

CITY OF CHATFIELD, MINNESOTA

FINANCIAL STATEMENTS

DECEMBER 31, 2020

CITY OF CHATFIELD, MINNESOTA

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTORY SECTION	
List of Elected and Appointed Officials	i
FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements	
Balance Sheet - Governmental Funds	19
Reconciliation of Net Position in the Government-wide Financial Statements and Fund Balances in the Fund Basis Financial Statements	20
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	23
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Revolving Loan State Fund	29
Statement of Net Position - Proprietary Funds	30
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	32
Statement of Cash Flows - Proprietary Funds	34
Notes to the Financial Statements	36
Required Supplementary Information	
Schedules of City Pension Contributions	
General Employees Retirement Fund	72
Public Employees Police and Fire Fund Pension Plan	72
Schedules of City and Non-Employer Proportionate Share of Net Pension Liability	
General Employees Retirement Fund	73
Public Employees Police and Fire Fund Pension Plan	73
Schedule of Changes in the Fire Relief Association Net Pension Asset and Related Ratios	74
Schedule of City Contributions and Non-Employer Contributing Entities for the Chatfield Fire Department Relief Association	75
Combining and Individual Nonmajor Fund Statements and Schedules	
Combining Balance Sheet - Nonmajor Governmental Funds	76
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	78
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Chatfield Center for the Arts	80

CITY OF CHATFIELD, MINNESOTA

TABLE OF CONTENTS (CONTINUED)

	<u>PAGE</u>
FINANCIAL SECTION (CONTINUED)	
Combining and Individual Nonmajor Fund Statements and Schedules (Continued)	
Schedule of Revenues, Expenditures, and Changes in Fund	
Balances - Budget and Actual - Library Fund	81
Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Budget and Actual - Fire Fund	82
Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Budget and Actual - EDA Fund	83
Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Budget and Actual - Ambulance Fund	84
Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Budget and Actual - Revolving Loan Federal Fund	85
Statement of Net Position - Internal Service Funds	86
Schedule of Revenues, Expenditures, and Changes in Net	
Position - Budget and Actual - Internal Service Funds	87
Statement of Cash Flows - Internal Service Funds	88
Supplementary Information	
Water Fund:	
Statement of Net Position	89
Statement of Revenues, Expenses, and Changes in Fund	
Net Position - Budget and Actual	90
Sewer Fund:	
Statement of Net Position	91
Statement of Revenues, Expenses, and Changes in Fund	
Net Position - Budget and Actual	92
Garbage Fund:	
Statement of Net Position	93
Statement of Revenues, Expenses, and Changes in Fund	
Net Position - Budget and Actual	94
Auditor's Report on Legal Compliance	95

CITY OF CHATFIELD, MINNESOTA

INTRODUCTORY SECTION

DECEMBER 31, 2020

(This Page Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA
LIST OF ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2020

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

(This Page is Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA

FINANCIAL SECTION

DECEMBER 31, 2020

(This Page is Left Blank Intentionally)

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, 2020, 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

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chatfield, Minnesota, as of December 31, 2020, and the respective changes in financial position, cash flows thereof, and the respective budgetary comparison for the General Fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Report on Summarized Comparative Information

The financial statements include partial prior year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2019, from which such partial information was derived.

We have previously audited the City's 2019 financial statements and our report dated April 20, 2020, 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, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

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

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

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

Smith, Schepf and Associates, Ltd.

CITY OF CHATFIELD, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Chatfield, Minnesota, we offer readers of the City of Chatfield, Minnesota's financial statements this narrative overview and analysis of the financial activities of the City of Chatfield, Minnesota for the fiscal year ended December 31, 2020.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Chatfield, Minnesota exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$20,524,005 (*net position*). Of this amount, \$3,276,353 (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 \$661,372.
- As of the close of the current fiscal year, the City of Chatfield, Minnesota's governmental funds reported combined ending fund balances of \$4,272,478. Approximately \$2,465,556 of this total amount, or 58% is available for use within the City's designations and policies.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,280,133 or 56 percent of next year's total general fund property tax levy and local government aid.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

CITY OF CHATFIELD, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

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

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

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

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

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

CITY OF CHATFIELD, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The City of Chatfield, Minnesota adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for the general fund (pages 23-28) and the special revenue funds (pages 29 and 80-85) to demonstrate compliance with the budget.

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 36-71 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 76-79 of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Chatfield, Minnesota, assets and deferred outflows exceeded liabilities and deferred inflows by \$20,524,005 at the close of the most recent fiscal year.

The largest portion of the City of Chatfield, Minnesota's net position (\$14,664,176) reflects its investment in capital assets (e.g. land, buildings, vehicles, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Chatfield, Minnesota uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Chatfield, Minnesota's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Chatfield, Minnesota Net Position						
	Governmental		Business-Type			
	Activities		Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 6,289,478	\$ 6,389,281	\$ 1,043,927	\$ 1,047,419	\$ 7,333,405	\$ 7,436,700
Capital assets	17,598,773	17,805,005	8,854,451	9,060,870	26,453,224	26,865,875
Total assets	23,888,251	24,194,286	9,898,378	10,108,289	33,786,629	34,302,575
Deferred outflows of resources	326,789	396,944	12,550	12,088	339,339	409,032
Long-term liabilities						
outstanding	8,537,816	9,004,659	4,388,399	4,873,433	12,926,215	13,878,092
Other liabilities	266,149	294,768	81,260	85,309	347,409	380,077
Total liabilities	8,803,965	9,299,427	4,469,659	4,958,742	13,273,624	14,258,169
Deferred inflows of resources	323,051	751,335	5,288	22,942	328,339	774,277
Net position:						
Net investment in capital assets	10,066,836	9,699,067	4,597,340	4,302,870	14,664,176	14,001,937
Restricted	2,583,476	1,840,576			2,583,476	1,840,576
Unrestricted	2,437,712	3,184,297	838,641	835,823	3,276,353	4,020,120
Total net position	\$ 15,088,024	\$ 14,723,940	\$ 5,435,981	\$ 5,138,693	\$ 20,524,005	\$ 19,862,633

The balance of *unrestricted net position* (\$3,276,353) 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 \$364,084.

CITY OF CHATFIELD, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-type activities. Business-type activities increased the City of Chatfield, Minnesota's net position by \$297,288.

A condensed version of the Statement of Activities follows:

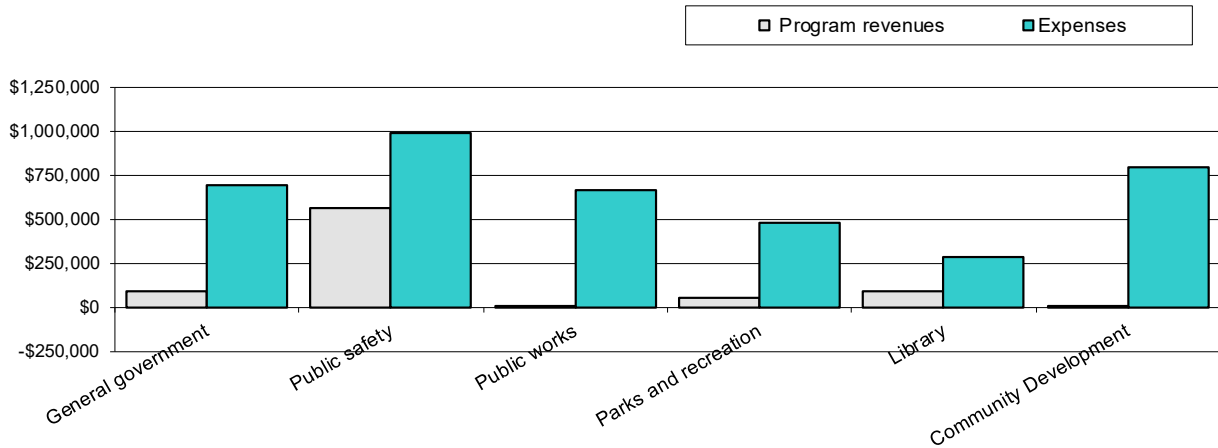
City of Chatfield, Minnesota Change in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenue:						
Program revenues:						
Charges for services	\$ 398,592	\$ 684,459	\$ 1,586,716	\$ 1,491,981	\$ 1,985,308	\$ 2,176,440
Operating grants and contributions	267,196	266,944	9,850	6,773	277,046	273,717
Capital grants and contributions	130,106	742,942	51,863	75,920	181,969	818,862
General revenues:						
Property taxes	2,176,945	2,041,248			2,176,945	2,041,248
Tax increments	249,324	190,346			249,324	190,346
Grants and contributions not restricted to specific programs						
Local government aid	825,052	787,121			825,052	787,121
Other	191,663	688	34,022		225,685	688
Miscellaneous	144,985	136,288	22,328	32,633	167,313	168,921
Total revenues	<u>4,383,863</u>	<u>4,850,036</u>	<u>1,704,779</u>	<u>1,607,307</u>	<u>6,088,642</u>	<u>6,457,343</u>
Expenses:						
General government	692,268	758,003			692,268	758,003
Public safety	989,883	1,160,230			989,883	1,160,230
Public works	666,098	649,656			666,098	649,656
Parks and recreation	473,510	550,988			473,510	550,988
Library	281,145	273,326			281,145	273,326
Community development	787,860	1,072,964			787,860	1,072,964
Unallocated - CARES Act	127,636				127,636	
Interest on long-term debt	205,173	193,584			205,173	193,584
Water			321,891	359,969	321,891	359,969
Sewer			678,048	704,080	678,048	704,080
Garbage			203,758	224,854	203,758	224,854
Total expenses	<u>4,223,573</u>	<u>4,658,751</u>	<u>1,203,697</u>	<u>1,288,903</u>	<u>5,427,270</u>	<u>5,947,654</u>
Change in net position before transfers	160,290	191,285	501,082	318,404	661,372	509,689
Transfers	203,794	160,993	(203,794)	(160,993)		
Change in net position	364,084	352,278	297,288	157,411	661,372	509,689
Net position, beginning	14,723,940	14,371,662	5,138,693	4,981,282	19,862,633	19,352,944
Net position, end of year	<u>\$ 15,088,024</u>	<u>\$ 14,723,940</u>	<u>\$ 5,435,981</u>	<u>\$ 5,138,693</u>	<u>\$ 20,524,005</u>	<u>\$ 19,862,633</u>

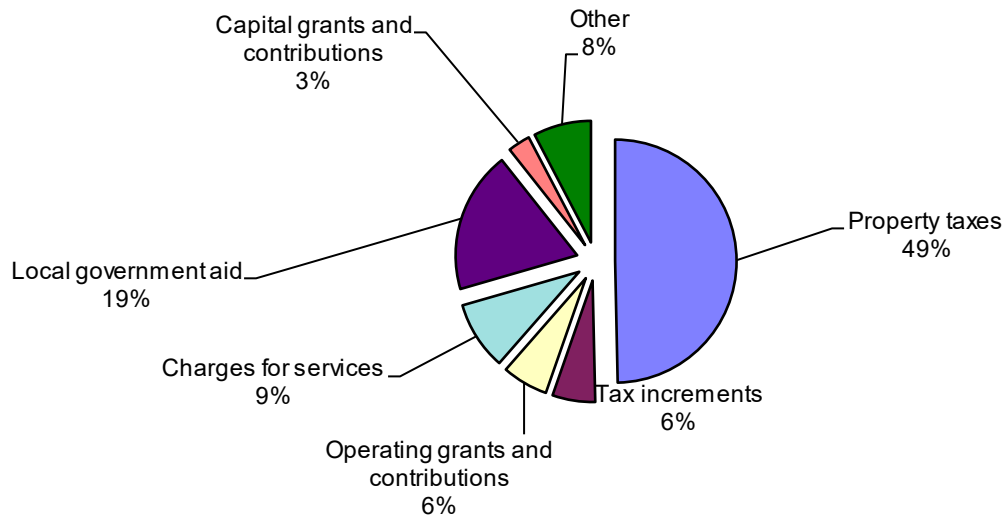
CITY OF CHATFIELD, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Expenses and Program Revenues - Governmental Activities



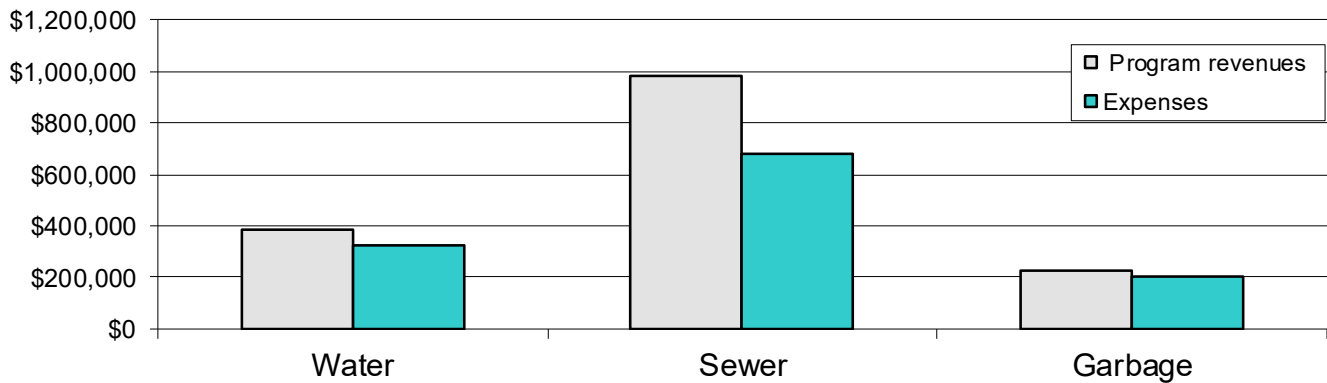
Revenues by Source - Governmental Activities



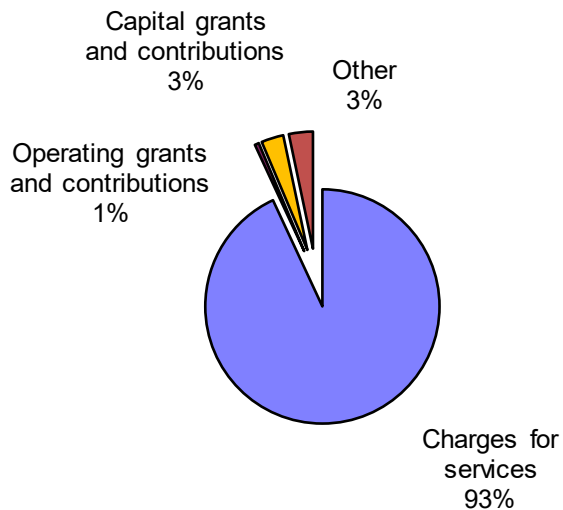
**CITY OF CHATFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business-Type Activities



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

FUND BASIS FINANCIAL ANALYSIS

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

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

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

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

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

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

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

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

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

At the end of the current fiscal year, the City of Chatfield, Minnesota's governmental funds reported combined ending fund balances of \$4,272,478, a decrease of \$129,854. This decrease is primarily due to costs associated with the construction of the new swimming pool and improvements at the library.

Approximately 22% of this total amount, or \$947,561, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of this fund balance is *restricted, assigned, or committed* to indicate that it is not available for new spending because it has already been set aside 1) to liquidate contracts and purchase orders of the prior period, 2) to repay interfund advances or other debt, or 3) to fund specific capital projects or programs as obligated by statute or other regulation.

CITY OF CHATFIELD, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental funds (Continued).

The general fund is the chief operating fund of the City of Chatfield, Minnesota. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,280,133. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to next year's general fund tax and aid.

Unassigned fund balance represents 56 percent of next year's total general fund property tax levy and local government aid.

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

Proprietary funds. The City of Chatfield, Minnesota's proprietary funds statements found on pages 30-35 provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position in the respective proprietary funds are Water - \$258,962, Sewer - \$502,887, and Garbage - \$76,792.

The City invested heavily in its water and wastewater infrastructure from 2005 – 2009 by constructing a completely new wastewater treatment plant, a water tower, a pumping station, and associated water and sanitary sewer mains. After the implementation of a multi-year schedule of user fee increases, the sanitary sewer rates are at the point of sustainability and, as such, there was no increase in those rates in 2020 and there will be no increase in 2021. Future rate increases for the sanitary sewer service will be minimal. Due to the fact that sanitary sewer rates did not increase in 2020, the City was able to increase water rates more than would have been possible otherwise. The water user fee rates should stabilize after 2021.

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

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

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

General Fund Budgetary Highlights

The increase of \$201,511 in the general fund balance was due to four primary factors:

- 1) A larger than normal amount of investment income.
- 2) An infusion of CARES Act funding from the federal government.
- 3) In early 2020, the City's consultant planner left to take a position at a much larger city. Current city staff fulfilled the planner's duties over the course of the next eight months, which resulted in substantial savings to the City.
- 4) Due to the COVID-19 pandemic, the City's contract cleaning crew was not available to provide services for several months. During this time, regular city staff assumed the cleaning duties and, as a result, a substantial savings was earned. While there were many variances between budgeted amounts to actual throughout the budget, the increased investment income was the primary contributor to the increased fund balance.

Capital Asset and Debt Administration

Capital assets. The City of Chatfield, Minnesota's investment in capital assets for its governmental and business-type activities as of December 31, 2020, amounts to \$26,453,224 (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 decrease in the City of Chatfield, Minnesota's reported capital assets, net of depreciation, for the current fiscal year was \$412,651.

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

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Land	\$ 936,898	\$ 936,898	\$ 60,492	\$ 60,492	\$ 997,390	\$ 997,390
Construction in process	4,329	26,593			4,329	26,593
Buildings and improvements	10,606,690	10,439,072			10,606,690	10,439,072
Vehicles	956,982	1,100,588			956,982	1,100,588
Machinery and equipment	776,340	755,517	693,922	544,856	1,470,262	1,300,373
Furniture and fixtures	153,447	165,979			153,447	165,979
Wastewater treatment facility			8,100,037	8,455,522	8,100,037	8,455,522
Infrastructure	4,164,087	4,380,358			4,164,087	4,380,358
Total	<u>\$ 17,598,773</u>	<u>\$ 17,805,005</u>	<u>\$ 8,854,451</u>	<u>\$ 9,060,870</u>	<u>\$ 26,453,224</u>	<u>\$ 26,865,875</u>

Additional information on the City of Chatfield, Minnesota's capital assets can be found in Note 3D on pages 49-50 of this report.

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

Capital Asset and Debt Administration (Continued)

Long-term debt. At the end of the current fiscal year, the City of Chatfield, Minnesota had \$11,684,000 in bonds and notes outstanding. All of this debt is backed by the full faith and credit of the City.

City of Chatfield, Minnesota Outstanding Debt

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 7,474,000	\$ 8,041,000	\$	\$	\$ 7,474,000	\$ 8,041,000
G.O. revenue bonds			4,210,000	4,705,000	4,210,000	4,705,000
Unamortized premium	57,937	64,938	47,111	53,000	105,048	117,938
Compensated absences	178,270	167,337	19,463	13,540	197,733	180,877
Total	<u>\$ 7,710,207</u>	<u>\$ 8,273,275</u>	<u>\$ 4,276,574</u>	<u>\$ 4,771,540</u>	<u>\$11,986,781</u>	<u>\$13,044,815</u>

The City of Chatfield, Minnesota's total long-term liabilities decreased by \$1,058,034 during the current fiscal year. A more detailed breakdown of these obligations can be found in Note 3F, beginning on page 54.

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

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

Economic Factors and Next Year's Budgets and Rates

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

Mayo Clinic, the largest private employer in Minnesota, is setting the stage for long term growth for all of southeast Minnesota, including Chatfield. Located just twenty minutes away, Mayo is in the process of investing \$6.5 billion dollars in physical improvements and to create 30,000 new employee positions within the next fifteen to twenty years.

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 2020 building permit records, the City issued permits for a total of just over \$2.5 million dollars in construction activity, \$1.6 million of which was residential and \$965,000 of commercial construction. This comes on the heels of \$13.5 million of construction in 2019, \$5.6 million of construction in 2018, and \$15 million in total construction in 2017. Permits for eight new homes were issued in Chatfield in 2020, seven in 2019, twenty in 2018, and another 19 in 2017.

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

In addition to the well diversified economy of the region, Chatfield has public infrastructure that is capable of serving a larger residential base. All capital equipment has been scheduled for replacement on a routine basis and a capital improvement plan is in place to guide the City as it makes improvements in the future. The Chatfield Public School District has made recent comprehensive improvements to the elementary school property and to the high school property, providing a solid educational element to the community and solidifying Chatfield's competitive place in the educational realm. The local Care Center's recent investment of \$14,000,000 continues to provide residential opportunities for local residents to age in place.

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

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

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

In addition to the jobs and economic factors that are enjoyed locally, residents have easy access to transportation services. U.S. Highway 52 and Minnesota Highways 30/74 provide the primary service to residents while the Interstate Highway system is just ten miles away. Passenger and freight rail is within a forty-minute drive and an international airport is within twenty-five minutes. These transportation assets help make Chatfield a convenient place to live whether they work in Chatfield or at the many employers in Rochester or elsewhere in the region.

The vibrant nature of the city is reflected in the results of the Inflow-Outflow Analysis of workers. This reports that, while approximately 1,276 residents leave Chatfield for work on a routine basis, 1,127 other people travel to Chatfield for work on a daily basis. Of the nineteen cities closest to Rochester, including Rochester, Chatfield ranks fifth among them in terms of jobs per capita. Furthermore, the City has recently been awarded a grant of \$8,700,000 from the State of Minnesota to improve the Chatfield Center for the Arts buildings. This grant will continue the growth of the Center for the Arts into a venue that attracts people to Chatfield from throughout the region, further aiding the economic vitality of the community.

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.

(This Page is Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA

FINANCIAL STATEMENTS

DECEMBER 31, 2020

(This Page is Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2020
With Comparative Totals for December 31, 2019

	Governmental Activities	Business-Type Activities	Totals	
			2020	2019
ASSETS				
Cash and investments	\$ 4,846,577	\$ 827,490	\$ 5,674,067	\$ 5,780,843
Receivables	1,223,508	213,913	1,437,421	1,527,711
Prepaid items	13,303	2,524	15,827	13,393
Net pension asset	206,090		206,090	114,753
Capital assets:				
Nondepreciable	941,227	60,492	1,001,719	1,023,983
Depreciable, net	16,657,546	8,793,959	25,451,505	25,841,892
Total Assets	<u>23,888,251</u>	<u>9,898,378</u>	<u>33,786,629</u>	<u>34,302,575</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pension activity	<u>326,789</u>	<u>12,550</u>	<u>339,339</u>	<u>409,032</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 24,215,040</u>	<u>\$ 9,910,928</u>	<u>\$ 34,125,968</u>	<u>\$ 34,711,607</u>
LIABILITIES				
Accounts payable	\$ 26,873	\$ 27,418	\$ 54,291	\$ 93,312
Accrued interest payable	61,006	34,379	95,385	105,888
Accrued compensated absences	178,270	19,463	197,733	180,877
Noncurrent liabilities:				
Due within one year	656,000	516,882	1,172,882	1,066,069
Due in more than one year	6,875,937	3,740,229	10,616,166	11,797,869
Net pension liability	<u>1,005,879</u>	<u>131,288</u>	<u>1,137,167</u>	<u>1,014,154</u>
Total Liabilities	<u>8,803,965</u>	<u>4,469,659</u>	<u>13,273,624</u>	<u>14,258,169</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pension activity	<u>323,051</u>	<u>5,288</u>	<u>328,339</u>	<u>590,805</u>
NET POSITION				
Net investment in capital assets	10,066,836	4,597,340	14,664,176	14,001,937
Restricted for:				
Revolving loans	967,092		967,092	985,769
Debt service	1,616,384		1,616,384	1,531,050
Unrestricted	<u>2,437,712</u>	<u>838,641</u>	<u>3,276,353</u>	<u>3,343,877</u>
Total Net Position	<u>15,088,024</u>	<u>5,435,981</u>	<u>20,524,005</u>	<u>19,862,633</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 24,215,040</u>	<u>\$ 9,910,928</u>	<u>\$ 34,125,968</u>	<u>\$ 34,711,607</u>

See Notes to the Financial Statements

CITY OF CHATFIELD, MINNESOTA
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

With Comparative Totals for the Fiscal Year Ending December 31, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 692,268	\$ 45,960	\$ 42,641	\$ 3,830
Public safety	989,883	294,691	137,924	126,276
Public works	666,098		2,071	
Parks and recreation	473,510	46,946		
Library	281,145	9,896	82,516	
Community development	787,860	1,099	2,044	
Unallocated - CARES Act	127,636			
Interest on long-term debt	205,173			
Total governmental activities	<u>4,223,573</u>	<u>398,592</u>	<u>267,196</u>	<u>130,106</u>
Business-Type activities:				
Water	321,891	381,981	9,850	8,069
Sewer	678,048	979,482		34,287
Garbage	203,758	225,253		9,507
Total business-type activities	<u>1,203,697</u>	<u>1,586,716</u>	<u>9,850</u>	<u>51,863</u>
Total	<u>\$ 5,427,270</u>	<u>\$ 1,985,308</u>	<u>\$ 277,046</u>	<u>\$ 181,969</u>

General revenues:

 General property taxes

 Tax increments

 Grants and contributions not restricted to specific programs

 Local government aid

 Other

 Interest earnings

 Miscellaneous

Transfers

 Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

See Notes to the Financial Statements

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Totals	
		2020	2019
\$ (599,837)	\$	\$ (599,837)	\$ (590,581)
(430,992)		(430,992)	(570,224)
(664,027)		(664,027)	(530,713)
(426,564)		(426,564)	(465,845)
(188,733)		(188,733)	(190,250)
(784,717)		(784,717)	(423,209)
(127,636)		(127,636)	
(205,173)		(205,173)	(193,584)
<u>(3,427,679)</u>		<u>(3,427,679)</u>	<u>(2,964,406)</u>
	78,009	78,009	(3,694)
	335,721	335,721	275,686
	<u>31,002</u>	<u>31,002</u>	<u>13,779</u>
	444,732	444,732	285,771
<u>(3,427,679)</u>	<u>444,732</u>	<u>(2,982,947)</u>	<u>(2,678,635)</u>
2,176,945		2,176,945	2,041,248
249,324		249,324	190,346
825,052		825,052	787,121
191,663	34,022	225,685	688
106,467	18,819	125,286	157,048
38,518	3,509	42,027	11,873
203,794	(203,794)		
<u>3,791,763</u>	<u>(147,444)</u>	<u>3,644,319</u>	<u>3,188,324</u>
364,084	297,288	661,372	509,689
<u>14,723,940</u>	<u>5,138,693</u>	<u>19,862,633</u>	<u>19,352,944</u>
<u>\$ 15,088,024</u>	<u>\$ 5,435,981</u>	<u>\$ 20,524,005</u>	<u>\$ 19,862,633</u>

(This Page is Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA

FUND FINANCIAL STATEMENTS

DECEMBER 31, 2020

(This Page is Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020
With Comparative Totals for December 31, 2019

	100	Special Revenue Funds		Other	Totals	
	General	358 TIF Dist. 2-5 Dollar General	361 Revolving Loan State	Governmental Funds	2020	2019
ASSETS						
Cash and investments	\$ 1,272,274	\$	\$ 18,258	\$ 2,663,210	\$ 3,953,742	\$ 4,156,523
Accounts receivable				294,459	294,459	275,873
Notes receivable			636,971	214,514	851,485	904,794
Due from other governmental units	25,842			11,330	37,172	18,547
Taxes receivable delinquent	19,718			6,196	25,914	32,281
Special assessments receivable	3,443			11,035	14,478	106,491
Due from other funds	641				641	38,106
Advances to other funds				331,931	331,931	331,931
Prepaid items	9,472			3,831	13,303	11,257
TOTAL ASSETS	\$ 1,331,390	\$	\$ 655,229	\$ 3,536,506	\$ 5,523,125	\$ 5,875,803
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$ 18,624	\$	\$	\$ 7,574	\$ 26,198	\$ 59,868
Due to other funds				641	641	38,106
Advances from other funds		331,931			331,931	331,931
Total Liabilities	18,624	331,931		8,215	358,770	429,905
Deferred Inflows of Resources:						
Unavailable revenue:						
Property taxes	19,718			6,196	25,914	32,281
Special assessments	3,443			11,035	14,478	106,491
Notes receivable			636,971	214,514	851,485	904,794
Total Deferred Inflows of Resources	23,161		636,971	231,745	891,877	1,043,566
Fund Balance:						
Nonspendable:						
Prepaid items	9,472			3,831	13,303	11,257
Restricted:						
Creditors (debt covenants)				1,660,159	1,660,159	1,531,050
Regulations			18,258	115,202	133,460	91,934
Committed:						
By Council action				313,177	313,177	510,487
Assigned:						
Fund assignments				1,204,818	1,204,818	1,562,237
Unassigned	1,280,133	(331,931)		(641)	947,561	695,367
Total Fund Balance	1,289,605	(331,931)	18,258	3,296,546	4,272,478	4,402,332
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 1,331,390	\$	\$ 655,229	\$ 3,536,506	\$ 5,523,125	\$ 5,875,803

See Notes to the Financial Statements

(This Page is Left Blank Intentionally)

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, 2020

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

Total governmental fund balances (page 19)	\$ 4,272,478
--	--------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental funds - capital assets	\$ 25,855,601	
Less: Accumulated depreciation	<u>(10,886,819)</u>	
		14,968,782

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

Delinquent property taxes	\$ 25,914	
Special assessments	14,478	
Notes receivable	<u>851,485</u>	
		891,877

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

3,522,151

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

Bonds and notes payable	\$ (7,474,000)	
Net pension liability	(1,002,141)	
Net pension asset	206,090	
Compensated absences	(178,270)	
Bond premiums net of amortization	(57,937)	
Accrued interest	<u>(61,006)</u>	
		<u>(8,567,264)</u>

Net position of governmental activities (page 16)	<u><u>\$ 15,088,024</u></u>
---	-----------------------------

See Notes to the Financial Statements

(This Page is Left Blank Intentionally)

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

For the Year Ended December 31, 2020
With Comparative Totals for the Year Ended December 31, 2019

		Special Revenue Funds			Totals	
	100	358	361	Other	2020	2019
	General	TIF Dist. 2-5 Dollar General	Revolving Loan State	Governmental Funds		
REVENUES						
Property taxes	\$ 1,358,225	\$	\$	\$ 825,087	\$ 2,183,312	\$ 2,046,903
Special assessments	3,830			6,276	10,106	105,651
Tax increments				223,709	223,709	170,785
Tax abatement				25,615	25,615	19,561
Licenses and permits	20,775				20,775	32,356
Fines and forfeits	4,558			607	5,165	6,585
Intergovernmental	948,456			353,592	1,302,048	1,433,765
Franchise fees				26,376	26,376	27,184
Charges for services	53,553			224,965	278,518	335,331
Training revenue				9,325	9,325	16,865
Investment income	61,652		3,150	41,665	106,467	136,288
Contributions				150,024	150,024	151,535
Sale of land						206,727
Miscellaneous	36,271		27,725	47,754	111,750	222,685
TOTAL REVENUES	2,487,320		30,875	1,934,995	4,453,190	4,912,221
EXPENDITURES						
Current						
General government	601,661			54,944	656,605	684,061
Public safety	627,735			367,498	995,233	1,096,041
Public works	418,921				418,921	479,443
Parks and recreation	319,641			76,062	395,703	347,770
Library				228,200	228,200	256,707
Community development	19,091		24,215	355,017	398,323	1,143,594
Unallocated - CARES Act	65,026			76,426	141,452	
Capital Outlay				820,646	820,646	2,643,476
Debt Service				786,990	786,990	703,272
TOTAL EXPENDITURES	2,052,075		24,215	2,765,783	4,842,073	7,354,364
Excess (deficiency) of revenues over (under) expenditures	435,245		6,660	(830,788)	(388,883)	(2,442,143)
OTHER FINANCING SOURCES (USES)						
Proceeds from issuance of debt						219,450
Transfers in	127,316			642,313	769,629	1,535,396
Transfers out	(361,050)			(149,550)	(510,600)	(1,376,453)
TOTAL OTHER FINANCING SOURCES (USES)	(233,734)			492,763	259,029	378,393
Net change in fund balances	201,511		6,660	(338,025)	(129,854)	(2,063,750)
FUND BALANCES, beginning	1,088,094	(331,931)	11,598	3,634,571	4,402,332	6,466,082
FUND BALANCES, ending	\$ 1,289,605	\$ (331,931)	\$ 18,258	\$ 3,296,546	\$ 4,272,478	\$ 4,402,332

See Notes to the Financial Statements

(This Page is Left Blank Intentionally)

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, 2020

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

Net change in fund balances - total governmental funds (page 21)	\$	(129,854)
--	----	-----------

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	\$ 820,218	
Depreciation expense	<u>(938,829)</u>	
		(118,611)

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, 2020	\$ 891,877	
Unavailable revenue, December 31, 2019	<u>(1,043,566)</u>	
		(151,689)

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

35,843

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligations bonds and related items is as follows.

Principal retirement on long-term debt	\$ 567,000	
Amortization of bond premium, net	7,001	
Change in accrued interest	<u>6,491</u>	
		580,492

In the statement of activities, certain operating expenses - compensated absences, net pension liability, and net pension asset - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

Change in compensated absences	\$ (10,933)	
Change in net pension liability activity	67,499	
Change in net pension asset	<u>91,337</u>	
		<u>147,903</u>

Change in net position of governmental activities (pages 17-18)	\$	<u>364,084</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, 2020
With Comparative Totals for the Year Ended December 31, 2019

	Budgeted Amounts		2020	Variance with	2019
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
REVENUES					
Property Tax Levy Collected	\$ 1,383,479	\$ 1,383,479	\$ 1,358,225	\$ (25,254)	\$ 1,295,941
Special Assessments Collected	3,628	3,628	3,830	202	3,982
Licenses and permits	29,600	29,600	20,775	(8,825)	32,356
Intergovernmental Revenues					
Local government aid	823,688	823,688	825,052	1,364	787,121
Market value credit			584	584	688
State police aid	42,000	42,000	47,255	5,255	45,798
PERA aid	1,677	1,677		(1,677)	1,677
Highway	3,000	3,000	2,071	(929)	2,071
Training and reimbursement	3,200	3,200	8,468	5,268	11,523
CARES Act funding			65,026	65,026	
Other					5,000
Total Intergovernmental Revenues	873,565	873,565	948,456	74,891	853,878
Charges For Services					
Plan check fee	8,000	8,000	3,901	(4,099)	6,480
Pool fees	71,600	71,600	49,552	(22,048)	76,743
Lodging tax	500	500	100	(400)	285
Total Charges For Services	80,100	80,100	53,553	(26,547)	83,508
Fines and Forfeits					
Parking fines	2,100	2,100	2,125	25	925
Court fines and other	5,000	5,000	2,433	(2,567)	3,288
Animal fines					40
Total Fines and Forfeits	7,100	7,100	4,558	(2,542)	4,253
Investment Income	12,000	12,000	61,652	49,652	65,375
Miscellaneous Revenues					
Sale of assets	50	50	59	9	259
Donations	700	700	865	165	1,756
Refunds/reimbursements	29,025	29,025	35,347	6,322	61,984
Total Miscellaneous Revenues	29,775	29,775	36,271	6,496	63,999
TOTAL REVENUES	\$ 2,419,247	\$ 2,419,247	\$ 2,487,320	\$ 68,073	\$ 2,403,292

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, 2020
With Comparative Totals for the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>2020</u>	<u>Variance with</u>	<u>2019</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget -</u>	<u>Actual</u>
			<u>Amounts</u>	<u>Positive</u>	<u>Amounts</u>
				<u>(Negative)</u>	
EXPENDITURES					
General Government					
Mayor and Council					
Salaries	\$ 21,300	\$ 21,300	\$ 22,877	\$ (1,577)	\$ 21,172
Employee benefits and retirement	1,620	1,620	1,576	44	1,542
Workers compensation	150	150	141	9	144
Office supplies	400	400	118	282	
Printing and publication	2,200	2,200	2,192	8	3,281
Travel and conference	3,050	3,050	842	2,208	1,911
Legal fees	9,500	9,500	9,185	315	11,570
Dues and subscription	11,000	11,000	12,007	(1,007)	10,926
Departmental capital charge	1,900	1,900	1,900		1,900
Other	2,438	2,438	2,402	36	3,110
Total Mayor and Council	<u>53,558</u>	<u>53,558</u>	<u>53,240</u>	<u>318</u>	<u>55,556</u>
Elections	<u>4,400</u>	<u>4,400</u>	<u>8,533</u>	<u>(4,133)</u>	<u>7</u>
Clerk's Office					
Salaries	296,000	296,000	271,213	24,787	276,144
Employee benefits and retirement	43,100	43,100	43,075	25	41,115
Workers compensation	4,500	4,500	4,007	493	4,341
Health insurance	42,575	42,575	41,023	1,552	38,065
Office supplies	6,500	6,500	7,219	(719)	6,677
Postage	1,900	1,900	574	1,326	1,683
Audit fees	12,500	12,500	11,850	650	8,800
Consulting fees	12,970	12,970	15,382	(2,412)	12,612
Licenses and dues	2,100	2,100	3,220	(1,120)	2,333
Insurance	5,300	5,300	5,333	(33)	5,148
Internet and telephone	23,250	23,250	24,043	(793)	22,565
Maintenance and repair	4,700	4,700	3,198	1,502	3,525
Travel and conference	7,150	7,150	413	6,737	5,693
Departmental capital charge	6,700	6,700	6,700		6,570
Other	6,525	6,525	6,860	(335)	7,267
Total Clerk's Office	<u>475,770</u>	<u>475,770</u>	<u>444,110</u>	<u>31,660</u>	<u>442,538</u>
Planning and Zoning					
Printing and publication	500	500	322	178	320
Consulting fees	55,500	55,500	15,531	39,969	54,295
Insurance	3,600	3,600	3,737	(137)	3,496
Other	950	950	1,793	(843)	848
Total Planning and Zoning	<u>\$ 60,550</u>	<u>\$ 60,550</u>	<u>\$ 21,383</u>	<u>\$ 39,167</u>	<u>\$ 58,959</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, 2020
With Comparative Totals for the Year Ended December 31, 2019

	Budgeted Amounts		2020	Variance with	2019
	Original	Final	Actual	Final Budget - Favorable (Unfavorable)	Actual
EXPENDITURES (Continued)					
General Government (Continued)					
Municipal Building					
Operating supplies	\$ 3,500	\$ 3,500	\$ 1,031	\$ 2,469	\$ 1,554
Small tools and minor equipment	500	500	1,397	(897)	336
Maintenance and repair	13,000	13,000	24,635	(11,635)	14,792
Contracted services	28,767	28,767	14,010	14,757	23,643
Insurance	3,800	3,800	4,026	(226)	3,647
Utilities	8,000	8,000	7,552	448	7,943
Departmental capital charge	21,220	21,220	21,220		20,600
Other	648	648	524	124	957
Total Municipal Building	79,435	79,435	74,395	5,040	73,472
Total General Government	673,713	673,713	601,661	72,052	630,532
Public Safety					
Animal Control					
Operating supplies	300	300	101	199	100
Printing and publication	200	200		200	571
Other	450	450	4	446	65
Total Animal Control	950	950	105	845	736
Civil Defense					
Contracted services	450	450		450	
Departmental capital charge	2,000	2,000	2,000		2,000
Total Civil Defense	2,450	2,450	2,000	450	2,000
Building Code					
Consultant fee	24,000	24,000	19,688	4,312	17,898
Plan review	5,000	5,000	312	4,688	1,954
Surcharge fee/sales tax	3,500	3,500	810	2,690	7,237
Total Building Code	\$ 32,500	\$ 32,500	\$ 20,810	\$ 11,690	\$ 27,089

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, 2020
With Comparative Totals for the Year Ended December 31, 2019

	Budgeted Amounts		2020	Variance with	2019
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
EXPENDITURES (Continued)					
Public Safety (Continued)					
Police Department					
Salaries	\$ 366,997	\$ 366,997	\$ 355,318	\$ 11,679	\$ 376,696
Employee benefits and retirement	70,285	70,285	70,390	(105)	68,746
Workers compensation	32,000	32,000	30,706	1,294	31,879
Health insurance	49,120	49,120	55,737	(6,617)	53,252
Operating supplies	3,000	3,000	1,137	1,863	2,092
Vehicle operating supplies	8,000	8,000	5,063	2,937	7,752
Small tools and minor equipment	3,000	3,000	432	2,568	2,485
Internet and telephone	7,100	7,100	7,639	(539)	8,441
Legal fees	8,500	8,500	4,493	4,007	6,192
Towing and wrecker fees	1,000	1,000	250	750	100
Uniform allowance	4,250	4,250	4,086	164	3,088
Maintenance and repair	9,500	9,500	7,923	1,577	11,761
Clothing	2,000	2,000	1,701	299	158
Printing and publication	300	300	304	(4)	
Postage	400	400	285	115	531
Training	4,500	4,500	2,418	2,082	2,793
Contracted services	8,320	8,320	7,467	853	7,954
Insurance	18,000	18,000	16,226	1,774	17,828
Utilities	6,000	6,000	5,583	417	5,277
Departmental capital charge	22,900	22,900	22,900		22,900
Other	6,105	6,105	4,762	1,343	4,774
Total Police Department	<u>631,277</u>	<u>631,277</u>	<u>604,820</u>	<u>26,457</u>	<u>634,699</u>
Total Public Safety	<u>667,177</u>	<u>667,177</u>	<u>627,735</u>	<u>39,442</u>	<u>664,524</u>
Public Works					
Street Department					
Salaries	89,000	89,000	76,557	12,443	87,284
Employee benefits and retirement	12,200	12,200	11,644	556	12,326
Health insurance	9,025	9,025	10,348	(1,323)	9,039
Workers compensation	2,800	2,800	3,318	(518)	2,641
Operating supplies	19,700	19,700	11,486	8,214	20,196
Vehicle operating supplies	13,500	13,500	8,544	4,956	15,719
Maintenance and repair	42,300	42,300	51,026	(8,726)	67,277
Clothing	800	800	910	(110)	752
Snow removal	5,000	5,000	1,463	3,537	21,788
Insurance	9,400	9,400	10,770	(1,370)	9,495
Internet and telephone	1,800	1,800	1,518	282	1,574
Other professional services	12,500	12,500	4,308	8,192	13,276
Small tools and minor equipment	5,000	5,000	2,275	2,725	1,958
Utilities	36,000	36,000	37,147	(1,147)	32,937
Departmental capital charge	185,400	185,400	185,400		179,200
Other	3,598	3,598	2,207	1,391	3,981
Total Public Works	<u>\$ 448,023</u>	<u>\$ 448,023</u>	<u>\$ 418,921</u>	<u>\$ 29,102</u>	<u>\$ 479,443</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, 2020
With Comparative Totals for the Year Ended December 31, 2019

	Budgeted Amounts		2020	Variance with	2019
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
EXPENDITURES (Continued)					
Parks and Recreation					
Parks					
Salaries	\$ 69,700	\$ 69,700	\$ 74,690	\$ (4,990)	\$ 66,628
Employee benefits and retirement	8,950	8,950	9,927	(977)	9,232
Workers compensation	6,000	6,000	5,273	727	5,768
Health insurance	9,025	9,025	12,919	(3,894)	8,539
Small tools and minor equipment	1,000	1,000	201	799	739
Vehicle operating supplies	3,000	3,000	4,776	(1,776)	4,736
Maintenance and repair	8,000	8,000	6,873	1,127	3,059
Other professional services	4,000	4,000	577	3,423	629
Utilities	14,000	14,000	9,215	4,785	12,011
Insurance	8,000	8,000	8,734	(734)	7,925
Departmental capital charge	41,200	41,200	41,200		40,000
Other	8,548	8,548	7,234	1,314	7,262
Total Parks	181,423	181,423	181,619	(196)	166,528
Pool					
Salaries	73,000	73,000	54,384	18,616	72,827
Employee benefits and retirement	5,500	5,500	4,839	661	5,571
Workers compensation	6,000	6,000	7,821	(1,821)	5,863
Operating supplies	19,000	19,000	13,266	5,734	19,058
Maintenance and repair	2,000	2,000	1,453	547	1,495
Other professional services			204	(204)	
Utilities	11,000	11,000	21,628	(10,628)	15,128
Insurance	10,000	10,000	17,735	(7,735)	9,517
Departmental capital charge	2,500	2,500	2,500		2,300
Other	12,050	12,050	10,592	1,458	13,021
Total Pool	141,050	141,050	134,422	6,628	144,780
Recreation	4,200	4,200	2,000	2,200	4,000
Band					
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	328,273	328,273	319,641	8,632	316,908
Community Development					
Promotional expense	3,000	3,000	1,524	1,476	3,565
Heritage preservation	13,930	13,930	12,274	1,656	17,098
Other	8,148	8,148	5,293	2,855	5,697
Total Community Development	\$ 25,078	\$ 25,078	\$ 19,091	\$ 5,987	\$ 26,360

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, 2020
With Comparative Totals for the Year Ended December 31, 2019

	Budgeted Amounts		2020	Variance with	2019
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
			Amounts		Amounts
EXPENDITURES (Continued)					
UNALLOCATED - CARES ACT					
Salaries	\$	\$	\$ 46,500	\$ (46,500)	\$
Supplies			9,543	(9,543)	
Small tools and minor equipment			2,895	(2,895)	
Maintenance and repair			1,000	(1,000)	
Other professional services			650	(650)	
Other			4,438	(4,438)	
Total Unallocated - CARES Act			65,026	(65,026)	
TOTAL EXPENDITURES	<u>2,142,264</u>	<u>2,142,264</u>	<u>2,052,075</u>	<u>90,189</u>	<u>2,117,767</u>
Excess of revenues over expenditures	<u>276,983</u>	<u>276,983</u>	<u>435,245</u>	<u>158,262</u>	<u>285,525</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	127,316	127,316	127,316		124,500
Transfers out	(361,050)	(361,050)	(361,050)		(351,558)
Total Other Financing Sources (Uses)	<u>(233,734)</u>	<u>(233,734)</u>	<u>(233,734)</u>		<u>(227,058)</u>
Net change in fund balances	43,249	43,249	201,511	158,262	58,467
FUND BALANCES, beginning	<u>1,088,094</u>	<u>1,088,094</u>	<u>1,088,094</u>		<u>1,029,627</u>
FUND BALANCES, ending	<u>\$ 1,131,343</u>	<u>\$ 1,131,343</u>	<u>\$ 1,289,605</u>	<u>\$ 158,262</u>	<u>\$ 1,088,094</u>

See Notes to the Financial Statements

CITY OF CHATFIELD, MINNESOTA
REVOLVING LOAN STATE
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2020
With Comparative Totals for the Year Ended December 31, 2019

	Budgeted Amounts		Fund 361 2020 Actual Amounts	Variance with Final Budget - Positive (Negative)	2019 Actual Amounts
	Original	Final			
REVENUES					
Intergovernmental	\$	\$	\$	\$	\$ 375,000
Investment income	3,900	3,900	3,150	(750)	3,735
Miscellaneous	36,900	36,900	27,725	(9,175)	29,958
TOTAL REVENUES	40,800	40,800	30,875	(9,925)	408,693
EXPENDITURES					
DEED repayments to state	32,200	32,200	24,215	7,985	25,884
Loan advances					400,000
TOTAL EXPENDITURES	32,200	32,200	24,215	7,985	425,884
Net change in fund balances	8,600	8,600	6,660	(1,940)	(17,191)
FUND BALANCES, beginning	11,598	11,598	11,598		28,789
FUND BALANCES, ending	\$ 20,198	\$ 20,198	\$ 18,258	\$ (1,940)	\$ 11,598

See Notes to the Financial Statements

(This Page is Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
Statement of Net Position
December 31, 2020
With Comparative Totals for December 31, 2019

	601/336/339	602/622/ 337/333/341	603	Totals	
	Water	Sewer	Garbage	2020	2019
ASSETS AND DEFERRED					
OUTFLOWS OF RESOURCES					
Current Assets					
Cash and investments	\$ 269,285	\$ 495,649	\$ 62,556	\$ 827,490	\$ 855,558
Accounts receivable, net	45,241	114,514	22,840	182,595	159,305
Special assessments receivable	4,846	16,154	5,923	26,923	26,330
Special assessments delinquent	738	2,771	886	4,395	4,090
Prepaid items	541	1,983		2,524	2,136
Total Current Assets	320,651	631,071	92,205	1,043,927	1,047,419
Noncurrent Assets					
Capital assets:					
Nondepreciable	30,246	30,246		60,492	60,492
Depreciable	4,132,177	13,041,214		17,173,391	16,959,919
Less: Accumulated depreciation	1,538,003	6,841,429		8,379,432	7,959,541
Net capital assets	2,624,420	6,230,031		8,854,451	9,060,870
Deferred Outflows of Resources					
Deferred outflows from pension activity	4,355	8,195		12,550	12,088
TOTAL ASSETS AND DEFERRED					
OUTFLOWS OF RESOURCES	\$ 2,949,426	\$ 6,869,297	\$ 92,205	\$ 9,910,928	\$ 10,120,377
LIABILITIES, DEFERRED INFLOWS					
OF RESOURCES, AND NET POSITION					
Current Liabilities					
Accounts payable	\$ 6,144	\$ 5,861	\$ 15,413	\$ 27,418	\$ 33,378
Accrued compensated absences	4,771	3,810		8,581	9,471
Current maturities of bonds payable	35,500	470,500		506,000	495,000
Accrued interest payable	1,823	32,556		34,379	38,391
Total Current Liabilities	48,238	512,727	15,413	576,378	576,240
Noncurrent Liabilities					
Net pension liability	47,169	84,119		131,288	115,433
Accrued compensated absences	4,200	6,682		10,882	4,069
Bonds payable, net of current maturities	224,500	3,526,611		3,751,111	4,263,000
Total Liabilities	324,107	4,130,139	15,413	4,469,659	4,958,742
Deferred Inflows of Resources					
Deferred inflows from pension activity	1,937	3,351		5,288	22,942
NET POSITION					
Net investment in capital assets	2,364,420	2,232,920		4,597,340	4,302,870
Unrestricted	258,962	502,887	76,792	838,641	835,823
Total Net Position	2,623,382	2,735,807	76,792	5,435,981	5,138,693
TOTAL LIABILITIES, DEFERRED INFLOWS					
OF RESOURCES AND NET POSITION	\$ 2,949,426	\$ 6,869,297	\$ 92,205	\$ 9,910,928	\$ 10,120,377

See Notes to the Financial Statements

Governmental Activities-Internal
Service Funds
801

Capital Goods	
2020	2019

\$ 892,835 \$ 768,762

892,835	768,762
---------	---------

5,089,360	5,154,048
2,459,369	2,436,436
2,629,991	2,717,612

\$ 3,522,826	\$ 3,486,374

\$ 675 \$ 66

675	66
-----	----

675	66
-----	----

2,629,991	2,717,612
892,160	768,696
3,522,151	3,486,308

\$ 3,522,826	\$ 3,486,374
--------------	--------------

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
Statement of Revenues, Expenses
and Changes in Fund Net Position
For the Year Ended December 31, 2020
With Comparative Totals for the Year Ended December 31, 2019

	601/336/339	602/622/ 337/333/341	603	Totals	
	Water	Sewer	Garbage	2020	2019
Operating Revenues					
Service fees and charges	\$ 372,381	\$ 963,882	\$ 225,253	\$ 1,561,516	\$ 1,458,364
Departmental capital charge					
	<u>372,381</u>	<u>963,882</u>	<u>225,253</u>	<u>1,561,516</u>	<u>1,458,364</u>
Operating Expenses					
Salaries	61,721	115,999		177,720	172,162
Employee benefits and retirement	7,758	16,766		24,524	23,071
Health insurance	8,848	25,554		34,402	29,099
Workers compensation	3,892	7,883		11,775	12,542
Garbage removal			184,660	184,660	188,224
City clean up			217	217	16,483
Supplies	8,120	5,320	314	13,754	18,896
Utilities	20,448	51,289		71,737	91,078
Maintenance and repairs	18,598	24,800	4,494	47,892	84,133
Travel and training	50	390		440	210
Professional fees	23,185	15,849		39,034	50,686
Office expense	1,145	3,801	989	5,935	6,260
Insurance	4,418	11,882		16,300	15,425
Depreciation	127,919	291,972		419,891	412,722
Departmental capital charge	9,522	8,710	250	18,482	17,985
Other	17,587	19,186	12,834	49,607	62,836
Total Operating Expenses	<u>313,211</u>	<u>599,401</u>	<u>203,758</u>	<u>1,116,370</u>	<u>1,201,812</u>
Operating Income (Loss)	<u>59,170</u>	<u>364,481</u>	<u>21,495</u>	<u>445,146</u>	<u>256,552</u>
Nonoperating Revenues (Expenses)					
Investment income	4,974	12,809	1,036	18,819	20,760
Refunds and reimbursements	1,293	2,216		3,509	11,642
Special assessments	8,069	34,287	9,507	51,863	61,455
State aid	9,850			9,850	6,773
CARES Act Funding	4,255	29,767		34,022	
CARES Act Expenses	(4,255)	(5,601)		(9,856)	
Connection and access fees	9,600	15,600		25,200	33,617
Miscellaneous					231
Gain on disposal					
Interest and fiscal charges	(4,425)	(73,046)		(77,471)	(87,091)
Total Nonoperating Revenues (Expenses)	<u>29,361</u>	<u>16,032</u>	<u>10,543</u>	<u>55,936</u>	<u>47,387</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>88,531</u>	<u>380,513</u>	<u>32,038</u>	<u>501,082</u>	<u>303,939</u>
Capital contributions					14,465
Transfers in	39,879	542,711		582,590	622,014
Transfers out	(225,086)	(544,398)	(16,900)	(786,384)	(783,007)
CHANGE IN NET POSITION	<u>(96,676)</u>	<u>378,826</u>	<u>15,138</u>	<u>297,288</u>	<u>157,411</u>
NET POSITION - BEGINNING OF YEAR	<u>2,720,058</u>	<u>2,356,981</u>	<u>61,654</u>	<u>5,138,693</u>	<u>4,981,282</u>
NET POSITION - END OF YEAR	<u>\$ 2,623,382</u>	<u>\$ 2,735,807</u>	<u>\$ 76,792</u>	<u>\$ 5,435,981</u>	<u>\$ 5,138,693</u>

See Notes to the Financial Statements

Governmental Activities-Internal
Service Funds
801

Capital Goods	
2020	2019
\$	\$
305,528	296,705
305,528	296,705
46,436	53,975
1,128	1,437
251,325	251,647
13,823	34,784
312,712	341,843
(7,184)	(45,138)
13,322	14,366
57,583	
22,712	1,781
4,645	232
98,262	16,379
91,078	(28,759)
2,100	2,050
(57,335)	
35,843	(26,709)
3,486,308	3,513,017
\$ 3,522,151	\$ 3,486,308

CITY OF CHATFIELD, MINNESOTA

PROPRIETARY FUNDS

Statement of Cash Flows

For the Year Ended December 31, 2020

With Comparative Totals for the Year Ended December 31, 2019

	Business-Type Activities - Enterprise Funds			Totals	
	Water	Sewer	Garbage	2020	2019
Cash Flows From Operating Activities					
Cash received from customers	\$ 370,815	\$ 947,103	\$ 222,919	\$ 1,540,837	\$ 1,495,549
Cash paid to employees	(73,454)	(140,953)		(214,407)	(207,793)
Cash paid to suppliers	(115,374)	(164,375)	(205,009)	(484,758)	(600,326)
Net Cash Provided By Operating Activities	181,987	641,775	17,910	841,672	687,430
Cash Flows From Noncapital Financing Activities					
Intergovernmental	17,919	58,453	9,507	85,879	68,228
Connection and access fees	9,600	15,600		25,200	33,617
Miscellaneous					
Transfer in/out	(185,207)	(1,687)	(16,900)	(203,794)	(160,993)
Net Cash Provided By (Used In) Noncapital Financing Activities	(157,688)	72,366	(7,393)	(92,715)	(59,148)
Cash Flows From Capital and Related Financing Activities					
Capital asset acquisitions	(55,506)	(157,966)		(213,472)	(79,743)
Intergovernmental					
Principal payments on bonds	(35,000)	(460,000)		(495,000)	(488,000)
Interest payments on bonds	(4,661)	(82,711)		(87,372)	(97,340)
Net Cash (Used In) Capital and Related Financing Activities	(95,167)	(700,677)		(795,844)	(665,083)
Cash Flows From Investing Activities					
Investment income	4,974	12,809	1,036	18,819	20,760
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(65,894)	26,273	11,553	(28,068)	(16,041)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	335,179	469,376	51,003	855,558	871,599
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 269,285	\$ 495,649	\$ 62,556	\$ 827,490	\$ 855,558

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

Operating Income (Loss)	\$ 59,170	\$ 364,481	\$ 21,495	\$ 445,146	\$ 256,552
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	127,919	291,972		419,891	412,722
Change in net pension liability	(2,019)	(242)		(2,261)	(2,253)
Miscellaneous nonoperating income	1,293	2,216		3,509	11,873
(Increase) Decrease In:					
Accounts receivable	(2,736)	(18,362)	(2,192)	(23,290)	6,118
Special assessments receivable	(107)	(356)	(130)	(593)	8,432
Special assessments delinquent	(16)	(277)	(12)	(305)	10,762
Prepaid expenses	(83)	(305)		(388)	(18)
Increase (Decrease) In:					
Accounts payable	(2,463)	(2,246)	(1,251)	(5,960)	(19,801)
Accrued liabilities	1,029	4,894		5,923	3,043
Net Cash Provided By Operating Activities	\$ 181,987	\$ 641,775	\$ 17,910	\$ 841,672	\$ 687,430

See Notes to the Financial Statements

Governmental Activities-
Internal Service Funds
801 Capital Goods

2020	2019
\$ 305,528	\$ 296,933
(60,778)	(119,127)
244,750	177,806
22,712	1,781
(55,235)	2,050
(32,523)	3,831
(159,059)	(188,127)
57,583	
(101,476)	(188,127)
13,322	14,366
124,073	7,876
768,762	760,886
\$ 892,835	\$ 768,762
\$ (7,184)	\$ (45,138)
251,325	251,647
	228
609	(28,931)
\$ 244,750	\$ 177,806

(This Page is Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

B. Government-wide and Fund Financial Statements

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

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

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

The City reports the following major governmental funds:

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

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

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

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

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

Cash and Investments

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

Interfund Transactions

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

Property Taxes

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

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

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

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

Special assessments outstanding at December 31, 2020 are recognized as revenue only when received. The receivable balances in the fund financial statements are offset entirely by deferred inflow of resources until collected by the county. These offsetting balances are also not reflected in the financial statements.

Capital Assets

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

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

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

Capital Assets (Continued)

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

	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

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

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

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

Concentration of Credit Risk

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

Net position / Fund Balance

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

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

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

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

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

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

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

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

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

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

Pensions

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

Comparative Data

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

Deferred Outflows of Resources

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

Deferred Inflows of Resources

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

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

3. Detailed Notes on All Funds

A. Summary of Cash and Investments

As of December 31, 2020, the City’s cash and investments consisted of the following items, all of which are held in an internal investment pool:

Cash and Investments	Maturities	Ratings	Fair Value
Cash on hand	None	N/A	\$ 150
Deposits	None	N/A	2,472,289
Non-negotiable certificates of deposit	January 2021 - September 2025	N/A	2,883,841
Municipal bonds	February 2024	Aa1	102,556
Money market funds	None	N/A	215,231
Total Cash and Investments			<u>\$ 5,674,067</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 into the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
- g) Money market funds with institutions that have portfolios consisting exclusively of United States Treasury obligations and Federal Agency issues.

Collateralization of Cash Deposits

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

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

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

Interest Rate Risk

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

Credit Risk

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

Fair Value Measurements

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

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

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

Fair Value Measurements (Continued)

The City's investments within the fair value hierarchy at December 31, 2020 and 2019 were as follows:

At December 31, 2020				
	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Municipal bonds	\$ 102,556	\$	\$ 102,556	\$
Total	<u>\$ 102,556</u>	<u>\$</u>	<u>\$ 102,556</u>	<u>\$</u>
At December 31, 2019				
	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
U.S. government bonds	\$ 1,151,393	\$	\$ 1,151,393	\$
Municipal bonds	100,220		100,220	
Total	<u>\$ 1,251,613</u>	<u>\$</u>	<u>\$ 1,251,613</u>	<u>\$</u>

B. Deferred Special Assessments Receivable

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

C. Notes Receivable

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

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

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

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

The City of Chatfield, Minnesota has the following notes receivable outstanding as of December 31, 2020:

	Date of Loan	Initial Loan Amount	Interest Rate	Term	Balance 12/31/20
EZ Fab II - State	7/1/2014	\$ 408,000	1%	15 years	\$ 247,649
EZ Fab I - Federal	7/1/2014	125,000	1%	15 years	76,172
MT Properties	10/1/2014	62,700	4%	10 years	28,102
Bick & Berry Boutique	8/1/2016	30,000	4%	5 years	5,961
Corner Cuts Salon	9/20/2017	25,354	4%	10 years	18,781
Big Girl Stickers & Stems	9/20/2018	40,000	4%	10 years	32,933
EZ Fab III - State	6/26/2019	25,000	1%	10 years	22,409
EZ Fab IV - State/DEED	6/26/2019	375,000	1%	15 years	366,913
Broadwater, LLC	7/31/2019	55,500	4%	8 years	52,565
		<u>\$ 1,146,554</u>			<u>\$ 851,485</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

D. Capital Assets

Capital asset activity, including internal service fund capital assets, for the year ended December 31, 2020 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 936,898	\$	\$	\$ 936,898
Construction in process	26,593	4,329	26,593	4,329
Total capital assets, not being depreciated	963,491	4,329	26,593	941,227
Capital assets, being depreciated:				
Buildings	16,185,723	780,500		16,966,223
Infrastructure	8,111,975	36,315		8,148,290
Vehicles	2,118,210		79,000	2,039,210
Furniture and fixtures	424,608	13,412		438,020
Machinery and equipment	2,388,368	210,340	186,717	2,411,991
Total capital assets, being depreciated	29,228,884	1,040,567	265,717	30,003,734
Less accumulated depreciation for:				
Buildings	5,746,651	612,882		6,359,533
Infrastructure	3,731,617	252,586		3,984,203
Vehicles	1,017,622	143,606	79,000	1,082,228
Furniture and fixtures	258,629	25,944		284,573
Machinery and equipment	1,632,851	155,136	152,336	1,635,651
Total accumulated depreciation	12,387,370	1,190,154	231,336	13,346,188
Total capital assets, being depreciated, net	16,841,514	(149,587)	34,381	16,657,546
 Governmental activities capital assets, net	 \$ 17,805,005	 \$ (145,258)	 \$ 60,974	 \$ 17,598,773

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

D. Capital Assets (Continued)

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 60,492	\$	\$	\$ 60,492
Total capital assets, not being depreciated	60,492			60,492
Capital assets, being depreciated:				
Wastewater Treatment Facility and Distribution	16,176,338			16,176,338
Machinery and equipment	783,581	213,472		997,053
Total capital assets, being depreciated	16,959,919	213,472		17,173,391
Less accumulated depreciation for:				
Wastewater Treatment Facility and Distribution	7,720,816	355,485		8,076,301
Machinery and equipment	238,725	64,406		303,131
Total accumulated depreciation	7,959,541	419,891		8,379,432
Total capital assets, being depreciated, net	9,000,378	(206,419)		8,793,959
Business-type activities capital assets, net	<u>\$ 9,060,870</u>	<u>\$ (206,419)</u>	<u>\$</u>	<u>\$ 8,854,451</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

General government	\$ 52,199
Public safety	131,942
Public works	135,959
Parks and recreation	170,902
Library	55,205
Community development	392,622
Subtotal	938,829
Internal service fund	251,325
Total depreciation expense - governmental activities	<u>\$ 1,190,154</u>

Business-Type Activities:

Water Infrastructure	\$ 127,919
Sewer Infrastructure	291,972
Total depreciation expense - business-type activities	<u>\$ 419,891</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

E. Interfund Balances and Transfers

Transfers during the year ended December 31, 2020 were as follows:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund - Other	\$ 127,316	\$ 361,050
Special Revenue:		
Ambulance	71,450	56,800
Ambulance Capital Reserve	42,000	
EDA	56,301	
Fire	63,500	47,950
Fire Capital	45,000	
Cable Access	16,000	3,110
Sales Tax Development		2,301
Chatfield Center for the Arts	69,000	
Debt Service:		
2012A Refunding Bond	103,075	
2014A Bond	68,313	
2016A GO Refunding 2010A Bond	950	
2017A GO Bond	49,389	
Capital Projects:		
Enterprise Drive		39,389
2019A GO Tax Abatement Construction	15,797	
2019 Flood Damage	41,538	
Subtotal Governmental Funds	<u>769,629</u>	<u>510,600</u>
Enterprise:		
Water	39,879	225,086
Sewer	542,711	544,398
Garbage		16,900
Subtotal Enterprise Funds	<u>582,590</u>	<u>786,384</u>
Internal Service Fund	<u>2,100</u>	<u>57,335</u>
Total Transfers	<u>\$ 1,354,319</u>	<u>\$ 1,354,319</u>

The City generally utilizes interfund transfers for cash flow purposes.

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	\$ 771,729
Transfers out	<u>(567,935)</u>
Government-wide Statement of Activities	
Transfers in/out	<u>\$ 203,794</u>

The amounts due to and from other funds at December 31, 2020, at the individual fund level are summarized below:

<u>Funds</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 641	\$
Gjere Addition Tax Increment		641
	<u>\$ 641</u>	<u>\$ 641</u>

The amounts advanced to and from other funds at December 31, 2020, at the individual fund level are summarized below:

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

The City generally utilizes interfund balances for cash flow purposes.

At December 31, 2020, the following funds have deficit balances:

TIF Dist. 2-5 Dollar General	\$ 331,931
Gjere Addition Tax Increment	641

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

E. *Interfund Balances and Transfers (Continued)*

Excess of expenditures over budgeted appropriations at the individual fund level during 2020 are as follows:

Library	\$	226,608
EDA		49,426
Ambulance		15,183
Chatfield Center for the Arts		6,708
Revolving Loan Federal Fund		4,246

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, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable:					
General Obligation Bonds:					
2012A GO Crossover Refunding Bonds (2.0-2.7%)	\$ 1,135,000	\$	\$ 150,000	\$ 985,000	\$ 145,000
2014A GO Bonds (2.0-2.25%)	1,075,000		170,000	905,000	175,000
2016A GO Crossover Refunding Bonds (2.0%)	785,000		90,000	695,000	95,000
2017A GO Tax Abatement Note (2.85%)	421,000		42,000	379,000	43,000
2018A GO Swimming Pool Bonds (3.0-3.375%)	4,400,000		115,000	4,285,000	170,000
2019A GO Tax Abatement Bonds (3.0%)	225,000			225,000	28,000
Plus: Unamortized premium	64,938		7,001	57,937	
Total Bonds and Notes Payable	8,105,938		574,001	7,531,937	656,000
Other Liabilities:					
Compensated Absences	167,337	90,520	79,587	178,270	79,587
Governmental Activities					
Long-term Liabilities	8,273,275	90,520	653,588	7,710,207	735,587
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
General Obligation Revenue Bonds:					
2016A GO Crossover Refunding Bonds (2.0%)	4,115,000		425,000	3,690,000	435,000
2016B GO Water Revenue Note (2.825%)	350,000		40,000	310,000	41,000
2017B GO Utility Revenue Note (0%)	240,000		30,000	210,000	30,000
Plus: Unamortized premium	53,000		5,889	47,111	
Total Bonds and Notes Payable	4,758,000		500,889	4,257,111	506,000
Other Liabilities:					
Compensated Absences	13,540	16,805	10,882	19,463	10,882
Business-type Activities					
Long-term Liabilities	4,771,540	16,805	511,771	4,276,574	516,882
Total	\$ 13,044,815	\$ 107,325	\$ 1,165,359	\$ 11,986,781	\$ 1,252,469

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

F. Long-term debt (Continued)

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

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

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

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

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

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

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

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

F. Long-term debt (Continued)

The annual requirements to amortize all long-term debt outstanding as of December 31, 2020, over the life of the debt, are summarized below:

Years	General Obligation Bonds		General Obligation Revenue Bonds	
	Principal	Interest	Principal	Interest
<u>Governmental Activities</u>				
2021	\$ 656,000	\$ 199,599		
2022	663,000	183,592		
2023	681,000	167,142		
2024	699,000	150,017		
2025	696,000	132,477		
2026-2030	1,729,000	474,658		
2031-2035	1,210,000	285,538		
2036-2039	1,140,000	77,037		
Totals	<u>\$ 7,474,000</u>	<u>\$ 1,670,060</u>		
<u>Business-Type Activities</u>				
2021			\$ 506,000	\$ 77,628
2022			512,000	67,706
2023			523,000	57,605
2024			534,000	47,277
2025			540,000	36,769
2026-2028			1,595,000	46,098
Totals			<u>\$ 4,210,000</u>	<u>\$ 333,084</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

F. Long-term debt (Continued)

Conduit Debt Obligations

To provide for previous bond refunding and construction of improvements and the acquisition and installation of equipment by Chosen Valley Care Center, Inc. (a non-profit corporation), the City of Chatfield, Minnesota issued \$3,640,806 of Healthcare and Housing Facilities Revenue Loan Participation Notes dated August 1, 2005. This note was refunded by Healthcare and Housing Facilities Revenue Refunding Bonds Series 2019 issued for \$13,350,000 to finance the construction and equipping for renovations and improvements to the existing skilled nursing facility. This bond is a special limited obligation of the City, payable solely from income sources of the non-profit corporation. The notes do not constitute a debt or pledge of the faith and credit of the City, and accordingly have not been reported in the accompanying financial statements. At December 31, 2020, remaining notes outstanding totaled \$13,225,000.

To provide financing for phase II improvements to Olmsted Medical Center, (a non-profit corporation), the City of Chatfield, Minnesota issued \$2,600,000 of Health Care Facilities Revenue Note dated April 1, 2006. These notes are special limited obligations of the City, payable solely from income sources of the non-profit corporation. The notes do not constitute a debt or pledge of the faith and credit of the City, and accordingly have not been reported in the accompanying financial statements. At December 31, 2020, remaining notes outstanding totaled \$122,671.

4. Defined Benefit Pension Plans - Statewide

Plan Description

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

1. General Employees Retirement Plan

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

Plan Description (Continued)

2. Public Employees Police and Fire Plan

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

Benefits Provided

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

1. General Employees Plan Benefits

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

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

2. Police and Fire Plan Benefits

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

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase will be fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

Contributions

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

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2020 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2020, were \$63,191. The City's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Police and Fire member's contribution rates increased from 11.3 percent of pay to 11.8 percent and employer rates increase from 16.95 percent to 17.7 percent on January 1, 2020. The City's contributions to the Police and Fire Fund for the year ended December 31, 2020, were \$63,717. 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, 2020, the City reported a liability of \$707,464 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$21,880. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0118 percent at the end of the measurement period and 0.0117 percent for the beginning of the period.

City's proportionate share of net pension liability	\$ 707,464
State of Minnesota's proportionate share of the net pension liability associated with the City	\$ 21,880

For the year ended December 31, 2020, the City recognized pension expense of (\$85,073) for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$1,904 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2020, 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	\$ 6,388	\$ 2,674
Changes in actuarial assumptions		26,036
Difference between projected and actual investment earnings	14,015	
Changes in proportion	11,709	
Contributions paid to PERA subsequent to the measurement date	36,484	
Total	<u>\$ 68,596</u>	<u>\$ 28,710</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

The \$36,484 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending December 31:</u>	<u>Pension Expense Amount</u>
2021	\$ (30,847)
2022	2,337
2023	14,823
2024	17,089

2. Police and Fire Fund Pension Costs

At December 31, 2020, the City reported a liability of \$429,703 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.033 percent at the end of the measurement period and 0.035 percent for the beginning of the period.

The State of Minnesota also contributed \$13.5 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in fire state aid that does not meet the definition of a special funding situation. The \$4.5 million direct state was paid on October 1, 2019. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in fire state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

As a result, the State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$4.5 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2020, the City recognized pension expense of \$15,313 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional \$3,117 as pension expense (and grant revenue) for its proportionate share of State of Minnesota's contribution of \$4.5 million to the Police and Fire Fund.

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

4. Defined Benefit Pension Plans – Statewide (Continued)

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in fire state aid. The City also recognized \$10,133 for the year ended December 31, 2020 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2020, 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	\$ 18,154	\$ 18,258
Changes in actuarial assumptions	128,834	241,078
Difference between projected and actual investment earnings	17,504	
Changes in proportion	30,743	16,408
Contributions paid to PERA subsequent to the measurement date	32,386	
Total	<u>\$ 227,621</u>	<u>\$ 275,744</u>

The \$32,386 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending December 31:</u>	<u>Pension Expense Amount</u>
2021	\$ (22,069)
2022	(100,517)
2023	23,699
2024	21,364
2025	(2,986)

Total Pension Expense

The total pension expense for all plans recognized by the City for the year ended December 31, 2020 is as follows:

General Employees Fund	(\$83,169)
Police and Fire Fund	18,430
Fire Relief	<u>91,337</u>
Total	<u>\$26,598</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, 2020, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

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

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

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for Police and Fire Plan was completed in 2020. The recommended assumptions for the plan were adopted by the Board and will be effective with the July 1, 2021 actuarial valuations if approved by the Legislature.

The following changes in actuarial assumptions and plan provisions occurred in 2020:

General Employees Fund

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

Actuarial Assumptions (Continued)

Changes in Actuarial Assumptions (Continued):

- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

Police and Fire Fund

Changes in Actuarial Assumptions:

- The morality projection scale was changed from MP-2018 to MP-2019.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Stocks	35.5%	5.10%
International Stocks	17.5%	5.30%
Bonds (Fixed Income)	20.0%	0.75%
Alternative Assets (Private Markets)	25.0%	5.90%
Cash	2.0%	0.00%
Total	100%	

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

Discount Rate

The discount rate used to measure the total pension liability in 2020 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

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

Sensitivity Analysis				
<i>Net Pension Liability at Different Discount Rates</i>				
	General Employees Fund		Police and Fire Fund	
1% Lower	6.50%	\$ 1,133,819	6.50%	\$ 856,460
Current Discount Rate	7.50%	\$ 707,464	7.50%	\$ 429,703
1% Higher	8.50%	\$ 355,755	8.50%	\$ 76,636

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.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Defined Benefit Pension Plan – Volunteer Fire Relief Association

Plan Description

The of Chatfield Fire Department Relief Association (Association) participates in the Statewide Volunteer Firefighter Retirement Plan (accounted for in the Volunteer Firefighter Fund), an agent multiple-employer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The Volunteer Firefighter Plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. As of December 31, 2020 the plan covered 26 active firefighters and 2 vested terminated fire fighters whose pension benefits are deferred. The plan is established and administered in accordance with *Minnesota Statutes*, Chapter 353 G.

Benefits Provided

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

Contributions

The Volunteer Firefighter Plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in *Minnesota Statutes*, and voluntary City contributions. The State of Minnesota contributed \$39,192 in fire state aid to the fund for the year ended December 31, 2020. Required City contributions are calculated annually based on statutory provisions. The City made voluntary contributions of \$6,597 to the plan.

Pension Costs

At December 31, 2020, the City reported a net pension asset of \$206,090 for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2020. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance 12/31/19	\$ 379,629	\$ 494,382	\$ (114,753)
Changes for the Year			
Service Cost	28,754		28,754
Interest on Pension Liability	13,923		13,923
Actuarial Experience (Gains)/Losses	53,902		53,902
Transition to SVF Retirement Plan	(81,665)		(81,665)
Projected Investment Earnings		29,663	(29,663)
Contributions (Employer)		6,597	(6,597)
Contributions (State)		39,192	(39,192)
Adj. to Initial Asset Transfer		1,781	(1,781)
Asset (Gain)/Loss		29,856	(29,856)
Benefit Payout	(189,318)	(189,318)	
Administrative Costs		(838)	838
Net Changes	(174,404)	(83,067)	(91,337)
Ending Balance 12/31/20	\$ 205,225	\$ 411,315	\$ (206,090)

There were no benefit provision changes during the measurement period.

For the year ended December 31, 2020, the City recognized pension expense of \$91,337.

At December 31, 2020, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	\$ 43,122	\$
Asset (gain)/loss		23,885
Total	\$ 43,122	\$ 23,885

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

<u>Year ending December 31:</u>	<u>Pension Expense Amount</u>
2021	\$ 4,809
2022	4,809
2023	4,809
2024	4,810

Actuarial Assumptions

The total pension liability at December 31, 2020, was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

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

No actuarial changes were made during the measurement period.

Discount Rate

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Pension Liability Sensitivity

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
	5.00%	6.00%	7.00%
Net pension asset	\$ 192,111	\$ 206,090	\$ 219,534

Plan Investments

Investment Policy:

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

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

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

Asset Allocation:

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

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

Description of significant investment policy changes during the year:

The SBI made no significant changes to their investment policy during fiscal year 2020 for the Volunteer Firefighter Fund.

Pension Plan Fiduciary Net Position

Detailed information about the Volunteer Firefighter Fund's fiduciary net position as of June 30, 2020, is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained at www.mnpera.org.

6. 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 2020.

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 2020. The amount of any liability in excess of plan assets may be assessed to participating Cities in a method and amount determined by the LMCIT.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Fund Equity

Committed fund balances as of December 31, 2020 are as follows:

Committed fund balance:	
Library Fund	\$ 313,177

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

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

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

The City has 4 pay-as-you-go tax increment financing districts. For the year ended December 31, 2020, the City paid tax increments totaling \$212,778 related to these agreements.

(This Page is Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

CITY OF CHATFIELD, MINNESOTA
Schedules of City Pension Contributions

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

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

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

Year Ended December 31	Contributions in Relation to		Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
	Statutorily Required Contribution (a)	Statutorily Required Contribution (b)			
2014	\$ 37,020	\$ 37,020	\$	\$ 241,961	15.30%
2015	55,140	55,140		340,370	16.20%
2016	46,950	46,950		289,815	16.20%
2017	46,269	46,269		285,611	16.20%
2018	52,960	52,960		326,914	16.20%
2019	60,365	60,365		356,136	16.95%
2020	63,717	63,717		359,983	17.70%
2021					
2022					
2023					

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

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

Fiscal Year Ended June 30	Employer's Proportionate Share (Percentage) of Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City (a+b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a+b)/c	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0124%	\$ 582,490	\$	\$ 582,490	\$ 728,259	80%	78.70%
2015	0.0114%	590,807		590,807	744,940	79%	78.20%
2016	0.0118%	958,101	12,561	970,662	812,880	119%	68.90%
2017	0.0113%	721,385	9,108	730,493	731,647	100%	75.90%
2018	0.0116%	643,520	21,143	664,663	756,127	88%	79.53%
2019	0.0117%	646,867	20,166	667,033	804,233	83%	80.23%
2020	0.0118%	707,464	21,880	729,344	834,873	87%	79.06%
2021							
2022							
2023							

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

Fiscal Year Ended June 30	Employer's Proportionate Share (Percentage) of Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll a/b	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.032%	\$ 345,613	\$ 296,393	117%	87.10%
2015	0.030%	340,870	291,166	117%	86.60%
2016	0.030%	1,203,952	315,093	382%	63.90%
2017	0.030%	405,036	287,713	141%	85.40%
2018	0.031%	330,428	306,262	108%	88.84%
2019	0.035%	367,287	341,525	108%	89.26%
2020	0.033%	429,703	358,059	120%	87.19%
2021					
2022					
2023					

CITY OF CHATFIELD, MINNESOTA
Schedule of Changes in the Fire Relief Association Net Pension Asset and Related Ratios
December 31, 2020

	2020
Total Pension Liability	
Service cost	\$ 28,754
Interest on the pension liability	13,923
Actuarial experience (gains)/losses	53,902
Transition to SVF Retirement Plan	(81,665)
Benefit payouts	(189,318)
Net change in total pension liability	(174,404)
Total Pension Liability - beginning of year	379,629
Total Pension Liability - end of year	<u>\$ 205,225</u>
Plan Fiduciary Net Position	
Projected Investment Earnings	\$ 29,663
Contributions (Employer)	6,597
Contributions (State)	39,192
Adj. to Initial Asset Transfer	1,781
Asset (Gain)/Loss	29,856
Benefit Payout	(189,318)
Administrative Costs	(838)
Net change in plan fiduciary net position	(83,067)
Plan Fiduciary Net Position - beginning of year	494,382
Plan Fiduciary Net Position - end of year	<u>\$ 411,315</u>
Net Pension Liability (Asset) - End of Year	\$ (206,090)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	200.42%

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

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

(This Page is Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA
COMBINING AND INDIVIDUAL NONMAJOR FUNDS
STATEMENTS AND SCHEDULES
DECEMBER 31, 2020

CITY OF CHATFIELD, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2020

	Special Revenue											
	211/212	220/221	240	230/231	360	614/615	241	242	250	251	353	354
	Library	Fire	EDA	Ambulance	Revolving Loan Federal	Cable Access	Sales tax Development	Development	Chatfield Center for the Arts	CCA - Schmidt Foundation	Pope & Young Tax Increment	Lone Stone Tax Increment
ASSETS												
Cash and investments	\$ 315,575	\$ 335,201	\$ 49,543	\$ 80,137	\$ 97,349	\$ 52,443	\$	\$ 5,872	\$ 44,566	\$	\$	\$ 16,296
Accounts receivable	1,000		293	286,983		6,183						
Notes receivable					214,514							
Due from other governmental units												1,444
Taxes receivable - delinquent												
Special assessment receivable												
Advances to other funds												
Prepaid items	1,983			1,848				331,931				
TOTAL ASSETS	\$ 318,558	\$ 335,201	\$ 49,836	\$ 368,968	\$ 311,863	\$ 58,626	\$	\$ 337,803	\$ 44,566	\$	\$	\$ 17,740
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE												
Liabilities												
Accounts payable	\$ 3,398	\$ 872	\$	\$ 3,296	\$	\$ 8	\$	\$	\$	\$	\$	\$
Due to other funds												
Total Liabilities	3,398	872		3,296		8						
Deferred Inflows of Resources												
Unavailable revenue:												
Property taxes												
Special assessments												
Notes receivable					214,514							
Total Deferred Inflows of Resources					214,514							
Fund Balance												
Nonspendable:												
Prepaid items	1,983			1,848								
Restricted:												
Creditors (debt covenants)												
Regulations					97,349							17,740
Committed:												
By Council resolution	313,177											
Assigned:												
Fund assignments		334,329	49,836	363,824		58,618		337,803	44,566			
Unassigned:												
Total Fund Balance	315,160	334,329	49,836	365,672	97,349	58,618		337,803	44,566			17,740
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 318,558	\$ 335,201	\$ 49,836	\$ 368,968	\$ 311,863	\$ 58,626	\$	\$ 337,803	\$ 44,566	\$	\$	\$ 17,740

			Debt Service							Capital Projects				Total Nonmajor Governmental Funds
355	357	359	332	334	335 2016A GO Refunding 2010A Bond	338 2017A GO Bond	340 2018A GO Pool Bond	342 2019A GO Tax Abatement Bond	438 Enterprise Drive Project	440 2018A Pool Construction	442 2019A GO Tax Abatement Construction	453 2019 Flood Damage		
Gjere Addition Tax Increment	EZ Fab Tax Increment	Cabin Coffee Tax Increment	2012A Refunding Bond	2014A Bond										
\$	\$ 111	\$ 2	\$ 282,073	\$ 419,658	\$ 575,967	\$ 72,391	\$ 267,223	\$ 32,961	\$	\$ 15,842	\$	\$	\$ 2,663,210	
													294,459	
													214,514	
													11,330	
													6,196	
													11,035	
													331,931	
													3,831	
\$	\$ 111	\$ 2	\$ 283,052	\$ 433,776	\$ 579,484	\$ 73,266	\$ 274,308	\$ 33,504	\$	\$ 15,842	\$	\$	\$ 3,536,506	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 7,574	
641													641	
641													8,215	
								</						

CITY OF CHATFIELD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2020

	Special Revenue										
	211/212	220/221	240	230/231	360	614/615	241	242	250	251	353
	Library	Fire	EDA	Ambulance	Revolving Loan Federal	Cable Access	Sales Tax Development	Development	Chatfield Center for the Arts	CCA - Schmidt Foundation	Pope & Young Tax Increment
REVENUES											
Property tax levy											
Property tax collected	\$ 173,962	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Special assessments											
Tax increments											12,819
Tax abatement											
Fines and forfeits	607										
Intergovernmental	75,443	69,251	40,000	100,769					2,500		
Franchise fees						26,376					
Charges for services		7,458		216,707		800					
Training revenue				9,325							
Investment income (loss)	4,396	4,853	674	1,022	7,479	970		5,872	472		
Contributions	7,848	109,166	500	17,110		15,400					
Miscellaneous	10,671	203	2,237	332	24,739	302			3,507		
TOTAL REVENUES	272,927	190,931	43,411	345,265	32,218	43,848		5,872	6,479		12,819
EXPENDITURES											
Current:											
General government						54,944					
Public safety		81,758		285,740							
Parks and recreation											
Library	228,200										
Community development			62,141		4,246				71,208	1,801	13,281
Unallocated - CARES Act	775	1,099	40,000	32,052					2,500		
Capital outlay	240,957	79,621		8,751							
Debt service											
Principal retirement											
Interest and fiscal charges											
TOTAL EXPENDITURES	469,932	162,478	102,141	326,543	4,246	54,944			73,708	1,801	13,281
Excess (deficiency) of revenues over (under) expenditures	(197,005)	28,453	(58,730)	18,722	27,972	(11,096)		5,872	(67,229)	(1,801)	(462)
OTHER FINANCING SOURCES (USES)											
Transfer in		108,500	56,301	113,450		16,000			69,000		
Transfer out		(47,950)		(56,800)		(3,110)	(2,301)				
TOTAL OTHER FINANCING SOURCES (USES)		60,550	56,301	56,650		12,890	(2,301)		69,000		
Net change in fund balances	(197,005)	89,003	(2,429)	75,372	27,972	1,794	(2,301)	5,872	1,771	(1,801)	(462)
FUND BALANCES, beginning	512,165	245,326	52,265	290,300	69,377	56,824	2,301	331,931	42,795	1,801	462
FUND BALANCES, ending	\$ 315,160	\$ 334,329	\$ 49,836	\$ 365,672	\$ 97,349	\$ 58,618	\$	\$ 337,803	\$ 44,566	\$	\$

				Debt Service						Capital Projects				Total Nonmajor Governmental Funds
354	355	357	359	332	334	335 2016A GO Refunding 2010A Bond	338 2017A GO Bond	340 2018A GO Pool Bond	342 2019A GO Tax Abatement Bond	438 Enterprise Drive Project	440 2018A Pool Construction	442 2019A GO Tax Abatement Construction	453 2019 Flood Damage	
Lone Stone Tax Increment	Gjere Addition Tax Increment	EZ Fab Tax Increment	Cabin Coffee Tax Increment	2012A Refunding Bond	2014A Bond									
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
188,703		15,012	7,175	20,935	111,077 6,276	115,468	47,278	320,499	35,868					825,087 6,276 223,709 25,615 607 353,592 26,376 224,965 9,325 41,665 150,024 47,754
				25,615									65,629	
141	(25)	3	1	3,367	4,838	1,121	50	1,766	214		4,451			
	5,763													
188,844	5,738	15,015	7,176	49,917	122,191	116,589	47,328	322,265	36,082		4,451		65,629	1,934,995
179,728	500	14,937	7,175										76,062	54,944 367,498 76,062 228,200 355,017 76,426 820,646
				150,000 25,342	170,000 23,221	90,000 15,958	42,000 11,400	115,000 135,932	8,137	12,436	478,881			567,000 219,990
179,728	500	14,937	7,175	175,342	193,221	105,958	53,400	250,932	8,137	12,436	478,881		76,062	2,765,783
9,116	5,238	78	1	(125,425)	(71,030)	10,631	(6,072)	71,333	27,945	(12,436)	(474,430)		(10,433)	(830,788)
				103,075	68,313	950	49,389			(39,389)		15,797	41,538	642,313 (149,550)
				103,075	68,313	950	49,389			(39,389)		15,797	41,538	492,763
9,116	5,238	78	1	(22,350)	(2,717)	11,581	43,317	71,333	27,945	(51,825)	(474,430)	15,797	31,105	(338,025)
8,624	(5,879)	33	1	304,748	424,073	566,153	29,787	200,730	5,559	51,825	490,272	(15,797)	(31,105)	3,634,571
\$ 17,740	\$ (641)	\$ 111	\$ 2	\$ 282,398	\$ 421,356	\$ 577,734	\$ 73,104	\$ 272,063	\$ 33,504	\$	\$ 15,842	\$	\$	\$ 3,296,546

**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, 2020

With Comparative Totals for the Year Ended December 31, 2019

	Budgeted Amounts		Fund 250 2020 Actual Amounts	Variance with Final Budget - Positive (Negative)	2019 Actual Amounts
	Original	Final			
REVENUES					
CARES Act Funding	\$	\$	\$ 2,500	\$ 2,500	\$
Investment income	300	300	472	172	512
Miscellaneous	700	700	3,507	2,807	2,329
TOTAL REVENUES	<u>1,000</u>	<u>1,000</u>	<u>6,479</u>	<u>5,479</u>	<u>2,841</u>
EXPENDITURES					
Community Development					
Repairs and maintenance			2,305	(2,305)	1,805
Professional Services	50,000	50,000	50,000		50,000
Miscellaneous	17,000	17,000	18,903	(1,903)	16,463
Total Community Development	<u>67,000</u>	<u>67,000</u>	<u>71,208</u>	<u>(4,208)</u>	<u>68,268</u>
Unallocated - CARES Act					
Repairs and maintenance			2,500	(2,500)	
TOTAL EXPENDITURES	<u>67,000</u>	<u>67,000</u>	<u>73,708</u>	<u>(6,708)</u>	<u>68,268</u>
Deficiency of revenues under expenditures	(66,000)	(66,000)	(67,229)	(1,229)	(65,427)
OTHER FINANCING SOURCES					
Transfers in	69,000	69,000	69,000		65,000
Net change in fund balances	3,000	3,000	1,771	(1,229)	(427)
FUND BALANCES, beginning	<u>42,795</u>	<u>42,795</u>	<u>42,795</u>		<u>43,222</u>
FUND BALANCES, ending	<u>\$ 45,795</u>	<u>\$ 45,795</u>	<u>\$ 44,566</u>	<u>\$ (1,229)</u>	<u>\$ 42,795</u>

CITY OF CHATFIELD, MINNESOTA
LIBRARY FUND
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2020
With Comparative Totals for the Year Ended December 31, 2019

	Budgeted Amounts		211	212	2020	Variance with	2019
	Original	Final	Library	Library Endowment	Actual Amounts	Final Budget - Positive (Negative)	Actual Amounts
REVENUES							
Property tax levy	\$ 173,962	\$ 173,962	\$ 173,962	\$	\$ 173,962	\$	\$ 164,217
Intergovernmental revenues							
County contracts	63,867	63,867	74,668		74,668	10,801	61,988
CARES Act funding			775		775	775	
Library fines	2,000	2,000	607		607	(1,393)	2,332
Investment income	1,300	1,300	1,959	2,437	4,396	3,096	8,988
Contributions			1,286	6,562	7,848	7,848	4,285
Sale of merchandise	350	350	9,429		9,429	9,079	12,494
Miscellaneous	1,845	1,845	1,242		1,242	(603)	1,977
TOTAL REVENUES	243,324	243,324	263,928	8,999	272,927	29,603	256,281
EXPENDITURES							
Library							
Salaries	131,488	131,488	130,568		130,568	920	121,966
Employee benefits and retirement	19,921	19,921	19,130		19,130	791	17,570
Workers compensation	1,000	1,000	1,340		1,340	(340)	1,373
Health insurance	24,562	24,562	25,493		25,493	(931)	22,399
Travel	350	350				350	455
Office supplies and postage	1,800	1,800	1,625		1,625	175	1,262
Operating supplies/small tools	500	500	991		991	(491)	51
Scrip purchases/program	2,000	2,000	9,645		9,645	(7,645)	15,035
Insurance	3,700	3,700	3,851		3,851	(151)	3,477
Utilities	6,700	6,700	6,012		6,012	688	6,685
Maintenance and repair	11,800	11,800	12,241		12,241	(441)	11,542
Telephone	3,000	3,000	3,025		3,025	(25)	2,275
Cleaning services	1,000	1,000	1,490		1,490	(490)	1,225
Capital outlay	21,300	21,300	18,509	222,448	240,957	(219,657)	37,275
Other	14,203	14,203	12,789		12,789	1,414	14,117
Total Library	243,324	243,324	246,709	222,448	469,157	(225,833)	256,707
Unallocated - CARES Act							
Maintenance and repair			775		775	(775)	
TOTAL EXPENDITURES	243,324	243,324	247,484	222,448	469,932	(226,608)	256,707
Net change in fund balances			16,444	(213,449)	(197,005)	(197,005)	(426)
FUND BALANCES, beginning	512,165	512,165	130,699	381,466	512,165		512,591
FUND BALANCES, ending	\$ 512,165	\$ 512,165	\$ 147,143	\$ 168,017	\$ 315,160	\$ (197,005)	\$ 512,165

CITY OF CHATFIELD, MINNESOTA
FIRE FUND
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2020
With Comparative Totals for the Year Ended December 31, 2019

	Budgeted Amounts		220	221	2020	Variance with	2019
	Original	Final	Fire	Fire Capital	Actual	Final Budget - Positive (Negative)	Actual
REVENUES							
Intergovernmental Revenues							
State Grants and Aids	\$	\$	\$	\$	\$	\$	\$ 40,243
CARES Act funding				1,099	1,099	1,099	
Township contributions	63,500	63,500	65,968		65,968	2,468	63,837
Training and reimbursement	5,000	5,000	2,184		2,184	(2,816)	2,314
Charges for services	8,000	8,000	7,458		7,458	(542)	3,751
Investment income			1,473	3,380	4,853	4,853	3,465
Donations	80,000	80,000		109,166	109,166	29,166	115,964
Miscellaneous			203		203	203	91
TOTAL REVENUES	156,500	156,500	77,286	113,645	190,931	34,431	229,665
EXPENDITURES							
Public Safety							
Salaries	25,000	25,000	24,305		24,305	695	27,670
Employee benefits and retirement	3,300	3,300	1,855		1,855	1,445	2,118
Workers compensation	18,000	18,000	16,556		16,556	1,444	17,761
Operating supplies	3,000	3,000	686		686	2,314	1,821
Small tools and minor equipment	6,000	6,000	6,549		6,549	(549)	2,267
Vehicle operating supplies	1,500	1,500	1,083		1,083	417	1,534
Insurance	2,200	2,200	2,400		2,400	(200)	2,399
Utilities	8,000	8,000	6,218		6,218	1,782	7,436
Maintenance and repairs	8,000	8,000	6,260		6,260	1,740	12,551
Training	1,500	1,500	2,778		2,778	(1,278)	6,029
Fire pension contribution	6,350	6,350	6,597		6,597	(247)	42,351
Capital outlay	100,000	100,000		79,621	79,621	20,379	61,980
Other	8,498	8,498	4,455	2,016	6,471	2,027	6,714
Total Public Safety	191,348	191,348	79,742	81,637	161,379	29,969	192,631
Unallocated - CARES Act							
Capital Outlay				1,099	1,099	(1,099)	
TOTAL EXPENDITURES	191,348	191,348	79,742	82,736	162,478	28,870	192,631
Excess (deficiency) of revenues over (under) expenditures	(34,848)	(34,848)	(2,456)	30,909	28,453	63,301	37,034
OTHER FINANCING SOURCES (USES)							
Transfers in	108,500	108,500	63,500	45,000	108,500		104,820
Transfers out	(47,950)	(47,950)	(47,950)		(47,950)		(46,700)
Total Other Financing Sources (Uses)	60,550	60,550	15,550	45,000	60,550		58,120
Net change in fund balances	25,702	25,702	13,094	75,909	89,003	63,301	95,154
FUND BALANCES, beginning	245,326	245,326	61,914	183,412	245,326		150,172
FUND BALANCES, ending	\$ 271,028	\$ 271,028	\$ 75,008	\$ 259,321	\$ 334,329	\$ 63,301	\$ 245,326

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

For the Year Ended December 31, 2020
With Comparative Totals for the Year Ended December 31, 2019

	Budgeted Amounts		Fund 240 2020 Actual Amounts	Variance with Final Budget - Positive (Negative)	2019 Actual Amounts
	Original	Final			
REVENUES					
CARES Act Funding	\$	\$	\$ 40,000	\$ 40,000	\$
Investment Income	900	900	674	(226)	2,961
Contributions	500	500	500		500
Sale of land					206,727
Miscellaneous			2,237	2,237	9,791
TOTAL REVENUES	<u>1,400</u>	<u>1,400</u>	<u>43,411</u>	<u>42,011</u>	<u>219,979</u>
EXPENDITURES					
Community Development					
Repairs and maintenance	500	500	271	229	288
Professional services	46,767	46,767	53,846	(7,079)	49,837
Capital outlay					2,853
Other	5,448	5,448	8,024	(2,576)	5,520
DEED repayment					11,681
Total Community Development	<u>52,715</u>	<u>52,715</u>	<u>62,141</u>	<u>(9,426)</u>	<u>70,179</u>
Unallocated - CARES Act					
Grants			40,000	(40,000)	
TOTAL EXPENDITURES	<u>52,715</u>	<u>52,715</u>	<u>102,141</u>	<u>(49,426)</u>	<u>70,179</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(51,315)</u>	<u>(51,315)</u>	<u>(58,730)</u>	<u>(7,415)</u>	<u>149,800</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	54,000	54,000	56,301	2,301	51,500
Transfers out					(219,273)
Total Other Financing Sources (Uses)	<u>54,000</u>	<u>54,000</u>	<u>56,301</u>	<u>2,301</u>	<u>(167,773)</u>
Net change in fund balances	2,685	2,685	(2,429)	(5,114)	(17,973)
FUND BALANCES, beginning	<u>52,265</u>	<u>52,265</u>	<u>52,265</u>		<u>70,238</u>
FUND BALANCES, ending	<u>\$ 54,950</u>	<u>\$ 54,950</u>	<u>\$ 49,836</u>	<u>\$ (5,114)</u>	<u>\$ 52,265</u>

CITY OF CHATFIELD, MINNESOTA
AMBULANCE FUND
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2020
With Comparative Totals for the Year Ended December 31, 2019

	Budgeted Amounts		230	231	2020	Variance with	2019
	Original	Final	Ambulance	Ambulance Capital Reserve	Actual Amounts	Final Budget - Positive (Negative)	Actual Amounts
REVENUES							
Intergovernmental Revenues							
County contract	\$ 4,500	\$ 4,500	\$ 4,500	\$	\$ 4,500	\$	\$ 4,500
Township contributions	57,475	57,475	57,725		57,725	250	27,280
Training reimbursement	4,500	4,500				(4,500)	4,725
CARES Act funding			16,045	16,007	32,052	32,052	
Other state aid			6,492		6,492	6,492	
Charges for services	180,000	180,000	216,707		216,707	36,707	234,572
Training revenue	20,000	20,000	9,325		9,325	(10,675)	16,865
Investment income	400	400	281	741	1,022	622	648
Contributions	13,000	13,000		17,110	17,110	4,110	15,785
Miscellaneous	1,150	1,150	332		332	(818)	339
TOTAL REVENUES	281,025	281,025	311,407	33,858	345,265	64,240	304,714
EXPENDITURES							
Public Safety							
Salaries	158,000	158,000	154,148		154,148	3,852	162,142
Employee benefits and retirement	26,250	26,250	27,090		27,090	(840)	28,168
Workers compensation	9,000	9,000	7,647		7,647	1,353	8,914
Health insurance	21,840	21,840	22,793		22,793	(953)	20,291
Inoculations	200	200	25		25	175	178
Training	11,800	11,800	3,964		3,964	7,836	13,122
Small tools and minor equipment	1,850	1,850	2,293		2,293	(443)	746
Office supplies	2,500	2,500				2,500	1,075
Operating supplies	12,000	12,000	6,520		6,520	5,480	10,821
Vehicle operating supplies	3,000	3,000	2,607		2,607	393	3,530
Internet and telephone	3,800	3,800	4,298		4,298	(498)	4,111
Travel	100	100				100	
Printing and publications	2,000	2,000		1,229	1,229	771	1,487
Insurance	1,200	1,200	1,832		1,832	(632)	792
Utilities	4,500	4,500	5,583		5,583	(1,083)	5,277
Maintenance and repairs	14,000	14,000	17,583		17,583	(3,583)	13,068
Medical services	4,000	4,000	7,165		7,165	(3,165)	6,141
Laundry services	750	750				750	361
Clothing	3,000	3,000	3,833		3,833	(833)	837
License, permits, dues and subscription	12,000	12,000	12,635		12,635	(635)	12,566
Capital outlay	12,000	12,000		8,751	8,751	3,249	328
Refunds	2,000	2,000	249		249	1,751	1,684
Departmental capital charge	1,700	1,700	1,700		1,700		1,700
Other	3,870	3,870	1,991	555	2,546	1,324	3,855
Total Public Safety	311,360	311,360	283,956	10,535	294,491	16,869	301,194
Unallocated - CARES Act							
Salaries			13,000		13,000	(13,000)	
Small tools and minor equipment			3,045		3,045	(3,045)	
Capital outlay				16,007	16,007	(16,007)	
TOTAL EXPENDITURES	311,360	311,360	300,001	26,542	326,543	(15,183)	301,194
Excess (deficiency) of revenues over (under) expenditures	(30,335)	(30,335)	11,406	7,316	18,722	49,057	3,520
OTHER FINANCING SOURCES (USES)							
Transfers in	113,450	113,450	71,450	42,000	113,450		155,438
Transfers out	(56,800)	(56,800)	(56,800)		(56,800)		(138,500)
Total Other Financing Sources (Uses)	56,650	56,650	14,650	42,000	56,650		16,938
Net change in fund balances	26,315	26,315	26,056	49,316	75,372	49,057	20,458
FUND BALANCES, beginning	290,300	290,300	264,617	25,683	290,300		269,842
FUND BALANCES, ending	\$ 316,615	\$ 316,615	\$ 290,673	\$ 74,999	\$ 365,672	\$ 49,057	\$ 290,300

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, 2020
With Comparative Totals for the Year Ended December 31, 2019

	Budgeted Amounts		Fund 360 2020 Actual Amounts	Variance with Final Budget - Positive (Negative)	2019 Actual Amounts
	Original	Final			
REVENUES					
Investment income	\$ 5,000	\$ 5,000	\$ 7,479	\$ 2,479	\$ 7,777
Miscellaneous	30,000	30,000	24,739	(5,261)	30,346
TOTAL REVENUES	<u>35,000</u>	<u>35,000</u>	<u>32,218</u>	<u>(2,782)</u>	<u>38,123</u>
EXPENDITURES					
Loan advances			4,200	(4,200)	55,500
Professional services			46	(46)	
TOTAL EXPENDITURES			<u>4,246</u>	<u>(4,246)</u>	<u>55,500</u>
Net change in fund balances	35,000	35,000	27,972	(7,028)	(17,377)
FUND BALANCES, beginning	<u>69,377</u>	<u>69,377</u>	<u>69,377</u>		<u>86,754</u>
FUND BALANCES, ending	<u>\$ 104,377</u>	<u>\$ 104,377</u>	<u>\$ 97,349</u>	<u>\$ (7,028)</u>	<u>\$ 69,377</u>

CITY OF CHATFIELD, MINNESOTA
INTERNAL SERVICE FUND
Statements of Net Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and cash equivalents	<u>\$ 892,835</u>	<u>\$ 768,762</u>
Noncurrent Assets		
Capital assets:		
Depreciable	5,089,360	5,154,048
Less: Accumulated depreciation	<u>2,459,369</u>	<u>2,436,436</u>
Net capital assets	<u>2,629,991</u>	<u>2,717,612</u>
Total Assets	<u>3,522,826</u>	<u>3,486,374</u>
LIABILITIES		
Accounts payable	<u>675</u>	<u>66</u>
NET POSITION		
Invested in capital assets	2,629,991	2,717,612
Unrestricted	<u>892,160</u>	<u>768,696</u>
Total Net Position	<u><u>\$ 3,522,151</u></u>	<u><u>\$ 3,486,308</u></u>

CITY OF CHATFIELD, MINNESOTA
INTERNAL SERVICE FUND
Statements of Revenues, Expenses
and Changes in Fund Net Position
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Departmental capital charge	\$ 305,528	\$ 296,705
Operating Expenses		
Depreciation	251,325	251,647
Repairs	46,436	53,975
Minor equipment	7,664	28,720
Professional fees	1,128	1,437
Other	6,159	6,064
Total Operating Expenses	<u>312,712</u>	<u>341,843</u>
Operating Loss	<u>(7,184)</u>	<u>(45,138)</u>
Nonoperating Revenues		
Interest income	13,322	14,366
Intergovernmental - CARES Act funding	57,583	
Miscellaneous	22,712	1,781
Gain on sale of assets	4,645	232
Total Nonoperating Revenues	<u>98,262</u>	<u>16,379</u>
INCOME (LOSS) BEFORE TRANSFERS	91,078	(28,759)
Transfers in	2,100	2,050
Transfers out	<u>(57,335)</u>	
CHANGE IN NET POSITION	35,843	(26,709)
NET POSITION - BEGINNING OF YEAR	<u>3,486,308</u>	<u>3,513,017</u>
NET POSITION - END OF YEAR	<u><u>\$ 3,522,151</u></u>	<u><u>\$ 3,486,308</u></u>

CITY OF CHATFIELD, MINNESOTA
INTERNAL SERVICE FUND
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows From Operating Activities		
Cash received from other departments	\$ 305,528	\$ 296,933
Cash paid to suppliers	(60,778)	(119,127)
Net Cash Provided by Operating Activities	244,750	177,806
Cash Flows From Noncapital Financing Activities		
Miscellaneous	22,712	1,781
Transfer in/out	(55,235)	2,050
Net Cash Provided By (Used In) Noncapital Financing Activities	(32,523)	3,831
Capital and Related Financing Activities		
Capital asset acquisitions	(159,059)	(188,127)
Intergovernmental	57,583	
Net Cash Used In Capital and Related Financing Activities	(101,476)	(188,127)
Cash Flows From Investing Activities		
Investment income received	13,322	14,366
NET INCREASE IN CASH AND CASH EQUIVALENTS	124,073	7,876
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	768,762	760,886
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 892,835	\$ 768,762

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

Operating Loss	\$ (7,184)	\$ (45,138)
Adjustments to Reconcile Operating		
Loss to Net Cash Provided		
by Operating Activities		
Depreciation	251,325	251,647
Decrease in:		
Accounts receivable		228
Increase (Decrease) in:		
Accounts payable	609	(28,931)
Net Cash Provided By Operating Activities	\$ 244,750	\$ 177,806

CITY OF CHATFIELD, MINNESOTA
SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
WATER FUND
Statements of Net Position
December 31, 2020 and 2019

	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 269,285	\$ 335,179
Accounts receivable	45,241	42,505
Special assessments receivable	4,846	4,739
Special assessments delinquent	738	722
Prepaid items	541	458
Total Current Assets	<u>320,651</u>	<u>383,603</u>
Property and Equipment		
Nondepreciable	30,246	30,246
Depreciable	4,132,177	4,076,671
Less: Accumulated depreciation	<u>1,538,003</u>	<u>1,410,084</u>
Property, Plant and Equipment, Net	<u>2,624,420</u>	<u>2,696,833</u>
Deferred Outflows of Resources		
Deferred outflows from pension activity	<u>4,355</u>	<u>4,490</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 2,949,426</u></u>	<u><u>\$ 3,084,926</u></u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 6,144	\$ 8,607
Accrued compensated absences	4,771	5,684
Current maturities of bonds payable	35,500	35,000
Accrued interest payable	1,823	2,059
Total Current Liabilities	<u>48,238</u>	<u>51,350</u>
Noncurrent Liabilities		
Net pension liability	47,169	42,615
Accrued compensated absences	4,200	2,258
Bonds payable, net of current maturities	<u>224,500</u>	<u>260,000</u>
Total Noncurrent Liabilities	<u>275,869</u>	<u>304,873</u>
Total Liabilities	<u>324,107</u>	<u>356,223</u>
Deferred Inflows of Resources		
Deferred inflows from pension activity	<u>1,937</u>	<u>8,645</u>
NET POSITION		
Net investment in capital assets	2,364,420	2,401,833
Unrestricted	<u>258,962</u>	<u>318,225</u>
Total Net Position	<u>2,623,382</u>	<u>2,720,058</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 2,949,426</u></u>	<u><u>\$ 3,084,926</u></u>

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

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

For the Year Ended December 31, 2020

With Comparative Totals for the Year Ended December 31, 2019

	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget - Positive (Negative)	2019 Actual Amounts
	Original	Final			
Operating Revenue					
Service fees and charges	\$ 336,300	\$ 336,300	\$ 372,381	\$ 36,081	\$ 324,441
Operating Expenses					
Salaries	65,000	65,000	61,721	3,279	64,822
Employee benefits and retirement	9,850	9,850	7,758	2,092	7,571
Health insurance	9,025	9,025	8,848	177	8,538
Workers compensation	4,300	4,300	3,892	408	4,150
Supplies	9,800	9,800	8,120	1,680	8,313
Utilities	19,500	19,500	20,448	(948)	20,820
Maintenance and repairs	15,400	15,400	18,598	(3,198)	41,427
Travel and training	800	800	50	750	210
Professional fees	17,435	17,435	23,185	(5,750)	17,615
Office expense	1,500	1,500	1,145	355	1,426
Insurance	4,200	4,200	4,418	(218)	3,907
Depreciation			127,919	(127,919)	137,262
Departmental capital charge	9,522	9,522	9,522		9,260
Other	6,948	6,948	17,587	(10,639)	29,659
Total Operating Expenses	173,280	173,280	313,211	(139,931)	354,980
Operating Income (Loss)	163,020	163,020	59,170	103,850	(30,539)
Nonoperating Revenues (Expenses)					
Investment income	5,000	5,000	4,974	(26)	6,747
Refunds and reimbursements	200	200	1,293	1,093	11,152
Special assessments	7,000	7,000	8,069	1,069	12,260
State aid			9,850	9,850	6,773
CARES Act Funding			4,255	4,255	
CARES Act Expenses			(4,255)	(4,255)	
Connection and access fees	11,200	11,200	9,600	(1,600)	12,801
Miscellaneous					231
Interest expense	(39,662)	(39,662)	(4,425)	35,237	(4,989)
Total Nonoperating Revenues (Expenses)	(16,262)	(16,262)	29,361	45,623	44,975
INCOME BEFORE TRANSFERS	146,758	146,758	88,531	(58,227)	14,436
Transfer in	39,879	39,879	39,879		76,302
Transfers out	(185,425)	(185,425)	(225,086)	(39,661)	(209,864)
Total Other Financing Sources (Uses)	(145,546)	(145,546)	(185,207)	(39,661)	(133,562)
CHANGE IN NET POSITION	1,212	1,212	(96,676)	(97,888)	(119,126)
NET POSITION - BEGINNING OF YEAR	2,720,058	2,720,058	2,720,058		2,839,184
NET POSITION - END OF YEAR	\$ 2,721,270	\$ 2,721,270	\$ 2,623,382	\$ (97,888)	\$ 2,720,058

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
SEWER FUND
Statement of Net Position
December 31, 2020 and 2019

	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 495,649	\$ 469,376
Accounts receivable	114,514	96,152
Special assessments receivable	16,154	15,798
Special assessments delinquent	2,771	2,494
Prepaid items	1,983	1,678
Total Current Assets	<u>631,071</u>	<u>585,498</u>
Property and Equipment		
Nondepreciable	30,246	30,246
Depreciable	13,041,214	12,883,248
Less: Accumulated depreciation	<u>6,841,429</u>	<u>6,549,457</u>
Property, Plant and Equipment, Net	<u>6,230,031</u>	<u>6,364,037</u>
Deferred Outflows of Resources		
Deferred outflows from pension activity	<u>8,195</u>	<u>7,598</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 6,869,297</u></u>	<u><u>\$ 6,957,133</u></u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 5,861	\$ 8,107
Accrued compensated absences	3,810	3,787
Current maturities of bonds payable	470,500	460,000
Accrued interest payable	32,556	36,332
Total Current Liabilities	<u>512,727</u>	<u>508,226</u>
Noncurrent Liabilities		
Net pension liability	84,119	72,818
Accrued compensated absences	6,682	1,811
Bonds payable, net of current maturities	3,526,611	4,003,000
Total Noncurrent Liabilities	<u>3,617,412</u>	<u>4,077,629</u>
Total Liabilities	<u>4,130,139</u>	<u>4,585,855</u>
Deferred Inflows of Resources		
Deferred inflows from pension activity	<u>3,351</u>	<u>14,297</u>
NET POSITION		
Net investment in capital assets	2,232,920	1,901,037
Unrestricted	502,887	455,944
Total Net Position	<u>2,735,807</u>	<u>2,356,981</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 6,869,297</u></u>	<u><u>\$ 6,957,133</u></u>

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

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

For the Year Ended December 31, 2020

With Comparative Totals for the Year Ended December 31, 2019

	Budgeted Amounts		2020	Variance with	2019
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
			Amounts		Amounts
Operating Revenue					
Service fees and charges	\$ 905,150	\$ 905,150	\$ 963,882	\$ 58,732	\$ 907,326
Operating Expenses					
Salaries	110,000	110,000	115,999	(5,999)	107,340
Employee benefits and retirement	15,800	15,800	16,766	(966)	15,500
Health insurance	25,550	25,550	25,554	(4)	20,561
Workers compensation	8,500	8,500	7,883	617	8,392
Supplies	11,200	11,200	5,320	5,880	10,165
Utilities	62,000	62,000	51,289	10,711	70,258
Maintenance and repairs	43,535	43,535	24,800	18,735	38,438
Travel and training	1,950	1,950	390	1,560	
Professional fees	18,400	18,400	15,849	2,551	33,071
Office expense	3,500	3,500	3,801	(301)	3,693
Insurance	12,000	12,000	11,882	118	11,518
Depreciation			291,972	(291,972)	275,460
Departmental capital charge	8,710	8,710	8,710		8,475
Other	20,250	20,250	19,186	1,064	19,107
Total Operating Expenses	341,395	341,395	599,401	(258,006)	621,978
Operating Income	563,755	563,755	364,481	(199,274)	285,348
Nonoperating Revenues (Expenses)					
Investment income	3,000	3,000	12,809	9,809	13,039
Refunds and reimbursements	1,200	1,200	2,216	1,016	490
Special assessments	30,000	30,000	34,287	4,287	37,159
CARES Act Funding			29,767	29,767	
CARES Act Expenses			(5,601)	(5,601)	
Connection and access fees	18,200	18,200	15,600	(2,600)	20,816
Interest expense	(39,661)	(39,661)	(73,046)	(33,385)	(82,102)
Total Nonoperating Revenue (Expense)	12,739	12,739	16,032	3,293	(10,598)
INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	576,494	576,494	380,513	(195,981)	274,750
Capital contributions					14,465
Transfer in			542,711	542,711	545,712
Transfers out	(620,398)	(620,398)	(544,398)	76,000	(556,943)
Total Other Financing Sources (Uses)	(620,398)	(620,398)	(1,687)	618,711	3,234
CHANGE IN NET POSITION	(43,904)	(43,904)	378,826	422,730	277,984
NET POSITION - BEGINNING OF YEAR	2,356,981	2,356,981	2,356,981		2,078,997
NET POSITION - END OF YEAR	\$ 2,313,077	\$ 2,313,077	\$ 2,735,807	\$ 422,730	\$ 2,356,981

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
GARBAGE FUND
Statement of Net Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 62,556	\$ 51,003
Accounts receivable, net	22,840	20,648
Special assessments receivable	5,923	5,793
Special assessments delinquent	886	874
TOTAL CURRENT ASSETS	<u>\$ 92,205</u>	<u>\$ 78,318</u>
 LIABILITIES		
Current Liabilities		
Accounts payable	<u>\$ 15,413</u>	<u>\$ 16,664</u>
Total Current Liabilities	<u>15,413</u>	<u>16,664</u>
 NET POSITION		
Unrestricted	<u>76,792</u>	<u>61,654</u>
 TOTAL LIABILITIES AND NET POSITION	<u>\$ 92,205</u>	<u>\$ 78,318</u>

CITY OF CHATFIELD, MINNESOTA
GARBAGE FUND
Schedule of Revenues, Expenditures
and Changes in Net Position - Budget and Actual
For the Year Ended December 31, 2020
With Comparative Totals for the Year Ended December 31, 2019

	Budgeted Amounts		Fund 603 2020 Actual Amounts	Variance with Final Budget - Positive (Negative)	2019 Actual Amounts
	Original	Final			
Operating Revenue					
Charges for Services	\$ 228,100	\$ 228,100	\$ 225,253	\$ (2,847)	\$ 226,597
Operating Expenses					
Waste Removal					
Garbage removal	190,000	190,000	184,660	5,340	188,224
City cleanup	16,000	16,000	217	15,783	16,483
Supplies	650	650	314	336	418
Maintenance and repairs	4,835	4,835	4,494	341	4,268
Office expense	1,500	1,500	989	511	1,141
Departmental capital charge	250	250	250		250
Other	14,775	14,775	12,834	1,941	14,070
Total Operating Expenses	228,010	228,010	203,758	24,252	224,854
Operating Income	90	90	21,495	21,405	1,743
Nonoperating Revenue					
Investment income	500	500	1,036	536	974
Special assessments	10,000	10,000	9,507	(493)	12,036
Total Nonoperating Revenue	10,500	10,500	10,543	43	13,010
INCOME BEFORE TRANSFERS	10,590	10,590	32,038	21,448	14,753
Transfers out	(16,900)	(16,900)	(16,900)		(16,200)
CHANGE IN NET POSITION	(6,310)	(6,310)	15,138	21,448	(1,447)
NET POSITION - BEGINNING OF YEAR	61,654	61,654	61,654		63,101
NET POSITION - END OF YEAR	\$ 55,344	\$ 55,344	\$ 76,792	\$ 21,448	\$ 61,654

(This Page Left Blank Intentionally)

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 10, 2021.

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

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

Smith, Schaffer and Associates, Ltd.

Rochester, Minnesota
March 10, 2021