,219,642	26,652,711
Total assets	32,966,386	25,364,160	10,365,078	9,603,139	43,331,464	34,967,299
Deferred outflows of resources	1,275,020	326,789	53,559	12,550	1,328,579	339,339
Long-term liabilities						
outstanding	9,340,779	7,525,490	4,613,379	3,851,266	13,954,158	11,376,756
Other liabilities	763,880	902,578	101,006	90,732	864,886	993,310
Total liabilities	10,104,659	8,428,068	4,714,385	3,941,998	14,819,044	12,370,066
Deferred inflows of resources	80,823	1,024,807	4,635	98,062	85,458	1,122,869
Net position:						
Net investment in capital assets	18,568,475	11,315,270	4,961,809	4,723,283	23,530,284	16,038,553
Restricted	2,507,551	2,463,373			2,507,551	2,463,373
Unrestricted	2,979,898	2,913,369	737,808	916,751	3,717,706	3,830,120
Total net position	\$ 24,055,924	\$ 16,692,012	\$ 5,699,617	\$ 5,640,034	\$ 29,755,541	\$ 22,332,046

The balance of *unrestricted net position* (\$3,717,706) 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 \$7,363,912.

**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 \$59,583.

A condensed version of the Statement of Activities follows:

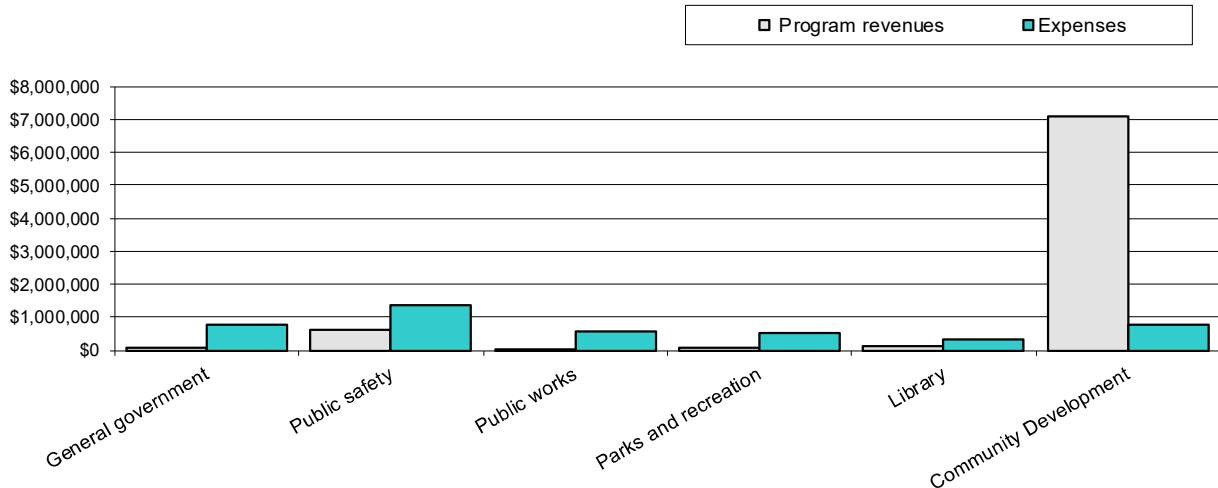
**City of Chatfield, Minnesota Change in Net Position**

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenue:						
Program revenues:						
Charges for services	\$ 410,813	\$ 473,811	\$ 1,637,124	\$ 1,676,247	\$ 2,047,937	\$ 2,150,058
Operating grants and contributions	350,857	279,357		3,700	350,857	283,057
Capital grants and contributions	7,261,027	1,313,270	45,378	51,647	7,306,405	1,364,917
General revenues:						
Property taxes	2,346,712	2,274,245			2,346,712	2,274,245
Tax increments	239,356	219,165			239,356	219,165
Grants and contributions not restricted to specific programs						
Local government aid	848,155	840,269			848,155	840,269
Other	159,085	155,152			159,085	155,152
Miscellaneous	5,243	49,562	25,745	18,958	30,988	68,520
Total revenues	11,621,248	5,604,831	1,708,247	1,750,552	13,329,495	7,355,383
Expenses:						
General government	779,765	701,409			779,765	701,409
Public safety	1,338,663	1,052,095			1,338,663	1,052,095
Public works	556,523	477,213			556,523	477,213
Parks and recreation	520,766	513,745			520,766	513,745
Library	318,415	294,761			318,415	294,761
Community development	773,721	1,033,654			773,721	1,033,654
Interest on long-term debt	245,465	190,160			245,465	190,160
Water			377,165	367,579	377,165	367,579
Sewer			734,420	679,690	734,420	679,690
Garbage			261,097	237,036	261,097	237,036
Total expenses	4,533,318	4,263,037	1,372,682	1,284,305	5,906,000	5,547,342
Change in net position before transfers	7,087,930	1,341,794	335,565	466,247	7,423,495	1,808,041
Transfers	275,982	262,194	(275,982)	(262,194)		
Change in net position	7,363,912	1,603,988	59,583	204,053	7,423,495	1,808,041
Net position, beginning	16,692,012	15,088,024	5,640,034	5,435,981	22,332,046	20,524,005
Net position, end of year	\$ 24,055,924	\$ 16,692,012	\$ 5,699,617	\$ 5,640,034	\$ 29,755,541	\$ 22,332,046

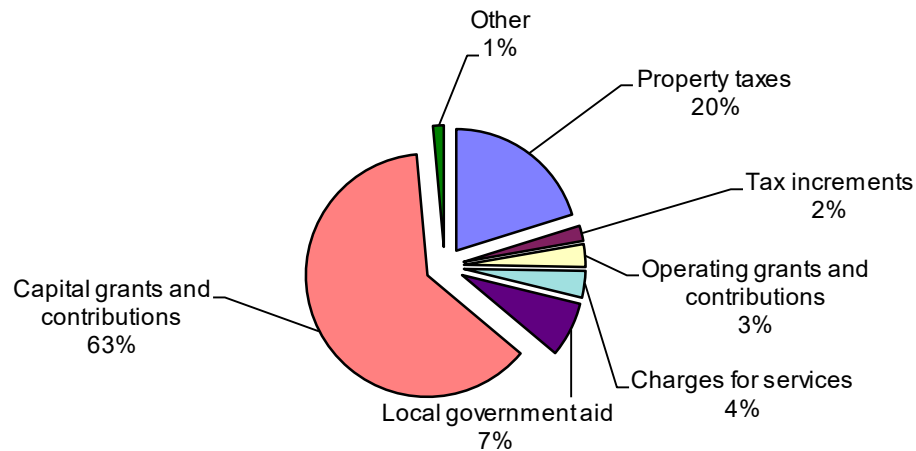
## CITY OF CHATFIELD, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

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**



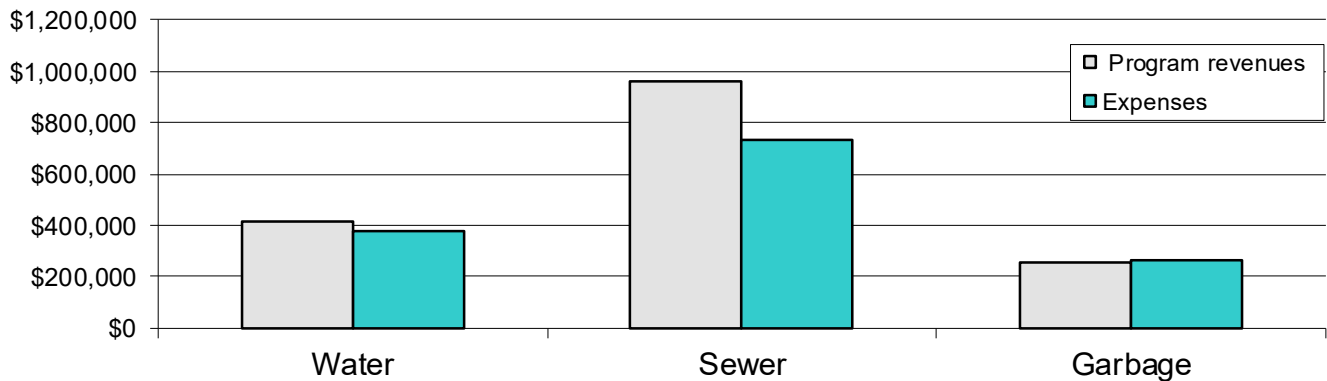
**Revenues by Source - Governmental Activities**



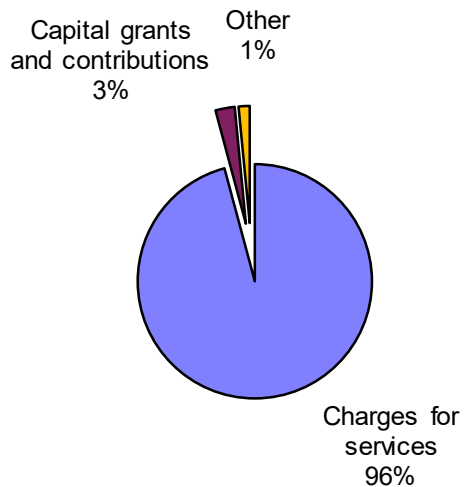
**CITY OF CHATFIELD, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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 Clerk 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 \$5,185,095, an increase of \$422,375. This increase is primarily due to increases in fund balances of the Fire and Ambulance Funds to prepare for future capital acquisitions, an increase in the Library Fund, and increased balances of various Debt Service Funds.

Approximately 19 percent of this total amount, or \$969,382, 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 \$1,578,202. 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 30-35 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 - \$168,453, Sewer - \$517,716, and Garbage - \$51,639.

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 implementing a multi-year schedule of user fee increases, the sanitary sewer rates are sustainable and, as such, there have been no sewer rate increases since 2019. The water user fee rates increased by 5.0% in 2022 and should remain relatively stable.

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 increased slightly in 2022, for the first time in many years.

### **General Fund Budgetary Highlights**

The increase of \$119,333 in the general fund balance was primarily due to an infusion of American Recovery Plan Act (ARPA) funding from the federal government.

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

**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, 2022, amounts to \$34,219,642 (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 \$7,566,931.

**City of Chatfield, Minnesota Capital Assets**

(net of depreciation)

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Land	\$ 921,914	\$ 929,406	\$ 60,492	\$ 60,492	\$ 982,406	\$ 989,898
Construction in process	9,316,363	1,128,186	406,727		9,723,090	1,128,186
Buildings and improvements	9,408,271	10,011,411			9,408,271	10,011,411
Vehicles	963,631	997,988			963,631	997,988
Machinery and equipment	1,080,708	971,122	697,039	663,361	1,777,747	1,634,483
Furniture and fixtures	104,503	128,975			104,503	128,975
Wastewater treatment facility			7,431,612	7,744,652	7,431,612	7,744,652
Infrastructure	3,828,382	4,017,118			3,828,382	4,017,118
Total	<u>\$ 25,623,772</u>	<u>\$ 18,184,206</u>	<u>\$ 8,595,870</u>	<u>\$ 8,468,505</u>	<u>\$ 34,219,642</u>	<u>\$ 26,652,711</u>

Additional information on the City of Chatfield, Minnesota's capital assets can be found in Note 3E on pages 51-52 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 \$11,566,000 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			
	2022	2021	2022	2021	2022	2021
G.O. bonds and notes	\$ 7,169,420	\$ 6,818,000	\$	\$	\$ 7,169,420	\$ 6,818,000
G.O. revenue bonds and notes			4,396,580	3,704,000	4,396,580	3,704,000
Unamortized premium	43,936	50,936	35,334	41,222	79,270	92,158
Compensated absences	211,977	202,061	23,209	25,359	235,186	227,420
Total	<u>\$ 7,425,333</u>	<u>\$ 7,070,997</u>	<u>\$ 4,455,123</u>	<u>\$ 3,770,581</u>	<u>\$11,880,456</u>	<u>\$10,841,578</u>

The City of Chatfield, Minnesota's total long-term liabilities increased by \$1,038,878 during the current fiscal year. A more detailed breakdown of these obligations can be found in Note 3G, beginning on page 56.

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. The rest of the Chatfield economy is balanced between the health care, agriculture, tourism, retail, education, and the services industries, all of which are strong in their own right.

Mayo Clinic, the largest private employer in Minnesota, 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. Construction of new homes continues at a gradual but steady rate and developers continue to plat new housing subdivisions.

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 is implementing its Strategic Plan, adopted 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.

The private sector is also 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. 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 supported by the recent opening of the Joy Ridge Event Center, a newly opened bakery, and the re-opening of the regional Chatfield Center for the Arts. The Chatfield business community is well equipped to meet the demands of the residents.

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

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

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, 2022**

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**CITY OF CHATFIELD, MINNESOTA**  
**STATEMENT OF NET POSITION**  
December 31, 2022  
With Comparative Totals for December 31, 2021

	Governmental Activities	Business-Type Activities	Totals	
			2022	2021
<b>ASSETS</b>				
Cash and investments	\$ 6,015,622	\$ 1,540,444	\$ 7,556,066	\$ 5,778,001
Receivables	1,098,433	228,764	1,327,197	2,244,759
Prepaid items	17,244		17,244	18,177
Net pension asset	211,315		211,315	273,651
Capital assets:				
Nondepreciable	10,238,277	467,219	10,705,496	2,118,084
Depreciable, net	15,385,495	8,128,651	23,514,146	24,534,627
Total Assets	<u>32,966,386</u>	<u>10,365,078</u>	<u>43,331,464</u>	<u>34,967,299</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows from pension activity	<u>1,275,020</u>	<u>53,559</u>	<u>1,328,579</u>	<u>857,682</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 34,241,406</u>	<u>\$ 10,418,637</u>	<u>\$ 44,660,043</u>	<u>\$ 35,824,981</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 214,634	\$ 30,622	\$ 245,256	\$ 680,152
Retainage payable	259,300		259,300	
Accrued interest payable	77,969	47,175	125,144	85,738
Accrued compensated absences	211,977	23,209	235,186	227,420
Noncurrent liabilities:				
Due within one year	686,400	547,600	1,234,000	1,175,000
Due in more than one year	6,526,956	3,884,314	10,411,270	9,439,158
Net pension liability	2,127,423	181,465	2,308,888	762,598
Total Liabilities	<u>10,104,659</u>	<u>4,714,385</u>	<u>14,819,044</u>	<u>12,370,066</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows from pension activity	<u>80,823</u>	<u>4,635</u>	<u>85,458</u>	<u>1,122,869</u>
<b>NET POSITION</b>				
Net investment in capital assets	18,568,475	4,961,809	23,530,284	16,038,553
Restricted for:				
Revolving loans	673,677		673,677	691,084
Debt service	1,833,874		1,833,874	1,772,289
Unrestricted	<u>2,979,898</u>	<u>737,808</u>	<u>3,717,706</u>	<u>3,830,120</u>
Total Net Position	<u>24,055,924</u>	<u>5,699,617</u>	<u>29,755,541</u>	<u>22,332,046</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u>\$ 34,241,406</u>	<u>\$ 10,418,637</u>	<u>\$ 44,660,043</u>	<u>\$ 35,824,981</u>

**See Notes to the Financial Statements**

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

For the Year Ended December 31, 2022

With Comparative Totals for the Fiscal Year Ending December 31, 2021

<b>Functions/Programs</b>	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 779,765	\$ 51,109	\$ 41,509	\$ 136
Public safety	1,338,663	251,443	207,327	170,421
Public works	556,523		2,071	2,601
Parks and recreation	520,766	92,264	50	
Library	318,415	9,731	96,787	
Community development	773,721	6,266	3,113	7,087,869
Interest on long-term debt	245,465			
Total governmental activities	4,533,318	410,813	350,857	7,261,027
Business-Type activities:				
Water	377,165	417,869		11,696
Sewer	734,420	961,540		27,837
Garbage	261,097	257,715		5,845
Total business-type activities	1,372,682	1,637,124		45,378
Total	\$ 5,906,000	\$ 2,047,937	\$ 350,857	\$ 7,306,405

General revenues:

    General property taxes

    Tax increments

    Grants and contributions not restricted to specific programs:

        Local government aid

        Other

    Investment earnings (loss)

    Insurance recovery

    Miscellaneous

Transfers

    Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

**See Notes to the Financial Statements**

Net (Expense) Revenue  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Totals	
		2022	2021
\$ (687,011)	\$	\$ (687,011)	\$ (593,135)
(709,472)		(709,472)	(414,362)
(551,851)		(551,851)	(475,142)
(428,452)		(428,452)	(430,311)
(211,897)		(211,897)	(195,397)
6,323,527		6,323,527	101,908
(245,465)		(245,465)	(190,160)
<u>3,489,379</u>		<u>3,489,379</u>	<u>(2,196,599)</u>
	52,400	52,400	96,215
	254,957	254,957	345,884
	<u>2,463</u>	<u>2,463</u>	<u>5,190</u>
	<u>309,820</u>	<u>309,820</u>	<u>447,289</u>
<u>3,489,379</u>	<u>309,820</u>	<u>3,799,199</u>	<u>(1,749,310)</u>
2,346,712		2,346,712	2,274,245
239,356		239,356	219,165
848,155		848,155	840,269
159,085		159,085	155,152
(37,855)	20,063	(17,792)	17,564
8,108		8,108	
34,990	5,682	40,672	50,956
275,982	(275,982)		
<u>3,874,533</u>	<u>(250,237)</u>	<u>3,624,296</u>	<u>3,557,351</u>
7,363,912	59,583	7,423,495	1,808,041
<u>16,692,012</u>	<u>5,640,034</u>	<u>22,332,046</u>	<u>20,524,005</u>
<u>\$ 24,055,924</u>	<u>\$ 5,699,617</u>	<u>\$ 29,755,541</u>	<u>\$ 22,332,046</u>

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**CITY OF CHATFIELD, MINNESOTA**

**FUND FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

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**CITY OF CHATFIELD, MINNESOTA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2022  
With Comparative Totals for December 31, 2021

	100 General	Capital Project Fund 454 CCA Construction Phase II	Other Governmental Funds	Totals	
				2022	2021
<b>ASSETS</b>					
Cash and investments	\$ 1,355,282	\$	\$ 3,733,765	\$ 5,089,047	\$ 3,932,098
Accounts receivable	313		274,240	274,553	300,575
Notes receivable			503,949	503,949	527,252
Due from other governmental units	9,145	265,835	3,205	278,185	1,146,308
Taxes receivable delinquent	21,261		15,218	36,479	36,471
Special assessments receivable			5,267	5,267	8,496
Due from other funds	241,622			241,622	542,379
Advances to other funds			314,299	314,299	323,227
Prepaid items	17,244			17,244	15,278
<b>TOTAL ASSETS</b>	<b>\$ 1,644,867</b>	<b>\$ 265,835</b>	<b>\$ 4,849,943</b>	<b>\$ 6,760,645</b>	<b>\$ 6,832,084</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 28,160	\$ 54,137	\$ 132,337	\$ 214,634	\$ 631,539
Retainage payable		259,300		259,300	
Due to other funds		226,590	15,032	241,622	542,379
Advances from other funds			314,299	314,299	323,227
Total Liabilities	28,160	540,027	461,668	1,029,855	1,497,145
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue:					
Property taxes	21,261		15,218	36,479	36,471
Special assessments			5,267	5,267	8,496
Notes receivable			503,949	503,949	527,252
Total Deferred Inflows of Resources	21,261		524,434	545,695	572,219
<b>Fund Balance:</b>					
Nonspendable:					
Prepaid items	17,244			17,244	15,278
Advances to other funds			314,299	314,299	323,227
Restricted:					
Creditors (debt covenants)			1,900,441	1,900,441	1,807,931
Regulations			198,504	198,504	175,693
Committed:					
By Council action			362,174	362,174	334,595
Assigned:					
Fund assignments			1,423,051	1,423,051	968,003
Unassigned	1,578,202	(274,192)	(334,628)	969,382	1,137,993
Total Fund Balance	1,595,446	(274,192)	3,863,841	5,185,095	4,762,720
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 1,644,867</b>	<b>\$ 265,835</b>	<b>\$ 4,849,943</b>	<b>\$ 6,760,645</b>	<b>\$ 6,832,084</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, 2022**

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

Total governmental fund balances (page 20)	\$	5,185,095
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental funds - capital assets	\$	35,494,142	
Less: Accumulated depreciation		(12,750,356)	
			22,743,786

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

Delinquent property taxes	\$	36,479	
Special assessments		5,267	
Notes receivable		503,949	
			545,695

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.

3,806,561

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	\$	(7,169,420)	
Net pension liability		(933,226)	
Net pension asset		211,315	
Compensated absences		(211,977)	
Bond premiums net of amortization		(43,936)	
Accrued interest		(77,969)	
			(8,225,213)

Net position of governmental activities (page 17)	\$	24,055,924
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**See Notes to the Financial Statements**

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

For the Year Ended December 31, 2022  
With Comparative Totals for the Year Ended December 31, 2021

	100 General	Capital Project Fund 454 CCA Construction Phase II	Other Governmental Funds	Totals	
				2022	2021
<b>REVENUES</b>					
Property taxes	\$ 1,537,292	\$	\$ 809,412	\$ 2,346,704	\$ 2,263,688
Special assessments	3,365		2,601	5,966	7,294
Tax increments			203,993	203,993	185,408
Tax abatement			35,363	35,363	33,757
Licenses and permits	20,451			20,451	27,660
Fines and forfeits	4,456		379	4,835	7,119
Intergovernmental	1,063,675	7,057,369	223,935	8,344,979	2,416,578
Franchise fees			25,503	25,503	26,652
Charges for services	104,094		256,060	360,154	349,137
Training revenue			14,325	14,325	16,260
Investment income (loss)	(73,337)		35,482	(37,855)	4,429
Contributions		30,500	198,309	228,809	200,238
Miscellaneous	29,644		92,944	122,588	126,230
<b>TOTAL REVENUES</b>	<b>2,689,640</b>	<b>7,087,869</b>	<b>1,898,306</b>	<b>11,675,815</b>	<b>5,664,450</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
General government	684,473		46,478	730,951	700,635
Public safety	723,536		418,766	1,142,302	1,054,772
Public works	519,646			519,646	477,381
Parks and recreation	376,939			376,939	378,786
Library			252,321	252,321	242,970
Community development	28,630		401,698	430,328	380,772
<b>Capital Outlay</b>		7,358,902	891,580	8,250,482	1,413,698
<b>Debt Service</b>			894,286	894,286	859,828
<b>TOTAL EXPENDITURES</b>	<b>2,333,224</b>	<b>7,358,902</b>	<b>2,905,129</b>	<b>12,597,255</b>	<b>5,508,842</b>
Excess (deficiency) of revenues over (under) expenditures	356,416	(271,033)	(1,006,823)	(921,440)	155,608
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from issuance of bonds			1,014,420	1,014,420	
Insurance recovery	8,108			8,108	
Transfers in	128,792		599,199	727,991	720,084
Transfers out	(373,983)		(32,721)	(406,704)	(385,450)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(237,083)</b>		<b>1,580,898</b>	<b>1,343,815</b>	<b>334,634</b>
Net change in fund balances	119,333	(271,033)	574,075	422,375	490,242
<b>FUND BALANCES, beginning</b>	<b>1,476,113</b>	<b>(3,159)</b>	<b>3,289,766</b>	<b>4,762,720</b>	<b>4,272,478</b>
<b>FUND BALANCES, ending</b>	<b>\$ 1,595,446</b>	<b>\$ (274,192)</b>	<b>\$ 3,863,841</b>	<b>\$ 5,185,095</b>	<b>\$ 4,762,720</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, 2022**

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

Net change in fund balances - total governmental funds (page 22)	\$	422,375	
Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay	\$	8,246,132	
Depreciation expense		<u>(927,385)</u>	
			7,318,747
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.			(7,492)
Certain revenues in the statement of activities do not provide current financial resources are not reported as revenues in the funds.			
Unavailable revenue, December 31, 2022	\$	545,695	
Unavailable revenue, December 31, 2021		<u>(572,219)</u>	
			(26,524)
Internal service funds are used by management to charge the costs of equipment to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities			128,575
The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligations bonds and related items is as follows.			
Principal retirement on long-term debt	\$	663,000	
Proceeds from issuance of bonds		(1,014,420)	
Amortization of bond premium		7,000	
Change in accrued interest		<u>(22,505)</u>	
			(366,925)
In the statement of activities, certain operating expenses - compensated absences, net pension liability, and net pension asset - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).			
Change in compensated absences	\$	(9,916)	
Change in net pension liability activity		(108,675)	
Change in net pension asset		<u>13,747</u>	
			(104,844)
Change in net position of governmental activities (pages 18-19)	\$	<u><u>7,363,912</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, 2022  
With Comparative Totals for the Year Ended December 31, 2021

	Budgeted Amounts		2022	Variance with	2021
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
<b>REVENUES</b>					
<b>Property Tax Levy Collected</b>	\$ 1,511,013	\$ 1,511,013	\$ 1,537,292	\$ 26,279	\$ 1,439,918
<b>Special Assessments Collected</b>	3,100	3,100	3,365	265	4,373
<b>Licenses and Permits</b>	21,700	21,700	20,451	(1,249)	27,660
<b>Intergovernmental Revenues</b>					
Local government aid	848,155	848,155	848,155		840,269
Market value credit			477	477	572
State police aid	45,000	45,000	50,082	5,082	46,314
Highway	2,100	2,100	2,071	(29)	2,071
Training and reimbursement	6,500	6,500	7,457	957	12,153
ARPA funding			154,580	154,580	154,580
Federal grants			853	853	
Other state aid	2,677	2,677		(2,677)	9,140
Total Intergovernmental Revenues	904,432	904,432	1,063,675	159,243	1,065,099
<b>Charges for Services</b>					
Planning and zoning fees	5,750	5,750	2,627	(3,123)	12,374
Pool fees	79,200	79,200	96,796	17,596	84,178
Camping fees	1,000	1,000	1,095	95	4,560
Street department fees	5,000	5,000	2,886	(2,114)	2,852
Other	525	525	690	165	1,486
Total Charges for Services	91,475	91,475	104,094	12,619	105,450
<b>Fines and Forfeits</b>					
Parking fines	2,100	2,100	2,140	40	2,250
Court fines and other	5,000	5,000	2,316	(2,684)	4,221
Total Fines and Forfeits	7,100	7,100	4,456	(2,644)	6,471
<b>Investment Income (Loss)</b>	12,000	12,000	(73,337)	(85,337)	(25,555)
<b>Miscellaneous Revenues</b>					
Donations			356	356	900
Refunds and reimbursements	7,550	7,550	14,473	6,923	20,796
Other	7,475	7,475	14,815	7,340	7,602
Total Miscellaneous Revenues	15,025	15,025	29,644	14,619	29,298
<b>TOTAL REVENUES</b>	\$ 2,565,845	\$ 2,565,845	\$ 2,689,640	\$ 123,795	\$ 2,652,714

**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, 2022  
With Comparative Totals for the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>2022</u>	<u>Variance with</u>	<u>2021</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget -</u>	<u>Actual</u>
			<u>Amounts</u>	<u>Positive</u>	<u>Amounts</u>
				<u>(Negative)</u>	
<b>EXPENDITURES</b>					
<b>General Government</b>					
<b>Mayor and Council</b>					
Salaries	\$ 22,500	\$ 22,500	\$ 22,478	\$ 22	\$ 22,590
Employee benefits and retirement	1,676	1,676	1,637	39	1,649
Workers compensation	150	150	79	71	88
Office supplies	500	500	53	447	18
Printing and publication			1,678	(1,678)	1,649
Travel and conference	2,750	2,750	2,153	597	99
Legal fees	17,000	17,000	9,826	7,174	14,779
Dues and subscription	12,500	12,500	12,209	291	12,213
Insurance			1,844	(1,844)	
Departmental capital charge	900	900	900		3,900
Other	5,120	5,120	2,552	2,568	2,581
Total Mayor and Council	<u>63,096</u>	<u>63,096</u>	<u>55,409</u>	<u>7,687</u>	<u>59,566</u>
<b>Elections</b>	<u>5,300</u>	<u>5,300</u>	<u>8,377</u>	<u>(3,077)</u>	
<b>Clerk's Office</b>					
Salaries	317,000	317,000	309,466	7,534	295,809
Employee benefits and retirement	48,026	48,026	45,886	2,140	43,864
Workers compensation	4,500	4,500	1,719	2,781	2,074
Health insurance	47,100	47,100	46,589	511	43,136
Office supplies	7,500	7,500	5,321	2,179	5,234
Postage	1,900	1,900	565	1,335	671
Audit fees	13,000	13,000	13,000		10,300
Professional fees	19,265	19,265	19,071	194	17,939
Licenses and dues	5,380	5,380	5,966	(586)	6,231
Insurance	5,500	5,500	5,187	313	5,062
Internet and telephone	24,500	24,500	23,722	778	23,004
Maintenance and repair	2,720	2,720	2,118	602	1,710
Travel and conference	7,200	7,200	4,187	3,013	4,298
Departmental capital charge	7,520	7,520	7,520		8,100
Other	11,600	11,600	8,020	3,580	8,529
Total Clerk's Office	<u>522,711</u>	<u>522,711</u>	<u>498,337</u>	<u>24,374</u>	<u>475,961</u>
<b>Planning and Zoning</b>					
Printing and publication	500	500	506	(6)	253
Professional fees	60,000	60,000	41,373	18,627	48,495
Insurance	3,900	3,900	3,795	105	3,677
Other	1,000	1,000	634	366	720
Total Planning and Zoning	<u>\$ 65,400</u>	<u>\$ 65,400</u>	<u>\$ 46,308</u>	<u>\$ 19,092</u>	<u>\$ 53,145</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, 2022  
With Comparative Totals for the Year Ended December 31, 2021

	Budgeted Amounts		2022 Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)	2021 Actual Amounts
	Original	Final			
<b>EXPENDITURES (Continued)</b>					
<b>General Government (Continued)</b>					
<b>Municipal Building</b>					
Operating supplies	\$ 2,500	\$ 2,500	\$ 2,363	\$ 137	\$ 1,788
Maintenance and repair	15,000	15,000	9,548	5,452	8,447
Contracted services	29,100	29,100	16,958	12,142	17,871
Insurance	4,100	4,100	7,496	(3,396)	4,143
Utilities	8,700	8,700	11,878	(3,178)	9,810
Departmental capital charge	27,656	27,656	27,656		32,850
Other	870	870	143	727	478
Total Municipal Building	87,926	87,926	76,042	11,884	75,387
Total General Government	744,433	744,433	684,473	59,960	664,059
<b>Public Safety</b>					
<b>Animal Control</b>					
Operating supplies	150	150	105	45	101
Printing and publication	200	200		200	
Other	400	400	8	392	6
Total Animal Control	750	750	113	637	107
<b>Civil Defense</b>					
Contracted services	450	450		450	
Departmental capital charge	2,000	2,000	2,000		2,000
Total Civil Defense	2,450	2,450	2,000	450	2,000
<b>Building Code</b>					
Consultant fee	20,000	20,000	12,636	7,364	15,183
Plan review	2,500	2,500	1,426	1,074	2,280
Administrative fees	2,500	2,500	53	2,447	214
Total Building Code	\$ 25,000	\$ 25,000	\$ 14,115	\$ 10,885	\$ 17,677

**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, 2022

With Comparative Totals for the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>2022</u>	<u>Variance with</u>	<u>2021</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget -</u>	<u>Actual</u>
			<u>Amounts</u>	<u>Positive</u>	<u>Amounts</u>
				<u>(Negative)</u>	
<b>EXPENDITURES (Continued)</b>					
<b>Public Safety (Continued)</b>					
<b>Police Department</b>					
Salaries	\$ 393,000	\$ 393,000	\$ 401,989	\$ (8,989)	\$ 382,721
Employee benefits and retirement	75,560	75,560	74,324	1,236	72,207
Workers compensation	32,000	32,000	34,658	(2,658)	24,850
Health insurance	58,120	58,120	71,324	(13,204)	62,969
Operating supplies	3,000	3,000	1,071	1,929	1,411
Vehicle operating supplies	8,000	8,000	8,665	(665)	6,959
Small tools and minor equipment	3,000	3,000	783	2,217	474
Internet and telephone	7,700	7,700	6,823	877	7,159
Legal fees	8,500	8,500	3,830	4,670	5,903
Uniform allowance	4,250	4,250	2,496	1,754	4,801
Maintenance and repair	10,000	10,000	17,291	(7,291)	11,890
Clothing	2,000	2,000	2,351	(351)	
Training	4,500	4,500	3,524	976	1,724
Contracted services	9,515	9,515	9,718	(203)	8,502
Insurance	18,500	18,500	16,260	2,240	15,747
Utilities	6,000	6,000	7,969	(1,969)	4,959
Departmental capital charge	36,069	36,069	36,069		30,165
Other	10,225	10,225	8,163	2,062	6,128
Total Police Department	<u>689,939</u>	<u>689,939</u>	<u>707,308</u>	<u>(17,369)</u>	<u>648,569</u>
Total Public Safety	<u>718,139</u>	<u>718,139</u>	<u>723,536</u>	<u>(5,397)</u>	<u>668,353</u>
<b>Public Works</b>					
<b>Street Department</b>					
Salaries	97,000	97,000	100,783	(3,783)	88,196
Employee benefits and retirement	13,796	13,796	14,275	(479)	12,893
Health insurance	9,830	9,830	9,819	11	9,378
Workers compensation	3,500	3,500	8,130	(4,630)	9,620
Operating supplies	21,200	21,200	18,168	3,032	16,753
Vehicle operating supplies	16,000	16,000	14,221	1,779	10,651
Maintenance and repair	47,500	47,500	79,658	(32,158)	70,863
Clothing	900	900	620	280	872
Snow removal	5,000	5,000	2,815	2,185	1,360
Insurance	10,500	10,500	10,175	325	9,841
Internet and telephone	1,800	1,800	2,468	(668)	2,489
Other professional services	20,500	20,500	12,883	7,617	6,481
Small tools and minor equipment	5,000	5,000	7,370	(2,370)	5,514
Utilities	35,075	35,075	48,547	(13,472)	43,172
Departmental capital charge	187,061	187,061	187,061		187,354
Other	3,840	3,840	2,653	1,187	1,944
Total Public Works	<u>\$ 478,502</u>	<u>\$ 478,502</u>	<u>\$ 519,646</u>	<u>\$ (41,144)</u>	<u>\$ 477,381</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, 2022  
With Comparative Totals for the Year Ended December 31, 2021

	Budgeted Amounts		2022	Variance with	2021
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
<b>EXPENDITURES (Continued)</b>					
<b>Parks and Recreation</b>					
<b>Parks</b>					
Salaries	\$ 75,000	\$ 75,000	\$ 72,743	\$ 2,257	\$ 76,315
Employee benefits and retirement	10,238	10,238	9,899	339	9,909
Workers compensation	6,000	6,000	7,010	(1,010)	4,332
Health insurance	18,030	18,030	12,600	5,430	17,700
Small tools and minor equipment	1,000	1,000	330	670	4,031
Vehicle operating supplies	4,700	4,700	9,410	(4,710)	7,077
Maintenance and repair	7,500	7,500	3,914	3,586	12,737
Other professional services	6,000	6,000	3,444	2,556	5,213
Utilities	16,100	16,100	20,476	(4,376)	19,379
Insurance	8,000	8,000	5,007	2,993	9,022
Departmental capital charge	43,700	43,700	43,700		42,400
Other	6,740	6,740	7,874	(1,134)	10,757
Total Parks	203,008	203,008	196,407	6,601	218,872
<b>Pool</b>					
Salaries	75,000	75,000	81,311	(6,311)	70,112
Employee benefits and retirement	5,738	5,738	6,220	(482)	5,364
Workers compensation	4,000	4,000	5,550	(1,550)	3,317
Operating supplies	15,000	15,000	15,905	(905)	13,306
Maintenance and repair	2,000	2,000	9,706	(7,706)	3,770
Other professional services	285	285		285	
Utilities	21,000	21,000	27,266	(6,266)	16,528
Insurance	19,000	19,000	11,980	7,020	18,267
Departmental capital charge	2,500	2,500	2,500		2,500
Other	19,615	19,615	18,494	1,121	21,150
Total Pool	164,138	164,138	178,932	(14,794)	154,314
<b>Recreation</b>	4,200	4,200		4,200	4,000
<b>Band</b>					
School band concerts	480	480	480		480
Brass band concerts	1,120	1,120	1,120		1,120
Total Band	1,600	1,600	1,600		1,600
Total Parks and Recreation	\$ 372,946	\$ 372,946	\$ 376,939	\$ (3,993)	\$ 378,786

**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, 2022  
With Comparative Totals for the Year Ended December 31, 2021

	Budgeted Amounts		2022	Variance with	2021
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
			Amounts		Amounts
<b>EXPENDITURES (Continued)</b>					
<b>Community Development</b>					
Promotional expense	\$	\$	\$ 2,622	\$ (2,622)	\$ 3,596
Heritage preservation	14,330	14,330	14,044	286	22,443
Other	17,000	17,000	11,964	5,036	14,714
Total Community Development	31,330	31,330	28,630	2,700	40,753
<b>TOTAL EXPENDITURES</b>	2,345,350	2,345,350	2,333,224	12,126	2,229,332
Excess of revenues over expenditures	220,495	220,495	356,416	135,921	423,382
<b>OTHER FINANCING SOURCES (USES)</b>					
Insurance recovery			8,108	8,108	
Transfers in	128,792	128,792	128,792		127,516
Transfers out	(343,983)	(343,983)	(373,983)	(30,000)	(364,390)
Total Other Financing Sources (Uses)	(215,191)	(215,191)	(237,083)	(21,892)	(236,874)
Net change in fund balances	5,304	5,304	119,333	114,029	186,508
<b>FUND BALANCES, beginning</b>	1,476,113	1,476,113	1,476,113		1,289,605
<b>FUND BALANCES, ending</b>	<u>\$ 1,481,417</u>	<u>\$ 1,481,417</u>	<u>\$ 1,595,446</u>	<u>\$ 114,029</u>	<u>\$ 1,476,113</u>

**See Notes to the Financial Statements**

**CITY OF CHATFIELD, MINNESOTA**  
**PROPRIETARY FUNDS**  
**Statement of Net Position**  
December 31, 2022  
With Comparative Totals for December 31, 2021

	601/339/336 303/403	602/622/341 337/333	603	Totals	
	Water	Sewer	Garbage	2022	2021
<b>ASSETS AND DEFERRED</b>					
<b>OUTFLOWS OF RESOURCES</b>					
<b>Current Assets</b>					
Cash and investments	\$ 991,940	\$ 512,250	\$ 36,254	\$ 1,540,444	\$ 906,078
Accounts receivable, net	48,322	116,224	28,952	193,498	190,205
Special assessments receivable	6,471	20,405	5,642	32,518	34,216
Special assessments delinquent	547	1,724	477	2,748	1,236
Prepaid items					2,899
Total Current Assets	1,047,280	650,603	71,325	1,769,208	1,134,634
<b>Noncurrent Assets</b>					
Capital assets:					
Nondepreciable	436,973	30,246		467,219	60,492
Depreciable	4,220,230	13,115,829		17,336,059	17,206,230
Less: Accumulated depreciation	1,800,513	7,406,895		9,207,408	8,798,217
Net capital assets	2,856,690	5,739,180		8,595,870	8,468,505
<b>Deferred Outflows of Resources</b>					
Deferred outflows from pension activity	18,993	34,566		53,559	76,955
<b>TOTAL ASSETS AND DEFERRED</b>					
<b>OUTFLOWS OF RESOURCES</b>	\$ 3,922,963	\$ 6,424,349	\$ 71,325	\$ 10,418,637	\$ 9,680,094
<b>LIABILITIES, DEFERRED INFLOWS</b>					
<b>OF RESOURCES, AND NET POSITION</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ 3,088	\$ 7,848	\$ 19,686	\$ 30,622	\$ 35,099
Accrued compensated absences	8,110	15,099		23,209	25,359
Current maturities of bonds payable	61,100	486,500		547,600	512,000
Accrued interest payable	22,395	24,780		47,175	30,274
Total Current Liabilities	94,693	534,227	19,686	648,606	602,732
<b>Noncurrent Liabilities</b>					
Net pension liability	64,710	116,755		181,465	106,044
Bonds payable, net of current maturities and unamortized premium	1,331,980	2,552,334		3,884,314	3,233,222
Total Liabilities	1,491,383	3,203,316	19,686	4,714,385	3,941,998
<b>Deferred Inflows of Resources</b>					
Deferred inflows from pension activity	1,664	2,971		4,635	98,062
<b>NET POSITION</b>					
Net investment in capital assets	2,261,463	2,700,346		4,961,809	4,723,283
Unrestricted	168,453	517,716	51,639	737,808	916,751
Total Net Position	2,429,916	3,218,062	51,639	5,699,617	5,640,034
<b>TOTAL LIABILITIES, DEFERRED INFLOWS</b>					
<b>OF RESOURCES AND NET POSITION</b>	\$ 3,922,963	\$ 6,424,349	\$ 71,325	\$ 10,418,637	\$ 9,680,094

**See Notes to the Financial Statements**



Governmental Activities-Internal  
Service Funds  
801

Capital Goods	
2022	2021

\$ 926,575      \$ 939,825

926,575	939,825
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5,813	
5,536,806	5,334,446
2,662,633	2,582,771
2,879,986	2,751,675

\$ 3,806,561	\$ 3,691,500

\$                      \$ 13,514

	13,514
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	13,514
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2,879,986	2,751,675
926,575	926,311
3,806,561	3,677,986

\$ 3,806,561	\$ 3,691,500
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**CITY OF CHATFIELD, MINNESOTA**  
**PROPRIETARY FUNDS**  
**Statement of Revenues, Expenses**  
**and Changes in Fund Net Position**  
For the Year Ended December 31, 2022  
With Comparative Totals for the Year Ended December 31, 2021

	601/339/336 303/403	602/622/341 337/333	603	Totals	
	Water	Sewer	Garbage	2022	2021
<b>Operating Revenues</b>					
Service fees and charges	\$ 413,069	\$ 953,740	\$ 257,715	\$ 1,624,524	\$ 1,612,673
Departmental capital charge					
	413,069	953,740	257,715	1,624,524	1,612,673
<b>Operating Expenses</b>					
Salaries	73,287	135,668		208,955	198,911
Employee benefits and retirement	12,796	24,364		37,160	32,051
Health insurance	9,819	21,938		31,757	32,305
Workers compensation	2,470	5,633		8,103	7,786
Garbage removal			216,113	216,113	194,057
City clean up			14,473	14,473	21,931
Supplies	7,843	6,617	386	14,846	13,295
Utilities	22,936	56,945		79,881	75,134
Maintenance and repairs	14,353	50,437	5,040	69,830	80,473
Travel and training	71	130		201	1,234
Professional fees	39,825	30,470		70,295	66,875
Office expense	1,574	4,250	1,111	6,935	6,257
Insurance	8,513	18,380		26,893	15,736
Depreciation	133,936	298,630		432,566	418,785
Departmental capital charge	14,570	9,170	5,000	28,740	19,172
Other	10,856	17,385	18,974	47,215	32,668
Total Operating Expenses	352,849	680,017	261,097	1,293,963	1,216,670
Operating Income (Loss)	60,220	273,723	(3,382)	330,561	396,003
<b>Nonoperating Revenues (Expenses)</b>					
Investment income	10,323	9,240	500	20,063	13,135
Refunds and reimbursements	2,197	3,485		5,682	5,823
Special assessments	11,696	27,837	5,845	45,378	51,647
State aid					3,700
Connection and access fees	4,800	7,800		12,600	63,574
Miscellaneous					
Gain on sale of assets					
Interest and fiscal charges	(24,316)	(54,403)		(78,719)	(67,635)
Total Nonoperating Revenues (Expenses)	4,700	(6,041)	6,345	5,004	70,244
<b>INCOME BEFORE TRANSFERS</b>	64,920	267,682	2,963	335,565	466,247
Transfers in	8,054	5,700		13,754	14,450
Transfers out	(183,645)	(89,021)	(17,070)	(289,736)	(276,644)
<b>CHANGE IN NET POSITION</b>	(110,671)	184,361	(14,107)	59,583	204,053
<b>NET POSITION - BEGINNING OF YEAR</b>	2,540,587	3,033,701	65,746	5,640,034	5,435,981
<b>NET POSITION - END OF YEAR</b>	\$ 2,429,916	\$ 3,218,062	\$ 51,639	\$ 5,699,617	\$ 5,640,034

**See Notes to the Financial Statements**

Governmental Activities-Internal  
Service Funds  
801

Capital Goods	
2022	2021
\$	\$
338,869	332,031
338,869	332,031
88,215	15,718
	4,999
260,559	265,777
872	6,004
349,646	292,498
(10,777)	39,533
10,821	10,696
	53,300
21,508	31,306
152,328	93,440
184,657	188,742
173,880	228,275
2,100	2,100
(47,405)	(74,540)
128,575	155,835
3,677,986	3,522,151
\$ 3,806,561	\$ 3,677,986

**CITY OF CHATFIELD, MINNESOTA**  
**PROPRIETARY FUNDS**  
**Statement of Cash Flows**  
For the Year Ended December 31, 2022  
With Comparative Totals for the Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds			Totals	
	Water	Sewer	Garbage	2022	2021
<b>Cash Flows From Operating Activities</b>					
Cash received from customers	\$ 415,166	\$ 958,366	\$ 253,567	\$ 1,627,099	\$ 1,606,752
Cash paid to employees	(87,932)	(163,387)		(251,319)	(239,123)
Cash paid to suppliers	(140,465)	(210,147)	(257,804)	(608,416)	(542,435)
Net Cash Provided By (Used In) Operating Activities	186,769	584,832	(4,237)	767,364	825,194
<b>Cash Flows From Noncapital Financing Activities</b>					
Intergovernmental					3,700
Connection and access fees	4,800	7,800		12,600	63,574
Miscellaneous					
Transfer in/out	(175,591)	(83,321)	(17,070)	(275,982)	(262,194)
Net Cash Used In Noncapital Financing Activities	(170,791)	(75,521)	(17,070)	(263,382)	(194,920)
<b>Cash Flows From Capital and Related Financing Activities</b>					
Capital asset acquisitions	(463,437)	(96,494)		(559,931)	(32,839)
Proceeds from sale of assets					
Intergovernmental	11,696	27,837	5,845	45,378	51,647
Proceeds from issuance of bonds	1,204,580			1,204,580	
Principal payments on bonds	(36,000)	(476,000)		(512,000)	(506,000)
Interest payments on bonds	(3,503)	(64,203)		(67,706)	(77,629)
Net Cash Provided By (Used In) Capital and Related Financing Activities	713,336	(608,860)	5,845	110,321	(564,821)
<b>Cash Flows From Investing Activities</b>					
Investment income	10,323	9,240	500	20,063	13,135
<b>NET INCREASE (DECREASE) IN CASH AND INVESTMENTS</b>	739,637	(90,309)	(14,962)	634,366	78,588
<b>CASH AND INVESTMENTS, BEGINNING OF YEAR</b>	252,303	602,559	51,216	906,078	827,490
<b>CASH AND INVESTMENTS, END OF YEAR</b>	\$ 991,940	\$ 512,250	\$ 36,254	\$ 1,540,444	\$ 906,078

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

<b>Operating Income (Loss)</b>	\$ 60,220	\$ 273,723	\$ (3,382)	\$ 330,561	\$ 396,003
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	133,936	298,630		432,566	418,785
Change in net pension liability	1,454	3,936		5,390	3,125
Miscellaneous nonoperating income	2,197	3,485		5,682	5,823
(Increase) Decrease In:					
Accounts receivable	450	1,987	(5,730)	(3,293)	(7,610)
Special assessments receivable	(312)	124	1,886	1,698	(7,293)
Special assessments delinquent	(238)	(970)	(304)	(1,512)	3,159
Prepaid expenses	621	2,278		2,899	(375)
Increase (Decrease) In:					
Accounts payable	(9,565)	1,795	3,293	(4,477)	7,681
Accrued liabilities	(1,994)	(156)		(2,150)	5,896
Net Cash Provided By (Used In) Operating Activities	\$ 186,769	\$ 584,832	\$ (4,237)	\$ 767,364	\$ 825,194
<b>Noncash Capital and Related Financing Activities</b>					
Capital asset trade-ins	\$	\$	\$	\$	\$

**See Notes to the Financial Statements**

Governmental Activities-  
Internal Service Funds  
801 Capital Goods

2022	2021
\$ 338,869	\$ 332,031
(102,601)	(13,882)
236,268	318,149

21,508	31,306
(45,305)	(72,440)
(23,797)	(41,134)

(285,581)	(294,021)
49,039	53,300

(236,542)	(240,721)
-----------	-----------

10,821	10,696
--------	--------

(13,250)	46,990
939,825	892,835
\$ 926,575	\$ 939,825

\$ (10,777)	\$ 39,533
-------------	-----------

260,559	265,777
---------	---------

(13,514)	12,839
\$ 236,268	\$ 318,149

\$ 255,477	\$ 93,440
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**CITY OF CHATFIELD, MINNESOTA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**December 31, 2022**

	Custodial
	805
	SE MN
	TMO
	<hr/>
<b>ASSETS</b>	
Cash and investments	\$ 27,521
	<hr/>
<b>NET POSITION</b>	<u><u>\$ 27,521</u></u>

**CITY OF CHATFIELD, MINNESOTA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the Year Ended December 31, 2022**

	Custodial
	805
	SE MN
	TMO
	<hr/>
<b>Additions</b>	
Contributions and donations	\$ 27,500
Interest income	21
Total Additions	<hr/> 27,521
<b>NET POSITION - BEGINNING</b>	<hr/>
<b>NET POSITION - ENDING</b>	<u><u>\$ 27,521</u></u>

**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

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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)

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#### 1. Summary of Significant Accounting Policies (Continued)

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##### 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and fiduciary 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)

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#### 1. Summary of Significant Accounting Policies (Continued)

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

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

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

The City reports the following major governmental funds:

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

The *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.

Additionally, the City reports the following fund types:

*Fiduciary* funds account for assets held by the government in a trustee capacity or as an agent on behalf of others.

The custodial fund is used to account for assets that the government holds for others in an agency capacity. This fund accounts for SE MN Transportation Management Organization (TMO) activities.

## CITY OF CHATFIELD, MINNESOTA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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#### 1. Summary of Significant Accounting Policies (Continued)

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##### 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) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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## CITY OF CHATFIELD, MINNESOTA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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#### 1. Summary of Significant Accounting Policies (Continued)

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##### 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

Assessments are levied at various times upon City Council resolution for property owner improvements made by the City. Assessment collections are deferred over periods ranging from five to ten years with interest charges ranging from 2.93% to 5.0%. Revenue from these assessments is recognized as the annual installments become collectible. Annual installments not collected as of each December 31 are classified as delinquent assessments receivable. The amount of delinquent assessments receivable are fully offset by deferred inflow of resources in the Governmental Fund Types because they are not known to be available to finance current expenditures.

###### Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are reported using the consumption method and recorded as an expense or expenditure at the time of consumption.

## CITY OF CHATFIELD, MINNESOTA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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#### 1. Summary of Significant Accounting Policies (Continued)

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

###### 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.

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

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

###### Compensated Absences

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

## CITY OF CHATFIELD, MINNESOTA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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#### 1. Summary of Significant Accounting Policies (Continued)

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

###### Long-Term Obligations

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

###### 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.”

## CITY OF CHATFIELD, MINNESOTA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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#### 1. Summary of Significant Accounting Policies (Continued)

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

##### Net position / Fund Balance (Continued)

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 clerk.

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.

The City uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has a formal minimum fund balance policy for the general fund unassigned fund balance to be in a range equal to 40-60 percent of the following year's budgeted tax revenue (tax levy, local government aid, and market value).

##### 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.

## 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)

###### 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.

###### 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.

###### Implementation of New Accounting Principles

During the year, the City implemented GASB Statement No. 87, Leases. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.



## 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.

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, 2022, the City's cash and investments consisted of the following items, all of which are held in an internal investment pool:

<b>Cash and Investments</b>	<b>Maturities</b>	<b>Ratings</b>	<b>Fair Value</b>
Cash on hand	None	N/A	\$ 150
Deposits	None	N/A	4,297,661
Non-negotiable certificates of deposit	May 2023 - March 2026	N/A	1,358,163
Negotiable certificates of deposit	January 2023 - July 2027	N/A	1,371,386
U.S. governmental bonds	July 2029 - October 2029	Aaa	437,047
Municipal bonds	February 2024	Aa1	97,365
Money market funds	None	N/A	21,815
Total Cash and Investments			\$ 7,583,587
Less: Fiduciary Funds Cash and Investments			(27,521)
Total Cash and Investments per Statement of Net Position			<u>\$ 7,556,066</u>

## CITY OF CHATFIELD, MINNESOTA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

---

##### A. Summary of Cash and Investments (Continued)

##### Investments Authorized by Minnesota Statutes

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

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

## 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)

###### 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.

###### Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer. Investments in any one issuer that represent 5% or more of total investments are as follows:

<u>Investments</u>	<u>Fair Value</u>
Negotiable certificates of deposit	\$ 1,371,386
U.S. governmental bonds	437,047
Municipal bonds	97,365

###### 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)

A. Summary of Cash and Investments (Continued)

Fair Value Measurements (Continued)

The City's investments within the fair value hierarchy at December 31, 2022 and 2021 were as follows:

	At December 31, 2022			
	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Negotiable certificates of deposit	\$ 1,371,386	\$	\$ 1,371,386	\$
U.S. governmental bonds	437,047		437,047	
Municipal bonds	97,365		97,365	
Total	<u>\$ 1,905,798</u>	<u>\$</u>	<u>\$ 1,905,798</u>	<u>\$</u>

	At December 31, 2021			
	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Negotiable certificates of deposit	\$ 2,006,585	\$	\$ 2,006,585	\$
Municipal bonds	100,748		100,748	
Total	<u>\$ 2,107,333</u>	<u>\$</u>	<u>\$ 2,107,333</u>	<u>\$</u>

B. Deferred Special Assessments Receivable

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

C. Due From Other Governmental Units

Amounts due from other governmental units as of December 31, 2022 are as follows:

Fund Type	Fillmore County	Olmsted County	State of Minnesota	Total
General	\$ 4,252	\$ 4,893	\$	\$ 9,145
Debt Service	1,441	1,764		3,205
Capital Project			265,835	265,835
	<u>\$ 5,693</u>	<u>\$ 6,657</u>	<u>\$ 265,835</u>	<u>\$ 278,185</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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##### 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, 2022:

	Date of Loan	Initial Loan Amount	Interest Rate	Term	Balance 12/31/22
EZ Fab II - State	7/1/2014	\$ 408,000	1%	15 years	\$ 192,884
EZ Fab I - Federal	7/1/2014	125,000	1%	15 years	60,621
MT Properties	10/1/2014	62,700	4%	10 years	14,584
Corner Cuts Salon	9/20/2017	25,354	4%	10 years	13,938
Big Girl Stickers & Stems	9/20/2018	40,000	4%	10 years	25,570
EZ Fab III - State	6/26/2019	25,000	1%	10 years	17,545
EZ Fab IV - State/DEED	6/26/2019	375,000	1%	15 years	96,726
Broadwater, LLC	7/31/2019	55,500	4%	8 years	44,553
Joy Ridge	3/20/2022	40,000	4%	10 years	37,528
		<u>\$ 1,156,554</u>			<u>\$ 503,949</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, 2022 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	\$ 929,406	\$	\$ 7,492	\$ 921,914
Construction in process	1,128,186	8,188,177		9,316,363
Total capital assets, not being depreciated	2,057,592	8,188,177	7,492	10,238,277
Capital assets, being depreciated:				
Buildings	16,985,039	12,172		16,997,211
Infrastructure	8,253,522	62,817		8,316,339
Vehicles	2,213,420	89,833	95,548	2,207,705
Furniture and fixtures	438,020			438,020
Machinery and equipment	2,642,355	434,191	237,337	2,839,209
Total capital assets, being depreciated	30,532,356	599,013	332,885	30,798,484
Less accumulated depreciation for:				
Buildings	6,973,628	615,312		7,588,940
Infrastructure	4,236,404	251,553		4,487,957
Vehicles	1,215,432	119,310	90,668	1,244,074
Furniture and fixtures	309,045	24,472		333,517
Machinery and equipment	1,671,233	177,297	90,029	1,758,501
Total accumulated depreciation	14,405,742	1,187,944	180,697	15,412,989
Total capital assets, being depreciated, net	16,126,614	(588,931)	152,188	15,385,495
 Governmental activities capital assets, net	 \$ 18,184,206	 \$ 7,599,246	 \$ 159,680	 \$ 25,623,772

**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
Construction in process		406,727		406,727
Total capital assets, not being depreciated	60,492	406,727		467,219
Capital assets, being depreciated:				
Wastewater Treatment Facility and Distribution	16,176,338	44,174		16,220,512
Machinery and equipment	1,029,892	109,030	23,375	1,115,547
Total capital assets, being depreciated	17,206,230	153,204	23,375	17,336,059
Less accumulated depreciation for:				
Wastewater Treatment Facility and Distribution	8,431,686	357,214		8,788,900
Machinery and equipment	366,531	75,352	23,375	418,508
Total accumulated depreciation	8,798,217	432,566	23,375	9,207,408
Total capital assets, being depreciated, net	8,408,013	(279,362)		8,128,651
Business-type activities capital assets, net	<u>\$ 8,468,505</u>	<u>\$ 127,365</u>	<u>\$</u>	<u>\$ 8,595,870</u>

Depreciation expense was charged to functions/programs as follows:

**Governmental Activities:**

General government	\$ 47,753
Public safety	135,110
Public works	131,809
Parks and recreation	166,104
Library	55,321
Community development	391,288
Subtotal	<u>927,385</u>
Internal service fund	<u>260,559</u>
Total depreciation expense - governmental activities	<u>\$ 1,187,944</u>

**Business-Type Activities:**

Water	\$ 133,936
Sewer	<u>298,630</u>
Total depreciation expense - business-type activities	<u>\$ 432,566</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

3. Detailed Notes on All Funds (Continued)

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F. Interfund Balances and Transfers

Transfers during the year ended December 31, 2022 were as follows:

Funds	Transfers In	Transfers Out
General Fund - Other	\$ 128,792	\$ 373,983
Special Revenue:		
Ambulance	79,500	15,150
EDA	74,000	
Fire	70,390	2,980
Cable Access	16,500	3,140
Chatfield Center for the Arts	80,000	
Debt Service:		
2012A Refunding Bond	100,847	
2014A Bond	68,313	
2016A GO Refunding 2010A Bond	5,000	5,700
2017A GO Bond	57,405	
2018A GO Pool Bond	5,751	
2022A GO Bond	11,493	
2022B GO Bond	30,000	
Capital Project:		
2018A Pool Construction		5,751
Subtotal Governmental Funds	727,991	406,704
Enterprise:		
Water	8,054	183,645
Sewer	5,700	89,021
Garbage		17,070
Subtotal Enterprise Funds	13,754	289,736
Internal Service Fund	2,100	47,405
Total Transfers	\$ 743,845	\$ 743,845



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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F. Interfund Balances and Transfers (Continued)

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

Governmental and Internal Service Funds:	
Transfers in	\$ 730,091
Transfers out	<u>(454,109)</u>
Government-wide Statement of Activities	
Transfers in/out	<u>\$ 275,982</u>

The amounts due to and from other funds at December 31, 2022, at the individual fund level are summarized below:

Funds	Due From Other Funds	Due To Other Funds
General Fund	\$ 241,622	\$
CCA Construction Phase II		226,590
TIF 3-5 Fifty-Two Fitness		10,226
Gjere Addition Tax Increment		1,065
2023 Prospect & Grand St. Project		3,741
	<u>\$ 241,622</u>	<u>\$ 241,622</u>

The amounts advanced to and from other funds at December 31, 2022, at the individual fund level are summarized below:

Funds	Advances To Other Funds	Advances From Other Funds
Development	\$ 314,299	\$
TIF Dist. 2-5 Dollar General		314,299
	<u>\$ 314,299</u>	<u>\$ 314,299</u>

The City generally utilizes interfund balances and interfund transfers for cash flow purposes.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

3. Detailed Notes on All Funds (Continued)

---

F. Interfund Balances and Transfers (Continued)

At December 31, 2022, the following funds have deficit balances:

TIF Dist. 2-5 Dollar General	\$	314,299
2023 Prospect & Grand St. Project		9,038
TIF 3-5 Fifty-Two Fitness		10,226
Gjere Addition Tax Increment		1,065
CCA Construction Phase II		274,192

The City intends to fund accumulated deficits through additional revenue sources.

Excess of expenditures over budgeted appropriations at the individual fund level during 2022 are as follows:

Fire	\$	26,159
EDA		4,800
Revolving Loan Federal		40,000

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**

Following is a summary of debt outstanding at December 31, 2022:

	Original Amount of Debt	Range of Interest Rates	Final Maturity	Balance December 31, 2022
<b>Governmental Activities</b>				
General Obligation Bonds and Notes:				
2012A GO Crossover Refunding Bonds	\$ 1,990,000	2.0-2.7%	2027	\$ 695,000
2014A GO Bonds	1,725,000	2.25%	2025	555,000
2016A GO Crossover Refunding Bonds	875,000	2.0%	2028	505,000
2017A GO Tax Abatement Note	457,000	2.85%	2028	292,000
2018A GO Swimming Pool Bonds	4,400,000	3.0-3.375%	2039	3,940,000
2019A GO Tax Abatement Bonds	225,000	3.0%	2027	168,000
2022A GO Utility Revenue Note	1,204,580	3.2%	2043	264,420
2022B Taxable GO Capital Imp. Plan Bonds	750,000	6.0%	2043	750,000
Compensated Absences				211,977
Unamortized Bond Premium				43,936
Total Governmental Activities				7,425,333
<b>Business-Type Activities</b>				
General Obligation Bonds and Notes:				
2016A GO Crossover Refunding Bonds	4,535,000	2.00%	2028	2,815,000
2016B GO Water Revenue Note	425,000	2.825%	2027	227,000
2017B GO Utility Revenue Note	300,000	0.00%	2027	150,000
2022A GO Utility Revenue Note	264,420	3.2%	2043	1,204,580
Compensated Absences				23,209
Unamortized Bond Premium				35,334
Total Business-Type Activities				4,455,123
Total Debt Outstanding				<u>\$ 11,880,456</u>

For governmental activities, compensated absences have been generally liquidated by the general, library, and ambulance funds.

**CITY OF CHATFIELD, MINNESOTA**

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

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

**G. Long-term debt (Continued)**

The following is a summary of changes in long-term debt obligations during the year ended December 31, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and Notes Payable:					
General Obligation Bonds and Notes:					
2012A GO Crossover Refunding Bonds	\$ 840,000	\$	\$ 145,000	\$ 695,000	\$ 150,000
2014A GO Bonds	730,000		175,000	555,000	180,000
2016A GO Crossover Refunding Bonds	600,000		95,000	505,000	95,000
2017A GO Tax Abatement Note	336,000		44,000	292,000	45,000
2018A GO Swimming Pool Bonds	4,115,000		175,000	3,940,000	180,000
2019A GO Tax Abatement Bonds	197,000		29,000	168,000	31,000
2022A GO Utility Revenue Note		264,420		264,420	5,400
2022B Taxable GO Capital Imp. Plan Bonds		750,000		750,000	
Plus: Unamortized Premium	50,936		7,000	43,936	
Total Bonds and Notes Payable	6,868,936	1,014,420	670,000	7,213,356	686,400
Other Liabilities:					
Compensated Absences	202,061	100,661	90,745	211,977	211,977
Governmental Activities					
Long-term Liabilities	7,070,997	1,115,081	760,745	7,425,333	898,377
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and Notes Payable:					
General Obligation Revenue Bonds and Notes:					
2016A GO Crossover Refunding Bonds	3,255,000		440,000	2,815,000	450,000
2016B GO Water Revenue Note	269,000		42,000	227,000	43,000
2017B GO Utility Revenue Note	180,000		30,000	150,000	30,000
2022A GO Utility Revenue Note		1,204,580		1,204,580	24,600
Plus: Unamortized Premium	41,222		5,888	35,334	
Total Bonds and Notes Payable	3,745,222	1,204,580	517,888	4,431,914	547,600
Other Liabilities:					
Compensated Absences	25,359	20,576	22,726	23,209	23,209
Business-type Activities					
Long-term Liabilities	3,770,581	1,225,156	540,614	4,455,123	570,809
Total	<u>\$ 10,841,578</u>	<u>\$ 2,340,237</u>	<u>\$ 1,301,359</u>	<u>\$ 11,880,456</u>	<u>\$ 1,469,186</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)

The Governmental General Obligations Bonds and Notes are payable primarily from the revenues generated through property tax levies. They are backed by the full faith and credit of the City.

The Enterprise General Obligations Revenue Bonds and Notes are payable primarily from the revenues generated through charges to customers for water and sewer service. They are recorded as liabilities in the Water and Sewer Enterprise Funds and are backed by the full faith and credit of the City.

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.

The 2022A GO Utility Revenue Notes were issued to fund various water system and sewer system improvements.

The 2022B Taxable GO Capital Improvement Plan Bonds were issued to finance the City's acquisition, construction, and/or betterment of a public works facility.

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, 2022, excluding compensated absences over the life of the debt, are summarized below:

General Obligation Bonds				General Obligation Revenue Bonds		Total
Years	Principal	Interest	Principal	Interest		
<u>Governmental Activities</u>						
2023	\$ 686,400	\$ 203,145			\$ 889,545	
2024	708,360	203,156			911,516	
2025	705,720	185,311			891,031	
2026	543,080	168,627			711,707	
2027	564,440	152,805			717,245	
2028-2032	1,361,880	610,071			1,971,951	
2033-2037	1,572,960	361,807			1,934,767	
2038-2042	944,480	91,895			1,036,375	
2043	82,100	2,224			84,324	
Totals	<u>\$ 7,169,420</u>	<u>\$ 1,979,041</u>			<u>\$ 9,148,461</u>	
<u>Business-Type Activities</u>						
2023			\$ 547,600	\$ 100,898	\$ 648,498	
2024			576,640	84,354	660,994	
2025			584,280	72,455	656,735	
2026			597,920	60,313	658,233	
2027			605,560	47,926	653,486	
2028-2032			744,120	144,526	888,646	
2033-2037			305,040	94,674	399,714	
2038-2042			357,520	41,801	399,321	
2043			77,900	1,246	79,146	
Totals			<u>\$ 4,396,580</u>	<u>\$ 648,193</u>	<u>\$ 5,044,773</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, 2022, remaining notes outstanding totaled \$12,920,000.

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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 2022 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, 2022, were \$66,657. 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 2022 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, 2022, were \$67,555. 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, 2022, the City reported a liability of \$942,484 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 \$27,521.

## 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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##### Pension Costs (Continued)

The net pension liability was measured as of June 30, 2022, 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, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0119 percent at the end of the measurement period and 0.0122 percent for the beginning of the period.

City's proportionate share of net pension liability	\$ 942,484
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>27,521</u>
Total	<u>\$ 970,005</u>

For the year ended December 31, 2022, the City recognized pension expense of \$56,895 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$4,112 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, 2022, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 7,872	\$ 10,292
Changes in actuarial assumptions	218,517	3,801
Net collective difference between projected and actual investment earnings	6,959	
Changes in proportion	13,370	9,607
Contributions paid to PERA subsequent to the measurement date	41,116	
Total	<u>\$ 287,834</u>	<u>\$ 23,700</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 \$41,116 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, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending December 31:</u>	<u>Pension Expense Amount</u>
2023	\$ 85,890
2024	88,161
2025	(36,263)
2026	85,230

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

At December 31, 2022, the City reported a liability of \$1,366,404 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0314 percent at the end of the measurement period and 0.0313 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, 2022. 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, 2021. 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.

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, 2022, the City recognized pension expense of \$57,170 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$11,589 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 \$59,744 for the year ended December 31, 2022 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, 2022, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 81,364	\$
Changes in actuarial assumptions	781,114	8,302
Net collective difference between projected and actual investment earnings	20,997	
Changes in proportion	14,902	20,949
Contributions paid to PERA subsequent to the measurement date	34,218	
Total	<u>\$ 932,595</u>	<u>\$ 29,251</u>

The \$34,218 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	Pension Expense Amount
2023	\$ 171,355
2024	169,020
2025	144,670
2026	273,428
2027	110,653

#### Total Pension Expense

The total pension expense for all plans recognized by the City for the year ended December 31, 2022 is as follows:

General Employees Fund	\$61,007
Police and Fire Fund	68,759
Fire Relief	<u>(13,747)</u>
Total	<u>\$116,019</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, 2022, 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 27 years of service. 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 2022:

##### General Employees Fund

##### Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

##### Changes in Plan Provisions:

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

##### Police and Fire Fund

##### Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate was changed from 6.50 percent to 5.40 percent.

##### Changes in Plan Provisions:

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

##### Discount Rate

The discount rate for the General Employees Plan used to measure the total pension liability in 2022 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.

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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Discount Rate (Continued)

In the Police and Fire Fund and Correctional Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060 and June 30, 2061 respectively. Beginning in fiscal year ended June 30, 2061 for the Police and Fire Fund and June 30, 2062 for the Correctional Fund, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69 percent (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.40 percent for the Police and Fire Fund and 5.42 percent for the Correctional Fund was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.5 percent applied to all years of projected benefits through the point of asset depletion and 3.69 percent thereafter.

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:

<b>Sensitivity Analysis</b>				
<i>Net Pension Liability (Asset) at Different Discount Rates</i>				
	General Employees Fund		Police and Fire Fund	
1% Lower	5.50%	\$ 1,488,703	4.40%	\$ 2,067,877
Current Discount Rate	6.50%	942,484	5.40%	1,366,404
1% Higher	7.50%	494,500	6.40%	799,305

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, 2022 the plan covered 26 active firefighters and 4 vested deferred 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 \$41,415 in fire state aid to the fund for the year ended December 31, 2022. Required employer contributions are calculated annually based on statutory provisions. The City made voluntary contributions of \$9,241 to the plan.

##### Pension Costs

At December 31, 2022, the City reported a net pension asset of \$211,315 for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2022. 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 Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance 12/31/21	\$ 248,018	\$ 521,669	\$ (273,651)
Changes for the Year			
Service Cost	30,252		30,252
Interest on Pension Liability	16,696		16,696
Actuarial Experience (Gains)/Losses	(11,767)		(11,767)
Projected Investment Earnings		31,300	(31,300)
Contributions (Employer)		9,241	(9,241)
Contributions (State)		41,414	(41,414)
Asset (Gain)/Loss		(108,237)	108,237
Administrative Costs		(873)	873
Net Changes	35,181	(27,155)	62,336
Ending Balance 12/31/22	\$ 283,199	\$ 494,514	\$ (211,315)

There were no benefit provision changes during the measurement period.

For the year ended December 31, 2022, the City recognized pension expense of (\$13,747).

At December 31, 2022, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Actual experience (gains)/losses	\$ 86,590	\$ 22,544
Asset (gain)/loss	21,560	9,963
Total	\$ 108,150	\$ 32,507

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 Expense Amount</u>
2023	\$ 20,387
2024	20,384
2025	15,578
2026	19,294

Actuarial Assumptions

The total pension liability at December 31, 2022, 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)

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

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##### 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 Discount Rate	Discount Rate	1% Increase in Discount Rate
	5.00%	6.00%	7.00%
Net pension asset	\$ 194,111	\$ 211,315	\$ 227,944

##### 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 Allocation	Long Term Expected Real Rate of Return
Domestic Stocks	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 2022 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, 2022, 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 2022.

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 2022. The amount of any liability in excess of plan assets may be assessed to participating Cities in a method and amount determined by the LMCIT.

**CITY OF CHATFIELD, MINNESOTA**

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

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**7. Fund Equity**

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Committed fund balances as of December 31, 2022 are as follows:

Committed fund balance:	
Library Fund	\$ 362,174

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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 6 pay-as-you-go tax increment financing districts 4 of which are active. For the year ended December 31, 2022, the City paid tax increments totaling \$172,028 related to these agreements.

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**CITY OF CHATFIELD, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2022**

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

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

Year Ended December 31	Contributions in Relation to			Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
	Statutorily Required Contribution (a)	Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)		
2014	\$ 43,241	\$ 43,241	\$	\$ 596,428	7.25%
2015	67,009	67,009		893,453	7.50%
2016	54,923	54,923		732,307	7.50%
2017	54,824	54,824		730,987	7.50%
2018	58,595	58,595		781,267	7.50%
2019	62,040	62,040		827,200	7.50%
2020	63,191	63,191		842,547	7.50%
2021	65,916	65,916		878,880	7.50%
2022	66,657	66,657		888,760	7.50%
2023					

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

Year Ended December 31	Contributions in Relation to			Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
	Statutorily Required Contribution (a)	Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)		
2014	\$ 37,020	\$ 37,020	\$	\$ 241,961	15.30%
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	67,555	67,555		381,667	17.70%
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	0.0119%	942,484	27,521	970,005	883,820	110%	76.67%
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	0.0314%	1,366,404	375,884	364%	70.53%
2023					

**CITY OF CHATFIELD, MINNESOTA**  
**Schedule of Changes in the Fire Relief Association Net Pension Asset and Related Ratios**  
**December 31, 2022**

	2022	2021	2020
<b>Total Pension Liability</b>			
Service cost	\$ 30,252	\$ 29,617	\$ 28,754
Interest on the pension liability	16,696	14,091	13,923
Actuarial experience (gains)/losses	(11,767)	(915)	53,902
Transition to SVF Retirement Plan			(81,665)
Benefit payouts			(189,318)
Net change in total pension liability	35,181	42,793	(174,404)
Total Pension Liability - beginning of year	248,018	205,225	379,629
Total Pension Liability - end of year	\$ 283,199	\$ 248,018	\$ 205,225
<b>Plan Fiduciary Net Position</b>			
Projected Investment Earnings	\$ 31,300	\$ 24,679	\$ 29,663
Contributions (Employer)	9,241	6,808	6,597
Contributions (Fire Relief)		19,000	
Contributions (State)	41,414	43,063	39,192
Adj. to Initial Asset Transfer			1,781
Asset (Gain)/Loss	(108,237)	17,669	29,856
Benefit Payout			(189,318)
Administrative Costs	(873)	(865)	(838)
Net change in plan fiduciary net position	(27,155)	110,354	(83,067)
Plan Fiduciary Net Position - beginning of year	521,669	411,315	494,382
Plan Fiduciary Net Position - end of year	\$ 494,514	\$ 521,669	\$ 411,315
<b>Net Pension Liability (Asset) - End of Year</b>	\$ (211,315)	\$ (273,651)	\$ (206,090)
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	174.62%	210.34%	200.42%

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

Year Ended December 31	Statutorily Required Contribution (a)	Contributions in Relation to Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Non-Employer Contributions	
				State 2% Fire Aid	Other
2020	\$	\$	\$	\$ 31,286	\$ 7,906
2021				32,281	10,782
2022				34,460	6,955
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, 2022**

**CITY OF CHATFIELD, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
December 31, 2022

		Debt Service				
		332	334	335	338	340
	Special Revenue Funds Total	2012A Refunding Bond	2014A Bond	2016A GO Refunding 2010A Bond	2017A GO Bond	2018A GO Pool Bond
<b>ASSETS</b>						
Cash and investments	\$ 1,562,520	\$ 245,730	\$407,443	\$ 648,449	\$ 193,982	\$ 319,390
Accounts receivable	274,240					
Notes receivable	503,949					
Due from other governmental units		10	590	592	185	1,633
Taxes receivable - delinquent	9,083	356	1,325	1,616	314	2,524
Special assessment receivable			5,267			
Advances to other funds	314,299					
<b>TOTAL ASSETS</b>	<b>\$ 2,664,091</b>	<b>\$ 246,096</b>	<b>\$414,625</b>	<b>\$ 650,657</b>	<b>\$ 194,481</b>	<b>\$ 323,547</b>
<b>LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>						
<b>Liabilities</b>						
Accounts payable	\$ 11,090	\$	\$	\$	\$	\$
Due to other funds	11,291					
Advances from other funds	314,299					
Total Liabilities	336,680					
<b>Deferred Inflows of Resources</b>						
Unavailable revenue:						
Property taxes	9,083	356	1,325	1,616	314	2,524
Special assessments			5,267			
Notes receivable	503,949					
Total Deferred Inflows of Resources	513,032	356	6,592	1,616	314	2,524
<b>Fund Balance</b>						
Nonspendable:						
Advances to other funds	314,299					
Restricted:						
Creditors (debt covenants)		245,740	408,033	649,041	194,167	321,023
Regulations	198,504					
Committed:						
By Council resolution	362,174					
Assigned:						
Fund assignments	1,264,992					
Unassigned:	(325,590)					
Total Fund Balance	1,814,379	245,740	408,033	649,041	194,167	321,023
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 2,664,091</b>	<b>\$ 246,096</b>	<b>\$414,625</b>	<b>\$ 650,657</b>	<b>\$ 194,481</b>	<b>\$ 323,547</b>

Debt Service			Capital Project				Total Nonmajor Governmental Funds
342 2019A GO Tax Abatement Bond	343 2022A GO Bond	344 2022B GO Bond	440 2018A Pool Construction	443 2022A Construction	444 2022B Construction	423 2023 Prospect & Grand St. Project	
\$ 40,538	\$ 11,704	\$ 30,000	\$	\$ 247,294	\$ 26,715	\$	\$ 3,733,765
							274,240
							503,949
195							3,205
							15,218
							5,267
							314,299
<u>\$ 40,733</u>	<u>\$ 11,704</u>	<u>\$ 30,000</u>	<u>\$</u>	<u>\$ 247,294</u>	<u>\$ 26,715</u>	<u>\$</u>	<u>\$ 4,849,943</u>
\$	\$	\$	\$	\$ 115,950	\$	\$ 5,297 3,741	\$ 132,337 15,032 314,299
				115,950		9,038	461,668
							15,218 5,267 503,949
							524,434
							314,299
40,733	11,704	30,000					1,900,441 198,504 362,174
				131,344	26,715		1,423,051 (334,628)
<u>40,733</u>	<u>11,704</u>	<u>30,000</u>		<u>131,344</u>	<u>26,715</u>	<u>(9,038)</u>	<u>3,863,841</u>
<u>\$ 40,733</u>	<u>\$ 11,704</u>	<u>\$ 30,000</u>	<u>\$</u>	<u>\$ 247,294</u>	<u>\$ 26,715</u>	<u>\$</u>	<u>\$ 4,849,943</u>

**CITY OF CHATFIELD, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2022

	Special Revenue Funds Total	Debt Service				
		332	334	335	338	340
		2012A Refunding Bond	2014A Bond	2016A GO Refunding 2010A Bond	2017A GO Bond	2018A GO Pool Bond
<b>REVENUES</b>						
Property taxes	\$ 187,509	\$ 67	\$ 111,723	\$ 112,077	\$ 36,576	\$ 322,885
Special assessments			2,601			
Tax increments	203,993					
Tax abatement		35,363				
Fines and forfeits	379					
Intergovernmental	223,935					
Franchise fees	25,503					
Charges for services	256,060					
Training revenue	14,325					
Investment income	22,935	1,887	3,394	1,570	1,840	1,655
Contributions	198,309					
Miscellaneous	92,944					
<b>TOTAL REVENUES</b>	<b>1,225,892</b>	<b>37,317</b>	<b>117,718</b>	<b>113,647</b>	<b>38,416</b>	<b>324,540</b>
<b>EXPENDITURES</b>						
<b>Current:</b>						
General government	46,478					
Public safety	418,766					
Library	252,321					
Community development	401,698					
Capital outlay	67,454					
Debt service:						
Principal retirement		145,000	175,000	95,000	44,000	175,000
Interest and fiscal charges		19,493	15,613	12,208	8,948	126,483
<b>TOTAL EXPENDITURES</b>	<b>1,186,717</b>	<b>164,493</b>	<b>190,613</b>	<b>107,208</b>	<b>52,948</b>	<b>301,483</b>
Excess (deficiency) of revenues over (under) expenditures	39,175	(127,176)	(72,895)	6,439	(14,532)	23,057
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from issuance of bonds						
Transfer in	320,390	100,847	68,313	5,000	57,405	5,751
Transfer out	(21,270)			(5,700)		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>299,120</b>	<b>100,847</b>	<b>68,313</b>	<b>(700)</b>	<b>57,405</b>	<b>5,751</b>
Net change in fund balances	338,295	(26,329)	(4,582)	5,739	42,873	28,808
<b>FUND BALANCES, beginning</b>	<b>1,476,084</b>	<b>272,069</b>	<b>412,615</b>	<b>643,302</b>	<b>151,294</b>	<b>292,215</b>
<b>FUND BALANCES, ending</b>	<b>\$ 1,814,379</b>	<b>\$ 245,740</b>	<b>\$ 408,033</b>	<b>\$ 649,041</b>	<b>\$ 194,167</b>	<b>\$ 321,023</b>



Debt Service			Capital Project				Total Nonmajor Governmental Funds
342 2019A GO Tax Abatement Bond	343 2022A GO Bond	344 2022B GO Bond	440 2018A Pool Construction	443 2022A Construction	444 2022B Construction	423 2023 Prospect & Grand St. Project	
\$ 38,575	\$	\$	\$	\$	\$	\$	\$ 809,412
							2,601
							203,993
							35,363
							379
							223,935
							25,503
							256,060
							14,325
198	211			1,792			35,482
							198,309
							92,944
38,773	211			1,792			1,898,306
							46,478
							418,766
							252,321
							401,698
				113,393	701,695	9,038	891,580
29,000							663,000
5,476				21,475	21,590		231,286
34,476				134,868	723,285	9,038	2,905,129
4,297	211			(133,076)	(723,285)	(9,038)	(1,006,823)
				264,420	750,000		1,014,420
	11,493	30,000					599,199
			(5,751)				(32,721)
	11,493	30,000	(5,751)	264,420	750,000		1,580,898
4,297	11,704	30,000	(5,751)	131,344	26,715	(9,038)	574,075
36,436			5,751				3,289,766
\$ 40,733	\$ 11,704	\$ 30,000	\$	\$ 131,344	\$ 26,715	\$ (9,038)	\$ 3,863,841

**CITY OF CHATFIELD, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS**  
December 31, 2022

	211/212	220/221	240	230/231	360	361	614/615
	Library	Fire	EDA	Ambulance	Revolving Loan Federal	Revolving Loan State	Cable Access
<b>ASSETS</b>							
Cash and investments	\$ 362,689	\$ 523,868	\$ 43,085	\$ 231,790	\$ 133,772	\$ 35,956	\$ 93,633
Accounts receivable	1,000	400		267,250			5,590
Notes receivable					196,794	307,155	
Taxes receivable - delinquent							
Advances to other funds							
<b>TOTAL ASSETS</b>	<u>\$ 363,689</u>	<u>\$ 524,268</u>	<u>\$ 43,085</u>	<u>\$ 499,040</u>	<u>\$ 330,566</u>	<u>\$ 343,111</u>	<u>\$ 99,223</u>
<b>LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>							
<b>Liabilities</b>							
Accounts payable	\$ 1,515	\$ 2,369	\$ 32	\$ 3,855	\$	\$	\$ 3,319
Due to other funds							
Advances from other funds							
Total Liabilities	<u>1,515</u>	<u>2,369</u>	<u>32</u>	<u>3,855</u>			<u>3,319</u>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue:							
Property taxes							
Notes receivable					196,794	307,155	
Total Deferred Inflows of Resources					<u>196,794</u>	<u>307,155</u>	
<b>Fund Balance</b>							
Nonspendable:							
Advances to other funds							
Restricted:							
Regulations					133,772	35,956	
Committed:							
By Council resolution	362,174						
Assigned:							
Fund assignments		521,899	43,053	495,185			95,904
Unassigned:							
Total Fund Balance	<u>362,174</u>	<u>521,899</u>	<u>43,053</u>	<u>495,185</u>	<u>133,772</u>	<u>35,956</u>	<u>95,904</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<u>\$ 363,689</u>	<u>\$ 524,268</u>	<u>\$ 43,085</u>	<u>\$ 499,040</u>	<u>\$ 330,566</u>	<u>\$ 343,111</u>	<u>\$ 99,223</u>

242 Development	250/251 Chatfield Center for the Arts	358 TIF Dist. 2-5 Dollar General	350 TIF 3-5 Fifty-Two Fitness	354 Lone Stone Tax Increment	355 Gjere Addition Tax Increment	357 EZ Fab Tax Increment	359 Cabin Coffee Tax Increment	Total Special Revenue Funds
\$ 31,589	\$ 77,362	\$	\$	\$ 28,650	\$	\$ 114	\$ 12	\$ 1,562,520
								274,240
				9,083				503,949
314,299								9,083
								314,299
<u>\$ 345,888</u>	<u>\$ 77,362</u>	<u>\$</u>	<u>\$</u>	<u>\$ 37,733</u>	<u>\$</u>	<u>\$ 114</u>	<u>\$ 12</u>	<u>\$ 2,664,091</u>
\$	\$	\$	\$	\$	\$	\$	\$	\$ 11,090
			10,226		1,065			11,291
		314,299						314,299
		314,299	10,226		1,065			336,680
				9,083				9,083
								503,949
				9,083				513,032
314,299								314,299
				28,650		114	12	198,504
								362,174
31,589	77,362							1,264,992
		(314,299)	(10,226)		(1,065)			(325,590)
<u>345,888</u>	<u>77,362</u>	<u>(314,299)</u>	<u>(10,226)</u>	<u>28,650</u>	<u>(1,065)</u>	<u>114</u>	<u>12</u>	<u>1,814,379</u>
<u>\$ 345,888</u>	<u>\$ 77,362</u>	<u>\$</u>	<u>\$</u>	<u>\$ 37,733</u>	<u>\$</u>	<u>\$ 114</u>	<u>\$ 12</u>	<u>\$ 2,664,091</u>

**CITY OF CHATFIELD, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS**  
For the Year Ended December 31, 2022

	211/212	220/221	240	230/231	360	361	614/615
	Library	Fire	EDA	Ambulance	Revolving Loan Federal	Revolving Loan State	Cable Access
<b>REVENUES</b>							
Property taxes	\$ 187,509	\$	\$	\$	\$	\$	\$
Tax increments							
Fines and forfeits	379						
Intergovernmental	84,599	74,412		64,924			
Franchise fees							25,503
Charges for services	1,338	15,792		231,195			7,735
Training revenue				14,325			
Investment income (loss)	2,221	5,136	182	2,180	7,582	3,644	1,010
Contributions	12,188	144,730		25,691			15,700
Miscellaneous	10,320	658	2,612	7,008	29,396	37,562	512
<b>TOTAL REVENUES</b>	<u>298,554</u>	<u>240,728</u>	<u>2,794</u>	<u>345,323</u>	<u>36,978</u>	<u>41,206</u>	<u>50,460</u>
<b>EXPENDITURES</b>							
<b>Current:</b>							
General government							46,478
Public safety		111,953		306,813			
Library	252,321						
Community development			81,356		40,000	32,288	
Capital outlay	20,931	46,523					
<b>TOTAL EXPENDITURES</b>	<u>273,252</u>	<u>158,476</u>	<u>81,356</u>	<u>306,813</u>	<u>40,000</u>	<u>32,288</u>	<u>46,478</u>
Excess (deficiency) of revenues over (under) expenditures	<u>25,302</u>	<u>82,252</u>	<u>(78,562)</u>	<u>38,510</u>	<u>(3,022)</u>	<u>8,918</u>	<u>3,982</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfer in		70,390	74,000	79,500			16,500
Transfer out		(2,980)		(15,150)			(3,140)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>		<u>67,410</u>	<u>74,000</u>	<u>64,350</u>			<u>13,360</u>
Net change in fund balances	25,302	149,662	(4,562)	102,860	(3,022)	8,918	17,342
<b>FUND BALANCES, beginning</b>	<u>336,872</u>	<u>372,237</u>	<u>47,615</u>	<u>392,325</u>	<u>136,794</u>	<u>27,038</u>	<u>78,562</u>
<b>FUND BALANCES, ending</b>	<u>\$ 362,174</u>	<u>\$ 521,899</u>	<u>\$ 43,053</u>	<u>\$ 495,185</u>	<u>\$ 133,772</u>	<u>\$ 35,956</u>	<u>\$ 95,904</u>

242 Development	250/251 Chatfield Center for the Arts	358 TIF Dist. 2-5 Dollar General	350 TIF 3-5 Fifty-Two Fitness	354 Lone Stone Tax Increment	355 Gjere Addition Tax Increment	357 EZ Fab Tax Increment	359 Cabin Coffee Tax Increment	Total Special Revenue Funds
\$	\$	\$ 12,850	\$	\$ 167,037	\$	\$ 16,302	\$ 7,804	\$ 187,509
								203,993
								379
								223,935
								25,503
								256,060
								14,325
4,016	485	(3,722)		205	(10)	1	5	22,935
	4,876							198,309
								92,944
4,016	5,361	9,128		167,242	(10)	16,303	7,809	1,225,892
								46,478
								418,766
								252,321
	62,989	200	10,226	150,333	200	16,302	7,804	401,698
								67,454
	62,989	200	10,226	150,333	200	16,302	7,804	1,186,717
4,016	(57,628)	8,928	(10,226)	16,909	(210)	1	5	39,175
	80,000							320,390
								(21,270)
	80,000							299,120
4,016	22,372	8,928	(10,226)	16,909	(210)	1	5	338,295
341,872	54,990	(323,227)		11,741	(855)	113	7	1,476,084
\$ 345,888	\$ 77,362	\$ (314,299)	\$ (10,226)	\$ 28,650	\$ (1,065)	\$ 114	\$ 12	\$ 1,814,379

**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, 2022

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

	<u>Budgeted Amounts</u>		250 Chatfield Center for the Arts	251 CCA Capital	2022 Actual Amounts	Variance with Final Budget - Positive (Negative)	2021 Actual Amounts
	<u>Original</u>	<u>Final</u>					
<b>REVENUES</b>							
Investment income	\$ 300	\$ 300	\$ 435	\$ 50	\$ 485	\$ 185	\$ 364
Miscellaneous			4,876		4,876	4,876	6,460
<b>TOTAL REVENUES</b>	<u>300</u>	<u>300</u>	<u>5,311</u>	<u>50</u>	<u>5,361</u>	<u>5,061</u>	<u>6,824</u>
<b>EXPENDITURES</b>							
<b>Community Development</b>							
Repairs and maintenance	10,000	10,000	4,665		4,665	5,335	1,846
Professional services	40,000	40,000	34,667		34,667	5,333	46,667
Insurance	20,000	20,000	23,188		23,188	(3,188)	18,887
Other			469		469	(469)	
<b>TOTAL EXPENDITURES</b>	<u>70,000</u>	<u>70,000</u>	<u>62,989</u>		<u>62,989</u>	<u>7,011</u>	<u>67,400</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(69,700)</u>	<u>(69,700)</u>	<u>(57,678)</u>	<u>50</u>	<u>(57,628)</u>	<u>12,072</u>	<u>(60,576)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	90,000	90,000	80,000	10,000	90,000		74,333
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>		<u>(10,000)</u>		<u>(3,333)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>80,000</u>	<u>80,000</u>	<u>70,000</u>	<u>10,000</u>	<u>80,000</u>		<u>71,000</u>
Net change in fund balances	10,300	10,300	12,322	10,050	22,372	12,072	10,424
<b>FUND BALANCES, beginning</b>	<u>54,990</u>	<u>54,990</u>	<u>51,617</u>	<u>3,373</u>	<u>54,990</u>		<u>44,566</u>
<b>FUND BALANCES, ending</b>	<u>\$65,290</u>	<u>\$65,290</u>	<u>\$ 63,939</u>	<u>\$13,423</u>	<u>\$ 77,362</u>	<u>\$ 12,072</u>	<u>\$ 54,990</u>

**CITY OF CHATFIELD, MINNESOTA**  
**LIBRARY FUND**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
For the Year Ended December 31, 2022  
With Comparative Totals for the Year Ended December 31, 2021

	Budgeted Amounts		211	212	2022	Variance with	2021
	Original	Final	Library	Library	Actual	Final Budget -	Actual
				Endowment	Amounts	Positive	Amounts
						(Negative)	
<b>REVENUES</b>							
Property tax levy	\$ 187,509	\$ 187,509	\$ 187,509	\$	\$ 187,509	\$	\$ 176,604
Intergovernmental revenues:							
County contracts	84,692	84,692	84,599		84,599	(93)	84,693
Library fines	500	500	379		379	(121)	648
Charges for services	700	700	1,338		1,338	638	1,122
Investment income	1,300	1,300	1,654	567	2,221	921	6,036
Contributions	700	700	4,171	8,017	12,188	11,488	3,427
Sale of merchandise	350	350	8,449		8,449	8,099	10,316
Miscellaneous	940	940	1,871		1,871	931	1,357
<b>TOTAL REVENUES</b>	<b>276,691</b>	<b>276,691</b>	<b>289,970</b>	<b>8,584</b>	<b>298,554</b>	<b>21,863</b>	<b>284,203</b>
<b>EXPENDITURES</b>							
<b>Library</b>							
Salaries	152,714	152,714	145,394		145,394	7,320	137,976
Employee benefits and retirement	23,136	23,136	21,169		21,169	1,967	20,238
Workers compensation	1,350	1,350	1,018		1,018	332	1,000
Health insurance	28,134	28,134	28,330		28,330	(196)	27,077
Travel	645	645	625		625	20	
Office supplies and postage	1,800	1,800	1,148		1,148	652	1,043
Operating supplies/small tools	500	500	119		119	381	924
Scrip purchases/program	3,000	3,000	8,188		8,188	(5,188)	14,056
Insurance	4,500	4,500	9,040		9,040	(4,540)	3,925
Utilities	6,700	6,700	8,056		8,056	(1,356)	6,850
Maintenance and repair	13,230	13,230	10,915		10,915	2,315	12,952
Telephone	3,000	3,000	3,259		3,259	(259)	3,143
Cleaning services	1,000	1,000	957		957	43	984
Capital outlay	22,000	22,000	20,931		20,931	1,069	19,521
Other	15,130	15,130	14,103		14,103	1,027	12,802
<b>TOTAL EXPENDITURES</b>	<b>276,839</b>	<b>276,839</b>	<b>273,252</b>		<b>273,252</b>	<b>3,587</b>	<b>262,491</b>
Net change in fund balances	(148)	(148)	16,718	8,584	25,302	25,450	21,712
<b>FUND BALANCES, beginning</b>	<b>336,872</b>	<b>336,872</b>	<b>165,275</b>	<b>171,597</b>	<b>336,872</b>		<b>315,160</b>
<b>FUND BALANCES, ending</b>	<b>\$ 336,724</b>	<b>\$ 336,724</b>	<b>\$ 181,993</b>	<b>\$ 180,181</b>	<b>\$ 362,174</b>	<b>\$ 25,450</b>	<b>\$ 336,872</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, 2022  
With Comparative Totals for the Year Ended December 31, 2021

	Budgeted Amounts		220	221	2022	Variance with	2021
	Original	Final	Fire	Fire Capital	Actual	Final Budget - Positive (Negative)	Actual
<b>REVENUES</b>							
Intergovernmental revenues:							
Township contributions	\$ 70,390	\$ 70,390	\$ 66,407	\$	\$ 66,407	\$ (3,983)	\$ 68,075
Federal grants				3,175	3,175	3,175	
Training and reimbursement			4,830		4,830	4,830	3,200
Charges for services	8,000	8,000	15,792		15,792	7,792	8,750
Investment income			1,253	3,883	5,136	5,136	3,756
Donations	85,000	85,000		144,730	144,730	59,730	154,112
Miscellaneous			658		658	658	518
<b>TOTAL REVENUES</b>	<b>163,390</b>	<b>163,390</b>	<b>88,940</b>	<b>151,788</b>	<b>240,728</b>	<b>77,338</b>	<b>238,411</b>
<b>EXPENDITURES</b>							
<b>Public Safety</b>							
Salaries	25,000	25,000	35,736		35,736	(10,736)	29,638
Employee benefits and retirement	1,913	8,952	9,375		9,375	(423)	9,076
Workers compensation	18,000	18,000	10,066		10,066	7,934	9,213
Operating supplies	2,000	2,000	2,844		2,844	(844)	1,438
Small tools and minor equipment	6,000	6,000	5,256	650	5,906	94	3,739
Vehicle operating supplies	1,500	1,500	3,011		3,011	(1,511)	1,696
Insurance	2,400	2,400	4,894		4,894	(2,494)	2,722
Utilities	8,000	8,000	10,708		10,708	(2,708)	8,753
Maintenance and repairs	8,000	8,000	18,497		18,497	(10,497)	9,511
Training	3,000	3,000	1,510		1,510	1,490	4,192
Capital outlay	41,000	41,000		46,523	46,523	(5,523)	179,312
Other	8,465	8,465	5,325	4,081	9,406	(941)	6,603
<b>TOTAL EXPENDITURES</b>	<b>125,278</b>	<b>132,317</b>	<b>107,222</b>	<b>51,254</b>	<b>158,476</b>	<b>(26,159)</b>	<b>265,893</b>
Excess (deficiency) of revenues over (under) expenditures	38,112	31,073	(18,282)	100,534	82,252	51,179	(27,482)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	116,740	116,740	70,390	46,350	116,740		114,690
Transfers out	(49,330)	(49,330)	(49,330)		(49,330)		(49,300)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>67,410</b>	<b>67,410</b>	<b>21,060</b>	<b>46,350</b>	<b>67,410</b>		<b>65,390</b>
Net change in fund balances	105,522	98,483	2,778	146,884	149,662	51,179	37,908
<b>FUND BALANCES, beginning</b>	<b>372,237</b>	<b>372,237</b>	<b>92,003</b>	<b>280,234</b>	<b>372,237</b>		<b>334,329</b>
<b>FUND BALANCES, ending</b>	<b>\$ 477,759</b>	<b>\$ 470,720</b>	<b>\$ 94,781</b>	<b>\$ 427,118</b>	<b>\$ 521,899</b>	<b>\$ 51,179</b>	<b>\$ 372,237</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, 2022  
With Comparative Totals for the Year Ended December 31, 2021

	Budgeted Amounts		Fund 240 2022 Actual Amounts	Variance with Final Budget - Positive (Negative)	2021 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Investment Income	\$ 500	\$ 500	\$ 182	\$ (318)	\$ 416
Contributions	500	500		(500)	1,000
Miscellaneous	2,600	2,600	2,612	12	1,997
<b>TOTAL REVENUES</b>	<u>3,600</u>	<u>3,600</u>	<u>2,794</u>	<u>(806)</u>	<u>3,413</u>
<b>EXPENDITURES</b>					
<b>Community Development</b>					
Repairs and maintenance	500	500	380	120	309
Professional services	52,150	52,150	57,052	(4,902)	47,151
Other	23,906	23,906	23,924	(18)	8,174
<b>TOTAL EXPENDITURES</b>	<u>76,556</u>	<u>76,556</u>	<u>81,356</u>	<u>(4,800)</u>	<u>55,634</u>
Deficiency of revenues under expenditures	(72,956)	(72,956)	(78,562)	(5,606)	(52,221)
<b>OTHER FINANCING SOURCES</b>					
Transfers in	74,000	74,000	74,000		50,000
Net change in fund balances	1,044	1,044	(4,562)	(5,606)	(2,221)
<b>FUND BALANCES, beginning</b>	<u>47,615</u>	<u>47,615</u>	<u>47,615</u>		<u>49,836</u>
<b>FUND BALANCES, ending</b>	<u>\$ 48,659</u>	<u>\$ 48,659</u>	<u>\$ 43,053</u>	<u>\$ (5,606)</u>	<u>\$ 47,615</u>

**CITY OF CHATFIELD, MINNESOTA**  
**AMBULANCE FUND**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
For the Year Ended December 31, 2022  
With Comparative Totals for the Year Ended December 31, 2021

	Budgeted Amounts		230	231	2022	Variance with	2021
	Original	Final	Ambulance	Ambulance	Actual	Final Budget -	Actual
				Reserve	Amounts	Positive	Amounts
						(Negative)	
<b>REVENUES</b>							
Intergovernmental revenues:							
County contract	\$ 4,500	\$ 4,500	\$ 4,500	\$	\$ 4,500	\$	\$ 4,500
Township contributions	61,840	61,840	57,174		57,174	(4,666)	58,000
Training reimbursement	4,500	4,500	2,750		2,750	(1,750)	4,825
Other			500		500	500	
Charges for services	185,000	185,000	231,195		231,195	46,195	234,537
Training revenue	18,000	18,000	14,325		14,325	(3,675)	16,260
Investment income			1,051	1,129	2,180	2,180	1,467
Contributions	14,000	14,000		25,691	25,691	11,691	26,599
Miscellaneous	250	250	7,008		7,008	6,758	332
<b>TOTAL REVENUES</b>	<b>288,090</b>	<b>288,090</b>	<b>318,503</b>	<b>26,820</b>	<b>345,323</b>	<b>57,233</b>	<b>346,520</b>
<b>EXPENDITURES</b>							
<b>Public Safety</b>							
Salaries	157,000	157,000	152,578		152,578	4,422	145,565
Employee benefits and retirement	26,011	26,011	25,282		25,282	729	23,239
Workers compensation	10,000	10,000	11,385		11,385	(1,385)	11,732
Health insurance	26,795	26,795	27,602		27,602	(807)	23,722
Training	11,000	11,000	5,985		5,985	5,015	10,632
Small tools and minor equipment	1,750	1,750	1,919		1,919	(169)	544
Office supplies	1,000	1,000				1,000	72
Operating supplies	11,000	11,000	12,046		12,046	(1,046)	12,341
Vehicle operating supplies	3,500	3,500	7,023		7,023	(3,523)	4,631
Internet and telephone	4,300	4,300	5,041		5,041	(741)	5,259
Printing and publications	1,900	1,900	618	1,384	2,002	(102)	1,541
Insurance	1,150	1,150	776		776	374	1,776
Utilities	5,000	5,000	7,969		7,969	(2,969)	4,959
Maintenance and repairs	15,200	15,200	17,213		17,213	(2,013)	20,364
Medical services	4,500	4,500	8,835		8,835	(4,335)	8,017
Clothing	2,750	2,750	2,541		2,541	209	2,979
License, permits, dues and subscription	13,550	13,550	14,655		14,655	(1,105)	14,825
Capital outlay	12,000	12,000				12,000	76,479
Refunds	1,500	1,500				1,500	2,054
Departmental capital charge	1,150	1,150	1,150		1,150		1,915
Other	3,920	3,920	2,342	469	2,811	1,109	3,671
<b>TOTAL EXPENDITURES</b>	<b>314,976</b>	<b>314,976</b>	<b>304,960</b>	<b>1,853</b>	<b>306,813</b>	<b>8,163</b>	<b>376,317</b>
Excess (deficiency) of revenues over (under) expenditures	(26,886)	(26,886)	13,543	24,967	38,510	65,396	(29,797)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	124,000	124,000	79,500	44,500	124,000		114,710
Transfers out	(59,650)	(59,650)	(59,650)		(59,650)		(58,260)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>64,350</b>	<b>64,350</b>	<b>19,850</b>	<b>44,500</b>	<b>64,350</b>		<b>56,450</b>
Net change in fund balances	37,464	37,464	33,393	69,467	102,860	65,396	26,653
<b>FUND BALANCES, beginning</b>	<b>392,325</b>	<b>392,325</b>	<b>324,643</b>	<b>67,682</b>	<b>392,325</b>		<b>365,672</b>
<b>FUND BALANCES, ending</b>	<b>\$ 429,789</b>	<b>\$ 429,789</b>	<b>\$ 358,036</b>	<b>\$ 137,149</b>	<b>\$ 495,185</b>	<b>\$ 65,396</b>	<b>\$ 392,325</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, 2022  
With Comparative Totals for the Year Ended December 31, 2021

	Budgeted Amounts		Fund 360 2022 Actual Amounts	Variance with Final Budget - Positive (Negative)	2021 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Investment income	\$ 5,000	\$ 5,000	\$ 7,582	\$ 2,582	\$ 7,417
Miscellaneous	26,900	26,900	29,396	2,496	32,028
<b>TOTAL REVENUES</b>	31,900	31,900	36,978	5,078	39,445
<b>EXPENDITURES</b>					
Loan advances			40,000	(40,000)	
Net change in fund balances	31,900	31,900	(3,022)	(34,922)	39,445
<b>FUND BALANCES, beginning</b>	136,794	136,794	136,794		97,349
<b>FUND BALANCES, ending</b>	<u>\$ 168,694</u>	<u>\$ 168,694</u>	<u>\$ 133,772</u>	<u>\$ (34,922)</u>	<u>\$ 136,794</u>

**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, 2022  
With Comparative Totals for the Year Ended December 31, 2021

	Budgeted Amounts		Fund 361 2022 Actual Amounts	Variance with Final Budget - Positive (Negative)	2021 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Investment income	\$ 3,276	\$ 3,276	\$ 3,644	\$ 368	\$ 3,880
Miscellaneous	<u>37,622</u>	<u>37,622</u>	<u>37,562</u>	<u>(60)</u>	<u>37,189</u>
<b>TOTAL REVENUES</b>	40,898	40,898	41,206	308	41,069
<b>EXPENDITURES</b>					
DEED repayments to state	<u>32,718</u>	<u>32,718</u>	<u>32,288</u>	<u>430</u>	<u>32,289</u>
Net change in fund balances	8,180	8,180	8,918	738	8,780
<b>FUND BALANCES, beginning</b>	<u>27,038</u>	<u>27,038</u>	<u>27,038</u>		<u>18,258</u>
<b>FUND BALANCES, ending</b>	<u>\$ 35,218</u>	<u>\$ 35,218</u>	<u>\$ 35,956</u>	<u>\$ 738</u>	<u>\$ 27,038</u>

**CITY OF CHATFIELD, MINNESOTA**  
**INTERNAL SERVICE FUND**  
**Statements of Net Position**  
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and investments	<u>\$ 926,575</u>	<u>\$ 939,825</u>
<b>Noncurrent Assets</b>		
Capital assets:		
Nondepreciable	5,813	
Depreciable	5,536,806	5,334,446
Less: Accumulated depreciation	<u>2,662,633</u>	<u>2,582,771</u>
Net capital assets	<u>2,879,986</u>	<u>2,751,675</u>
Total Assets	<u>3,806,561</u>	<u>3,691,500</u>
<b>LIABILITIES</b>		
Accounts payable		<u>13,514</u>
<b>NET POSITION</b>		
Invested in capital assets	2,879,986	2,751,675
Unrestricted	<u>926,575</u>	<u>926,311</u>
Total Net Position	<u><u>\$ 3,806,561</u></u>	<u><u>\$ 3,677,986</u></u>

**CITY OF CHATFIELD, MINNESOTA**  
**INTERNAL SERVICE FUND**  
**Statements of Revenues, Expenses**  
**and Changes in Fund Net Position**  
For the Years Ended December 31, 2022 and 2021

	2022	2021
<b>Operating Revenues</b>		
Departmental capital charge	\$ 338,869	\$ 332,031
<b>Operating Expenses</b>		
Depreciation	260,559	265,777
Repairs	88,215	15,718
Professional fees		4,999
Other	872	6,004
Total Operating Expenses	349,646	292,498
Operating Income (Loss)	(10,777)	39,533
<b>Nonoperating Revenues</b>		
Investment income	10,821	10,696
Intergovernmental - small cities aid		53,300
Miscellaneous	21,508	31,306
Gain on sale of assets	152,328	93,440
Total Nonoperating Revenues	184,657	188,742
<b>INCOME BEFORE TRANSFERS</b>	173,880	228,275
Transfers in	2,100	2,100
Transfers out	(47,405)	(74,540)
<b>CHANGE IN NET POSITION</b>	128,575	155,835
<b>NET POSITION - BEGINNING OF YEAR</b>	3,677,986	3,522,151
<b>NET POSITION - END OF YEAR</b>	\$ 3,806,561	\$ 3,677,986

**CITY OF CHATFIELD, MINNESOTA**  
**INTERNAL SERVICE FUND**  
**Statements of Cash Flows**  
For the Years Ended December 31, 2022 and 2021

	2022	2021
<b>Cash Flows From Operating Activities</b>		
Cash received from other departments	\$ 338,869	\$ 332,031
Cash paid to suppliers	(102,601)	(13,882)
Net Cash Provided by Operating Activities	236,268	318,149
<b>Cash Flows From Noncapital Financing Activities</b>		
Miscellaneous	21,508	31,306
Transfer in/out	(45,305)	(72,440)
Net Cash Used In Noncapital Financing Activities	(23,797)	(41,134)
<b>Capital and Related Financing Activities</b>		
Capital asset acquisitions	(285,581)	(294,021)
Proceeds from sale of assets	49,039	
Intergovernmental		53,300
Net Cash Used In Capital and Related Financing Activities	(236,542)	(240,721)
<b>Cash Flows From Investing Activities</b>		
Investment income received	10,821	10,696
<b>NET INCREASE (DECREASE) IN CASH AND INVESTMENTS</b>	(13,250)	46,990
<b>CASH AND INVESTMENTS, BEGINNING OF YEAR</b>	939,825	892,835
<b>CASH AND INVESTMENTS, END OF YEAR</b>	\$ 926,575	\$ 939,825

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

Operating Income (Loss)	\$ (10,777)	\$ 39,533
Adjustments to Reconcile Operating Income		
(Loss) to Net Cash Provided by		
Operating Activities		
Depreciation	260,559	265,777
Increase (Decrease) in:		
Accounts payable	(13,514)	12,839
Net Cash Provided By Operating Activities	\$ 236,268	\$ 318,149
<b>Noncash Capital and Related</b>		
<b>Financing Activities</b>		
Capital asset trade-ins	\$ 255,477	\$ 93,440

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**CITY OF CHATFIELD, MINNESOTA**

**SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2022**

**CITY OF CHATFIELD, MINNESOTA**  
**PROPRIETARY FUNDS**  
**WATER FUND**  
**(601/339/336/303/403)**  
**Statements of Net Position**  
December 31, 2022 and 2021

	2022	2021
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and investments	\$ 991,940	\$ 252,303
Accounts receivable	48,322	48,772
Special assessments receivable	6,471	6,159
Special assessments delinquent	547	309
Prepaid items		621
Total Current Assets	<u>1,047,280</u>	<u>308,164</u>
<b>Property and Equipment</b>		
Nondepreciable	436,973	30,246
Depreciable	4,220,230	4,163,520
Less: Accumulated depreciation	<u>1,800,513</u>	<u>1,666,577</u>
Property, Plant and Equipment, Net	<u>2,856,690</u>	<u>2,527,189</u>
<b>Deferred Outflows of Resources</b>		
Deferred outflows from pension activity	<u>18,993</u>	<u>27,772</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>\$ 3,922,963</u></u>	<u><u>\$ 2,863,125</u></u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 3,088	\$ 12,653
Accrued compensated absences	8,110	10,104
Current maturities of bonds payable	61,100	36,000
Accrued interest payable	<u>22,395</u>	<u>1,582</u>
Total Current Liabilities	<u>94,693</u>	<u>60,339</u>
<b>Noncurrent Liabilities</b>		
Net pension liability	64,710	38,261
Bonds payable, net of current maturities	<u>1,331,980</u>	<u>188,500</u>
Total Noncurrent Liabilities	<u>1,396,690</u>	<u>226,761</u>
Total Liabilities	<u>1,491,383</u>	<u>287,100</u>
<b>Deferred Inflows of Resources</b>		
Deferred inflows from pension activity	<u>1,664</u>	<u>35,438</u>
<b>NET POSITION</b>		
Net investment in capital assets	2,261,463	2,302,689
Unrestricted	<u>168,453</u>	<u>237,898</u>
Total Net Position	<u>2,429,916</u>	<u>2,540,587</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u><u>\$ 3,922,963</u></u>	<u><u>\$ 2,863,125</u></u>

**CITY OF CHATFIELD, MINNESOTA**  
**PROPRIETARY FUNDS**  
**WATER FUND**  
**(601/339/336/303/403)**

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

For the Year Ended December 31, 2022

With Comparative Totals for the Year Ended December 31, 2021

	Budgeted Amounts		2022	Variance with	2021
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
<b>Operating Revenue</b>					
Service fees and charges	\$ 368,100	\$ 368,100	\$ 413,069	\$ 44,969	\$ 418,847
<b>Operating Expenses</b>					
Salaries	70,000	70,000	73,287	(3,287)	70,771
Employee benefits and retirement	10,605	10,605	12,796	(2,191)	11,674
Health insurance	9,800	9,800	9,819	(19)	9,378
Workers compensation	4,300	4,300	2,470	1,830	2,409
Supplies	9,550	9,550	7,843	1,707	6,931
Utilities	22,000	22,000	22,936	(936)	22,770
Maintenance and repairs	16,200	16,200	14,353	1,847	43,468
Travel and training	800	800	71	729	633
Professional fees	32,000	32,000	39,825	(7,825)	43,513
Office expense	1,500	1,500	1,574	(74)	1,368
Insurance	4,500	4,500	8,513	(4,013)	3,647
Depreciation			133,936	(133,936)	128,574
Departmental capital charge	14,570	14,570	14,570		9,853
Other	7,250	7,250	10,856	(3,606)	8,741
Total Operating Expenses	203,075	203,075	352,849	(149,774)	363,730
Operating Income	165,025	165,025	60,220	104,805	55,117
<b>Nonoperating Revenues (Expenses)</b>					
Investment income	5,000	5,000	10,323	5,323	3,039
Refunds and reimbursements			2,197	2,197	1,886
Special assessments	7,000	7,000	11,696	4,696	11,953
State aid	9,000	9,000		(9,000)	3,700
Connection and access fees	11,200	11,200	4,800	(6,400)	29,294
Interest expense	(3,503)	(3,503)	(24,316)	(20,813)	(3,849)
Total Nonoperating Revenues (Expenses)	28,697	28,697	4,700	(23,997)	46,023
<b>INCOME BEFORE TRANSFERS</b>	193,722	193,722	64,920	(128,802)	101,140
Transfers in			8,054	8,054	
Transfers out	(143,938)	(143,938)	(183,645)	(39,707)	(183,935)
<b>CHANGE IN NET POSITION</b>	49,784	49,784	(110,671)	(160,455)	(82,795)
<b>NET POSITION - BEGINNING OF YEAR</b>	2,540,587	2,540,587	2,540,587		2,623,382
<b>NET POSITION - END OF YEAR</b>	\$ 2,590,371	\$ 2,590,371	\$ 2,429,916	\$ (160,455)	\$ 2,540,587

**CITY OF CHATFIELD, MINNESOTA**  
**PROPRIETARY FUNDS**  
**SEWER FUND**  
**(602/622/341/337/333)**  
**Statement of Net Position**  
December 31, 2022 and 2021

	2022	2021
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and investments	\$ 512,250	\$ 602,559
Accounts receivable	116,224	118,211
Special assessments receivable	20,405	20,529
Special assessments delinquent	1,724	754
Prepaid items		2,278
Total Current Assets	<u>650,603</u>	<u>744,331</u>
<b>Property and Equipment</b>		
Nondepreciable	30,246	30,246
Depreciable	13,115,829	13,042,710
Less: Accumulated depreciation	<u>7,406,895</u>	<u>7,131,640</u>
Property, Plant and Equipment, Net	<u>5,739,180</u>	<u>5,941,316</u>
<b>Deferred Outflows of Resources</b>		
Deferred outflows from pension activity	<u>34,566</u>	<u>49,183</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>\$ 6,424,349</u></u>	<u><u>\$ 6,734,830</u></u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 7,848	\$ 6,053
Accrued compensated absences	15,099	15,255
Current maturities of bonds payable	486,500	476,000
Accrued interest payable	<u>24,780</u>	<u>28,692</u>
Total Current Liabilities	<u>534,227</u>	<u>526,000</u>
<b>Noncurrent Liabilities</b>		
Net pension liability	116,755	67,783
Bonds payable, net of current maturities and unamortized premium	<u>2,552,334</u>	<u>3,044,722</u>
Total Noncurrent Liabilities	<u>2,669,089</u>	<u>3,112,505</u>
Total Liabilities	<u>3,203,316</u>	<u>3,638,505</u>
<b>Deferred Inflows of Resources</b>		
Deferred inflows from pension activity	<u>2,971</u>	<u>62,624</u>
<b>NET POSITION</b>		
Net investment in capital assets	2,700,346	2,420,594
Unrestricted	<u>517,716</u>	<u>613,107</u>
Total Net Position	<u>3,218,062</u>	<u>3,033,701</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u><u>\$ 6,424,349</u></u>	<u><u>\$ 6,734,830</u></u>

**CITY OF CHATFIELD, MINNESOTA**  
**PROPRIETARY FUNDS**  
**SEWER FUND**  
**(602/622/341/337/333)**

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

For the Year Ended December 31, 2022

With Comparative Totals for the Year Ended December 31, 2021

	Budgeted Amounts		2022	Variance with	2021
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
			Amounts		Amounts
<b>Operating Revenue</b>					
Service fees and charges	\$ 955,000	\$ 955,000	\$ 953,740	\$ (1,260)	\$ 960,431
<b>Operating Expenses</b>					
Salaries	128,000	128,000	135,668	(7,668)	128,140
Employee benefits and retirement	19,392	19,392	24,364	(4,972)	20,377
Health insurance	24,000	24,000	21,938	2,062	22,927
Workers compensation	8,500	8,500	5,633	2,867	5,377
Supplies	6,750	6,750	6,617	133	6,181
Utilities	61,500	61,500	56,945	4,555	52,364
Maintenance and repairs	91,176	91,176	50,437	40,739	32,188
Travel and training	2,050	2,050	130	1,920	601
Professional fees	31,900	31,900	30,470	1,430	23,362
Office expense	4,000	4,000	4,250	(250)	3,873
Insurance	12,000	12,000	18,380	(6,380)	12,089
Depreciation			298,630	(298,630)	290,211
Departmental capital charge	9,170	9,170	9,170		9,009
Other	12,400	12,400	17,385	(4,985)	9,205
Total Operating Expenses	410,838	410,838	680,017	(269,179)	615,904
Operating Income	544,162	544,162	273,723	(270,439)	344,527
<b>Nonoperating Revenues (Expenses)</b>					
Investment income	10,000	10,000	9,240	(760)	9,432
Refunds and reimbursements			3,485	3,485	3,937
Special assessments	30,000	30,000	27,837	(2,163)	30,863
Connection and access fees	18,200	18,200	7,800	(10,400)	34,280
Interest expense	(3,503)	(3,503)	(54,403)	(50,900)	(63,786)
Total Nonoperating Revenue (Expense)	54,697	54,697	(6,041)	(60,738)	14,726
<b>INCOME BEFORE TRANSFERS</b>	598,859	598,859	267,682	(331,177)	359,253
Transfers in			5,700	5,700	14,450
Transfers out	(81,171)	(81,171)	(89,021)	(7,850)	(75,809)
<b>CHANGE IN NET POSITION</b>	517,688	517,688	184,361	(333,327)	297,894
<b>NET POSITION - BEGINNING OF YEAR</b>	3,033,701	3,033,701	3,033,701		2,735,807
<b>NET POSITION - END OF YEAR</b>	<u>\$ 3,551,389</u>	<u>\$ 3,551,389</u>	<u>\$ 3,218,062</u>	<u>\$ (333,327)</u>	<u>\$ 3,033,701</u>

**CITY OF CHATFIELD, MINNESOTA**  
**PROPRIETARY FUNDS**  
**GARBAGE FUND (603)**  
**Statement of Net Position**  
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and investments	\$ 36,254	\$ 51,216
Accounts receivable	28,952	23,222
Special assessments receivable	5,642	7,528
Special assessments delinquent	477	173
Total Current Assets	<u>\$ 71,325</u>	<u>\$ 82,139</u>
 <b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	<u>\$ 19,686</u>	<u>\$ 16,393</u>
 <b>NET POSITION</b>		
Unrestricted	<u>51,639</u>	<u>65,746</u>
 <b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 71,325</u></u>	<u><u>\$ 82,139</u></u>

**CITY OF CHATFIELD, MINNESOTA**  
**GARBAGE FUND (603)**  
**Schedule of Revenues, Expenditures**  
**and Changes in Net Position - Budget and Actual**  
For the Year Ended December 31, 2022  
With Comparative Totals for the Year Ended December 31, 2021

	Budgeted Amounts		Fund 603 2022 Actual Amounts	Variance with Final Budget - Positive (Negative)	2021 Actual Amounts
	Original	Final			
<b>Operating Revenue</b>					
Charges for services	\$ 232,700	\$ 232,700	\$ 257,715	\$ 25,015	\$ 233,395
<b>Operating Expenses</b>					
Garbage removal	192,000	192,000	216,113	(24,113)	194,057
City cleanup	17,000	17,000	14,473	2,527	21,931
Supplies	650	650	386	264	183
Maintenance and repairs	5,500	5,500	5,040	460	4,817
Office expense	1,500	1,500	1,111	389	1,016
Departmental capital charge	5,000	5,000	5,000		310
Other	15,575	15,575	18,974	(3,399)	14,722
Total Operating Expenses	237,225	237,225	261,097	(23,872)	237,036
Operating Loss	(4,525)	(4,525)	(3,382)	1,143	(3,641)
<b>Nonoperating Revenue</b>					
Investment income	800	800	500	(300)	664
Special assessments	10,000	10,000	5,845	(4,155)	8,831
Total Nonoperating Revenue	10,800	10,800	6,345	(4,455)	9,495
<b>INCOME BEFORE TRANSFERS</b>	6,275	6,275	2,963	(3,312)	5,854
Transfers out	(17,070)	(17,070)	(17,070)		(16,900)
<b>CHANGE IN NET POSITION</b>	(10,795)	(10,795)	(14,107)	(3,312)	(11,046)
<b>NET POSITION - BEGINNING OF YEAR</b>	65,746	65,746	65,746		76,792
<b>NET POSITION - END OF YEAR</b>	\$ 54,951	\$ 54,951	\$ 51,639	\$ (3,312)	\$ 65,746

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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, 2022, 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 14, 2023.

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, Schaffer and Associates, Ltd.*

Rochester, Minnesota  
March 14, 2023