

CITY OF CHATFIELD, MINNESOTA

FINANCIAL STATEMENTS

DECEMBER 31, 2023

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	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements	
Balance Sheet - Governmental Funds	18
Reconciliation of Net Position in the Government-wide Financial Statements and Fund Balances in the Fund Basis Financial Statements	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	23
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - TIF Dist. 2-5 Dollar General	28
Statement of Net Position - Proprietary Funds	29
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	31
Statement of Cash Flows - Proprietary Funds	33
Fiduciary Funds	
Statement of Net Position - Fiduciary Funds	35
Statement of Changes in Fiduciary Net Position	35
Notes to the Financial Statements	36
Required Supplementary Information	
Schedules of City Pension Contributions	
General Employees Retirement Fund	74
Public Employees Police and Fire Fund Pension Plan	74
Schedules of City and Non-Employer Proportionate Share of Net Pension Liability	
General Employees Retirement Fund	75
Public Employees Police and Fire Fund Pension Plan	75
Schedule of Changes in the Fire Relief Association Net Pension Asset and Related Ratios	76
Schedule of City Contributions and Non-Employer Contributing Entities for the Chatfield Fire Department Relief Association	77
Combining and Individual Nonmajor Fund Statements and Schedules	
Combining Balance Sheet - Nonmajor Governmental Funds	78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	80

CITY OF CHATFIELD, MINNESOTA

TABLE OF CONTENTS (CONTINUED)

	<u>PAGE</u>
FINANCIAL SECTION (CONTINUED)	
Combining and Individual Nonmajor Fund Statements and Schedules (Continued)	
Combining Balance Sheet - Special Revenue Funds	82
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Special Revenue Funds	84
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Chatfield Center for the Arts	86
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Library Fund	87
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Fire Fund	88
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - EDA Fund	89
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Ambulance Fund	90
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Revolving Loan Federal Fund	91
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Revolving Loan State Fund	92
Statements of Net Position - Internal Service Funds	93
Statements of Revenues, Expenses, and Changes in Net Position - Internal Service Funds	94
Statements of Cash Flows - Internal Service Funds	95
Supplementary Information	
Water Fund:	
Statements of Net Position	96
Statement of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual	97
Sewer Fund:	
Statements of Net Position	98
Statement of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual	99
Garbage Fund:	
Statements of Net Position	100
Statement of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual	101
Auditor's Report on Legal Compliance	102

CITY OF CHATFIELD, MINNESOTA

INTRODUCTORY SECTION

DECEMBER 31, 2023

(This Page Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA
LIST OF ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2023

John McBroom	Mayor
Paul Novotny	Vice-Mayor
Mike Urban	Councilor
Josh Broadwater	Councilor
Pam Bluhm	Councilor
Dave Frank	Councilor
Michele Peterson	City Administrator
Kay Wangen	Finance Director

(This Page is Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA

FINANCIAL SECTION

DECEMBER 31, 2023

(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 Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chatfield, Minnesota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chatfield, Minnesota, as of December 31, 2023, and the respective changes in financial position, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Chatfield, Minnesota's ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14 and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Other Information

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

Report on Summarized Comparative Information

The financial statements include partial prior year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2022, from which such partial information was derived.

We have previously audited the City's 2022 financial statements and our report dated March 14, 2023, 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, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Rochester, Minnesota
February 29, 2024

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, 2023.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Chatfield, Minnesota exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$30,727,947 (*net position*). Of this amount, \$4,854,347 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's designations and fiscal policies.
- The City's total net position increased by \$972,406.
- As of the close of the current fiscal year, the City of Chatfield, Minnesota's governmental funds reported combined ending fund balances of \$6,394,300. Of this amount, \$3,915,896 or 61 percent, is available for use within the City's designations and policies.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,841,789 or 70 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 15-17 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 thirty individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, TIF District 2-5 Dollar General fund, and the 2023 Prospect & Grand St. Project fund which are considered to be major funds. Data from the other twenty-seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Chatfield, Minnesota adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for the general fund (pages 22-27) and the special revenue funds (page 28 and pages 86-92) to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 18 and 20 of this report.

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

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

Fiduciary funds. The City of Chatfield, Minnesota maintains one fiduciary fund. *Fiduciary* funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. This fund accounts for SE MN Transportation Management Organization (TMO) activities and net position was \$27,696 at the end of 2023.

The proprietary fund financial statements can be found on pages 29-34 of this report.

The internal service fund financial statements can be found on pages 93-95 of this report.

The fiduciary fund financial statements can be found on page 35 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 36-73 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 78-85 of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Chatfield, Minnesota, assets and deferred outflows exceeded liabilities and deferred inflows by \$30,727,947 at the close of the most recent fiscal year.

The largest portion of the City of Chatfield, Minnesota's net position (\$23,112,668) 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			
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 8,212,880	\$ 7,342,614	\$ 1,309,038	\$ 1,769,208	\$ 9,521,918	\$ 9,111,822
Capital assets	26,603,140	25,623,772	8,950,112	8,595,870	35,553,252	34,219,642
Total assets	34,816,020	32,966,386	10,259,150	10,365,078	45,075,170	43,331,464
Deferred outflows of resources	108,150	1,275,020	36,411	53,559	144,561	1,328,579
Long-term liabilities						
outstanding	9,548,601	9,340,779	4,358,181	4,613,379	13,906,782	13,954,158
Other liabilities	374,190	763,880	100,654	101,006	474,844	864,886
Total liabilities	9,922,791	10,104,659	4,458,835	4,714,385	14,381,626	14,819,044
Deferred inflows of resources	1,005,218	80,823	45,454	4,635	1,050,672	85,458
Net position:						
Net investment in capital assets	18,146,859	18,568,475	4,965,809	4,961,809	23,112,668	23,530,284
Restricted	2,760,932	2,794,509			2,760,932	2,794,509
Unrestricted	4,028,884	2,692,940	825,463	737,808	4,854,347	3,430,748
Total net position	\$ 24,936,675	\$ 24,055,924	\$ 5,791,272	\$ 5,699,617	\$ 30,727,947	\$ 29,755,541

The balance of *unrestricted net position* (\$4,854,347) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Chatfield, Minnesota is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its business-type activities.

Governmental activities. Governmental activities increased the City of Chatfield, Minnesota's net position by \$880,751.

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

Business-type activities. Business-type activities increased the City of Chatfield, Minnesota's net position by \$91,655.

A condensed version of the Statement of Activities follows:

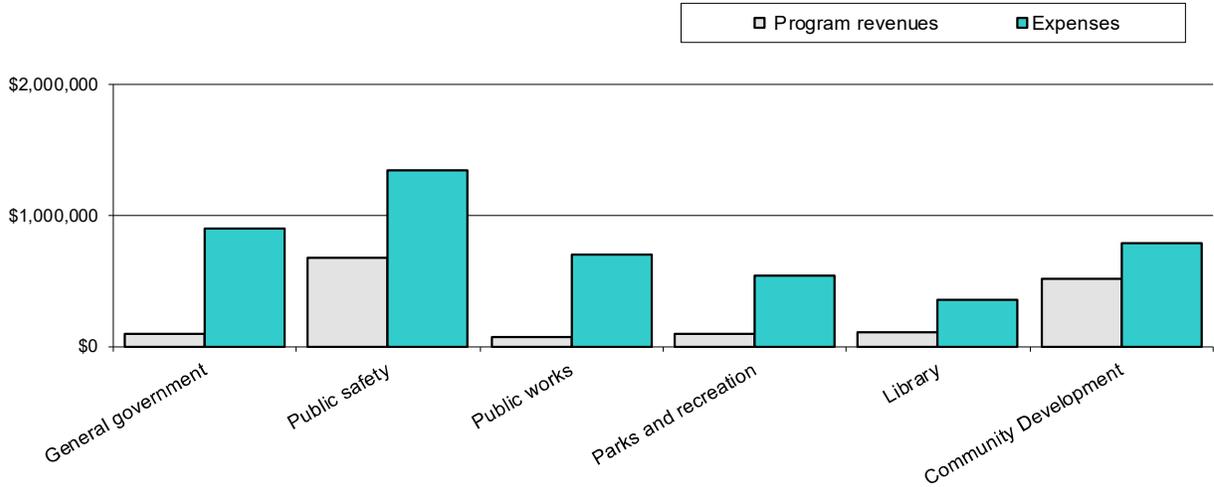
City of Chatfield, Minnesota Change in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenue:						
Program revenues:						
Charges for services	\$ 369,452	\$ 410,813	\$ 1,730,734	\$ 1,637,124	\$ 2,100,186	\$ 2,047,937
Operating grants and contributions	527,929	350,857			527,929	350,857
Capital grants and contributions	659,554	7,261,027	62,015	45,378	721,569	7,306,405
General revenues:						
Property taxes	2,599,860	2,346,712			2,599,860	2,346,712
Tax increments	230,348	239,356			230,348	239,356
Grants and contributions not restricted to specific programs						
Local government aid	866,853	848,155			866,853	848,155
Other	599	159,085			599	159,085
Miscellaneous	166,308	5,243	29,010	25,745	195,318	30,988
Total revenues	<u>5,420,903</u>	<u>11,621,248</u>	<u>1,821,759</u>	<u>1,708,247</u>	<u>7,242,662</u>	<u>13,329,495</u>
Expenses:						
General government	891,435	779,765			891,435	779,765
Public safety	1,342,207	1,338,663			1,342,207	1,338,663
Public works	694,418	556,523			694,418	556,523
Parks and recreation	536,830	520,766			536,830	520,766
Library	356,465	318,415			356,465	318,415
Community development	789,599	773,721			789,599	773,721
Interest on long-term debt	239,824	245,465			239,824	245,465
Water			412,347	377,165	412,347	377,165
Sewer			732,293	734,420	732,293	734,420
Garbage			274,838	261,097	274,838	261,097
Total expenses	<u>4,850,778</u>	<u>4,533,318</u>	<u>1,419,478</u>	<u>1,372,682</u>	<u>6,270,256</u>	<u>5,906,000</u>
Change in net position before transfers	570,125	7,087,930	402,281	335,565	972,406	7,423,495
Transfers	310,626	275,982	(310,626)	(275,982)		
Change in net position	880,751	7,363,912	91,655	59,583	972,406	7,423,495
Net position, beginning	24,055,924	16,692,012	5,699,617	5,640,034	29,755,541	22,332,046
Net position, end of year	<u>\$ 24,936,675</u>	<u>\$ 24,055,924</u>	<u>\$ 5,791,272</u>	<u>\$ 5,699,617</u>	<u>\$ 30,727,947</u>	<u>\$ 29,755,541</u>

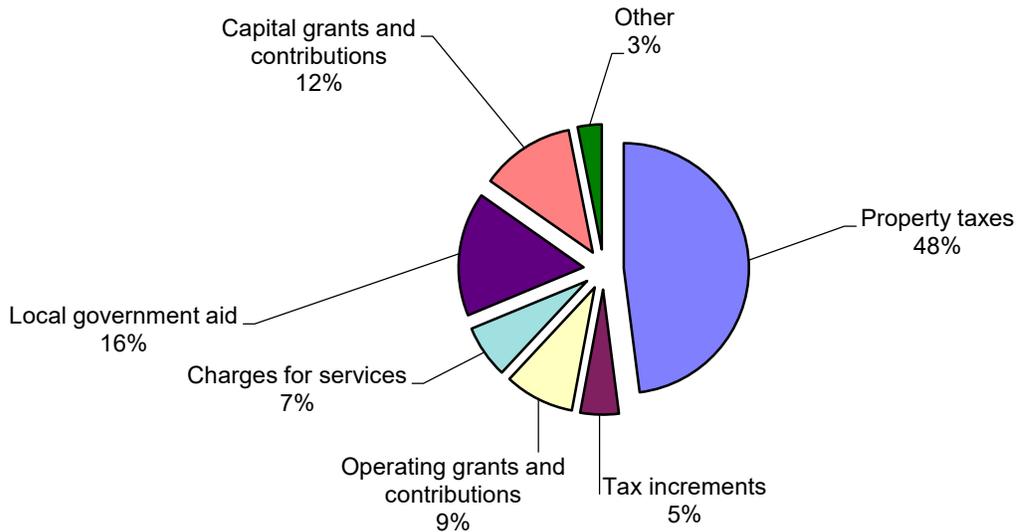
CITY OF CHATFIELD, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Expenses and Program Revenues - Governmental Activities



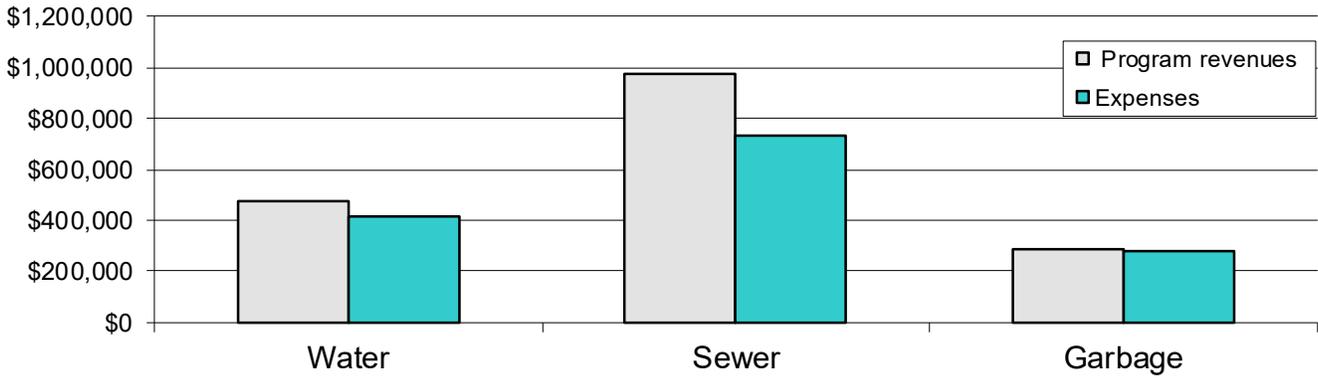
Revenues by Source - Governmental Activities



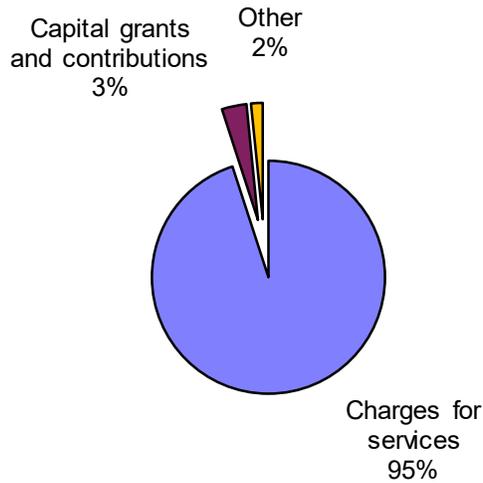
**CITY OF CHATFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business-Type Activities



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

FUND BASIS FINANCIAL ANALYSIS

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

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

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

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

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

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

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

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

At the end of the current fiscal year, the City of Chatfield, Minnesota's governmental funds reported combined ending fund balances of \$6,394,300, an increase of \$1,209,205. This increase is primarily due to one-time fund as well as increases to the capital reserve accounts for future vehicle and equipment replacement for all departments.

Approximately 24 percent of this total amount, or \$1,532,629, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of this fund balance is *restricted, assigned, or committed* to indicate that it is not available for new spending because it has already been set aside 1) to liquidate contracts and purchase orders of the prior period, 2) to repay interfund advances or other debt, or 3) to fund specific capital projects or programs as obligated by statute or other regulation.

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

Governmental funds (Continued).

The general fund is the chief operating fund of the City of Chatfield, Minnesota. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,841,789. 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 70 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 29-34 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 - \$204,696, Sewer - \$564,641, and Garbage - \$56,126.

The City is committed to maintaining and improving water and wastewater infrastructure with the goal of keeping costs at a minimal level yet provide the funding necessary to properly maintain the systems. Due to increasing costs for repair and maintenance the City implemented a 15% increase to the water rates for 2024. In the future small incremental increases are planned for water each year. Sewer fees will continue to be monitored to ensure stability.

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

General Fund Budgetary Highlights

The increase of \$263,063 in the general fund ending balance was primarily due to the decertification of the Lonestone Tax Increment Financing District, as well as the one-time funding for State Public Safety Aid.

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

Capital Asset and Debt Administration

Capital assets. The City of Chatfield, Minnesota's investment in capital assets for its governmental and business-type activities as of December 31, 2023, amounts to \$35,553,252 (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 \$1,333,610.

City of Chatfield, Minnesota Capital Assets

(net of depreciation)

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Land	\$ 932,765	\$ 921,914	\$ 60,492	\$ 60,492	\$ 993,257	\$ 982,406
Construction in process	1,845,469	9,316,363	1,156,306	406,727	3,001,775	9,723,090
Buildings and improvements	18,346,700	9,408,271			18,346,700	9,408,271
Vehicles	846,808	963,631			846,808	963,631
Machinery and equipment	953,841	1,080,708	628,587	697,039	1,582,428	1,777,747
Furniture and fixtures	82,814	104,503			82,814	104,503
Wastewater treatment facility			7,104,727	7,431,612	7,104,727	7,431,612
Infrastructure	3,594,743	3,828,382			3,594,743	3,828,382
Total	<u>\$ 26,603,140</u>	<u>\$ 25,623,772</u>	<u>\$ 8,950,112</u>	<u>\$ 8,595,870</u>	<u>\$ 35,553,252</u>	<u>\$ 34,219,642</u>

Additional information on the City of Chatfield, Minnesota's capital assets can be found in Note 3E on pages 50-51 of this report.

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

Capital Asset and Debt Administration (Continued)

Long-term debt. At the end of the current fiscal year, the City of Chatfield, Minnesota had \$12,532,000 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			
	2023	2022	2023	2022	2023	2022
G.O. bonds and notes	\$ 8,348,020	\$ 7,169,420	\$	\$	\$ 8,348,020	\$ 7,169,420
G.O. revenue bonds and notes			4,183,980	4,396,580	4,183,980	4,396,580
Unamortized premium	141,637	43,936	47,922	35,334	189,559	79,270
Compensated absences	162,450	211,977	23,985	23,209	186,435	235,186
Total	<u>\$ 8,652,107</u>	<u>\$ 7,425,333</u>	<u>\$ 4,255,887</u>	<u>\$ 4,455,123</u>	<u>\$12,907,994</u>	<u>\$11,880,456</u>

The City of Chatfield, Minnesota's total long-term liabilities increased by \$1,027,538 during the current fiscal year. A more detailed breakdown of these obligations can be found in Note 3G, beginning on page 55.

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

Economic Factors and Next Year's Budgets and Rates

The City has been able to maintain a steady tax rate by adequately planning and maintaining resources. Increasing costs as well as supply chain demand have impacted the capital equipment replacement plans, therefore adjustments have been made to the timing of equipment replacement, as well as estimated costs. Capital equipment replacement plans will be reviewed on an annual basis, as well as monthly reviews of departmental budgets. Finally, staff will continue to collaborate to ensure the goals and initiatives within the City's Strategic Plan, Comprehensive Plan, as well as the Capital Improvement Plan are followed based on the guidance from the City Council.

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 Administrator, City Hall, 21 Second Street SE, Chatfield, MN 55923 or mpeterson@ci.chatfield.mn.us.

CITY OF CHATFIELD, MINNESOTA

FINANCIAL STATEMENTS

DECEMBER 31, 2023

(This Page is Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2023
With Comparative Totals for December 31, 2022

	Governmental	Business-Type	Totals	
	Activities	Activities	2023	2022
ASSETS				
Cash and investments	\$ 7,075,005	\$ 1,061,754	\$ 8,136,759	\$ 7,556,066
Receivables	909,840	247,284	1,157,124	1,327,197
Prepaid items	16,720		16,720	17,244
Net pension asset	211,315		211,315	211,315
Capital assets:				
Nondepreciable	2,778,234	1,216,798	3,995,032	10,705,496
Depreciable, net	23,824,906	7,733,314	31,558,220	23,514,146
Total Assets	<u>34,816,020</u>	<u>10,259,150</u>	<u>45,075,170</u>	<u>43,331,464</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pension activity	940,514	36,411	976,925	1,220,429
Deferred outflows from fire relief pension activity	108,150		108,150	108,150
Total Deferred Outflows of Resources	<u>1,048,664</u>	<u>36,411</u>	<u>1,085,075</u>	<u>1,328,579</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
	<u>\$ 35,864,684</u>	<u>\$ 10,295,561</u>	<u>\$ 46,160,245</u>	<u>\$ 44,660,043</u>
LIABILITIES				
Accounts payable	\$ 89,094	\$ 32,914	\$ 122,008	\$ 245,256
Retainage payable				259,300
Accrued interest payable	122,646	43,755	166,401	125,144
Accrued compensated absences	162,450	23,985	186,435	235,186
Noncurrent liabilities:				
Due within one year	708,360	591,640	1,300,000	1,234,000
Due in more than one year	7,781,297	3,640,262	11,421,559	10,411,270
Net pension liability	1,058,944	126,279	1,185,223	2,308,888
Total Liabilities	<u>9,922,791</u>	<u>4,458,835</u>	<u>14,381,626</u>	<u>14,819,044</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pension activity	972,711	45,454	1,018,165	52,951
Deferred inflows from fire relief pension activity	32,507		32,507	32,507
Total Deferred Inflows of Resources	<u>1,005,218</u>	<u>45,454</u>	<u>1,050,672</u>	<u>85,458</u>
NET POSITION				
Net investment in capital assets	18,146,859	4,965,809	23,112,668	23,530,284
Restricted for:				
Fire pension	286,958		286,958	286,958
Revolving loans	653,258		653,258	673,677
Debt service	1,820,716		1,820,716	1,833,874
Unrestricted	4,028,884	825,463	4,854,347	3,430,748
Total Net Position	<u>24,936,675</u>	<u>5,791,272</u>	<u>30,727,947</u>	<u>29,755,541</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
	<u>\$ 35,864,684</u>	<u>\$ 10,295,561</u>	<u>\$ 46,160,245</u>	<u>\$ 44,660,043</u>

See Notes to the Financial Statements

CITY OF CHATFIELD, MINNESOTA
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023

With Comparative Totals for the Fiscal Year Ending December 31, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 891,435	\$ 58,570	\$ 37,626	\$
Public safety	1,342,207	203,462	326,104	144,045
Public works	694,418		62,972	464
Parks and recreation	536,830	97,283		
Library	356,465	8,975	101,227	
Community development	789,599	1,162		515,045
Interest on long-term debt	239,824			
Total governmental activities	4,850,778	369,452	527,929	659,554
Business-Type activities:				
Water	412,347	474,859		13,436
Sewer	732,293	972,460		36,233
Garbage	274,838	283,415		12,346
Total business-type activities	1,419,478	1,730,734		62,015
Total	\$ 6,270,256	\$ 2,100,186	\$ 527,929	\$ 721,569

General revenues:

General property taxes

Tax increments

Grants and contributions not restricted to specific programs:

Local government aid

Other

Investment income (loss)

Insurance recovery

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

See Notes to the Financial Statements

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Totals	
		2023	2022
\$ (795,239)	\$	\$ (795,239)	\$ (687,147)
(668,596)		(668,596)	(709,472)
(630,982)		(630,982)	(516,352)
(439,547)		(439,547)	(428,452)
(246,263)		(246,263)	(210,026)
(273,392)		(273,392)	6,320,414
(239,824)		(239,824)	(245,465)
<u>(3,293,843)</u>		<u>(3,293,843)</u>	<u>3,523,500</u>
	75,948	75,948	52,400
	276,400	276,400	254,957
	20,923	20,923	2,463
	<u>373,271</u>	<u>373,271</u>	<u>309,820</u>
<u>(3,293,843)</u>	<u>373,271</u>	<u>(2,920,572)</u>	<u>3,833,320</u>
2,599,860		2,599,860	2,346,712
230,348		230,348	203,993
866,853		866,853	848,155
599		599	159,085
123,814	15,688	139,502	(17,792)
3,754		3,754	8,108
38,740	13,322	52,062	41,914
310,626	(310,626)		
<u>4,174,594</u>	<u>(281,616)</u>	<u>3,892,978</u>	<u>3,590,175</u>
880,751	91,655	972,406	7,423,495
<u>24,055,924</u>	<u>5,699,617</u>	<u>29,755,541</u>	<u>22,332,046</u>
<u>\$ 24,936,675</u>	<u>\$ 5,791,272</u>	<u>\$ 30,727,947</u>	<u>\$ 29,755,541</u>

(This Page is Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA

FUND FINANCIAL STATEMENTS

DECEMBER 31, 2023

(This Page is Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023
With Comparative Totals for December 31, 2022

	100 General	Special Revenue Fund	Capital Project Fund	Other Governmental Funds	Totals	
		358 TIF Dist. 2-5 Dollar General	423 2023 Prospect & Grand St. Project		2023	2022
ASSETS						
Cash and investments	\$ 1,724,432	\$	\$ 462,481	\$ 3,874,396	\$ 6,061,309	\$ 5,089,047
Accounts receivable	467			225,042	225,509	274,553
Notes receivable				434,857	434,857	503,949
Due from other governmental units	148,409			18,173	166,582	278,185
Taxes receivable delinquent	29,827			5,732	35,559	36,479
Special assessments receivable				2,383	2,383	5,267
Due from other funds	1,284				1,284	241,622
Advances to other funds				307,876	307,876	314,299
Prepaid items	16,720				16,720	17,244
TOTAL ASSETS	\$ 1,921,139	\$	\$ 462,481	\$ 4,868,459	\$ 7,252,079	\$ 6,760,645
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$ 32,803	\$	\$ 35,277	\$ 7,740	\$ 75,820	\$ 214,634
Retainage payable						259,300
Due to other funds				1,284	1,284	241,622
Advances from other funds		307,876			307,876	314,299
Total Liabilities	32,803	307,876	35,277	9,024	384,980	1,029,855
Deferred Inflows of Resources:						
Unavailable revenue:						
Property taxes	29,827			5,732	35,559	36,479
Special assessments				2,383	2,383	5,267
Notes receivable				434,857	434,857	503,949
Total Deferred Inflows of Resources	29,827			442,972	472,799	545,695
Fund Balance:						
Nonspendable:						
Prepaid items	16,720				16,720	17,244
Advances to other funds				307,876	307,876	314,299
Restricted:						
Creditors (debt covenants)				1,935,247	1,935,247	1,900,441
Regulations				218,561	218,561	198,504
Committed:						
By Council action				404,262	404,262	362,174
Assigned:						
Fund assignments			427,204	1,551,801	1,979,005	1,423,051
Unassigned	1,841,789	(307,876)		(1,284)	1,532,629	969,382
Total Fund Balance	1,858,509	(307,876)	427,204	4,416,463	6,394,300	5,185,095
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 1,921,139	\$	\$ 462,481	\$ 4,868,459	\$ 7,252,079	\$ 6,760,645

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, 2023**

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

Total governmental fund balances (page 18)		\$ 6,394,300
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental funds - capital assets	\$ 37,138,430	
Less: Accumulated depreciation	<u>(13,369,366)</u>	23,769,064
Some receivables are not available soon enough to pay for current period expenditures and, therefore, are unavailable in the funds.		
Delinquent property taxes	\$ 35,559	
Special assessments	2,383	
Notes receivable	<u>434,857</u>	472,799
Internal service funds are used by management to charge the costs of capital acquisitions to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
		3,879,448
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	\$ (8,348,020)	
Net pension liability	(1,091,141)	
Net pension asset	286,958	
Compensated absences	(162,450)	
Bond premiums net of amortization	(141,637)	
Accrued interest	<u>(122,646)</u>	<u>(9,578,936)</u>
Net position of governmental activities (page 15)		<u><u>\$ 24,936,675</u></u>

See Notes to the Financial Statements

(This Page is Left Blank Intentionally)

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

For the Year Ended December 31, 2023
With Comparative Totals for the Year Ended December 31, 2022

	100 General	Special	Capital	Other Governmental Funds	Totals	
		Revenue Fund 358 TIF Dist. 2-5 Dollar General	Project Fund 423 2023 Prospect & Grand St. Project		2023	2022
REVENUES						
Property taxes	\$ 1,852,038	\$	\$	\$ 748,742	\$ 2,600,780	\$ 2,346,704
Special assessments	231			3,117	3,348	5,966
Tax increments		11,995		218,353	230,348	203,993
Licenses and permits	31,636				31,636	20,451
Fines and forfeits	4,691			357	5,048	4,835
Intergovernmental	1,075,427			796,206	1,871,633	8,380,342
Franchise fees				22,426	22,426	25,503
Charges for services	109,423			203,846	313,269	360,154
Training revenue				4,800	4,800	14,325
Investment income (loss)	42,278	(5,373)	10,316	76,593	123,814	(37,855)
Contributions				169,552	169,552	228,809
Miscellaneous	19,031			101,901	120,932	122,588
TOTAL REVENUES	3,134,755	6,622	10,316	2,345,893	5,497,586	11,675,815
EXPENDITURES						
Current						
General government	837,685			49,472	887,157	730,951
Public safety	736,170			422,235	1,158,405	1,142,302
Public works	530,076				530,076	519,646
Parks and recreation	389,496				389,496	376,939
Library				259,190	259,190	252,321
Community development	29,354	199		433,569	463,122	430,328
Capital Outlay			1,566,932	460,282	2,027,214	8,250,482
Debt Service				893,024	893,024	894,286
TOTAL EXPENDITURES	2,522,781	199	1,566,932	2,517,772	6,607,684	12,597,255
Excess (deficiency) of revenues over (under) expenditures	611,974	6,423	(1,556,616)	(171,879)	(1,110,098)	(921,440)
OTHER FINANCING SOURCES (USES)						
Issuance of long-term debt			1,803,524	61,476	1,865,000	1,014,420
Premium from issuance of long-term debt			108,580		108,580	
Insurance recovery	3,754				3,754	8,108
Transfers in	144,735		80,754	652,961	878,450	727,991
Transfers out	(497,400)			(39,081)	(536,481)	(406,704)
TOTAL OTHER FINANCING SOURCES (USES)	(348,911)		1,992,858	675,356	2,319,303	1,343,815
Net change in fund balances	263,063	6,423	436,242	503,477	1,209,205	422,375
FUND BALANCES, beginning	1,595,446	(314,299)	(9,038)	3,912,986	5,185,095	4,762,720
FUND BALANCES, ending	\$ 1,858,509	\$ (307,876)	\$ 427,204	\$ 4,416,463	\$ 6,394,300	\$ 5,185,095

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, 2023**

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

Net change in fund balances - total governmental funds (page 20)		\$ 1,209,205
<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	\$ 1,923,799	
Depreciation expense	<u>(840,048)</u>	1,083,751
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.</p>		
		(58,473)
<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, 2023	\$ 472,799	
Unavailable revenue, December 31, 2022	<u>(545,695)</u>	(72,896)
<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>		
		72,887
<p>The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligations bonds and related items is as follows.</p>		
Principal retirement on long-term debt	\$ 686,400	
Issuance of long-term debt, including premium	(1,973,580)	
Amortization of bond premium	10,879	
Change in accrued interest	<u>(44,677)</u>	(1,320,978)
<p>In the statement of activities, certain operating expenses - compensated absences, net pension liability, and net pension asset - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).</p>		
Change in compensated absences	\$ 49,527	
Change in net pension liability activity	(82,272)	
Change in net pension asset	<u>-</u>	(32,745)
Change in net position of governmental activities (pages 16-17)		<u>\$ 880,751</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, 2023
With Comparative Totals for the Year Ended December 31, 2022

	Budgeted Amounts		2023 Actual Amounts	Variance with Final Budget - Positive (Negative)	2022 Actual Amounts
	Original	Final			
REVENUES					
Property Tax Levy Collected	\$ 1,696,971	\$ 1,696,971	\$ 1,852,038	\$ 155,067	\$ 1,537,292
Special Assessments Collected	231	231	231		3,365
Licenses and Permits	24,825	24,825	31,636	6,811	20,451
Intergovernmental Revenues					
Local government aid	866,853	866,853	866,853		848,155
Market value credit			599	599	477
State police aid	50,000	50,000	54,447	4,447	50,082
Highway	2,200	2,200	2,590	390	2,071
Training and reimbursement	7,000	7,000	16,247	9,247	7,457
ARPA funding					154,580
Federal grants					853
Other state aid	5,177	5,177	134,691	129,514	2,886
Total Intergovernmental Revenues	931,230	931,230	1,075,427	144,197	1,066,561
Charges for Services					
Planning and zoning fees	6,000	6,000	4,025	(1,975)	2,627
Pool fees	85,200	85,200	100,796	15,596	96,796
Camping fees	1,200	1,200	555	(645)	1,095
Other	825	825	4,047	3,222	690
Total Charges for Services	93,225	93,225	109,423	16,198	101,208
Fines and Forfeits					
Parking fines	2,500	2,500	1,075	(1,425)	2,140
Court fines and other	3,000	3,000	3,616	616	2,316
Total Fines and Forfeits	5,500	5,500	4,691	(809)	4,456
Investment Income (Loss)	12,000	12,000	42,278	30,278	(73,337)
Miscellaneous Revenues					
Donations			200	200	356
Refunds and reimbursements	11,550	11,550	9,443	(2,107)	14,473
Other	7,000	7,000	9,388	2,388	14,815
Total Miscellaneous Revenues	18,550	18,550	19,031	481	29,644
TOTAL REVENUES	\$ 2,782,532	\$ 2,782,532	\$ 3,134,755	\$ 352,223	\$ 2,689,640

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, 2023**

With Comparative Totals for the Year Ended December 31, 2022

	Budgeted Amounts		2023 Actual Amounts	Variance with Final Budget - Positive (Negative)	2022 Actual Amounts
	Original	Final			
EXPENDITURES					
General Government					
Mayor and Council					
Salaries and wages	\$ 24,000	\$ 24,000	\$ 24,787	\$ (787)	\$ 22,478
Employee benefits and retirement	3,036	3,036	1,757	1,279	1,637
Workers compensation	150	150	90	60	79
Office supplies	100	100	148	(48)	53
Printing and publication			1,225	(1,225)	1,678
Travel and conference	2,750	2,750	2,331	419	2,153
Professional fees	7,000	7,000	27,343	(20,343)	1,196
Legal fees	10,000	10,000	9,550	450	8,630
Dues and subscription	13,000	13,000	12,656	344	12,209
Insurance	2,000	2,000	1,384	616	1,844
Departmental capital charge	900	900	900		900
Other	10,520	10,520	3,531	6,989	2,552
Total Mayor and Council	<u>73,456</u>	<u>73,456</u>	<u>85,702</u>	<u>(12,246)</u>	<u>55,409</u>
Elections	<u>6,450</u>	<u>6,450</u>		<u>6,450</u>	<u>8,377</u>
Clerk's Office					
Salaries and wages	330,000	330,000	382,428	(52,428)	309,466
Employee benefits and retirement	49,995	49,995	56,528	(6,533)	45,886
Workers compensation	2,200	2,200	2,518	(318)	1,719
Health insurance	48,700	48,700	45,709	2,991	46,589
Office supplies	7,850	7,850	5,237	2,613	5,321
Postage	1,900	1,900	449	1,451	565
Audit fees	13,000	13,000	11,125	1,875	13,000
Professional fees	20,500	20,500	20,686	(186)	19,071
Licenses and dues	6,215	6,215	6,001	214	5,966
Insurance	5,500	5,500	6,032	(532)	5,187
Internet and telephone	26,500	26,500	24,990	1,510	23,722
Maintenance and repair	3,000	3,000	2,089	911	2,118
Travel and conference	7,200	7,200	4,115	3,085	4,187
Departmental capital charge	3,100	3,100	3,100		7,520
Other	13,350	13,350	9,015	4,335	8,020
Total Clerk's Office	<u>539,010</u>	<u>539,010</u>	<u>580,022</u>	<u>(41,012)</u>	<u>498,337</u>
Planning and Zoning					
Printing and publication	500	500	338	162	506
Professional fees	62,500	62,500	85,105	(22,605)	41,373
Insurance	3,900	3,900	4,185	(285)	3,795
Other	1,000	1,000	600	400	634
Total Planning and Zoning	<u>\$ 67,900</u>	<u>\$ 67,900</u>	<u>\$ 90,228</u>	<u>\$ (22,328)</u>	<u>\$ 46,308</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, 2023
With Comparative Totals for the Year Ended December 31, 2022

	Budgeted Amounts		2023 Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)	2022 Actual Amounts
	Original	Final			
EXPENDITURES (Continued)					
General Government (Continued)					
Municipal Building					
Operating supplies	\$ 2,500	\$ 2,500	\$ 3,196	\$ (696)	\$ 2,363
Maintenance and repair	15,000	15,000	11,981	3,019	9,548
Contracted services	18,000	18,000	17,008	992	16,958
Insurance	8,000	8,000	8,827	(827)	7,496
Utilities	9,700	9,700	12,014	(2,314)	11,878
Departmental capital charge	28,500	28,500	28,500		27,656
Other	920	920	207	713	143
Total Municipal Building	<u>82,620</u>	<u>82,620</u>	<u>81,733</u>	<u>887</u>	<u>76,042</u>
Total General Government	<u>769,436</u>	<u>769,436</u>	<u>837,685</u>	<u>(68,249)</u>	<u>684,473</u>
Public Safety					
Animal Control					
Operating supplies	150	150	119	31	105
Printing and publication	200	200		200	
Other	400	400	14	386	8
Total Animal Control	<u>750</u>	<u>750</u>	<u>133</u>	<u>617</u>	<u>113</u>
Civil Defense					
Contracted services	450	450	273	177	
Departmental capital charge	2,000	2,000	2,000		2,000
Total Civil Defense	<u>2,450</u>	<u>2,450</u>	<u>2,273</u>	<u>177</u>	<u>2,000</u>
Building Code					
Consultant fee	21,000	21,000	12,911	8,089	12,636
Plan review	2,600	2,600	1,181	1,419	1,426
Administrative fees	2,500	2,500	3,548	(1,048)	53
Total Building Code	<u>\$ 26,100</u>	<u>\$ 26,100</u>	<u>\$ 17,640</u>	<u>\$ 8,460</u>	<u>\$ 14,115</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, 2023
With Comparative Totals for the Year Ended December 31, 2022

	Budgeted Amounts		2023 Actual Amounts	Variance with Final Budget - Positive (Negative)	2022 Actual Amounts
	Original	Final			
EXPENDITURES (Continued)					
Public Safety (Continued)					
Police Department					
Salaries and wages	\$ 416,680	\$ 416,680	\$ 410,265	\$ 6,415	\$ 401,989
Employee benefits and retirement	79,794	79,794	74,734	5,060	74,324
Workers compensation	35,000	35,000	41,639	(6,639)	34,658
Health insurance	69,125	69,125	62,537	6,588	71,324
Operating supplies	3,000	3,000	1,803	1,197	1,071
Vehicle operating supplies	8,000	8,000	9,133	(1,133)	8,665
Small tools and minor equipment	3,000	3,000	1,358	1,642	783
Internet and telephone	7,700	7,700	7,041	659	6,823
Legal fees	8,500	8,500	3,697	4,803	3,830
Uniform allowance	4,250	4,250	2,748	1,502	2,496
Maintenance and repair	10,000	10,000	5,875	4,125	12,359
Licenses and dues	3,600	3,600	9,209	(5,609)	8,564
Clothing	2,000	2,000	6,740	(4,740)	2,351
Training	4,000	4,000	3,968	32	3,524
Contracted services	10,950	10,950	10,149	801	9,718
Insurance	18,500	18,500	17,270	1,230	16,260
Utilities	6,500	6,500	7,718	(1,218)	7,969
Departmental capital charge	37,105	37,105	37,105		36,069
Other	6,050	6,050	3,135	2,915	4,531
Total Police Department	<u>733,754</u>	<u>733,754</u>	<u>716,124</u>	<u>17,630</u>	<u>707,308</u>
Total Public Safety	<u>763,054</u>	<u>763,054</u>	<u>736,170</u>	<u>26,884</u>	<u>723,536</u>
Public Works					
Street Department					
Salaries and wages	119,717	119,717	118,308	1,409	100,783
Employee benefits and retirement	17,237	17,237	16,469	768	14,275
Health insurance	19,430	19,430	10,724	8,706	9,819
Workers compensation	3,500	3,500	7,247	(3,747)	8,130
Operating supplies	21,200	21,200	15,812	5,388	18,168
Vehicle operating supplies	16,000	16,000	12,062	3,938	14,221
Maintenance and repair	53,500	53,500	62,015	(8,515)	79,658
Clothing	900	900	1,145	(245)	620
Snow removal	3,000	3,000	5,330	(2,330)	2,815
Insurance	10,500	10,500	11,717	(1,217)	10,175
Internet and telephone	1,800	1,800	2,511	(711)	2,468
Other professional services	21,000	21,000	1,884	19,116	12,883
Small tools and minor equipment	6,000	6,000	5,910	90	7,370
Utilities	40,075	40,075	54,479	(14,404)	48,547
Departmental capital charge	202,765	202,765	202,765		187,061
Other	3,650	3,650	1,698	1,952	2,653
Total Public Works	<u>\$ 540,274</u>	<u>\$ 540,274</u>	<u>\$ 530,076</u>	<u>\$ 10,198</u>	<u>\$ 519,646</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, 2023
With Comparative Totals for the Year Ended December 31, 2022

	Budgeted Amounts		2023 Actual Amounts	Variance with Final Budget - Positive (Negative)	2022 Actual Amounts
	Original	Final			
EXPENDITURES (Continued)					
Parks and Recreation					
Parks					
Salaries and wages	\$ 78,000	\$ 78,000	\$ 75,028	\$ 2,972	\$ 72,743
Employee benefits and retirement	10,692	10,692	10,338	354	9,899
Workers compensation	6,000	6,000	8,091	(2,091)	7,010
Health insurance	10,730	10,730	10,064	666	12,600
Small tools and minor equipment	2,000	2,000	2,354	(354)	330
Vehicle operating supplies	7,000	7,000	6,121	879	9,410
Maintenance and repair	7,500	7,500	9,895	(2,395)	3,914
Other professional services	5,000	5,000	442	4,558	3,444
Utilities	16,100	16,100	24,509	(8,409)	20,476
Insurance	8,000	8,000	6,426	1,574	5,007
Departmental capital charge	45,000	45,000	45,000		43,700
Other	7,240	7,240	7,937	(697)	7,874
Total Parks	<u>203,262</u>	<u>203,262</u>	<u>206,205</u>	<u>(2,943)</u>	<u>196,407</u>
Pool					
Salaries and wages	80,000	80,000	87,369	(7,369)	81,311
Employee benefits and retirement	6,120	6,120	6,684	(564)	6,220
Workers compensation	5,500	5,500	6,072	(572)	5,550
Operating supplies	15,000	15,000	17,175	(2,175)	15,905
Maintenance and repair	3,000	3,000	5,678	(2,678)	9,706
Other professional services	285	285		285	
Utilities	27,000	27,000	22,482	4,518	27,266
Insurance	13,000	13,000	13,302	(302)	11,980
Departmental capital charge	2,500	2,500	2,500		2,500
Other	19,800	19,800	20,429	(629)	18,494
Total Pool	<u>172,205</u>	<u>172,205</u>	<u>181,691</u>	<u>(9,486)</u>	<u>178,932</u>
Recreation	<u>4,300</u>	<u>4,300</u>		<u>4,300</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>\$ 381,367</u>	<u>\$ 381,367</u>	<u>\$ 389,496</u>	<u>\$ (8,129)</u>	<u>\$ 376,939</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, 2023
With Comparative Totals for the Year Ended December 31, 2022

	Budgeted Amounts		2023 Actual Amounts	Variance with Final Budget - Positive (Negative)	2022 Actual Amounts
	Original	Final			
EXPENDITURES (Continued)					
Community Development					
Promotional expense	\$	\$	\$ 5,829	\$ (5,829)	\$ 2,622
Heritage preservation	19,030	14,330	18,837	(4,507)	14,044
Other	21,000	21,000	4,688	16,312	11,964
Total Community Development	40,030	35,330	29,354	5,976	28,630
TOTAL EXPENDITURES	2,494,161	2,489,461	2,522,781	(33,320)	2,333,224
Excess of revenues over expenditures	288,371	293,071	611,974	318,903	356,416
OTHER FINANCING SOURCES (USES)					
Insurance recovery			3,754	3,754	8,108
Transfers in	128,792	128,792	144,735	15,943	128,792
Transfers out	(417,047)	(417,047)	(497,400)	(80,353)	(373,983)
Total Other Financing Sources (Uses)	(288,255)	(288,255)	(348,911)	(60,656)	(237,083)
Net change in fund balances	116	4,816	263,063	258,247	119,333
FUND BALANCES, beginning	1,595,446	1,595,446	1,595,446		1,476,113
FUND BALANCES, ending	<u>\$ 1,595,562</u>	<u>\$ 1,600,262</u>	<u>\$ 1,858,509</u>	<u>\$ 258,247</u>	<u>\$ 1,595,446</u>

See Notes to the Financial Statements

CITY OF CHATFIELD, MINNESOTA
TIF DIST. 2-5 DOLLAR GENERAL
Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2023
With Comparative Totals for the Year Ended December 31, 2022

	Budgeted Amounts		Fund 358 2023 Actual Amounts	Variance with Final Budget - Positive (Negative)	2022 Actual Amounts
	Original	Final			
REVENUES					
Tax increments	\$ 17,500	\$ 17,500	\$ 11,995	\$ (5,505)	\$ 12,850
Investment loss			(5,373)	(5,373)	(3,722)
TOTAL REVENUES	17,500	17,500	6,622	(10,878)	9,128
EXPENDITURES					
Community development	17,500	17,500	199	17,301	200
Net change in fund balances			6,423	6,423	8,928
FUND BALANCES, beginning	<u>(314,299)</u>	<u>(314,299)</u>	<u>(314,299)</u>		<u>(323,227)</u>
FUND BALANCES, ending	<u>\$ (314,299)</u>	<u>\$ (314,299)</u>	<u>\$ (307,876)</u>	<u>\$ 6,423</u>	<u>\$ (314,299)</u>

(This Page is Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
Statement of Net Position
December 31, 2023
With Comparative Totals for December 31, 2022

	601/339/336 303/403/623	602/622/341 337/333	603	Totals	
	Water	Sewer	Garbage	2023	2022
ASSETS AND DEFERRED					
OUTFLOWS OF RESOURCES					
Current Assets					
Cash and investments	\$ 477,198	\$ 548,674	\$ 35,882	\$ 1,061,754	\$ 1,540,444
Accounts receivable, net	48,609	116,832	29,920	195,361	193,498
Due from other governmental units					
Special assessments receivable	9,948	29,864	9,485	49,297	32,518
Special assessments delinquent	523	1,647	456	2,626	2,748
Total Current Assets	<u>536,278</u>	<u>697,017</u>	<u>75,743</u>	<u>1,309,038</u>	<u>1,769,208</u>
Noncurrent Assets					
Capital assets:					
Nondepreciable	1,186,552	30,246		1,216,798	467,219
Depreciable	4,253,930	13,115,829		17,369,759	17,336,059
Less: Accumulated depreciation	<u>1,932,227</u>	<u>7,704,218</u>		<u>9,636,445</u>	<u>9,207,408</u>
Net capital assets	<u>3,508,255</u>	<u>5,441,857</u>		<u>8,950,112</u>	<u>8,595,870</u>
Deferred Outflows of Resources					
Deferred outflows from pension activity	<u>13,157</u>	<u>23,254</u>		<u>36,411</u>	<u>53,559</u>
TOTAL ASSETS AND DEFERRED					
OUTFLOWS OF RESOURCES	<u>\$ 4,057,690</u>	<u>\$ 6,162,128</u>	<u>\$ 75,743</u>	<u>\$ 10,295,561</u>	<u>\$ 10,418,637</u>
LIABILITIES, DEFERRED INFLOWS					
OF RESOURCES, AND NET POSITION					
Current Liabilities					
Accounts payable	\$ 3,086	\$ 10,211	\$ 19,617	\$ 32,914	\$ 30,622
Accrued compensated absences	8,510	15,475		23,985	23,209
Current maturities of bonds payable	94,640	497,000		591,640	547,600
Accrued interest payable	<u>22,975</u>	<u>20,780</u>		<u>43,755</u>	<u>47,175</u>
Total Current Liabilities	<u>129,211</u>	<u>543,466</u>	<u>19,617</u>	<u>692,294</u>	<u>648,606</u>
Noncurrent Liabilities					
Net pension liability	45,856	80,423		126,279	181,465
Bonds payable, net of current maturities and unamortized premium	<u>1,590,817</u>	<u>2,049,445</u>		<u>3,640,262</u>	<u>3,884,314</u>
Total Liabilities	<u>1,765,884</u>	<u>2,673,334</u>	<u>19,617</u>	<u>4,458,835</u>	<u>4,714,385</u>
Deferred Inflows of Resources					
Deferred inflows from pension activity	<u>16,713</u>	<u>28,741</u>		<u>45,454</u>	<u>4,635</u>
NET POSITION					
Net investment in capital assets	2,070,397	2,895,412		4,965,809	4,961,809
Unrestricted	<u>204,696</u>	<u>564,641</u>	<u>56,126</u>	<u>825,463</u>	<u>737,808</u>
Total Net Position	<u>2,275,093</u>	<u>3,460,053</u>	<u>56,126</u>	<u>5,791,272</u>	<u>5,699,617</u>
TOTAL LIABILITIES, DEFERRED INFLOWS					
OF RESOURCES AND NET POSITION	<u>\$ 4,057,690</u>	<u>\$ 6,162,128</u>	<u>\$ 75,743</u>	<u>\$ 10,295,561</u>	<u>\$ 10,418,637</u>

See Notes to the Financial Statements

Governmental Activities-Internal
 Service Funds
 801

Capital Goods

<u>2023</u>	<u>2022</u>
-------------	-------------

\$ 1,013,696	\$ 926,575
--------------	------------

44,950

<u>1,058,646</u>	<u>926,575</u>
------------------	----------------

127,727	5,813
---------	-------

5,250,664	5,536,806
-----------	-----------

2,544,315	2,662,633
-----------	-----------

<u>2,834,076</u>	<u>2,879,986</u>
------------------	------------------

<u>\$ 3,892,722</u>	<u>\$ 3,806,561</u>
---------------------	---------------------

\$ 13,274	\$
-----------	----

<u>13,274</u>	
---------------	--

<u>13,274</u>	
---------------	--

2,834,076	2,879,986
-----------	-----------

1,045,372	926,575
-----------	---------

<u>3,879,448</u>	<u>3,806,561</u>
------------------	------------------

<u>\$ 3,892,722</u>	<u>\$ 3,806,561</u>
---------------------	---------------------

CITY OF CHATFIELD, MINNESOTA

PROPRIETARY FUNDS

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

For the Year Ended December 31, 2023

With Comparative Totals for the Year Ended December 31, 2022

	601/339/336	602/622/341	603	Totals	
	303/403/623	337/333		2023	2022
	Water	Sewer	Garbage		
Operating Revenues					
Service fees and charges	\$ 459,149	\$ 957,520	\$ 283,415	\$ 1,700,084	\$ 1,624,524
Departmental capital charge					
	<u>459,149</u>	<u>957,520</u>	<u>283,415</u>	<u>1,700,084</u>	<u>1,624,524</u>
Operating Expenses					
Salaries and wages	85,698	150,027		235,725	208,955
Employee benefits and retirement	14,739	23,132		37,871	37,160
Health insurance	10,064	22,510		32,574	31,757
Workers compensation	3,054	6,814		9,868	8,103
Garbage removal			228,952	228,952	216,113
City clean up			15,692	15,692	14,473
Supplies and minor equipment	13,755	5,106	436	19,297	14,846
Utilities	24,632	55,052		79,684	79,881
Maintenance and repairs	27,926	48,240	5,527	81,693	69,830
Travel and training	100	1,951		2,051	201
Professional fees	18,987	30,909	3,628	53,524	73,066
Office expense	1,756	4,539	1,375	7,670	6,935
Insurance	10,076	20,949		31,025	26,893
Depreciation	131,714	297,323		429,037	432,566
Departmental capital charge	5,200	9,496	5,200	19,896	28,740
Other	11,267	11,432	14,028	36,727	44,444
Total Operating Expenses	<u>358,968</u>	<u>687,480</u>	<u>274,838</u>	<u>1,321,286</u>	<u>1,293,963</u>
Operating Income (Loss)	<u>100,181</u>	<u>270,040</u>	<u>8,577</u>	<u>378,798</u>	<u>330,561</u>
Nonoperating Revenues (Expenses)					
Investment income	1,845	13,209	634	15,688	20,063
Refunds and reimbursements	10,775	2,547		13,322	5,682
Special assessments	13,436	36,233	12,346	62,015	45,378
Intergovernmental					
Connection and access fees	15,710	14,940		30,650	12,600
Miscellaneous					
Gain on sale of assets					
Interest and fiscal charges	(53,379)	(44,813)		(98,192)	(78,719)
Total Nonoperating Revenues (Expenses)	<u>(11,613)</u>	<u>22,116</u>	<u>12,980</u>	<u>23,483</u>	<u>5,004</u>
INCOME BEFORE TRANSFERS	<u>88,568</u>	<u>292,156</u>	<u>21,557</u>	<u>402,281</u>	<u>335,565</u>
Transfers in	17,781	15,999		33,780	13,754
Transfers out	(261,172)	(66,164)	(17,070)	(344,406)	(289,736)
CHANGE IN NET POSITION	<u>(154,823)</u>	<u>241,991</u>	<u>4,487</u>	<u>91,655</u>	<u>59,583</u>
NET POSITION - BEGINNING OF YEAR	<u>2,429,916</u>	<u>3,218,062</u>	<u>51,639</u>	<u>5,699,617</u>	<u>5,640,034</u>
NET POSITION - END OF YEAR	<u>\$ 2,275,093</u>	<u>\$ 3,460,053</u>	<u>\$ 56,126</u>	<u>\$ 5,791,272</u>	<u>\$ 5,699,617</u>

See Notes to the Financial Statements

Governmental Activities-Internal
Service Funds
801

Capital Goods	
2023	2022
\$	\$
349,236	338,869
349,236	338,869
46,480	
90,419	88,215
3,328	
260,303	260,559
810	872
401,340	349,646
(52,104)	(10,777)
17,808	10,821
69,950	
17,196	21,508
51,380	152,328
156,334	184,657
104,230	173,880
19,200	2,100
(50,543)	(47,405)
72,887	128,575
3,806,561	3,677,986
\$ 3,879,448	\$ 3,806,561

CITY OF CHATFIELD, MINNESOTA

PROPRIETARY FUNDS

Statement of Cash Flows

For the Year Ended December 31, 2023

With Comparative Totals for the Year Ended December 31, 2022

	Business-Type Activities - Enterprise Funds			Totals	
	Water	Sewer	Garbage	2023	2022
Cash Flows From Operating Activities					
Cash received from customers	\$ 466,184	\$ 950,077	\$ 278,625	\$ 1,694,886	\$ 1,627,099
Cash paid to employees	(103,491)	(179,973)		(283,464)	(251,319)
Cash paid to suppliers	(121,334)	(206,695)	(274,907)	(602,936)	(608,416)
Net Cash Provided By Operating Activities	241,359	563,409	3,718	808,486	767,364
Cash Flows From Noncapital Financing Activities					
Connection and access fees	15,710	14,940		30,650	12,600
Intergovernmental	13,436	36,233	12,346	62,015	45,378
Miscellaneous					
Transfer in/out, net	(243,391)	(50,165)	(17,070)	(310,626)	(275,982)
Net Cash Provided By (Used In) Noncapital Financing Activities	(214,245)	1,008	(4,724)	(217,961)	(218,004)
Cash Flows From Capital and Related Financing Activities					
Capital asset acquisitions	(783,279)			(783,279)	(559,931)
Proceeds from sale of assets					
Proceeds from issuance of long-term debt	354,161			354,161	1,204,580
Principal payments on bonds	(61,100)	(486,500)		(547,600)	(512,000)
Interest payments on bonds	(53,483)	(54,702)		(108,185)	(67,706)
Net Cash Provided By (Used In) Capital and Related Financing Activities	(543,701)	(541,202)		(1,084,903)	64,943
Cash Flows From Investing Activities					
Investment income	1,845	13,209	634	15,688	20,063
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	(514,742)	36,424	(372)	(478,690)	634,366
CASH AND INVESTMENTS, BEGINNING OF YEAR	991,940	512,250	36,254	1,540,444	906,078
CASH AND INVESTMENTS, END OF YEAR	\$ 477,198	\$ 548,674	\$ 35,882	\$ 1,061,754	\$ 1,540,444

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

Operating Income (Loss)	\$ 100,181	\$ 270,040	\$ 8,577	\$ 378,798	\$ 330,561
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	131,714	297,323		429,037	432,566
Change in net pension liability	2,031	750		2,781	5,390
Miscellaneous nonoperating income	10,775	2,547		13,322	5,682
(Increase) Decrease In:					
Accounts receivable	(287)	(608)	(968)	(1,863)	(3,293)
Due from other governmental units					
Special assessments receivable	(3,477)	(9,459)	(3,843)	(16,779)	1,698
Special assessments delinquent	24	77	21	122	(1,512)
Prepaid expenses					2,899
Increase (Decrease) In:					
Accounts payable	(2)	2,363	(69)	2,292	(4,477)
Accrued liabilities	400	376		776	(2,150)
Net Cash Provided By Operating Activities	\$ 241,359	\$ 563,409	\$ 3,718	\$ 808,486	\$ 767,364
Noncash Capital and Related Financing Activities					
Capital asset additions included in accounts payable	\$	\$	\$	\$	\$

See Notes to the Financial Statements

Governmental Activities-
Internal Service Funds
801 Capital Goods

2023	2022
\$ 304,286	\$ 338,869
(137,709)	(102,601)
<u>166,577</u>	<u>236,268</u>

69,950	
17,196	21,508
(31,343)	(45,305)
<u>55,803</u>	<u>(23,797)</u>

(211,320)	(285,581)
58,253	49,039

(153,067)	(236,542)
<u>17,808</u>	<u>10,821</u>
87,121	(13,250)
926,575	939,825
<u>\$ 1,013,696</u>	<u>\$ 926,575</u>

\$ (52,104)	\$ (10,777)
-------------	-------------

260,303	260,559
---------	---------

(44,950)

3,328	(13,514)
<u>\$ 166,577</u>	<u>\$ 236,268</u>

\$ 9,946 \$

CITY OF CHATFIELD, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2023

	Custodial
	805
	SE MN
	TMO
ASSETS	
Cash and investments	\$ 27,696
TOTAL ASSETS	\$ 27,696
NET POSITION	\$ 27,696

CITY OF CHATFIELD, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended December 31, 2023

	Custodial
	805
	SE MN
	TMO
Additions	
Interest income	\$ 175
NET POSITION - BEGINNING	27,521
NET POSITION - ENDING	\$ 27,696

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

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

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

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

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

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

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

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

The City reports the following major governmental funds:

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

The *TIF District 2-5 Dollar General fund* accounts for the financial resources to be used for the development of property within the tax increment district.

The *2023 Prospect and Grand St. Project fund* accounts for the financial resources to be used for the construction of the Prospect and Grand St. street project.

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

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

Additionally, the City reports the following fund types:

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

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

Cash and Investments

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

Interfund Transactions

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

Property Taxes

Property tax levies are set by the City Council in December each year and are certified to Fillmore and Olmsted Counties for collection in the following year. In Minnesota, counties act as collection agents for all property taxes. The county spreads all levies over taxable property. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Revenues are recognized in the year collectible, net of delinquencies.

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

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

Special Assessments

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

Prepaid Items

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000, is City owned, and has an economic useful life greater than five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

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

Compensated Absences

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

Long-Term Obligations

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

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

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

Concentration of Credit Risk

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

Net Position / Fund Balance

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

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

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

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

Net Position / Fund Balance (Continued)

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

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

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

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

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

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

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

Pensions

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

Deferred Outflows of Resources

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

Comparative Data

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

Implementation of New Accounting Principles

During the year, the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on accounting and financial reporting for subscription-based information technology. Under this Statement, government organizations are required to recognize a subscription liability and a right-to-use capitalized asset. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. This Statement establishes uniform accounting and financial reporting requirements for Subscription Based Information Technology Arrangements; improves the comparability of government financial statements; and enhances the relevance, understandability, reliability, and consistency of information regarding these arrangements. The Statement has been implemented.

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, 2023, the City's cash and investments consisted of the following items, all of which are held in an internal investment pool:

Cash on hand	\$ 150
Deposits	4,791,781
Non-negotiable certificates of deposit	1,376,530
Negotiable certificates of deposit	1,384,206
U.S. government bonds	435,834
Municipal bonds	99,766
Money market funds	<u>76,188</u>
Total Cash and Investments	\$ 8,164,455
Less: Fiduciary Funds Cash and Investments	<u>(27,696)</u>
Total Cash and Investments per Statement of Net Position	<u>\$ 8,136,759</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

A. Summary of Cash and Investments (Continued)

Investments Authorized by Minnesota Statutes

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

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

Collateralization of Cash Deposits

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

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

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

Interest Rate Risk

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

A. Summary of Cash and Investments (Continued)

Credit Risk

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

Concentration of Credit Risk

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

<u>Investments</u>	<u>Fair Value</u>
Negotiable certificates of deposit	\$ 1,384,206
U.S. government bonds	435,834
Municipal bonds	99,766

Fair Value Measurements

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

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

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

A. Summary of Cash and Investments (Continued)

Fair Value Measurements (Continued)

The City investments within the fair value hierarchy at December 31, 2023 were as follows:

Investment Type	Credit Risk		Fair Value Measurements Using	Interest Risk - Maturity Duration in Years				
	Rating	Agency		No Maturity Date	Less Than 1	1 to 5	6 to 10	Total
U.S. government bonds	N/A	N/A	Level 2	\$	\$ 435,834	\$	\$	\$ 435,834
Negotiable certificates of deposit	Not Rated	N/A	Level 2		104,796	1,279,410		1,384,206
Municipal bonds	Aa1	Moody	Level 2		99,766			99,766
Total Investments, at Fair Value				\$	\$ 640,396	\$ 1,279,410	\$	\$ 1,919,806

N/A - Not Applicable

B. Deferred Special Assessments Receivable

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

C. Due From Other Governmental Units

Amounts due from other governmental units as of December 31, 2023 are as follows:

Fund Type	Fillmore County	Olmsted County	Total
General	\$ 143,516	\$ 4,893	\$ 148,409
Debt Service	2,386	1,764	4,150
Special Revenue	14,023		14,023
	<u>\$ 159,925</u>	<u>\$ 6,657</u>	<u>\$ 166,582</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

D. Notes Receivable

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

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

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

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

The City of Chatfield, Minnesota has the following notes receivable outstanding as of December 31, 2023:

	Date of Loan	Initial Loan Amount	Interest Rate	Term	Balance 12/31/23
EZ Fab II - State	7/1/2014	\$ 408,000	1%	15 years	\$ 165,101
EZ Fab I - Federal	7/1/2014	125,000	1%	15 years	52,211
MT Properties	10/1/2014	62,700	4%	10 years	7,419
Corner Cuts Salon	9/20/2017	25,354	4%	10 years	11,369
Big Girl Stickers & Stems	9/20/2018	40,000	4%	10 years	21,662
EZ Fab III - State	6/26/2019	25,000	1%	10 years	15,081
EZ Fab IV - State/DEED	6/26/2019	375,000	1%	15 years	89,040
Broadwater, LLC	7/31/2019	55,500	4%	8 years	38,867
Joy Ridge	3/20/2022	40,000	4%	10 years	34,107
		<u>\$ 1,156,554</u>			<u>\$ 434,857</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

E. Capital Assets

Capital asset activity, including internal service fund capital assets, for the year ended December 31, 2023 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 921,914	\$ 18,343	\$ 7,492	\$ 932,765
Construction in process	9,316,363	1,723,522	9,194,416	1,845,469
Total capital assets, not being depreciated	10,238,277	1,741,865	9,201,908	2,778,234
Capital assets, being depreciated:				
Buildings	16,997,211	9,513,614		26,510,825
Infrastructure	8,316,339	12,278		8,328,617
Vehicles	2,207,705			2,207,705
Furniture and fixtures	438,020			438,020
Machinery and equipment	2,839,209	105,524	691,313	2,253,420
Total capital assets, being depreciated	30,798,484	9,631,416	691,313	39,738,587
Less accumulated depreciation for:				
Buildings	7,588,940	575,185		8,164,125
Infrastructure	4,487,957	245,917		4,733,874
Vehicles	1,244,074	116,823		1,360,897
Furniture and fixtures	333,517	21,689		355,206
Machinery and equipment	1,758,501	140,737	599,659	1,299,579
Total accumulated depreciation	15,412,989	1,100,351	599,659	15,913,681
Total capital assets, being depreciated, net	15,385,495	8,531,065	91,654	23,824,906
Governmental activities capital assets, net	\$ 25,623,772	\$10,272,930	\$ 9,293,562	\$ 26,603,140

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

E. *Capital Assets (Continued)*

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 60,492	\$	\$	\$ 60,492
Construction in process	406,727	749,579		1,156,306
Total capital assets, not being depreciated	467,219	749,579		1,216,798
Capital assets, being depreciated:				
Wastewater Treatment Facility and Distribution	16,220,512	33,700		16,254,212
Machinery and equipment	1,115,547			1,115,547
Total capital assets, being depreciated	17,336,059	33,700		17,369,759
Less accumulated depreciation for:				
Wastewater Treatment Facility and Distribution	8,788,900	360,585		9,149,485
Machinery and equipment	418,508	68,452		486,960
Total accumulated depreciation	9,207,408	429,037		9,636,445
Total capital assets, being depreciated, net	8,128,651	(395,337)		7,733,314
Business-type activities capital assets, net	\$ 8,595,870	\$ 354,242	\$	\$ 8,950,112

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

General government	\$ 47,500
Public safety	121,488
Public works	143,166
Parks and recreation	160,226
Library	36,414
Community development	331,254
Subtotal	840,048
Internal service fund	260,303
Total depreciation expense - governmental activities	<u>\$ 1,100,351</u>

Business-Type Activities:

Water	\$ 131,714
Sewer	297,323
Total depreciation expense - business-type activities	<u>\$ 429,037</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

F. *Interfund Balances and Transfers*

Transfers during the year ended December 31, 2023 were as follows:

<u>Funds</u>	Transfers In	Transfers Out
General Fund - Other	\$ 144,735	\$ 497,400
Special Revenue:		
Library	3,663	
Ambulance	84,095	15,150
EDA	76,230	
Fire	70,117	2,980
Cable Access	17,000	3,140
Chatfield Center for the Arts	90,000	
EZ Fab tax increment	171	
Debt Service:		
2012A Refunding Bond	90,000	
2014A Bond	43,313	
2016A GO Refunding 2010A Bond		11,800
2022A GO Bond	19,000	
2022B GO Bond	71,011	
2023A GO Bond	22,817	
Capital Project:		
CCA Construction Phase II	65,544	
2022B Construction		6,011
2023 Prospect & Grand St. project	80,754	
Subtotal Governmental Funds	<u>878,450</u>	<u>536,481</u>
Enterprise:		
Water	17,781	261,172
Sewer	15,999	66,164
Garbage		17,070
Subtotal Enterprise Funds	<u>33,780</u>	<u>344,406</u>
Internal Service Fund	<u>19,200</u>	<u>50,543</u>
Total Transfers	<u>\$ 931,430</u>	<u>\$ 931,430</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

F. *Interfund Balances and Transfers (Continued)*

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

Governmental and Internal Service Funds:	
Transfers in	\$ 897,650
Transfers out	<u>(587,024)</u>
Government-wide Statement of Activities	
Transfers in/out	<u>\$ 310,626</u>

The amounts due to and from other funds at December 31, 2023, at the individual fund level are summarized below:

Funds	Due From Other Funds	Due To Other Funds
General Fund	\$ 1,284	\$
Gjere Addition Tax Increment		1,284
	<u>\$ 1,284</u>	<u>\$ 1,284</u>

The amounts advanced to and from other funds at December 31, 2023, at the individual fund level are summarized below:

Funds	Advances To Other Funds	Advances From Other Funds
Development	\$ 307,876	\$
TIF Dist. 2-5 Dollar General		307,876
	<u>\$ 307,876</u>	<u>\$ 307,876</u>

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

F. Interfund Balances and Transfers (Continued)

At December 31, 2023, the following funds have deficit balances:

TIF Dist. 2-5 Dollar General	\$	307,876
Gjere Addition Tax Increment		1,284

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

Excess of expenditures over budgeted appropriations at the individual fund level during 2023 are as follows:

General	\$	33,320
EDA		4,221
Revolving Loan State		9

All excess expenditures were the result of planned processes.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

G. Long-term debt

Following is a summary of debt outstanding at December 31, 2023:

	Original Amount of Debt	Range of Interest Rates	Final Maturity	Balance December 31, 2023
Governmental Activities				
General Obligation Bonds and Notes:				
2012A GO Crossover Refunding Bonds	\$ 1,990,000	2.15-2.7%	2027	\$ 545,000
2014A GO Bonds	1,725,000	2.25%	2025	375,000
2016A GO Crossover Refunding Bonds	875,000	2.0%	2028	410,000
2017A GO Tax Abatement Note	457,000	2.85%	2028	247,000
2018A GO Swimming Pool Bonds	4,400,000	3.0-3.375%	2039	3,760,000
2019A GO Tax Abatement Bonds	225,000	3.0%	2027	137,000
2022A GO Bond	264,420	3.2%	2043	259,020
2022B Taxable GO Capital Imp. Plan Bonds	750,000	6.0%	2043	750,000
2023A GO Street Improvement Bond	1,865,000	4.0%	2036	1,865,000
Compensated Absences				162,450
Unamortized Bond Premium				<u>141,637</u>
Total Governmental Activities				<u>8,652,107</u>
Business-Type Activities				
General Obligation Bonds and Notes:				
2016A GO Crossover Refunding Bonds	4,535,000	2.00%	2028	2,365,000
2016B GO Water Revenue Note	425,000	2.825%	2027	184,000
2017B GO Utility Revenue Note	300,000	0.00%	2027	120,000
2022A GO Utility Revenue Note	1,204,580	3.2%	2043	1,179,980
2023A GO Utility Improvement Bond	335,000	4.0%	2036	335,000
Compensated Absences				23,985
Unamortized Bond Premium				<u>47,922</u>
Total Business-Type Activities				<u>4,255,887</u>
Total Debt Outstanding				<u><u>\$ 12,907,994</u></u>

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

G. Long-term debt (Continued)

The following is a summary of changes in long-term debt obligations during the year ended December 31, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable:					
General Obligation Bonds and Notes:					
2012A GO Crossover Refunding Bonds	\$ 695,000	\$	\$ 150,000	\$ 545,000	\$ 150,000
2014A GO Bonds	555,000		180,000	375,000	185,000
2016A GO Crossover Refunding Bonds (Gov't - 16%)	505,000		95,000	410,000	100,000
2017A GO Tax Abatement Note	292,000		45,000	247,000	47,000
2018A GO Swimming Pool Bonds	3,940,000		180,000	3,760,000	185,000
2019A GO Tax Abatement Bonds	168,000		31,000	137,000	32,000
2022A GO Revenue Note (Gov't - 18%)	264,420		5,400	259,020	9,360
2022B Taxable GO Capital Imp. Plan Bonds	750,000			750,000	
2023A GO Street Improvement Bond (Gov't - 85%)		1,865,000		1,865,000	
Plus: Unamortized Premium	43,936	108,580	10,879	141,637	
Total Bonds and Notes Payable	<u>7,213,356</u>	<u>1,973,580</u>	<u>697,279</u>	<u>8,489,657</u>	<u>708,360</u>
Other Liabilities:					
Compensated Absences	211,977	38,807	88,334	162,450	162,450
Governmental Activities					
Long-term Liabilities	<u>7,425,333</u>	<u>2,012,387</u>	<u>785,613</u>	<u>8,652,107</u>	<u>870,810</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
General Obligation Revenue Bonds and Notes:					
2016A GO Crossover Refunding Bonds (Sewer - 84%)	2,815,000		450,000	2,365,000	460,000
2016B GO Water/Sewer Revenue Note (50/50 Split)	227,000		43,000	184,000	44,000
2017B GO Water/Sewer Revenue Note (50/50 Split)	150,000		30,000	120,000	30,000
2022A GO Water Revenue Note (Water - 82%)	1,204,580		24,600	1,179,980	42,640
2023A GO Improvement Bond (Water -15%)		335,000		335,000	15,000
Plus: Unamortized Premium	35,334	19,161	6,573	47,922	
Total Bonds and Notes Payable	<u>4,431,914</u>	<u>354,161</u>	<u>554,173</u>	<u>4,231,902</u>	<u>591,640</u>
Other Liabilities:					
Compensated Absences	23,209	25,155	24,379	23,985	23,985
Business-type Activities					
Long-term Liabilities	<u>4,455,123</u>	<u>379,316</u>	<u>578,552</u>	<u>4,255,887</u>	<u>615,625</u>
Total	<u>\$ 11,880,456</u>	<u>\$ 2,391,703</u>	<u>\$ 1,364,165</u>	<u>\$ 12,907,994</u>	<u>\$ 1,486,435</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

G. Long-term debt (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

The 2023A GO Improvement Bonds were issued to fund the Prospect and Grand Street project.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

G. Long-term debt (Continued)

The annual requirements to amortize all long-term debt outstanding as of December 31, 2023, excluding compensated absences over the life of the debt, are summarized below:

Years	General Obligation Bonds		General Obligation Revenue Bonds		Total
	Principal	Interest	Principal	Interest	
<u>Governmental Activities</u>					
2024	\$ 708,360	\$ 244,393			\$ 952,753
2025	830,720	259,911			1,090,631
2026	673,080	238,227			911,307
2027	699,440	217,205			916,645
2028	434,800	198,905			633,705
2029-2033	2,140,680	771,106			2,911,786
2034-2038	2,188,120	348,717			2,536,837
2039-2043	672,820	57,469			730,289
Totals	<u>\$ 8,348,020</u>	<u>\$ 2,335,933</u>			<u>\$ 10,683,953</u>
<u>Business-Type Activities</u>					
2024			\$ 591,640	\$ 91,761	\$ 683,401
2025			604,280	85,255	689,535
2026			617,920	72,313	690,233
2027			630,560	59,126	689,686
2028			559,200	46,249	605,449
2029-2033			402,320	167,053	569,373
2034-2038			409,880	92,556	502,436
2039-2043			368,180	30,189	398,369
Totals			<u>\$ 4,183,980</u>	<u>\$ 644,502</u>	<u>\$ 4,828,482</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

G. Long-term debt (Continued)

Conduit Debt Obligations

To provide for previous bond refunding and construction of improvements and the acquisition and installation of equipment by Chosen Valley Care Center, Inc. (a non-profit corporation), the City of Chatfield, Minnesota issued \$3,640,806 of Healthcare and Housing Facilities Revenue Loan Participation Notes dated August 1, 2005. This note was refunded by Healthcare and Housing Facilities Revenue Refunding Bonds Series 2019 issued for \$13,350,000 to finance the construction and equipping for renovations and improvements to the existing skilled nursing facility. This bond is a special limited obligation of the City, payable solely from income sources of the non-profit corporation. The notes do not constitute a debt or pledge of the faith and credit of the City, and accordingly have not been reported in the accompanying financial statements. At December 31, 2023, remaining notes outstanding totaled \$12,710,000.

4. Defined Benefit Pension Plans - Statewide

Plan Description

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

1. General Employees Retirement Plan

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

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.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

Benefits Provided

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

1. General Employees Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

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 2023 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2023, were \$70,977. The City's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2023 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2023, were \$69,865. The City's contributions were equal to the required contributions as set by state statute.

Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2023, the City reported a liability of \$665,435 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$18,302.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0119 percent at the end of the measurement period and 0.0119 percent for the beginning of the period.

City's proportionate share of the net pension liability	\$ 665,435
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>18,302</u>
Total	<u>\$ 683,737</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

Pension Costs (Continued)

For the year ended December 31, 2023, the City recognized pension expense of \$28,063 for its proportionate share of the General Employees Plan’s pension expense. In addition, the City recognized an additional \$82 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, 2023, the City reported its proportionate share of the General Employees Plan’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 21,853	\$ 4,699
Changes in actuarial assumptions	110,331	182,390
Net difference between projected and actual investment earnings		31,084
Changes in proportion	5,996	6,406
Contributions paid to PERA subsequent to the measurement date	45,421	
Total	<u>\$ 183,601</u>	<u>\$ 224,579</u>

The \$45,421 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending December 31:</u>	Pension Expense Amount
2024	\$ 18,463
2025	(105,961)
2026	15,535
2027	(14,436)

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

2. Police and Fire Fund Pension Costs

At December 31, 2023, the City reported a liability of \$519,788 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0301 percent at the end of the measurement period and 0.0314 percent for the beginning of the period.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2023. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2022. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$20,929.

City's proportionate share of the net pension liability	\$ 519,788
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>20,929</u>
Total	<u>\$ 540,717</u>

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2023, the City recognized pension expense of \$56,990 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized (\$1,261) as grant revenue for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$2,709 for the year ended December 31, 2023 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota’s on-behalf contributions to the Police and Fire Fund.

At December 31, 2023, 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	\$ 142,021	\$
Changes in actuarial assumptions	611,082	710,868
Net difference between projected and actual investment earnings		21,996
Changes in proportion	6,546	60,722
Contributions paid to PERA subsequent to the measurement date	<u>33,675</u>	
Total	<u>\$ 793,324</u>	<u>\$ 793,586</u>

The \$33,675 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending December 31:</u>	<u>Pension Expense Amount</u>
2024	\$ 19,729
2025	(4,621)
2026	124,137
2027	(38,636)
2028	(134,546)

Total Pension Expense

The total pension expense for all plans recognized by the City for the year ended December 31, 2023 is as follows:

General Employees Fund	\$28,145
Police and Fire Fund	<u>55,729</u>
Total	<u>\$83,874</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

Long-Term Expected Return on Investment

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	25.0%	5.90%
Total	100%	

Actuarial Methods and Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan and the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan and 1 percent for the Police and Fire Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service.

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

Actuarial Methods and Assumptions (Continued)

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

General Employees Fund

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Police and Fire Fund

Changes in Actuarial Assumptions:

- The investment return assumption was changed from 6.5 percent to 7.00 percent.
- The single discount rate changed from 5.4 percent to 7.0 percent.

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100 percent after 10 years.
- A one-time, non-compounding benefit increase of 3.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

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

Sensitivity Analysis
Net Pension Liability (Asset) at Different Discount Rates

	General Employees Fund		Police and Fire Fund	
1% Lower	6.00%	\$ 1,177,207	6.00%	\$ 1,031,321
Current Discount Rate	7.00%	665,435	7.00%	519,788
1% Higher	8.00%	244,482	8.00%	99,239

Pension Plan Fiduciary Net Position

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Defined Benefit Pension Plan – Volunteer Fire Relief Association

The most recent information available for the Statewide Volunteer Firefighter Retirement Plan provided by PERA is as of December 31, 2022.

Plan Description

The of Chatfield Fire Department Relief Association (Association) participates in the Statewide Volunteer Firefighter Retirement Plan (accounted for in the Volunteer Firefighter Fund), an agent multiple-employer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The Volunteer Firefighter Plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. As of December 31, 2022 the plan covered 26 active firefighters and 4 vested deferred fire fighters whose pension benefits are deferred. The plan is established and administered in accordance with *Minnesota Statutes*, Chapter 353 G.

Benefits Provided

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

Contributions

The Volunteer Firefighter Plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in *Minnesota Statutes*, and voluntary City contributions. The State of Minnesota contributed \$41,415 in fire state aid to the fund for the year ended December 31, 2022. Required employer contributions are calculated annually based on statutory provisions. The City made voluntary contributions of \$9,241 to the plan.

Pension Costs

At December 31, 2022, the City reported a net pension asset of \$211,315 for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2022. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

There were no benefit provision changes during the measurement period.

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

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

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

<u>Year ending December 31:</u>	<u>Pension Expense Amount</u>
2024	\$ 20,387
2025	20,384
2026	15,578
2027	19,294

Actuarial Assumptions

The total pension liability at December 31, 2022, was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

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

No actuarial changes were made during the measurement period.

Discount Rate

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Pension Liability Sensitivity

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

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

Plan Investments

Investment Policy:

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

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

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

Asset Allocation:

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

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

Description of significant investment policy changes during the year:

The SBI made no significant changes to their investment policy during fiscal year 2022 for the Volunteer Firefighter Fund.

Pension Plan Fiduciary Net Position

Detailed information about the Volunteer Firefighter Fund's fiduciary net position as of December 31, 2022, is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained at www.mnpera.org.

6. Risk Management

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

Settled claims resulting from these risks have not exceeded the insurance coverage in any of the past three years. There were no reductions in insurance coverage in 2023.

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 2023. The amount of any liability in excess of plan assets may be assessed to participating Cities in a method and amount determined by the LMCIT.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Fund Balance

Committed fund balances as of December 31, 2023 are as follows:

Committed fund balance:	
Library Fund	\$ 404,262

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

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

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

The City started 2023 with 6 pay-as-you-go tax increment financing districts. Two districts were decertified during 2023, ending the year with 4 districts, 2 of which are active. For the year ended December 31, 2023, the City paid tax increments totaling \$52,848 related to these agreements.

(This Page is Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

CITY OF CHATFIELD, MINNESOTA
Schedules of City Pension Contributions

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

Year Ended December 31	Contributions in Relation to			Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
	Statutorily Required Contribution (a)	Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)		
2014	\$ 43,241	\$ 43,241	\$	\$ 596,428	7.25%
2015	67,009	67,009		893,453	7.50%
2016	54,923	54,923		732,307	7.50%
2017	54,824	54,824		730,987	7.50%
2018	58,595	58,595		781,267	7.50%
2019	62,040	62,040		827,200	7.50%
2020	63,191	63,191		842,547	7.50%
2021	65,916	65,916		878,880	7.50%
2022	66,657	66,657		888,760	7.50%
2023	70,977	70,977		946,360	7.50%

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

Year Ended December 31	Contributions in Relation to			Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
	Statutorily Required Contribution (a)	Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)		
2014	\$ 37,020	\$ 37,020	\$	\$ 241,961	15.30%
2015	55,140	55,140		340,370	16.20%
2016	46,950	46,950		289,815	16.20%
2017	46,269	46,269		285,611	16.20%
2018	52,960	52,960		326,914	16.20%
2019	60,365	60,365		356,136	16.95%
2020	63,717	63,717		359,983	17.70%
2021	65,508	65,508		370,102	17.70%
2022	67,555	67,555		381,667	17.70%
2023	69,865	69,865		394,718	17.70%

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

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

Fiscal Year Ended June 30	Employer's Proportionate Share (Percentage) of Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City (a+b)		Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a+b)/c	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0124%	\$ 582,490	\$	\$	582,490	\$ 728,259	80%	78.70%
2015	0.0114%	590,807			590,807	744,940	79%	78.20%
2016	0.0118%	958,101	12,561		970,662	812,880	119%	68.90%
2017	0.0113%	721,385	9,108		730,493	731,647	100%	75.90%
2018	0.0116%	643,520	21,143		664,663	756,127	88%	79.53%
2019	0.0117%	646,867	20,166		667,033	804,233	83%	80.23%
2020	0.0118%	707,464	21,880		729,344	834,873	87%	79.06%
2021	0.0122%	520,995	15,945		536,940	860,713	62%	87.00%
2022	0.0119%	942,484	27,521		970,005	883,820	110%	76.67%
2023	0.0119%	665,435	18,302		683,737	917,560	75%	83.10%

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

Fiscal Year Ended June 30	Employer's Proportionate Share (Percentage) of Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)		Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0320%	\$ 345,613	\$ 296,393	117%	87.10%	
2015	0.0300%	340,870	291,166	117%	86.60%	
2016	0.0300%	1,203,952	315,093	382%	63.90%	
2017	0.0300%	405,036	287,713	141%	85.40%	
2018	0.0310%	330,428	306,262	108%	88.84%	
2019	0.0345%	367,287	341,525	108%	89.26%	
2020	0.0326%	429,703	358,059	120%	87.19%	
2021	0.0313%	241,603	365,042	66%	93.66%	
2022	0.0314%	1,366,404	375,884	364%	70.53%	
2023	0.0301%	519,788	388,192	134%	86.47%	

CITY OF CHATFIELD, MINNESOTA
Schedule of Changes in the Fire Relief Association Net Pension Asset and Related Ratios
December 31, 2023

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

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

Year Ended December 31	Statutorily Required Contribution (a)	Contributions in Relation to Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Non-Employer Contributions	
				State 2% Fire Aid	Other
2020	\$	\$	\$	\$ 31,286	\$ 7,906
2021				32,281	10,782
2022				34,460	6,955
2023					
2024					
2025					
2026					
2027					
2028					
2029					

(This Page is Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA
COMBINING AND INDIVIDUAL NONMAJOR FUNDS
STATEMENTS AND SCHEDULES
DECEMBER 31, 2023

CITY OF CHATFIELD, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2023

	Special Revenue Funds Total	Debt Service					
		323	332	334	335	338	340
		2023A Go Bond	2012A Refunding Bond	2014A Bond	2016A GO Refunding 2010A Bond	2017A GO Bond	2018A GO Pool Bond
ASSETS							
Cash and investments	\$ 1,909,923	\$ 84,586	\$ 210,346	\$ 330,559	\$ 632,951	\$ 179,987	\$ 338,438
Accounts receivable	225,042						
Notes receivable	434,857						
Due from other governmental units	14,023			472	741	270	2,382
Taxes receivable - delinquent			336	1,125	1,467	306	2,498
Special assessment receivable				2,383			
Advances to other funds	307,876						
TOTAL ASSETS	\$ 2,891,721	\$ 84,586	\$ 210,682	\$ 334,539	\$ 635,159	\$ 180,563	\$ 343,318
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE							
Liabilities							
Accounts payable	\$ 7,740	\$	\$	\$	\$	\$	\$
Due to other funds	1,284						
Total Liabilities	9,024						
Deferred Inflows of Resources							
Unavailable revenue:							
Property taxes			336	1,125	1,467	306	2,498
Special assessments				2,383			
Notes receivable	434,857						
Total Deferred Inflows of Resources	434,857		336	3,508	1,467	306	2,498
Fund Balance							
Nonspendable:							
Advances to other funds	307,876						
Restricted:							
Creditors (debt covenants)		84,586	210,346	331,031	633,692	180,257	340,820
Regulations	218,561						
Committed:							
By Council resolution	404,262						
Assigned:							
Fund assignments	1,518,425						
Unassigned:	(1,284)						
Total Fund Balance	2,447,840	84,586	210,346	331,031	633,692	180,257	340,820
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 2,891,721	\$ 84,586	\$ 210,682	\$ 334,539	\$ 635,159	\$ 180,563	\$ 343,318

Debt Service			Capital Project			Total Nonmajor Governmental Funds
342 2019A GO Tax Abatement Bond	343 2022A GO Bond	344 2022B GO Bond	443 2022A Construction	444 2022B Construction	454 CCA Construction Phase II	
\$ 62,662	\$ 16,327	\$ 75,241	\$ 33,376	\$	\$	\$ 3,874,396
						225,042
						434,857
						18,173
						5,732
						2,383
						307,876
<u>\$ 62,947</u>	<u>\$ 16,327</u>	<u>\$ 75,241</u>	<u>\$ 33,376</u>	<u>\$</u>	<u>\$</u>	<u>\$ 4,868,459</u>
\$	\$	\$	\$	\$	\$	\$ 7,740
						1,284
						9,024
						5,732
						2,383
						434,857
						442,972
						307,876
62,947	16,327	75,241				1,935,247
						218,561
						404,262
			33,376			1,551,801
						(1,284)
<u>62,947</u>	<u>16,327</u>	<u>75,241</u>	<u>33,376</u>	<u></u>	<u></u>	<u>4,416,463</u>
<u>\$ 62,947</u>	<u>\$ 16,327</u>	<u>\$ 75,241</u>	<u>\$ 33,376</u>	<u>\$</u>	<u>\$</u>	<u>\$ 4,868,459</u>

CITY OF CHATFIELD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2023

	Special Revenue Funds Total	Debt Service					340
		323	332	334	335	338	
		2023A GO Bond	2012A Refunding Bond	2014A Bond	2016A GO Refunding 2010A Bond	2017A GO Bond	
REVENUES							
Property taxes	\$ 193,401	\$	\$ 63	\$ 63,456	\$ 99,302	\$ 36,074	\$ 318,413
Special assessments				3,117			
Tax increments	218,353						
Fines and forfeits	357						
Intergovernmental	224,351		38,250				
Franchise fees	22,426						
Charges for services	203,846						
Training revenue	4,800						
Investment income	50,041	593	2,361	4,370	2,094	2,698	2,177
Contributions	168,952						
Miscellaneous	101,374						
TOTAL REVENUES	1,187,901	593	40,674	70,943	101,396	38,772	320,590
EXPENDITURES							
Current:							
General government	49,472						
Public safety	422,235						
Library	259,190						
Community development	433,569						
Capital outlay	24,279						
Debt service:							
Principal retirement			150,000	180,000	95,000	45,000	180,000
Interest and fiscal charges		300	16,068	11,258	9,945	7,682	120,793
TOTAL EXPENDITURES	1,188,745	300	166,068	191,258	104,945	52,682	300,793
Excess (deficiency) of revenues over (under) expenditures	(844)	293	(125,394)	(120,315)	(3,549)	(13,910)	19,797
OTHER FINANCING SOURCES (USES)							
Issuance of long-term debt		61,476					
Transfers in	341,276	22,817	90,000	43,313			
Transfers out	(21,270)				(11,800)		
TOTAL OTHER FINANCING SOURCES (USES)	320,006	84,293	90,000	43,313	(11,800)		
Net change in fund balances	319,162	84,586	(35,394)	(77,002)	(15,349)	(13,910)	19,797
FUND BALANCES, beginning	2,128,678		245,740	408,033	649,041	194,167	321,023
FUND BALANCES, ending	\$ 2,447,840	\$ 84,586	\$ 210,346	\$ 331,031	\$ 633,692	\$ 180,257	\$ 340,820

Debt Service			Capital Project			Total Nonmajor Governmental Funds
342 2019A GO Tax Abatement Bond	343 2022A GO Bond	344 2022B GO Bond	443 2022A Construction	444 2022B Construction	454 CCA Construction Phase II	
\$ 38,033	\$	\$	\$	\$	\$	\$ 748,742
						3,117
						218,353
						357
19,160					514,445	796,206
						22,426
						203,846
						4,800
596	526	730	10,407			76,593
					600	169,552
					527	101,901
<u>57,789</u>	<u>526</u>	<u>730</u>	<u>10,407</u>		<u>515,572</u>	<u>2,345,893</u>
						49,472
						422,235
						259,190
						433,569
			108,375	20,704	306,924	460,282
31,000	5,400					686,400
4,575	9,503	26,500				206,624
<u>35,575</u>	<u>14,903</u>	<u>26,500</u>	<u>108,375</u>	<u>20,704</u>	<u>306,924</u>	<u>2,517,772</u>
<u>22,214</u>	<u>(14,377)</u>	<u>(25,770)</u>	<u>(97,968)</u>	<u>(20,704)</u>	<u>208,648</u>	<u>(171,879)</u>
						61,476
	19,000	71,011			65,544	652,961
				(6,011)		(39,081)
	<u>19,000</u>	<u>71,011</u>		<u>(6,011)</u>	<u>65,544</u>	<u>675,356</u>
22,214	4,623	45,241	(97,968)	(26,715)	274,192	503,477
40,733	11,704	30,000	131,344	26,715	(274,192)	3,912,986
<u>\$ 62,947</u>	<u>\$ 16,327</u>	<u>\$ 75,241</u>	<u>\$ 33,376</u>	<u>\$</u>	<u>\$</u>	<u>\$ 4,416,463</u>

CITY OF CHATFIELD, MINNESOTA
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
December 31, 2023

	211/212	220/221	240	230/231	360	361	614/615
	Library	Fire	EDA	Ambulance	Revolving Loan Federal	Revolving Loan State	Cable Access
ASSETS							
Cash and investments	\$ 389,968	\$ 701,536	\$ 36,728	\$ 307,717	\$ 173,196	\$ 45,205	\$ 103,070
Accounts receivable	1,209			219,225			4,608
Notes receivable					165,635	269,222	
Due from other governmental units	14,023						
Advances to other funds							
TOTAL ASSETS	\$ 405,200	\$ 701,536	\$ 36,728	\$ 526,942	\$ 338,831	\$ 314,427	\$ 107,678
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE							
Liabilities							
Accounts payable	\$ 938	\$ 968	\$ 2	\$ 2,354	\$	\$	\$ 3,478
Due to other funds							
Total Liabilities	938	968	2	2,354			3,478
Deferred Inflows of Resources							
Unavailable revenue:							
Notes receivable					165,635	269,222	
Fund Balance							
Nonspendable:							
Advances to other funds							
Restricted:							
Regulations					173,196	45,205	
Committed:							
By Council resolution	404,262						
Assigned:							
Fund assignments		700,568	36,726	524,588			104,200
Unassigned:							
Total Fund Balance	404,262	700,568	36,726	524,588	173,196	45,205	104,200
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 405,200	\$ 701,536	\$ 36,728	\$ 526,942	\$ 338,831	\$ 314,427	\$ 107,678

242 Development	250/251 Chatfield Center for the Arts	350 TIF 3-5 Fifty-Two Fitness	354 Lone Stone Tax Increment	355 Gjere Addition Tax Increment	356 Grand St. Apts. Tax Increment	357 EZ Fab Tax Increment	359 Cabin Coffee Tax Increment	Total Special Revenue Funds
\$ 44,010	\$ 108,333	\$	\$	\$	\$ 127	\$	\$ 33	\$ 1,909,923
								225,042
								434,857
								14,023
307,876								307,876
<u>\$ 351,886</u>	<u>\$ 108,333</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 127</u>	<u>\$</u>	<u>\$ 33</u>	<u>\$ 2,891,721</u>
\$	\$	\$	\$	\$	\$	\$	\$	\$ 7,740
				1,284				1,284
				1,284				9,024
								434,857
								307,876
					127		33	218,561
								404,262
44,010	108,333			(1,284)				1,518,425
				(1,284)				(1,284)
<u>351,886</u>	<u>108,333</u>			<u>(1,284)</u>	<u>127</u>		<u>33</u>	<u>2,447,840</u>
<u>\$ 351,886</u>	<u>\$ 108,333</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 127</u>	<u>\$</u>	<u>\$ 33</u>	<u>\$ 2,891,721</u>

CITY OF CHATFIELD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2023

	211/212	220/221	240	230/231	360	361	614/615
	Library	Fire	EDA	Ambulance	Revolving Loan Federal	Revolving Loan State	Cable Access
REVENUES							
Property taxes	\$ 193,401	\$	\$	\$	\$	\$	\$
Tax increments							
Fines and forfeits	357						
Intergovernmental	89,213	69,064		66,074			
Franchise fees							22,426
Charges for services	1,675	9,250		189,521			3,400
Training revenue				4,800			
Investment income (loss)	13,460	10,393	230	4,973	8,265	3,605	1,782
Contributions	9,907	122,455		21,590			15,000
Miscellaneous	9,440	407	1,164	139	31,159	37,933	1,300
TOTAL REVENUES	<u>317,453</u>	<u>211,569</u>	<u>1,394</u>	<u>287,097</u>	<u>39,424</u>	<u>41,538</u>	<u>43,908</u>
EXPENDITURES							
Current:							
General government							49,472
Public safety		95,596		326,639			
Library	259,190						
Community development			83,951			32,289	
Capital outlay	19,838	4,441					
TOTAL EXPENDITURES	<u>279,028</u>	<u>100,037</u>	<u>83,951</u>	<u>326,639</u>		<u>32,289</u>	<u>49,472</u>
Excess (deficiency) of revenues over (under) expenditures	<u>38,425</u>	<u>111,532</u>	<u>(82,557)</u>	<u>(39,542)</u>	<u>39,424</u>	<u>9,249</u>	<u>(5,564)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	3,663	70,117	76,230	84,095			17,000
Transfers out		(2,980)		(15,150)			(3,140)
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,663</u>	<u>67,137</u>	<u>76,230</u>	<u>68,945</u>			<u>13,860</u>
Net change in fund balances	42,088	178,669	(6,327)	29,403	39,424	9,249	8,296
FUND BALANCES, beginning	<u>362,174</u>	<u>521,899</u>	<u>43,053</u>	<u>495,185</u>	<u>133,772</u>	<u>35,956</u>	<u>95,904</u>
FUND BALANCES, ending	<u>\$ 404,262</u>	<u>\$ 700,568</u>	<u>\$ 36,726</u>	<u>\$ 524,588</u>	<u>\$ 173,196</u>	<u>\$ 45,205</u>	<u>\$ 104,200</u>

242 Development	250/251 Chatfield Center for the Arts	350 TIF 3-5 Fifty-Two Fitness	354 Lone Stone Tax Increment	355 Gjere Addition Tax Increment	356 Grand St. Apts. Tax Increment	357 EZ Fab Tax Increment	359 Cabin Coffee Tax Increment	Total Special Revenue Funds
\$	\$	\$	\$ 204,730	\$	\$	\$	\$ 13,623	\$ 193,401
								218,353
								357
								224,351
								22,426
								203,846
								4,800
5,998	1,206			(19)	127		21	50,041
	1,776	10,226			7,830			168,952
<u>5,998</u>	<u>2,982</u>	<u>10,226</u>	<u>204,730</u>	<u>(19)</u>	<u>7,957</u>		<u>13,644</u>	<u>1,187,901</u>
								49,472
								422,235
								259,190
	62,011		233,380	200	7,830	285	13,623	433,569
								24,279
	<u>62,011</u>		<u>233,380</u>	<u>200</u>	<u>7,830</u>	<u>285</u>	<u>13,623</u>	<u>1,188,745</u>
<u>5,998</u>	<u>(59,029)</u>	<u>10,226</u>	<u>(28,650)</u>	<u>(219)</u>	<u>127</u>	<u>(285)</u>	<u>21</u>	<u>(844)</u>
	90,000					171		341,276
								(21,270)
	<u>90,000</u>					<u>171</u>		<u>320,006</u>
5,998	30,971	10,226	(28,650)	(219)	127	(114)	21	319,162
<u>345,888</u>	<u>77,362</u>	<u>(10,226)</u>	<u>28,650</u>	<u>(1,065)</u>		<u>114</u>	<u>12</u>	<u>2,128,678</u>
<u>\$ 351,886</u>	<u>\$ 108,333</u>	<u>\$</u>	<u>\$</u>	<u>\$ (1,284)</u>	<u>\$ 127</u>	<u>\$</u>	<u>\$ 33</u>	<u>\$ 2,447,840</u>

**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, 2023**

With Comparative Totals for the Year Ended December 31, 2022

	Budgeted Amounts		250	251	2023	Variance with	2022
	Original	Final	Chatfield Center for the Arts	CCA Capital	Actual Amounts	Final Budget - Positive (Negative)	Actual Amounts
REVENUES							
Investment income	\$ 300	\$ 300	\$ 909	\$ 297	\$ 1,206	\$ 906	\$ 485
Miscellaneous	2,000	2,000	1,776		1,776	(224)	4,876
TOTAL REVENUES	<u>2,300</u>	<u>2,300</u>	<u>2,685</u>	<u>297</u>	<u>2,982</u>	<u>682</u>	<u>5,361</u>
EXPENDITURES							
Community Development							
Repairs and maintenance	25,000	25,000	10,306		10,306	14,694	4,665
Professional services	24,000	24,000	24,000		24,000		34,667
Insurance	25,000	25,000	27,367		27,367	(2,367)	23,188
Other			338		338	(338)	469
TOTAL EXPENDITURES	<u>74,000</u>	<u>74,000</u>	<u>62,011</u>		<u>62,011</u>	<u>11,989</u>	<u>62,989</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(71,700)</u>	<u>(71,700)</u>	<u>(59,326)</u>	<u>297</u>	<u>(59,029)</u>	<u>12,671</u>	<u>(57,628)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	100,000	100,000	90,000	10,000	100,000		90,000
Transfers out	(10,000)	(10,000)	(10,000)		(10,000)		(10,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>90,000</u>	<u>90,000</u>	<u>80,000</u>	<u>10,000</u>	<u>90,000</u>		<u>80,000</u>
Net change in fund balances	18,300	18,300	20,674	10,297	30,971	12,671	22,372
FUND BALANCES, beginning	<u>77,362</u>	<u>77,362</u>	<u>63,939</u>	<u>13,423</u>	<u>77,362</u>		<u>54,990</u>
FUND BALANCES, ending	<u>\$95,662</u>	<u>\$95,662</u>	<u>\$ 84,613</u>	<u>\$23,720</u>	<u>\$108,333</u>	<u>\$ 12,671</u>	<u>\$ 77,362</u>

CITY OF CHATFIELD, MINNESOTA
LIBRARY FUND
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2023

With Comparative Totals for the Year Ended December 31, 2022

	Budgeted Amounts		211	212	2023	Variance with	2022
	Original	Final	Library	Library Endowment	Actual Amounts	Final Budget - Positive (Negative)	Actual Amounts
REVENUES							
Property tax levy	\$ 193,401	\$ 193,401	\$ 193,401	\$	\$ 193,401	\$	\$ 187,599
Intergovernmental revenues:							
County contracts	92,894	92,894	89,213		89,213	(3,681)	84,599
Library fines	250	250	357		357	107	379
Charges for services	700	700	1,675		1,675	975	1,338
Investment income	1,000	1,000	2,922	10,538	13,460	12,460	2,221
Contributions	1,000	1,000	7,070	2,837	9,907	8,907	12,188
Sale of merchandise	5,200	5,200	7,333		7,333	2,133	8,449
Miscellaneous	1,300	1,300	2,107		2,107	807	1,871
TOTAL REVENUES	295,745	295,745	304,078	13,375	317,453	21,708	298,554
EXPENDITURES							
Library							
Salaries and wages	158,312	158,312	151,242		151,242	7,070	145,394
Employee benefits and retirement	23,984	23,984	21,661		21,661	2,323	21,169
Workers compensation	1,000	1,000	1,265		1,265	(265)	1,018
Health insurance	34,635	34,635	29,026		29,026	5,609	28,330
Travel	650	650	12		12	638	625
Office supplies and postage	2,000	2,000	1,418		1,418	582	1,148
Operating supplies/small tools	1,500	1,500	2,321		2,321	(821)	119
Scrip purchases/program	3,000	3,000	7,767		7,767	(4,767)	8,188
Insurance	9,944	9,944	10,590		10,590	(646)	9,040
Utilities	7,000	7,000	8,203		8,203	(1,203)	8,056
Maintenance and repair	10,900	10,900	12,353		12,353	(1,453)	10,915
Telephone	3,150	3,150	3,357		3,357	(207)	3,259
Cleaning services	1,000	1,000	1,595		1,595	(595)	957
Capital outlay	20,500	20,500	19,838		19,838	662	20,931
Other	15,170	15,170	8,380		8,380	6,790	14,103
TOTAL EXPENDITURES	292,745	292,745	279,028		279,028	13,717	273,252
Excess of revenues over expenditures	3,000	3,000	25,050	13,375	38,425	35,425	25,302
OTHER FINANCING SOURCES (USES)							
Transfers in	2,000	2,000	3,663	2,000	5,663	3,663	
Transfers out	(2,000)	(2,000)	(2,000)		(2,000)		
TOTAL OTHER FINANCING SOURCES (USES)			1,663	2,000	3,663	3,663	
Net change in fund balances	3,000	3,000	26,713	15,375	42,088	39,088	25,302
FUND BALANCES, beginning	362,174	362,174	181,993	180,181	362,174		336,872
FUND BALANCES, ending	\$ 365,174	\$ 365,174	\$ 208,706	\$ 195,556	\$ 404,262	\$ 39,088	\$ 362,174

CITY OF CHATFIELD, MINNESOTA
FIRE FUND
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2023
With Comparative Totals for the Year Ended December 31, 2022

	Budgeted Amounts		220 Fire	221 Fire Capital	2023 Actual Amounts	Variance with Final Budget - Positive (Negative)	2022 Actual Amounts
	Original	Final					
REVENUES							
Intergovernmental revenues:							
Township contributions	\$ 70,117	\$ 70,117	\$ 69,064	\$	\$ 69,064	\$ (1,053)	\$ 66,407
Federal grants							3,175
Training and reimbursement							4,830
Charges for services	8,000	8,000	9,250		9,250	1,250	15,792
Investment income			1,952	8,441	10,393	10,393	5,136
Donations	100,000	100,000		122,455	122,455	22,455	144,730
Miscellaneous			407		407	407	658
TOTAL REVENUES	178,117	178,117	80,673	130,896	211,569	33,452	240,728
EXPENDITURES							
Public Safety							
Salaries and wages	29,000	29,000	30,602		30,602	(1,602)	35,736
Employee benefits and retirement	5,119	5,119	9,247		9,247	(4,128)	9,375
Workers compensation	18,000	18,000	11,609		11,609	6,391	10,066
Operating supplies	2,000	2,000	2,723		2,723	(723)	2,844
Small tools and minor equipment	4,000	4,000	3,596		3,596	404	5,906
Vehicle operating supplies	1,800	1,800	2,064		2,064	(264)	3,011
Insurance	4,700	4,700	5,366		5,366	(666)	4,894
Utilities	9,000	9,000	8,988		8,988	12	10,708
Maintenance and repairs	10,000	10,000	8,955		8,955	1,045	18,497
Training	3,000	3,000	282		282	2,718	1,510
Capital outlay	12,000	12,000		4,441	4,441	7,559	46,523
Other	9,540	9,540	7,885	4,279	12,164	(2,624)	9,406
TOTAL EXPENDITURES	108,159	108,159	91,317	8,720	100,037	8,122	158,476
Excess (deficiency) of revenues over (under) expenditures	69,958	69,958	(10,644)	122,176	111,532	41,574	82,252
OTHER FINANCING SOURCES (USES)							
Transfers in	116,617	116,617	70,117	46,500	116,617		116,740
Transfers out	(49,480)	(49,480)	(49,480)		(49,480)		(49,330)
TOTAL OTHER FINANCING SOURCES (USES)	67,137	67,137	20,637	46,500	67,137		67,410
Net change in fund balances	137,095	137,095	9,993	168,676	178,669	41,574	149,662
FUND BALANCES, beginning	521,899	521,899	94,781	427,118	521,899		372,237
FUND BALANCES, ending	\$ 658,994	\$ 658,994	\$ 104,774	\$ 595,794	\$ 700,568	\$ 41,574	\$ 521,899

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

For the Year Ended December 31, 2023
With Comparative Totals for the Year Ended December 31, 2022

	Budgeted Amounts		Fund 240	Variance with	2022
	Original	Final	2023 Actual Amounts	Final Budget - Positive (Negative)	Actual Amounts
REVENUES					
Investment income	\$ 500	\$ 500	\$ 230	\$ (270)	\$ 182
Miscellaneous	2,600	2,600	1,164	(1,436)	2,612
TOTAL REVENUES	<u>3,100</u>	<u>3,100</u>	<u>1,394</u>	<u>(1,706)</u>	<u>2,794</u>
EXPENDITURES					
Community Development					
Repairs and maintenance	500	500	413	87	380
Professional services	51,500	51,500	50,979	521	57,052
Other	27,730	27,730	32,559	(4,829)	23,924
TOTAL EXPENDITURES	<u>79,730</u>	<u>79,730</u>	<u>83,951</u>	<u>(4,221)</u>	<u>81,356</u>
Deficiency of revenues under expenditures	(76,630)	(76,630)	(82,557)	(5,927)	(78,562)
OTHER FINANCING SOURCES					
Transfers in	76,230	76,230	76,230		74,000
Net change in fund balances	(400)	(400)	(6,327)	(5,927)	(4,562)
FUND BALANCES, beginning	<u>43,053</u>	<u>43,053</u>	<u>43,053</u>		<u>47,615</u>
FUND BALANCES, ending	<u>\$ 42,653</u>	<u>\$ 42,653</u>	<u>\$ 36,726</u>	<u>\$ (5,927)</u>	<u>\$ 43,053</u>

CITY OF CHATFIELD, MINNESOTA
AMBULANCE FUND
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2023
With Comparative Totals for the Year Ended December 31, 2022

	Budgeted Amounts		230 Ambulance	231 Ambulance Capital Reserve	2023 Actual Amounts	Variance with Final Budget - Positive (Negative)	2022 Actual Amounts
	Original	Final					
REVENUES							
Intergovernmental revenues:							
County contract	\$ 4,500	\$ 4,500	\$ 4,500	\$	\$ 4,500	\$	\$ 4,500
Township contributions	62,000	62,000	57,824		57,824	(4,176)	57,174
Training reimbursement	4,000	4,000	2,750		2,750	(1,250)	2,750
Other			1,000		1,000	1,000	500
Charges for services	200,000	200,000	189,521		189,521	(10,479)	231,195
Training revenue	18,000	18,000	4,800		4,800	(13,200)	14,325
Investment income			2,119	2,854	4,973	4,973	2,180
Contributions	14,000	14,000		21,590	21,590	7,590	25,691
Miscellaneous	250	250	139		139	(111)	7,008
TOTAL REVENUES	302,750	302,750	262,653	24,444	287,097	(15,653)	345,323
EXPENDITURES							
Public Safety							
Salaries and wages	165,000	165,000	166,169		166,169	(1,169)	152,578
Employee benefits and retirement	25,623	25,623	26,791		26,791	(1,168)	25,282
Workers compensation	10,000	10,000	9,502		9,502	498	11,385
Health insurance	25,050	25,050	28,298		28,298	(3,248)	27,602
Training	11,500	11,500	5,057		5,057	6,443	5,985
Small tools and minor equipment	4,000	4,000	263	3,356	3,619	381	1,919
Office supplies	1,000	1,000				1,000	
Operating supplies	11,000	11,000	10,046		10,046	954	12,046
Vehicle operating supplies	5,000	5,000	4,818		4,818	182	7,023
Internet and telephone	5,300	5,300	5,877		5,877	(577)	5,041
Printing and publications	1,900	1,900	327	1,461	1,788	112	2,002
Insurance	1,800	1,800	775		775	1,025	776
Utilities	5,000	5,000	7,718		7,718	(2,718)	7,969
Maintenance and repairs	17,500	17,500	26,512		26,512	(9,012)	17,213
Medical services	5,000	5,000	5,552		5,552	(552)	8,835
Clothing	2,750	2,750	1,174		1,174	1,576	2,541
License, permits, dues and subscription	15,500	15,500	17,219		17,219	(1,719)	14,655
Capital outlay	260,000	260,000				260,000	
Refunds	1,500	1,500	936		936	564	
Departmental capital charge	1,150	1,150	1,150		1,150		1,150
Other	3,900	3,900	3,089	549	3,638	262	2,811
TOTAL EXPENDITURES	579,473	579,473	321,273	5,366	326,639	252,834	306,813
Excess (deficiency) of revenues over (under) expenditures	(276,723)	(276,723)	(58,620)	19,078	(39,542)	237,181	38,510
OTHER FINANCING SOURCES (USES)							
Transfers in	125,500	125,500	84,095	46,000	130,095	4,595	124,000
Transfers out	(61,150)	(61,150)	(61,150)		(61,150)		(59,650)
TOTAL OTHER FINANCING SOURCES (USES)	64,350	64,350	22,945	46,000	68,945	4,595	64,350
Net change in fund balances	(212,373)	(212,373)	(35,675)	65,078	29,403	241,776	102,860
FUND BALANCES, beginning	495,185	495,185	358,036	137,149	495,185		392,325
FUND BALANCES, ending	\$ 282,812	\$ 282,812	\$ 322,361	\$ 202,227	\$ 524,588	\$ 241,776	\$ 495,185

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, 2023
With Comparative Totals for the Year Ended December 31, 2022

	Budgeted Amounts		Fund 360 2023 Actual Amounts	Variance with Final Budget - Positive (Negative)	2022 Actual Amounts
	Original	Final			
REVENUES					
Investment income	\$ 5,112	\$ 5,112	\$ 8,265	\$ 3,153	\$ 7,582
Miscellaneous	23,603	23,603	31,159	7,556	29,396
TOTAL REVENUES	28,715	28,715	39,424	10,709	36,978
EXPENDITURES					
Loan advances					40,000
Net change in fund balances	28,715	28,715	39,424	10,709	(3,022)
FUND BALANCES, beginning	133,772	133,772	133,772		136,794
FUND BALANCES, ending	<u>\$ 162,487</u>	<u>\$ 162,487</u>	<u>\$ 173,196</u>	<u>\$ 10,709</u>	<u>\$ 133,772</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, 2023
With Comparative Totals for the Year Ended December 31, 2022

	Budgeted Amounts		Fund 361 2023 Actual Amounts	Variance with Final Budget - Positive (Negative)	2022 Actual Amounts
	Original	Final			
REVENUES					
Investment income	\$ 3,720	\$ 3,720	\$ 3,605	\$ (115)	\$ 3,644
Miscellaneous	37,056	37,056	37,933	877	37,562
TOTAL REVENUES	40,776	40,776	41,538	762	41,206
EXPENDITURES					
DEED repayments to state	32,280	32,280	32,289	(9)	32,288
Net change in fund balances	8,496	8,496	9,249	753	8,918
FUND BALANCES, beginning	35,956	35,956	35,956		27,038
FUND BALANCES, ending	<u>\$ 44,452</u>	<u>\$ 44,452</u>	<u>\$ 45,205</u>	<u>\$ 753</u>	<u>\$ 35,956</u>

CITY OF CHATFIELD, MINNESOTA
INTERNAL SERVICE FUND
Statements of Net Position
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash and investments	\$ 1,013,696	\$ 926,575
Due from other governmental units	44,950	
Total Current Assets	1,058,646	926,575
Noncurrent Assets		
Capital assets:		
Nondepreciable	127,727	5,813
Depreciable	5,250,664	5,536,806
Less: Accumulated depreciation	2,544,315	2,662,633
Net capital assets	2,834,076	2,879,986
Total Assets	3,892,722	3,806,561
LIABILITIES		
Accounts payable	13,274	
NET POSITION		
Invested in capital assets	2,834,076	2,879,986
Unrestricted	1,045,372	926,575
Total Net Position	\$ 3,879,448	\$ 3,806,561

CITY OF CHATFIELD, MINNESOTA
INTERNAL SERVICE FUND
Statements of Revenues, Expenses,
and Changes in Net Position
For the Years Ended December 31, 2023 and 2022

	2023	2022
Operating Revenues		
Departmental capital charge	\$ 349,236	\$ 338,869
Operating Expenses		
Depreciation	260,303	260,559
Repairs	90,419	88,215
Professional services	3,328	
Supplies and minor equipment	46,480	
Other	810	872
Total Operating Expenses	401,340	349,646
Operating Loss	(52,104)	(10,777)
Nonoperating Revenues		
Investment income	17,808	10,821
Intergovernmental	69,950	
Miscellaneous	17,196	21,508
Gain on sale of assets	51,380	152,328
Total Nonoperating Revenues	156,334	184,657
INCOME BEFORE TRANSFERS	104,230	173,880
Transfers in	19,200	2,100
Transfers out	(50,543)	(47,405)
CHANGE IN NET POSITION	72,887	128,575
NET POSITION - BEGINNING OF YEAR	3,806,561	3,677,986
NET POSITION - END OF YEAR	\$ 3,879,448	\$ 3,806,561

CITY OF CHATFIELD, MINNESOTA
INTERNAL SERVICE FUND
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Cash received from other departments	\$ 304,286	\$ 338,869
Cash paid to suppliers	(137,709)	(102,601)
Net Cash Provided by Operating Activities	166,577	236,268
Cash Flows From Noncapital Financing Activities		
Miscellaneous	17,196	21,508
Intergovernmental	69,950	
Transfers in/out, net	(31,343)	(45,305)
Net Cash Provided By (Used In) Noncapital Financing Activities	55,803	(23,797)
Capital and Related Financing Activities		
Capital asset acquisitions	(211,320)	(285,581)
Proceeds from sale of assets	58,253	49,039
Net Cash Used In Capital and Related Financing Activities	(153,067)	(236,542)
Cash Flows From Investing Activities		
Investment income received	17,808	10,821
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	87,121	(13,250)
CASH AND INVESTMENTS, BEGINNING OF YEAR	926,575	939,825
CASH AND INVESTMENTS, END OF YEAR	\$ 1,013,696	\$ 926,575

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

Operating Loss	\$ (52,104)	\$ (10,777)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities		
Depreciation	260,303	260,559
Increase (Decrease) in:		
Due from other governmental units	(44,950)	
Accounts payable	3,328	(13,514)
Net Cash Provided By Operating Activities	\$ 166,577	\$ 236,268
Noncash Capital and Related Financing Activities		
Capital asset additions included in accounts payable	\$ 9,946	\$

(This Page Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA
SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
WATER FUND
(601/339/336/303/403/623)
Statements of Net Position
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash and investments	\$ 477,198	\$ 991,940
Accounts receivable	48,609	48,322
Special assessments receivable	9,948	6,471
Special assessments delinquent	523	547
Total Current Assets	536,278	1,047,280
Capital Assets		
Nondepreciable	1,186,552	436,973
Depreciable	4,253,930	4,220,230
Less: Accumulated depreciation	1,932,227	1,800,513
Net Capital Assets	3,508,255	2,856,690
Deferred Outflows of Resources		
Deferred outflows from pension activity	13,157	18,993
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 4,057,690	\$ 3,922,963
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 3,086	\$ 3,088
Accrued compensated absences	8,510	8,110
Current maturities of bonds payable	94,640	61,100
Accrued interest payable	22,975	22,395
Total Current Liabilities	129,211	94,693
Noncurrent Liabilities		
Net pension liability	45,856	64,710
Bonds payable, net of current maturities and unamortized premium	1,590,817	1,331,980
Total Noncurrent Liabilities	1,636,673	1,396,690
Total Liabilities	1,765,884	1,491,383
Deferred Inflows of Resources		
Deferred inflows from pension activity	16,713	1,664
NET POSITION		
Net investment in capital assets	2,070,397	2,261,463
Unrestricted	204,696	168,453
Total Net Position	2,275,093	2,429,916
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 4,057,690	\$ 3,922,963

**CITY OF CHATFIELD, MINNESOTA
 PROPRIETARY FUNDS
 WATER FUND
 (601/339/336/303/403/623)**

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

For the Year Ended December 31, 2023

With Comparative Totals for the Year Ended December 31, 2022

	Budgeted Amounts		2023 Actual Amounts	Variance with Final Budget - Positive (Negative)	2022 Actual Amounts
	Original	Final			
Operating Revenue					
Service fees and charges	\$ 423,100	\$ 423,100	\$ 459,149	\$ 36,049	\$ 413,069
Operating Expenses					
Salaries and wages	75,000	75,000	85,698	(10,698)	73,287
Employee benefits and retirement	11,363	11,363	14,739	(3,376)	12,796
Health insurance	9,830	9,830	10,064	(234)	9,819
Workers compensation	3,000	3,000	3,054	(54)	2,470
Supplies and minor equipment	12,000	12,000	13,755	(1,755)	7,843
Utilities	22,000	22,000	24,632	(2,632)	22,936
Maintenance and repairs	16,200	16,200	27,926	(11,726)	14,353
Travel and training	800	800	100	700	71
Professional fees	32,775	32,775	18,987	13,788	39,825
Office expense	1,500	1,500	1,756	(256)	1,574
Insurance	4,500	4,500	10,076	(5,576)	8,513
Depreciation			131,714	(131,714)	133,936
Departmental capital charge	5,200	5,200	5,200		14,570
Other	8,443	8,443	11,267	(2,824)	10,856
Total Operating Expenses	202,611	202,611	358,968	(156,357)	352,849
Operating Income	220,489	220,489	100,181	120,308	60,220
Nonoperating Revenues (Expenses)					
Investment income	5,000	5,000	1,845	(3,155)	10,323
Refunds and reimbursements	1,000	1,000	10,775	9,775	2,197
Special assessments	8,000	8,000	13,436	5,436	11,696
State aid	9,000	9,000		(9,000)	
Connection and access fees	11,200	11,200	15,710	4,510	4,800
Interest expense and fiscal charges	(39,403)	(39,403)	(53,379)	(13,976)	(24,316)
Total Nonoperating Revenues (Expenses)	(5,203)	(5,203)	(11,613)	(6,410)	4,700
INCOME BEFORE TRANSFERS	215,286	215,286	88,568	(126,718)	64,920
Transfers in			17,781	17,781	8,054
Transfers out	(225,691)	(225,691)	(261,172)	(35,481)	(183,645)
CHANGE IN NET POSITION	(10,405)	(10,405)	(154,823)	(144,418)	(110,671)
NET POSITION - BEGINNING OF YEAR	2,429,916	2,429,916	2,429,916		2,540,587
NET POSITION - END OF YEAR	\$ 2,419,511	\$ 2,419,511	\$ 2,275,093	\$ (144,418)	\$ 2,429,916

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
SEWER FUND
(602/622/341/337/333)
Statements of Net Position
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash and investments	\$ 548,674	\$ 512,250
Accounts receivable	116,832	116,224
Special assessments receivable	29,864	20,405
Special assessments delinquent	1,647	1,724
Total Current Assets	697,017	650,603
Capital Assets		
Nondepreciable	30,246	30,246
Depreciable	13,115,829	13,115,829
Less: Accumulated depreciation	7,704,218	7,406,895
Net Capital Assets	5,441,857	5,739,180
Deferred Outflows of Resources		
Deferred outflows from pension activity	23,254	34,566
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 6,162,128	\$ 6,424,349
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 10,211	\$ 7,848
Accrued compensated absences	15,475	15,099
Current maturities of bonds payable	497,000	486,500
Accrued interest payable	20,780	24,780
Total Current Liabilities	543,466	534,227
Noncurrent Liabilities		
Net pension liability	80,423	116,755
Bonds payable, net of current maturities and unamortized premium	2,049,445	2,552,334
Total Noncurrent Liabilities	2,129,868	2,669,089
Total Liabilities	2,673,334	3,203,316
Deferred Inflows of Resources		
Deferred inflows from pension activity	28,741	2,971
NET POSITION		
Net investment in capital assets	2,895,412	2,700,346
Unrestricted	564,641	517,716
Total Net Position	3,460,053	3,218,062
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 6,162,128	\$ 6,424,349

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

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

For the Year Ended December 31, 2023

With Comparative Totals for the Year Ended December 31, 2022

	Budgeted Amounts		2023 Actual Amounts	Variance with Final Budget - Positive (Negative)	2022 Actual Amounts
	Original	Final			
Operating Revenue					
Service fees and charges	\$ 955,000	\$ 955,000	\$ 957,520	\$ 2,520	\$ 953,740
Operating Expenses					
Salaries and wages	140,000	140,000	150,027	(10,027)	135,668
Employee benefits and retirement	21,210	21,210	23,132	(1,922)	24,364
Health insurance	24,060	24,060	22,510	1,550	21,938
Workers compensation	5,800	5,800	6,814	(1,014)	5,633
Supplies and minor equipment	7,250	7,250	5,106	2,144	6,617
Utilities	61,500	61,500	55,052	6,448	56,945
Maintenance and repairs	79,469	79,469	48,240	31,229	50,437
Travel and training	2,050	2,050	1,951	99	130
Professional fees	31,900	31,900	30,909	991	30,470
Office expense	4,000	4,000	4,539	(539)	4,250
Insurance	20,000	20,000	20,949	(949)	18,380
Depreciation			297,323	(297,323)	298,630
Departmental capital charge	9,496	9,496	9,496		9,170
Other	15,000	15,000	11,432	3,568	17,385
Total Operating Expenses	421,735	421,735	687,480	(265,745)	680,017
Operating Income	533,265	533,265	270,040	(263,225)	273,723
Nonoperating Revenues (Expenses)					
Investment income	10,000	10,000	13,209	3,209	9,240
Refunds and reimbursements			2,547	2,547	3,485
Special assessments	30,000	30,000	36,233	6,233	27,837
Connection and access fees	18,200	18,200	14,940	(3,260)	7,800
Interest expense	(42,902)	(42,902)	(44,813)	(1,911)	(54,403)
Total Nonoperating Revenue (Expense)	15,298	15,298	22,116	6,818	(6,041)
INCOME BEFORE TRANSFERS	548,563	548,563	292,156	(256,407)	267,682
Transfers in			15,999	15,999	5,700
Transfers out	(71,164)	(71,164)	(66,164)	5,000	(89,021)
CHANGE IN NET POSITION	477,399	477,399	241,991	(235,408)	184,361
NET POSITION - BEGINNING OF YEAR	3,218,062	3,218,062	3,218,062		3,033,701
NET POSITION - END OF YEAR	\$ 3,695,461	\$ 3,695,461	\$ 3,460,053	\$ (235,408)	\$ 3,218,062

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
GARBAGE FUND (603)
Statements of Net Position
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash and investments	\$ 35,882	\$ 36,254
Accounts receivable	29,920	28,952
Special assessments receivable	9,485	5,642
Special assessments delinquent	456	477
Total Current Assets	\$ 75,743	\$ 71,325
 LIABILITIES		
Current Liabilities		
Accounts payable	\$ 19,617	\$ 19,686
 NET POSITION		
Unrestricted	56,126	51,639
 TOTAL LIABILITIES AND NET POSITION	\$ 75,743	\$ 71,325

CITY OF CHATFIELD, MINNESOTA
GARBAGE FUND (603)
Statement of Revenues, Expenses,
and Changes in Net Position - Budget and Actual
For the Year Ended December 31, 2023
With Comparative Totals for the Year Ended December 31, 2022

	Budgeted Amounts		Fund 603	Variance with	2022
	Original	Final	2023 Actual Amounts	Final Budget - Positive (Negative)	Actual Amounts
Operating Revenue					
Charges for services	\$ 232,700	\$ 232,700	\$ 283,415	\$ 50,715	\$ 257,715
Operating Expenses					
Garbage removal	195,000	195,000	228,952	(33,952)	216,113
City cleanup	17,000	17,000	15,692	1,308	14,473
Supplies and minor equipment	925	925	436	489	386
Maintenance and repairs	6,375	6,375	5,527	848	5,040
Professional fees	2,500	2,500	3,628	(1,128)	2,771
Office expense	1,500	1,500	1,375	125	1,111
Departmental capital charge	5,200	5,200	5,200		5,000
Other	12,800	12,800	14,028	(1,228)	16,203
Total Operating Expenses	241,300	241,300	274,838	(33,538)	261,097
Operating Income (Loss)	(8,600)	(8,600)	8,577	17,177	(3,382)
Nonoperating Revenue					
Investment income	800	800	634	(166)	500
Special assessments	10,000	10,000	12,346	2,346	5,845
Total Nonoperating Revenue	10,800	10,800	12,980	2,180	6,345
INCOME BEFORE TRANSFERS	2,200	2,200	21,557	19,357	2,963
Transfers out	(17,070)	(17,070)	(17,070)		(17,070)
CHANGE IN NET POSITION	(14,870)	(14,870)	4,487	19,357	(14,107)
NET POSITION - BEGINNING OF YEAR	51,639	51,639	51,639		65,746
NET POSITION - END OF YEAR	\$ 36,769	\$ 36,769	\$ 56,126	\$ 19,357	\$ 51,639

(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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 29, 2024.

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

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

Smith, Schafu and Associates, Ltd.

Rochester, Minnesota
February 29, 2024