

CITY OF CHATFIELD, MINNESOTA

FINANCIAL STATEMENTS

DECEMBER 31, 2018

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 Net Position - Proprietary Funds	28
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	30
Statement of Cash Flows - Proprietary Funds	32
Notes to the Financial Statements	34
Required Supplementary Information	
Schedules of City Pension Contributions	
General Employees Retirement Fund	65
Public Employees Police and Fire Fund Pension Plan	65
Schedules of City and Non-Employer Proportionate Share of Net Pension Liability	
General Employees Retirement Fund	66
Public Employees Police and Fire Fund Pension Plan	66
Combining and Individual Nonmajor Fund Statements and Schedules	
Combining Balance Sheet - Nonmajor Governmental Funds	67
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	69
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Chatfield Center for the Arts	71
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Library Fund	72

CITY OF CHATFIELD, MINNESOTA
TABLE OF CONTENTS (CONTINUED)

	PAGE
FINANCIAL SECTION (CONTINUED)	
Combining and Individual Nonmajor Fund Statements and Schedules (Continued)	
Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Budget and Actual - Fire Fund	73
Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Budget and Actual - EDA Fund	74
Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Budget and Actual - Ambulance Fund	75
Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Budget and Actual - Revolving Loan Federal Fund	76
Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Budget and Actual - Revolving Loan State Fund	77
Statement of Net Position - Internal Service Funds	78
Schedule of Revenues, Expenditures, and Changes in Net	
Position - Budget and Actual - Internal Service Funds	79
Statement of Cash Flows - Internal Service Funds	80
Supplementary Information	
Water Fund:	
Statement of Net Position	81
Statement of Revenues, Expenses, and Changes in Fund	
Net Position - Budget and Actual	82
Sewer Fund:	
Statement of Net Position	83
Statement of Revenues, Expenses, and Changes in Fund	
Net Position - Budget and Actual	84
Water Infrastructure Fund:	
Statement of Net Position	85
Statement of Revenues, Expenses, and Changes in Fund	
Net Position - Budget and Actual	86
Sewer Infrastructure Fund:	
Statement of Net Position	87
Statement of Revenues, Expenses, and Changes in Fund	
Net Position - Budget and Actual	88
Garbage Fund:	
Statement of Net Position	89
Statement of Revenues, Expenses, and Changes in Fund	
Net Position - Budget and Actual	90
Auditor's Report on Legal Compliance	91

CITY OF CHATFIELD, MINNESOTA

INTRODUCTORY SECTION

DECEMBER 31, 2018

(This Page Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA
LIST OF ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2018

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, 2018

(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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chatfield, Minnesota, as of December 31, 2018, and the respective changes in financial position, cash flows thereof, and the respective budgetary comparison for the General Fund 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, 2017, from which such partial information was derived.

We have previously audited the City's 2017 financial statements and our report dated March 14, 2018, 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, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

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

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

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

Smith, Schepke 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, 2018.

FINANCIAL HIGHLIGHTS

- The assets of the City of Chatfield, Minnesota exceeded its liabilities at the close of the most recent fiscal year by \$19,352,944 (*net position*). Of this amount, \$3,100,880 (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 decreased by \$665,086.
- As of the close of the current fiscal year, the City of Chatfield, Minnesota's governmental funds reported combined ending fund balances of \$6,466,082. Approximately \$4,954,534 of this total amount, or 77% 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 \$1,021,365 or 49 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-three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the 2018A Pool Construction fund, which are considered to be major funds. Data from the other twenty-one governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Chatfield, Minnesota adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for the general fund (pages 23-27) and the special revenue funds (pages 71-77) 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 28-33 of this report.

The internal service fund financial statements can be found on pages 78-80 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 34-64 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 67-70 of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Chatfield, Minnesota, assets exceeded liabilities by \$19,352,944 at the close of the most recent fiscal year.

The largest portion of the City of Chatfield, Minnesota's net position (\$14,677,623) reflects its investment in capital assets (e.g. land, buildings, vehicles, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Chatfield, Minnesota uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Chatfield, Minnesota's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	City of Chatfield, Minnesota Net Position					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 8,547,172	\$ 5,437,712	\$ 1,088,754	\$ 5,871,845	\$ 9,635,926	\$ 11,309,557
Capital assets	16,351,914	15,041,967	9,378,968	9,606,518	25,730,882	24,648,485
Total assets	<u>24,899,086</u>	<u>20,479,679</u>	<u>10,467,722</u>	<u>15,478,363</u>	<u>35,366,808</u>	<u>35,958,042</u>
Deferred outflows of resources	545,137	107,679	24,418	17,092	569,555	124,771
Long-term liabilities						
outstanding	9,415,920	5,213,582	5,372,467	10,272,556	14,788,387	15,486,138
Other liabilities	905,306	219,045	106,011	151,775	1,011,317	370,820
Total liabilities	<u>10,321,226</u>	<u>5,432,627</u>	<u>5,478,478</u>	<u>10,424,331</u>	<u>15,799,704</u>	<u>15,856,958</u>
Deferred inflows of resources	751,335	197,304	32,380	10,521	783,715	207,825
Net position:						
Net investment in capital assets	10,550,544	10,819,638	4,127,079	3,953,978	14,677,623	14,773,616
Restricted	1,574,441	1,544,363			1,574,441	1,544,363
Unrestricted	2,246,677	2,593,426	854,203	1,106,625	3,100,880	3,700,051
Total net position	<u>\$ 14,371,662</u>	<u>\$ 14,957,427</u>	<u>\$ 4,981,282</u>	<u>\$ 5,060,603</u>	<u>\$ 19,352,944</u>	<u>\$ 20,018,030</u>

The balance of *unrestricted net position* (\$3,100,880) 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 decreased the City of Chatfield, Minnesota's net position by \$585,765.

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

Business-type activities. Business-type activities decreased the City of Chatfield, Minnesota's net position by \$79,321.

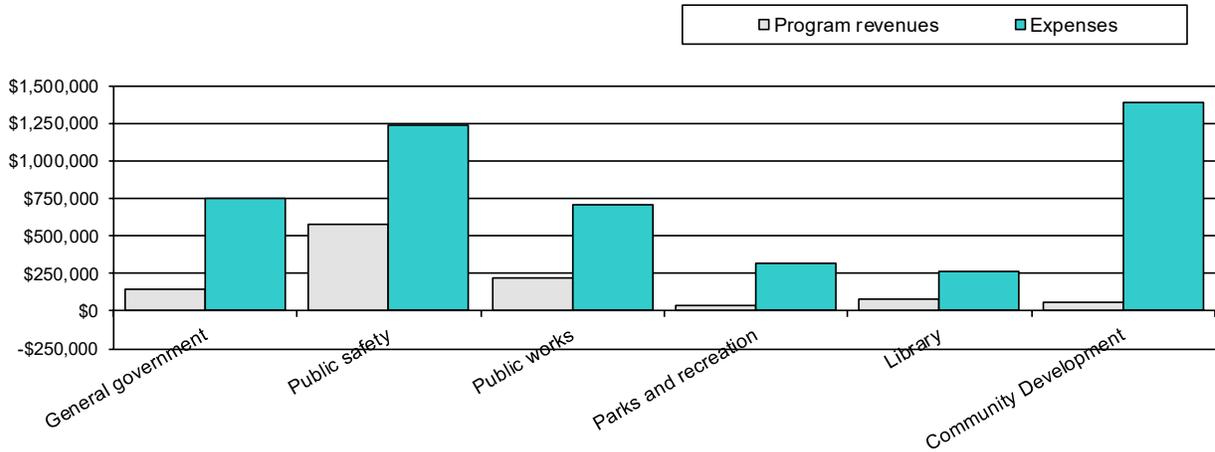
A condensed version of the Statement of Activities follows:

	City of Chatfield, Minnesota Change in Net Position					
	Governmental		Business-Type		Totals	
	Activities		Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenue:						
Program revenues:						
Charges for services	\$ 607,927	\$ 567,647	\$ 1,455,557	\$ 1,365,608	\$ 2,063,484	\$ 1,933,255
Operating grants and contributions	392,653	351,116	2,850		395,503	351,116
Capital grants and contributions	107,583	342,086	159,091		266,674	342,086
General revenues:						
Property taxes	1,658,853	1,552,042			1,658,853	1,552,042
Tax increments	165,734	128,853			165,734	128,853
Grants and contributions not restricted to specific programs						
Local government aid	785,832	766,687			785,832	766,687
Other	626	641			626	641
Miscellaneous	65,354	34,963	35,173	64,554	100,527	99,517
Total revenues	<u>3,784,562</u>	<u>3,744,035</u>	<u>1,652,671</u>	<u>1,430,162</u>	<u>5,437,233</u>	<u>5,174,197</u>
Expenses:						
General government	743,890	718,023			743,890	718,023
Public safety	1,238,302	1,139,177			1,238,302	1,139,177
Public works	705,481	539,633			705,481	539,633
Parks and recreation	315,799	329,864			315,799	329,864
Library	266,780	258,800			266,780	258,800
Community development	1,387,534	770,103			1,387,534	770,103
Interest on long-term debt	206,933	120,905			206,933	120,905
Water			306,759	295,454	306,759	295,454
Sewer			708,731	890,198	708,731	890,198
Garbage			222,110	191,865	222,110	191,865
Total expenses	<u>4,864,719</u>	<u>3,876,505</u>	<u>1,237,600</u>	<u>1,377,517</u>	<u>6,102,319</u>	<u>5,254,022</u>
Change in net position before transfers	(1,080,157)	(132,470)	415,071	52,645	(665,086)	(79,825)
Transfers	494,392	227,529	(494,392)	(227,529)		
Change in net position	(585,765)	95,059	(79,321)	(174,884)	(665,086)	(79,825)
Net position, beginning	14,957,427	14,862,368	5,060,603	5,235,487	20,018,030	20,097,855
Net position, end of year	<u>\$ 14,371,662</u>	<u>\$ 14,957,427</u>	<u>\$ 4,981,282</u>	<u>\$ 5,060,603</u>	<u>\$ 19,352,944</u>	<u>\$ 20,018,030</u>

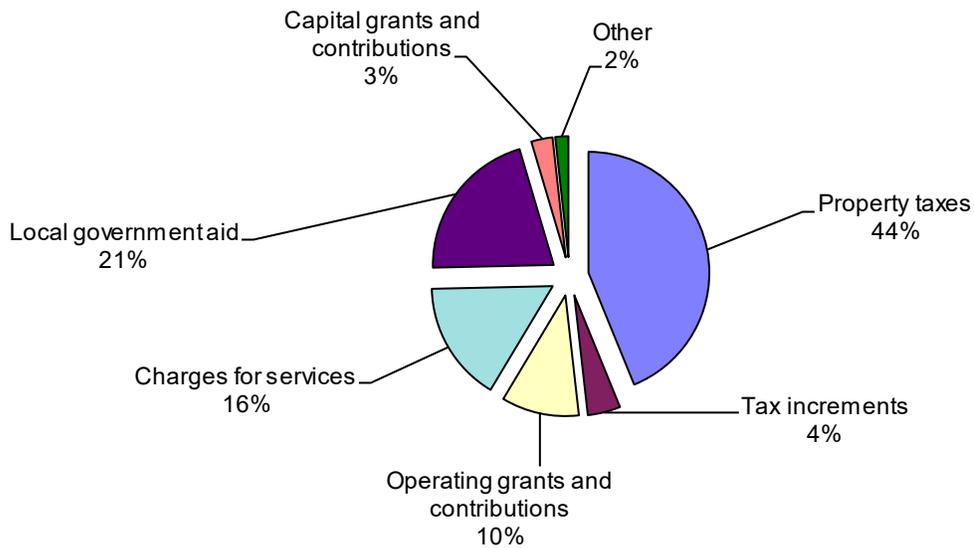
CITY OF CHATFIELD, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

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



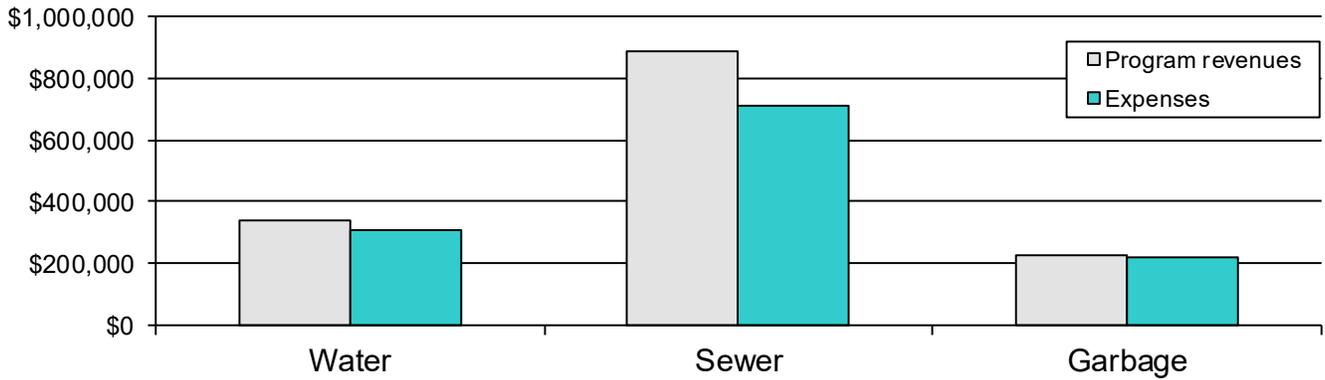
Revenues by Source - Governmental Activities



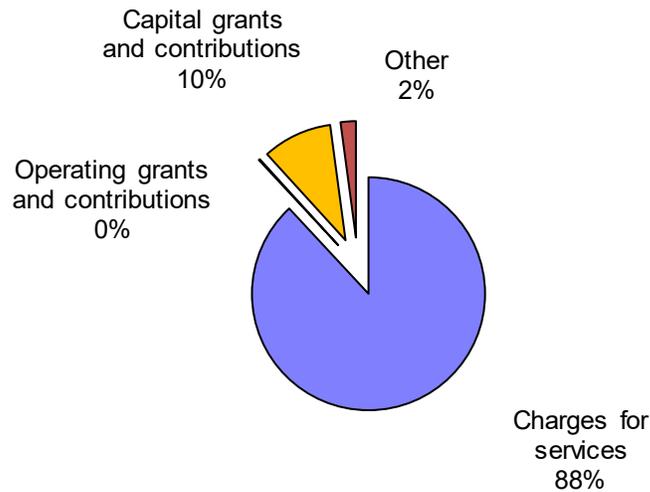
**CITY OF CHATFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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 \$6,466,082, an increase of \$3,091,970. This increase is primarily due to the issuance of \$4.4 million of debt to construct a new swimming pool.

Approximately 77% of this total amount, or \$4,954,534, constitutes *unrestricted fund balance*, which is available for spending at the government's discretion. The remainder of this fund balance is *restricted* to indicate that it is not available for new spending because it has already been set aside 1) to liquidate contracts and purchase orders of the prior period, 2) to repay interfund advances or other debt, or 3) to fund specific capital projects or programs as obligated by statute or other regulation.

**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 \$1,021,365. 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 49 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 28-33 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 - \$393,463, Sewer - \$397,639, and Garbage - \$63,101.

The City constructed a completely new wastewater treatment plant in 2005 – 2006 and, over the course of 2008 – 2009, constructed a water tower and booster station, along with associated water and sanitary sewer mains. These large capital improvement projects were funded via the issuance of debt. The corresponding debt service plan included a multi-year annual increase of utility rates along with the use of cash from both the Water and Sanitary Sewer Funds to allow those utility rate increases to be more incremental than they would have been otherwise. The implementation of that plan continues today, as cash continues to be used to assist with debt service and utility rates continue to increase. Water rates were increased by 5.0% on January 1, 2018 and another increase of 5.0% was implemented on January 1, 2019. Sanitary Sewer rates were increased by 3.0% and 10.00% on January 1, 2018 and 2019 respectively.

The City also provides general fund support to the wastewater treatment plant debt service fund by transferring \$115,000 from the General Fund to the debt service fund in an effort to maintain affordable utility rates. Those transfers are included in the City's long term budget, into the future. The wastewater treatment plant is capable of accommodating significant growth of the community and the City's water storage capacity is strong. The City is entering the latter stages of satisfying these debt obligations.

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

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

General Fund Budgetary Highlights

The primary cause of the decrease of \$49,857 in the general fund balance was due to a combination of increased wages beyond what was budgeted for the year in the Clerk and Street Departments, increased operating costs in the Street Department, and one-time consulting fees to create a long term financial plan.

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, 2018, amounts to \$25,730,882 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, furniture and fixtures, wastewater treatment facility, park facilities, roads, and bridges. The total increase in the City of Chatfield, Minnesota's reported capital assets, net of depreciation, for the current fiscal year was \$1,082,397.

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

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Land	\$ 1,158,679	\$ 1,158,679	\$ 60,492	\$ 60,492	\$ 1,219,171	\$ 1,219,171
Construction in process	1,524,153	33,753			1,524,153	33,753
Buildings and improvements	7,253,789	7,703,272			7,253,789	7,703,272
Vehicles	1,217,600	1,158,702			1,217,600	1,158,702
Machinery and equipment	769,171	646,231	507,369	509,171	1,276,540	1,155,402
Furniture and fixtures	150,275	168,357			150,275	168,357
Wastewater treatment facility			8,811,107	9,036,855	8,811,107	9,036,855
Infrastructure	4,278,247	4,172,973			4,278,247	4,172,973
Total	\$ 16,351,914	\$ 15,041,967	\$ 9,378,968	\$ 9,606,518	\$ 25,730,882	\$ 24,648,485

Additional information on the City of Chatfield, Minnesota's capital assets can be found in Note 3D on pages 47-48 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 \$13,450,000 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			
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 8,257,000	\$ 4,172,000	\$	\$	\$ 8,257,000	\$ 4,172,000
G.O. revenue bonds			5,193,000	10,100,000	5,193,000	10,100,000
Twiford Redevelopment Note	233,611				233,611	
Unamortized premium	71,939	50,329	58,889	64,778	130,828	115,107
Unamortized discount				(27,390)		(27,390)
Compensated absences	166,824	150,541	10,497	9,126	177,321	159,667
Total	<u>\$ 8,729,374</u>	<u>\$ 4,372,870</u>	<u>\$ 5,262,386</u>	<u>\$ 10,146,514</u>	<u>\$ 13,991,760</u>	<u>\$ 14,519,384</u>

The City of Chatfield, Minnesota's total long-term liabilities decreased by \$527,624 during the current fiscal year. A more detailed breakdown of these obligations can be found in Note 3F, beginning on page 51.

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

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

Economic Factors and Next Year's Budgets and Rates

The City of Chatfield enjoys a diverse economy and is situated in one of the healthiest economic regions of Minnesota. Within the City of Chatfield are two of the larger employers in Fillmore County, one of them being a manufacturer in the wood products industry and the other being a manufacturer in the composites industry. A steel fabrication company has also grown to over 70 employees. These companies, along with the strong employment base at the Chosen Valley Care Center, the Chatfield Public Schools, and the many other employers in Chatfield provide a strong financial base for the community. In fact, according to census data, there is an almost equal number of people who travel into Chatfield for work each day compared to those who leave Chatfield for work elsewhere. According to the statistics, while 1,276 people leave Chatfield for work each day, there is another 1,127 people who come into Chatfield to work every day, which is a strong sign of health for a community the size of Chatfield. The rest of the Chatfield economy is balanced between the health care, agriculture, tourism, retail, education, and the services industries.

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

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

Chatfield is well positioned to participate in the economic recovery that has taken root. According to building permit records, the City issued permits for a total of just over \$5.6 million dollars in construction activity, \$4.2 million of which was residential and \$1.5 million of commercial construction, most of which were public school buildings. This comes on the heels of \$5 million of construction in 2018, a strong showing after \$15 million in total construction in 2017. Permits for twenty new homes were issued in Chatfield in 2018, following 19 homes in 2017 and another 14 in 2016.

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

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

**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.

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

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

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

Requests for Information

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

(This Page is Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA

FINANCIAL STATEMENTS

DECEMBER 31, 2018

(This Page is Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2018
With Comparative Totals for December 31, 2017

	Governmental Activities	Business-Type Activities	Totals	
			2018	2017
ASSETS				
Cash and investments	\$ 7,606,209	\$ 871,599	\$ 8,477,808	\$ 5,267,938
Restricted cash				4,484,848
Receivables	895,156	215,037	1,110,193	1,440,373
Prepaid expenses	11,368	2,118	13,486	
Net pension asset	34,439		34,439	116,398
Capital assets:				
Nondepreciable	2,682,832	60,492	2,743,324	1,252,924
Depreciable, net	13,669,082	9,318,476	22,987,558	23,395,561
Total Assets	24,899,086	10,467,722	35,366,808	35,958,042
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pension activity	545,137	24,418	569,555	124,771
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
	\$ 25,444,223	\$ 10,492,140	\$ 35,936,363	\$ 36,082,813
LIABILITIES				
Accounts payable	660,383	53,179	713,562	60,346
Accrued interest payable	78,001	42,335	120,336	150,743
Accrued liabilities	98		98	64
Compensated absences	166,824	10,497	177,321	159,667
Noncurrent liabilities:				
Due within one year	452,680	488,000	940,680	762,000
Due in more than one year	8,109,870	4,763,889	12,873,759	13,597,717
Net pension liability	853,370	120,578	973,948	1,126,421
Total Liabilities	10,321,226	5,478,478	15,799,704	15,856,958
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pension activity	751,335	32,380	783,715	207,825
NET POSITION				
Net investment in capital assets	10,550,544	4,127,079	14,677,623	14,773,616
Restricted for:				
Revolving loans	301,750		301,750	705,875
Debt service	1,272,691		1,272,691	838,488
Unrestricted	2,246,677	854,203	3,100,880	3,700,051
Total Net Position	14,371,662	4,981,282	19,352,944	20,018,030
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
	\$ 25,444,223	\$ 10,492,140	\$ 35,936,363	\$ 36,082,813

See Notes to the Financial Statements

CITY OF CHATFIELD, MINNESOTA
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018

With Comparative Totals for the Fiscal Year Ending December 31, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 743,890	\$ 97,781	\$ 31,192	\$ 10,683
Public safety	1,238,302	403,397	176,467	
Public works	705,481		119,399	95,702
Parks and recreation	315,799	31,939	793	
Library	266,780	18,568	64,802	
Community development	1,387,534	56,242		1,198
Interest on long-term debt	206,933			
Total governmental activities	4,864,719	607,927	392,653	107,583
Business-Type activities:				
Water	306,759	339,047	2,850	72,682
Sewer	708,731	889,681		75,943
Garbage	222,110	226,829		10,466
Total business-type activities	1,237,600	1,455,557	2,850	159,091
Total	\$ 6,102,319	\$ 2,063,484	\$ 395,503	\$ 266,674

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	
		2018	2017
\$ (604,234)	\$	\$ (604,234)	\$ (523,081)
(658,438)		(658,438)	(575,019)
(490,380)		(490,380)	(492,889)
(283,067)		(283,067)	(294,553)
(183,410)		(183,410)	(177,109)
(1,330,094)		(1,330,094)	(432,100)
(206,933)		(206,933)	(120,905)
<u>(3,756,556)</u>		<u>(3,756,556)</u>	<u>(2,615,656)</u>
	107,820	107,820	19,292
	256,893	256,893	(41,716)
	15,185	15,185	10,515
	<u>379,898</u>	<u>379,898</u>	<u>(11,909)</u>
<u>(3,756,556)</u>	<u>379,898</u>	<u>(3,376,658)</u>	<u>(2,627,565)</u>
1,658,853		1,658,853	1,552,042
165,734		165,734	128,853
785,832		785,832	766,687
626		626	641
65,354	34,142	99,496	97,198
	1,031	1,031	2,319
<u>494,392</u>	<u>(494,392)</u>		
<u>3,170,791</u>	<u>(459,219)</u>	<u>2,711,572</u>	<u>2,547,740</u>
(585,765)	(79,321)	(665,086)	(79,825)
<u>14,957,427</u>	<u>5,060,603</u>	<u>20,018,030</u>	<u>20,097,855</u>
<u>\$ 14,371,662</u>	<u>\$ 4,981,282</u>	<u>\$ 19,352,944</u>	<u>\$ 20,018,030</u>

(This Page is Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA

FUND FINANCIAL STATEMENTS

DECEMBER 31, 2018

(This Page is Left Blank Intentionally)

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

December 31, 2018

With Comparative Totals for December 31, 2017

	100 General	440 2018A Pool Construction	Other Governmental Funds	Totals	
				2018	2017
ASSETS					
Cash and investments	\$ 1,015,072	\$ 3,440,246	\$ 2,390,005	\$ 6,845,323	\$ 3,164,658
Accounts receivable	3,170		222,337	225,507	234,144
Notes receivable			509,690	509,690	935,456
Due from other governmental units	10,340		5,028	15,368	7,684
Taxes receivable delinquent	31,434		6,502	37,936	13,347
Special assessments receivable	12,012		94,415	106,427	33,153
Due from other funds	15,278			15,278	15,212
Prepaid expenses	8,262		3,090	11,352	
TOTAL ASSETS	\$ 1,095,568	\$ 3,440,246	\$ 3,231,067	\$ 7,766,881	\$ 4,403,654
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 22,413	\$ 598,065	\$ 10,908	\$ 631,386	\$ 32,374
Accrued liabilities	82			82	
Due to other funds			15,278	15,278	15,212
Total Liabilities	22,495	598,065	26,186	646,746	47,586
Deferred Inflows of Resources:					
Unavailable revenue:					
Property taxes	43,446		6,502	49,948	13,347
Special assessments			94,415	94,415	33,153
Notes receivable			509,690	509,690	935,456
Total Deferred Inflows of Resources	43,446		610,607	654,053	981,956
Fund Balance:					
Nonspendable:					
Prepaid items	8,262		3,090	11,352	
Restricted:					
Creditors (debt covenants)			1,272,691	1,272,691	838,488
Regulations			227,505	227,505	224,252
Committed:					
By Council action			510,934	510,934	497,015
Assigned:					
Fund assignments		2,842,181	595,332	3,437,513	750,085
Unassigned:	1,021,365		(15,278)	1,006,087	1,064,272
Total Fund Balance	1,029,627	2,842,181	2,594,274	6,466,082	3,374,112
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 1,095,568	\$ 3,440,246	\$ 3,231,067	\$ 7,766,881	\$ 4,403,654

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, 2018**

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

Total governmental fund balances (page 19)		\$ 6,466,082
--	--	--------------

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

Governmental funds - capital assets	\$ 27,943,390	
Less: Accumulated depreciation	<u>(11,591,476)</u>	
		16,351,914

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

Delinquent property taxes	\$ 37,936	
Special assessments	106,427	
Notes receivable	<u>509,690</u>	
		654,053

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.

732,117

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

Bonds and notes payable	\$ (8,490,611)	
Net pension liability	(1,059,568)	
Net pension asset	34,439	
Compensated absences	(166,824)	
Bond premiums net of amortization	(71,939)	
Accrued interest	<u>(78,001)</u>	
		<u>(9,832,504)</u>

Net position of governmental activities (page 16)		<u><u>\$ 14,371,662</u></u>
---	--	-----------------------------

(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, 2018
With Comparative Totals for the Year Ended December 31, 2017

	100	440	Other	Totals	
	General	2018A Pool Construction	Governmental Funds	2018	2017
REVENUES					
Property taxes	\$ 1,195,653	\$	\$ 438,611	\$ 1,634,264	\$ 1,557,292
Special assessments	10,683		22,428	33,111	60,174
Tax increments			146,321	146,321	128,853
Tax abatement			19,413	19,413	
Licenses and permits	25,560			25,560	39,253
Fines and forfeits	5,300		2,149	7,449	8,999
Intergovernmental revenues	843,214		314,287	1,157,501	1,355,374
Franchise fees			25,752	25,752	24,348
Charges for services	38,326		240,170	278,496	254,881
Training revenue			42,436	42,436	43,126
Investment income (loss)	(24,982)	49,067	41,512	65,597	35,180
Contributions			130,749	130,749	138,737
Miscellaneous revenues	37,751		94,499	132,250	139,606
TOTAL REVENUES	2,131,505	49,067	1,518,327	3,698,899	3,785,823
EXPENDITURES					
Current					
General government	655,243		52,052	707,295	658,470
Public safety	607,278		415,576	1,022,854	1,016,833
Public works	420,523			420,523	379,434
Parks and recreation	259,738			259,738	304,558
Library			240,417	240,417	223,915
Community development	24,200		567,242	591,442	369,026
Capital Outlay		1,503,617	469,480	1,973,097	124,755
Debt Service		59,269	450,561	509,830	1,401,855
TOTAL EXPENDITURES	1,966,982	1,562,886	2,195,328	5,725,196	4,478,846
Excess (deficiency) of revenues over (under) expenditures	164,523	(1,513,819)	(677,001)	(2,026,297)	(693,023)
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of debt		4,324,066	269,875	4,593,941	445,560
Premium on issuance of bonds		31,934		31,934	
Transfers in	121,752		809,972	931,724	1,660,498
Transfers out	(336,132)		(103,200)	(439,332)	(1,782,704)
TOTAL OTHER FINANCING SOURCES (USES)	(214,380)	4,356,000	976,647	5,118,267	323,354
Net change in fund balances	(49,857)	2,842,181	299,646	3,091,970	(369,669)
FUND BALANCES, beginning	1,079,484		2,294,628	3,374,112	3,743,781
FUND BALANCES, ending	\$ 1,029,627	\$ 2,842,181	\$ 2,594,274	\$ 6,466,082	\$ 3,374,112

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, 2018**

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

Net change in fund balances - total governmental funds (page 21)	\$	3,091,970
<p>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.</p>		
Capital outlay	\$	1,717,468
Depreciation expense		<u>(807,804)</u>
		909,664
<p>Certain revenues in the statement of activities do not provide current financial resources are not reported as revenues in the funds.</p>		
Unavailable revenue, December 31, 2018	\$	654,053
Unavailable revenue, December 31, 2017		<u>(981,956)</u>
		(327,903)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Change in compensated absences		(16,283)
<p>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</p>		
		200,058
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
Principal retirement on long-term debt	\$	315,000
Issuance of bonds and notes		(4,633,611)
Amortization of bond premium, net		(21,610)
Change in net pension liability activity		21,310
Change in net pension asset		(81,959)
Change in accrued interest		<u>(42,401)</u>
		<u>(4,443,271)</u>
Change in net position of governmental activities (pages 17-18)	\$	<u><u>(585,765)</u></u>

See Notes to the Financial Statements

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

For the Year Ended December 31, 2018
With Comparative Totals for the Year Ended December 31, 2017

	Budgeted Amounts		2018 Actual Amounts	Variance with Final Budget - Positive (Negative)	2017 Actual Amounts
	Original	Final			
REVENUES					
Property Tax Levy Collected	\$ 1,202,372	\$ 1,202,372	\$ 1,195,653	\$ (6,719)	\$ 1,122,930
Special Assessments Collected	4,600	4,600	10,683	6,083	5,090
Licenses and permits	26,450	26,450	25,560	(890)	39,253
Intergovernmental Revenues					
Local government aid	785,832	785,832	785,832		766,687
Market value credit			626	626	641
State police aid	41,000	41,000	44,072	3,072	41,986
PERA aid	1,677	1,677	1,677		1,677
Highway	2,983	2,983	2,983		3,853
FEMA aid					53,897
Training and reimbursement	3,200	3,200	5,908	2,708	5,754
Other			2,116	2,116	7,200
Total Intergovernmental Revenues	834,692	834,692	843,214	8,522	881,695
Charges For Services					
Plan check fee	5,000	5,000	7,989	2,989	9,456
Pool fees	31,900	31,900	30,036	(1,864)	30,644
Lodging tax	125	125	301	176	779
Total Charges For Services	37,025	37,025	38,326	1,301	40,879
Fines and Forfeits					
Parking fines	2,100	2,100	1,650	(450)	900
Court fines and other	11,000	11,000	3,650	(7,350)	5,355
Animal fines					115
Total Fines and Forfeits	13,100	13,100	5,300	(7,800)	6,370
Investment Income	15,000	15,000	(24,982)	(39,982)	(273)
Miscellaneous Revenues					
Sale of assets	50	50	210	160	489
Donations			1,849	1,849	3,162
Refunds/reimbursements	30,225	30,225	35,692	5,467	35,160
Total Miscellaneous Revenues	30,275	30,275	37,751	7,476	38,811
TOTAL REVENUES	\$ 2,163,514	\$ 2,163,514	\$ 2,131,505	\$ (32,009)	\$ 2,134,755

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, 2018
With Comparative Totals for the Year Ended December 31, 2017

	Budgeted Amounts		2018 Actual Amounts	Variance with Final Budget - Positive (Negative)	2017 Actual Amounts
	Original	Final			
EXPENDITURES					
General Government					
Mayor and Council					
Salaries	\$ 20,000	\$ 20,000	\$ 19,700	\$ 300	\$ 19,700
Employee benefits and retirement	1,575	1,575	1,435	140	1,435
Workers compensation	75	75	98	(23)	57
Office supplies	400	400		400	276
Printing and publication	1,800	1,800	4,107	(2,307)	2,294
Travel and conference	3,250	3,250	919	2,331	1,607
Legal fees	9,200	9,200	9,360	(160)	8,650
Dues and subscription	8,800	8,800	10,807	(2,007)	9,004
Departmental capital charge	1,900	1,900	1,900		1,900
Other	1,600	1,600	2,357	(757)	1,127
Total Mayor and Council	<u>48,600</u>	<u>48,600</u>	<u>50,683</u>	<u>(2,083)</u>	<u>46,050</u>
Elections	<u>4,200</u>	<u>4,200</u>	<u>4,149</u>	<u>51</u>	<u>1,060</u>
Clerk's Office					
Salaries	267,000	267,000	278,691	(11,691)	263,398
Employee benefits and retirement	37,400	37,400	41,031	(3,631)	38,711
Workers compensation	1,800	1,800	3,361	(1,561)	1,911
Health insurance	61,575	61,575	57,622	3,953	60,138
Office supplies	8,700	8,700	6,976	1,724	5,957
Postage	1,100	1,100	1,798	(698)	816
Audit fees	9,600	9,600	11,925	(2,325)	8,675
Consulting fees	12,800	12,800	15,647	(2,847)	5,056
Licenses and dues	2,000	2,000	1,905	95	1,730
Insurance	4,900	4,900	4,809	91	4,770
Internet and telephone	19,800	19,800	22,704	(2,904)	21,393
Maintenance and repair	5,000	5,000	3,915	1,085	4,995
Travel and conference	6,500	6,500	5,721	779	4,563
Departmental capital charge	6,400	6,400	6,400		6,400
Other	2,950	2,950	4,552	(1,602)	2,522
Total Clerk's Office	<u>447,525</u>	<u>447,525</u>	<u>467,057</u>	<u>(19,532)</u>	<u>431,035</u>
Planning and Zoning					
Printing and publication	450	450	404	46	176
Consulting fees	53,000	53,000	52,538	462	54,015
Insurance	5,000	5,000	3,832	1,168	4,362
Other	900	900	841	59	723
Total Planning and Zoning	<u>\$ 59,350</u>	<u>\$ 59,350</u>	<u>\$ 57,615</u>	<u>\$ 1,735</u>	<u>\$ 59,276</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, 2018
With Comparative Totals for the Year Ended December 31, 2017

	Budgeted Amounts		2018 Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)	2017 Actual Amounts
	Original	Final			
EXPENDITURES (Continued)					
General Government (Continued)					
Municipal Building					
Operating supplies	\$ 6,500	\$ 6,500	\$ 2,654	\$ 3,846	\$ 4,373
Small tools and minor equipment	600	600	195	405	53
Maintenance and repair	12,000	12,000	15,868	(3,868)	12,292
Contracted services	27,200	27,200	26,108	1,092	24,755
Insurance	3,500	3,500	3,421	79	3,404
Utilities	11,000	11,000	6,975	4,025	7,133
Departmental capital charge	20,000	20,000	20,000		15,000
Other	600	600	518	82	541
Total Municipal Building	<u>81,400</u>	<u>81,400</u>	<u>75,739</u>	<u>5,661</u>	<u>67,551</u>
Total General Government	<u>641,075</u>	<u>641,075</u>	<u>655,243</u>	<u>(14,168)</u>	<u>604,972</u>
Public Safety					
Animal Control					
Operating supplies	300	300	70	230	116
Printing and publication	100	100	256	(156)	256
Other	450	450	5	445	3
Total Animal Control	<u>850</u>	<u>850</u>	<u>331</u>	<u>519</u>	<u>375</u>
Civil Defense					
Contracted services	5,450	5,450	5,000	450	3,750
Departmental capital charge	2,000	2,000	2,000		4,000
Total Civil Defense	<u>7,450</u>	<u>7,450</u>	<u>7,000</u>	<u>450</u>	<u>7,750</u>
Building Code					
Consultant fee	18,000	18,000	23,697	(5,697)	22,140
Plan review	6,000	6,000	4,400	1,600	5,072
Surcharge fee/sales tax	2,400	2,400	2,758	(358)	8,676
Total Building Code	<u>\$ 26,400</u>	<u>\$ 26,400</u>	<u>\$ 30,855</u>	<u>\$ (4,455)</u>	<u>\$ 35,888</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, 2018

With Comparative Totals for the Year Ended December 31, 2017

	Budgeted Amounts		2018 Actual Amounts	Variance with Final Budget - Positive (Negative)	2017 Actual Amounts
	Original	Final			
EXPENDITURES (Continued)					
Public Safety (Continued)					
Police Department					
Salaries	\$ 334,635	\$ 334,635	\$ 336,761	\$ (2,126)	\$ 316,620
Employee benefits and retirement	59,620	59,620	59,247	373	55,664
Workers compensation	11,000	11,000	21,094	(10,094)	11,218
Health insurance	57,620	57,620	58,458	(838)	59,412
Operating supplies	3,000	3,000	1,134	1,866	2,562
Vehicle operating supplies	8,000	8,000	7,290	710	6,946
Small tools and minor equipment	3,000	3,000	1,620	1,380	3,881
Internet and telephone	5,560	5,560	5,776	(216)	5,558
Legal fees	10,000	10,000	7,329	2,671	5,674
Towing and wrecker fees	2,000	2,000	375	1,625	600
Uniform allowance	4,250	4,250	3,354	896	3,721
Maintenance and repair	8,000	8,000	7,263	737	9,769
Clothing	2,100	2,100	1,260	840	1,184
Printing and publication	300	300	149	151	141
Postage	400	400	473	(73)	213
Training	4,500	4,500	3,448	1,052	5,210
Contracted services	8,050	8,050	6,175	1,875	2,602
Insurance	15,000	15,000	15,807	(807)	14,063
Utilities	7,000	7,000	5,166	1,834	5,444
Departmental capital charge	22,900	22,900	22,900		22,900
Other	6,195	6,195	4,013	2,182	4,417
Total Police Department	<u>573,130</u>	<u>573,130</u>	<u>569,092</u>	<u>4,038</u>	<u>537,799</u>
Total Public Safety	<u>607,830</u>	<u>607,830</u>	<u>607,278</u>	<u>552</u>	<u>581,812</u>
Public Works					
Street Department					
Salaries	70,200	70,200	83,217	(13,017)	71,427
Employee benefits and retirement	11,500	11,500	11,670	(170)	10,325
Health insurance	10,500	10,500	9,475	1,025	5,250
Workers compensation	4,000	4,000	1,657	2,343	708
Operating supplies	11,200	11,200	21,929	(10,729)	17,239
Vehicle operating supplies	10,000	10,000	17,469	(7,469)	14,450
Maintenance and repair	36,000	36,000	32,408	3,592	27,407
Clothing	800	800	1,241	(441)	620
Snow removal	5,000	5,000	893	4,107	3,555
Insurance	9,400	9,400	9,133	267	9,256
Internet and telephone	1,200	1,200	1,574	(374)	1,710
Other professional services	12,300	12,300	14,849	(2,549)	3,777
Small tools and minor equipment	5,000	5,000	1,867	3,133	2,032
Utilities	35,640	35,640	38,759	(3,119)	32,885
Departmental capital charge	173,600	173,600	173,600		175,600
Other	3,200	3,200	782	2,418	3,193
Total Public Works	<u>\$ 399,540</u>	<u>\$ 399,540</u>	<u>\$ 420,523</u>	<u>\$ (20,983)</u>	<u>\$ 379,434</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, 2018
With Comparative Totals for the Year Ended December 31, 2017**

	Budgeted Amounts		2018 Actual Amounts	Variance with Final Budget - Positive (Negative)	2017 Actual Amounts
	Original	Final			
EXPENDITURES (Continued)					
Parks and Recreation					
Parks					
Salaries	\$ 61,200	\$ 61,200	\$ 55,836	\$ 5,364	\$ 58,044
Employee benefits and retirement	8,125	8,125	8,081	44	8,069
Workers compensation	2,100	2,100	4,121	(2,021)	2,215
Health insurance	24,925	24,925	13,268	11,657	15,240
Small tools and minor equipment	1,300	1,300	1,320	(20)	603
Vehicle operating supplies	2,000	2,000	3,974	(1,974)	2,752
Maintenance and repair	8,000	8,000	7,438	562	42,429
Other professional services	5,500	5,500	3,774	1,726	3,918
Utilities	14,330	14,330	13,188	1,142	12,257
Insurance	7,500	7,500	7,470	30	7,438
Departmental capital charge	38,700	38,700	38,700		37,600
Other	8,600	8,600	7,779	821	7,233
Total Parks	<u>182,280</u>	<u>182,280</u>	<u>164,949</u>	<u>17,331</u>	<u>197,798</u>
Pool					
Salaries	47,000	47,000	48,117	(1,117)	44,729
Employee benefits and retirement	3,600	3,600	3,681	(81)	3,422
Workers compensation	1,600	1,600	3,331	(1,731)	1,766
Operating supplies	8,100	8,100	6,308	1,792	6,263
Maintenance and repair	5,300	5,300	2,250	3,050	9,689
Other professional services	5,000	5,000	1,200	3,800	9,709
Utilities	12,500	12,500	7,187	5,313	7,818
Insurance	9,200	9,200	8,966	234	8,924
Departmental capital charge	2,200	2,200	2,000	200	2,000
Other	8,850	8,850	6,149	2,701	6,840
Total Pool	<u>103,350</u>	<u>103,350</u>	<u>89,189</u>	<u>14,161</u>	<u>101,160</u>
Recreation					
	<u>5,000</u>	<u>5,000</u>	<u>4,000</u>	<u>1,000</u>	<u>4,000</u>
Band					
School band concerts	480	480	480		480
Brass band concerts	1,120	1,120	1,120		1,120
Total Band	<u>1,600</u>	<u>1,600</u>	<u>1,600</u>		<u>1,600</u>
Total Parks and Recreation	<u>292,230</u>	<u>292,230</u>	<u>259,738</u>	<u>32,492</u>	<u>304,558</u>
Community Development					
Promotional expense	3,000	3,000	3,955	(955)	4,368
Heritage preservation	11,230	11,230	12,239	(1,009)	18,304
Other	4,900	4,900	8,006	(3,106)	3,566
Total Community Development	<u>19,130</u>	<u>19,130</u>	<u>24,200</u>	<u>(5,070)</u>	<u>26,238</u>
TOTAL EXPENDITURES	<u>1,959,805</u>	<u>1,959,805</u>	<u>1,966,982</u>	<u>(7,177)</u>	<u>1,897,014</u>
Excess of revenues over expenditures	<u>203,709</u>	<u>203,709</u>	<u>164,523</u>	<u>(39,186)</u>	<u>237,741</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	121,712	121,712	121,752	40	142,716
Transfers out	(336,132)	(336,132)	(336,132)		(302,215)
Total Other Financing Sources (Uses)	<u>(214,420)</u>	<u>(214,420)</u>	<u>(214,380)</u>	<u>40</u>	<u>(159,499)</u>
Net change in fund balances	(10,711)	(10,711)	(49,857)	(39,146)	78,242
FUND BALANCES, beginning	<u>1,079,484</u>	<u>1,079,484</u>	<u>1,079,484</u>		<u>1,001,242</u>
FUND BALANCES, ending	<u>\$ 1,068,773</u>	<u>\$ 1,068,773</u>	<u>\$ 1,029,627</u>	<u>\$ (39,146)</u>	<u>\$ 1,079,484</u>

See Notes to the Financial Statements

(This Page is Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
Statement of Net Position
December 31, 2018
With Comparative Totals for December 31, 2017

	Business-Type Activities - Enterprise Funds				
	601	611/336/ 436/339	Total	602	612/437/337/ 333/331/341
	Water	Water Infrastructure	Water	Sewer	Sewer Infrastructure
ASSETS AND DEFERRED					
OUTFLOWS OF RESOURCES					
Current Assets					
Cash and investments	\$ 403,248		\$ 403,248	\$ 100,818	\$ 300,945
Restricted cash					
Accounts receivable, net	43,598	1,600	45,198	96,756	2,600
Due from other funds	56,207		56,207		
Special assessments receivable	6,257		6,257	20,857	
Special assessments delinquent	2,886		2,886	9,181	
Prepaid expenses	461		461	1,657	
Total Current Assets	<u>512,657</u>	<u>1,600</u>	<u>514,257</u>	<u>229,269</u>	<u>303,545</u>
Noncurrent Assets					
Capital assets:					
Nondepreciable		30,246	30,246		30,246
Depreciable		4,017,297	4,017,297		12,862,879
Less: Accumulated depreciation		1,272,822	1,272,822		6,288,878
Net capital assets		<u>2,774,721</u>	<u>2,774,721</u>		<u>6,604,247</u>
Deferred Outflows of Resources					
Deferred outflows from pension activity	9,098		9,098	15,320	
TOTAL ASSETS AND DEFERRED					
OUTFLOWS OF RESOURCES	<u>\$ 521,755</u>	<u>\$ 2,776,321</u>	<u>\$ 3,298,076</u>	<u>\$ 244,589</u>	<u>\$ 6,907,792</u>
LIABILITIES, DEFERRED INFLOWS					
OF RESOURCES, AND NET POSITION					
Current Liabilities					
Current maturities of bonds payable	\$	\$ 34,000	\$ 34,000	\$	\$ 454,000
Accounts payable	6,971	1,324	8,295	26,785	1,324
Due to other funds		56,207	56,207		
Accrued interest payable		2,282	2,282		40,053
Accrued liabilities	5,421		5,421	5,076	
Total Current Liabilities	<u>12,392</u>	<u>93,813</u>	<u>106,205</u>	<u>31,861</u>	<u>495,377</u>
Noncurrent Liabilities					
Net pension liability	45,474		45,474	75,104	
Bonds payable, net of current maturities		295,000	295,000		4,468,889
Total Liabilities	<u>57,866</u>	<u>388,813</u>	<u>446,679</u>	<u>106,965</u>	<u>4,964,266</u>
Deferred Inflows of Resources					
Deferred inflows from pension activity	12,213		12,213	20,167	
NET POSITION					
Net investment in capital assets		2,445,721	2,445,721		1,681,358
Unrestricted	451,676	(58,213)	393,463	117,457	262,168
Total Net Position	<u>451,676</u>	<u>2,387,508</u>	<u>2,839,184</u>	<u>117,457</u>	<u>1,943,526</u>
TOTAL LIABILITIES, DEFERRED INFLOWS					
OF RESOURCES AND NET POSITION	<u>\$ 521,755</u>	<u>\$ 2,776,321</u>	<u>\$ 3,298,076</u>	<u>\$ 244,589</u>	<u>\$ 6,907,792</u>

See Notes to the Financial Statements

622		603		Totals		Governmental Activities-Internal Service Funds 801	
Sewer - No Fault Back	Total Sewer	Garbage	2018	2017	Capital Goods 2018	Capital Goods 2017	
\$ 18,014	\$ 419,777	\$ 48,574	\$ 871,599	\$ 1,170,408	\$ 760,886	\$ 932,808	
	99,356	20,869	165,423	4,484,848	228		
	20,857	7,648	56,207	160,705			
	9,181	2,785	34,762	49,067			
	1,657		14,852	6,817			
18,014	550,828	79,876	1,144,961	5,871,845	761,114	932,808	
	30,246		60,492	60,492			
	12,862,879		16,880,176	16,711,837	5,057,165	4,586,513	
	6,288,878		7,561,700	7,165,811	2,276,265	2,205,896	
	6,604,247		9,378,968	9,606,518	2,780,900	2,380,617	
	15,320		24,418	17,092			
\$ 18,014	\$ 7,170,395	\$ 79,876	\$ 10,548,347	\$ 15,495,455	\$ 3,542,014	\$ 3,313,425	
\$	\$ 454,000	\$	\$ 488,000	\$ 447,000	\$	\$	
	28,109	16,775	53,179	27,506	28,997	466	
	40,053		56,207	115,143			
	5,076		42,335	9,126			
	527,238	16,775	650,218	598,775	28,997	466	
	75,104		120,578	135,168			
	4,468,889		4,763,889	9,690,388			
	5,071,231	16,775	5,534,685	10,424,331	28,997	466	
	20,167		32,380	10,521			
	1,681,358		4,127,079	3,953,978	2,780,900	2,380,617	
18,014	397,639	63,101	854,203	1,106,625	732,117	932,342	
18,014	2,078,997	63,101	4,981,282	5,060,603	3,513,017	3,312,959	
\$ 18,014	\$ 7,170,395	\$ 79,876	\$ 10,548,347	\$ 15,495,455	\$ 3,542,014	\$ 3,313,425	

**CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS**

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

For the Year Ended December 31, 2018
With Comparative Totals for the Year Ended December 31, 2017

	Business-Type Activities - Enterprise Funds				
	601 Water	611/336/ 436/339 Water Infrastructure	Total Water	602 Sewer	612/437/337/ 333/331/341 Sewer Infrastructure
Operating Revenues					
Service fees and charges	\$ 302,167	\$ 36,880	\$ 339,047	\$ 837,077	\$ 52,604
Departmental capital charge					
	<u>302,167</u>	<u>36,880</u>	<u>339,047</u>	<u>837,077</u>	<u>52,604</u>
Operating Expenses					
Salaries	57,892		57,892	101,527	
Employee benefits and retirement	8,517		8,517	14,993	
Health insurance	8,685		8,685	24,504	
Workers compensation	3,278		3,278	6,712	
Garbage removal					
City clean up					
Supplies	9,768		9,768	13,973	
Utilities	21,602		21,602	73,442	
Maintenance and repairs	25,244		25,244	53,862	
Travel and training	438		438		
Professional fees	18,421		18,421	18,039	
Office expense	1,367		1,367	3,491	
Insurance	4,176		4,176	10,744	
Depreciation		118,859	118,859		277,030
Departmental capital charge	750	8,500	9,250	700	7,500
Other	8,189	1,323	9,512	14,721	1,325
Total Operating Expenses	<u>168,327</u>	<u>128,682</u>	<u>297,009</u>	<u>336,708</u>	<u>285,855</u>
Operating Income (Loss)	<u>133,840</u>	<u>(91,802)</u>	<u>42,038</u>	<u>500,369</u>	<u>(233,251)</u>
Nonoperating Revenues (Expenses)					
Investment income	7,516	(716)	6,800	2,832	23,422
Refunds and reimbursements	370		370	493	
Special assessments	8,559		8,559	28,542	6
Intergovernmental	2,850		2,850		
Miscellaneous		168	168		
Gain on disposal					
Interest and fiscal charges		(9,750)	(9,750)		(78,519)
Total Nonoperating Revenues (Expenses)	<u>19,295</u>	<u>(10,298)</u>	<u>8,997</u>	<u>31,867</u>	<u>(55,091)</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>153,135</u>	<u>(102,100)</u>	<u>51,035</u>	<u>532,236</u>	<u>(288,342)</u>
Capital contributions		64,123	64,123		47,395
Transfers in		154,482	154,482		550,132
Transfers out	(157,646)	(177,984)	(335,630)	(543,646)	(304,970)
CHANGE IN NET POSITION	<u>(4,511)</u>	<u>(61,479)</u>	<u>(65,990)</u>	<u>(11,410)</u>	<u>4,215</u>
NET POSITION - BEGINNING OF YEAR	<u>456,187</u>	<u>2,448,987</u>	<u>2,905,174</u>	<u>128,867</u>	<u>1,939,311</u>
NET POSITION - END OF YEAR	<u>\$ 451,676</u>	<u>\$ 2,387,508</u>	<u>\$ 2,839,184</u>	<u>\$ 117,457</u>	<u>\$ 1,943,526</u>

See Notes to the Financial Statements

622		603		Totals		Governmental Activities-Internal Service Funds 801	
Sewer - No Fault Back	Total Sewer	Garbage	2018	2017	Capital Goods 2018	Capital Goods 2017	
\$	\$ 889,681	\$ 226,829	\$ 1,455,557	\$ 1,318,089	\$	\$	
	889,681	226,829	1,455,557	1,318,089	288,350	286,750	
	101,527		159,419	142,057			
	14,993		23,510	29,214			
	24,504		33,189	32,295			
	6,712		9,990	5,206			
		188,978	188,978	162,534			
		13,896	13,896	13,141			
	13,973	265	24,006	22,182			
	73,442		95,044	82,997			
1,054	54,916	3,543	83,703	61,194	73,959	128,115	
			438	2,368			
	18,039		36,460	28,108	4,899		
	3,491	1,157	6,015	5,480			
	10,744		14,920	15,199			
	277,030		395,889	455,030	256,947	228,207	
	8,200	250	17,700	17,750			
6,595	22,641	14,021	46,174	41,463	49,452	13,670	
7,649	630,212	222,110	1,149,331	1,116,218	385,257	369,992	
(7,649)	259,469	4,719	306,226	201,871	(96,907)	(83,242)	
359	26,613	729	34,142	62,235	12,225	12,374	
	493		863	1,726			
	28,548	10,466	47,573	47,519			
			2,850		22,984	23,042	
			168	593	29,334	3,303	
	(78,519)		(88,269)	(261,299)	63,144		
359	(22,865)	11,195	(2,673)	(149,226)	127,687	38,719	
(7,290)	236,604	15,914	303,553	52,645	30,780	(44,523)	
	47,395		111,518		167,278		
1,000	551,132		705,614	882,223	2,000	349,735	
	(848,616)	(15,760)	(1,200,006)	(1,109,752)			
(6,290)	(13,485)	154	(79,321)	(174,884)	200,058	305,212	
24,304	2,092,482	62,947	5,060,603	5,235,487	3,312,959	3,007,747	
\$ 18,014	\$ 2,078,997	\$ 63,101	\$ 4,981,282	\$ 5,060,603	\$ 3,513,017	\$ 3,312,959	

CITY OF CHATFIELD, MINNESOTA

PROPRIETARY FUNDS

Statement of Cash Flows

For the Year Ended December 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	Business-Type Activities - Enterprise Funds				
	Water	Water	Total	Sewer	Sewer
		Infrastructure	Water		Infrastructure
Cash Flows From Operating Activities					
Cash received from customers	\$ 302,828	\$ 35,448	\$ 338,276	\$ 841,566	\$ 50,010
Cash paid to employees	(70,148)		(70,148)	(124,889)	
Cash paid to suppliers	(95,129)	(8,499)	(103,628)	(192,986)	(7,501)
Net Cash Provided By (Used In) Operating Activities	137,551	26,949	164,500	523,691	42,509
Cash Flows From Noncapital Financing Activities					
Intergovernmental	11,409		11,409	28,542	
Increase (decrease) in due to/from other funds	(56,207)	56,207			
Miscellaneous					
Transfer in/out	(157,646)	(23,502)	(181,148)	(543,646)	245,162
Net Cash Provided By (Used In) Noncapital Financing Activities	(202,444)	32,705	(169,739)	(515,104)	245,162
Cash Flows From Capital and Related Financing Activities					
Capital asset acquisitions		(43,166)	(43,166)		(5,109)
Proceeds from issuance of debt					
Principal payments on bonds		(33,500)	(33,500)		(4,873,500)
Interest payments on bonds		(5,837)	(5,837)		(142,285)
Net Cash (Used In) Capital and Related Financing Activities		(82,503)	(82,503)		(5,020,894)
Cash Flows From Investing Activities					
Investment income (loss)	7,516	(716)	6,800	2,832	23,422
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(57,377)	(23,565)	(80,942)	11,419	(4,709,801)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	460,625	23,565	484,190	89,399	5,010,746
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 403,248	\$	\$ 403,248	\$ 100,818	\$ 300,945
Classified as:					
Cash and cash equivalents	\$ 403,248	\$	\$ 403,248	\$ 100,818	\$ 300,945
Restricted cash					
Total Cash and Cash Equivalents, End of Year	\$ 403,248	\$	\$ 403,248	\$ 100,818	\$ 300,945

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

Operating Income (Loss)	\$ 133,840	\$ (91,802)	\$ 42,038	\$ 500,369	\$ (233,251)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation		118,859	118,859		277,030
Change in net pension liability	(14)		(14)	(43)	
Miscellaneous nonoperating income	370	168	538	493	6
(Increase) Decrease In:					
Accounts receivable	(841)	(1,600)	(2,441)	236	(2,600)
Special assessments receivable	2,578		2,578	8,581	
Special assessments delinquent	(1,446)		(1,446)	(4,821)	
Prepaid expenses	(461)		(461)	(1,657)	
Increase (Decrease) In:					
Accounts payable	2,264	1,324	3,588	20,423	1,324
Accrued liabilities	1,261		1,261	110	
Net Cash Provided By (Used In) Operating Activities	\$ 137,551	\$ 26,949	\$ 164,500	\$ 523,691	\$ 42,509
Noncash Capital and Related Financing Activities					
Receipt of contributed assets	\$	\$ 64,123	\$ 64,123	\$	\$ 47,395

See Notes to the Financial Statements

Sewer - No Fault Back	Total Sewer	Garbage	Totals		Governmental Activities- Internal Service Funds 801 Capital Goods	
			2018	2017	2018	2017
\$	\$ 891,576	\$ 228,294	\$ 1,458,146	\$ 1,368,172	\$ 288,122	\$ 301,908
	(124,889)		(195,037)	(200,239)		
(7,649)	(208,136)	(221,772)	(533,536)	(459,367)	(99,779)	(148,285)
(7,649)	558,551	6,522	729,573	708,566	188,343	153,623
	28,542	10,466	50,417	198	22,984	23,042
					29,334	3,303
1,000	(297,484)	(15,760)	(494,392)	(227,529)	2,000	349,735
1,000	(268,942)	(5,294)	(443,975)	(227,331)	54,318	376,080
	(5,109)		(48,275)	(351,140)	(426,808)	(461,171)
	(4,873,500)		(4,907,000)	300,000		
	(142,285)		(148,122)	(288,993)		
	(5,020,894)		(5,103,397)	(715,133)	(426,808)	(461,171)
359	26,613	729	34,142	62,235	12,225	12,374
(6,290)	(4,704,672)	1,957	(4,783,657)	(171,663)	(171,922)	80,906
24,304	5,124,449	46,617	5,655,256	5,826,919	932,808	851,902
\$ 18,014	\$ 419,777	\$ 48,574	\$ 871,599	\$ 5,655,256	\$ 760,886	\$ 932,808
\$ 18,014	\$ 419,777	\$ 48,574	\$ 871,599	\$ 1,170,408	\$ 760,886	\$ 932,808
				4,484,848		
\$ 18,014	\$ 419,777	\$ 48,574	\$ 871,599	\$ 5,655,256	\$ 760,886	\$ 932,808
\$ (7,649)	\$ 259,469	\$ 4,719	\$ 306,226	\$ 201,871	\$ (96,907)	\$ (83,242)
	277,030		395,889	455,030	256,947	228,207
	(43)		(57)	7,447		
	499		1,037	49,838		
	(2,364)	87	(4,718)	443	(228)	15,158
	8,581	3,146	14,305	(198)		
	(4,821)	(1,768)	(8,035)			
	(1,657)		(2,118)			
	21,747	338	25,673	(2,115)	28,531	(6,500)
	110		1,371	(3,750)		
\$ (7,649)	\$ 558,551	\$ 6,522	\$ 729,573	\$ 708,566	\$ 188,343	\$ 153,623
\$	\$ 47,395	\$	\$ 223,036	\$	\$ 167,278	\$

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

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

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

Cash and Investments

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

Interfund Transactions

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

Property Taxes

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

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

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

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

Special assessments outstanding at December 31, 2018 are recognized as revenue only when received. The receivable balances in the fund financial statements are offset entirely by deferred inflow of resources until collected by the county. These offsetting balances are also not reflected in the financial statements.

Capital Assets

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

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

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

Capital Assets (Continued)

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

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

Compensated Absences

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

Long-Term Obligations

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

Concentration of Credit Risk

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

Net position / Fund Balance

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

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

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

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

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

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

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

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

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

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

Pensions

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

Comparative Data

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

Deferred Outflows of Resources

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

Deferred Inflows of Resources

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

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

3. Detailed Notes on All Funds

A. Summary of Cash and Investments

As of December 31, 2018, the City's cash and investments consisted of the following items, all of which are held in an internal investment pool:

<u>Cash and Investments</u>	<u>Maturities</u>	<u>Ratings</u>	<u>Fair Value</u>
Cash on hand	None	N/A	\$ 150
Deposits	None	N/A	5,497,335
Non-negotiable certificates of deposit	March 2019 - June 2022	N/A	1,370,255
U.S. government bonds	February 2021 - December 2023	AAA	827,552
Municipal bonds	February 2019 - February 2024	AA2	631,589
Money market funds	None	N/A	150,927
Total Cash and Investments			<u>\$ 8,477,808</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

Investments Authorized by Minnesota Statutes

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

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

Collateralization of Cash Deposits

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

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

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

Interest Rate Risk

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

Credit Risk

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

A. Summary of Cash and Investments (Continued)

Concentration of Credit Risk

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

<u>Investments</u>	<u>Ratings</u>	<u>of Total</u>
U.S. government bonds	AAA	10%
Municipal bonds	AA2	7%

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, 2018 and 2017 were as follows:

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

	At December 31, 2017			
	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
U.S. government bonds	\$ 859,586	\$	\$ 859,586	\$
Municipal bonds	634,626		634,626	
U.S. treasury note	4,484,848		4,484,848	
Total	<u>\$ 5,979,060</u>	<u>\$</u>	<u>\$ 5,979,060</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.

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, 2018:

	Date of Loan	Initial Loan Amount	Interest Rate	Term	Balance 12/31/18
S&K Custom Furniture	5/30/2006	\$ 40,245	5%	10 years	\$ 27,758
EZ Fab	7/1/2014	533,000	1%	15 years	385,106
MT Properties	10/1/2014	62,700	4%	10 years	39,045
Steve's Auto	8/1/2015	21,000	4%	5 years	7,172
Ries Auto Stores LLC	6/1/2016	45,000	4%	10 years	44,038
Bick & Berry Boutique	8/1/2016	30,000	4%	5 years	16,749
Corner Cuts Salon	9/20/2017	25,354	4%	10 years	22,709
Big Girl Stickers & Stems	9/20/2018	40,000	4%	10 years	38,909
		<u>\$ 757,054</u>			<u>\$ 581,486</u>
				Less: allowance for uncollectible notes	<u>(71,796)</u>
					<u>\$ 509,690</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, 2018 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,158,679	\$	\$	\$ 1,158,679
Construction in process	33,753	1,524,153	33,753	1,524,153
Total capital assets, not being depreciated	<u>1,192,432</u>	<u>1,524,153</u>	<u>33,753</u>	<u>2,682,832</u>
Capital assets, being depreciated:				
Buildings	12,614,411	52,360		12,666,771
Infrastructure	7,408,129	346,981		7,755,110
Vehicles	1,950,606	240,154	93,283	2,097,477
Furniture and fixtures	391,267	2,375		393,642
Machinery and equipment	2,198,425	276,591	127,458	2,347,558
Total capital assets, being depreciated	<u>24,562,838</u>	<u>918,461</u>	<u>220,741</u>	<u>25,260,558</u>
Less accumulated depreciation for:				
Buildings	4,911,139	501,843		5,412,982
Infrastructure	3,235,156	241,707		3,476,863
Vehicles	791,904	156,187	68,214	879,877
Furniture and fixtures	222,910	20,457		243,367
Machinery and equipment	1,552,194	144,557	118,364	1,578,387
Total accumulated depreciation	<u>10,713,303</u>	<u>1,064,751</u>	<u>186,578</u>	<u>11,591,476</u>
Total capital assets, being depreciated, net	<u>13,849,535</u>	<u>(146,290)</u>	<u>34,163</u>	<u>13,669,082</u>
Governmental activities capital assets, net	<u>\$ 15,041,967</u>	<u>\$ 1,377,863</u>	<u>\$ 67,916</u>	<u>\$ 16,351,914</u>

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	16,046,502	129,836		16,176,338
Machinery and equipment	665,335	38,503		703,838
Total capital assets, being depreciated	16,711,837	168,339		16,880,176
Less accumulated depreciation for:				
Wastewater Treatment Facility and Distribution	7,009,647	355,584		7,365,231
Machinery and equipment	156,164	40,305		196,469
Total accumulated depreciation	7,165,811	395,889		7,561,700
Total capital assets, being depreciated, net	9,546,026	(227,550)		9,318,476
Business-type activities capital assets, net	\$ 9,606,518	\$ (227,550)	\$	\$ 9,378,968

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

General government	\$ 49,256
Public safety	158,501
Public works	134,278
Parks and recreation	24,339
Library	48,808
Community development	392,622
Subtotal	807,804
Internal service fund	256,947
Total depreciation expense - governmental activities	<u>\$ 1,064,751</u>

Business-Type Activities:

Water Infrastructure	\$ 118,859
Sewer Infrastructure	277,030
Total depreciation expense - business-type activities	<u>\$ 395,889</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, 2018 were as follows:

<u>Funds</u>	Transfers In	Transfers Out
General Fund - Other	\$ 121,752	\$ 336,132
Special Revenue:		
Ambulance	22,840	54,700
Ambulance Capital Reserve	40,000	
EDA	50,000	
Fire	59,292	45,450
Fire Capital	42,500	
Cable Access	15,000	3,050
Chatfield Center for the Arts	62,000	
Debt Service:		
2012A Refunding Bond	90,280	
2014A Bond	68,313	
2016A GO Refunding 2010A Bond	349,747	
2017A GO Bond	10,000	
Subtotal Governmental Funds	<u>931,724</u>	<u>439,332</u>
Enterprise:		
Water		157,646
Sewer		543,646
Garbage		15,760
Water Infrastructure	154,482	177,984
Sewer Infrastructure	550,132	304,970
Sewer - No Fault Back	1,000	
Subtotal Enterprise Funds	<u>705,614</u>	<u>1,200,006</u>
Internal Service Fund	<u>2,000</u>	
Total Transfers	<u>\$ 1,639,338</u>	<u>\$ 1,639,338</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

E. Interfund Balances and Transfers (Continued)

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

Governmental and Internal Service Funds:	
Transfers in	\$ 933,724
Transfers out	<u>(439,332)</u>
Government-wide Statement of Activities	
Transfers in/out	<u>\$ 494,392</u>

The amounts due to and from other funds at December 31, 2018, at the individual fund level are summarized below:

<u>Funds</u>	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>
General Fund	\$	\$ 15,278
Twiford Street Redevelopment	15,273	
Cabin Coffee TIF	5	
Enterprise:		
Water		56,207
Water Infrastructure	<u>56,207</u>	
	<u>\$ 71,485</u>	<u>\$ 71,485</u>

At December 31, 2018, the following funds have deficit balances:

Twiford Street Redevelopment	\$ 15,273
Cabin Coffee TIF Fund	5

Excess of expenditures over budgeted appropriations at the individual fund level during 2018 are as follows:

Library	\$ 11,609
Fire	2,907
Fire Capital	67,348
Ambulance	27,790
Ambulance Capital Reserve	1,323
Chatfield Center for the Arts	4,250
Revolving Loan Federal Fund	40,000

All excess expenditures were the result of planned processes.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

F. Long-term debt

The following is a summary of changes in long-term debt obligations during the year ended December 31, 2018:

	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%)	\$ 1,435,000	\$	\$ 155,000	\$ 1,280,000	\$ 145,000
2014A GO Bonds (2.0-2.25%)	1,405,000		160,000	1,245,000	170,000
2016A GO Crossover Refunding Bonds (2.0%)	875,000			875,000	90,000
2017A GO Tax Abatement Note (2.85%)	457,000			457,000	36,000
2018A GO Swimming Pool Bonds (3.0-3.375%)		4,400,000		4,400,000	
Twiford Redevelopment Note		233,611		233,611	11,680
Plus: Unamortized premium	50,329	31,934	10,324	71,939	
Total Bonds and Notes Payable	4,222,329	4,665,545	325,324	8,562,550	452,680
Other Liabilities:					
Compensated Absences	150,541	16,283		166,824	
Governmental Activities					
Long-term Liabilities	4,372,870	4,681,828	325,324	8,729,374	452,680
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
General Obligation Revenue Bonds:					
2011A Refunding Bonds (3.42%)	4,840,000		4,840,000		
2016A GO Crossover Refunding Bonds (2.0%)	4,535,000			4,535,000	420,000
2016B GO Water Revenue Note (2.825%)	425,000		37,000	388,000	38,000
2017B GO Utility Revenue Note (0%)	300,000		30,000	270,000	30,000
Plus: Unamortized premium	64,778		5,889	58,889	
Less: Bond discount	(27,390)		(27,390)		
Total Bonds and Notes Payable	10,137,388		4,885,499	5,251,889	488,000
Other Liabilities:					
Compensated Absences	9,126	1,371		10,497	
Business-type Activities					
Long-term Liabilities	10,146,514	1,371	4,885,499	5,262,386	488,000
Total	\$ 14,519,384	\$ 4,683,199	\$ 5,210,823	\$ 13,991,760	\$ 940,680

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

F. Long-term debt (Continued)

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

The 2012 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.

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, 2018, 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>				
2019	\$ 441,000	\$ 81,819		
2020	567,000	262,411		
2021	628,000	195,819		
2022	634,000	180,742		
2023	650,000	165,267		
2024-2028	2,552,000	600,177		
2029-2033	1,135,000	374,100		
2034-2038	1,350,000	185,500		
2039	300,000	10,125		
Totals	<u>\$ 8,257,000</u>	<u>\$ 1,860,335</u>		
<u>Business-Type Activities</u>				
2019			\$ 488,000	\$ 96,924
2020			495,000	87,373
2021			506,000	77,628
2022			512,000	67,706
2023			523,000	57,605
2024-2028			2,669,000	130,144
Totals			<u>\$ 5,193,000</u>	<u>\$ 517,380</u>

Twiford Redevelopment Loan	
Years	Principal
2019	\$ 11,680
2020	24,659
2021	24,659
2022	24,659
2023	24,659
2024-2028	123,295
Total	<u>\$ 233,611</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. 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, 2018, remaining notes outstanding totaled \$2,298,085.

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, 2018, remaining notes outstanding totaled \$690,970.

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 of Chatfield, Minnesota are covered by the General Employees Plan. General Employees Plan members belong to either 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% for each of the first 10 years of service and 1.7% for each additional year. The rates are 2.2% and 2.7%, respectively, for Basic members. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service, and 2.7% for Basic members. The accrual rates for former MERF members is 2.0% for each of the first 10 years of service and 2.5% for each additional year. 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.

Beginning January 1, 2019, benefit recipients will receive a future annual increase equal to 50 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age (not applicable to Rule of 90 retirees, disability benefit recipients, or survivors). A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase.

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.

Beginning in 2019, the COLA will be fixed at 1 percent. Under funding measurements from 2017, the 2.5 percent COLA trigger was never expected to occur and was subsequently removed from law. Post retirement increases are given each year except for annuitants who have been receiving a benefit for only 31 to 41 months. These annuitants will receive a prorated amount of the increase on a sliding scale.

Contributions

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

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2019; 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, 2018, were \$58,595. The City's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Legislation increased both employee and employer contribution rates in the Police and Fire Plan. Employee rates increased from 10.80 percent of pay to 11.30 percent and employer rates increase from 16.20 percent to 16.95 percent on January 1, 2019. On January 1, 2020 employee rates increase to 11.80 percent and employer rates increase to 17.70 percent. The City's contributions to the Police and Fire Fund for the year ended December 31, 2018, were \$52,960. 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, 2018, the City reported a liability of \$643,520 for its proportionate share of the General Employees Fund’s net pension liability. The City’s net pension liability reflected a reduction due to the State of Minnesota’s contribution of \$16 million to the fund in 2019. The State of Minnesota is considered a non-employer contributing entity and the state’s contribution meets the definition of a special funding situation. The State of Minnesota’s proportionate share of the net pension liability associated with the City totaled \$21,143. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2018, the City’s proportion share was 0.0116 percent which was an increase of 0.0003 percent from its proportion measured as of June 30, 2017.

Post-retirement benefit increases were changed from 1.0% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019.

For the year ended December 31, 2018, the City recognized pension expense of (\$226) for its proportionate share of the General Employees Plan’s pension expense. In addition, the City recognized an additional \$4,930 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, 2018, the City reported its proportionate share of the General Employees Plan’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 16,612	\$ 19,093
Changes in actuarial assumptions	62,533	71,027
Difference between projected and actual investment earnings		62,390
Changes in proportion	19,543	20,297
Contributions paid to PERA subsequent to the measurement date	33,430	
Total	<u>\$ 132,118</u>	<u>\$ 172,807</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

\$33,430 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability during the year ended December 31, 2019. 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 June 30:</u>	<u>Pension Expense Amount</u>
2019	\$ 24,266
2020	(38,340)
2021	(46,614)
2022	(13,431)

2. Police and Fire Fund Pension Costs

At December 31, 2018 the City reported a liability of \$330,428 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018 the City's proportion was 0.031 percent which was an increase of 0.001 percent from its proportion measured as of June 30, 2017. The City also recognized \$2,790 for the year ended December 31, 2018 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year, starting in fiscal year 2014.

Beginning in January 1, 2019, the COLA will be fixed at 1 percent. Under funding measurements from 2017, the 2.5 percent COLA trigger was never expected to occur and was subsequently removed from law.

For the year ended December 31, 2018 the City recognized pension expense of \$21,593 for its proportionate share of the Police and Fire Plan's pension expense.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

At December 31, 2018 the City reported its proportionate share of the Police and Fire Plan’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 12,706	\$ 76,882
Changes in actuarial assumptions	386,508	458,013
Difference between projected and actual investment earnings		68,812
Changes in proportion	10,938	7,201
Contributions paid to PERA subsequent to the measurement date	<u>27,285</u>	
Total	<u>\$ 437,437</u>	<u>\$ 610,908</u>

\$27,285 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30:</u>	<u>Pension Expense Amount</u>
2019	\$ (9,652)
2020	(24,496)
2021	(44,643)
2022	(123,091)
2023	1,126

Aggregate Pension Costs

Pension expense recognized by the City for the year ended December 31, 2018 is as follows:

General Employees Fund	\$4,704
Police and Fire Fund	<u>24,383</u>
Total	<u>\$29,087</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, 2018 actuarial valuation was determined using the following actuarial assumptions:

	General Employees Plan	Police & Fire Plan
Inflation	2.5% per year	2.5% per year
Salary Growth	3.25% after 26 years of service	3.25% after 25 years of service
Investment Rate of Return	7.5%	7.5%

The total pension liability for each of the defined benefit cost-sharing plans was determined by an actuarial valuation as of June 30, 2018, using the entry age normal actuarial cost method. Inflation is assumed to be 2.50 percent for the General Employees and Police and Fire Plans. Inflation is assumed to be 2.0 percent for the Correctional Plan. Salary growth assumptions in the General Employees Plan decrease in annual increments from 11.25 percent after one year of service, to 3.25 percent after 26 years of service. In the Police and Fire Plan, salary growth assumptions decrease from 12.25 percent after one year of service to 3.25 percent after 25 years of service. In the Correctional Plan, salary growth assumptions decrease from 8.50 percent at age 20 to 3.50 percent at age 65.

Mortality rates for all plans are based on RP-2014 mortality tables. The tables are adjusted slightly to fit PERA's experience. Actuarial assumptions for the General Employees Plan are reviewed every four to six years. The most recent six-year experience study for the General Employees Plan was completed in 2015. The most recent four-year experience study for the Police and Fire Plan was completed in 2016. The most recent five-year experience study for the Correctional Plan, prepared by a former actuary, was completed in 2012. Economic assumptions were updated in 2014 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions occurred in 2018:

General Employees Fund

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

Police and Fire Fund

- The morality projection scale was changed from MP-2016 to MP-2017.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

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	36%	5.10%
International Stocks	17%	5.30%
Bonds (Fixed Income)	20%	0.75%
Alternative Assets (Private Markets)	25%	5.90%
Cash	2%	0.00%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability in 2018 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 position of the General Employees Fund and the Police and Fire Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

Pension Liability Sensitivity

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

	1% Decrease in Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
City's proportionate share of the General Employees Fund net pension liability at different discount rates	\$ 1,045,803	\$ 643,520	\$ 311,448
City's proportionate share of the PEPFF net pension liability at different discount rates	<u>708,459</u>	<u>330,428</u>	<u>17,813</u>
Total Net Pension Liability	<u>\$ 1,754,262</u>	<u>\$ 973,948</u>	<u>\$ 329,261</u>

Pension Plan Fiduciary Net Position

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

Defined Benefit Pension Plan – Fire Department Relief Association

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

Plan Description

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

Plan Description (Continued)

Volunteer firefighters of the City are members of the Chatfield Fire Department Relief Association. Association members are eligible to receive a lump sum pension benefit of \$1,750 per person per year of service after reaching a minimum retirement age of 50 and at least 20 years of service with 5 years of membership in the association. Association members are eligible to receive partial pension benefits for service of 5 years with 5 years of membership in the association. These benefit provisions are consistent with enabling State statutes. Volunteers of the department are not required to contribute to the relief association. The City levies property taxes at the direction of and for the benefit of the fire relief association and passes through state aids allocated to the plan, all in accordance with enabling state statutes. During 2018, at the Association direction, the City did not levy any property taxes to be paid to the Association.

Funding Status and Progress

At December 31, 2018 the Association funding status is as follows:

Total plan assets	\$	417,949
Total accrued liability		<u>(383,510)</u>
Excess (Deficiency) of Plan Assets over Accrued Liability	\$	<u>34,439</u>

Contributions Required and Contributions Made

Financial requirements of the Association are determined on a computation based on member years of service. The City's minimum obligation is the financial requirement for the year less Association investment earnings and State aids. The funding strategy should provide sufficient resources to pay relief association benefits on a timely basis. The City was not obligated to make a contribution in 2018.

The computation of the pension contribution requirements for 2018 was based on the same assumptions, benefit provision, lump sum funding method, and other significant factors used to determine pension contributions requirements in previous years.

5. Risk Management

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Risk Management (Continued)

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 2018.

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 2018. The amount of any liability in excess of plan assets may be assessed to participating Cities in a method and amount determined by the LMCIT.

6. Fund Equity

Committed fund balances as of December 31, 2018 are as follows:

Committed fund balance:	
Library Fund	\$ 510,934

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

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

The City has made no commitments, other than tax abatement, under the agreements. Under the program, the City agrees to abate real estate taxes based on the increased property value from improvements on the subject property. Generally, the agreements require 95% of the property tax increments collected to be returned to the property owner as reimbursement of certain improvement costs. The remaining 5% 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, 2018, the City paid tax increments totaling \$129,858 related to these agreements.

CITY OF CHATFIELD, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

CITY OF CHATFIELD, MINNESOTA
Schedules of City Pension Contributions

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

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

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

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

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

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

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

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

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

(This Page is Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA
COMBINING AND INDIVIDUAL NONMAJOR FUNDS
STATEMENTS AND SCHEDULES
DECEMBER 31, 2018

**CITY OF CHATFIELD, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2018**

	Special Revenue									
	211/212	220/221	240	230/231	360	361	614/615	241	250	251
	Library	Fire	EDA	Ambulance	Revolving Loan Federal	Revolving Loan State	Cable Access	Sales tax Development	Chatfield Center for the Arts	CCA - Schmidt Foundation
ASSETS										
Cash and investments	\$ 512,641	\$ 152,836	\$ 71,092	\$ 58,839	\$ 86,754	\$ 28,789	\$ 33,315	\$ 111,962	\$ 43,222	\$ 1,766
Accounts receivable	1,000	200	500	213,917			6,720			
Notes receivable					214,996	294,694				
Due from other governmental units										
Taxes receivable - delinquent										
Special assessment receivable										
Prepaid expenses	1,657			1,066			367			
TOTAL ASSETS	\$ 515,298	\$ 153,036	\$ 71,592	\$ 273,822	\$ 301,750	\$ 323,483	\$ 40,402	\$ 111,962	\$ 43,222	\$ 1,766
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE										
Liabilities										
Accounts payable	\$ 2,707	\$ 2,864	\$ 1,354	\$ 3,980	\$	\$	\$ 3	\$	\$	\$
Due to other funds										
Total Liabilities	2,707	2,864	1,354	3,980			3			
Deferred Inflows of Resources										
Unavailable revenue:										
Property taxes										
Special assessments										
Notes receivable					214,996	294,694				
Total Deferred Inflows of Resources					214,996	294,694				
Fund Balance										
Nonspendable:										
Prepaid items	1,657			1,066			367			
Restricted:										
Creditors (debt covenants)										
Regulations					86,754	28,789		111,962		
Committed:										
By Council resolution	510,934									
Assigned:										
Fund assignments		150,172	70,238	268,776			40,032		43,222	1,766
Unassigned:										
Total Fund Balance	512,591	150,172	70,238	269,842	86,754	28,789	40,399	111,962	43,222	1,766
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 515,298	\$ 153,036	\$ 71,592	\$ 273,822	\$ 301,750	\$ 323,483	\$ 40,402	\$ 111,962	\$ 43,222	\$ 1,766

353	358	354	357	359	332	334	Debt Service			Capital Project	Total Nonmajor Governmental Funds
Pope & Young Tax Increment	Twiford Street Redevelopment	Lone Stone Tax Increment	EZ Fab Tax Increment	Cabin Coffee Tax Increment	2012A Refunding Bond	2014A Bond	335 2016A GO Refunding 2010A Bond	338 2017A GO Bond	340 2018A GO Pool Bond	438 Enterprise Drive Project	
\$ 18	\$	\$ 12,983	\$ 21	\$	\$ 333,549	\$ 333,449	\$ 545,836	\$ 20,922	\$ 36,654	\$ 5,357	\$ 2,390,005
		2,747			271	962	892	156			222,337
					964	2,408	2,871	252	7		509,690
						94,415					5,028
											6,502
											94,415
											3,090
<u>\$ 18</u>	<u>\$</u>	<u>\$ 15,730</u>	<u>\$ 21</u>	<u>\$</u>	<u>\$ 334,784</u>	<u>\$ 431,234</u>	<u>\$ 549,599</u>	<u>\$ 21,330</u>	<u>\$ 36,661</u>	<u>\$ 5,357</u>	<u>\$ 3,231,067</u>
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 10,908
	15,273			5							15,278
	15,273			5							26,186
					964	2,408	2,871	252	7		6,502
						94,415					94,415
											509,690
					964	96,823	2,871	252	7		610,607
											3,090
					333,820	334,411	546,728	21,078	36,654		1,272,691
											227,505
											510,934
18		15,730	21							5,357	595,332
	(15,273)			(5)							(15,278)
<u>18</u>	<u>(15,273)</u>	<u>15,730</u>	<u>21</u>	<u>(5)</u>	<u>333,820</u>	<u>334,411</u>	<u>546,728</u>	<u>21,078</u>	<u>36,654</u>	<u>5,357</u>	<u>2,594,274</u>
<u>\$ 18</u>	<u>\$</u>	<u>\$ 15,730</u>	<u>\$ 21</u>	<u>\$</u>	<u>\$ 334,784</u>	<u>\$ 431,234</u>	<u>\$ 549,599</u>	<u>\$ 21,330</u>	<u>\$ 36,661</u>	<u>\$ 5,357</u>	<u>\$ 3,231,067</u>

CITY OF CHATFIELD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	211/212	220/221	240	230/231	Special Revenue		614/615	241	250	251
					360	361				
	Library	Fire	EDA	Ambulance	Revolving Loan Federal	Revolving Loan State	Cable Access	Sales Tax Development	Chatfield Center for the Arts	CCA - Schmidt Foundation
REVENUES										
Property tax levy										
Property tax collected	\$ 161,524	\$	\$	\$	\$	\$	\$	\$	\$	\$
Special assessments										
Tax increments										
Tax abatement										
Fines and forfeits	2,149									
Intergovernmental	60,247	102,644		34,980						
Franchise fees							25,752			
Charges for services		2,080		228,890			9,200			
Training revenue				42,436						
Investment income	11,099	2,696	899	791	6,927	3,520	614	1,764	467	57
Contributions	4,555	94,180	500	16,514			15,000			
Miscellaneous	16,419	1,563	9,472	4,015	28,234	26,478	815		7,503	
TOTAL REVENUES	255,993	203,163	10,871	327,626	35,161	29,998	51,381	1,764	7,970	57
EXPENDITURES										
Current:										
General government							52,052			
Public safety		127,004		288,572						
Library	240,417									
Community development			301,547		40,000	23,670			69,250	
Capital outlay		171,255		5,284			11,770			2,375
Debt service										
Principal retirement										
Interest and fiscal charges										
TOTAL EXPENDITURES	240,417	298,259	301,547	293,856	40,000	23,670	63,822		69,250	2,375
Excess (deficiency) of revenues over (under) expenditures	15,576	(95,096)	(290,676)	33,770	(4,839)	6,328	(12,441)	1,764	(61,280)	(2,318)
OTHER FINANCING SOURCES (USES)										
Proceeds from issuance of debt			233,611							
Transfer in		101,792	50,000	62,840			15,000		62,000	
Transfer out		(45,450)		(54,700)			(3,050)			
TOTAL OTHER FINANCING SOURCES (USES)		56,342	283,611	8,140			11,950		62,000	
Net change in fund balances	15,576	(38,754)	(7,065)	41,910	(4,839)	6,328	(491)	1,764	720	(2,318)
FUND BALANCES, beginning	497,015	188,926	77,303	227,932	91,593	22,461	40,890	110,198	42,502	4,084
FUND BALANCES, ending	\$ 512,591	\$ 150,172	\$ 70,238	\$ 269,842	\$ 86,754	\$ 28,789	\$ 40,399	\$ 111,962	\$ 43,222	\$ 1,766

353	358	354	357	359	Debt Service					Capital Project	Total Nonmajor Governmental Funds
					332	334	335	338	340	438	
Pope & Young Tax Increment	Twiford Street Redevelopment	Lone Stone Tax Increment	EZ Fab Tax Increment	Cabin Coffee Tax Increment	2012A Refunding Bond	2014A Bond	2016A GO Refunding 2010A Bond	2017A GO Bond	2018A GO Pool Bond	Enterprise Drive Project	
\$	\$	\$	\$	\$	\$ 31,954	\$ 109,676	\$ 112,898	\$ 22,559	\$	\$	\$
12,819		111,420	14,672	7,410	19,413	22,428				116,416	438,611
											22,428
											146,321
											19,413
											2,149
											314,287
											25,752
											240,170
											42,436
		227	20		3,930	3,406	3,223	96	577	1,199	41,512
											130,749
											94,499
12,819		111,647	14,692	7,410	55,297	135,510	116,121	22,655	577	117,615	1,518,327
											52,052
											415,576
											240,417
12,819	438	97,807	14,673	7,038							567,242
										278,796	469,480
					155,000	160,000					315,000
					30,818	29,445	63,534	11,577	187		135,561
12,819	438	97,807	14,673	7,038	185,818	189,445	63,534	11,577	187	278,796	2,195,328
	(438)	13,840	19	372	(130,521)	(53,935)	52,587	11,078	390	(161,181)	(677,001)
											269,875
					90,280	68,313	349,747	10,000	36,264		809,972
											(103,200)
					90,280	68,313	349,747	10,000	36,264		976,647
	(438)	13,840	19	372	(40,241)	14,378	402,334	21,078	36,654	(161,181)	299,646
18	(14,835)	1,890	2	(377)	374,061	320,033	144,394			166,538	2,294,628
\$ 18	\$ (15,273)	\$ 15,730	\$ 21	\$ (5)	\$ 333,820	\$ 334,411	\$ 546,728	\$ 21,078	\$ 36,654	\$ 5,357	\$ 2,594,274

**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, 2018

With Comparative Totals for the Year Ended December 31, 2017

	Budgeted Amounts		Fund 250 2018 Actual Amounts	Variance with Final Budget - Positive (Negative)	2017 Actual Amounts
	Original	Final			
REVENUES					
Charges for services	\$	\$	\$	\$	\$
Investment income (loss)	(200)	(200)	467	667	681
Donations					333
Miscellaneous	4,600	4,600	7,503	2,903	2,477
TOTAL REVENUES	4,400	4,400	7,970	3,570	3,771
EXPENDITURES					
Repairs and maintenance			3,030	(3,030)	1,167
Professional Services	50,000	50,000	51,000	(1,000)	80,000
Utilities					(3,502)
Miscellaneous	15,000	15,000	15,220	(220)	15,488
Principal and interest					12,497
TOTAL EXPENDITURES	65,000	65,000	69,250	(4,250)	105,650
Deficiency of revenues under expenditures	(60,600)	(60,600)	(61,280)	(680)	(101,879)
OTHER FINANCING SOURCES (USES)					
Transfers in	62,000	62,000	62,000		60,000
Transfers out					(9,551)
Total Other Financing Sources (Uses)	62,000	62,000	62,000		50,449
Net change in fund balances	1,400	1,400	720	(680)	(51,430)
FUND BALANCES, beginning	42,502	42,502	42,502		93,932
FUND BALANCES, ending	\$ 43,902	\$ 43,902	\$ 43,222	\$ (680)	\$ 42,502

CITY OF CHATFIELD, MINNESOTA
LIBRARY FUND
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2018
With Comparative Totals for the Year Ended December 31, 2017

	Budgeted Amounts		211	212	2018	Variance with	2017
	Original	Final	Library	Library Endowment	Actual Amounts	Final Budget - Positive (Negative)	Actual Amounts
REVENUES							
Property tax levy	\$ 161,524	\$ 161,524	\$ 161,524	\$	\$ 161,524	\$	\$ 147,129
Intergovernmental revenues	60,189	60,189	60,247		60,247	58	58,645
Library fines	2,600	2,600	2,149		2,149	(451)	2,629
Investment income	1,300	1,300	1,436	9,663	11,099	9,799	1,281
Contributions			3,255	1,300	4,555	4,555	7,465
Sale of merchandise	250	250	14,310		14,310	14,060	12,775
Miscellaneous	2,945	2,945	2,109		2,109	(836)	177
TOTAL REVENUES	228,808	228,808	245,030	10,963	255,993	27,185	230,101
EXPENDITURES							
Library							
Salaries	113,142	113,142	114,003		114,003	(861)	106,971
Employee benefits and retirement	17,142	17,142	16,305		16,305	837	15,090
Workers compensation	500	500	987		987	(487)	575
Health insurance	31,671	31,671	26,505		26,505	5,166	30,583
Travel	645	645	181		181	464	395
Office supplies and postage	1,800	1,800	1,415		1,415	385	1,875
Operating supplies/small tools	500	500	182		182	318	22
Scrip purchases/program	2,000	2,000	14,872		14,872	(12,872)	13,959
Insurance	4,000	4,000	3,273		3,273	727	3,262
Utilities	6,640	6,640	7,611		7,611	(971)	6,031
Maintenance and repair	12,200	12,200	13,257		13,257	(1,057)	10,148
Telephone	1,950	1,950	2,623		2,623	(673)	2,587
Cleaning services	800	800	1,319		1,319	(519)	391
Capital outlay	20,600	20,600	24,132		24,132	(3,532)	18,502
Other	15,218	15,218	13,752		13,752	1,466	13,524
TOTAL EXPENDITURES	228,808	228,808	240,417		240,417	(11,609)	223,915
Net change in fund balances			4,613	10,963	15,576	15,576	6,186
FUND BALANCES, beginning	497,015	497,015	113,543	383,472	497,015		490,829
FUND BALANCES, ending	\$ 497,015	\$ 497,015	\$ 118,156	\$ 394,435	\$ 512,591	\$ 15,576	\$ 497,015

CITY OF CHATFIELD, MINNESOTA
FIRE FUND
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2018
With Comparative Totals for the Year Ended December 31, 2017

	Budgeted Amounts		220 Fire	221 Fire Capital	2018 Actual Amounts	Variance with Final Budget - Positive (Negative)	2017 Actual Amounts
	Original	Final					
REVENUES							
Intergovernmental Revenues							
State Grants and Aids	\$ 39,000	\$ 39,000	\$ 39,275	\$	\$ 39,275	\$ 275	\$ 37,390
Volunteer retention stipend							11,000
Township contributions	59,291	59,291	61,639		61,639	2,348	60,021
Training and reimbursement			1,730		1,730		1,230
Charges for services	10,000	10,000	2,080		2,080	(7,920)	4,401
Investment income	2,000	2,000	1,391	1,305	2,696	696	1,917
Donations	65,000	65,000		94,180	94,180	29,180	95,245
Miscellaneous	950	950	1,563		1,563	613	512
TOTAL REVENUES	176,241	176,241	107,678	95,485	203,163	25,192	211,716
EXPENDITURES							
Public Safety							
Salaries	25,000	25,000	27,900		27,900	(2,900)	24,615
Employee benefits and retirement	3,364	3,364	2,135		2,135	1,229	2,763
Workers compensation	7,500	7,500	13,398		13,398	(5,898)	7,518
Operating supplies	3,000	3,000	1,499		1,499	1,501	2,019
Small tools and minor equipment	6,000	6,000	5,682	1,324	7,006	(1,006)	5,097
Vehicle operating supplies	1,500	1,500	1,710		1,710	(210)	1,306
Insurance	4,500	4,500	2,333		2,333	2,167	6,660
Utilities	7,640	7,640	8,670		8,670	(1,030)	6,225
Maintenance and repairs	8,000	8,000	9,331		9,331	(1,331)	7,933
Training	1,500	1,500	1,393		1,393	107	1,278
Fire pension contribution	44,000	44,000	45,439		45,439	(1,439)	43,395
Volunteer retention stipend							11,000
Capital Outlay	105,000	105,000		171,255	171,255	(66,255)	20,365
Other	11,000	11,000	4,420	1,770	6,190	4,810	8,058
TOTAL EXPENDITURES	228,004	228,004	123,910	174,349	298,259	(70,255)	148,232
Excess (deficiency) of revenues over (under) expenditures	(51,763)	(51,763)	(16,232)	(78,864)	(95,096)	(45,063)	63,484
OTHER FINANCING SOURCES (USES)							
Transfers in	101,792	101,792	59,292	42,500	101,792		100,065
Transfers out	(45,450)	(45,450)	(45,450)		(45,450)		(45,400)
Total Other Financing Sources (Uses)	56,342	56,342	13,842	42,500	56,342		54,665
Net change in fund balances	4,579	4,579	(2,390)	(36,364)	(38,754)	(45,063)	118,149
FUND BALANCES, beginning	188,926	188,926	70,984	117,942	188,926		70,777
FUND BALANCES, ending	\$ 193,505	\$ 193,505	\$ 68,594	\$ 81,578	\$ 150,172	\$ (45,063)	\$ 188,926

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

For the Year Ended December 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	Budgeted Amounts		Fund 240 2018 Actual Amounts	Variance with Final Budget - Positive (Negative)	2017 Actual Amounts
	Original	Final			
REVENUES					
Investment Income	\$	\$	\$ 899	\$ 899	\$ 823
Contributions			500	500	500
Miscellaneous	3,000	3,000	9,472	6,472	17,401
TOTAL REVENUES	3,000	3,000	10,871	7,871	18,724
EXPENDITURES					
Repairs and maintenance	500	500	419	81	452
Professional services	60,750	60,750	59,196	1,554	56,971
Other	248,746	248,746	241,932	6,814	12,382
TOTAL EXPENDITURES	309,996	309,996	301,547	8,449	69,805
Deficiency of revenues under expenditures	(306,996)	(306,996)	(290,676)	16,320	(51,081)
OTHER FINANCING SOURCES					
Proceeds from issuance of debt	233,611	233,611	233,611		
Transfers in	50,000	50,000	50,000		48,000
Total Other Financing Sources	283,611	283,611	283,611		48,000
Net change in fund balances	(23,385)	(23,385)	(7,065)	16,320	(3,081)
FUND BALANCES, beginning	77,303	77,303	77,303		80,384
FUND BALANCES, ending	\$ 53,918	\$ 53,918	\$ 70,238	\$ 16,320	\$ 77,303

CITY OF CHATFIELD, MINNESOTA
AMBULANCE FUND
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2018
With Comparative Totals for the Year Ended December 31, 2017

	Budgeted Amounts		230 Ambulance	231 Ambulance Capital Reserve	2018 Actual Amounts	Variance with Final Budget - Positive (Negative)	2017 Actual Amounts
	Original	Final					
REVENUES							
Intergovernmental Revenues							
County contract	\$ 4,500	\$ 4,500	\$ 4,500	\$	\$ 4,500	\$	\$ 4,500
Township contributions	22,256	22,256	26,785		26,785	4,529	19,536
Training reimbursement	6,000	6,000	3,695		3,695	(2,305)	6,300
Volunteer retention stipend							9,500
Other State Aids							1,055
Charges for services	200,000	190,000	228,890		228,890	38,890	196,321
Training revenue	32,000	50,000	42,436		42,436	(7,564)	43,126
Investment income	1,000	1,000	350	441	791	(209)	528
Contributions	12,300	12,300		16,514	16,514	4,214	14,066
Miscellaneous	1,100	1,100	4,015		4,015	2,915	1,714
TOTAL REVENUES	279,156	287,156	310,671	16,955	327,626	40,470	296,646
EXPENDITURES							
Public Safety							
Salaries	140,000	150,000	154,498		154,498	(4,498)	148,462
Employee benefits and retirement	22,600	25,800	25,974		25,974	(174)	25,963
Workers compensation	2,100	2,100	6,324		6,324	(4,224)	2,310
Health insurance	24,045	24,045	22,415		22,415	1,630	24,765
Inoculations	100	100	38		38	62	119
Training	5,300	5,300	11,935		11,935	(6,635)	15,235
Small tools and minor equipment	1,000	1,000	199	1,324	1,523	(523)	1,879
Office supplies	1,900	1,900	2,801		2,801	(901)	3,194
Operating supplies	10,000	10,000	13,291		13,291	(3,291)	12,223
Vehicle operating supplies	2,000	2,000	4,326		4,326	(2,326)	3,091
Internet and telephone	1,800	1,800	3,836		3,836	(2,036)	3,724
Travel	500	500	9		9	491	
Printing and publications	2,223	2,223	1,572	710	2,282	(59)	2,564
Insurance	2,000	2,000	699		699	1,301	1,353
Utilities	3,000	3,000	5,165		5,165	(2,165)	5,444
Maintenance and repairs	8,800	8,800	10,625		10,625	(1,825)	11,106
Medical services	3,000	3,000	5,049		5,049	(2,049)	5,410
Laundry services	600	600	821		821	(221)	798
Clothing	300	300	427		427	(127)	434
License, permits, dues and subscription	11,500	11,500	9,626		9,626	1,874	4,658
Capital outlay	5,000	5,000		5,284	5,284	(284)	9,550
Refunds	100	100	2,506		2,506	(2,406)	
Departmental capital charge	1,400	1,400	1,400		1,400		1,700
Volunteer retention stipend							9,500
Bad debt expense							19,468
Other	2,275	2,275	2,574	428	3,002	(727)	3,754
TOTAL EXPENDITURES	251,543	264,743	286,110	7,746	293,856	(29,113)	316,704
Excess (deficiency) of revenues over (under) expenditures	27,613	22,413	24,561	9,209	33,770	11,357	(20,058)
OTHER FINANCING SOURCES (USES)							
Transfers in	52,456	52,456	22,840	40,000	62,840	10,384	132,650
Transfers out	(54,700)	(54,700)	(54,700)		(54,700)		(127,420)
Total Other Financing Sources (Uses)	(2,244)	(2,244)	(31,860)	40,000	8,140	10,384	5,230
Net change in fund balances	25,369	20,169	(7,299)	49,209	41,910	21,741	(14,828)
FUND BALANCES, beginning	227,932	227,932	222,802	5,130	227,932		242,760
FUND BALANCES, ending	\$ 253,301	\$ 248,101	\$ 215,503	\$ 54,339	\$ 269,842	\$ 21,741	\$ 227,932

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, 2018
With Comparative Totals for the Year Ended December 31, 2017

	Budgeted Amounts		Fund 360	Variance with	2017
	Original	Final	2018 Actual Amounts	Final Budget - Positive (Negative)	Actual Amounts
REVENUES					
Investment income	\$ 10,899	\$ 10,899	\$ 6,927	\$ (3,972)	\$ 6,015
Miscellaneous	16,967	16,967	28,234	11,267	24,192
TOTAL REVENUES	<u>27,866</u>	<u>27,866</u>	<u>35,161</u>	<u>7,295</u>	<u>30,207</u>
EXPENDITURES					
Loan advances			40,000	(40,000)	25,354
Net change in fund balances	27,866	27,866	(4,839)	(32,705)	4,853
FUND BALANCES, beginning	<u>91,593</u>	<u>91,593</u>	<u>91,593</u>		<u>86,740</u>
FUND BALANCES, ending	<u>\$ 119,459</u>	<u>\$ 119,459</u>	<u>\$ 86,754</u>	<u>\$ (32,705)</u>	<u>\$ 91,593</u>

CITY OF CHATFIELD, MINNESOTA
REVOLVING LOAN STATE
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2018
With Comparative Totals for the Year Ended December 31, 2017

	Budgeted Amounts		Fund 361 2018 Actual Amounts	Variance with Final Budget - Positive (Negative)	2017 Actual Amounts
	Original	Final			
REVENUES					
Investment income	\$ 2,845	\$ 2,845	\$ 3,520	\$ 675	\$ 3,596
Miscellaneous	24,276	24,276	26,478	2,202	26,271
TOTAL REVENUES	<u>27,121</u>	<u>27,121</u>	<u>29,998</u>	<u>2,877</u>	<u>29,867</u>
EXPENDITURES					
Loan repayments	23,670	23,670	23,670		23,670
Net change in fund balances	3,451	3,451	6,328	2,877	6,197
FUND BALANCES, beginning	<u>22,461</u>	<u>22,461</u>	<u>22,461</u>		<u>16,264</u>
FUND BALANCES, ending	<u>\$ 25,912</u>	<u>\$ 25,912</u>	<u>\$ 28,789</u>	<u>\$ 2,877</u>	<u>\$ 22,461</u>

(This Page Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA
INTERNAL SERVICE FUND
Statements of Net Position
December 31, 2018 and 2017

	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 760,886	\$ 932,808
Accounts receivable	228	
Total Current Assets	761,114	932,808
Noncurrent Assets		
Capital assets:		
Depreciable	5,057,165	4,586,513
Less: Accumulated depreciation	2,276,265	2,205,896
Net capital assets	2,780,900	2,380,617
 Total Assets	 3,542,014	 3,313,425
LIABILITIES		
Accounts payable	28,997	466
NET POSITION		
Invested in capital assets	2,780,900	2,380,617
Unrestricted	732,117	932,342
Total Net Position	\$ 3,513,017	\$ 3,312,959

CITY OF CHATFIELD, MINNESOTA
INTERNAL SERVICE FUND
Statements of Revenues, Expenses
and Changes in Fund Net Position
For the Years Ended December 31, 2018 and 2017

	2018	2017
Operating Revenues		
Departmental capital charge	\$ 288,350	\$ 286,750
Operating Expenses		
Depreciation	256,947	228,207
Repairs	73,959	128,115
Minor equipment	43,645	13,670
Professional fees	4,899	
Other	5,807	
Total Operating Expenses	385,257	369,992
Operating Loss	(96,907)	(83,242)
Nonoperating Revenues		
Interest income	12,225	12,374
Intergovernmental - small cities assistance	22,984	23,042
Miscellaneous	29,334	3,303
Gain on sale of assets	63,144	
Total Nonoperating Revenues	127,687	38,719
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	30,780	(44,523)
Capital contributions	167,278	
Transfers in	2,000	349,735
CHANGE IN NET POSITION	200,058	305,212
NET POSITION - BEGINNING OF YEAR	3,312,959	3,007,747
NET POSITION - END OF YEAR	\$ 3,513,017	\$ 3,312,959

CITY OF CHATFIELD, MINNESOTA
INTERNAL SERVICE FUND
Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows From Operating Activities		
Cash received from other departments	\$ 288,122	\$ 301,908
Cash paid to suppliers	(99,779)	(148,285)
Net Cash Provided by Operating Activities	188,343	153,623
Cash Flows From Noncapital Financing Activities		
Intergovernmental	22,984	23,042
Miscellaneous	29,334	3,303
Transfer in	2,000	349,735
Net Cash Provided by Noncapital Financing Activities	54,318	376,080
Capital and Related Financing Activities		
Capital asset acquisitions	(426,808)	(461,171)
Cash Flows From Investing Activities		
Investment income received	12,225	12,374
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(171,922)	80,906
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	932,808	851,902
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 760,886	\$ 932,808

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

Operating Loss	\$ (96,907)	\$ (83,242)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities		
Depreciation	256,947	228,207
(Increase) Decrease in:		
Accounts receivable	(228)	15,158
Increase (Decrease) in:		
Accounts payable	28,531	(6,500)
Net Cash Provided By Operating Activities	\$ 188,343	\$ 153,623
Noncash Capital and Related Financing Activities		
Receipt of contributed assets	\$ 167,278	\$

CITY OF CHATFIELD, MINNESOTA
SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
WATER FUND
Statements of Net Position
December 31, 2018 and 2017

	2018	2017
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents	\$ 403,248	\$ 460,625
Accounts receivable, net	43,598	42,757
Due from other funds	56,207	
Special assessments receivable	6,257	8,835
Special assessments delinquent	2,886	1,440
Prepaid expenses	461	
Total Current Assets	512,657	513,657
Deferred Outflows of Resources		
Deferred outflows from pension activity	9,098	6,342
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 521,755	\$ 519,999
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities		
Accounts payable	\$ 6,971	\$ 4,707
Accrued liabilities	5,421	4,160
Total Current Liabilities	12,392	8,867
Noncurrent Liabilities		
Net pension liability	45,474	50,977
Deferred Inflows of Resources		
Deferred inflows from pension activity	12,213	3,968
NET POSITION		
Unrestricted	451,676	456,187
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 521,755	\$ 519,999

**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, 2018

With Comparative Totals for the Year Ended December 31, 2017

	Budgeted Amounts		Fund 601	Variance with	2017
	Original	Final	2018 Actual Amounts	Final Budget - Positive (Negative)	Actual Amounts
Operating Revenue					
Service fees	\$ 292,250	\$ 292,250	\$ 302,167	\$ 9,917	\$ 278,795
Operating Expenses					
Salaries	57,500	57,500	57,892	(392)	50,485
Employee benefits and retirement	10,875	10,875	8,517	2,358	10,670
Health insurance	8,725	8,725	8,685	40	8,533
Workers compensation	1,700	1,700	3,278	(1,578)	1,788
Supplies	9,100	9,100	9,768	(668)	9,456
Utilities	19,000	19,000	21,602	(2,602)	18,596
Maintenance and repairs	15,200	15,200	25,244	(10,044)	15,469
Travel and training	750	750	438	312	722
Professional fees	20,300	20,300	18,421	1,879	13,383
Office expense	1,500	1,500	1,367	133	1,179
Insurance	4,200	4,200	4,176	24	4,087
Departmental capital charge	500	500	750	(250)	750
Other	5,655	5,655	8,189	(2,534)	7,584
Total Operating Expenses	155,005	155,005	168,327	(13,322)	142,702
Operating Income	137,245	137,245	133,840	(3,405)	136,093
Nonoperating Revenues					
Investment income	5,000	5,000	7,516	2,516	7,741
Refunds and reimbursements			370	370	683
Special assessments	9,000	9,000	8,559	(441)	8,744
Intergovernmental			2,850	2,850	
Total Nonoperating Revenues	14,000	14,000	19,295	5,295	17,168
INCOME BEFORE TRANSFERS	151,245	151,245	153,135	1,890	153,261
Transfers out	(157,626)	(157,626)	(157,646)	(20)	(206,790)
CHANGE IN NET POSITION	(6,381)	(6,381)	(4,511)	1,870	(53,529)
NET POSITION - BEGINNING OF YEAR	456,187	456,187	456,187		509,716
NET POSITION - END OF YEAR	\$ 449,806	\$ 449,806	\$ 451,676	\$ 1,870	\$ 456,187

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
SEWER FUND
Statements of Net Position
December 31, 2018 and 2017

	2018	2017
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents	\$ 100,818	\$ 89,399
Accounts receivable, net	96,756	96,992
Special assessments receivable	20,857	29,438
Special assessments delinquent	9,181	4,360
Prepaid expenses	1,657	
Total Current Assets	229,269	220,189
Deferred Outflows of Resources		
Deferred outflows from pension activity	15,320	10,750
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 244,589	\$ 230,939
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities		
Accounts payable	\$ 26,785	\$ 6,362
Accrued liabilities	5,076	4,966
Total Current Liabilities	31,861	11,328
Noncurrent Liabilities		
Net pension liability	75,104	84,191
Deferred Inflows of Resources		
Deferred inflows from pension activity	20,167	6,553
NET POSITION		
Unrestricted	117,457	128,867
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 244,589	\$ 230,939

**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, 2018

With Comparative Totals for the Year Ended December 31, 2017

	Budgeted Amounts		Fund 602	Variance with	2017
	Original	Final	2018 Actual Amounts	Final Budget - Positive (Negative)	Actual Amounts
Operating Revenue					
Service fees	\$ 818,150	\$ 818,150	\$ 837,077	\$ 18,927	\$ 775,908
Operating Expenses					
Salaries	108,000	108,000	101,527	6,473	91,572
Employee benefits and retirement	24,250	24,250	14,993	9,257	18,544
Health insurance	24,050	24,050	24,504	(454)	23,762
Workers compensation	3,000	3,000	6,712	(3,712)	3,418
Supplies	11,200	11,200	13,973	(2,773)	12,535
Utilities	62,400	62,400	73,442	(11,042)	64,401
Maintenance and repairs	41,900	41,900	53,862	(11,962)	44,112
Travel and training	2,950	2,950	2,950	2,950	1,646
Professional fees	15,000	15,000	18,039	(3,039)	14,725
Office expense	3,500	3,500	3,491	9	3,191
Insurance	12,000	12,000	10,744	1,256	11,112
Departmental capital charge	700	700	700		750
Other	17,300	17,300	14,721	2,579	20,373
Total Operating Expenses	<u>326,250</u>	<u>326,250</u>	<u>336,708</u>	<u>(10,458)</u>	<u>310,141</u>
Operating Income	<u>491,900</u>	<u>491,900</u>	<u>500,369</u>	<u>8,469</u>	<u>465,767</u>
Nonoperating Revenues					
Investment income	4,000	4,000	2,832	(1,168)	3,018
Refunds and reimbursements	3,000	3,000	493	(2,507)	1,043
Penalties and discounts	2,500	2,500		(2,500)	
Special assessments	30,000	30,000	28,542	(1,458)	28,707
Total Nonoperating Revenues	<u>39,500</u>	<u>39,500</u>	<u>31,867</u>	<u>(7,633)</u>	<u>32,768</u>
INCOME BEFORE TRANSFERS	531,400	531,400	532,236	836	498,535
Transfers out	<u>(543,626)</u>	<u>(543,626)</u>	<u>(543,646)</u>	<u>(20)</u>	<u>(542,790)</u>
CHANGE IN NET POSITION	(12,226)	(12,226)	(11,410)	816	(44,255)
NET POSITION - BEGINNING OF YEAR	128,867	128,867	128,867		173,122
NET POSITION - END OF YEAR	<u>\$ 116,641</u>	<u>\$ 116,641</u>	<u>\$ 117,457</u>	<u>\$ 816</u>	<u>\$ 128,867</u>

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
WATER INFRASTRUCTURE FUND
Statements of Net Position
December 31, 2018 and 2017

	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$	\$ 23,565
Accounts receivable	1,600	
Total Current Assets	1,600	23,565
Property and Equipment		
Nondepreciable	30,246	30,246
Depreciable	4,017,297	4,080,777
Less: Accumulated depreciation	1,272,822	1,318,786
Property, Plant and Equipment, Net	2,774,721	2,792,237
Total Assets	2,776,321	2,815,802
LIABILITIES		
Current Liabilities		
Accounts payable	1,324	
Due to other funds	56,207	
Current maturities of bonds payable	34,000	33,500
Accrued interest payable	2,282	4,315
Total Current Liabilities	93,813	37,815
Noncurrent Liabilities		
Bonds payable, net of current maturities	295,000	329,000
Total Liabilities	388,813	366,815
NET POSITION		
Net investment in capital assets	2,445,721	2,429,737
Unrestricted	(58,213)	19,250
Total Net Position	\$ 2,387,508	\$ 2,448,987

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
WATER INFRASTRUCTURE FUND
Statement of Revenues, Expenses
and Changes in Fund Net Position - Budget and Actual
For the Year Ended December 31, 2018
With Comparative Totals for the Year Ended December 31, 2017

	Budgeted Amounts		Fund 611	Variance with	2017
	Original	Final	2018 Actual Amounts	Final Budget - Positive (Negative)	Actual Amounts
Operating Revenue					
Connection charges	\$ 11,200	\$ 11,200	\$ 36,880	\$ 25,680	\$ 27,200
Operating Expenses					
Depreciation			118,859	(118,859)	115,062
Departmental capital charge	8,500	8,500	8,500		8,500
Other			1,323	(1,323)	
Total Operating Expenses	8,500	8,500	128,682	(120,182)	123,562
Operating Income (Loss)	2,700	2,700	(91,802)	94,502	(96,362)
Nonoperating Revenues (Expenses)					
Investment income	1,000	1,000	(716)	(1,716)	69
Miscellaneous			168	168	3,536
Special assessments					7
Interest expense			(9,750)	(9,750)	(29,190)
Total Nonoperating Revenues (Expenses)	1,000	1,000	(10,298)	(11,298)	(25,578)
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	3,700	3,700	(102,100)	(105,800)	(121,940)
Capital contributions			64,123	64,123	
Transfer in	193,962	193,962	154,482	(39,480)	227,701
Transfers out	(167,333)	(167,333)	(177,984)	(10,651)	(199,805)
Total Other Financing Sources (Uses)	26,629	26,629	40,621	13,992	27,896
CHANGE IN NET POSITION	30,329	30,329	(61,479)	(91,808)	(94,044)
NET POSITION - BEGINNING OF YEAR	2,448,987	2,448,987	2,448,987		2,543,031
NET POSITION - END OF YEAR	\$ 2,479,316	\$ 2,479,316	\$ 2,387,508	\$ (91,808)	\$ 2,448,987

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
SEWER INFRASTRUCTURE FUND
Statement of Net Position
December 31, 2018 and 2017

	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 300,945	\$ 525,898
Restricted cash		4,484,848
Accounts receivable	2,600	
Total Current Assets	303,545	5,010,746
Property and Equipment		
Nondepreciable	30,246	30,246
Depreciable	12,862,879	12,631,060
Less: Accumulated depreciation	6,288,878	5,847,025
Property, Plant and Equipment, Net	6,604,247	6,814,281
Total Assets	6,907,792	11,825,027
LIABILITIES		
Current Liabilities		
Accounts payable	1,324	
Current maturities of bonds payable	454,000	413,500
Accrued interest payable	40,053	110,828
Total Current Liabilities	495,377	524,328
Noncurrent Liabilities		
Bonds payable, net of current maturities	4,468,889	9,361,388
Total Liabilities	4,964,266	9,885,716
NET POSITION		
Net investment in capital assets	1,681,358	1,524,241
Unrestricted	262,168	415,070
Total Net Position	\$ 1,943,526	\$ 1,939,311

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
SEWER INFRASTRUCTURE FUND
Statement of Revenues, Expenses
and Changes in Fund Net Position - Budget and Actual
For the Year Ended December 31, 2018
With Comparative Totals for the Year Ended December 31, 2017

	Budgeted Amounts		Fund 612	Variance with	2017
	Original	Final	2018 Actual Amounts	Final Budget - Positive (Negative)	Actual Amounts
Operating Revenue					
Connection fees	\$ 17,705	\$ 17,705	\$ 52,604	\$ 34,899	\$ 43,750
Operating Expenses					
Maintenance and repairs					480
Departmental capital charge	7,500	7,500	7,500		7,500
Other			1,325	(1,325)	
Depreciation			277,030	(277,030)	339,968
Total Operating Expenses	<u>7,500</u>	<u>7,500</u>	<u>285,855</u>	<u>(278,355)</u>	<u>347,948</u>
Operating Income (Loss)	<u>10,205</u>	<u>10,205</u>	<u>(233,251)</u>	<u>(243,456)</u>	<u>(304,198)</u>
Nonoperating Revenues (Expenses)					
Investment income			23,422	23,422	50,429
Special assessments			6	6	117
Miscellaneous					(2,943)
Bond principal	(380,000)	(380,000)		380,000	
Interest expense	(82,443)	(82,443)	(78,519)	3,924	(232,109)
Total Nonoperating Revenue (Expense)	<u>(462,443)</u>	<u>(462,443)</u>	<u>(55,091)</u>	<u>407,352</u>	<u>(184,506)</u>
LOSS BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>(452,238)</u>	<u>(452,238)</u>	<u>(288,342)</u>	<u>163,896</u>	<u>(488,704)</u>
Capital contributions			47,395	47,395	
Transfer in	500,000	500,000	550,132	50,132	653,522
Transfers out	(602,038)	(602,038)	(304,970)	297,068	(144,917)
Total Other Financing Sources (Uses)	<u>(102,038)</u>	<u>(102,038)</u>	<u>292,557</u>	<u>394,595</u>	<u>508,605</u>
CHANGE IN NET POSITION	<u>(554,276)</u>	<u>(554,276)</u>	<u>4,215</u>	<u>558,491</u>	<u>19,901</u>
NET POSITION - BEGINNING OF YEAR	<u>1,939,311</u>	<u>1,939,311</u>	<u>1,939,311</u>		<u>1,919,410</u>
NET POSITION - END OF YEAR	<u>\$ 1,385,035</u>	<u>\$ 1,385,035</u>	<u>\$ 1,943,526</u>	<u>\$ 558,491</u>	<u>\$ 1,939,311</u>

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
GARBAGE FUND
Statement of Net Position
December 31, 2018 and 2017

	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 48,574	\$ 46,617
Accounts receivable, net	20,869	20,956
Special assessments receivable	7,648	10,794
Special assessments delinquent	2,785	1,017
Total Current Assets	79,876	79,384
 LIABILITIES		
Current Liabilities		
Accounts payable	16,775	16,437
Total Current Liabilities	16,775	16,437
 NET POSITION		
Unrestricted	\$ 63,101	\$ 62,947

CITY OF CHATFIELD, MINNESOTA
GARBAGE FUND
Schedule of Revenues, Expenditures
and Changes in Net Position - Budget and Actual
For the Year Ended December 31, 2018
With Comparative Totals for the Year Ended December 31, 2017

	Budgeted Amounts		Fund 603 2018 Actual Amounts	Variance with Final Budget - Positive (Negative)	2017 Actual Amounts
	Original	Final			
Operating Revenue					
Charges for Services	\$ 214,500	\$ 214,500	\$ 226,829	\$ 12,329	\$ 192,436
Operating Expenses					
Waste Removal					
Garbage removal	182,000	182,000	188,978	(6,978)	162,534
City cleanup	14,000	14,000	13,896	104	13,141
Supplies	650	650	265	385	191
Maintenance and repairs	4,700	4,700	3,543	1,157	1,133
Office expense	1,400	1,400	1,157	243	1,110
Departmental capital charge	250	250	250		250
Other	14,375	14,375	14,021	354	13,506
Total Operating Expenses	217,375	217,375	222,110	(4,735)	191,865
Operating Income (Loss)	(2,875)	(2,875)	4,719	7,594	571
Nonoperating Revenue					
Investment income	500	500	729	229	641
Special assessments	13,500	13,500	10,466	(3,034)	9,944
Total Nonoperating Revenue	14,000	14,000	11,195	(2,805)	10,585
INCOME BEFORE TRANSFERS	11,125	11,125	15,914	4,789	11,156
Transfers out	(15,760)	(15,760)	(15,760)		(15,450)
CHANGE IN NET POSITION	(4,635)	(4,635)	154	4,789	(4,294)
NET POSITION - BEGINNING OF YEAR	62,947	62,947	62,947		67,241
NET POSITION - END OF YEAR	\$ 58,312	\$ 58,312	\$ 63,101	\$ 4,789	\$ 62,947

(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, 2018, and the related notes to the financial statements, which collectively comprise the City of Chatfield, Minnesota's basic financial statements, and have issued our report thereon dated March 25, 2019.

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

In connection with our audit, nothing came to our attention that caused us to believe that the City of Chatfield, Minnesota failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Cities*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City of Chatfield, Minnesota's noncompliance with the above referenced provisions.

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

Smith, Schaffer and Associates, Ltd.

Rochester, Minnesota
March 25, 2019