

# City of Chatfield, Minnesota

## Continuing Disclosure Report

Year Ending:  
December 31, 2017

Dated:  
September 11, 2018



Submission ID:ES925960  
09/11/2018 14:26:31

## CONTINUING DISCLOSURE (SUBMISSION STATUS: PUBLISHED)

### FINANCIAL/OPERATING FILING (CUSIP-9 BASED)

#### Rule 15c2-12 Disclosure

Annual Financial Information and Operating Data: CD Report -Year End 2017 - Chatfield MN, for the year ended 12/31/2017

## Documents

### Financial Operating Filing

CD Report - Year End 2017 - Chatfield MN.pdf posted 09/11/2018

### The following issuers are associated with this continuing disclosure submission:

CUSIP-6	State	Issuer Name
161807	MN	CHATFIELD MINN

### The following 34 securities have been published with this continuing disclosure submission:

CUSIP-9	Maturity Date
161807PM8	02/01/2014
161807PN6	02/01/2015
161807PP1	02/01/2016
161807PQ9	02/01/2017
161807PR7	02/01/2018
161807PS5	02/01/2019
161807PT3	02/01/2020
161807PU0	02/01/2021
161807PV8	02/01/2022
161807PW6	02/01/2023
161807PX4	02/01/2024
161807PY2	02/01/2025
161807PZ9	02/01/2026

161807QA3	02/01/2027
161807QB1	02/01/2016
161807QC9	02/01/2017
161807QD7	02/01/2018
161807QE5	02/01/2019
161807QF2	02/01/2020
161807QG0	02/01/2021
161807QH8	02/01/2022
161807QJ4	02/01/2023
161807QK1	02/01/2024
161807QL9	02/01/2025
161807QM7	02/01/2019
161807QN5	02/01/2020
161807QP0	02/01/2021
161807QQ8	02/01/2022
161807QR6	02/01/2023
161807QS4	02/01/2024
161807QT2	02/01/2025
161807QU9	02/01/2026
161807QV7	02/01/2027
161807QW5	02/01/2028

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### Issuer's Contact Information

**Company:** City of Chatfield and Chatfield EDA  
**Name:** Kay Coe  
**Address:** 21 Second St. SE  
**City, State Zip:** Chatfield, MN 55923-1204  
**Phone Number:** 507-867-3810  
**Email:** kcoe@ci.chatfield.mn.us

### Obligor's Contact Information

**Company:** City of Chatfield and Chatfield EDA  
**Name:** Kay Coe  
**Address:** 21 Second St. SE  
**City, State Zip:** Chatfield, MN 55923-1204  
**Phone Number:** 507-867-3810  
**Email:** kcoe@ci.chatfield.mn.us



Submission ID:ES925962  
09/11/2018 14:27:47

## CONTINUING DISCLOSURE (SUBMISSION STATUS: PUBLISHED)

### FINANCIAL/OPERATING FILING (CUSIP-9 BASED)

#### Rule 15c2-12 Disclosure

Audited Financial Statements or CAFR: 2017 Audit - Chatfield MN, for the year ended 12/31/2017

## Documents

### Financial Operating Filing

 2017 Audit - Chatfield MN.pdf posted 09/11/2018

### The following issuers are associated with this continuing disclosure submission:

CUSIP-6	State	Issuer Name
161807	MN	CHATFIELD MINN

### The following 34 securities have been published with this continuing disclosure submission:

CUSIP-9	Maturity Date
161807PM8	02/01/2014
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161807PR7	02/01/2018
161807PS5	02/01/2019
161807PT3	02/01/2020
161807PU0	02/01/2021
161807PV8	02/01/2022
161807PW6	02/01/2023
161807PX4	02/01/2024
161807PY2	02/01/2025
161807PZ9	02/01/2026

161807QA3	02/01/2027
161807QB1	02/01/2016
161807QC9	02/01/2017
161807QD7	02/01/2018
161807QE5	02/01/2019
161807QF2	02/01/2020
161807QG0	02/01/2021
161807QH8	02/01/2022
161807QJ4	02/01/2023
161807QK1	02/01/2024
161807QL9	02/01/2025
161807QM7	02/01/2019
161807QN5	02/01/2020
161807QP0	02/01/2021
161807QQ8	02/01/2022
161807QR6	02/01/2023
161807QS4	02/01/2024
161807QT2	02/01/2025
161807QU9	02/01/2026
161807QV7	02/01/2027
161807QW5	02/01/2028

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**Phone Number:** 507-867-3810  
**Email:** kcoe@ci.chatfield.mn.us

FINAL OFFICIAL STATEMENT DATED AUGUST 27, 2018

New Issue  
Dated Date: September 10, 2018

S & P Global Ratings – AA

**\$4,400,000**

**City of Chatfield, Minnesota**

**General Obligation Swimming Pool Bonds, Series 2018A**

**Schedule of Maturity Dates, Principal Amounts, and Interest Rates:**

The bonds will mature February 1 as follows:

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>	<u>CUSIP</u>
2020	\$ 115,000	3.000%	101.779	161807 QZ8
2021	170,000	3.000	102.795	161807 RA2
2022	175,000	3.000	103.428	161807 RB0
2023	180,000	3.000	103.969	161807 RC8
2024	185,000	3.000	104.304	161807 RD6
2025	190,000	3.000	104.137	161807 RE4
2026	195,000	3.000	104.040	161807 RF1
2027	200,000	3.000	103.012	161807 RG9
2028	205,000	3.000	102.333	161807 RH7
2029	215,000	3.000	101.660	161807 RJ3
2031 *	445,000	3.000	100.000	161807 RL8
2033 *	475,000	3.000	98.273	161807 RN4
2035 *	510,000	3.250	100.000	161807 RQ7
2038 *	840,000	3.250	98.159	161807 RT1
2039	300,000	3.375	99.195	161807 RU8

\* denotes Term Bonds

Term Bonds have Sinking Fund Maturities as follows:

<u>2031 Term Bond</u>		<u>2033 Term Bond</u>		<u>2035 Term Bond</u>		<u>2038 Term Bond</u>	
2030	\$ 220,000	2032	\$ 235,000	2034	\$ 250,000	2036	\$ 270,000
2031	225,000	2033	240,000	2035	260,000	2037	280,000
						2038	290,000

**Original Issue Discount**

The difference between the principal amount of the 2033, 2038, and 2039 maturities of the Bonds (the "OID Bonds") and the initial offering price to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) constitutes original issue discount which is excluded from gross income for federal income tax purposes. Such original issue discount accrues actuarially on a constant basis over the term of each OID Bond and the basis of each OID Bond acquired at the initial offering price by an initial purchase thereof will be increased by the amount of such accrued original issue discount.

**Optional Redemption**

Bonds maturing on or after February 1, 2027 are callable on February 1, 2026, or any date thereafter at a price of par plus accrued interest. Bonds are issued and callable in multiples of \$5,000.

**Underwriter**

Piper Jaffray & Co. has agreed to purchase the Bonds from the City for an aggregate price of \$4,392,264.25, plus accrued interest to the date of delivery. It is expected that the Bonds will be available for delivery on or about September 10, 2018. Northland Trust Services, Inc., Minneapolis, Minnesota, will act as pay agent/registrar for this issue.

WITH RESPECT TO THE BONDS, THIS IS DEEMED THE "FINAL OFFICIAL STATEMENT" OF THE CITY AS DEFINED IN RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

**PiperJaffray®**

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New Issue

S & P Global Ratings: AA/Stable

*In the opinion of Briggs and Morgan, Professional Association, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions, and assuming compliance with certain covenants, if the Bonds are issued as tax-exempt bonds, interest to be paid on the Bonds is excluded from gross income for federal income tax purposes and from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and is not an item of tax preference for federal or Minnesota alternative minimum tax purposes. Such interest is included in taxable income for purposes of the Minnesota franchise tax on corporations and financial institutions. See "Taxability of Interest" herein.*

**\$4,400,000**

**City of Chatfield, Minnesota**

**General Obligation Swimming Pool Bonds, Series 2018A**

The Preliminary Official Statement for the \$4,400,000 General Obligation Swimming Pool Bonds, Series 2018A is amended to include the following:

**MATURITY ADJUSTMENTS:** The City reserves the right to increase or decrease the principal amount of the Bonds the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

*The Bonds are offered, subject to prior sale, withdrawal or modification, when, as and if issued and subject to receipt of an approving legal opinion of Briggs and Morgan, Professional Association, Bond Counsel, Minneapolis, Minnesota. This Preliminary Official Statement will be further supplemented by an addendum specifying the offering prices, interest rates, aggregate principal amount, principal amount per maturity, anticipated delivery date and underwriter, together with any other information required by law, and, as supplemented, shall constitute a "Final Official Statement" of the Issuer with respect to the Bonds, as defined in S.E.C. Rule 15c2-12.*



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PRELIMINARY OFFICIAL STATEMENT 25 July 2018

New Issue

S & P Global Ratings: Rating Requested

*In the opinion of Briggs and Morgan, Professional Association, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions, and assuming compliance with certain covenants, if the Bonds are issued as tax-exempt bonds, interest to be paid on the Bonds is excluded from gross income for federal income tax purposes and from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and is not an item of tax preference for federal or Minnesota alternative minimum tax purposes. Such interest is included in taxable income for purposes of the Minnesota franchise tax on corporations and financial institutions. See "Taxability of Interest" herein.*

**\$4,400,000**

**City of Chatfield, Minnesota**

**General Obligation Swimming Pool Bonds, Series 2018A**

**PURPOSE/AUTHORITY:** The General Obligation Swimming Pool Bonds, Series 2018A (the "Bonds") are issued pursuant to Minnesota Statutes, Chapter 475 to finance the reconstruction of the municipal pool (the "Project")/ In 2017, the City held a referendum vote and a majority of voters within the City approved of the issuance of the Bonds. The Bonds will be general obligations of the City for which the City pledges its full faith and credit and power to levy direct general ad valorem taxes.

**BID & AWARD:** Monday, August 27, 2018, 11:00 a.m. Central; Award 7:00 P.M. Central.

**DATED DATE:** September 10, 2018

**MATURITY:** The Bonds will mature February 1 as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2020	\$ 115,000	2027	\$ 200,000	2034	\$ 250,000
2021	170,000	2028	205,000	2035	260,000
2022	175,000	2029	215,000	2036	270,000
2023	180,000	2030	220,000	2037	280,000
2024	185,000	2031	225,000	2038	290,000
2025	190,000	2032	235,000	2039	300,000
2026	195,000	2033	240,000		

**INTEREST:** August 1, 2019, and each February 1 and August 1 thereafter.

**CALL DATE:** February 1, 2026

**MINIMUM BID:** \$4,356,000.00 (99.0%)

**TAX STATUS:** Tax-exempt, bank-qualified

**GOOD FAITH DEPOSIT:** \$88,000, paid by winning bid prior to 3:00 p.m. on day of sale

**CLOSING/ DELIVERY:** On or about September 10, 2018.

*The Bonds are offered, subject to prior sale, withdrawal or modification, when, as and if issued and subject to receipt of an approving legal opinion of Briggs and Morgan, Professional Association, Bond Counsel, Minneapolis, Minnesota. This Preliminary Official Statement will be further supplemented by an addendum specifying the offering prices, interest rates, aggregate principal amount, principal amount per maturity, anticipated delivery date and underwriter, together with any other information required by law, and, as supplemented, shall constitute a "Final Official Statement" of the Issuer with respect to the Bonds, as defined in S.E.C. Rule 15c2-12.*

## **COMPLIANCE WITH S.E.C. RULE 15c2-12**

Municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to General Rules and Regulations, Securities Exchange Act of 1934, Rule 15c2-12 Municipal Securities Disclosure.

## **PRELIMINARY OFFICIAL STATEMENT**

This Preliminary Official Statement was prepared for the Issuer for dissemination to potential customers. The primary purpose of the Preliminary Official Statement is to disclose information regarding the Obligations to prospective underwriters in the interest of receiving competitive bids in accordance with the sale notice contained herein. Unless an addendum is received prior to the sale, this document shall be deemed the "Near Final Official Statement."

## **REVIEW PERIOD**

This Preliminary Official Statement has been distributed to members of the legislative body and other public officials of the Issuer as well as to prospective bidders for an objective review of its disclosure. Comments or omissions or inaccuracies must be submitted to David Drown Associates, Inc. (the "Municipal Advisor") at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a bid received from an underwriter. If there are changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum at least one business day prior to the sale.

## **FINAL OFFICIAL STATEMENT**

Upon award of sale of the Obligations, the legislative body will authorize the preparation of an addendum to the Preliminary Official Statement that includes the offering prices, interest rates, aggregate principal amount, principal amount per maturity, anticipated delivery date and other information required by law and the identity of the Syndicate Manager and Syndicate Members. This addendum, together with any previous addendum of corrections or additions to the Preliminary Official Statement shall be deemed the complete Final Official Statement. Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the bid acceptance.

## **REPRESENTATIONS**

No dealer, broker, salesperson or other person has been authorized by the Issuer to give any information or to make any representations, other than those contained in the Preliminary Official Statement. This Preliminary Official Statement does not constitute any offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information, estimates and expressions of opinion herein are subject to change without notice and neither the delivery of this Preliminary Official Statement nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof. This Preliminary Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Preliminary Official Statement and any addenda thereto was prepared relying on information of the Issuer and other sources and, while believed to be reliable, is not guaranteed as to completeness or accuracy.

Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein.

Compensation of the Municipal Advisor, payable entirely by the Issuer, is contingent upon the sale of the issue.

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## CITY OF CHATFIELD, MINNESOTA

### City of Chatfield City Council

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Russ Smith	Mayor	2018
Paul Novotny	Vice-Mayor	2018
Pam Bluhm	Council Member	2020
Josh Broadwater	Council Member	2020
John McBroom	Council Member	2020
Mike Urban	Council Member	2018

### Administration

Joel Young	City Clerk	Appointed
Kay Coe	Finance Director/Treasurer	Appointed

### Bond Counsel

Briggs and Morgan, Professional Association  
Minneapolis, MN

### Municipal Advisor

David Drown Associates, Inc.  
Minneapolis, MN

## INTRODUCTORY SUMMARY OF THE PRELIMINARY OFFICIAL STATEMENT

*The following information is furnished solely to provide limited introductory information regarding the \$4,400,000 General Obligation Swimming Pool Bonds, Series 2018A, of City of Chatfield, Minnesota and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the detailed descriptions appearing in this Preliminary Official Statement, including the appendices hereto.*

**Issuer:** City of Chatfield, Minnesota

**Sale Date & Time:** Monday, August 27, 2018, 11:00 A.M. Central

**Award Date & Time:** Monday, August 27, 2018; 7:00 P.M. Central

**Dated Date:** September 10, 2018

**Interest Payments:** August 1, 2019, and each February 1 and August 1 thereafter to registered owners of the Bonds appearing of record in the bond register on the fifteenth day (whether or not a business day) of the month prior (the “Record Date”).

**Principal Payments:** February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2020	\$ 115,000	2027	\$ 200,000	2034	\$ 250,000
2021	170,000	2028	205,000	2035	260,000
2022	175,000	2029	215,000	2036	270,000
2023	180,000	2030	220,000	2037	280,000
2024	185,000	2031	225,000	2038	290,000
2025	190,000	2032	235,000	2039	300,000
2026	195,000	2033	240,000		

**Rating:** The City *has* requested a S & P Global Ratings rating on This Issue.

**Continuing Disclosure:** Full continuing disclosure

**Security:** General Obligation pledge of the City’s ad valorem taxes.

**Purpose:** Proceeds will finance the costs of the 2018 Swimming Pool Project within the City. Voters within the City approved issuance of the Bonds via referendum vote in 2017.

**Authority:** Minnesota Statutes, Chapter 475

**Optional Redemption:** Bonds are callable on February 1, 2026.

**Tax Status:** Tax-exempt, bank-qualified

**Legal Opinion:** Briggs and Morgan, Professional Association, Minneapolis, Minnesota

**Municipal Advisor:** David Drown Associates, Inc., Minneapolis, Minnesota

**Closing/Delivery:** On or about September 10, 2018.

*Questions regarding the Bonds or the Preliminary Official Statement can be directed to and additional copies of the Preliminary Official Statement and the City’s audited financial reports can be obtained from the City’s Municipal Advisor David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, MN 55410 (612-920-3320).*

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## TERMS OF OFFERING

**CITY OF CHATFIELD, MINNESOTA**

**\$4,400,000**

**GENERAL OBLIGATION SWIMMING POOL BONDS, SERIES 2018A**

**(BOOK ENTRY ONLY)**

### TERMS OF PROPOSAL

Proposals for the Bonds will be received on Monday, August 27, 2018 at 11:00 A.M. Central Time, at the offices of David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, Minnesota, after which time they will be opened and tabulated. Consideration for award of the Bonds will be by the City Council at 7:00 P.M., Central Time, on that same date.

### SUBMISSION OF PROPOSALS

Proposals may be submitted in a sealed envelope or by fax (612) 605-2375 to David Drown Associates, Inc. Signed Proposals, without final price or coupons, may be submitted to David Drown Associates, Inc. prior to the time of sale. The bidder shall be responsible for submitting to David Drown Associates, Inc. the final Proposal price and coupons, by telephone (612) 920-3320 or fax (612) 605-2375 for inclusion in the submitted Proposal. David Drown Associates, Inc. will assume no liability for the inability of the bidder to reach David Drown Associates, Inc. prior to the time of sale specified above.

Notice is hereby given that electronic proposals will be received via PARITY<sup>®</sup>, in the manner described below, until 11:00 A.M., CST, on August 27, 2018. Bids may be submitted electronically via PARITY<sup>®</sup> pursuant to this Notice until 11:00 A.M., CST, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY<sup>®</sup> conflict with this Notice, the terms of this Notice shall control. For further information about PARITY<sup>®</sup>, potential bidders may contact David Drown Associates, Inc. or PARITY<sup>®</sup> at (212) 806-8304.

Neither the City of Chatfield nor David Drown Associates, Inc. assumes any liability if there is a malfunction of PARITY. All bidders are advised that each Proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Bonds regardless of the manner of the Proposal submitted.

### DETAILS OF THE BONDS

The Bonds will be dated September 10, 2018, as the date of original issue, and will bear interest payable on February 1 and August 1 of each year, commencing August 1, 2019. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Bonds will mature February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2020	\$ 115,000	2027	\$ 200,000	2034	\$ 250,000
2021	170,000	2028	205,000	2035	260,000
2022	175,000	2029	215,000	2036	270,000
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2025	190,000	2032	235,000	2039	300,000
2026	195,000	2033	240,000		



## **TERM BOND OPTION**

Bids for the bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption and must conform to the maturity schedule set forth above at a price of par plus accrued interest to the date of redemption. In order to designate term bonds, the bid must specify as provided on the Proposal Form.

## **BOOK ENTRY SYSTEM**

The Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The purchaser, as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

## **REGISTRAR**

The City will name Northland Trust Services, Inc., Minneapolis, MN, as registrar for the Bonds. Northland Trust shall be subject to applicable SEC regulations. The City will pay for the services of the registrar.

## **OPTIONAL REDEMPTION**

The City may elect on February 1, 2026 and on any day thereafter, to prepay Bonds due on or after February 1, 2027. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All prepayments shall be at a price of par plus accrued interest.

## **SECURITY AND PURPOSE**

The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes.

## **TYPE OF PROPOSALS**

Proposals shall be for not less than \$4,356,000 (99.0%) and accrued interest on the total principal amount of the Bonds. Proposals shall be accompanied by a Good Faith Deposit ("Deposit") in the form of a certified or cashier's check or a Financial Surety Bond in the amount of \$88,000 payable to the order of the City. If the good faith wire transfer is not in process prior to the award, the City shall retain the right to reject the bid. In the event the purchaser fails to comply with the accepted proposal, said amount will be retained by the City. No proposal can be withdrawn or amended after the time set for receiving proposals unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made. Rates shall be in integral multiples of 5/100 or 1/8 of 1%. Rates must be in ascending order. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No conditional proposals will be accepted.

## **AWARD**

The Bonds will be awarded on the basis of the lowest interest rate to be determined on a net interest cost (NIC) basis. The County's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling. The County will reserve the right to waive non-substantive informalities of any proposal or of matters

relating to the receipt of proposals and award of the Bonds, reject all proposals without cause, and reject any proposal, which the County determines to have failed to comply with the terms herein.

### ISSUE PRICE DETERMINATION

In order to provide the City with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the “Code”), the Purchaser will be required to assist the City in establishing the issue price of the Bonds and shall complete, execute, and deliver to the City prior to the closing date, a written certification in a form acceptable to the Purchaser, the City, and Bond Counsel (the “Issue Price Certificate”) containing the following for each maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity): (i) the interest rate; (ii) the reasonably expected initial offering price to the “public” (as said term is defined in Treasury Regulation Section 1.148-1(f) (the “Regulation”)) or the sale price; and (iii) pricing wires or equivalent communications supporting such offering or sale price. However, such Issue Price Certificate may indicate that the Purchaser has purchased the Bonds for its own account in a capacity other than as an underwriter or wholesaler, and currently has no intent to reoffer the Bonds for sale to the public. Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by David Drown Associates, Inc.

The City intends that the sale of the Bonds pursuant to this Terms of Offering shall constitute a “competitive sale” as defined in the Regulation based on the following:

- i. the City shall cause this Terms of Offering to be disseminated to potential bidders in a manner that is reasonably designed to reach potential bidders;
- ii. all bidders shall have an equal opportunity to submit a bid;
- iii. the City reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Bonds; and
- iv. the City anticipates awarding the sale of the Bonds to the bidder who provides a proposal with the lowest net interest cost, as set forth in this Terms of Offering (See “AWARD” herein).

Any bid submitted pursuant to this Terms of Offering shall be considered a firm offer for the purchase of the Bonds, as specified in the proposal. The Purchaser shall constitute an “underwriter” as said term is defined in the Regulation. By submitting its proposal, the Purchaser confirms that it shall require any agreement among underwriters, a selling group agreement, or other agreement to which it is a party relating to the initial sale of the Bonds, to include provisions requiring compliance with the provisions of the Code and the Regulation regarding the initial sale of the Bonds.

If all requirements of a “competitive sale” are not satisfied, the City shall advise the Purchaser of such fact prior to the time of award of the sale of the Bonds to the Purchaser. **In such event, any proposal submitted will not be subject to cancellation or withdrawal.** Within twenty-four (24) hours of the notice of award of the sale of the Bonds, the Purchaser shall advise the City and David Drown Associates, Inc. if a “substantial amount” (as defined in the Regulation) of any maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) has been sold to the public and the price at which such substantial amount was sold. The City will treat such sale price as the “issue price” for such maturity, applied on a maturity-by-maturity basis. The City will not require the Purchaser to comply with that portion of the Regulation commonly described as the “hold-the-offering-price” requirement for the remaining maturities, but the Purchaser may elect such option. If the Purchaser exercises such option, the City will apply the initial offering price to the public provided in the proposal as the issue price for such maturities. If the Purchaser does not exercise that option, it shall thereafter promptly provide the City and David Drown Associates, Inc. the prices at which a substantial amount of such maturities are sold to the public; provided such determination shall be made and the City and David Drown Associates, Inc. notified of such prices not later than three (3) business days prior to the closing date.

### BOND INSURANCE AT PURCHASER'S OPTION

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the underwriter, the purchase of any such insurance policy or the issuance of any such commitment shall be at the

sole option and expense of the purchaser of the Bonds. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the purchaser, except that, if the City has requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any other rating agency fees shall be the responsibility of the purchaser. Failure of the municipal bond insurer to issue the policy after Bonds have been awarded to the purchaser shall not constitute cause for failure or refusal by the purchaser to accept delivery on the Bonds.

### **CUSIP NUMBERS**

If the Bonds qualify for assignment of CUSIP numbers such numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the purchaser to accept delivery of the Bonds. The purchaser shall pay the CUSIP Service Bureau charge for the assignment of CUSIP identification numbers.

### **SETTLEMENT**

Within 40 days following the date of their award, the Bonds will be delivered without cost to the purchaser at a place mutually satisfactory to the City and the purchaser. Delivery will be subject to receipt by the purchaser of an approving legal opinion of bond counsel, and of customary closing papers, including a no-litigation certificate. On the date of settlement payment for the Bonds shall be made in federal, or equivalent, funds which shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Except as compliance with the terms of payment for the Bonds shall have been made impossible by action of the City, or its agents, the purchaser shall be liable to the City for any loss suffered by the City by reason of the purchaser's non-compliance with said terms for payment.

### **FULL CONTINUING DISCLOSURE**

On the date of the actual issuance and delivery of the Bonds, the City will execute and deliver a Continuing Disclosure Undertaking where under the City will covenant to provide, or cause to be provided, annual financial information, including audited financial statements of the City, and notices of certain material events, as specified in and required by SEC Rule 15c2-12(b)(5).

### **OFFICIAL STATEMENT**

The City has authorized the preparation of an Official Statement containing pertinent information relative to the Bonds and said Official Statement will serve as a nearly final Official Statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Financial Advisor to the City, David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, Minnesota 55410, and telephone (612) 920-3320.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law, shall constitute a "Final Official Statement" of the City with respect to the Bonds, as that term is defined in Rule 15c2-12. By awarding the Bonds to any underwriter or underwriting syndicate submitting a proposal therefor, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded 5 copies of the Official Statement and the addendum or addenda described above. The City designates the senior managing underwriter of the syndicate to which the Bonds are awarded as its agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter delivering a proposal with respect to the Bonds agrees thereby that if its proposal is accepted by the City (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

Dated July 23, 2018

BY ORDER OF THE CITY COUNCIL

/s/ Joel Young  
City Clerk

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# OFFICIAL STATEMENT

## CITY OF CHATFIELD, MINNESOTA

### \$4,400,000 GENERAL OBLIGATION SWIMMING POOL BONDS, SERIES 2018A

#### INTRODUCTION

This Preliminary Official Statement provides information relating to the issuance of, \$4,400,000 General Obligation Swimming Pool Bonds, Series 2018A (the “Bonds”) by City of Chatfield, Minnesota (the “City”). This Preliminary Official Statement has been executed on behalf of the City and may be distributed in connection with the sale of Bonds authorized therein.

Inquiries may be made to David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, MN 55410 or by telephoning (612) 920-3320. Information can also be obtained from Mr. Joel Young, City Clerk or Ms. Kay Coe, City Finance Director, City of Chatfield; 21 Second Street SE, City of Chatfield, MN 55923-1204 or by telephoning (507) 867-3810.

#### Full Continuing Disclosure

In order to comply with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule") the City will enter into an undertaking (the "Undertaking") for the benefit of the holders of the Bonds. Through the Undertaking, the City covenants and agrees to provide certain annual financial and operating information about the City and to provide notice of the occurrence of certain material events. This information shall be provided according to the time parameters described in the Undertaking and to the information repositories and the Municipal Securities Rulemaking Board as required by the Rule. The specific provisions of the Undertaking are set forth in the Continuing Disclosure Certificate (the "Certificate") in substantially the form attached hereto as Appendix C. The Certificate will be executed and delivered by the City at the time the Bonds are delivered. The City is the only "obligated person" with respect to the Bonds within the meaning of the Rule. The City has complied in all material respects with any previous undertaking under the Rule with the exception of providing notice of an increase of rating in May 2004. This notice has now been filed with EMMA. Appendix E contains information on filings that can be found on the EMMA website.

#### Authority and Purpose

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475 and will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes.

The proceeds will be used to finance the 2018 Swimming Pool Project. The City held a special election referendum vote in 2017 and the issuance of swimming pool debt was approved for General Obligation debt by a majority of the voters.

#### Sources and Uses

<u>Sources</u>		<u>Uses</u>	
Par Amount of the Bonds	\$ 4,400,000	Project Costs	\$ 4,312,264
Construction Fund Earnings	<u>1,514</u>	Underwriter's Discount (1.00%)	44,000
		Issuance & Legal	<u>45,250</u>
Totals	\$ 4,401,514		\$ 4,401,514

## Payment and Security

The Bonds are a general obligation of the City for which its full faith, credit and taxing powers are pledged without limitation as to rate or amount.

## Optional Redemption

The City may elect on February 1, 2026 and on any day thereafter, to prepay Bonds due on or after February 1, 2027. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. Redemption will be made by giving 30 days' notice by registered mail, to the registered owner of the Bond. All prepayments shall be at a price of par plus accrued interest to the date of call.

## Rating

The City *has* requested a rating on this issue from S & P Global Ratings. Such a rating, when received, will reflect only the view of the rating agency and any explanation of the significance of such rating may only be obtained from S & P Global Ratings. There is no assurance that such rating, if and when received, will continue for any period of time or that it will not be revised or withdrawn. Any revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

## Taxability of Interest

At closing, Briggs and Morgan, Professional Association, Bond Counsel, will render an opinion based upon present federal and State of Minnesota laws (which excludes any pending legislation that may have a retroactive effect), regulations, rulings and decisions, to the following effect:

1. Gross Income: the Bonds, as of their date of issuance, bear interest which is not includable in gross income of the recipient for federal income tax purposes or in taxable net income of individuals, trust and estates for Minnesota income tax purposes, but such interest is includable in taxable income of corporations and financial institutions for purposes of Minnesota franchise tax;
2. Alternative Minimum Tax: interest on the Bonds is not an item of tax preference which is included in alternative minimum taxable income for purposes of the federal alternative minimum tax applicable to individuals or the Minnesota alternative minimum tax imposed on individuals, trusts and estates; and
3. Compliance: the above opinions are subject to the condition that the Issuer complies with all applicable federal tax requirements that must be satisfied subsequent to the issuance of the Bonds. FAILURE TO COMPLY WITH CERTAIN OF SUCH REQUIREMENTS MAY CAUSE THE INCLUSION OF INTEREST ON THE BONDS IN FEDERAL GROSS INCOME AND IN MINNESOTA TAXABLE NET INCOME RETROACTIVE TO THE DATE OF ISSUANCE OF THE BONDS

No opinion will be expressed by Bond Counsel regarding other federal or state tax consequences arising with respect to the Bonds. See the form of opinion in Appendix B.

## Other Federal Tax Considerations

Property and Casualty Insurance Companies Property and casualty insurance companies are required by federal tax law for taxable years beginning after January 31, 1986, to reduce the amount of their loss reserve deduction by 15% of the amount of tax-exempt interest received or accrued during the taxable year on certain obligations acquired after August 7, 1986, including interest on the Bonds.

Foreign Insurance Companies Foreign companies carrying on an insurance business in the United States are subject to a federal tax on income which is effectively connected with their conduct of any trade or business in the United States. Such income includes tax-exempt interest.

Branch Profits Tax Foreign corporations are subject to a federal "branch profits tax" equal to 30% of the "dividend equivalent amount" for the taxable year. The "dividend equivalent amount" is the foreign corporation's "effectively connected earnings and profits", including tax-exempt municipal bond interest.

Passive Investment Income of S Corporations Passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Internal Revenue Code of 1986, as amended, for S corporations that have Subchapter C earnings and profits at the close of the taxable year if more than 25% of the gross receipts of such S corporations is passive investment income.

Financial Institutions For federal income tax purposes, financial institutions are unable to deduct any portion of the interest expense allocable to the ownership of certain tax-exempt obligations acquired after August 7, 1986, including the Bonds but for their designation as qualified tax-exempt obligations. See "Qualified Tax-Exempt Obligations" below.

Social Security and Railroad Retirement Benefits Certain recipients of social security benefits and railroad retirement benefits are required to include a portion of such benefits within gross income by reason of receipt of interest on tax-exempt obligations, including the Bonds.

Exclusion Not Constitutionally Required The United States Supreme Court ruled in 1988 that the exclusion from gross income of interest on state and local bonds is not required by the United States constitution. The Constitution of the State of Minnesota likewise does not require the exclusion from gross income or taxable net income of interest on bonds of Minnesota issuers. Hence, future federal and/or state laws could cause the inclusion of interest on bonds, including the Bonds, in gross income or taxable net income, or could otherwise cause such interest to be taxed or to be included in the calculation of other income which is taxed.

General The above is not a comprehensive list of all federal or state tax consequences which may arise from the receipt or accrual of interest on the Bonds. The receipt or accrual of interest on the Bonds may otherwise affect the federal or state income tax liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items of income or deductions. Bond Counsel expresses no opinion regarding any such consequences. All prospective purchasers of the Bonds are advised to consult their own tax advisors as to the tax consequences of, or tax considerations for, purchasing or holding the Bonds.

## **Risk Factors**

Following is a description of possible risks to holders of these Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Taxes The Bonds of this offering are general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service should other revenue be insufficient.

State Actions Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Past and future actions of the State may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy property taxes.

Ratings; Interest Rates In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

Tax Exemption: If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the Award Resolution may result in the inclusion of interest on the Bonds in gross income of the recipient for United States or in taxable net income of individuals, estates or trusts for State of Minnesota income



tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to United States or State of Minnesota income taxation, retroactive to the date of issuance.

Continuing Disclosure: A failure by the City to comply with the Undertaking for continuing disclosure (see "Continuing Disclosure") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

State Economy; State Aids State of Minnesota cash flow problems could affect local governments and possibly increase property taxes.

Book-Entry-Only System The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

Economy A combination of economic, climatic, political or civil disruptions or terrorist actions could affect the local economy and result in reduced tax collections and/or increased demands upon local government.

### Details of Certain Terms

So long as the Book-Entry Only System is used, payments from Cede & Co., as the Record Holder, to the Beneficial Owners shall be governed by the Book-Entry Only System. If the Book-Entry Only System is discontinued, the principal of and premium, if any, on the Bonds will be payable upon presentation and surrender at the offices of the Paying Agent and Registrar or a duly appointed successor. Interest on the Bonds will be paid by check or draft mailed by the Bond Registrar to the registered holders thereof as such appear on the registration books maintained by the Bond Registrar as of the close of business on the fifteenth day (whether or not a business day) of the month prior to the interest payment date (the "Record Date").

### Original Issue Discount

Original Issue Discount Bonds ("OID Bonds") may be sold at initial public offering prices which are less than the principal amounts payable at maturity. For each maturity of OID Bonds, original issue discount is the excess of the stated redemption price at maturity of such Bonds over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of such Bonds are sold. The appropriate portion of such original issue discount allocable to the original and each subsequent holder will be treated as interest and excluded from gross income for federal income tax purposes and will increase a holders' tax basis in such Bonds for purposes of determining gain or loss upon sale, exchange, redemption, or payment at maturity. Owners of such Bonds should consult their own tax advisors with respect to the computation and determination of the portion of original issue discount which will be treated as interest and added to a holder's tax basis during the period such Bonds are held.

### Original Issue Premium

Original Issue Premium Bonds ("Premium Bonds") may be sold at initial public offering prices which are greater than the principal amounts payable at maturity. Bondholders who acquire Premium Bonds should consult their tax advisors concerning the calculation of bond premium and the timing and rate of premium amortization, as well as the federal, state and local tax consequences of owning and selling Bonds acquired at a premium.

### Term Bond Option

Bids for the bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds; provided that no serial bond may mature on or after the first mandatory sinking fund redemption date of any term



bond. All term bonds shall be subject to mandatory sinking fund redemption and must conform to the maturity schedule set forth above at a price of par plus accrued interest to the date of redemption. In order to designate term bonds, the bid must specify as provided on the Proposal Form.

### **Bank-qualified Tax-Exempt Obligations**

The City will designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the federal Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes interest expense that is allocable to carrying and acquiring tax-exempt obligations. “Qualified tax-exempt obligations” are treated as acquired by the financial institution before August 8, 1986. Interest allocable to such obligations remains subject to the 20% disallowance contained in prior law.

### **Book Entry System**

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered certificate will be issued for each maturity of the Obligations, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York State Banking Law, a “banking organization” within the meaning of the New York State Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York State Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-sale settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust and Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and members of the National Securities Clearing Corporations, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporations (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchanges, Inc., the American Stock Exchanges LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Obligations, except in the event that use of the book entry system for the Obligations is discontinued or as an option upon the transfer of an entire maturity.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Obligations may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the security documents. Beneficial Owners of the Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices for the Obligations shall be sent to Cede & Co. If less than all of the Obligations within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

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

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

The Issuer may decide to discontinue use of the system of book entry transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered. The information in this section concerning DTC and DTC's book entry-system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

## Litigation

The City is not aware of any threatened or pending litigation affecting the validity of the Bonds or the City's ability to meet its financial obligations.

## Future Financing

The City has no plans to issue further new General Obligation debt during the next six (6) months.

## Legality

The Bonds are subject to approval as to certain matters by Briggs and Morgan, Professional Association of Minneapolis, Minnesota, as Bond Counsel. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements or data contained in this Preliminary Official Statement and will express no opinion with respect thereto. Legal opinions in substantially the form set out in Appendix B herein will be delivered at closing.

### **Municipal Advisor**

The City has retained David Drown Associates, Inc., Minneapolis, Minnesota, as Municipal Advisor (the “Municipal Advisor”) in connection with the issuance of the Bonds. In preparing the Preliminary Official Statement, the Municipal Advisor has relied upon governmental officials and other sources that have access to relevant information contained in the Preliminary Official Statement. The Municipal Advisor has not been engaged, nor has it undertaken to independently verify, the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the City to compile, review, examine or audit any information in the Preliminary Official Statement in accordance with accounting standards. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

### **Certification**

The City has authorized the distribution of this Preliminary Official Statement for use in connection with the initial sale of the Bonds. As of the date of the settlement of the Bonds, the Purchaser(s) will be furnished with a certificate signed by the appropriate officers of the City. The certificate will state that as of the date of the Preliminary Official Statement, it did not and does not as of the date of the certificate contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

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## VALUATIONS – COUNTY AUDITOR

For full valuation, top ten taxpayers, tax rate, tax levy/collections information, please see the full County Auditor’s Certificate from both Fillmore and Olmsted Counties in Minnesota for taxes payable in 2018 found under Appendix A.

Unless noted otherwise, all information contained in the following sections is a combined total for the entire City – both the Fillmore County and Olmsted County portions.

## TRENDS IN VALUATIONS

### Trends in Valuations \*

<u>Year</u>	<u>Economic Market Value**</u>	<u>Estimated Market Value</u>	<u>Taxable Market Value</u>	<u>Adjusted Net Tax Capacity</u>
2017/18	\$ 194,759,441	\$ 180,025,400	\$ 159,361,500	\$ 1,665,609
2016/17	181,263,419	175,083,200	155,105,000	1,626,994
2015/16	178,801,789	166,116,000	146,149,100	1,545,121
2014/15	172,066,338	164,782,300	144,961,500	1,473,001
2013/14	163,321,058	163,506,800	143,568,000	1,470,261
2012/13	170,298,591	165,594,100	145,376,474	1,484,350
2011/12	169,488,476	171,011,200	150,926,600	1,538,597

## CASH AND INVESTMENTS

*(as of June 30, 2018)*

<u>Fund</u>	<u>Cash/Investments</u>
General	\$ 424,955
Special	1,138,294
Debt Service	
Supported by Tax Levies	11,812
Supported by Assessments	214,591
Capital	514,427
Enterprise	30,257
Restricted	811,961
	<u>794,892</u>
Total	\$ 3,941,190

## CITY INDEBTEDNESS

(as of 8/1/2018)

### Legal Debt Limit and Margin

Legal Debt Limit (3% of Estimated Market Value)	\$ 5,400,792
Less: Outstanding Debt Subject to Limit	<u>1,525,000</u>
Legal Debt Margin as of 8/1/2018	\$ 3,875,792

### General Obligation Debt Supported by Tax Levies

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
9/10/2018	\$ 4,400,000	Swimming Pool Project, This Issue	2/1/2039	\$ 4,400,000
9/11/2017	457,000	Tax Abatement	2/1/2028	457,000
3/15/2016	875,000	CIP Refunding Portion of 2016A	2/1/2027	875,000
9/1/2014	905,000	Street Reconstruction Portion of 2014A	2/1/2025	<u>650,000</u>
Total				\$ 6,382,000

### General Obligation Debt Supported by Special Assessments

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
9/1/2014	\$ 235,000	Improvement Portion of 2014A	2/1/2025	\$ 175,000
5/1/2012	1,235,000	Improvement Crossover Refunding Portion	2/1/2029	<u>780,000</u>
Total				\$ 955,000

### General Obligation Debt Supported by Revenues

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
9/11/2017	\$ 300,000	Water/Sewer Revenue	8/1/2027	\$ 270,000
12/15/2016	425,000	Water Revenue	2/1/2027	388,000
3/15/2016	4,535,000	Disposal System Refunding Portion of 2016A	2/1/2027	4,535,000
9/1/2014	585,000	Revenue Portion of 2014A	2/1/2025	420,000
5/1/2012	755,000	Utility Crossover Refunding Portion 2012A	2/1/2029	<u>500,000</u>
Total				\$ 6,113,000

### Summary of Direct Debt Including This Issue

	<u>Gross Debt</u>	<u>Less: Debt Funds</u>	<u>Net Direct Debt</u>
GO Debt Supported by Property Taxes	\$ 6,382,000	\$ 11,812	\$ 6,370,188
GO Debt Supported by Special Assessments	955,000	214,591	740,409
GO Debt Supported by Revenues	<u>6,113,000</u>	<u>514,427</u>	<u>5,598,573</u>
Total	\$ 13,450,000	\$ 740,830	\$ 12,709,170

### Overlapping Debt

<u>Taxing Unit *</u>	<u>2017/18 Tax Capacity</u>	<u>% in City</u>	<u>Total G.O. Debt</u>	<u>City Share</u>
Fillmore County	\$ 31,324,347	2.97%	\$ 1,455,000	\$ 43,242
Olmsted County	185,325,566	0.40%	226,395,000	897,466
School District	3,716,773	44.81%	46,140,000	<u>20,676,861</u>
Total				\$ 21,617,569

\* Includes only those jurisdictions with General Obligation debt outstanding and debt amounts as of 12/31/17.

### Debt Ratios

	<u>Net G.O. Debt</u>	<u>Debt/Economic Market Value \$ 194,759,441</u>	<u>Debt per Capita 2,783</u>
Net Direct G.O. Debt*	\$ 7,110,597	3.65%	\$ 2,555
Net Direct and Overlapping GO Debt	28,728,166	14.75%	10,323

\* Excludes G.O. Debt supported by revenues, Revenue Debt

### Annual Debt Service Payments

<u>Year</u>	<u>GO Debt Supported by Tax Levies</u>			<u>GO Debt Supported by Special Assessments</u>		
	<u>Principal</u>	<u>Payment</u>	<u>% Retired</u>	<u>Principal</u>	<u>Payment</u>	<u>% Retired</u>
2018	\$ -	\$ 58,462	0%	\$ -	\$ 10,554	0%
2019	216,000	385,708	3%	120,000	139,908	13%
2020	337,000	516,286	9%	125,000	142,458	26%
2021	398,000	569,221	15%	115,000	130,026	38%
2022	404,000	566,132	21%	115,000	127,664	50%
2023	415,000	567,710	28%	120,000	130,180	62%
2024	427,000	569,792	34%	115,000	122,561	74%
2025	443,000	575,271	41%	100,000	105,045	85%
2026	344,000	466,321	47%	70,000	72,935	92%
2027	356,000	469,019	52%	75,000	76,013	100%
2028	257,000	361,272	56%	-	-	
2029	215,000	311,809	60%	-	-	
2030	220,000	309,630	63%	-	-	
2031	225,000	307,120	67%	-	-	
2032	235,000	309,183	70%	-	-	
2033	240,000	305,810	74%	-	-	
2034	250,000	307,050	78%	-	-	
2035	260,000	307,805	82%	-	-	
2036	270,000	308,065	86%	-	-	
2037	280,000	307,820	91%	-	-	
2038	290,000	307,060	95%	-	-	
2039	<u>300,000</u>	<u>305,775</u>	100%	-	-	
Totals	\$ 6,382,000	\$ 8,492,320		\$ 955,000	\$ 1,057,343	

**GO Debt  
Supported by Revenues**

<u>Year</u>	<u>Principal</u>	<u>Payment</u>	<u>% Retired</u>
2018	\$ -	\$ 61,063	0%
2019	593,000	709,339	10%
2020	600,000	704,688	20%
2021	621,000	713,668	30%
2022	627,000	707,296	40%
2023	638,000	705,704	50%
2024	659,000	713,688	61%
2025	660,000	701,354	72%
2026	612,000	640,470	82%
2027	618,000	633,988	92%
2028	<u>485,000</u>	<u>489,850</u>	100%
Totals	\$ 6,113,000	\$ 6,781,108	

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## GENERAL INFORMATION

The City of Chatfield is located in Fillmore and Olmsted Counties approximately 100 miles southeast of the City of Minneapolis and 20 miles south of the City of Rochester.

### Organization

The City was organized in 1857 as a Home Rule Charter City and currently operates under the Mayor-Council form of government. The City Council is composed of a mayor and five (5) Council members. The Mayor is elected at large and serves a two-year term. Five (5) Council members are elected to serve overlapping four-year terms. The present Council is comprised of the following members:

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Russ Smith	Mayor	2018
Paul Novotny	Vice-Mayor	2018
Pam Bluhm	Council Member	2020
Josh Broadwater	Council Member	2020
John McBroom	Council Member	2020
Mike Urban	Council Member	2018

The City Clerk, Joel Young, is appointed by the City Council. Mr. Young is responsible for administering the various City departments, implementing Council policies and coordinating the preparation of the annual City budget.

The City currently employs 15 full-time and 11 part-time persons in the following departments: administration, public works, library, police and ambulance services and community television. The City's police department includes five (5) full-time and four (4) part-time officers. The volunteer fire department has 26 firefighters.

The City has several parks with a total of 89 acres as well as a municipal swimming pool. 25-percent (419 acres) of the total land use of the City is designated recreation open space. Mill Creek runs for 2.1 miles within the City as does one-half mile of the Root River corridor. The City also operates a summer recreation program.

### City Services

The City operates a municipal water and sewer utility. The water utility is supplied from two (2) City wells with an average demand of 193,000 gallons per day. The peak demand is 377,000 gallons per day. The City maintains a 1,000,000-gallon elevated storage facility. There are 1,090 connections to the municipal water system.

The sewer utility features a mechanical treatment plant treating an average of 263,000 gallons per day. The utility is designed to treat an average of 487,000 gallons per day (wet weather design flow) and an average of 357,000 gallons per day (dry weather design flow), a peak demand of 1,036,000 gallons per day (the peak handled by the plant on 8/19/2007). In 2005 the City completed a major upgrade to the wastewater treatment facility within the City. There are 1,123 connections to the sewer utility.

The City has a 2.25-acre industrial park that is served by both municipal water and sewer. Approximately 33-percent of the industrial park is already developed.

### Employee Pensions

The full-time and certain part-time employees of the City are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA.) PERA administers the Public Employers Retirement Fund (PERF) and the Public Employees Police and Fire Fund (PEPFF) which are cost sharing multiple-employer retirement plans. PERA members belong to either the Coordinated Plan or the Basic Plan. Coordinated



members are covered by Social Security and Basic Members are not. All new members must participate in the Coordinated Plan. All police officers, fire fighters and peace officers that qualify for membership by statute are covered by the PEPFF. The City contribution to PERA for the year ended December 31, 2017 was \$101,093.

## Census Data

### Population Trends

	<u>Population</u>
1970 U.S. Census	1,885
1980 U.S. Census	2,055
1990 U.S. Census	2,226
2000 U.S. Census	2,394
2010 U.S. Census	2,779
2017 Estimate	2,783

Source: U.S. Census Bureau

### Income and Housing Statistics

	<u>City of Chatfield</u>	<u>Fillmore County</u>	<u>Olmsted County</u>	<u>State of Minnesota</u>
2016 per Capita Income	\$ 29,407	\$ 27,777	\$ 36,143	\$ 33,225
2016 Median Household Income	64,535	54,358	69,308	63,217
Percent Living in Poverty	7.4%	12.1%	9.2%	10.8%
Median Value of Owner Occupied Housing	170,200	143,700	178,000	191,500

Source: U.S. Census

The City of Chatfield has approximately 1,097 single-family homes and 26 multiple family homes. During the past 12 months, the City has had 19 new single-family homes constructed.

Source: City Records

## Employment Data

	<u>Labor Force</u>		<u>Unemployment Rate</u>		
	<u>Fillmore County</u>	<u>Olmsted County</u>	<u>Fillmore County</u>	<u>Olmsted County</u>	<u>Statewide</u>
June, 2018	11,706	87,957	2.4%	2.2%	2.9%
June, 2017	11,448	86,720	3.2%	3.0%	3.5%

Source: Minnesota Department of Employment and Economic Development, year-end averages, not seasonally adjusted.

## Financial Services

The Root River State Bank in Chatfield reported total deposits of \$57,819,000 as of June 30, 2017. The F & M Community Bank, National Association (a branch of Preston) reported deposits of \$24,413,000 as of June 30, 2017.

Source: FDIC Summary of Deposits

## Major Employers

<u>Employer</u>	<u>Product/Service</u>	<u># of Employees</u>
Strongwell Corp.	Fiberglass & Precast Polymer	200
Chosen Valley Care Center	Skilled Nursing Care Facility	150
Tuohy Furniture Corp.	Wood Office Furniture	150
Chosen Valley Public Schools	Public Education	120
Sunshine Foods	Grocery Store	65
Bernard Busing	Transportation	50
Ta Cades Sports Bar	Food Service/recreation	30
Dairy Queen	Food service (spring/summer)	25
City of Chatfield	City Government	23
Root River State Bank	Banking	20

Additional major employers located just outside the City include: Chatfield Trucking, Bill Funk Trucking, Hammell Equipment and Griffin Construction.

Source: City Records

## Building Permits

<u>Year</u>	<u># of Commercial Industrial Permits</u>	<u># of Residential Permits</u>	<u># of Other Permits</u>	<u>Total Value of Permits</u>
2018	3	34	0	\$ 2,517,000
2017	6	88	0	15,132,478
2016	8	62	0	4,687,000
2015	2	64	1	\$ 7,589,500
2014	4	54	8	2,794,934
2013	9	53	0	3,971,273
2012	10	59	0	1,772,300
2011	2	50	5	462,500
2010	10	60	2	1,723,120
2009	3	48	1	2,088,000
2008	4	60	0	18,372,500
2007	6	51	0	2,492,816
2006	7	52	0	1,711,500
2005	10	61	0	9,142,890
2004	9	72	0	8,086,000
2003	3	68	0	2,901,100
2002	4	67	0	2,772,500
2001	8	48	0	6,027,500
2000	2	38	0	1,934,885

Source: City Records \*As July 15, 2018

## Commercial/Industrial Development

During the past three (3) years, the City has seen the following construction projects (including new construction and expansions/renovations):

<u>Name of Business</u>	<u>Product / Service</u>	<u>Description of Construction</u>
<u>2018</u>		
Big Girl Stickers & Stems	Home Décor / Clothing / Floral	Retail Bldg & 2 Apt. Bldg Renovation
VFW Post 6913	Hospitality Club	Remodel
Verizon Wireless	Telecommunications	New Sign
<u>2017</u>		
Chatfield High School	Education	Addition / Remodel
Hong Kong	Restaurant	Remodel
JAC's Bar and Grille	Restaurant	Remodel
Chatfield High School	Education	Storage Garages
<u>2016</u>		
Studio 223	Fitness Center	Addition
Chatfield City Hall	Local Government	New Front Steps
Meraki	Hair Salon	Remodel
Ries Auto Sales	Auto Sales	Siding
Tuohy Furniture	Furniture	Re-roof
Chatfield Lutheran Church	Church	Addition
Chatfield Public Schools	School	Dugouts

Source: City Records

## Healthcare

There is one medical clinic and one 86-bed nursing home located within the City of Chatfield. Hospital services are available at the Mayo Medical Center located in Rochester, 20 miles north of the City.

## Transportation

The City of Chatfield is located in Fillmore and Olmstead Counties approximately 100 miles southeast of the City of Minneapolis and 20 miles south of the City of Rochester. Interstate 90 runs with nine (9) miles of the City. U.S. Highway 14 runs within 13 miles of the City and MN Highway 74 runs with five (5) miles of the City. Minnesota Highway 30 runs through the City.

The Rochester Express provides inter-city bus services to the City and Care Van and R&S Services provide transportation for the disabled.

The Fillmore County Airport, located in Preston, Minnesota 15 miles to the south, provides air transportation with a 4,000 paved runway. 20 miles to the north is the Rochester International Airport, providing charter and commercial flights.

Source: MN Department of Employment and Economic Development

## Education

There is one elementary school and one senior high school located within the City.

The Rochester Technical College and Rochester Community College provide technical and specialty post-secondary education and are located within 20 miles of the City. The nearest public university is the University of Minnesota ~ Rochester campus and the nearest private college is St. Mary's University located in Winona.

*Source: MN Department of Employment and Economic Development & MN Department of Education*

## Utilities

The City of Chatfield is supplied natural gas by People's Natural Gas and electrical service by Peoples Energy Cooperative and Tri-County Electric.

## Communications

The City of Chatfield is provided local telephone service by CenturyLink. The City also has cable television and local internet access available. The Chatfield News and the Fillmore County Journal provide weekly newspaper coverage and the Rochester Post Bulletin provides daily service. The Chatfield News serves as the City's official newspaper and is published each Wednesday.

The City has an on-line presence at [www.ci.chatfield.mn.us](http://www.ci.chatfield.mn.us) The City of Chatfield has been an active user of their website to keep in touch with their citizens. This includes the use of streaming video to air and archive live footage of City Council meetings and other City/School events throughout the City.

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## **APPENDIX A**

### **COUNTY AUDITOR'S CERTIFICATE**

The following pages contain a copy of the Fillmore and Olmsted County Auditor's Certificates for taxes payable in 2018.

**CERTIFICATE AS TO TAXES AND TAXABLE  
PROPERTY IN CHATFIELD CITY**  
(Herein called the "TAXING DISTRICT")

FILLMORE COUNTY T23

I hereby certify that the TAXING DISTRICT is situated in Fillmore County and that:

1. **CURRENT VALUATION** - The taxable market values and net tax capacities of all taxable property in the TAXING DISTRICT in this county as assessed for the purpose of computing the rates of taxation are as follows:

Property Type	Estimated Market Value	Taxable Market Value	Net Tax Capacity
<b>Real Estate:</b>			
Residential Homestead (Class 1a, 1b).....		66,066,800	660,188
Agricultural (Class 1b, 1d, 2a, 2b).....		2,199,000	19,357
<b>Commercial &amp; Industrial (Class 3a, 3b, 5(1)):</b>			
Public Utility.....			
Railroad Operating Property.....			
All Other Commercial/Industrial.....		10,649,300	183,535
Residential Non-Homestead (Class 4a, 4b(1-4), 4bb, 4c(2-4, 6-9), 4d).....		12,147,900	129,922
Seasonal Recreational-Residential (Class 1c, 4c(1), 4c(5), 4c(10)).....		8,900	89
Other (Class 5(2)).....			
<b>Total Real Estate.....</b>	<b>102,477,700</b>	<b>91,071,900</b>	<b>993,091</b>
<b>Total Personal Property.....</b>	<b>756,900</b>	<b>756,900</b>	<b>15,138</b>
<b>Total Real &amp; Personal Property.....</b>	<b>103,234,600</b>	<b>91,828,800</b>	<b>1,008,229</b>
Subtract: Tax Increment Captured Tax Capacity.....			77,280
10% of Tax Capacity of 2000KV Powerlines built after 7/1/74.....			
Fiscal Disparity Contribution Value.....			
<b>Local Tax Rate Determination Value.....</b>			<b>930,949</b>
Add: Fiscal Disparity Distribution Value.....			
<b>Total Adjusted Taxable Value.....</b>			<b>930,949</b>
<b>Total Manufactured Home.....</b>			

**Homestead Exclusions**

2. VALUATION HISTORY (Real & Personal Property)	Real Estate	Personal Property	Manufactured Home
	10,601,800		

Pay Year	EMV/ Taxable Market Value	Total Tax Capacity	Tax Increment Captured	10% Power- Lines	Fiscal Disparity Contribution	Local Taxable Value	Fiscal Disparity Distribution	Hmstd Excl./ Adjusted TC
2017	100,948,700 90,096,900	991,355	72,707			918,648		10,386,300 918,648
2016	97,937,500 87,450,000	961,614	59,900			901,714		9,965,000 901,714
2015	96,940,500 86,422,400	950,676	49,818			900,858		10,097,500 900,858
2014	95,805,600 85,217,200	945,501	47,446			898,055		10,053,100 898,055
2013	94,493,300 83,578,000	928,663	46,876			881,787		10,268,500 881,787
2012	97,465,100 86,551,700	957,118	46,976			910,142		10,043,900 910,142

3. **TEN LARGEST TAXPAYING PARCELS** - A list of the largest taxpaying parcels in the TAXING DISTRICT in the County is enclosed if requested.

4. TAXING AUTHORITY AND RATE HISTORY - The TAXING DISTRICT has the power to tax property situated in the County or Counties: **FILLMORE COUNTY T23**

The following governmental units within this county also have the power to levy taxes in the TAXING DISTRICT:

Governmental Unit	Tax Rate History (Levy Year/Collection Year)									
	2013/14		2014/15		2015/16		2016/17		2017/18	
	Tax Cap	Mkt Val	Tax Cap	Mkt Val	Tax Cap	Mkt Val	Tax Cap	Mkt Val	Tax Cap	Mkt Val
**** COUNTY **** COUNTY	28.5030%		26.7840%		28.8840%		32.1770%		32.6220%	
**** MUNICIPALITY **** CHATFIELD CITY	83.2760%		89.2720%		92.0430%		95.5670%		98.5640%	
**** SCHOOL **** SCHOOL DISTRICT 227	25.2430%	0.12367%	25.8430%	0.13914%	25.8270%	0.23040%	29.8400%	0.21940%	29.3620%	0.23527%
**** SPECIAL **** STATE	74.9960%		72.5430%		69.8080%		66.6470%		64.6440%	

5. **BONDED INDEBTEDNESS** - The TAXING DISTRICT and all the governmental units listed in section 4 having bonded debt, have such debt as shown below. Values shown are Adjusted Taxable net tax capacities which have be for Fiscal Disparity Contribution and Distribution, Tax Increment Captured Tax Capacity, and Powerlines.

Governmental Unit	Taxable Net Tax Capacity of ENTIRE Govt Unit in County	Taxable Net Tax Cap. of Portion in TAXING DIST. in County	Bonded Debt as of 12/31/17	2017/18 Debt Service Tax Rate
**** COUNTY **** COUNTY	31,324,347	930,949		
**** MUNICIPALITY **** CHATFIELD CITY	1,665,608	930,949		
**** SCHOOL **** SCHOOL DISTRICT 227	3,716,773	930,949		
**** SPECIAL **** STATE		125,659		



6. TAX LEVIES AND COLLECTIONS FOR YEAR: 2018

Levy/Coll Year	2013/14	2014/15	2015/16	2016/17	2017/18
Gross Tax Levy	747,864.52	804,214.17	829,964.41	877,924.32	917,578.46
Fiscal					
Market Values Levy					
Property Credits/Aids	356.61-	604.02-	607.32-	553.19-	541.70-
Net Tax Levy	747,507.91	803,610.15	829,357.09	877,371.13	917,036.76
Adjustments During Coll Year			2.77-	279.05-	
Adjusted Tax Levy	747,507.91	803,610.15	829,354.32	877,092.08	917,036.76
Current Year Collections	741,963.82-	796,650.06-	819,371.95-	866,586.42-	
Year End Delinquency	5,544.09	6,960.09	9,982.37	10,505.66	917,036.76
Delinquent Adjustments 08/20/18					
Delinquent Collections 08/20/18	5,544.09-	5,872.76-	8,858.27-		
Amount Delinquent as of 3/20/18		1,087.33	1,124.10	10,505.66	917,036.76

Please list below the name, title, and telephone number of a person(s) to contact regarding the completed certificate in case there are any questions.

Contact person	Heidi M Jones
Telephone	( 507 ) 765-2661

WITNESS My hand and official seal this 23rd day of April, 2018 .



*Bobbi Vice*

FILLMORE COUNTY

T23 FILLMORE CO AUDITOR-TREASURER

*Heidi Jones*

Deputy Auditor/Treasurer - Finance Officer

(SEAL)

Payable Year: 2018 Authority: 01 TOWNSHIP/CITY Entity: 6400 CHATFIELD CITY

Rank	Taxpayer	Estimated Market Value	Taxable Market Value	Net Tax Capacity	Net Tax Payable	Property Classification(s)
1	STRONGWELL CORPORATION	1,672,700	1,672,700	32,704	70,130.00	INDS LAND & BLDGS
2	TUOHY REAL ESTATE, LLC	1,409,200	1,409,200	25,616	53,360.00	INDS LAND & BLDGS AGRICULTURAL
3	EZ FABRICATING, INC	742,700	742,700	14,104	29,920.00	COMM LAND & BLDGS
4	ROOT RIVER STATE BANK OF	732,200	732,200	13,894	29,466.00	COMM LAND & BLDGS
5	INTERSTATE POWER CO	619,000	619,000	12,380	26,762.00	PP DIST < 200KV
6	MONICA G GRIFFIN TRUST	937,000	937,000	9,741	16,880.00	RES 1-3 UNITS RURAL VACANT LAND AGRICULTURAL RESIDENTIAL
7	KAREN C TUOHY	496,500	496,500	9,056	18,858.00	INDS LAND & BLDGS
8	RUE RILEY	659,600	654,100	8,859	17,480.00	RESIDENTIAL COMM LAND & BLDGS
9	R & M VALLEY APARTMENTS, LLC	791,200	791,200	8,027	14,528.00	RES 4 OR MORE UNITS 4D 4 OR MORE UNITS
10	FIRST HOMES PROPERTIES	900,100	757,600	7,576	14,279.16	RESIDENTIAL
GRAND TOTAL		8,960,200	8,812,200	141,957	291,663.16	

Property classifications existing on multiple valuation records only appear once per taxpayer.  
This report shows the values/capacities/taxes as originally billed, and does not reflect special assessments, adjustments, collections or exempt values.  
JOBZ values/capacities/taxes are included.



**CERTIFICATE AS TO TAXES AND TAXABLE  
PROPERTY IN CHATFIELD CITY**

**(Herein called the "TAXING DISTRICT")**

I hereby certify that the TAXING DISTRICT is situated partly in this County and that:

**1. CURRENT VALUATION** - The taxable market values and net tax capacities of all taxable property in the TAXING DISTRICT in this county as assessed in 2017 for the purpose of computing the rates of taxes collectible in 2018 are as follows:

Property Type	Estimated Market value	Taxable Market value	Net Tax Capacity
<b>Real Estate:</b>			
Residential Homestead (Class 1a, 1b) . . . . .	65,759,000	56,499,900	566,326
Agricultural (Class 1b, 1d, 2a, 2b, 2c) . . . . .	121,300	121,300	938
Commerical & Industrial (Class 3a, 3b, 4c(3)i, 4c(3)ii, 5(1)): . . . . .			
Public Utility . . . . .			
Railroad Operating Property . . . . .			
All Other Commerical-Industrial . . . . .	6,821,800	6,821,800	121,755
Residential Non-Homestead (Class 4a,4b(1-4),4bb,4c(2-5,6-9),4d) . . . . .	1,647,200	1,647,200	13,694
Seasonal Recreational-Residential (Class 1c, 4c1, 4c5, 4c(10) 4c(12)) . . . . .	483,400	483,400	6,043
Other (Class 5(2)) . . . . .			
<b>Total Real Estate</b> . . . . .	<b>74,832,700</b>	<b>65,573,600</b>	<b>708,756</b>
<b>Total Personal Property</b> . . . . .	<b>1,959,100</b>	<b>1,959,100</b>	<b>39,182</b>
<b>Total Real and Personal Property</b> . . . . .	<b>76,791,800</b>	<b>67,532,700</b>	<b>747,938</b>
Subtract: Tax Increment Captured Tax Capacity . . . . .			13,278
10% Tax Capacity of 200KV Powerlines built after 7/1/74 . . . . .			
Fiscal Disparity Contribution Value . . . . .			
<b>Local Tax Rate Determination Value</b> . . . . .			<b>734,660</b>
Add: Fiscal Disparity Distribution Value . . . . .			
<b>Local Adjusted Taxable Value</b> . . . . .			<b>734,660</b>
<b>Total Manufactured Home</b> . . . . .	527,400	391,200	3,912

**Homestead Exclusions**

Real Estate	Personal Property	Manufactured Home
8,217,706	0	136,420

**2. VALUATION HISTORY** (Real & Personal Property)

Pay Year	EMV/ Taxable Market Value	Total Tax Capacity	Tax Increment Captured	10% Power Lines	Fiscal Disparity Contribution	Local Taxable Value	Fiscal Disparity Distribution	Homestead Exclusions/ Adjusted TCAP
2017	74,134,500							8,443,160
	65,008,100	719,373	11,027			708,346		708,346
2016	68,178,500							8,798,152
	58,699,100	652,437	9,030			643,407		643,407
2015	67,664,000							8,889,325
	58,361,300	644,625	72,482			572,143		572,143
2014	67,701,200							8,956,492
	58,350,800	644,940	72,734			572,206		572,206
2013	71,100,800							8,896,282
	61,798,474	681,787	79,224			602,563		602,563
2012	73,546,100							8,745,200
	64,374,900	707,767	79,312			628,455		628,455

**3. TEN LARGEST TAXPAYING PARCELS** - A list of the largest taxpaying parcels in the TAXING DISTRICT in this county is enclosed if requested.

**4. TAXING AUTHORITY AND RATE HISTORY** - The TAXING DISTRICT has the power to tax property situated in the following County or Counties: OLMSTED COUNTY, MN

The following governmental units within this county also have the power to levy taxes in the TAXING DISTRICT:

**Tax Rate History (Levy Year/Collection Year)**

Government Unit	2013/14		2014/15		2015/16		2016/17		2017/18	
	Tax Cap	Mkt Val	Tax Cap	Mkt Val	Tax Cap	Mkt Val	Tax Cap	Mkt Val	Tax Cap	Mkt Val
<b>****COUNTY****</b>										
COUNTY	58.31900		57.53200		57.79600		54.34600		54.83700	
<b>**MUNICIPALITY**</b>										
CHATFIELD CITY	83.27600		89.27200		92.04300		95.56700		98.56400	
<b>****SCHOOL ****</b>										
CHATFIELD SCH DIST	25.25300	0.12366	25.86700	0.13914	25.85100	0.23040	29.86300	0.21940	29.38800	0.23527
<b>****SPECIAL ****</b>										
OLMSTED COUNTY HRA STATE TAX	74.99600		72.54300		0.86500 71.00000		0.79300 66.64700		0.96600 64.64400	

**5. BONDED INDEBTEDNESS** - The TAXING DISTRICT and all governmental units listed in section 4 having bonded debt, have such debt as shown below. Values shown are adjusted net tax capacities which have been adjusted for Fiscal Disparity Contribution and Distribution, Tax Increment Captured Tax Capacity, and Powerlines.

<b>Government Unit</b>	<b>Taxable Net Tax Capacity of Entire Govt. Unit in County</b>	<b>Taxable Net Tax Capacity of Portion in TAXING DIST. in County</b>	<b>Bonded Debt as of 12/31/2017</b>	<b>2017/18 Debt Service Tax Rate</b>
<b>****COUNTY****</b> COUNTY	185,325,566	734,660	226,395,000	2.35400
<b>**MUNICIPALITY**</b> CHATFIELD CITY	734,660	734,660		
<b>****SCHOOL ****</b> CHATFIELD SCH DIST	3,160,532	734,660	20,885,000	24.41200
<b>****SPECIAL ****</b> OLMSTED COUNTY HRA STATE TAX	181,080,602	734,660 129,574		

**6. TAX LEVIES AND COLLECTION FOR YEAR: 2018**

<b>Levy/Coll Year</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
Gross Levy	477,731.40	513,863.92	592,448.14	676,947.88	724,112.26
Cross County Levy					
Net Gross Levy	477,731.40	513,863.92	592,448.14	676,947.88	724,112.26
Market Levy	0.00	0.00	0.00	0.00	0.00
Property Credits/Aids	-73.18	-82.44	-88.14	-87.80	-84.48
Net Tax Levy	477,658.22	513,781.48	592,360.00	676,860.08	724,027.78
Adjustments During Coll Year	-1,218.32	-3,097.76	-234.72	0.00	1.00
Adjusted Tax Levy	476,439.90	510,683.72	592,125.28	676,860.08	724,028.78
Current Year Collections	-471,912.74	-504,552.77	-585,368.86	-665,139.20	-157,908.17
Year End Delinquency	4,527.16	6,130.95	6,756.42	11,720.88	566,120.61
Delinquent Adjustments as of 04/30/18	0.00	0.00	0.00	0.00	0.00
Delinquent Collections as of 04/30/18	-3,085.55	-4,235.69	-4,230.01	-1,685.38	0.00
Amount of Delinquent as of 04/30/18	1,441.61	1,895.26	2,526.41	10,035.50	566,120.61



If there are any questions regarding the completed certificate, please contact

Contact Person(s):

\_\_\_\_\_

\_\_\_\_\_

Telephone:

\_\_\_\_\_

\_\_\_\_\_

WITNESS My hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_,2018.

\_\_\_\_\_  
OLMSTED COUNTY AUDITOR

(SEAL)

04/26/2018  
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**OLMSTED COUNTY, MN**  
**Top 25 Taxpayers List - Rank by Original Charges**  
**DETAIL/SUMMARY REPORT**  
**For CHATFIELD CITY**

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Rank	TaxPayer/ Parcel Number	City TIF Town	Schl Dist	Estimated Market Value	Taxable Market Value	Net Tax Capacity	Net Tax Property Payable Classification
1	MINNESOTA ENERGY RESOURCES P 992601900002	6400	0227	1,306,200	1,306,200	26,124	61,912.00 3a PP PU GAS UTILITIES NON
<b>Total for MINNESOTA ENERGY RESOURCES</b>				1,306,200	1,306,200	26,124	61,912.00
2	SUNSHINE REAL ESTATE LLC R 513133066129	6400	0227	1,210,900	1,210,900	23,468	55,048.00 3a COMMERCIAL PREFERENTIAL
<b>Total for SUNSHINE REAL ESTATE LLC</b>				1,210,900	1,210,900	23,468	55,048.00
3	CONVENIENCE STORE INVESTMENTS R 513134065371	6400	0227	800,000	800,000	15,250	35,572.00 3a COMMERCIAL PREFERENTIAL
<b>Total for CONVENIENCE STORE INVESTMENTS</b>				800,000	800,000	15,250	35,572.00
4	PEOPLES COOPERATIVE SERVICES P 992601900001 P 992601900003	6400 6400	0227 0227	524,000 124,400	524,000 124,400	10,480 2,488	24,836.00 3a PP ELECTRIC DIST POWER I 5,896.00 3a PP ELECTRIC DIST POWER I
<b>Total for PEOPLES COOPERATIVE SERVICES</b>				648,400	648,400	12,968	30,732.00
5	CHATFIELD PROPERTIES LLC R 513134072649	6400	0227	599,600	599,600	11,242	26,072.00 3a COMMERCIAL PREFERENTIAL
<b>Total for CHATFIELD PROPERTIES LLC</b>				599,600	599,600	11,242	26,072.00
6	BERNARD BUS SERVICE INC R 513133066130	6400	0227	547,300	547,300	10,196	23,594.00 3a COMMERCIAL PREFERENTIAL
<b>Total for BERNARD BUS SERVICE INC</b>				547,300	547,300	10,196	23,594.00
7	PREMIER CHATFIELD MN LLC R 513132056688 R 513132056688	6400 6400	0227 0227	57,400 1,379,300	57,400 1,379,300	718 10,345	1,437.24 4a APARMENT 4 OR MORE UNITS 22,006.76 4d QUALIFYING LOW INCOME RE
<b>Total for PREMIER CHATFIELD MN LLC</b>				1,436,700	1,436,700	11,063	23,444.00
8	POPE & YOUNG CLUB INC R 513132058933	Y 6400	0227	490,800	490,800	9,066	20,916.00 3a COMMERCIAL PREFERENTIAL
<b>Total for POPE &amp; YOUNG CLUB INC</b>				490,800	490,800	9,066	20,916.00
9	REED PROPERTIES OF MINNESOTA LLP R 513133075941	6400	0227	347,600	347,600	6,202	14,128.00 3a COMMERCIAL PREFERENTIAL

**OLMSTED COUNTY, MN**  
**Top 25 Taxpayers List - Rank by Original Charges**  
**DETAIL/SUMMARY REPORT**  
**For CHATFIELD CITY**

Rank	TaxPayer/ Parcel Number	City Town	Schl Dist	Estimated Market Value	Taxable Market Value	Net Tax Capacity	Net Tax Property Payable Classification
<b>Total for REED PROPERTIES OF MINNESOTA L</b>				347,600	347,600	6,202	14,128.00
10	HOLLERMANN, DANIEL	HOLLERMANN, SUSAN					
	R 513131078199	6400	0227	335,200	335,200	5,954	13,540.00 3a COMMERCIAL PREFERENTIAL
	R 513131078201	6400	0227	3,900	3,900	78	184.00 3a COMMERCIAL PREFERENTIAL
<b>Total for HOLLERMANN, DANIEL HOLLERMANN, S</b>				339,100	339,100	6,032	13,724.00
11	CONVENIENCE STORE INVESTMENTS						
	R 513134065370	6400	0227	313,900	313,900	5,528	12,532.00 3a COMMERCIAL PREFERENTIAL
<b>Total for CONVENIENCE STORE INVESTMENTS</b>				313,900	313,900	5,528	12,532.00
12	AMY, CONRAD L	AMY, CHRISTINE					
	R 513121000486	6400	0227	483,400	483,400	6,043	12,098.00 4c(5)i MANUFACTURED HOME PA
<b>Total for AMY, CONRAD L AMY, CHRISTINE</b>				483,400	483,400	6,043	12,098.00
13	TUOHY, DANIEL J	TUOHY, THERESA R					
	R 513112055013	6400	0227	538,800	538,800	5,485	11,216.00 1a/4bb(1) RESIDENTIAL SINGI
<b>Total for TUOHY, DANIEL J TUOHY, THERESA R</b>				538,800	538,800	5,485	11,216.00
14	H & A REAL ESTATE LLC						
	R 513131079361	Y 6400	0227	280,900	280,900	4,868	10,966.00 3a COMMERCIAL PREFERENTIAL
<b>Total for H &amp; A REAL ESTATE LLC</b>				280,900	280,900	4,868	10,966.00
15	PAGNANO, MARK W	PAGNANO, LINDA R					
	R 513141000319	6400	0227	18,500	18,500	231	462.00 4b(4) UNIMPROVED RESIDENTIA
	R 513141000320	6400	0227	900	900	11	22.00 4b(4) UNIMPROVED RESIDENTIA
	R 513144065620	6400	0227	32,400	32,400	324	587.62 2b RES RURAL VACANT LAND
	R 513144065621	6400	0227	2,600	2,600	26	46.54 2b RES RURAL VACANT LAND
	R 513144065622	6400	0227	40,500	40,500	405	735.54 2b RES RURAL VACANT LAND
	R 513144065623	6400	0227	8,000	8,000	80	145.82 2b RES RURAL VACANT LAND
	R 513144065624	6400	0227	12,300	12,300	123	224.02 2b RES RURAL VACANT LAND
	R 513144065625	6400	0227	409,400	409,000	4,090	8,380.00 1a/4bb(1) RESIDENTIAL SINGI
<b>Total for PAGNANO, MARK W PAGNANO, LINDA R</b>				524,600	524,200	5,290	10,603.54
16	RICHTER TRUSTEE, DARREL F						
	R 513112055015	6400	0227	511,300	511,300	5,141	10,526.00 1a/4bb(1) RESIDENTIAL SINGI

**OLMSTED COUNTY, MN**  
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**For CHATFIELD CITY**

Rank	TaxPayer/ Parcel Number	City Town	Schl Dist	Estimated Market Value	Taxable Market Value	Net Tax Capacity	Net Tax Property Payable Classification
<b>Total for RICHTER TRUSTEE,DARREL F</b>				511,300	511,300	5,141	10,526.00
17	ISENSEE,LOREN L R 513114047108	ISENSEE,BRENDA M 6400	0227	477,200	477,200	4,772	9,778.00 1a/4bb(1) RESIDENTIAL SINGI
<b>Total for ISENSEE,LOREN L ISENSEE,BRENDA</b>				477,200	477,200	4,772	9,778.00
18	WENDT,RONALD L R 513111055010	WENDT,SUSAN A 6400	0227	473,500	473,500	4,735	9,704.00 1a/4bb(1) RESIDENTIAL SINGI
<b>Total for WENDT,RONALD L WENDT,SUSAN A</b>				473,500	473,500	4,735	9,704.00
19	CRAMER,MICHAEL D R 513134058443	CRAMER,VICKI J 6400	0227	238,600	238,600	4,022	8,962.00 3a COMMERCIAL PREFERENTIAL
<b>Total for CRAMER,MICHAEL D CRAMER,VICKI</b>				238,600	238,600	4,022	8,962.00
20	REIERSTAD,SCOTT R 513112055017	6400	0227	402,000	400,900	4,009	8,216.00 1a/4bb(1) RESIDENTIAL SINGI
<b>Total for REIERSTAD,SCOTT</b>				402,000	400,900	4,009	8,216.00
21	MAPCO GAS PRODUCTS INC R 513134000324 R 513134000448	6400 6400	0227 0227	14,300 213,000	14,300 213,000	215 3,510	424.00 3a COMMERCIAL PREFERENTIAL 7,748.00 3a COMMERCIAL PREFERENTIAL
<b>Total for MAPCO GAS PRODUCTS INC</b>				227,300	227,300	3,725	8,172.00
22	HENRY,RONALD D R 513113048715 R 513113048716 R 513113048717 R 513113048719	HENRY,JULIE A 6400 6400 6400 6400	0227 0227 0227 0227	301,300 16,000 16,000 50,000	298,600 16,000 16,000 50,000	2,986 160 160 500	6,124.00 1a/4bb(1) RESIDENTIAL SINGI 328.00 1a/4bb(1) RESIDENTIAL SINGI 328.00 1a/4bb(1) RESIDENTIAL SINGI 1,024.00 1a/4bb(1) RESIDENTIAL SINGI
<b>Total for HENRY,RONALD D HENRY,JULIE A</b>				383,300	380,600	3,806	7,804.00
23	CARRIER,BLAKE A R 513111051609	CARRIER,TERI L 6400	0227	369,200	365,100	3,651	7,490.00 1a/4bb(1) RESIDENTIAL SINGI
<b>Total for CARRIER,BLAKE A CARRIER,TERI L</b>				369,200	365,100	3,651	7,490.00
24	OMODT,NORMAN G	OMODT,ANITA A					

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**OLMSTED COUNTY, MN**  
**Top 25 Taxpayers List - Rank by Original Charges**  
**DETAIL/SUMMARY REPORT**  
**For CHATFIELD CITY**

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Rank	TaxPayer/ Parcel Number	TIF	City Town	Schl Dist	Estimated Market Value	Taxable Market Value	Net Tax Capacity	Net Tax Property Payable Classification
	R 513112055014		6400	0227	364,500	360,000	3,600	7,386.00 1a/4bb(1) RESIDENTIAL SINGI
<b>Total for OMODT,NORMAN G OMODT,ANITA A</b>					364,500	360,000	3,600	7,386.00
25 DQ 917 INC								
	R 513131000420		6400	0227	138,100	138,100	2,072	4,334.00 3a COMMERCIAL PREFERENTIAL
	R 513131000429		6400	0227	66,200	66,200	1,265	3,004.00 3a COMMERCIAL PREFERENTIAL
<b>Total for DQ 917 INC</b>					204,300	204,300	3,337	7,338.00
<b>Total:</b>					13,519,400	13,506,600	199,623	447,933.54



2200 IDS Center  
80 South 8th Street  
Minneapolis, MN 55402  
OFC 612-977-8400  
FAX 612-977-8650  
URL Briggs.com

## APPENDIX B

### PROPOSED FORM OF LEGAL OPINION

\$4,400,000  
GENERAL OBLIGATION SWIMMING POOL BONDS, SERIES 2018A  
CITY OF CHATFIELD  
FILLMORE AND OLMSTED COUNTIES  
MINNESOTA

We have acted as bond counsel in connection with the issuance by the City of Chatfield, Counties of Fillmore and Olmsted County, Minnesota (the "Issuer"), of its \$4,400,000 General Obligation Swimming Pool Bonds, Series 2018A, bearing a date of original issue of September 10, 2018 (the "Bonds"). We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon such examinations, and assuming the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such documents, and the accuracy of the statements of fact contained in such documents, and based upon present Minnesota and federal laws (which excludes any pending legislation which may have a retroactive effect on or before the date hereof), regulations, rulings and decisions, it is our opinion that:

(1) The proceedings show lawful authority for the issuance of the Bonds according to their terms under the Constitution and laws of the State of Minnesota now in force.

(2) The Bonds are valid and binding general obligations of the Issuer and all of the taxable property within the Issuer's jurisdiction is subject to the levy of an ad valorem tax to pay the same without limitation as to rate or amount; provided that the enforceability (but not the validity) of the Bonds and the pledge of taxes for the payment of the principal and interest

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thereon is subject to the exercise of judicial discretion in accordance with general principles of equity, to the constitutional powers of the United States of America and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

(3) At the time of the issuance and delivery of the Bonds to the original purchaser, the interest on the Bonds is excluded from gross income for United States income tax purposes and is excluded, to the same extent, from both gross income and taxable net income for State of Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporations and financial institutions), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or the Minnesota alternative minimum tax applicable to individuals, estates or trusts. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes and from both gross income and taxable net income for State of Minnesota income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income and taxable net income retroactive to the date of issuance of the Bonds.

We express no opinion regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds.

BRIGGS AND MORGAN  
Professional Association

## Appendix C to Official Statement

### PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Disclosure Undertaking") is executed and delivered by the City of Chatfield, Minnesota (the "Issuer"), in connection with the issuance of its \$4,400,000 General Obligation Swimming Pool Bonds, Series 2018A (the "Bonds"). The Bonds are being issued pursuant to a Resolution adopted on August 27, 2018 (the "Resolution"). Pursuant to the Resolution and this Undertaking, the Issuer covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Undertaking.** This Disclosure Undertaking is being executed and delivered by the Issuer for the benefit of the Owners and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5).

**SECTION 2. Definitions.** In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any annual financial information provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Undertaking.

"Audited Financial Statements" shall mean the financial statements of the Issuer audited annually by an independent certified public accounting firm, prepared pursuant to generally accepted accounting principles promulgated by the Financial Accounting Standards Board, modified by governmental accounting standards promulgated by the Government Accounting Standards Board.

"Dissemination Agent" shall mean such party from time to time designated in writing by the Issuer to act as information dissemination agent and which has filed with the Issuer a written acceptance of such designation.

"Fiscal Year" shall be the fiscal year of the Issuer.

"Governing Body" shall, with respect to the Bonds, have the meaning given that term in Minnesota Statutes, Section 475.51, Subdivision 9.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Occurrence(s)" shall mean any of the events listed in Section 5 of this Disclosure Undertaking.

"Official Statement" shall be the Official Statement dated \_\_\_\_\_, 2018, prepared in connection with the Bonds.

"Owners" shall mean the registered holders and, if not the same, the beneficial owners of any Bonds.



"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Resolution" shall mean the resolution or resolutions adopted by the Governing Body of the Issuer providing for, and authorizing the issuance of, the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time or interpreted by the Securities and Exchange Commission.

**SECTION 3. Provision of Annual Reports.**

A. Beginning in connection with the Fiscal Year ending on December 31, 2018, the Issuer shall, or shall cause the Dissemination Agent to provide to the MSRB by filing at [www.emma.msrb.org](http://www.emma.msrb.org), together with such identifying information as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Undertaking by not later than December 31, 2019, and by December 31 of each year thereafter.

B. If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection A, the Issuer shall send a notice of such delay and estimated date of delivery to the MSRB.

**SECTION 4. Content and Format of Annual Reports.** The Issuer's Annual Report shall contain or incorporate by reference the financial information and operating data pertaining to the Issuer listed below as of the end of the preceding Fiscal Year. The Annual Report may be submitted to the MSRB as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Disclosure Undertaking.

The following financial information and operating data shall be supplied:

A. An update of the operating and financial data of the type of information contained in the Official Statement under the captions: Valuations – County Auditor; Trends in Valuations; and City Indebtedness.

B. Audited Financial Statements of the Issuer. The Audited Financial Statements of the Issuer may be submitted to the MSRB separately from the balance of the Annual Report. In the event Audited Financial Statements of the Issuer are not available on or before the date for filing the Annual Report with the MSRB as set forth in Section 3.A. above, unaudited financial statements shall be provided as part of the Annual Report. The accounting principles pursuant to which the financial statements will be prepared will be pursuant to generally accepted accounting principles promulgated by the Financial Accounting Standards Board, as such principles are modified by the governmental accounting standards promulgated by the Government Accounting Standards Board, as in effect from time to time. If Audited Financial Statements are not provided because they are not available on or before the date for filing the Annual Report, the Issuer shall promptly provide them to the MSRB when available.

SECTION 5. Reporting of Significant Events. This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Issuer;
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Whenever an event listed above has occurred, the Issuer shall promptly, which may not be in excess of the ten (10) business days after the Occurrence, file a notice of such Occurrence with the MSRB, by filing at [www.emma.msrb.org](http://www.emma.msrb.org), together with such identifying information as prescribed by the MSRB.

The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of a failure by the Issuer to provide the Annual Reports described in Section 4.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the Issuer may amend this Disclosure Undertaking, and any provision of

this Disclosure Undertaking may be waived, if (a) a change in law or change in the ordinary business or operation of the Issuer has occurred, (b) such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule, and (c) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially impair the interests of Owners.

SECTION 9. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of an Occurrence, in addition to that which is required by this Disclosure Undertaking. If the Issuer chooses to include any information in any Annual Report or notice of an Occurrence in addition to that which is specifically required by this Disclosure Undertaking, the Issuer shall have no obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of an Occurrence.

SECTION 10. Default. In the event of a failure of the Issuer to provide information required by this Disclosure Undertaking, any Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations to provide information under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Issuer to comply with this Disclosure Undertaking shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Participating Underwriters and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 12. Reserved Rights. The Issuer reserves the right to discontinue providing any information required under the Rule if a final determination should be made by a court of competent jurisdiction that the Rule is invalid or otherwise unlawful or, subject to the provisions of Section 8 hereof, to modify the undertaking under this Disclosure Undertaking if the Issuer determines that such modification is required by the Rule or by a court of competent jurisdiction.

Dated: \_\_\_\_\_, 2018.

CITY OF CHATFIELD, MINNESOTA

By \_\_\_\_\_  
Its Mayor

By \_\_\_\_\_  
Its City Clerk

## **Appendix D**

### **Summary of Tax Levies, Payment Provisions & Valuations**

Following is a summary of certain statutory provisions effective through levy year 2017/payable year 2018 relative to tax levy procedures, tax payment and credit procedures, and the mechanics of real property valuation. The summary does not purport to be inclusive of all such provisions or of the specific provisions discussed, and is qualified by reference to the complete text of applicable statutes, rules and regulations of the State of Minnesota.

#### **Property Valuations (Chapter 273, Minnesota Statutes)**

Assessor's Estimated Market Value. Each parcel of real property subject to taxation must, by statute, be appraised at least once every five years as of January 2 of the year of appraisal. With certain exceptions, all property is valued at its market value, which is the value the assessor determines to be the price the property to be worth, and which is referred to as the "Estimated Market Value." The 2013 Minnesota Legislature established the Estimated Market Value as the value used to calculate a municipality's legal debt limit.

Economic Market Value. The Economic Market Value is the value of locally assessed real property (Assessor's Estimated Market Value) divided by the sales ratio as provided by the State of Minnesota Department of Revenue plus the estimated market value of personal property, utilities, railroad, and minerals.

Taxable Market Value. The Taxable Market Value is the value that Net Tax Capacity is based on, after all reductions, limitations, exemptions and deferrals.

Net Tax Capacity. The Net Tax Capacity is the value upon which net taxes are levied, extended and collected. The Net Tax Capacity is computed by applying the class rate percentages specific to each type of property classification against the Taxable Market Value. Class rate percentages vary depending on the type of property as shown on the last page of this Appendix. The formulas and class rates for converting Taxable Market Value to Net Tax Capacity represent a basic element of the State's property tax relief system and are subject to annual revisions by the State Legislature. Property taxes are the sum of the amounts determined by (i) multiplying the Net Tax Capacity by the tax capacity rate and multiplying the referendum market value by the market value rate.

Market Value Homestead Exclusion. In 2011, the Market Value Homestead Exclusion Program (MVHE) was implemented to offset the elimination of the Market Value Homestead Credit Program that provided relief to certain homesteads. The MVHE reduces the taxable market value of a homestead with an Assessor's Estimated Market Value up to \$413,800 in an attempt to result in a property tax similar to the effective property tax prior to the elimination of the homestead credit. The MVHE applies to property classified as Class 1a or 1b and Class 2a and causes a decrease in the Issuer's aggregate Taxable Market Value, even if the Assessor's Estimated Market Value on the same properties did not decline.

#### **Property Tax Payments and Delinquencies**

(Chapters 275, 276, 277, 279 – 282 and 549, Minnesota Statutes)

Ad valorem property taxes levied by local governments in Minnesota are extended and collected by the various counties within the State. Each taxing jurisdiction is required to certify the annual tax levy to the county auditor within five (5) working days after December 20 of the year preceding the collection year. A listing of property taxes due is prepared by the county auditor and turned over to the county treasurer on or before the first business day in March.

The county treasurer is responsible for collecting all property taxes within the county. Real estate and personal property tax statements are mailed out by March 31. One-half (1/2) of the taxes on real property is due on or before May 15. The remainder is due on or before October 15. Real property taxes not paid

by their due date are assessed a penalty on homestead property of 2% until May 31 and increased to 4% on June 1. The penalty on non-homestead property is assessed at a rate of 4% until May 31 and increased to 8% on June 1. Thereafter, an additional 1% penalty shall accrue each month through October 1 of the collection year for unpaid real property taxes. In the case of the second installment of real property taxes due October 15, a penalty of 2% on homestead property and 4% on non-homestead property is assessed. The penalty for homestead property increases to 6% on November 1 and again to 8% on December 1. The penalty for non-homestead property increases to 8% on November 1 and again to 12% on December 1. Personal property taxes remaining unpaid on May 16 are deemed to be delinquent and a penalty of 8% attaches to the unpaid tax. However, personal property that is owned by a tax-exempt entity, but is treated as taxable by virtue of a lease agreement, is subject to the same delinquent property tax penalties as real property.

On the first business day of January of the year following collection all delinquencies are subject to an additional 2% penalty, and those delinquencies outstanding as of February 15 are filed for a tax lien judgment with the district court. By March 20 the county auditor files a publication of legal action and a mailing of notice of action to delinquent parties. Those property interests not responding to this notice have judgment entered for the amount of the delinquency and associated penalties. The amount of the judgment is subject to a variable interest determined annually by the Department of Revenue, and equal to the adjusted prime rate charged by banks but in no event is the rate less than 10% or more than 14%.

Property owners subject to a tax lien judgment generally have three years (3) to redeem the property. After expiration of the redemption period, unredeemed properties are declared tax forfeit with title held in trust by the State of Minnesota for the respective taxing districts. The county auditor, or equivalent thereof, then sells those properties not claimed for a public purpose at auction. The net proceeds of the sale are first dedicated to the satisfaction of outstanding special assessments on the parcel, with any remaining balance in most cases being divided on the following basis: county - 40%; town or city - 20%; and school district - 40%.

### **Property Tax Credits** *(Chapter 273, Minnesota Statutes)*

In addition to adjusting the taxable value for various property types, primary elements of Minnesota's property tax relief system are: property tax levy reduction aids; the homestead credit refund and the renter's property tax refund, which relate property taxes to income and provide relief on a sliding income scale; and targeted tax relief, which is aimed primarily at easing the effect of significant tax increases. The homestead credit refund, the renter's property tax refund, and targeted credits are reimbursed to the taxpayer upon application by the taxpayer. Property tax levy reduction aid includes educational aids, local governmental aid, equalization aid, county program aid and disparity reduction aid.

### **Debt Limitations**

All Minnesota municipalities (counties, cities, towns and school districts) are subject to statutory "net debt" limitations under the provisions of Minnesota Statutes, Section 475.53. Net debt is defined as the amount remaining after deducting from gross debt the amount of current revenues that are applicable within the current fiscal year to the payment of any debt and the aggregate of the principal of the following:

1. Obligations issued for improvements that are payable wholly or partially from the proceeds of special assessments levied upon benefited property.
2. Warrants or orders having no definite or fixed maturity.
3. Obligations payable wholly from the income from revenue producing conveniences.
4. Obligations issued to create or maintain a permanent improvement revolving fund.
5. Obligations issued for the acquisition and betterment of public waterworks systems, and public

lighting, heating or power systems, and any combination thereof, or for any other public convenience from which revenue is or may be derived.

6. Certain debt service loans and capital loans made to school districts.
7. Certain obligations to repay loans.
8. Obligations specifically excluded under the provisions of law authorizing their issuance.
9. Certain obligations to pay pension fund liabilities.
10. Debt service funds for the payment of principal and interest on obligations other than those described above.
11. Obligations issued to pay judgments against the municipality.
12. All other obligations which Minnesota Statutes specifically indicate are not to be included in the computation of the net debt of the municipality.

**Levies for General Obligation Debt**  
**(Sections 475.61 and 475.74, Minnesota Statutes)**

Any municipality that issues general obligation debt must, at the time of issuance, certify levies to the county auditor of the county(ies) within which the municipality is situated. Such levies shall be in an amount that if collected in full will, together with estimates of other revenues pledged for payment of the obligations, produce at least five percent in excess of the amount needed to pay principal and interest when due. Notwithstanding any other limitations upon the ability of a taxing unit to levy taxes, its ability to levy taxes for a deficiency in prior levies for payment of general obligation indebtedness is without limitation as to rate or amount.

**Metropolitan Revenue Distribution**  
**(Chapter 473F, Minnesota Statutes) ("Fiscal Disparities Law")**

The Charles R. Weaver Metropolitan Revenue Distribution Act, more commonly known as "Fiscal Disparities," was first implemented for taxes payable in 1975. Forty percent of the increase in commercial-industrial (including public utility and railroad) net tax capacity valuation since 1971 in each assessment district in the Minneapolis/St. Paul seven-county metropolitan area (Anoka, Carver, Dakota, excluding the City of Northfield, Hennepin, Ramsey, Scott, excluding the City of New Prague, and Washington Counties) is contributed to an area-wide tax base. A distribution index, based on the factors of population and real property market value per capita, is employed in determining what proportion of the net tax capacity value in the area-wide tax base shall be distributed back to each assessment district.

**Minnesota Property Class Rate Schedule**  
(current through taxes payable 2017)

<b>Property Type</b>	<b>Taxes Payable Year</b>				
	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
<b>Residential Homestead (1a)</b>					
Up to \$500,000	1.00%	1.00%	1.00%	1.00%	1.00%
Over \$500,000	1.25%	1.25%	1.25%	1.25%	1.25%
<b>Residential Non-homestead</b>					
Single Unit (4bb1)					
Up to \$500,000	1.00%	1.00%	1.00%	1.00%	1.00%
Over \$500,000	1.25%	1.25%	1.25%	1.25%	1.25%
1-3 unit and undeveloped land (4b1)	1.25%	1.25%	1.25%	1.25%	1.25%
<b>Market Rate Apartments</b>					
Regular (4a)					
Low-Income (4d)	0.75%	1.25%	1.25%	1.25%	1.25%
Up to \$100,000		0.75%			
Over \$100,000		0.25%			
Up to \$115, 000 <sup>4</sup>			0.75%	0.75%	0.75%
Over \$115, 000 <sup>4</sup>			0.25%	0.25%	0.25%
<b>Commercial/Industrial/Public Utility (3a)</b>					
Up to \$150,000	1.50% <sup>1</sup>	1.50% <sup>1</sup>	1.50% <sup>1</sup>	1.50% <sup>1</sup>	1.50% <sup>1</sup>
Over \$150,000	2.00% <sup>1</sup>	2.00% <sup>1</sup>	2.00% <sup>1</sup>	2.00% <sup>1</sup>	2.00% <sup>1</sup>
Electric Generation Machinery	2.00%	2.00%	2.00%	2.00%	2.00%
<b>Commercial Seasonal Residential</b>					
Homestead Resorts (1c)					
Up to \$600,000	0.55%	0.50%	0.50%	0.50%	0.50%
\$600,000 - \$2,300,000	1.00%	1.00%	1.00%	1.00%	1.00%
Over \$2,300,000	1.25% <sup>1</sup>	1.25% <sup>1</sup>	1.25% <sup>1</sup>	1.25% <sup>1</sup>	1.25% <sup>1</sup>
Seasonal Resorts (4c)					
Up to \$500,000	1.00% <sup>1</sup>	1.00% <sup>1</sup>	1.00% <sup>1</sup>	1.00% <sup>1</sup>	1.00% <sup>1</sup>
Over \$500,000	1.25% <sup>1</sup>	1.25% <sup>1</sup>	1.25% <sup>1</sup>	1.25% <sup>1</sup>	1.25% <sup>1</sup>
<b>Non-Commercial (4c12)</b>					
Up to \$500,000	1.00% <sup>1 2</sup>	1.00% <sup>1 2</sup>	1.00% <sup>1 2</sup>	1.00% <sup>1 2</sup>	1.00% <sup>1 2</sup>
Over \$500,000	1.25% <sup>1 2</sup>	1.25% <sup>1 2</sup>	1.25% <sup>1 2</sup>	1.25% <sup>1 2</sup>	1.25% <sup>1 2</sup>
<b>Disabled Homestead (1b)</b>					
Up to \$50,000	0.45%	0.45%	0.45%	0.45%	0.45%
<b>Agricultural Land &amp; Buildings</b>					
Homestead (2a)					
Up to \$500,000	1.00%	1.00%	1.00%	1.00%	1.00%
Over \$500,000	1.25%	1.25%	1.25%	1.25%	1.25%
Remainder of Farm					
Up to \$2,050,000 <sup>4</sup>	0.50% <sup>2</sup>	0.50% <sup>2</sup>	0.50% <sup>2</sup>	0.50% <sup>2</sup>	0.50% <sup>2</sup>
Over \$2,050,000 <sup>4</sup>	1.00% <sup>2</sup>	1.00% <sup>2</sup>	1.00% <sup>2</sup>	1.00% <sup>2</sup>	1.00% <sup>2</sup>
Non-homestead (2b)	1.00% <sup>2</sup>	1.00% <sup>2</sup>	1.00% <sup>2</sup>	1.00% <sup>2</sup>	1.00% <sup>2</sup>

<sup>1</sup> Subject to the State General Property Tax.

<sup>2</sup> Exempt from referendum market value tax.

<sup>3</sup> Legislative increases – Valuations historically are: \$2,140,000 for Payable 2016; \$1,900,000 for Payable 2015; \$1,500,000 for Payable 2014; \$1,290,000 for Payable 2013 and \$1,210,000 for Payable 2012

<sup>4</sup> Legislative increases – Valuations historically are: \$106,000 for Payable 2016

For purposes of the State general property tax only, the net tax capacity of non-commercial class 4c(1) seasonal residential recreational property has the following class rate structure: First \$76,000 – 0.40%; \$76,000 to \$500,000 – 1.00%; and over \$500,000 – 1.25%. In addition to the State tax base exemptions referenced by property classification, airport property exempt from city and school district property taxes under M.S. 473.625 is exempt from the State general property tax (MSP International Airport and Holman Field in St. Paul are exempt under this provision).

## **APPENDIX E**

### **FINANCIAL STATEMENT**

The City's financial statements are audited annually. The following pages contain a copy of the 2017 Audited Financial Statement. Copies of audits are available upon request from David Drown Associates, Inc.

Smith Schafer & Associates, the City's independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Smith Schafer & Associates also has not performed any procedures relating to this offering document.



CITY OF CHATFIELD, MINNESOTA  
FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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CITY OF CHATFIELD, MINNESOTA  
INTRODUCTORY SECTION  
DECEMBER 31, 2017

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CITY OF CHATFIELD, MINNESOTA

LIST OF ELECTED AND APPOINTED OFFICIALS

DECEMBER 31, 2017

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

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CITY OF CHATFIELD, MINNESOTA  
FINANCIAL SECTION  
DECEMBER 31, 2017

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chatfield, Minnesota, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chatfield, Minnesota, as of December 31, 2017, and the respective changes in financial position and cash flows thereof and the respective budgetary comparison for the General Fund and the major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### Required Supplementary Information

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

#### Report on Summarized Comparative Information

The financial statements include partial prior year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2016, from which such partial information was derived.

We have previously audited the City's 2016 financial statements and our report dated March 29, 2017, 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, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### Other Information

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

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

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

Rochester, Minnesota  
March 14, 2018

## 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, 2017.

### FINANCIAL HIGHLIGHTS

- The assets of the City of Chatfield, Minnesota exceeded its liabilities at the close of the most recent fiscal year by \$20,098,494 (*net position*). Of this amount, \$2,566,981 (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 \$3,576,542.
- As of the close of the current fiscal year, the City of Chatfield, Minnesota's governmental funds reported combined ending fund balances of \$3,743,781. Approximately \$1,812,137 of this total amount, or 48% 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 \$1,001,242 or 53 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 and liabilities, with the difference between the two 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-four 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, the revolving loan fund, and the 2010A Refunding Bond fund, which are considered to be major funds. Data from the other seventeen 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 26-30) and the special revenue funds (pages 31-35 and 81-82) to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 20-21 and 23-24 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 predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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

The proprietary fund financial statements can be found on pages 36-41 of this report.

The internal service fund financial statements can be found on pages 83-85 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 42-70 of this report.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 73-80 of this report.

**CITY OF CHATFIELD, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Chatfield, Minnesota, assets exceeded liabilities by \$20,098,494 at the close of the most recent fiscal year.

The largest portion of the City of Chatfield, Minnesota's net position (\$15,114,849) 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		Business-Type		Totals	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 5,490,514	\$ 5,897,363	\$ 5,871,845	\$ 6,043,951	\$ 11,362,359	\$ 11,941,314
Capital assets	15,041,967	15,448,289	9,606,518	9,710,408	24,648,485	25,158,697
Total assets	20,532,481	21,345,652	15,478,363	15,754,359	36,010,844	37,100,011
Deferred outflows of resources	107,679	1,174,944	17,092	74,311	124,771	1,249,255
Long-term liabilities						
outstanding	5,213,582	7,031,245	10,272,556	10,395,060	15,486,138	17,426,305
Other liabilities	219,045	407,941	151,775	182,184	370,820	590,125
Total liabilities	5,432,627	7,439,186	10,424,331	10,577,244	15,856,958	18,016,430
Deferred inflows of resources	197,304	219,042	10,521	15,939	207,825	234,981
Net position:						
Net investment in capital assets	10,819,638	10,399,575	3,953,978	4,715,274	14,773,616	15,114,849
Restricted	1,544,363	2,416,664			1,544,363	2,416,664
Unrestricted	2,646,228	2,046,129	1,106,625	520,213	3,752,853	2,566,342
Total net position	\$ 15,010,229	\$ 14,862,368	\$ 5,060,603	\$ 5,235,487	\$ 20,070,832	\$ 20,097,855

The balance of *unrestricted net position* (\$2,566,981) 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 \$3,751,027.



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

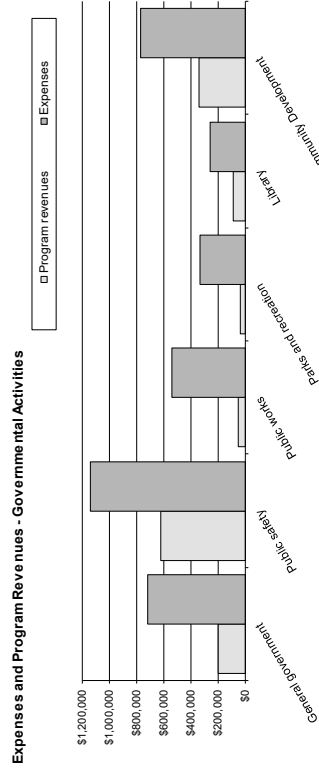
**Business-type activities.** Business-type activities decreased the City of Chatfield, Minnesota's net position by \$174,485.

A condensed version of the Statement of Activities follows:

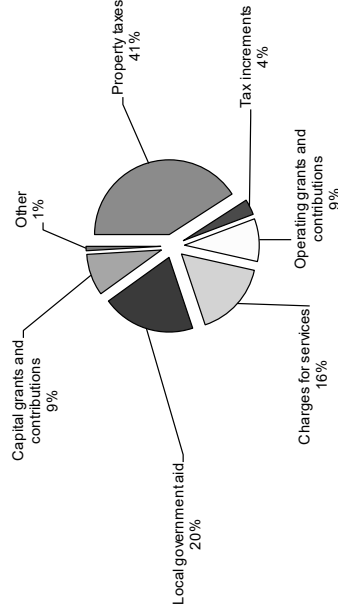
	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
<b>Revenue:</b>						
Program revenues:						
Charges for services	\$ 620,449	\$ 574,020	\$ 1,365,608	\$ 1,352,379	\$ 1,986,057	\$ 1,926,399
Operating grants and contributions	351,116	283,793			351,116	283,793
Capital grants and contributions	342,086	4,109,238			342,086	4,109,238
General revenues:						
Property taxes	1,552,042	1,469,750			1,552,042	1,469,750
Tax increments	128,853	88,564			128,853	88,564
Grants and contributions not restricted to specific programs						
Local government aid	766,687	765,094			766,687	765,094
Other	641	694			641	694
Miscellaneous	34,963	46,812	64,554	27,752	99,517	74,564
Total revenues	3,796,837	7,337,965	1,430,162	1,380,131	5,226,999	8,718,096
<b>Expenses:</b>						
General government	718,023	623,184			718,023	623,184
Public safety	1,139,177	1,285,461			1,139,177	1,285,461
Public works	539,633	408,231			539,633	408,231
Parks and recreation	329,864	309,257			329,864	309,257
Library	258,800	245,082			258,800	245,082
Community development	770,103	755,020			770,103	755,020
Interest on long-term debt	120,905	113,429			120,905	113,429
Water		295,454		259,797	295,454	299,797
Sewer		880,188		964,252	880,188	964,252
Garbage		191,695		178,460	191,695	178,460
Total expenses	3,876,505	3,739,684	1,377,517	1,402,529	5,254,022	5,142,193
Change in net position before transfers	(79,668)	3,596,301	52,645	(22,396)	(27,023)	3,575,903
Transfers	227,529	(152,726)	(227,529)	(152,726)		
Change in net position	147,861	3,751,027	(174,884)	(175,124)	(27,023)	3,575,903
Net position, beginning	14,862,968	11,111,341	5,235,487	5,410,611	20,097,855	16,521,952
Net position, end of year	\$ 15,010,229	\$ 14,862,368	\$ 5,060,603	\$ 5,235,487	\$ 20,070,832	\$ 20,097,855

**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.



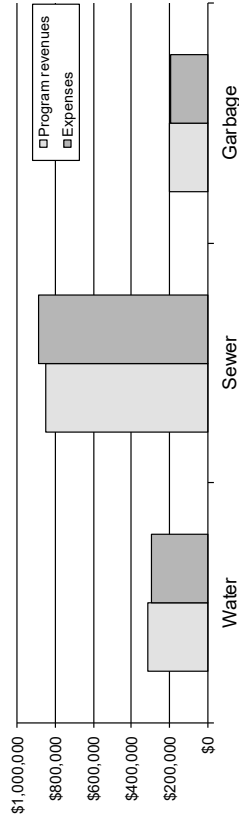
**Revenues by Source - Governmental Activities**



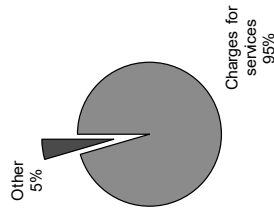
**CITY OF CHATFIELD, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

**Expenses and Program Revenues - Business-Type Activities**



**Revenues by Source - Business-Type Activities**



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

**FUND BASIS FINANCIAL ANALYSIS**

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

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

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

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

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

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

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

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

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

At the end of the current fiscal year, the City of Chatfield, Minnesota's governmental funds reported combined ending fund balances of \$3,743,781, an increase of \$411,114. This increase is the result of a variety of factors. The primary reason for this increase is the issuance of an advanced refunding bond, which represented an increase in \$893,419. These proceeds will be used to pay off an existing bond in the future, lowering the City's interest costs. The General Fund also experienced an increased fund balance, primarily due to larger than expected collections in property taxes, donations, and grants. Those increases were offset, in part, by a decrease of \$223,064 in the Fire Fund, a decrease of \$209,000 in the CCA Capital Project Fund, a \$43,867 decrease in the Revolving Loan Fund, a \$19,489 decrease in the 2012A Refunding Bond Fund, and a decrease of just over \$13,000 in the Ambulance Fund. The Fire Fund decrease was due to the acquisition of a new fire truck, which was planned in the preceding years, the decrease in the CCA Capital Project Fund will be eliminated when the State of Minnesota releases grant funds that have been approved by the Legislature, the Revolving Loan Fund decrease reflects the impact of granting a loan to a new automobile sales business, while the decrease in the 2012A Bond Fund reflects the impact of prepaid assessments that were collected in previous years, and the Ambulance Fund decrease reflects a year in which the Ambulance Department experienced less revenue collections than was anticipated.

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

**Governmental funds (continued).**

Approximately 48% of this total amount, or \$1,812,137, constitutes *unrestricted fund balance*, which is available for spending at the government's discretion. The remainder of this fund balance is *restricted* 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.

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 \$1,001,242. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to next year's general fund tax and aid.

Unassigned fund balance represents 53 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. Over the course of 2017, the fund balances of other governmental funds increased in the amount of \$879,870, in comparison to the overall fund balances of \$3,743,781.

**Proprietary funds.** The City of Chatfield, Minnesota's proprietary funds statements found on pages 36-41 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 - \$509,716, Sewer - \$173,122, and Garbage - \$67,241.

The City's Water Fund had been building cash for a number of years, in anticipation of substantial improvements. In 2008 – 2009, the City constructed a water tower, a booster station and new water main. Since those improvements were made in conjunction with a tax abatement project with Fillmore County, debt was issued and the cash balance in the Water Fund will be used to help service that debt.

Water user rates were increased by 4.5% at the beginning of 2016. This was primarily due to the water improvements that were made in the Bench-Twiford Street area of the community in 2014 and to meet the overall needs of that enterprise.

Sanitary sewer rates have been increasing on a pre-planned schedule that was implemented several years ago. Accordingly, sewer user rates were increased by 3.0% in 2016. The long term outlook of the sanitary sewer fund was stabilized when the City refunded the debt associated with the wastewater treatment plant in 2011. In order to minimize sewer rate increases and avoid the prospect of rates that are higher than necessary at the time this debt is retired, the City has pledged general fund support for the next several years. To that end, in 2016, \$115,000 was transferred from the General Fund to the wastewater treatment plant debt service fund and the City plans additional transfers in years 2017-2022, which are already included in its long term budget. The wastewater treatment plant is capable of accommodating significant growth in the community.

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

**Proprietary funds (continued).**

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 twenty 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 billing, collecting and general administration. 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 increased in 2010, which was the first rate increase in a number of years. The rate change recognized the increasing costs of providing the Household Hazardous Waste Collection and the annual city-wide clean-up service. It is not likely that rates will increase anytime in the near future.

**General Fund Budgetary Highlights**

The primary cause of the increase in the general fund balance was the amount of property taxes, grants and donations collected exceeded expectations by \$83,724. Partially off-setting that additional revenue was larger than normal engineering fees, along with unexpected labor and legal fees in the Parks Department.

**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, 2017, amounts to \$25,158,697 (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 \$4,169,661.

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

	Governmental			Business-Type			Totals
	2017	2016	2017	2017	2016	2017	
Land	\$ 1,158,679	\$ 1,158,679	\$ 60,492	\$ 60,492	\$ 1,219,171	\$ 1,219,171	
Construction in process	33,753		350,000		33,753	350,000	
Buildings and improvements	7,703,272	8,134,229			7,703,272	8,134,229	
Vehicles	1,158,702	1,303,406			1,158,702	1,303,406	
Machinery and equipment	646,231	644,635	509,171	107,436	1,155,402	752,071	
Furniture and fixtures	168,357	166,219			168,357	166,219	
Wastewater treatment facility			9,036,855	9,192,480	9,036,855	9,192,480	
Infrastructure	4,172,973	4,041,121			4,172,973	4,041,121	
Total	\$ 15,041,987	\$ 15,448,289	\$ 9,606,518	\$ 9,710,408	\$ 24,648,485	\$ 25,158,697	

Additional information on the City of Chatfield, Minnesota's capital assets can be found in Note 3D on pages 55-56 of this report.

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

**Economic Factors and Next Year's Budgets and Rates**

The City of Chatfield enjoys a diverse economy and is situated in one of the healthiest economic regions of Minnesota. Within the City of Chatfield are two of the larger employers in Fillmore County, one of them being a manufacturer in the wood products industry and the other being a manufacturer in the composites industry. A steel fabrication company has also grown to over 70 employees. 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 accommodate a strong financial base for the community. In fact, according to census data, there is an almost equal number of people who travel into Chatfield for work each day compared to those who leave Chatfield for work elsewhere. According to the statistics, while 1,102 people leave Chatfield for work each day, there is another 1,008 people who come into Chatfield to work every day, which is a strong sign of health for a community the size of Chatfield. The rest of the Chatfield economy is balanced between the health care, agriculture, tourism, retail, education, and the services industries.

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

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

Chatfield is well positioned to participate in the economic recovery that has taken root. According to building permit records, the City issued permits for a total of just under \$5.0 million dollars in construction activity, \$3.3 million of which was residential and \$1.4 million of commercial construction. This comes on the heels of \$7,000,000 of construction in 2016, a marked increase from \$2.5 million in total construction in 2014, \$2.9 million in 2013, and \$1.8 million in 2012. Fourteen new homes were constructed in Chatfield in 2016.

Tax rates, garbage fees, and water rates should remain stable for the foreseeable future. Increases in those rates are expected to be incremental and consistent with the projections that have been made in previous years.

In addition to the well diversified economy of the region, Chatfield has public infrastructure that is capable of serving a larger residential base. The wastewater treatment facility is relatively new and is capable of handling a much larger population than exists today. Similarly, the City's wells, and the aquifer itself, are capable of servicing a larger population and the City's water storage facilities hold three to four days-worth of water, more capability than standard. The recently constructed elementary school, along with remodeled high school, provides a solid educational element to the community and solidifies Chatfield's competitive place in the educational realm.

**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 \$15,155,000 in bonds and notes outstanding. All of this debt is backed by the full faith and credit of the City with the exception of the tax increment bonds.

	City of Chatfield, Minnesota Outstanding Debt		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 4,172,000	\$ 4,980,000	\$ 10,100,000	\$ 10,175,000	\$ 4,172,000	\$ 4,980,000
G.O. revenue bonds						
Center for the arts loan		12,466				12,466
Unamortized premium	50,329	55,248	64,778	70,667	115,107	126,915
Unamortized discount			(27,390)	(30,129)	(27,390)	(30,129)
Net pension liability	991,253	1,982,531	135,168	179,522	1,126,421	2,162,053
Compensated absences	150,541	188,234	9,126	9,578	159,667	197,812
<b>Total</b>	<b>\$ 5,364,123</b>	<b>\$ 7,219,479</b>	<b>\$ 10,281,682</b>	<b>\$ 10,404,638</b>	<b>\$ 15,645,805</b>	<b>\$ 17,624,117</b>

The City of Chatfield, Minnesota's total bonds and notes payable increased by \$5,070,000 during the current fiscal year. A more detailed breakdown of these obligations can be found in Note 3F, beginning on page 59.

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 (Continued)**

At the same time, the private sector is well positioned to positively affect the growth of the community. From a very fundamental perspective, the community has residential lots available for new housing, lots which are offered in a variety of locations at a variety of price points. In addition, the Chatfield resident enjoys retail, professional and personal services of all kinds without needing to leave the city boundaries. Whether the resident is looking for grocery, liquor, dining, banking, medical, pharmaceutical, 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.

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

The vibrant nature of the city is reflected in the results of the Inflow-Outflow Analysis of workers. This reports that, while approximately 1,102 residents leave Chatfield for work on a routine basis, almost 1,008 other people travel to Chatfield for work on a daily basis. Of the nineteen cities closest to Rochester, including Rochester, Chatfield ranks fifth among them in terms of jobs per capita.

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

**Requests for Information**

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

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CITY OF CHATFIELD, MINNESOTA  
FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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**CITY OF CHATFIELD, MINNESOTA**  
**STATEMENT OF NET POSITION**  
December 31, 2017  
With Comparative Totals for December 31, 2016

	Governmental Activities	Business-Type Activities	Totals
	2017	2016	2016
<b>ASSETS</b>			
Cash and investments	\$ 4,097,530	\$ 1,170,408	\$ 4,465,443
Restricted cash	4,484,848	4,484,848	5,894,170
Receivables	1,276,586	216,589	1,490,020
Net pension asset	116,398	116,398	91,681
Capital assets:			
Nondepreciable	1,192,432	410,492	1,569,171
Depreciable, net	13,849,535	9,196,026	23,589,526
Total Assets	20,532,481	15,478,363	37,100,011
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	107,679	17,092	1,249,255
Deferred outflows from pension activity			
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 20,640,160</b>	<b>\$ 15,495,455</b>	<b>\$ 38,349,266</b>
<b>LIABILITIES</b>			
Accounts payable	32,840	27,506	205,201
Accrued interest payable	35,600	115,143	183,814
Accrued liabilities	64	64	3,298
Compensated absences	150,541	9,126	197,812
Noncurrent liabilities:			
Due within one year	315,000	4,907,000	772,622
Due in more than one year	3,907,329	5,230,388	14,491,630
Net pension liability	991,253	135,168	2,162,053
Total Liabilities	5,432,627	10,424,351	18,016,430
<b>DEFERRED INFLOWS OF RESOURCES</b>	197,304	10,521	234,981
Deferred inflows from pension activity			
<b>NET POSITION</b>	10,819,638	3,953,978	15,114,849
Net investment in capital assets			
Restricted for:			
Revolving loans	705,875	705,875	700,816
Debt service	838,488	838,488	1,715,848
Unrestricted	2,646,228	1,106,625	2,566,342
Total Net Position	15,010,229	5,060,603	20,097,855
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 20,640,160</b>	<b>\$ 15,495,455</b>	<b>\$ 38,349,266</b>

See Notes to the Financial Statements

**CITY OF CHATFIELD, MINNESOTA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2017  
With Comparative Totals for the Fiscal Year Ending December 31, 2016

	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Functions/Programs</b>			
Governmental activities:			
General government	\$ 718,023	\$ 107,534	\$ 83,081
Public safety	1,139,177	420,601	196,359
Public works	539,633	3,853	3,853
Parks and recreation	329,864	33,598	1,713
Library	258,800	15,581	66,110
Community development	770,103	43,135	294,868
Interest on long-term debt	120,905	—	—
Total governmental activities	3,876,505	620,449	351,116
Business-Type activities:			
Water	295,454	314,746	—
Sewer	890,198	848,482	—
Garbage	191,865	202,380	—
Total business-type activities	1,377,517	1,365,608	—
<b>Total</b>	<b>\$ 5,254,022</b>	<b>\$ 1,986,057</b>	<b>\$ 342,086</b>
General revenues:			
General property taxes			
Tax increments			
Grants and contributions not restricted to specific programs			
Local government aid			
Other			
Interest earnings			
Miscellaneous			
Transfers			
Total general revenues and transfers			
Change in net position			
Net position, beginning			
Net position, ending			

See Notes to the Financial Statements

Net (Expense) Revenue  
and Changes in Net Position

	Totals	
	2017	2016
Governmental Activities		
\$	\$ (523,081)	\$ (485,360)
	(522,217)	(766,173)
	(492,889)	(362,582)
	(294,553)	(270,677)
	(177,109)	(166,474)
	(432,100)	3,392,082
	(120,905)	(113,429)
	<u>(2,562,854)</u>	<u>1,227,387</u>
Business-Type Activities		
	19,292	20,684
	(41,716)	(93,451)
	10,515	22,617
	(11,909)	(50,150)
	<u>(11,909)</u>	<u>(50,150)</u>
	<u>(2,562,854)</u>	<u>1,177,237</u>
	1,552,042	1,469,750
	128,853	88,564
	766,687	765,094
	641	694
	62,235	67,787
	2,319	6,777
	<u>(227,529)</u>	<u>(162,975)</u>
	<u>2,710,715</u>	<u>2,398,666</u>
	147,861	3,575,903
	<u>(174,884)</u>	<u>(27,023)</u>
	5,235,487	16,521,952
	<u>20,097,855</u>	<u>16,521,952</u>
	\$ 5,060,603	\$ 20,097,855
	<u>\$ 15,010,229</u>	<u>\$ 20,070,832</u>

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CITY OF CHATFIELD, MINNESOTA  
FUND FINANCIAL STATEMENTS  
DECEMBER 31, 2017

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**CITY OF CHATFIELD, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS**

December 31, 2017

With Comparative Totals for December 31, 2016

	100 General	360 Revolving Loan Federal	330 2010A Refunding Bond	Other Governmental Funds	2017	Totals	2016
<b>ASSETS</b>							
Cash and investments	\$ 1,075,302	\$ 91,593	\$	\$ 1,994,763	\$ 3,164,658	\$ 2,794,526	866,266
Restricted cash in escrow				286,946	286,946	222,161	
Accounts receivable	640	614,282		321,174	935,456	961,521	
Notes receivable				1,526	7,684	9,442	
Due from other governmental units	6,158			4,780	13,347	18,597	
Taxes receivable delinquent	8,567			33,153	33,153	46,109	
Special assessments receivable	15,212			15,212	15,212	103,543	
Due from other funds							
<b>TOTAL ASSETS</b>	<b>\$ 1,108,879</b>	<b>\$ 705,875</b>	<b>\$</b>	<b>\$ 2,641,702</b>	<b>\$ 4,456,456</b>	<b>\$ 5,042,165</b>	
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 20,828	\$	\$ 11,546	\$ 15,212	\$ 32,374	\$ 168,614	
Due to other funds					15,212	103,543	
Total Liabilities	20,828		26,758	47,586	272,157		
<b>Deferred Inflows of Resources:</b>							
Unavailable revenue:							
Property taxes	8,567		4,780	13,347	18,597	46,109	
Special assessments		614,282	321,174	935,456	961,521		
Notes receivable		614,282		359,107	981,956	1,026,227	
Total Deferred Inflows of Resources	8,567	614,282	359,107	1,026,227			
<b>Fund Balance:</b>							
Restricted:							
Creditors (debt covenants)				838,488	838,488	1,715,848	
Regulations		91,593		132,659	224,252	215,796	
Committed:							
By Council action				497,015	497,015	490,829	
Assigned:							
Fund assignments	1,079,484		(15,212)	802,887	802,887	545,104	
Unassigned:							
Total Fund Balance	1,079,484	91,593	2,255,837	1,064,272	3,426,914	3,743,781	
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 1,108,879</b>	<b>\$ 705,875</b>	<b>\$</b>	<b>\$ 2,641,702</b>	<b>\$ 4,456,456</b>	<b>\$ 5,042,165</b>	

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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, 2017

Amounts reported for governmental activities in the statement of net position are different because:	\$ 3,426,914
Total governmental fund balances (page 19)	\$ 3,426,914
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Governmental funds - capital assets	\$ 25,755,270
Less: Accumulated depreciation	(10,713,303)
	15,041,967
Some receivables are not available soon enough to pay for current period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes	\$ 13,347
Special assessments	33,153
Notes receivable	935,456
	981,956
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.	932,342
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	\$ (4,172,000)
Net pension liability	(1,080,878)
Net pension asset	116,398
Compensated absences	(150,541)
Bond premiums net of amortization	(50,329)
Accrued interest	(35,600)
	(5,372,950)
Net position of governmental activities (page 16)	\$ 15,010,229

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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, 2017  
With Comparative Totals for the Year Ended December 31, 2016

	330		2010A		Totals	
	100 General	360 Revolving Lean Federal	2010A Refunding Bond	Other Governmental Funds	2017	2016
<b>REVENUES</b>						
Property taxes	\$ 1,122,930	\$	\$ 114,337	\$ 320,025	\$ 1,557,292	\$ 1,462,871
Special assessments	4,327			55,847	60,174	44,992
Tax increments				128,853	128,853	88,564
Licenses and permits	39,253			2,629	39,253	24,894
Fines and forfeits	6,370			522,559	8,999	11,473
Intra-governmental revenues	875,941			24,348	1,398,500	5,114,938
Franchise fees	40,879	6,015	1,850	286,804	307,663	244,254
Charges for services	490			136,925	135,160	32,043
Investment income				18,772	18,772	146,710
Contributions				70,849	139,606	146,712
Miscellaneous revenues	44,585	24,192		1,557,476	3,838,625	7,320,339
<b>TOTAL REVENUES</b>	<b>2,134,755</b>	<b>30,207</b>	<b>116,187</b>	<b>1,557,476</b>	<b>3,838,625</b>	<b>7,320,339</b>
<b>EXPENDITURES</b>						
<b>Current</b>						
Central government	604,972			53,498	658,470	612,279
Public safety	591,812			435,021	1,016,833	926,311
Public works	379,434				379,434	383,674
Parks and recreation	304,558			223,915	304,558	301,260
Library					223,915	216,615
Community development	26,238	25,354		317,434	369,026	387,863
Capital Outlay				124,755	124,755	4,634,888
Debt Service			983,929	417,926	1,401,855	510,607
<b>TOTAL EXPENDITURES</b>	<b>1,897,014</b>	<b>25,354</b>	<b>983,929</b>	<b>1,572,549</b>	<b>4,478,846</b>	<b>7,953,477</b>
Excess (deficiency) of revenues over (under) expenditures	237,741	4,853	(867,742)	(15,073)	(640,221)	(633,138)
<b>OTHER FINANCING SOURCES (USES)</b>						
Bond proceeds	142,716		870,000	445,560	445,560	893,526
Transfers in	(302,215)		(122,193)	647,782	1,660,488	646,043
Transfers out				(1,355,296)	(1,782,704)	(497,317)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(159,499)</b>	<b></b>	<b>747,807</b>	<b>(264,954)</b>	<b>323,354</b>	<b>1,044,252</b>
Net change in fund balances	78,242	4,853	(119,935)	(280,027)	(316,867)	411,114
<b>FUND BALANCES, beginning</b>	<b>1,001,242</b>	<b>86,740</b>	<b>119,935</b>	<b>2,535,864</b>	<b>3,743,781</b>	<b>3,332,667</b>
<b>FUND BALANCES, ending</b>	<b>\$ 1,079,484</b>	<b>\$ 91,593</b>	<b>\$</b>	<b>\$ 2,255,837</b>	<b>\$ 3,426,914</b>	<b>\$ 3,743,781</b>

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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, 2017**  
 With Comparative Totals for the Year Ended December 31, 2016

	Budgeted Amounts	2017 Actual Amounts	Variance with Final Budget - Positive (Negative)	2016 Actual Amounts
	Original	Final		
<b>REVENUES</b>				
<b>Property Tax Levy Collected</b>	\$ 1,120,637	\$ 1,120,637	\$ 2,293	\$ 1,055,103
<b>Special Assessments Collected</b>	4,631	4,631	(304)	5,093
<b>Licenses and permits</b>	22,550	22,550	16,703	24,894
<b>Intergovernmental Revenues</b>				
Local government aid	766,690	766,690	(3)	765,094
Market value credit		641	641	694
State police aid	37,000	37,000	4,986	41,774
PERA aid	1,677	1,677		1,677
Highway	4,900	4,900	(1,047)	3,853
FEMA aid		53,897	53,897	14,823
Other		7,200	7,200	404
Total Intergovernmental Revenues	810,267	810,267	65,674	828,319
<b>Charges For Services</b>				
Plan check fee	4,500	4,500	4,956	6,368
Pool fees	33,400	30,644	(2,756)	31,444
Lodging tax	300	300	479	123
Total Charges For Services	38,200	38,200	2,679	37,935
<b>Fines and Forfeits</b>				
Parking fines	2,100	2,100	(1,200)	1,648
Court fines and other	11,000	11,000	(5,045)	5,997
Animal fines		115	115	45
Total Fines and Forfeits	13,100	13,100	(6,370)	7,690
<b>Investment Income</b>	20,000	20,000	490	9,431
<b>Miscellaneous Revenues</b>				
Sale of assets	50	50	439	64
Donations			3,162	235
Refunds/reimbursements	26,825	26,825	14,089	47,783
Total Miscellaneous Revenues	26,875	26,875	17,690	48,082
<b>TOTAL REVENUES</b>	\$ 2,056,260	\$ 2,056,260	\$ 78,495	\$ 2,016,547

See Notes to the Financial Statements

**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, 2017**

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

Net change in fund balances - total governmental funds (page 21)	\$ (316,867)
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	\$ 152,841
Depreciation expense	<u>(792,127)</u>
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, 2017	\$ 981,956
Unavailable revenue, December 31, 2016	<u>(1,026,227)</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Change in compensated absences	(44,271)
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	37,693
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Principal retirement on long-term debt	\$ 1,277,466
Issuance of bonds	(457,000)
Amortization of bond premium	5,919
Change in net pension liability activity	(54,249)
Change in net pension asset	24,717
Change in accrued interest	8,527
Change in net position of governmental activities (pages 17-18)	<u>805,380</u>
	<u>\$ 147,861</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, 2017  
With Comparative Totals for the Year Ended December 31, 2016

	Budgeted Amounts		2017 Actual Amounts	Variance with Final Budget - Positive (Negative)	2016 Actual Amounts
	Original	Final			
<b>EXPENDITURES</b>					
<b>General Government</b>					
<b>Mayor and Council</b>					
Salaries	\$ 20,000	\$ 20,000	\$ 19,700	\$ 300	\$ 9,200
Employee benefits and retirement	765	765	1,435	(670)	689
Workers compensation	60	60	57	3	55
Office supplies	400	400	276	124	335
Printing and publication	1,500	1,500	2,294	(794)	3,004
Travel and conference	3,250	3,250	1,607	1,643	527
Legal fees	9,200	9,200	8,650	550	7,890
Dues and subscription	8,500	8,500	9,004	(504)	8,687
Departmental capital charge	1,900	1,900	1,900		1,650
Other	1,600	1,600	1,127	473	1,899
<b>Total Mayor and Council</b>	<b>47,175</b>	<b>47,175</b>	<b>46,050</b>	<b>1,125</b>	<b>33,936</b>
<b>Elections</b>	<b>4,100</b>	<b>4,100</b>	<b>1,060</b>	<b>3,040</b>	<b>3,759</b>
<b>Clerk's Office</b>					
Salaries	260,000	260,000	263,398	(3,398)	244,305
Employee benefits and retirement	34,200	34,200	38,711	(4,511)	35,738
Workers compensation	1,550	1,550	1,911	(361)	1,710
Health insurance	58,050	58,050	60,138	(2,088)	55,412
Office supplies	8,500	8,500	5,957	2,543	10,152
Postage	1,100	1,100	816	284	929
Audit fees	9,500	9,500	8,675	825	8,950
Consulting fees	5,000	5,000	5,056	(56)	5,822
Licenses and dues	1,750	1,750	1,730	20	1,933
Insurance	5,100	5,100	4,770	330	4,803
Internet and telephone	19,500	19,500	21,393	(1,893)	19,246
Maintenance and repair	6,000	6,000	4,995	1,005	3,807
Travel and conference	6,500	6,500	4,563	1,937	4,578
Departmental capital charge	6,400	6,400	6,400		6,100
Other	2,400	2,400	2,522	(122)	1,289
<b>Total Clerk's Office</b>	<b>425,550</b>	<b>425,550</b>	<b>431,035</b>	<b>(5,485)</b>	<b>404,774</b>
<b>Planning and Zoning</b>					
Printing and publication	450	450	176	274	221
Consulting fees	52,500	52,500	54,015	(1,515)	49,714
Insurance	5,000	5,000	4,362	638	4,641
Other	1,200	1,200	723	477	693
<b>Total Planning and Zoning</b>	<b>\$ 59,150</b>	<b>\$ 59,150</b>	<b>\$ 59,276</b>	<b>\$ (126)</b>	<b>\$ 55,269</b>

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, 2017  
With Comparative Totals for the Year Ended December 31, 2016

	Budgeted Amounts		2017 Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)	2016 Actual Amounts
	Original	Final			
<b>EXPENDITURES (continued)</b>					
<b>General Government (Continued)</b>					
<b>Municipal Building</b>					
Operating supplies	\$ 6,500	\$ 6,500	\$ 4,373	\$ 2,127	\$ 5,563
Small tools and minor equipment	600	600	53	547	1,128
Maintenance and repair	14,000	14,000	12,292	1,708	18,612
Contracted services	24,700	24,700	24,755	(55)	23,519
Insurance	4,500	4,500	3,404	1,096	3,386
Utilities	6,800	6,800	7,133	(333)	5,314
Departmental capital charge	15,000	15,000	15,000		5,500
Other	700	700	541	159	355
<b>Total Municipal Building</b>	<b>72,800</b>	<b>72,800</b>	<b>67,551</b>	<b>5,249</b>	<b>63,377</b>
<b>Total General Government</b>	<b>608,775</b>	<b>608,775</b>	<b>604,972</b>	<b>3,803</b>	<b>561,115</b>
<b>Public Safety</b>					
<b>Animal Control</b>					
Operating supplies	300	300	116	184	217
Printing and publication	100	100	286	(186)	
Other	450	450	3	447	2
<b>Total Animal Control</b>	<b>850</b>	<b>850</b>	<b>375</b>	<b>475</b>	<b>219</b>
<b>Civil Defense</b>					
Contracted services	5,450	5,450	3,750	1,700	5,011
Departmental capital charge	4,000	4,000	4,000		4,000
<b>Total Civil Defense</b>	<b>9,450</b>	<b>9,450</b>	<b>7,750</b>	<b>1,700</b>	<b>9,011</b>
<b>Building Code</b>					
Consultant fee	15,000	15,000	22,140	(7,140)	13,358
Plan review	6,000	6,000	5,072	928	6,500
Surcharge fees/sales tax	2,200	2,200	8,676	(6,476)	2,283
<b>Total Building Code</b>	<b>\$ 23,200</b>	<b>\$ 23,200</b>	<b>\$ 35,888</b>	<b>\$ (12,688)</b>	<b>\$ 22,141</b>

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, 2017  
With Comparative Totals for the Year Ended December 31, 2016

	Budgeted Amounts		2017 Actual Amounts	Variance with Final Budget - Positive (Negative)	2016 Actual Amounts
	Original	Final			
<b>EXPENDITURES (continued)</b>					
<b>Public Safety (Continued)</b>					
<b>Police Department</b>					
Salaries	\$ 318,835	\$ 318,835	\$ 316,620	\$ 2,215	\$ 296,459
Employee benefits and retirement	56,913	56,913	55,664	1,249	52,704
Workers compensation/unemployment	10,000	10,000	11,218	(1,218)	8,599
Health insurance	56,620	56,620	59,412	(2,792)	54,532
Operating supplies	3,000	3,000	2,962	38	3,085
Vehicle operating supplies	10,000	10,000	6,946	3,054	6,291
Small tools and minor equipment	3,000	3,000	3,881	(881)	1,283
Internet and telephone	5,100	5,100	5,558	(458)	5,259
Legal fees	12,000	12,000	5,674	6,326	5,570
Towing and wrecker fees	2,000	2,000	600	1,400	600
Uniform allowance	3,625	3,625	3,721	(96)	2,929
Maintenance and repair	9,500	9,500	9,769	(269)	9,800
Clothing	2,100	2,100	1,184	916	1,065
Printing and publication	300	300	141	159	192
Postage	600	600	213	387	264
Training	4,500	4,500	5,210	(710)	4,493
Contracted services	1,250	1,250	2,602	(1,352)	375
Insurance	15,000	15,000	14,063	937	13,647
Utilities	7,000	7,000	5,444	1,556	5,314
Departmental capital charge	22,900	22,900	22,900		22,800
Other	6,195	6,195	4,417	1,778	5,164
Total Police Department	550,438	550,438	537,799	12,639	500,425
Total Public Safety	583,938	583,938	581,812	2,126	531,796
<b>Street Department</b>					
Salaries	64,117	64,117	71,427	(7,310)	62,514
Employee benefits and retirement	12,000	12,000	10,325	1,675	9,204
Health insurance	25	25	5,250	(5,225)	
Workers compensation	5,000	5,000	708	4,292	4,005
Operating supplies	8,200	8,200	17,239	(9,039)	9,480
Vehicle operating supplies	10,000	10,000	14,450	(4,450)	9,566
Maintenance and repair	36,000	36,000	27,407	8,593	50,868
Clothing	700	700	620	80	973
Snow removal	5,000	5,000	3,555	1,445	3,026
Insurance	6,800	6,800	9,256	(2,456)	7,486
Internet and telephone	2,000	2,000	1,710	290	2,032
Other professional services	12,250	12,250	3,777	8,473	10,114
Small tools and minor equipment	5,000	5,000	2,032	2,968	5,948
Utilities	35,000	35,000	32,885	2,115	33,222
Departmental capital charge	175,600	175,600	175,600		174,350
Other	3,100	3,100	3,193	(93)	886
Total Public Works	\$ 380,792	\$ 380,792	\$ 379,434	\$ 1,358	\$ 383,674

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, 2017  
With Comparative Totals for the Year Ended December 31, 2016

	Budgeted Amounts		2017 Actual Amounts	Variance with Final Budget - Positive (Negative)	2016 Actual Amounts
	Original	Final			
<b>EXPENDITURES (continued)</b>					
<b>Parks and Recreation</b>					
Salaries	\$ 56,500	\$ 56,500	\$ 58,044	\$ (1,544)	\$ 57,818
Employee benefits and retirement	7,200	7,200	8,069	(869)	7,587
Health insurance	1,900	1,900	2,215	(315)	2,156
Workers compensation	24,325	24,325	15,240	9,085	22,983
Small tools and minor equipment	1,300	1,300	603	697	1,202
Vehicle operating supplies	2,000	2,000	2,752	(752)	2,622
Maintenance and repair	7,200	7,200	42,429	(35,229)	26,251
Other professional services	5,500	5,500	3,918	1,582	20,664
Utilities	10,000	10,000	12,257	(2,257)	13,461
Insurance	7,500	7,500	7,438	62	7,440
Departmental capital charge	37,600	37,600	37,600		36,500
Other	7,800	7,800	7,233	567	8,233
Total Parks	168,825	168,825	197,798	(28,973)	206,917
<b>Pool</b>					
Salaries	45,000	45,000	44,729	271	45,168
Employee benefits and retirement	3,600	3,600	3,422	178	3,455
Workers compensation	1,600	1,600	1,766	(166)	1,670
Operating supplies	8,100	8,100	6,263	1,837	6,556
Maintenance and repair	5,200	5,200	9,689	(4,489)	6,490
Other professional services	10,000	10,000	9,709	291	
Utilities	8,000	8,000	7,818	182	6,936
Insurance	8,000	8,000	8,924	(924)	8,921
Departmental capital charge	2,000	2,000	2,000		2,000
Other	8,400	8,400	6,840	1,560	6,521
Total Pool	101,400	101,400	101,160	240	87,717
<b>Recreation</b>					
Band	6,000	6,000	4,000	2,000	5,026
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	277,825	277,825	304,558	(26,733)	301,260
<b>Community Development</b>					
Promotional expense	3,000	3,000	4,368	(1,368)	3,109
Heritage preservation	9,500	9,500	18,304	(8,774)	9,516
Other	4,800	4,800	3,566	1,234	3,461
Total Community Development	17,300	17,300	26,238	(8,938)	16,086
<b>TOTAL EXPENDITURES</b>	1,868,660	1,868,660	1,897,014	(28,354)	1,793,931
Excess of revenues over expenditures	187,600	187,600	237,741	50,141	222,616
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	119,335	119,335	142,716	23,381	115,850
Transfers out	(302,215)	(302,215)	(302,215)		(292,537)
Total Other Financing Sources (Uses)	(182,880)	(182,880)	(159,499)	23,381	(176,687)
Net change in fund balances	4,720	4,720	78,242	73,522	45,929
<b>FUND BALANCES, beginning</b>	1,001,242	1,001,242	1,001,242		955,313
<b>FUND BALANCES, ending</b>	\$ 1,005,962	\$ 1,005,962	\$ 1,079,484	\$ 73,522	\$ 1,001,242

See Notes to the Financial Statements

**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, 2017

With Comparative Totals for the Year Ended December 31, 2016

	Fund 360		Variance with Final Budget - Positive (Negative)	2016 Actual Amounts
	Budgeted Amounts Original	Actual Amounts		
<b>REVENUES</b>				
Investment income	\$ 4,170	\$ 6,015	\$ 1,845	\$ 6,885
Miscellaneous	21,250	24,192	2,942	24,248
<b>TOTAL REVENUES</b>	<b>25,420</b>	<b>30,207</b>	<b>4,787</b>	<b>31,133</b>
<b>EXPENDITURES</b>				
Loan advances		25,354	(25,354)	75,000
Net change in fund balances	25,420	4,853	(20,567)	(43,867)
<b>FUND BALANCES, beginning</b>	<b>86,740</b>	<b>86,740</b>		<b>130,607</b>
<b>FUND BALANCES, ending</b>	<b>\$ 112,160</b>	<b>\$ 91,593</b>	<b>\$ (20,567)</b>	<b>\$ 86,740</b>

**CITY OF CHATFIELD, MINNESOTA**

**PROPRIETARY FUNDS**

**Statement of Net Position**

December 31, 2017

With Comparative Totals for December 31, 2016

	Business-Type Activities - Enterprise Funds			
	601	611/336/ 436/339	602	612/437/337/ 333/331/341
	Water	Infrastructure	Total	Sewer Infrastructure
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>Current Assets</b>				
Cash and investments	\$ 460,625	\$ 23,565	\$ 484,190	\$ 89,399
Restricted cash	42,757	42,757	85,514	96,992
Accounts receivable, net	8,835	8,835	17,670	29,438
Special assessments receivable	1,440	1,440	2,880	4,360
Special assessments delinquent				
Total Current Assets	515,657	23,565	537,222	220,189
<b>Noncurrent Assets</b>				
Capital assets:				
Nondepreciable	205,246	205,246	410,492	205,246
Depreciable	3,905,777	3,905,777	7,811,554	12,456,060
Less: Accumulated depreciation	1,318,786	1,318,786	2,637,572	5,847,025
Net capital assets	2,792,237	2,792,237	5,578,270	6,814,281
<b>Deferred Outflows of Resources</b>	6,342		6,342	10,750
Deferred outflows from pension activity				
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 519,999</b>	<b>\$ 2,815,802</b>	<b>\$ 3,335,801</b>	<b>\$ 230,939</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>				
<b>Current Liabilities</b>				
Current maturities of bonds payable	\$ 4,707	\$ 33,500	\$ 38,207	\$ 4,873,900
Accounts payable	4,707	4,707	9,414	6,362
Accrued interest payable	4,315	4,315	8,630	110,828
Accrued liabilities	4,160	4,160	8,320	4,966
Total Current Liabilities	8,867	37,815	46,682	11,328
<b>Noncurrent Liabilities</b>				
Net pension liability	50,977	50,977	101,954	84,191
Bonds payable, net of current maturities		329,000	329,000	4,901,388
Total Liabilities	59,844	366,815	426,659	9,885,716
<b>Deferred Inflows of Resources</b>	3,968		3,968	6,563
Deferred inflows from pension activity				
<b>NET POSITION</b>				
Net investment in capital assets	456,187	2,429,737	2,885,924	1,524,241
Unrestricted	456,187	19,250	475,437	128,867
Total Net Position	456,187	2,448,987	2,905,174	1,393,311
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 519,999</b>	<b>\$ 2,815,802</b>	<b>\$ 3,335,801</b>	<b>\$ 230,939</b>

See Notes to the Financial Statements

See Notes to the Financial Statements



CITY OF CHATFIELD, MINNESOTA  
 PROPRIETARY FUNDS

Statement of Revenues, Expenses  
 and Changes in Fund Net Position

For the Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

622	603		801	
	Sewer - No Fault Back	Total Sewer	Garbage	Capital Goods
	2017	2016	2017	2016
\$ 24,304	\$ 639,601	\$ 1,170,408	\$ 46,617	\$ 819,015
	4,484,848	4,484,848		5,007,904
	96,992	160,705	20,956	151,693
	29,438	10,794	49,067	58,324
	4,380	1,017	6,817	7,015
24,304	5,255,239	5,871,845	79,384	6,043,951
	205,246	410,492		410,492
	12,456,060	16,361,837		16,175,520
	5,647,025	7,165,811		6,875,604
	6,814,281	9,606,518		9,710,408
	10,750	17,092		74,311
\$ 24,304	\$ 12,080,270	\$ 15,495,455	\$ 79,384	\$ 15,828,670
	\$ 4,873,500	\$ 4,907,000	\$ 375,000	\$ 375,000
	6,362	27,506	16,437	29,621
	110,828	115,143		139,687
	4,966	9,126		12,876
	4,985,656	5,058,775	16,437	557,184
	84,191	135,168		179,522
	4,901,388	5,230,388		9,840,538
	9,981,235	10,424,331	16,437	10,577,244
	6,553	10,521		15,939
24,304	1,524,241	3,853,978	62,947	4,502,774
24,304	568,241	1,106,625		732,713
24,304	2,092,482	62,947	5,060,603	5,235,487
\$ 24,304	\$ 12,080,270	\$ 79,384	\$ 15,495,455	\$ 15,828,670

601	Business-Type Activities - Enterprise Funds		602	
	Water	Infrastructure	Water	Sewer
	2017	2016	2017	2016
\$ 278,795	\$ 27,200	\$ 305,995	\$ 775,908	\$ 43,750
278,795	27,200	305,995	775,908	43,750
50,485		50,485	91,572	
10,670		10,670	18,544	
8,533		8,533	23,762	
1,788		1,788	3,418	
9,456		9,456	12,535	
18,596		18,596	64,401	
15,469		15,469	44,112	480
722		722	1,646	
13,383		13,383	14,725	
1,179		1,179	3,191	
4,087		4,087	11,112	
		115,062	115,062	339,968
750		8,500	9,250	750
7,584		7,584	20,373	
142,702		123,562	266,264	347,948
136,093		(96,362)	39,731	(304,196)
7,741	69	7,810	3,018	50,429
683		683	1,043	
8,744	7	8,751	28,707	117
		3,536		(2,943)
		(29,190)	(29,190)	(232,109)
17,168		(25,578)	(8,410)	32,768
153,261		(121,940)	31,321	498,535
(206,790)		227,701	227,701	653,522
(63,529)		(199,805)	(406,595)	(144,917)
		(94,044)	(147,573)	(44,255)
509,716		2,543,031	3,052,747	173,122
\$ 466,187		\$ 2,448,987	\$ 2,905,174	\$ 1,939,311

See Notes to the Financial Statements

CITY OF CHATFIELD, MINNESOTA  
 PROPRIETARY FUNDS  
 Statement of Cash Flows

For the Year Ended December 31, 2017  
 With Comparative Totals for the Year Ended December 31, 2016

	Business-Type Activities - Enterprise Funds			
	Water	Infrastructure	Water	Sewer Infrastructure
<b>Cash Flows From Operating Activities</b>				
Cash received from customers	\$ 275,485	\$ 33,943	\$ 309,428	\$ 809,732
Cash paid to employees	(62,943)		(62,943)	(137,286)
Cash paid to suppliers	(77,203)	(13,159)	(90,362)	(172,122)
Net Cash Provided By (Used In) Operating Activities	135,339	20,784	156,123	500,314
<b>Cash Flows From Noncapital Financing Activities</b>				
Intergovernmental	(177)		(177)	(151)
Miscellaneous		27,896	(178,894)	(542,790)
Transfer in/out	(206,790)	27,896	(179,071)	(542,941)
Net Cash Provided By (Used In) Noncapital Financing Activities	(206,967)	27,896	(179,071)	(508,605)
<b>Cash Flows From Capital and Related Financing Activities</b>				
Capital asset acquisitions	(204,304)		(204,304)	(146,836)
Proceeds from issuances of debt	150,000		150,000	150,000
Principal payments on bonds	(25,514)		(25,514)	(375,000)
Interest payments on bonds				(263,479)
Net Cash (Used In) Capital and Related Financing Activities	(79,818)		(79,818)	(635,315)
<b>Cash Flows From Investing Activities</b>				
Investment income received	7,741	69	7,810	3,018
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(63,887)	(31,069)	(94,956)	(39,609)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	524,512	54,634	579,146	129,008
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 460,625	\$ 23,565	\$ 484,190	\$ 89,399

Classified as:

Cash and cash equivalents	\$ 460,625	\$ 23,565	\$ 484,190	\$ 89,399
Restricted cash				4,484,848
Total Cash and Cash Equivalents, End of Year	\$ 460,625	\$ 23,565	\$ 484,190	\$ 89,399

TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

Operating Income (Loss)	\$ 136,093	\$ (96,362)	\$ 39,731	\$ 465,767
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation		115,062	115,062	339,968
Change in net pension liability	2,759		2,759	4,688
Miscellaneous nonoperating income	9,427	3,543	12,970	29,750
(Increase) Decrease In:				
Accounts receivable	(12,914)	3,200	(9,714)	3,923
Special assessments delinquent	177		177	151
Accounts payable	1,535	(4,659)	(3,124)	(1,953)
Accrued liabilities	(1,738)		(1,738)	(2,012)
Net Cash Provided By (Used In) Operating Activities	\$ 135,339	\$ 20,784	\$ 156,123	\$ 500,314

See Notes to the Financial Statements

Governmental Activities-Internal Service Funds

	603		801	
	2017	2016	2017	2016
<b>622</b>				
Sewer - No Fault Back	Total Sewer	Garbage	Totals	
\$	\$ 819,658	\$ 192,436	\$ 1,318,089	\$ 1,282,377
	819,658	192,436	1,318,089	1,282,377
	91,572	148,073	28,214	35,113
	18,544	26,931	32,295	26,931
	3,418	4,968	5,206	4,968
	162,534	151,113	13,141	12,445
	13,141	15,902	22,182	15,902
	191	55,199	82,997	55,199
	64,401	50,261	61,194	50,261
	44,592	1,354	1,133	1,354
	1,646	2,368	2,368	2,368
	14,725	28,108	28,108	45,313
	3,191	5,480	5,480	5,581
	11,112	15,199	15,199	14,988
	339,968	455,030	455,030	451,505
	8,250	17,750	17,750	16,150
	20,373	13,506	41,463	36,427
	658,089	191,865	1,116,218	1,071,323
	161,589	571	201,871	211,054
337	53,784	641	62,235	20,975
	1,043	1,726	1,726	6,277
	28,824	9,944	47,519	70,002
	(2,943)	593	593	500
	(232,109)	(281,299)	(281,299)	(331,206)
337	(151,401)	10,565	(149,226)	(233,452)
337	10,168	11,156	52,645	(22,398)
1,000	654,522	882,223	738,432	738,432
	(687,707)	(15,450)	(1,109,752)	(891,158)
1,337	(23,017)	(4,294)	(174,864)	(175,124)
22,967	2,115,499	67,241	5,235,487	5,410,611
\$	\$ 24,304	\$ 62,947	\$ 5,060,603	\$ 5,235,487

Sewer - No Fault Back	Total Sewer	Garbage	Totals		Governmental Activities- Internal Service Funds	
			2017	2016	2017	2016
\$	\$ 856,356	\$ 202,388	\$ 1,368,172	\$ 1,337,218	\$ 301,908	\$ 312,514
	(137,296)		(200,239)	(207,058)		
	(180,102)	(188,903)	(459,367)	(386,033)	(148,285)	(9,148)
	538,958	13,485	708,566	744,127	153,623	303,366
	(151)	526	198	(1,841)	23,042	1,430
1,000	(33,185)	(15,450)	(227,529)	(152,726)	3,303	38,639
1,000	(33,336)	(14,924)	(227,331)	(154,567)	349,735	2,000
	(146,836)		(351,140)	(501,386)	376,080	42,269
	150,000		300,000	4,989,216	(461,171)	(332,466)
	(375,000)		(375,000)	(370,000)		
	(263,479)		(288,993)	(222,511)		
	(635,315)		(715,133)	3,895,319	(461,171)	(332,466)
337	53,784	641	62,235	20,975	12,374	13,531
1,337	(75,909)	(798)	(171,663)	4,505,854	80,906	26,700
22,967	5,200,358	47,415	5,826,919	1,321,065	851,902	825,202
\$ 24,304	\$ 5,124,449	\$ 46,617	\$ 5,655,256	\$ 5,826,919	\$ 932,808	\$ 851,902
\$ 24,304	\$ 639,601	\$ 46,617	\$ 1,170,408	\$ 819,015	\$ 932,808	\$ 851,902
	4,484,848		4,484,848	5,007,904		
\$ 24,304	\$ 5,124,449	\$ 46,617	\$ 5,655,256	\$ 5,826,919	\$ 932,808	\$ 851,902
\$	\$ 161,569	\$ 571	\$ 201,871	\$ 211,054	\$ (65,242)	\$ 33,827
	339,968		455,030	451,505	228,207	222,060
	4,688		7,447	13,812		
	26,924	9,944	49,838	76,779		
	9,623	534	443	(23,779)	15,158	40,579
	151	(526)	(198)	1,841		
	(1,963)	2,962	(2,115)	7,901	(6,500)	6,900
	(2,012)		(3,750)	5,014		
\$	\$ 538,958	\$ 13,485	\$ 708,566	\$ 744,127	\$ 153,623	\$ 303,366

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CITY OF CHATFIELD, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies**

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

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

A. Reporting Entity

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

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

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

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfund 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

1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

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

1. Summary of Significant Accounting Policies (Continued)

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

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

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

The City reports the following major governmental funds:

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

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

The *2010A refunding bond fund* accounts for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

The major proprietary funds are the water, sewer, water infrastructure, sewer infrastructure, 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.

1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

Cash and Investments

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

Interfund Transactions

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

1. Summary of Significant Accounting Policies (Continued)

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

Property Taxes

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

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

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

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

Special assessments outstanding at December 31, 2017 are recognized as revenue only when received. The receivable balances in the fund financial statements are offset entirely by deferred inflow of resources until collected by the county. These offsetting balances are also not reflected in the financial statements.

Capital Assets

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

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

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

CITY OF CHATFIELD, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

Capital Assets (Continued)

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

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

Compensated Absences

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

Long-Term Obligations

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

Concentration of Credit Risk

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

CITY OF CHATFIELD, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

Net position / Fund Balance

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

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

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

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

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

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

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

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

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

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

CITY OF CHATFIELD, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

Pensions

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

Comparative Data

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

Deferred Outflows of Resources

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

Deferred Inflows of Resources

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

CITY OF CHATFIELD, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Each fall, the City Council adopts an annual budget for the following year. The budgets are, in all material respects, prepared on the same basis of accounting used to prepare the financial statements. Budgeted amounts for the General and Major Special Revenue Funds have been presented in the financial statements.

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

3. Detailed Notes on All Funds

A. Summary of Cash and Investments

As of December 31, 2017, the City's cash and investments consisted of the following items, all of which are held in an internal investment pool:

Cash and Investments	Maturities	Ratings	Fair Value
Cash on hand	None	N/A	\$ 150
Deposits	None	N/A	1,583,795
Non-negotiable certificates of deposit	May 2018 - June 2022	N/A	2,136,661
U.S. government bonds	February 2021 - December 2023	AAA	859,986
Municipal bonds	February 2019 - February 2024	AA2	634,626
Money market funds	None	N/A	53,120
U.S. treasury note	January 2018	N/A	4,484,848
Total Cash and Investments			<u>\$ 9,752,786</u>
Cash and Investments			\$ 5,267,938
Restricted Cash			<u>4,484,848</u>
Cash and Investments per Statement of Net Position			<u>\$ 9,752,786</u>



CITY OF CHATFIELD, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

Investments Authorized by Minnesota Statutes

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

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

Collateralization of Cash Deposits

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

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

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

Interest Rate Risk

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

Credit Risk

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

CITY OF CHATFIELD, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

A. Summary of Cash and Investments (Continued)

Concentration of Credit Risk

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

Investments	Ratings	of Total
U.S. government bonds	AAA	9%
Municipal bonds	AA2	7%
U.S. treasury note	N/A	46%

Fair Value Measurements

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

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

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

CITY OF CHATFIELD, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

Fair Value Measurements (Continued)

The City's investments within the fair value hierarchy at December 31, 2017 and 2016 were as follows:

Assets Measured at	At December 31, 2017			At December 31, 2016		
	Fair Value	Fair Value Hierarchy Level		Fair Value	Fair Value Hierarchy Level	
		Level 1	Level 2		Level 1	Level 2
U.S. government bonds	\$ 859,586	\$	\$ 859,586	\$	\$	\$
Municipal bonds	634,626		634,626			
U.S. treasury note	4,484,848		4,484,848			
<b>Total</b>	<b>\$ 5,979,060</b>		<b>\$ 5,979,060</b>			
U.S. government bonds	\$ 968,725	\$	\$ 968,725	\$	\$	\$
Municipal bonds	635,528		635,528			
U.S. treasury note	5,413,980		5,413,980			
<b>Total</b>	<b>\$ 7,018,233</b>		<b>\$ 7,018,233</b>			

B. Deferred Special Assessments Receivable

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

CITY OF CHATFIELD, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

C. Notes Receivable

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

The City of Chatfield, Minnesota entered into a Grant Agreement with the Minnesota Department of Employment and Economic Development dated June 30, 2008, for which \$511,088 in Flood Recovery Funds were received and loaned to an enterprise within the City. During 2008, the City loaned Bernard Bus \$511,088 at 2% interest to help with flood recovery costs. The amount forgiven will be \$339,223 if the company continues to maintain operations in the City of Chatfield until June 30, 2018.

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.

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, 2017:

	Date of Loan	Initial Loan Amount	Interest Rate	Term	Balance 12/31/17
S&K Custom Furniture	5/30/2006	\$ 40,245	5%	10 years	\$ 27,758
Bernard Bus	6/30/2008	511,088	2%	10 years	339,223
EZ Fab	7/1/2014	533,000	1%	15 years	419,600
MT Properties	10/1/2014	62,700	4%	10 years	44,967
Steve's Auto	8/1/2015	21,000	4%	5 years	12,458
Ries Auto Stores LLC	6/1/2016	45,000	4%	10 years	44,038
Bick & Berry Boutique	8/1/2016	30,000	4%	5 years	22,578
Corner Cuts Salon	9/20/2017	25,354	4%	10 years	24,834
		<b>\$ 1,268,387</b>			<b>\$ 935,456</b>

CITY OF CHATFIELD, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

D. Capital Assets

Capital asset activity, including internal service fund capital assets, for the year ended December 31, 2017 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,158,679	\$	\$	\$ 1,158,679
Construction in process		33,753		33,753
Total capital assets, not being depreciated	1,158,679	33,753		1,192,432
Capital assets, being depreciated:				
Buildings	12,546,143	68,268		12,614,411
Infrastructure	7,040,536	367,593		7,408,129
Vehicles	1,950,606			1,950,606
Furniture and fixtures	369,740	21,527		391,267
Machinery and equipment	2,081,854	122,874	6,300	2,198,425
Total capital assets, being depreciated	23,988,879	580,259	6,300	24,562,838
Less accumulated depreciation for:				
Buildings	4,411,914	499,225		4,911,139
Infrastructure	2,999,415	235,741		3,235,156
Vehicles	647,200	144,704		791,904
Furniture and fixtures	203,521	19,389		222,910
Machinery and equipment	1,437,219	121,275	6,300	1,552,194
Total accumulated depreciation	9,699,269	1,020,334	6,300	10,713,303
Total capital assets, being depreciated, net	14,289,610	(440,075)		13,849,535
Governmental activities capital assets, net	\$ 15,448,289	\$ (406,322)	\$	\$ 15,041,967

CITY OF CHATFIELD, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

D. Capital Assets (Continued)

Capital assets, not being depreciated:

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Land	\$ 60,492	\$	\$	\$ 60,492
Construction in process	350,000		350,000	
Total capital assets, not being depreciated	410,492		350,000	60,492
Capital assets, being depreciated:				
Wastewater Treatment Facility and Distribution	15,809,445	237,057		16,046,502
Machinery and equipment	366,075	470,029	170,769	665,335
Total capital assets, being depreciated	16,175,520	707,086	170,769	16,711,837
Less accumulated depreciation for:				
Wastewater Treatment Facility and Distribution	6,616,965	392,682		7,009,647
Machinery and equipment	258,639	62,348	164,823	156,164
Total accumulated depreciation	6,875,604	455,030	164,823	7,185,811
Total capital assets, being depreciated, net	9,299,916	252,056	5,946	9,546,026
Business-type activities capital assets, net	\$ 9,710,408	\$ 252,056	\$ 355,946	\$ 9,606,518

Depreciation expense was charged to functions/programs as follows:

**Governmental Activities:**

General government	\$ 49,317
Public safety	146,402
Public works	132,922
Parks and recreation	22,775
Library	48,208
Community development	392,503
Subtotal	792,127
Internal service fund	228,207
Total depreciation expense - governmental activities	\$ 1,020,334

**Business-Type Activities:**

Water infrastructure	\$ 115,062
Sewer infrastructure	339,968
Total depreciation expense - business-type activities	\$ 455,030

CITY OF CHATFIELD, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

E. *Interfund Balances and Transfers*

Transfers during the year ended December 31, 2017 were as follows:

Funds	Transfers In	Transfers Out
General Fund - Other	\$ 142,716	\$ 302,215
Special Revenue:		
Ambulance	92,650	54,420
Ambulance Capital Reserve	40,000	73,000
EDA	48,000	
Fire	57,565	45,400
Fire Capital	42,500	
Cable Access		2,990
Chatfield Center for the Arts	60,000	9,551
Capital Project:		
Industrial Drive Project		279,559
CCA Capital Projects	9,551	
Debt Service:		
2014A Bond	68,493	
2002A Refunding Bond		23,376
2010A Refunding Bond	870,000	122,193
2016A GO Refunding 2010A Bond	122,193	870,000
2012A Refunding Bond	106,830	
Subtotal Governmental Funds	<u>1,660,498</u>	<u>1,782,704</u>
Enterprise:		
Water		206,790
Sewer		542,790
Garbage		15,450
Water Infrastructure	227,701	199,805
Sewer Infrastructure	653,522	144,917
Sewer - No Fault Back	1,000	
Subtotal Enterprise Funds	<u>882,223</u>	<u>1,109,752</u>
Internal Service Fund	349,735	
Total Transfers	<u>\$ 2,892,456</u>	<u>\$ 2,892,456</u>

CITY OF CHATFIELD, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

E. *Interfund Balances and Transfers (Continued)*

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

Governmental and Internal Service Funds:	
Transfers in	\$ 2,010,233
Transfers out	<u>(1,782,704)</u>
Government-wide Statement of Activities	
Transfers in/out	<u>\$ 227,529</u>

The amounts due to and from other funds at December 31, 2017, at the individual fund level are summarized below:

Funds	Due To Other Funds	Due From Other Funds
General Fund		\$ 15,212
Twiford Street Redevelopment	\$ 14,835	
Cabin Coffee TIF	377	
	<u>\$ 15,212</u>	<u>\$ 15,212</u>

At December 31, 2017, the following funds have deficit balances:

Twiford Street Redevelopment	\$ 14,835
Cabin Coffee TIF Fund	377

Excess of expenditures over budgeted appropriations at the individual fund level during 2017 are as follows:

General Fund	\$ 28,354
Revolving Loan Federal Fund	25,354

All excess expenditures were the result of planned processes.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

F. Long-term debt

The following is a summary of changes in long-term debt obligations during the year ended December 31, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and Notes Payable:					
General Obligation Bonds:					
2002A Refunding (3.0-4.9%)	\$ 10,000	\$ 10,000	\$ 10,000	\$	\$
2010A Capital Improvement Refunding (2.0-3.9%)	950,000	950,000	950,000	1,435,000	155,000
2012A GO Crossover Refunding Bonds (2.0-2.7%)	1,580,000	145,000	145,000	1,405,000	160,000
2014A GO Bonds (2.0-2.25%)	1,565,000	160,000	160,000	875,000	
2016A GO Crossover Refunding Bonds (2.0%)	875,000	457,000		457,000	
2017A GO Tax Abatement Note (2.85%)	12,466		12,466		
2011 SCDP Center for the Arts Loan	56,248		5,919	50,329	
Plus: Unamortized premium	5,048,714	457,000	1,283,385	4,222,329	315,000
Total Bonds and Notes Payable	1,982,531		991,278	891,253	
Other Liabilities:	168,234		37,693	150,541	
Net Pension Liability					
Compensated Absences					
Governmental Activities	7,219,479	457,000	2,312,356	5,364,123	315,000
Long-term Liabilities					
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and Notes Payable:					
General Obligation Revenue Bonds:					
2011A Refunding Bonds (3.42%)	5,215,000		375,000	4,840,000	4,840,000
2016A GO Crossover Refunding Bonds (2.0%)	4,535,000			4,535,000	
2016B GO Water Revenue Note (2.825%)	425,000			425,000	37,000
2017B GO Utility Revenue Note (0%)		300,000		300,000	30,000
Plus: Unamortized premium	70,667		5,889	64,778	
Less: Bond discount	(30,129)		(27,391)	(27,390)	
Total Bonds and Notes Payable	10,215,538	300,000	378,150	10,137,388	4,907,000
Other Liabilities:					
Net Pension Liability	179,522		44,354	135,168	
Compensated Absences	9,578		452	9,126	
Business-type Activities	10,404,638	300,000	422,956	10,281,682	4,907,000
Long-term Liabilities	\$ 17,624,117	\$ 757,000	\$ 2,735,312	\$ 15,645,805	\$ 5,222,000
Total					

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

F. Long-term debt (Continued)

The 2002A Refunding Bonds were issued to refund the 2000 General Obligation Temporary Improvement Bond and to fund improvements along Mill Creek Road. The 2004A Sewer and Permanent Improvement Refunding Bonds were issued to refund the 1998B and 1999A bonds and provide funding for a sewer project. The 2010A Capital Improvement Refunding Bonds were issued to refund the 2001 EDA Public Project Revenue Bonds. The 2012 GO Crossover Refunding Bonds were issued to refund the 2008A General Obligation Improvement Bonds.

The 2011A Refunding Bonds were issued to refund the City the 2005 General Obligation Disposal System Bonds.

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.

CITY OF CHATFIELD, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

F. Long-term debt (Continued)

Conduit Debt Obligations

To provide for previous bond refunding and construction of improvements and the acquisition and installation of equipment by Chosen Valley Care Center, Inc. (a non-profit corporation), the City of Chatfield, Minnesota issued \$3,640,806 of Healthcare and Housing Facilities Revenue Loan Participation Notes dated August 1, 2005. These notes are special limited obligations of the City, payable solely from income sources of the non-profit corporation. The notes do not constitute a debt or pledge of the faith and credit of the City, and accordingly have not been reported in the accompanying financial statements. At December 31, 2017, remaining notes outstanding totaled \$2,437,589.

To provide financing for phase II improvements to Olmsted Medical Center, (a non-profit corporation), the City of Chatfield, Minnesota issued \$2,600,000 of Health Care Facilities Revenue Note dated April 1, 2006. These notes are special limited obligations of the City, payable solely from income sources of the non-profit corporation. The notes do not constitute a debt or pledge of the faith and credit of the City, and accordingly have not been reported in the accompanying financial statements. At December 31, 2017, remaining notes outstanding totaled \$796,141.

4. Defined Benefit Pension Plans - Statewide

Plan Description

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

1. General Employees Retirement Fund
- All full-time and certain part-time employees of the City of Chatfield, Minnesota are covered by the General Employees Plan. General Employees Plan members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

CITY OF CHATFIELD, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

F. Long-term debt (Continued)

2012 GO Crossover Refunding Bond

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 annual requirements to amortize all long-term debt outstanding as of December 31, 2017, over the life of the debt, are summarized below:

Years	General Obligation Bonds		General Obligation Revenue Bonds	
	Principal	Interest	Principal	Interest
<b>Governmental Activities</b>				
2018	\$ 315,000	\$ 87,975		
2019	441,000	81,819		
2020	452,000	72,448		
2021	458,000	62,769		
2022	459,000	52,792		
2023-2027	1,995,000	112,503		
2028	52,000	741		
<b>Totals</b>	<b>\$ 4,172,000</b>	<b>\$ 471,047</b>		
<b>Business-Type Activities</b>				
2018			\$ 447,000	\$ 262,319
2019			878,000	246,947
2020			895,000	226,033
2021			916,000	203,728
2022			932,000	180,316
2023-2027			5,032,000	510,869
2028			1,000,000	15,150
<b>Totals</b>			<b>\$ 10,100,000</b>	<b>\$ 1,645,361</b>

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

## 2. Public Employees Police and Fire Plan

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

Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5 percent increases. Members in plans that have not exceeded 90 percent funded, or have fallen below 80 percent, are given one percent increases.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. 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 and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year 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.

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

## 2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. 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.

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

Basic Plan members and Coordinated Plan members were required to contribute 9.1 percent and 6.50 percent, respectively, of their annual covered salary in calendar year 2017. The City was required to contribute 11.78 percent of pay for Basic Plan members and 7.50 percent for Coordinated Plan members in calendar year 2017. The City's contributions to the General Employees Fund for the year ended December 31, 2017, were \$54,824. The City's contributions were equal to the required contributions as set by state statute.

## 2. Police and Fire Fund Contributions

Plan members were required to contribute 10.8 percent of their annual covered salary in calendar year 2017. The City was required to contribute 16.20 percent of pay for members in calendar year 2017. The City's contributions to the Police and Fire Fund for the year ended December 31, 2017, were \$46,269. The City's contributions were equal to the required contributions as set by state statute.

CITY OF CHATFIELD, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2017, the City reported a liability of \$721,385 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 \$6 million to the fund in 2017. 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 \$9,108. The net pension liability was measured as of June 30, 2017, 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 proportion 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the City's proportion share was 0.0113 percent which was a decrease of 0.0005 percent from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the City recognized pension expense of \$19,441 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$263 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the General Employees Fund.

At December 31, 2017, 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	\$	24,335
Changes in actuarial assumptions	52,741	
Difference between projected and actual investment earnings	9,304	
Changes in proportion		31,826
Contributions paid to PERA subsequent to the measurement date	31,518	
Total	<u>\$ 93,563</u>	<u>\$ 56,161</u>

CITY OF CHATFIELD, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

\$31,518 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability during the year ended December 31, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	Pension Expense Amount
2018	\$ 18,589
2019	40,261
2020	(22,345)
2021	(30,621)

2. Police and Fire Fund Pension Costs

At December 31, 2017 the City reported a liability of \$405,036 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2017 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 proportion 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, 2016, through June 30, 2017 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017 the City's proportion was 0.030 percent which did not change from its proportion measured as of June 30, 2016. The City also recognized \$2,700 for the year ended December 31, 2017 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year, starting in fiscal year 2014.

For the year ended December 31, 2017 the City recognized pension expense of \$(52,067) for its proportionate share of the Police and Fire Plan's pension expense.



CITY OF CHATFIELD, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

At December 31, 2017 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	\$ 5,562	\$ 97,131
Changes in actuarial assumptions		43,732
Difference between projected and actual investment earnings	5,562	
Changes in proportion		10,801
Contributions paid to PERA subsequent to the measurement date	25,646	
Total	\$ 31,208	\$ 151,664

\$25,646 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	Pension Expense Amount
2018	\$ 3,436
2019	3,434
2020	(11,410)
2021	(31,557)
2022	(110,005)

Aggregate Pension Costs

Pension expense recognized by the City for the year ended December 31, 2017 is as follows:

GERF	\$19,441
PEPFF	(52,067)
Total	<u>\$(32,626)</u>

CITY OF CHATFIELD, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% Per year
Active Member Payroll Growth	3.25% Per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabled were based on RP 2014 tables for all plans for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be one percent per year for the General Employees Plan through 2044 and Police and Fire Plan through 2064 and the 2.5 percent thereafter for both plans.

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2016. The most recent five-year experience study for Police and Fire Plan was completed in 2016.

The following changes in actuarial assumptions occurred in 2017:

General Employees Fund

- The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

Police and Fire Fund

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.

CITY OF CHATFIELD, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

Police and Fire Fund (continued)

- Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65 percent to 60 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.

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:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Stocks	39%	5.10%
International Stocks	19%	5.30%
Bonds	20%	0.75%
Alternative Assets	20%	5.90%
Cash	2%	0.00%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability in 2017 was 7.50%. 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 position of the General Employees Fund and the Police and Fire Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF CHATFIELD, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

Pension Liability Sensitivity

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

	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
City's proportionate share of the GERF net pension liability	\$ 1,118,921	\$ 721,385	\$ 395,929
City's proportionate share of the PEPFF net pension liability	762,800	405,036	109,681
Total Net Pension Liability	\$ 1,881,721	\$ 1,126,421	\$ 505,610

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)

4. Defined Benefit Pension Plans – Statewide (Continued)

Defined Benefit Pension Plan – Fire Department Relief Association

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

Plan Description

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

Volunteer firefighters of the City are members of the Chatfield Fire Department Relief Association. Association members are eligible to receive a lump sum pension benefit of \$1,600 per person per year of service after reaching a minimum retirement age of 50 and at least 20 years of service with 5 years of membership in the association. Association members are eligible to receive partial pension benefits for service with 5 years of membership in the association. These benefit provisions are consistent with enabling State statutes. Volunteers of the department are not required to contribute to the relief association. The City levies property taxes at the direction of and for the benefit of the fire relief association and passes through state aids allocated to the plan, all in accordance with enabling state statutes. During 2017, at the Association direction, the City did not levy any property taxes to be paid to the Association.

Funding Status and Progress

At December 31, 2017 (most current information available) the Association funding status is as follows:

Total plan assets	\$ 380,165
Total accrued liability	(263,767)
Excess (Deficiency) of Plan Assets over Accrued Liability	\$ 116,398

Contributions Required and Contributions Made

Financial requirements of the Association are determined on a computation based on member years of service. The City's minimum obligation is the financial requirement for the year less Association investment earnings and State aids. The funding strategy should provide sufficient resources to pay relief association benefits on a timely basis. The City was not obligated to make a contribution in 2017.

The computation of the pension contribution requirements for 2017 was based on the same assumptions, benefit provision, lump sum funding method, and other significant factors used to determine pension contributions requirements in previous years.

CITY OF CHATFIELD, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Risk Management

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

Settled claims resulting from these risks have not exceeded the insurance coverage in any of the past three years. There were no reductions in insurance coverage in 2017.

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 2017. 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.

6. Fund Equity

Committed fund balances as of December 31, 2017 are as follows:

Committed fund balance:	
Library Fund	\$ 497,015

7. Tax Abatement

**CITY OF CHATFIELD, MINNESOTA**  
**Schedules of City Pension Contributions**  
**December 31, 2017**

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

Year Ended December 31	Contributions in Relation to		Contributions as a Percentage of Covered Payroll (b/d)
	Statutorily Required Contribution (a)	Statutorily Required Contribution (b)	
2014	\$ 43,241	\$ 43,241	7.25%
2015	67,009	67,009	7.50%
2016	54,923	54,923	7.50%
2017	54,824	54,824	7.50%
2018			
2019			
2020			
2021			
2022			
2023			

**CITY OF CHATFIELD, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2017**

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

Year Ended December 31	Contributions in Relation to		Contributions as a Percentage of Covered Payroll (b/d)
	Statutorily Required Contribution (a)	Statutorily Required Contribution (b)	
2014	\$ 37,020	\$ 37,020	15.3%
2015	55,140	55,140	16.2%
2016	46,950	46,950	16.2%
2017	46,269	46,269	16.2%
2018			
2019			
2020			
2021			
2022			
2023			

**CITY OF CHATFIELD, MINNESOTA**  
**Schedules of City and Non-Employer Proportionate Share of Net Pension Liability**  
 December 31, 2017

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

Fiscal Year Ended June 30	Proportionate (Percentage) of Net Pension Liability (Asset)	Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Covered-Employee Payroll (b)	Proportionate Share (Amount) of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll (a/b)		Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
				Pension Liability (Asset)	Proportionate Share (Amount) of the Net Pension Liability (Asset)	
2014	0.0124%	\$ 582,490	\$ 728,259	80%		78.7%
2015	0.0114%	590,807	744,940	79%		78.2%
2016	0.0118%	958,101	812,880	118%		68.9%
2017	0.0113%	721,385	731,647	99%		75.9%
2018						
2019						
2020						
2021						
2022						
2023						

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

Fiscal Year Ended June 30	Proportionate (Percentage) of Net Pension Liability (Asset)	Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Covered-Employee Payroll (b)	Proportionate Share (Amount) of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll (a/b)		Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
				Pension Liability (Asset)	Proportionate Share (Amount) of the Net Pension Liability (Asset)	
2014	0.032%	\$ 345,613	\$ 296,393	117%		87.1%
2015	0.030%	340,870	291,166	117%		86.6%
2016	0.030%	1,203,952	315,093	382%		63.9%
2017	0.030%	405,036	287,713	141%		85.4%
2018						
2019						
2020						
2021						
2022						
2023						

CITY OF CHATFIELD, MINNESOTA  
 COMBINING BALANCE SHEET  
 SPECIAL REVENUE FUNDS  
 December 31, 2017

	Special Revenue					
	211/212	220/221	240	230/231	361	614 241
<b>ASSETS</b>						
Cash and investments						
Accounts receivable	\$ 499,307	\$ 189,011	\$ 76,803	\$ 5,869	\$ 22,461	\$ 110,198
Notes receivable		970	500	278,520		6,316
Taxes receivable - delinquent					321,174	
<b>TOTAL ASSETS</b>	<b>\$ 499,307</b>	<b>\$ 189,981</b>	<b>\$ 77,303</b>	<b>\$ 284,389</b>	<b>\$ 343,635</b>	<b>\$ 110,198</b>

CITY OF CHATFIELD, MINNESOTA  
 COMBINING AND INDIVIDUAL NONMAJOR FUNDS  
 STATEMENTS AND SCHEDULES  
 DECEMBER 31, 2017

**LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE**

<b>Liabilities</b>						
Accounts payable	\$ 2,292	\$ 1,055	\$ 3,655	\$ 710	\$	\$
Due to other funds						
<b>Total Liabilities</b>	<b>2,292</b>	<b>1,055</b>	<b>3,655</b>	<b>710</b>	<b></b>	<b></b>

**Deferred Inflows of Resources**

Unavailable revenue:						
Property taxes					321,174	
Notes receivable					321,174	
<b>Total Deferred Inflows of Resources</b>					<b>321,174</b>	

**Fund Balance**

Restricted:						
Regulations						110,198
Committed:						
By Council resolution	497,015				22,461	
Assigned:						
Fund assignments	188,926	77,303	280,734			40,890
Unassigned:						
<b>Total Fund Balance</b>	<b>497,015</b>	<b>188,926</b>	<b>77,303</b>	<b>280,734</b>	<b>22,461</b>	<b>110,198</b>

**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE**

	\$ 499,307	\$ 189,981	\$ 77,303	\$ 284,389	\$ 343,635	\$ 110,198
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**CITY OF CHATFIELD, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2017

	250	251	353	354	357	358	359	Total
	Chatfield	CCA -	Pope &	Lone	EZ/Fab Tax	Twiford	Cabin	Special
	Center for	Schmidt	Young Tax	Stone Tax	Increment	Street	Coffee Tax	Revenue
	the Arts	Foundation	Increment	Increment	Increment	Redevelopment	Increment	Funds
\$	\$	\$	\$	\$	\$	\$	\$	\$
	280	83	15	27				
	681							
	333							
	2,477							
	3,771	83	13,111	95,829	16,523	3,432		1,020,461
	93,153	2,375	13,085	95,802	16,521	3,293		53,498
								435,021
								223,915
								317,434
								32,290
	12,466							12,466
	31							31
	105,650	2,375	13,085	95,802	16,521	3,293		1,074,655
	(101,879)	(2,292)	16	27	2	139		(64,194)
	60,000							340,715
	(9,551)							(185,361)
	50,449							155,354
	(51,430)	(2,292)	16	27	2	139		101,160
	93,932	6,376	2	1,863		(516)		1,149,651
	\$ 42,502	\$ 4,084	\$ 18	\$ (14,835)	\$ 1,890	\$ 2	\$ (377)	\$ 1,250,811

	323	334	335	332
	2002A	2014A	2016A GO	2012A
	Refunding	Bond	Refunding	Refunding
	Bond	Bond	Bond	Bond
<b>REVENUES</b>				
Property tax levy	\$ 39	\$ 109,840	\$ 15,354	\$ 47,663
Special assessments	1,356	23,568		30,923
Intergovernmental	323	3,735	1,407	4,496
Contributions				
<b>TOTAL REVENUES</b>	<b>1,718</b>	<b>137,143</b>	<b>16,761</b>	<b>83,082</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Capital outlay				
Debt service	10,000	160,000		145,000
Principal retirement	245	32,936	17,979	34,109
Interest and fiscal charges				
<b>TOTAL EXPENDITURES</b>	<b>10,245</b>	<b>192,936</b>	<b>17,979</b>	<b>179,109</b>
Excess (deficiency) of revenues over (under) expenditures	(8,527)	(55,793)	(1,218)	(96,027)
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds		68,493	122,193	106,830
Transfer in	(23,376)		(870,000)	
Transfer out				
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(23,376)</b>	<b>68,493</b>	<b>(747,807)</b>	<b>106,830</b>
Net change in fund balances	(31,903)	12,700	(749,025)	10,803
<b>FUND BALANCES, beginning</b>	<b>31,903</b>	<b>307,333</b>	<b>893,419</b>	<b>363,258</b>
<b>FUND BALANCES, ending</b>	<b>\$</b>	<b>\$ 320,033</b>	<b>\$ 144,394</b>	<b>\$ 374,061</b>

**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, 2017**

*With Comparative Totals for the Year Ended December 31, 2016*

	Budgeted Amounts - Original	Final	Fund 250 2017 Actual Amounts	Variance with Final Budget - Positive (Negative)	2016 Actual Amounts
<b>REVENUES</b>					
Charges for services	\$	\$	\$ 280	\$ 280	\$ 11,659
Investment income			681	681	1,244
Donations			333	333	11,720
Miscellaneous			2,477	2,477	4,692
<b>TOTAL REVENUES</b>			<b>3,771</b>	<b>3,771</b>	<b>29,315</b>
<b>EXPENDITURES</b>					
Repairs and maintenance			1,167	(1,167)	9,533
Professional Services	60,000	60,000	80,000	(20,000)	12,400
Utilities			(3,502)	3,502	33,552
Miscellaneous			15,488	(15,488)	22,828
Principal and interest			12,487	(12,487)	912
Capital outlay					7,917
<b>TOTAL EXPENDITURES</b>	<b>60,000</b>	<b>60,000</b>	<b>105,650</b>	<b>(45,650)</b>	<b>87,142</b>
Excess (deficiency) of revenues over (under) expenditures	<b>(60,000)</b>	<b>(60,000)</b>	<b>(101,879)</b>	<b>(41,879)</b>	<b>(57,827)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	60,000	60,000	60,000		60,000
Transfers out			(9,551)	(9,551)	
Total Other Financing Sources (Uses)	<b>60,000</b>	<b>60,000</b>	<b>50,449</b>	<b>(9,551)</b>	<b>60,000</b>
Net change in fund balances			(51,430)	(51,430)	2,173
<b>FUND BALANCES, beginning</b>	<b>93,932</b>	<b>93,932</b>	<b>93,932</b>		<b>91,759</b>
<b>FUND BALANCES, ending</b>	<b>\$ 93,932</b>	<b>\$ 93,932</b>	<b>\$ 42,502</b>	<b>\$ (51,430)</b>	<b>\$ 93,932</b>

Capital Project Funds	438	Total Nonmajor Governmental Funds
CCA Capital Projects	Industrial Drive Project	
\$	\$	\$
271,486	5,697	172,896
21,128		55,847
		271,486
		15,658
		21,128
292,614	5,697	537,015
92,465		92,465
		315,000
	5,160	90,429
92,465	5,160	400,269
200,149	537	39,121
9,551	445,560	445,560
	(279,559)	307,067
	166,001	(1,172,935)
209,700	166,538	(420,308)
(209,700)		(381,187)
		1,386,213
\$	\$ 166,538	\$ 1,005,026

**CITY OF CHATFIELD, MINNESOTA**  
**LIBRARY FUND**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
 For the Year Ended December 31, 2017  
 With Comparative Totals for the Year Ended December 31, 2016

	Budgeted Amounts		211 Library	212 Library Endowment	2017 Actual Amounts	Variance with Final Budget - Positive (Negative)	2016 Actual Amounts
	Original	Final					
<b>REVENUES</b>							
Property tax levy	\$ 147,129	\$ 147,129	\$	\$	\$ 147,129	\$	\$ 136,534
Intergovernmental revenues	58,604	58,604	58,645		58,645	41	57,038
Library fines	2,600	2,600	2,629		2,629	29	3,783
Investment income	10,000	10,000	1,281	2,850	1,281	(8,719)	2,505
Contributions	600	600	4,615		7,465	7,465	5,195
Sale of merchandise	3,330	3,330	177		12,775	12,175	8,889
Miscellaneous					177	(3,153)	3,703
<b>TOTAL REVENUES</b>	<b>222,263</b>	<b>222,263</b>	<b>227,251</b>	<b>2,850</b>	<b>230,101</b>	<b>7,838</b>	<b>217,647</b>
<b>EXPENDITURES</b>							
<b>Library</b>							
Salaries	107,747	107,747	106,871		106,871	776	100,612
Employee benefits and retirement	16,418	16,418	15,090		15,090	1,328	15,143
Workers compensation	500	500	575		575	(75)	505
Health insurance	28,791	28,791	30,853		30,853	(3,792)	23,483
Travel	645	645	395		395	250	280
Office supplies and postage	1,800	1,800	1,875		1,875	(75)	1,780
Operating supplies/small tools	2,500	2,500	13,981		13,981	(11,481)	11,687
Insurance	4,000	4,000	3,262		3,262	738	3,286
Utilities	4,000	4,000	4,000		4,000		3,904
Maintenance and repair	10,000	10,000	10,148		10,148	(148)	10,903
Telephone	1,850	1,850	2,587		2,587	(737)	1,923
Cleaning services	950	950	391		391	559	800
Capital outlay	20,300	20,300	18,502		18,502	1,798	27,803
Other	14,762	14,762	13,524		13,524	1,238	12,896
<b>TOTAL EXPENDITURES</b>	<b>214,263</b>	<b>214,263</b>	<b>223,915</b>	<b>2,850</b>	<b>223,915</b>	<b>(9,652)</b>	<b>216,615</b>
Net change in fund balances	8,000	8,000	3,336	2,850	6,186	(1,814)	1,032
<b>FUND BALANCES, beginning</b>	<b>490,829</b>	<b>490,829</b>	<b>110,207</b>	<b>380,622</b>	<b>490,829</b>		<b>489,797</b>
<b>FUND BALANCES, ending</b>	<b>\$ 498,829</b>	<b>\$ 498,829</b>	<b>\$ 113,543</b>	<b>\$ 383,472</b>	<b>\$ 497,015</b>	<b>\$ (1,814)</b>	<b>\$ 490,829</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, 2017  
 With Comparative Totals for the Year Ended December 31, 2016

	Budgeted Amounts		220 Fire	221 Fire Capital	2017 Actual Amounts	Variance with Final Budget - Positive (Negative)	2016 Actual Amounts
	Original	Final					
<b>REVENUES</b>							
Intergovernmental Revenues	\$ 49,000	\$ 49,000	\$ 37,390	\$	\$ 37,390	\$ (11,610)	\$ 36,676
State Grants and Aids			11,000		11,000	11,000	11,000
Volunteer retention stipend	57,965	57,965	60,021		60,021	2,468	56,915
Township contributions	10,000	10,000	4,401		4,401	(5,599)	8,886
Charges for services	2,000	2,000	1,376	541	1,917	(63)	2,591
Investment income	62,000	62,000	96,245		96,245	33,245	81,488
Donations	950	950	1,742		1,742	792	11,434
Miscellaneous							
<b>TOTAL REVENUES</b>	<b>181,515</b>	<b>181,515</b>	<b>115,930</b>	<b>95,786</b>	<b>211,716</b>	<b>30,201</b>	<b>208,999</b>
<b>EXPENDITURES</b>							
<b>Public Safety</b>							
Salaries	32,960	32,960	24,615		24,615	8,345	15,020
Employee benefits and retirement	3,364	3,364	2,763		2,763	601	1,914
Workers compensation	6,500	6,500	7,518		7,518	(1,018)	7,117
Operating supplies	3,000	3,000	2,019		2,019	981	4,054
Small tools and minor equipment	5,600	5,600	5,097		5,097	703	5,990
Vehicle operating supplies	1,500	1,500	1,306		1,306	194	1,081
Insurance	4,000	4,000	6,660		6,660	(2,660)	4,513
Utilities	7,000	7,000	6,225		6,225	775	5,941
Maintenance and repairs	8,000	8,000	7,933		7,933	67	9,921
Training	1,500	1,500	1,278		1,278	222	7,704
Fire pension contribution	55,000	55,000	43,395		43,395	11,605	41,367
Volunteer retention stipend	6,000	6,000	20,365		20,365	(14,365)	362,666
Capital Outlay	11,300	11,300	6,148	1,910	8,058	3,242	6,853
Other							
<b>TOTAL EXPENDITURES</b>	<b>145,924</b>	<b>145,924</b>	<b>125,957</b>	<b>22,275</b>	<b>148,232</b>	<b>(2,308)</b>	<b>485,141</b>
Excess (deficiency) of revenues over (under) expenditures	35,591	35,591	(10,027)	73,511	63,484	27,863	(276,142)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	100,065	100,065	57,565	42,500	100,065		136,888
Transfers out	(45,395)	(45,395)	(45,400)		(45,400)	(5)	(82,810)
Total Other Financing Sources (Uses)	54,670	54,670	12,165	42,500	54,665	(5)	53,078
Net change in fund balances	90,261	90,261	2,138	116,011	118,149	27,868	(223,064)
<b>FUND BALANCES, beginning</b>	<b>70,777</b>	<b>70,777</b>	<b>68,847</b>	<b>1,930</b>	<b>70,777</b>		<b>283,841</b>
<b>FUND BALANCES, ending</b>	<b>\$ 161,038</b>	<b>\$ 161,038</b>	<b>\$ 70,985</b>	<b>\$ 117,941</b>	<b>\$ 188,926</b>	<b>\$ 27,868</b>	<b>\$ 70,777</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, 2017  
 With Comparative Totals for the Year Ended December 31, 2016

	Budgeted Amounts		Fund 240		Variance with Final Budget - Positive (Negative)	2016 Actual Amounts
	Original	Final	2017 Actual Amounts	2016 Actual Amounts		
<b>REVENUES</b>						
Investment Income		\$	\$	\$	\$	\$
Contributions		8,000	8,000	500	500	1,000
Miscellaneous		8,000	17,401	9,401	9,401	11,430
<b>TOTAL REVENUES</b>		16,000	25,401	18,901	18,901	22,860
<b>EXPENDITURES</b>						
Community development		54,200	54,200	69,805	(15,605)	46,184
<b>TOTAL EXPENDITURES</b>		54,200	54,200	69,805	(15,605)	46,184
<b>TOTAL EXPENDITURES</b>		(46,200)	(46,200)	(51,081)	(4,881)	(33,053)
Deficiency of revenues under expenditures						
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in		48,000	48,000	48,000	48,000	40,000
Transfers out		(17,500)	(17,500)	17,500	17,500	40,000
Total Other Financing Sources (Uses)		30,500	30,500	65,500	65,500	80,000
Net change in fund balances		(15,700)	(15,700)	(3,081)	12,619	6,947
<b>FUND BALANCES, beginning</b>		80,384	80,384	80,384	73,437	73,437
<b>FUND BALANCES, ending</b>		\$ 64,684	\$ 64,684	\$ 77,303	\$ 12,619	\$ 80,384

CITY OF CHATFIELD, MINNESOTA  
 AMBULANCE FUND  
 Schedule of Revenues, Expenditures  
 and Changes in Fund Balance - Budget and Actual  
 For the Year Ended December 31, 2017  
 With Comparative Totals for the Year Ended December 31, 2016

	Budgeted Amounts		230		Variance with Final Budget - Positive (Negative)	2016 Actual Amounts
	Original	Final	Ambulance	231 Capital Reserve		
<b>REVENUES</b>						
County contract		\$	\$	\$	\$	\$
County contributions		19,500	19,500	19,500	19,500	19,448
Transfer reimbursement		30,000	30,000	49,426	49,426	44,365
Volunteer retention stipend		9,500	9,500	9,500	9,500	11,000
Other State Aids		5,000	5,000	1,055	1,055	740
Charges for services		248,000	248,000	249,123	249,123	172,967
Investment income		5,000	5,000	(203)	731	(4,472)
Donations		1,000	1,000	20	14,046	5,800
Miscellaneous		700	700	1,714	1,714	1,537
<b>TOTAL REVENUES</b>		323,200	323,200	334,671	14,777	349,448
<b>EXPENDITURES</b>						
Public Safety						
Salaries		154,000	154,000	148,462	148,462	140,854
Employee benefits and retirement		22,900	22,900	25,963	25,963	22,389
Workers compensation		2,000	2,000	2,310	2,310	2,340
Health insurance		23,560	23,560	24,765	24,765	21,067
Incinerations		100	100	708	708	146
Travel		10,000	10,000	15,230	15,230	19,011
Supplies and minor equipment		2,000	2,000	1,679	1,679	2,461
Office supplies		1,600	1,600	3,194	3,194	1,868
Operating supplies		12,000	12,000	12,223	12,223	13,069
Vehicle operating supplies		3,600	3,600	3,091	3,091	2,593
Internet and telephone		1,700	1,700	3,724	3,724	2,418
Travel		1,000	1,000			1,000
Printing and publications		1,050	1,050	1,566	1,566	1,124
Insurance		3,200	3,200	1,353	1,353	1,328
Utilities		5,000	5,000	5,444	5,444	5,314
Maintenance and repairs		9,000	9,000	11,106	11,106	10,202
Medical services		5,000	5,000	5,410	5,410	5,519
Laundry services		600	600	798	798	608
Clothing		300	300	434	434	676
License, permits, dues and subscription		4,500	4,500	4,658	4,658	2,679
Capital outlay		5,000	5,000			893
Repairs		3,000	3,000			1,300
Departmental capital charge		1,700	1,700	1,700	1,700	1,300
Volunteer retention stipend		11,500	11,500	9,468	9,468	11,000
Bad debt expense				3,329	3,329	
Other		2,165	2,165	3,754	3,754	2,964
<b>TOTAL EXPENDITURES</b>		283,965	283,965	305,731	10,973	280,123
Excess (deficiency) of revenues over (under) expenditures		39,635	39,635	28,940	3,804	(18,780)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in		49,650	49,650	92,650	40,000	83,000
Transfers out		(54,420)	(54,420)	(54,420)	(73,000)	(44,000)
Total Other Financing Sources (Uses)		(4,770)	(4,770)	38,230	(33,000)	10,000
Net change in fund balances		34,865	34,865	67,170	(29,196)	37,974
<b>FUND BALANCES, beginning</b>		242,760	242,760	208,434	34,326	242,760
<b>FUND BALANCES, ending</b>		\$ 277,625	\$ 277,625	\$ 275,604	\$ 5,130	\$ 280,734

**CITY OF CHATFIELD, MINNESOTA**  
**INTERNAL SERVICE FUND**  
**Statements of Net Position**  
December 31, 2017 and 2016

	2017	2016
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 932,808	\$ 851,902
Accounts receivable		15,158
Total Current Assets	932,808	867,060
<b>Noncurrent Assets</b>		
Capital assets:		
Depreciable	4,586,513	4,131,642
Less: Accumulated depreciation	2,205,896	1,983,989
Net capital assets	2,380,617	2,147,653
Total Assets	3,313,425	3,014,713
<b>LIABILITIES</b>		
Accounts payable	466	6,966
<b>NET POSITION</b>		
Invested in capital assets	2,380,617	2,147,653
Unrestricted	932,342	860,094
Total Net Position	\$ 3,312,959	\$ 3,007,747

**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, 2017  
With Comparative Totals for the Year Ended December 31, 2016

	Fund 361	2017	Actual	Amounts	2016	Actual	Amounts
		Budgeted	Final	Variance with	Final Budget -	Positive	Negative
		Original	Final	Final Budget -	Positive	Negative	Negative
<b>REVENUES</b>							
Investment income	\$ 3,600	\$ 3,600	\$ 3,596	\$ (4)	\$ 3,756		
Miscellaneous	26,000	26,000	26,271	271	26,035		
<b>TOTAL REVENUES</b>	29,600	29,600	29,867	267	29,791		
<b>EXPENDITURES</b>							
Loan repayments	23,680	23,680	23,670	10	23,670		
Net change in fund balances	5,920	5,920	6,197	277	6,121		
<b>FUND BALANCES, beginning</b>	16,264	16,264	16,264		10,143		
<b>FUND BALANCES, ending</b>	\$ 22,184	\$ 22,184	\$ 22,461	\$ 277	\$ 16,264		

**CITY OF CHATFIELD, MINNESOTA**  
**INTERNAL SERVICE FUND**  
**Statements of Cash Flows**

For the Years Ended December 31, 2017 and 2016

	2017	2016
<b>Cash Flows From Operating Activities</b>		
Cash received from other departments	\$ 301,908	\$ 312,514
Cash paid to suppliers	(148,285)	(9,148)
Net Cash Provided by Operating Activities	153,623	303,366
<b>Cash Flows From Noncapital Financing Activities</b>		
Intergovernmental	23,042	1,430
Miscellaneous	3,303	38,839
Transfer in	349,735	2,000
Net Cash Provided by Noncapital Financing Activities	376,080	42,269
<b>Capital and Related Financing Activities</b>		
Capital asset acquisitions	(461,171)	(332,466)
<b>Cash Flows From Investing Activities</b>		
Investment income received	12,374	13,531
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	80,906	26,700
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	851,902	825,202
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 932,808	\$ 851,902

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

Operating Income (Loss)	\$ (83,242)	\$ 33,827
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	228,207	222,060
(Increase) Decrease in: Accounts receivable	15,158	40,579
Increase (Decrease) in: Accounts payable	(6,500)	6,900
Net Cash Provided By Operating Activities	\$ 153,623	\$ 303,366

**CITY OF CHATFIELD, MINNESOTA**  
**INTERNAL SERVICE FUND**  
**Statements of Revenues, Expenses and Changes in Fund Net Position**

For the Years Ended December 31, 2017 and 2016

	2017	2016
<b>Operating Revenues</b>		
Departmental capital charge	\$ 286,750	\$ 271,935
<b>Operating Expenses</b>		
Depreciation	228,207	222,060
Repairs	126,867	4,573
Minor equipment	14,918	11,475
Total Operating Expenses	369,992	238,108
Operating Income (Loss)	(83,242)	33,827
<b>Nonoperating Revenues</b>		
Interest income	12,374	13,531
Intergovernmental - small cities assistance	23,042	1,430
Miscellaneous	3,303	38,839
Loss on disposal	(102,095)	(102,095)
Total Nonoperating Revenues	38,719	(48,295)
<b>LOSS BEFORE TRANSFERS</b>	(44,523)	(14,468)
Transfer in	349,735	2,000
<b>CHANGE IN NET POSITION</b>	305,212	(12,468)
<b>NET POSITION - BEGINNING OF YEAR</b>	3,007,747	3,020,215
<b>NET POSITION - END OF YEAR</b>	\$ 3,312,959	\$ 3,007,747

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

**Statements of Net Position  
December 31, 2017 and 2016**

	2017	2016
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 460,625	\$ 524,512
Accounts receivable, net	42,757	28,354
Special assessments receivable	8,835	10,501
Special assessments delinquent	1,440	1,263
Total Current Assets	<u>513,657</u>	<u>564,630</u>
<b>Deferred Outflows of Resources</b>		
Deferred outflows from pension activity	6,342	27,871
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 519,999</u>	<u>\$ 592,501</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 4,707	\$ 3,172
Accrued liabilities	4,160	5,898
Total Current Liabilities	<u>8,867</u>	<u>9,070</u>
<b>Noncurrent Liabilities</b>		
Net pension liability	50,977	67,704
<b>Deferred Inflows of Resources</b>		
Deferred inflows from pension activity	3,968	6,011
<b>NET POSITION</b>		
Unrestricted	456,187	509,716
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 519,999</u>	<u>\$ 592,501</u>

**CITY OF CHATFIELD, MINNESOTA  
SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2017**

CITY OF CHATFIELD, MINNESOTA  
 PROPRIETARY FUNDS  
 SEWER FUND

Statements of Net Position  
 December 31, 2017 and 2016

	2017	2016
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 89,399	\$ 129,008
Accounts receivable, net	96,992	95,512
Special assessments receivable	29,438	34,992
Special assessments delinquent	4,360	4,209
Total Current Assets	<u>220,189</u>	<u>263,721</u>
<b>Deferred Outflows of Resources</b>		
Deferred outflows from pension activity	10,750	46,440
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 230,939</b>	<b>\$ 310,161</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 6,362	\$ 8,315
Accrued liabilities	4,966	6,978
Total Current Liabilities	<u>11,328</u>	<u>15,293</u>
<b>Noncurrent Liabilities</b>		
Net pension liability	84,191	111,818
<b>Deferred Inflows of Resources</b>		
Deferred inflows from pension activity	6,553	9,928
<b>NET POSITION</b>		
Unrestricted	128,867	173,122
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 230,939</b>	<b>\$ 310,161</b>

CITY OF CHATFIELD, MINNESOTA  
 PROPRIETARY FUNDS  
 WATER FUND

Statement of Revenues, Expenses  
 and Changes in Fund Net Position - Budget and Actual  
 For the Year Ended December 31, 2017  
 With Comparative Totals for the Year Ended December 31, 2016

	Budgeted Amounts	2017 Actual Amounts	Variance with Final Budget - Positive (Negative)	2016 Actual Amounts
<b>Operating Revenue</b>	\$ 259,250	\$ 278,795	\$ 19,545	\$ 247,102
Service fees				
<b>Operating Expenses</b>				
Salaries	54,000	50,485	3,515	51,541
Employee benefits and retirement	10,650	10,670	(20)	12,914
Health insurance	8,525	8,533	(8)	8,027
Workers compensation	1,700	1,788	(88)	1,930
Supplies	10,150	9,456	694	7,693
Utilities	19,000	18,596	404	17,299
Maintenance and repairs	15,000	15,469	(469)	11,856
Travel and training	700	722	(22)	850
Professional fees	19,400	13,383	6,017	20,909
Office expense	1,500	1,179	321	1,186
Insurance	4,200	4,087	113	4,080
Departmental capital charge	500	790	(290)	400
Other	5,755	7,584	(1,829)	7,960
Total Operating Expenses	<u>151,080</u>	<u>142,702</u>	<u>8,378</u>	<u>146,655</u>
Operating Income	108,170	136,093	27,923	100,447
<b>Nonoperating Revenues</b>				
Investment income	5,000	7,741	2,741	8,620
Refunds and reimbursements		683	683	1,617
Special assessments	9,000	8,744	(256)	12,569
Total Nonoperating Revenues	<u>14,000</u>	<u>17,168</u>	<u>3,168</u>	<u>22,806</u>
<b>INCOME BEFORE TRANSFERS</b>	122,170	153,261	31,091	123,253
Transfers out	(156,790)	(206,790)	(50,000)	(150,570)
<b>CHANGE IN NET POSITION</b>	(34,620)	(53,529)	(18,909)	(27,317)
<b>NET POSITION - BEGINNING OF YEAR</b>	509,716	509,716		537,033
<b>NET POSITION - END OF YEAR</b>	<b>\$ 475,096</b>	<b>\$ 456,187</b>	<b>\$ (18,909)</b>	<b>\$ 509,716</b>



CITY OF CHATFIELD, MINNESOTA  
SEWER FUND

Statement of Revenues, Expenses  
and Changes in Fund Net Position - Budget and Actual  
For the Year Ended December 31, 2017  
With Comparative Totals for the Year Ended December 31, 2016

	Fund 602		Variance with Final Budget - Positive (Negative)	2016 Actual Amounts
	Budgeted Amounts Original	Final		
<b>Operating Revenue</b>	\$ 795,150	\$ 775,908	\$ (19,242)	\$ 795,386
Service fees				
<b>Operating Expenses</b>				
Salaries	94,500	91,572	2,928	96,532
Employee benefits and retirement	18,100	18,544	(444)	22,199
Health insurance	22,500	23,762	(1,262)	18,904
Workers compensation	3,000	3,418	(418)	3,038
Supplies	11,700	12,535	(835)	8,136
Utilities	40,400	40,400	(24,001)	37,900
Maintenance and repairs	38,500	44,112	(5,612)	35,381
Travel and training	3,500	1,646	1,904	504
Professional fees	15,000	14,725	275	24,404
Office expense	3,500	3,191	309	3,258
Insurance	12,000	11,112	888	10,908
Departmental capital charge	700	700	(50)	500
Other	16,800	20,373	(3,573)	13,868
Total Operating Expenses	280,250	310,141	(29,891)	273,580
Operating Income	514,900	465,767	(49,133)	519,806
<b>Nonoperating Revenues</b>				
Investment income	4,000	3,018	(982)	3,388
Refunds and reimbursements	3,000	1,043	(1,957)	4,680
Penalties and discounts	2,500	2,500	(2,500)	
Special assessments	30,000	28,707	(1,293)	41,877
Total Nonoperating Revenues	39,500	32,768	(6,732)	49,925
<b>INCOME BEFORE TRANSFERS</b>	554,400	498,535	(55,865)	569,731
Transfers out	(542,790)	(542,790)		(551,570)
<b>CHANGE IN NET POSITION</b>	11,610	(44,255)	(55,865)	18,161
<b>NET POSITION - BEGINNING OF YEAR</b>	173,122	173,122		154,961
<b>NET POSITION - END OF YEAR</b>	\$ 184,732	\$ 128,867	\$ (55,865)	\$ 173,122

CITY OF CHATFIELD, MINNESOTA  
PROPRIETARY FUNDS  
WATER INFRASTRUCTURE FUND

Statements of Net Position  
December 31, 2017 and 2016

	2017	2016
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 23,565	\$ 54,634
Accounts receivable		3,200
Total Current Assets	23,565	57,834
<b>Property and Equipment</b>		
Nondepreciable	205,246	205,246
Depreciable	3,905,777	3,701,473
Less: Accumulated depreciation	1,318,786	1,203,724
Property, Plant and Equipment, Net	2,792,237	2,702,995
Total Assets	2,815,802	2,760,829
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	33,500	4,659
Current maturities of bonds payable	4,315	639
Accrued interest payable		
Total Current Liabilities	37,815	5,298
<b>Noncurrent Liabilities</b>		
Bonds payable, net of current maturities	329,000	212,500
Total Liabilities	366,815	217,798
<b>NET POSITION</b>		
Invested in capital assets	2,429,737	2,490,495
Unrestricted	19,250	52,536
Total Net Position	\$ 2,448,987	\$ 2,543,031

CITY OF CHATFIELD, MINNESOTA  
 PROPRIETARY FUNDS  
 WATER INFRASTRUCTURE FUND  
 Statement of Revenues, Expenses  
 and Changes in Fund Net Position - Budget and Actual  
 For the Year Ended December 31, 2017  
 With Comparative Totals for the Year Ended December 31, 2016

	Budgeted Amounts	Fund 611 2017 Actual Amounts	Variance with Final Budget - Positive (Negative)	2016 Actual Amounts
<b>Operating Revenue</b>				
Connection charges	\$ 8,000	\$ 8,000	\$ 19,200	\$ 20,800
<b>Operating Expenses</b>				
Repairs and maintenance				1,128
Depreciation	8,500	8,500	(115,062)	101,075
Departmental capital charge	8,500	8,500		7,900
Total Operating Expenses	(500)	(500)	(115,062)	110,103
Operating Loss			95,862	(89,303)
<b>Nonoperating Revenues (Expenses)</b>				
Investment income	1,000	1,000	(931)	1,009
Miscellaneous		3,536	3,536	
Special assessments		7	7	10
Interest expense		(29,190)	(29,190)	(3,039)
Total Nonoperating Revenues (Expenses)	1,000	1,000	(26,578)	(2,020)
<b>LOSS BEFORE CONTRIBUTED CAPITAL AND TRANSFERS</b>	500	500	(122,440)	(91,323)
Transfer in	140,170	140,170	87,531	110,000
Transfers out	(144,402)	(144,402)	(65,403)	(143,018)
Total Other Financing Sources (Uses)	(4,232)	(4,232)	32,128	(33,018)
<b>CHANGE IN NET POSITION</b>	(3,732)	(3,732)	(90,312)	(124,341)
<b>NET POSITION - BEGINNING OF YEAR</b>	2,543,031	2,543,031		2,667,372
<b>NET POSITION - END OF YEAR</b>	\$ 2,539,299	\$ 2,448,987	\$ (90,312)	\$ 2,543,031

CITY OF CHATFIELD, MINNESOTA  
 PROPRIETARY FUNDS  
 SEWER INFRASTRUCTURE FUND  
 Statement of Net Position  
 December 31, 2017 and 2016

	2017	2016
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 525,898	\$ 40,479
Restricted cash	4,484,848	5,007,904
Accounts receivable		5,700
Total Current Assets	5,010,746	5,054,083
<b>Property and Equipment</b>		
Nondepreciable	205,246	205,246
Depreciable	12,456,060	12,474,047
Less: Accumulated depreciation	5,847,025	5,671,880
Property, Plant and Equipment, Net	6,814,281	7,007,413
Total Assets	11,825,027	12,061,496
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Current maturities of bonds payable	4,873,500	375,000
Accrued interest payable	110,828	139,048
Total Current Liabilities	4,984,328	514,048
<b>Noncurrent Liabilities</b>		
Bonds payable, net of current maturities	4,901,388	9,628,038
Total Liabilities	9,885,716	10,142,086
<b>NET POSITION</b>		
Net investment in capital assets	1,524,241	2,012,279
Unrestricted	415,070	(92,869)
Total Net Position	\$ 1,939,311	\$ 1,919,410

**CITY OF CHATFIELD, MINNESOTA**  
**PROPRIETARY FUNDS**  
**GARBAGE FUND**  
**Statement of Net Position**  
December 31, 2017 and 2016

	2017	2016
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 46,617	\$ 47,415
Accounts receivable, net	20,956	18,927
Special assessments receivable	10,794	12,831
Special assessments delinquent	1,017	1,543
Total Current Assets	79,384	80,716
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	16,437	13,475
Total Current Liabilities	16,437	13,475
<b>NET POSITION</b>		
Unrestricted	\$ 62,947	\$ 67,241

**CITY OF CHATFIELD, MINNESOTA**  
**PROPRIETARY FUNDS**  
**SEWER INFRASTRUCTURE FUND**  
**Statement of Revenues, Expenses**  
**and Changes in Fund Net Position - Budget and Actual**  
For the Year Ended December 31, 2017  
With Comparative Totals for the Year Ended December 31, 2016

	Budgeted Amounts	Final	Fund 612 2017 Actual	Amounts	Variance with Final Budget - Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual	Amounts	(Negative)	Amounts
<b>Operating Revenue</b>						
Connection fees	\$ 12,505	\$ 12,505	\$ 43,750	\$ 31,245	\$ 33,350	
<b>Operating Expenses</b>						
Maintenance and repairs	7,500	7,500	480	(480)	782	
Departmental capital charge	7,500	7,500	7,500	(480)	7,100	
Depreciation	339,968	339,968	339,968	(339,968)	350,430	
Total Operating Expenses	7,500	7,500	347,948	(340,448)	358,312	
Operating Income (Loss)	5,005	5,005	(304,198)	(309,203)	(324,962)	
<b>Nonoperating Revenues (Expenses)</b>						
Investment income			50,429	50,429	6,969	
Special assessments			117	117	188	
Miscellaneous			(2,943)	(2,943)	500	
Bond principal	(375,000)	(375,000)	375,000	375,000	375,000	
Interest expense	(169,010)	(169,010)	(232,109)	(63,099)	(328,167)	
Total Nonoperating Revenue (Expense)	(544,010)	(544,010)	(184,506)	359,504	(320,510)	
<b>LOSS BEFORE CONTRIBUTED CAPITAL AND TRANSFERS</b>	(539,005)	(539,005)	(488,704)	50,301	(645,472)	
Transfer in	598,135	598,135	653,522	55,387	627,432	
Transfers out	(55,911)	(55,911)	(144,917)	(89,006)	(31,000)	
Total Other Financing Sources (Uses)	542,224	542,224	508,605	(33,619)	596,432	
<b>CHANGE IN NET POSITION</b>	3,219	3,219	19,901	16,682	(49,040)	
<b>NET POSITION - BEGINNING OF YEAR</b>	1,919,410	1,919,410	1,919,410	1,919,410	1,968,450	
<b>NET POSITION - END OF YEAR</b>	\$ 1,922,629	\$ 1,922,629	\$ 1,939,311	\$ 16,682	\$ 1,919,410	

**CITY OF CHATFIELD, MINNESOTA  
GARBAGE FUND**

**Schedule of Revenues, Expenditures  
and Changes in Net Position - Budget and Actual**

For the Year Ended December 31, 2017  
With Comparative Totals for the Year Ended December 31, 2016

	Budgeted Amounts		Fund 603		Variance with	
	Original	Final	2017 Actual Amounts	2016 Final Budget - Actual Amounts	2017 Positive (Negative)	2016 Actual Amounts
<b>Operating Revenue</b>						
Charges for Services	\$ 189,000	\$ 189,000	\$ 192,436	\$ 3,436	\$ 185,739	
<b>Operating Expenses</b>						
<b>Waste Removal</b>						
Garbage removal	155,000	155,000	162,534	(7,534)	151,113	
City cleanup	14,000	14,000	13,141	859	12,445	
Supplies	650	650	191	459	73	
Maintenance and repairs	1,800	1,800	1,133	667	1,114	
Office expense	1,400	1,400	1,110	290	1,127	
Departmental capital charge	250	250	250		200	
Other	13,775	13,775	13,506	269	12,408	
Total Operating Expenses	186,875	186,875	191,865	(4,990)	178,480	
Operating Income	2,125	2,125	571	(1,554)	7,259	
<b>Nonoperating Revenue</b>						
Investment income	500	500	641	141	645	
Special assessments	13,000	13,000	9,944	(3,056)	15,358	
Total Nonoperating Revenue	13,500	13,500	10,585	(2,915)	16,003	
Income before transfers	15,625	15,625	11,156	(4,469)	23,262	
Transfers out	(15,450)	(15,450)	(15,450)		(15,000)	
<b>CHANGE IN NET POSITION</b>	175	175	(4,294)	(4,469)	8,262	
<b>NET POSITION - BEGINNING OF YEAR</b>	67,241	67,241	67,241		58,979	
<b>NET POSITION - END OF YEAR</b>	\$ 67,416	\$ 67,416	\$ 62,947	\$ (4,469)	\$ 67,241	

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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, 2017, and the related notes to the financial statements, which collectively comprise the City of Chatfield, Minnesota's basic financial statements, and have issued our report thereon dated March 14, 2018.

The *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories.

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 *Minnesota Legal Compliance Audit Guide for Cities*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City of Chatfield, Minnesota's noncompliance with the above referenced provisions.

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.



Rochester, Minnesota  
March 14, 2018

**APPENDIX F:  
CONTINUING DISCLOSURE FILINGS**

The following pages have been printed directly from the EMMA website information for the Continuing Disclosure filings in recent years.


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## Issue Details

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### CITY OF CHATFIELD, MINNESOTA GENERAL OBLIGATION CROSSOVER REFUNDING BONDS, SERIES 2012A (MN) CHATFIELD MINN REF-CROSSOVER-SER A (MN)\*

**Dated Date:** 05/01/2012  
**Underwriting Spread Amount:** \$27,362.50  
**Closing Date:** 05/22/2012

[Final Scale](#)
[Official Statement](#)
[Continuing Disclosure](#)
[Trade Activity](#)

View continuing disclosure or advance refunding document, which provides important information about the security after initial issuance.

#### FINANCIAL INFORMATION & DOCUMENTS

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**Most Recent** [CD Report - Chatfield MN - Year Ending Dec. 31 2016 for the year ended 12/31/2016 Document1 posted 11/14/2017 \(525 KB\)](#) [details](#)  
[2016 Audit - Chatfield MN for the year ended 12/31/2016 posted 11/14/2017 \(361 KB\)](#) [details](#)

#### Annual Financial Information and Operating Data

[CD Report - Chatfield MN - Year Ending Dec. 31 2016 for the year ended 12/31/2016 Document1 posted 11/14/2017 \(525 KB\)](#) [details](#)  
[CD Report - Chatfield MN - Year Ending Dec. 31 2016 for the year ended 12/31/2016 Document2 posted 11/14/2017 \(361 KB\)](#) [details](#)  
[Final OS for CD Report - 2016A Bonds - Chatfield MN for the year ended 12/31/2015 posted 10/26/2016 \(2 MB\)](#) [details](#)  
[CD Report - Yr End 2014 - Chatfield MN for the year ended 12/31/2014 Document2 posted 09/14/2015 \(752 KB\)](#) [details](#)  
[CD Report - Yr End 2014 - Chatfield MN for the year ended 12/31/2014 Document1 posted 09/14/2015 \(383 KB\)](#) [details](#)  
[Continuing Disclosure Report for the year ended 12/31/2013 Document2 posted 10/14/2014 \(383 KB\)](#) [details](#)  
[Continuing Disclosure Report for the year ended 12/31/2013 Document1 posted 10/14/2014 \(290 KB\)](#) [details](#)  
[CD Report - Year End 2012 - Chatfield, MN for the year ended 12/31/2012 Document2 posted 12/02/2013 \(43 KB\)](#) [details](#)  
[CD Report - Year End 2012 - Chatfield, MN for the year ended 12/31/2012 Document1 posted 12/02/2013 \(369 KB\)](#) [details](#)

#### Audited Financial Statements or CAFR

[2016 Audit - Chatfield MN for the year ended 12/31/2016 posted 11/14/2017 \(525 KB\)](#) [details](#)  
[2016 Audit - Chatfield MN for the year ended 12/31/2016 posted 11/14/2017 \(361 KB\)](#) [details](#)  
[2015 Audit - Chatfield MN for the year ended 12/31/2015 posted 10/26/2016 \(417 KB\)](#) [details](#)  
[2014 Audit - Chatfield MN for the year ended 12/31/2014 posted 09/14/2015 \(752 KB\)](#) [details](#)  
[2014 Audit - Chatfield MN for the year ended 12/31/2014 posted 09/14/2015 \(383 KB\)](#) [details](#)  
[2013 Audit for the year ended 12/31/2013 posted 10/14/2014 \(383 KB\)](#) [details](#)  
[2013 Audit for the year ended 12/31/2013 posted 10/14/2014 \(290 KB\)](#) [details](#)  
[2012 Audited Financial Statement for the year ended 12/31/2012 posted 12/02/2013 \(43 KB\)](#) [details](#)  
[2012 Audited Financial Statement for the year ended 12/31/2012 posted 12/02/2013 \(369 KB\)](#) [details](#)

#### EVENT NOTICES

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The MSRB began collecting continuing disclosures on July 1, 2009. No event notices have been received for this security.

[View Document Archive](#)

#### Links to Former NRMSIRs

Until 2009, the organizations listed below served as Nationally Recognized Municipal Securities Information Repositories (NRMSIRs) and may have primary market and continuing disclosure documents produced before July 1, 2009, when the EMMA website became the official repository for municipal market disclosures.

[Bloomberg L.P.](#)  
[DPC Data](#)  
[ICE Data Services](#) (formerly Interactive Data Pricing and Reference Data)  
[Standard & Poor's](#)

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