

CITY OF CHATFIELD, MINNESOTA

FINANCIAL STATEMENTS

DECEMBER 31, 2024

CITY OF CHATFIELD, MINNESOTA

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CITY OF CHATFIELD, MINNESOTA

INTRODUCTORY SECTION

DECEMBER 31, 2024

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CITY OF CHATFIELD, MINNESOTA
LIST OF ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2024

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

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CITY OF CHATFIELD, MINNESOTA

FINANCIAL SECTION

DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chatfield, Minnesota, as of and for the year ended December 31, 2024, 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, 2024, and the respective changes in financial position, cash flows thereof, and the respective budgetary comparison for the General Fund and the major special revenue funds 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, 2023, from which such partial information was derived.

We have previously audited the City's 2023 financial statements and our report dated February 29, 2024, 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, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Smith, Schafn and Associates, Ltd.

Rochester, Minnesota
February 28, 2025

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, 2024.

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 \$31,033,211 (*net position*). Of this amount, \$4,656,528 (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 \$305,264.
- As of the close of the current fiscal year, the City of Chatfield, Minnesota's governmental funds reported combined ending fund balances of \$6,296,026. Of this amount, \$3,802,926 or 60 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 \$1,689,736 or 68 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 twenty-six 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, ambulance fund, and the TIF District 2-5 Dollar General fund which are considered to be major funds. Data from the other twenty-three 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 87-92) 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 closed the fiduciary fund during 2024.

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 36-74 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 79-86 of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Chatfield, Minnesota, assets and deferred outflows exceeded liabilities and deferred inflows by \$31,033,211 at the close of the most recent fiscal year.

The largest portion of the City of Chatfield, Minnesota's net position (\$23,889,555) reflects its investment in capital assets (e.g. land, buildings, vehicles, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Chatfield, Minnesota uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Chatfield, Minnesota's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Chatfield, Minnesota Net Position						
	Governmental		Business-Type			
	Activities		Activities		Totals	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 8,117,419	\$ 8,212,880	\$ 687,499	\$ 1,309,038	\$ 8,804,918	\$ 9,521,918
Capital assets	25,448,110	26,603,140	9,840,656	8,950,112	35,288,766	35,553,252
Total assets	33,565,529	34,816,020	10,528,155	10,259,150	44,093,684	45,075,170
Deferred outflows of resources	108,150	108,150	26,330	36,411	134,480	144,561
Long-term liabilities						
outstanding	8,509,669	9,548,601	3,732,898	4,358,181	12,242,567	13,906,782
Other liabilities	460,071	374,190	117,556	100,654	577,627	474,844
Total liabilities	8,969,740	9,922,791	3,850,454	4,458,835	12,820,194	14,381,626
Deferred inflows of resources	1,036,805	1,005,218	64,981	45,454	1,101,786	1,050,672
Net position:						
Net investment in capital assets	17,681,853	18,146,859	6,207,702	4,965,809	23,889,555	23,112,668
Restricted	2,487,128	2,760,932			2,487,128	2,760,932
Unrestricted	4,225,180	4,028,884	431,348	825,463	4,656,528	4,854,347
Total net position	\$ 24,394,161	\$ 24,936,675	\$ 6,639,050	\$ 5,791,272	\$ 31,033,211	\$ 30,727,947

The balance of *unrestricted net position* of \$4,656,528 may be used to meet the government's ongoing obligations to citizens and creditors.

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

Governmental activities. Governmental activities decreased the City of Chatfield, Minnesota's net position by \$542,514.

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 \$847,778.

A condensed version of the Statement of Activities follows:

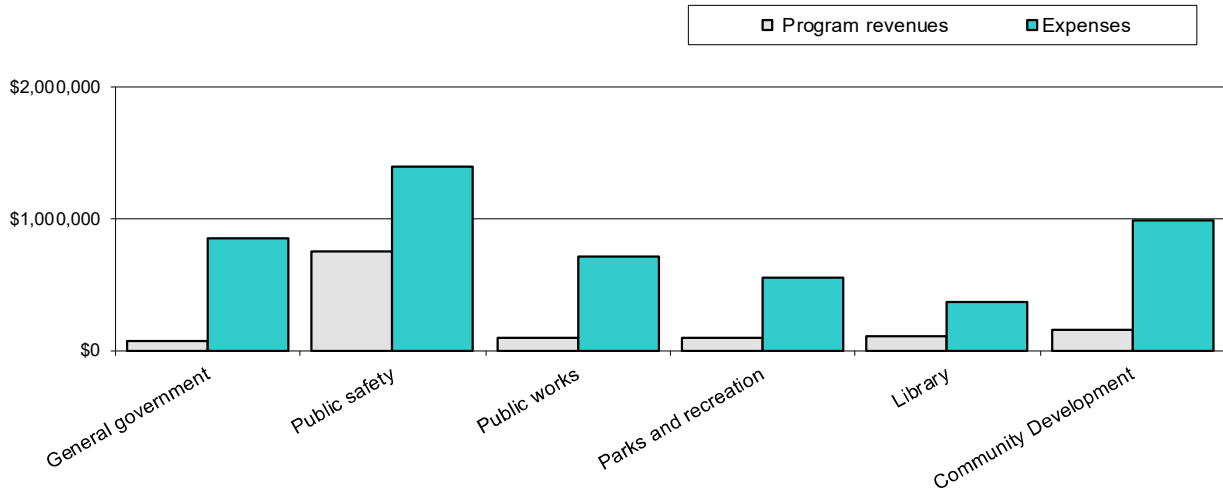
City of Chatfield, Minnesota Change in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Revenue:						
Program revenues:						
Charges for services	\$ 413,323	\$ 369,452	\$ 1,810,140	\$ 1,730,734	\$ 2,223,463	\$ 2,100,186
Operating grants and contributions	665,023	527,929			665,023	527,929
Capital grants and contributions	185,296	659,554		62,015	185,296	721,569
General revenues:						
Property taxes	2,579,262	2,599,860			2,579,262	2,599,860
Tax increments	29,941	230,348			29,941	230,348
Grants and contributions not restricted to specific programs						
Local government aid	949,457	866,853			949,457	866,853
Other	1,083	599			1,083	599
Miscellaneous	238,064	166,308	39,962	29,010	278,026	195,318
Total revenues	5,061,449	5,420,903	1,850,102	1,821,759	6,911,551	7,242,662
Expenses:						
General government	842,280	891,435			842,280	891,435
Public safety	1,391,341	1,342,207			1,391,341	1,342,207
Public works	709,072	694,418			709,072	694,418
Parks and recreation	552,570	536,830			552,570	536,830
Library	359,778	356,465			359,778	356,465
Community development	983,198	789,599			983,198	789,599
Interest on long-term debt	259,829	239,824			259,829	239,824
Water			459,471	412,347	459,471	412,347
Sewer			783,914	732,293	783,914	732,293
Garbage			264,834	274,838	264,834	274,838
Total expenses	5,098,068	4,850,778	1,508,219	1,419,478	6,606,287	6,270,256
Change in net position before transfers	(36,619)	570,125	341,883	402,281	305,264	972,406
Transfers	(505,895)	310,626	505,895	(310,626)		
Change in net position	(542,514)	880,751	847,778	91,655	305,264	972,406
Net position, beginning	24,936,675	24,055,924	5,791,272	5,699,617	30,727,947	29,755,541
Net position, end of year	\$ 24,394,161	\$ 24,936,675	\$ 6,639,050	\$ 5,791,272	\$ 31,033,211	\$ 30,727,947

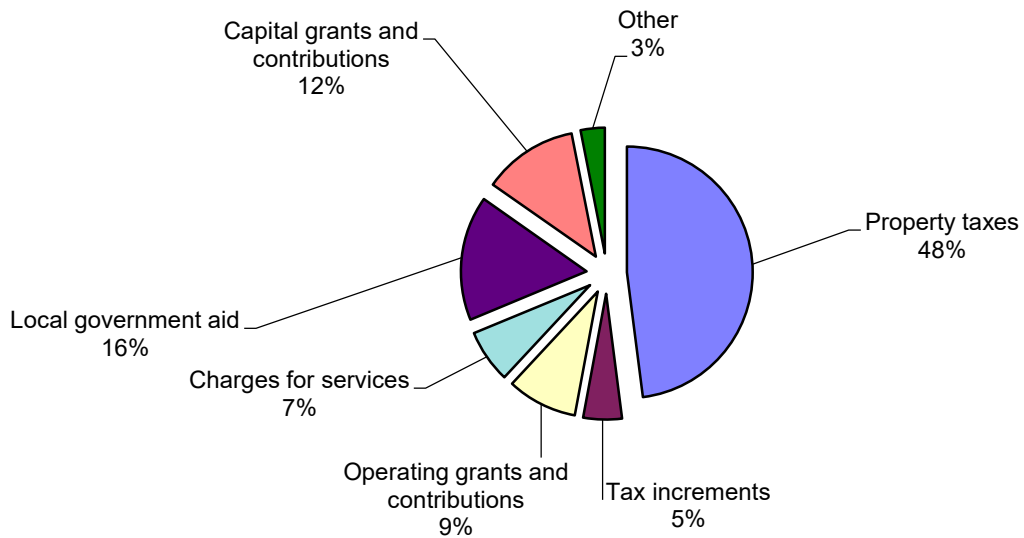
CITY OF CHATFIELD, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

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



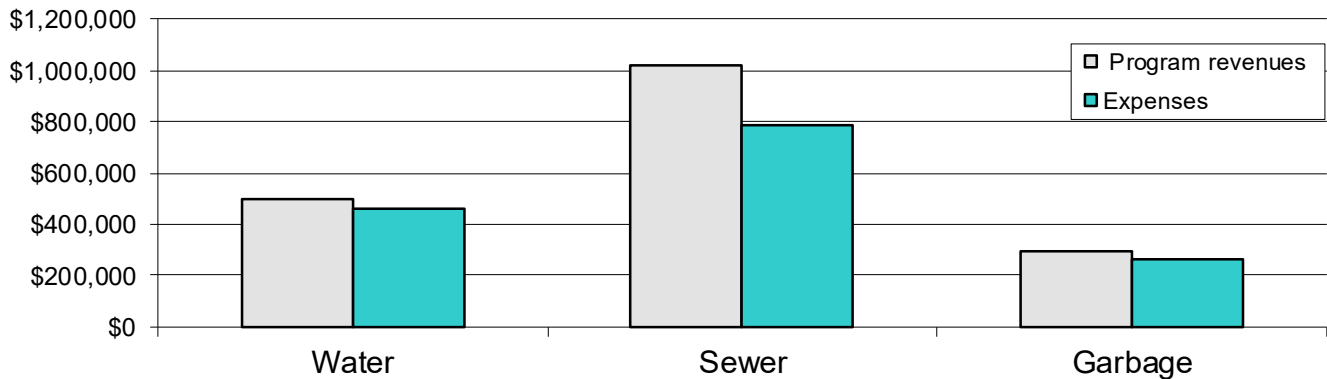
Revenues by Source - Governmental Activities



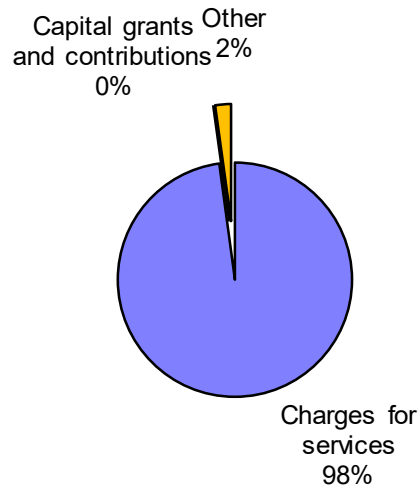
**CITY OF CHATFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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 \$6,296,026 a decrease of \$98,274. This decrease is primarily due to the purchase of land from the state of Minnesota for future development.

Approximately 22 percent of this total amount, or \$1,390,385, 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 \$1,689,736. 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 68 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 - \$121,695, Sewer - \$251,083, and Garbage - \$58,570.

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 has implemented a 5% increase to the water rates and a 3% increase to the sewer rates for 2025. Annual reviews of the rate structure will be completed to ensure stability of the Utility services.

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.

**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, 2024, amounts to \$35,288,766 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, furniture and fixtures, wastewater treatment facility, park facilities, roads, and bridges. The total decrease in the City of Chatfield, Minnesota's reported capital assets, net of depreciation, for the current fiscal year was \$264,486.

City of Chatfield, Minnesota Capital Assets

(net of depreciation)

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2024	2023	2024	2023	2024	2023
Land	\$ 1,090,215	\$ 932,765	\$ 60,492	\$ 60,492	\$ 1,150,707	\$ 993,257
Construction in process	109,384	1,845,469		1,156,306	109,384	3,001,775
Buildings and improvements	17,707,755	18,346,700			17,707,755	18,346,700
Vehicles	1,079,239	846,808			1,079,239	846,808
Machinery and equipment	865,337	953,841	810,520	628,587	1,675,857	1,582,428
Furniture and fixtures	69,415	82,814			69,415	82,814
Wastewater treatment facility			8,969,644	7,104,727	8,969,644	7,104,727
Infrastructure	4,526,765	3,594,743			4,526,765	3,594,743
Total	<u>\$ 25,448,110</u>	<u>\$ 26,603,140</u>	<u>\$ 9,840,656</u>	<u>\$ 8,950,112</u>	<u>\$ 35,288,766</u>	<u>\$ 35,553,252</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 \$11,232,000 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			
	2024	2023	2024	2023	2024	2023
G.O. bonds and notes	\$ 7,639,660	\$ 8,348,020	\$	\$	\$ 7,639,660	\$ 8,348,020
G.O. revenue bonds and notes			3,592,340	4,183,980	3,592,340	4,183,980
Unamortized premium	126,597	141,637	40,614	47,922	167,211	189,559
Compensated absences	309,014	162,450	49,789	23,985	358,803	186,435
Total	<u>\$ 8,075,271</u>	<u>\$ 8,652,107</u>	<u>\$ 3,682,743</u>	<u>\$ 4,255,887</u>	<u>\$11,758,014</u>	<u>\$12,907,994</u>

The City of Chatfield, Minnesota's total long-term liabilities decreased by \$1,149,980 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, 2024

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CITY OF CHATFIELD, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2024
With Comparative Totals for December 31, 2023

	Governmental Activities	Business-Type Activities	Totals	
			2024	2023
ASSETS				
Cash and investments	\$ 7,315,475	\$ 425,024	\$ 7,740,499	\$ 8,136,759
Receivables	573,460	262,475	835,935	1,157,124
Prepaid items	17,169		17,169	16,720
Net pension asset	211,315		211,315	211,315
Capital assets:				
Nondepreciable	1,199,599	60,492	1,260,091	3,995,032
Depreciable, net	24,248,511	9,780,164	34,028,675	31,558,220
Total Assets	<u>33,565,529</u>	<u>10,528,155</u>	<u>44,093,684</u>	<u>45,075,170</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pension activity	727,027	26,330	753,357	976,925
Deferred outflows from fire relief pension activity	108,150		108,150	108,150
Total Deferred Outflows of Resources	<u>835,177</u>	<u>26,330</u>	<u>861,507</u>	<u>1,085,075</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 34,400,706</u>	<u>\$ 10,554,485</u>	<u>\$ 44,955,191</u>	<u>\$ 46,160,245</u>
LIABILITIES				
Accounts payable	\$ 39,216	\$ 29,638	\$ 68,854	\$ 122,008
Accrued interest payable	111,841	38,129	149,970	166,401
Accrued compensated absences	309,014	49,789	358,803	186,435
Noncurrent liabilities:				
Due within one year	830,720	604,280	1,435,000	1,300,000
Due in more than one year	6,935,537	3,028,674	9,964,211	11,421,559
Net pension liability	743,412	99,944	843,356	1,185,223
Total Liabilities	<u>8,969,740</u>	<u>3,850,454</u>	<u>12,820,194</u>	<u>14,381,626</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pension activity	1,004,298	64,981	1,069,279	1,018,165
Deferred inflows from fire relief pension activity	32,507		32,507	32,507
Total Deferred Inflows of Resources	<u>1,036,805</u>	<u>64,981</u>	<u>1,101,786</u>	<u>1,050,672</u>
NET POSITION				
Net investment in capital assets	17,681,853	6,207,702	23,889,555	23,112,668
Restricted for:				
Fire pension	211,315		211,315	211,315
Revolving loans	438,520		438,520	653,258
Debt service	1,837,293		1,837,293	1,820,716
Unrestricted	4,225,180	431,348	4,656,528	4,929,990
Total Net Position	<u>24,394,161</u>	<u>6,639,050</u>	<u>31,033,211</u>	<u>30,727,947</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 34,400,706</u>	<u>\$ 10,554,485</u>	<u>\$ 44,955,191</u>	<u>\$ 46,160,245</u>

See Notes to the Financial Statements

CITY OF CHATFIELD, MINNESOTA
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2024

With Comparative Totals for the Fiscal Year Ending December 31, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 842,280	\$ 34,445	\$ 39,404	\$
Public safety	1,391,341	278,124	283,638	185,118
Public works	709,072		91,764	178
Parks and recreation	552,570	93,896		
Library	359,778	5,670	97,206	
Community development	983,198	1,188	153,011	
Interest on long-term debt	259,829			
Total governmental activities	5,098,068	413,323	665,023	185,296
Business-Type activities:				
Water	459,471	499,252		
Sewer	783,914	1,017,998		
Garbage	264,834	292,890		
Total business-type activities	1,508,219	1,810,140		
Total	\$ 6,606,287	\$ 2,223,463	\$ 665,023	\$ 185,296

General revenues:

 General property taxes

 Tax increments

 Grants and contributions not restricted to specific programs:

 Local government aid

 Other

 Investment income

 Insurance recovery

 Miscellaneous

Transfers and contributed capital

 Total general revenues, transfers, and contributed capital

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	
		2024	2023
\$ (768,431)	\$	\$ (768,431)	\$ (795,239)
(644,461)		(644,461)	(668,596)
(617,130)		(617,130)	(630,982)
(458,674)		(458,674)	(439,547)
(256,902)		(256,902)	(246,263)
(828,999)		(828,999)	(273,392)
(259,829)		(259,829)	(239,824)
<u>(3,834,426)</u>		<u>(3,834,426)</u>	<u>(3,293,843)</u>
	39,781	39,781	75,948
	234,084	234,084	276,400
	28,056	28,056	20,923
	<u>301,921</u>	<u>301,921</u>	<u>373,271</u>
<u>(3,834,426)</u>	<u>301,921</u>	<u>(3,532,505)</u>	<u>(2,920,572)</u>
2,579,262		2,579,262	2,599,860
29,941		29,941	230,348
949,457		949,457	866,853
1,083		1,083	599
176,223	11,207	187,430	139,502
			3,754
61,841	28,755	90,596	52,062
(505,895)	505,895		
<u>3,291,912</u>	<u>545,857</u>	<u>3,837,769</u>	<u>3,892,978</u>
(542,514)	847,778	305,264	972,406
<u>24,936,675</u>	<u>5,791,272</u>	<u>30,727,947</u>	<u>29,755,541</u>
<u>\$ 24,394,161</u>	<u>\$ 6,639,050</u>	<u>\$ 31,033,211</u>	<u>\$ 30,727,947</u>

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CITY OF CHATFIELD, MINNESOTA

FUND FINANCIAL STATEMENTS

DECEMBER 31, 2024

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CITY OF CHATFIELD, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2024
With Comparative Totals for December 31, 2023

	100 General	Special Revenue Fund 230/231 Ambulance	Capital Project Fund 358 TIF Dist. 2-5 Dollar General	Other Governmental Funds	Totals	
					2024	2023
ASSETS						
Cash and investments	\$ 1,680,052	\$ 210,186	\$	\$ 4,112,099	\$ 6,002,337	\$ 6,061,309
Accounts receivable, net of allowance		258,792		4,518	263,310	225,509
Notes receivable				195,097	195,097	434,857
Due from other governmental units	21,693			30,733	52,426	166,582
Taxes receivable delinquent	42,987			19,640	62,627	35,559
Special assessments receivable						2,383
Due from other funds	1,513				1,513	1,284
Advances to other funds				297,838	297,838	307,876
Prepaid items	17,169				17,169	16,720
TOTAL ASSETS	\$ 1,763,414	\$ 468,978	\$	\$ 4,659,925	\$ 6,892,317	\$ 7,252,079
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$ 13,522	\$ 839	\$	\$ 1,646	\$ 16,007	\$ 75,820
Due to other governmental units				23,209	23,209	
Due to other funds				1,513	1,513	1,284
Advances from other funds			297,838		297,838	307,876
Total Liabilities	13,522	839	297,838	26,368	338,567	384,980
Deferred Inflows of Resources:						
Unavailable revenue:						
Property taxes	42,987			19,640	62,627	35,559
Special assessments						2,383
Notes receivable				195,097	195,097	434,857
Total Deferred Inflows of Resources	42,987			214,737	257,724	472,799
Fund Balance:						
Nonspendable:						
Prepaid items	17,169				17,169	16,720
Advances to other funds				297,838	297,838	307,876
Restricted:						
Creditors (debt covenants)				1,929,494	1,929,494	1,935,247
Regulations				248,599	248,599	218,561
Committed:						
By Council action				405,110	405,110	404,262
Assigned:						
Fund assignments		468,139		1,539,292	2,007,431	1,979,005
Unassigned	1,689,736		(297,838)	(1,513)	1,390,385	1,532,629
Total Fund Balance	1,706,905	468,139	(297,838)	4,418,820	6,296,026	6,394,300
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 1,763,414	\$ 468,978	\$	\$ 4,659,925	\$ 6,892,317	\$ 7,252,079

See Notes to the Financial Statements

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CITY OF CHATFIELD, MINNESOTA
RECONCILIATION OF NET POSITION IN THE
GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND BALANCES
IN THE FUND BASIS FINANCIAL STATEMENTS
December 31, 2024

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

Total governmental fund balances (page 18)	\$ 6,296,026
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental funds - capital assets	\$ 36,873,150	
Less: Accumulated depreciation	<u>(14,326,283)</u>	
		22,546,867

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

Delinquent property taxes	\$ 62,627	
Notes receivable	<u>195,097</u>	
		257,724

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.

4,214,381

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

Bonds and notes payable	\$ (7,639,660)	
Net pension liability	(1,020,683)	
Net pension asset	286,958	
Compensated absences	(309,014)	
Bond premiums net of amortization	(126,597)	
Accrued interest	<u>(111,841)</u>	
		<u>(8,920,837)</u>

Net position of governmental activities (page 15)	<u><u>\$ 24,394,161</u></u>
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CITY OF CHATFIELD, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Special Revenue Fund	Capital Project Fund 358			Totals	
	100 General	230/231 Ambulance	TIF Dist. 2-5 Dollar General	Other Governmental Funds	2024	2023
REVENUES						
Property taxes	\$ 1,667,673	\$	\$	\$ 884,521	\$ 2,552,194	\$ 2,600,780
Special assessments				2,561	2,561	3,348
Tax increments			16,818	13,123	29,941	230,348
Licenses and permits	13,280				13,280	31,636
Fines and forfeits	4,570			368	4,938	5,048
Intergovernmental	1,065,573	164,521		356,640	1,586,734	1,871,633
Franchise fees				20,901	20,901	22,426
Charges for services	103,948	259,215		15,903	379,066	313,269
Training revenue		3,600			3,600	4,800
Investment income (loss)	95,031	5,271	(6,580)	82,501	176,223	123,814
Contributions		24,792		179,520	204,312	169,552
Miscellaneous	33,480	964		358,924	393,368	120,932
TOTAL REVENUES	<u>2,983,555</u>	<u>458,363</u>	<u>10,238</u>	<u>1,914,962</u>	<u>5,367,118</u>	<u>5,497,586</u>
EXPENDITURES						
Current						
General government	740,053			49,424	789,477	887,157
Public safety	768,398	347,734		96,414	1,212,546	1,158,405
Public works	530,652				530,652	530,076
Parks and recreation	400,583				400,583	389,496
Library				284,629	284,629	259,190
Community development	33,652		200	645,321	679,173	463,122
Capital Outlay		282,378		288,251	570,629	2,027,214
Debt Service				995,237	995,237	893,024
TOTAL EXPENDITURES	<u>2,473,338</u>	<u>630,112</u>	<u>200</u>	<u>2,359,276</u>	<u>5,462,926</u>	<u>6,607,684</u>
Excess (deficiency) of revenues over (under) expenditures	<u>510,217</u>	<u>(171,749)</u>	<u>10,038</u>	<u>(444,314)</u>	<u>(95,808)</u>	<u>(1,110,098)</u>
OTHER FINANCING SOURCES (USES)						
Issuance of long-term debt						1,865,000
Premium from issuance of long-term debt						108,580
Insurance recovery						3,754
Sale of assets				26,552	26,552	
Transfers in	134,048	119,300		586,394	839,742	878,450
Transfers out	(795,869)	(4,000)		(68,891)	(868,760)	(536,481)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(661,821)</u>	<u>115,300</u>		<u>544,055</u>	<u>(2,466)</u>	<u>2,319,303</u>
Net change in fund balances	(151,604)	(56,449)	10,038	99,741	(98,274)	1,209,205
FUND BALANCES, beginning	<u>1,858,509</u>	<u>524,588</u>	<u>(307,876)</u>	<u>4,319,079</u>	<u>6,394,300</u>	<u>5,185,095</u>
FUND BALANCES, ending	<u>\$ 1,706,905</u>	<u>\$ 468,139</u>	<u>\$ (297,838)</u>	<u>\$ 4,418,820</u>	<u>\$ 6,296,026</u>	<u>\$ 6,394,300</u>

See Notes to the Financial Statements

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CITY OF CHATFIELD, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2024

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

Net change in fund balances - total governmental funds (page 20)	\$	(98,274)
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Governmental funds reported capital outlays as expenditures.
However, in the statement of activities the cost of those assets
is allocated over their estimated useful lives and reported as
depreciation expense.

Capital outlay	\$	(252,647)
Depreciation expense		<u>(963,741)</u>
		(1,216,388)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(5,809)
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Certain revenues in the statement of activities do not provide current financial resources are not reported as revenues in the funds.		
Unavailable revenue, December 31, 2024	\$	257,724
Unavailable revenue, December 31, 2023		<u>(472,799)</u>
		(215,075)

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		334,933
--	--	---------

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

Principal retirement on long-term debt	\$	708,360
Amortization of bond premium		15,040
Change in accrued interest		<u>10,805</u>
		734,205

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

Change in compensated absences	\$	(146,564)
Change in net pension liability activity		<u>70,458</u>
		(76,106)

Change in net position of governmental activities (pages 16-17)	\$	<u>(542,514)</u>
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See Notes to the Financial Statements

CITY OF CHATFIELD, MINNESOTA
GENERAL FUND
Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		2024	Variance with	2023
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
REVENUES					
Property Tax Levy Collected	\$ 1,694,445	\$ 1,694,445	\$ 1,667,673	\$ (26,772)	\$ 1,852,038
Special Assessments Collected					231
Licenses and Permits	29,025	29,025	13,280	(15,745)	35,661
Intergovernmental Revenues					
Local government aid	949,457	949,457	949,457		866,853
Market value credit			1,083	1,083	599
State police aid	50,000	50,000	45,192	(4,808)	54,447
Highway	2,100	2,100	2,600	500	2,590
Training and reimbursement	7,000	7,000	17,043	10,043	16,247
Other state aid	3,500	3,500	50,198	46,698	134,691
Total Intergovernmental Revenues	1,012,057	1,012,057	1,065,573	53,516	1,075,427
Charges for Services					
Pool fees	92,100	92,100	100,249	8,149	100,796
Camping fees	1,200	1,200		(1,200)	555
Street department fees	3,000	3,000	1,403	(1,597)	
Other	1,875	1,875	2,296	421	4,047
Total Charges for Services	98,175	98,175	103,948	5,773	105,398
Fines and Forfeits					
Parking fines	2,500	2,500	725	(1,775)	1,075
Court fines and other	3,000	3,000	3,845	845	3,616
Total Fines and Forfeits	5,500	5,500	4,570	(930)	4,691
Investment Income	14,000	14,000	95,031	81,031	42,278
Miscellaneous Revenues					
Donations					200
Refunds and reimbursements	12,675	12,675	19,781	7,106	9,443
Other	9,285	9,285	13,699	4,414	9,388
Total Miscellaneous Revenues	21,960	21,960	33,480	11,520	19,031
TOTAL REVENUES	\$ 2,875,162	\$ 2,875,162	\$ 2,983,555	\$ 108,393	\$ 3,134,755

See Notes to the Financial Statements

CITY OF CHATFIELD, MINNESOTA
GENERAL FUND
Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		2024	Variance with	2023
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
EXPENDITURES					
General Government					
Mayor and Council					
Salaries and wages	\$ 24,000	\$ 24,000	\$ 24,320	\$ (320)	\$ 24,787
Employee benefits and retirement	2,186	2,186	1,684	502	1,757
Workers compensation	100	100	88	12	90
Office supplies	150	150		150	148
Printing and publication	2,000	2,000	1,480	520	1,225
Travel and conference	2,750	2,750	849	1,901	2,331
Professional fees	7,000	7,000	1,150	5,850	27,343
Legal fees	10,000	10,000	9,435	565	9,550
Dues and subscription	13,000	13,000	10,289	2,711	12,656
Insurance	2,000	2,000	1,384	616	1,384
Departmental capital charge	900	900	900		900
Other	7,650	7,650	4,951	2,699	3,531
Total Mayor and Council	71,736	71,736	56,530	15,206	85,702
Elections	8,400	8,400	10,563	(2,163)	
Administration					
Salaries and wages	331,328	331,328	346,928	(15,600)	382,428
Employee benefits and retirement	50,196	50,196	51,787	(1,591)	56,528
Workers compensation	2,700	2,700	2,691	9	2,518
Health insurance	50,567	50,567	45,021	5,546	45,709
Office supplies	7,000	7,000	5,711	1,289	5,237
Postage	1,000	1,000	1,639	(639)	449
Audit fees	15,000	15,000	13,750	1,250	11,125
Professional fees	21,000	21,000	17,556	3,444	20,686
Licenses and dues	6,250	6,250	5,049	1,201	6,001
Insurance	6,000	6,000	5,197	803	6,032
Internet and telephone	26,200	26,200	27,909	(1,709)	24,990
Maintenance and repair	2,500	2,500	1,443	1,057	2,089
Travel and conference	7,100	7,100	4,506	2,594	4,115
Departmental capital charge	3,200	3,200	3,200		3,100
Other	12,180	12,180	11,638	542	9,015
Total Administration	542,221	542,221	544,025	(1,804)	580,022
Planning and Zoning					
Printing and publication	500	500	148	352	338
Professional fees	65,000	65,000	46,656	18,344	85,105
Insurance	4,000	4,000	4,275	(275)	4,185
Other	900	900	160	740	600
Total Planning and Zoning	\$ 70,400	\$ 70,400	\$ 51,239	\$ 19,161	\$ 90,228

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, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		2024	Variance with	2023
	Original	Final	Actual	Final Budget - Favorable (Unfavorable)	Actual
EXPENDITURES (Continued)					
General Government (Continued)					
Municipal Building					
Operating supplies	\$ 2,500	\$ 2,500	\$ 2,136	\$ 364	\$ 3,196
Maintenance and repair	15,000	15,000	9,119	5,881	11,981
Contracted services	19,700	19,700	18,186	1,514	17,008
Insurance	8,000	8,000	9,287	(1,287)	8,827
Utilities	12,700	12,700	8,461	4,239	12,014
Departmental capital charge	29,500	29,500	29,500		28,500
Other	850	850	1,007	(157)	207
Total Municipal Building	88,250	88,250	77,696	10,554	81,733
Total General Government	781,007	781,007	740,053	40,954	837,685
Public Safety					
Animal Control					
Operating supplies	150	150	120	30	119
Other	210	210	14	196	14
Total Animal Control	360	360	134	226	133
Civil Defense					
Contracted services	450	450	659	(209)	273
Departmental capital charge	2,000	2,000	2,000		2,000
Total Civil Defense	2,450	2,450	2,659	(209)	2,273
Building Code					
Consultant fee	21,000	21,000	15,093	5,907	12,911
Plan review	2,600	2,600	55	2,545	1,181
Administrative fees	2,600	2,600	481	2,119	3,548
Total Building Code	\$ 26,200	\$ 26,200	\$ 15,629	\$ 10,571	\$ 17,640

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, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		2024	Variance with	2023
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
EXPENDITURES (Continued)					
Public Safety (Continued)					
Police Department					
Salaries and wages	\$ 426,000	\$ 426,000	\$ 428,205	\$ (2,205)	\$ 410,265
Employee benefits and retirement	82,079	82,079	80,811	1,268	74,734
Workers compensation	45,000	45,000	40,666	4,334	41,639
Health insurance	74,575	74,575	70,393	4,182	62,537
Operating supplies	3,000	3,000	889	2,111	1,803
Vehicle operating supplies	8,000	8,000	9,185	(1,185)	9,133
Small tools and minor equipment	3,000	3,000	1,633	1,367	1,358
Internet and telephone	8,100	8,100	6,926	1,174	7,041
Legal fees	7,500	7,500	8,142	(642)	3,697
Uniform allowance	4,250	4,250	1,866	2,384	2,748
Maintenance and repair	7,500	7,500	12,472	(4,972)	5,875
Licenses and dues	2,000	2,000	3,389	(1,389)	9,209
Clothing	2,000	2,000	507	1,493	6,740
Training	4,000	4,000	1,886	2,114	3,968
Contracted services	16,182	16,182	16,471	(289)	10,149
Insurance	18,500	18,500	18,015	485	17,270
Utilities	650	650	6,484	(5,834)	7,718
Departmental capital charge	38,225	38,225	38,225		37,105
Other	5,270	5,270	3,811	1,459	3,135
Total Police Department	755,831	755,831	749,976	5,855	716,124
Total Public Safety	784,841	784,841	768,398	16,443	736,170
Public Works					
Street Department					
Salaries and wages	155,000	155,000	133,797	21,203	118,308
Employee benefits and retirement	23,483	23,483	20,023	3,460	16,469
Health insurance	22,430	22,430	17,103	5,327	10,724
Workers compensation	8,000	8,000	9,572	(1,572)	7,247
Operating supplies	21,250	21,250	15,001	6,249	15,812
Vehicle operating supplies	16,000	16,000	9,605	6,395	12,062
Maintenance and repair	70,000	70,000	32,751	37,249	62,015
Clothing	900	900	738	162	1,145
Snow removal	3,500	3,500	368	3,132	5,330
Insurance	10,500	10,500	11,945	(1,445)	11,717
Internet and telephone	2,500	2,500	2,793	(293)	2,511
Other professional services	21,000	21,000	4,839	16,161	1,884
Small tools and minor equipment	7,000	7,000	2,745	4,255	5,910
Utilities	50,075	50,075	52,607	(2,532)	54,479
Departmental capital charge	212,880	212,880	212,880		202,765
Other	3,350	3,350	3,885	(535)	1,698
Total Public Works	\$ 627,868	\$ 627,868	\$ 530,652	\$ 97,216	\$ 530,076

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, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		2024	Variance with	2023
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
			Amounts		Amounts
EXPENDITURES (Continued)					
Parks and Recreation					
Parks					
Salaries and wages	\$ 85,600	\$ 85,600	\$ 87,228	\$ (1,628)	\$ 75,028
Employee benefits and retirement	11,798	11,798	11,585	213	10,338
Workers compensation	7,000	7,000	8,343	(1,343)	8,091
Health insurance	11,830	11,830	10,732	1,098	10,064
Small tools and minor equipment	2,000	2,000	1,159	841	2,354
Vehicle operating supplies	9,000	9,000	5,348	3,652	6,121
Maintenance and repair	7,500	7,500	6,900	600	9,895
Other professional services	5,000	5,000		5,000	442
Utilities	21,300	21,300	21,934	(634)	24,509
Insurance	8,000	8,000	6,736	1,264	6,426
Departmental capital charge	46,350	46,350	46,350		45,000
Other	8,220	8,220	7,025	1,195	7,937
Total Parks	<u>223,598</u>	<u>223,598</u>	<u>213,340</u>	<u>10,258</u>	<u>206,205</u>
Pool					
Salaries and wages	83,200	83,200	94,717	(11,517)	87,369
Employee benefits and retirement	6,365	6,365	7,245	(880)	6,684
Workers compensation	6,500	6,500	6,965	(465)	6,072
Operating supplies	17,000	17,000	16,407	593	17,175
Maintenance and repair	5,700	5,700	3,873	1,827	5,678
Other professional services	285	285		285	
Utilities	29,000	29,000	21,613	7,387	22,482
Insurance	13,000	13,000	13,982	(982)	13,302
Departmental capital charge	2,500	2,500	2,500		2,500
Other	20,270	20,270	18,341	1,929	20,429
Total Pool	<u>183,820</u>	<u>183,820</u>	<u>185,643</u>	<u>(1,823)</u>	<u>181,691</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>\$ 413,318</u>	<u>\$ 413,318</u>	<u>\$ 400,583</u>	<u>\$ 12,735</u>	<u>\$ 389,496</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, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		2024	Variance with	2023
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
			Amounts		Amounts
EXPENDITURES (Continued)					
Community Development					
Promotional expense	\$ 1,188	\$ 1,188	\$ 3,437	\$ (2,249)	\$ 5,829
Heritage preservation	18,050	18,050	10,000	8,050	18,837
Other	21,455	21,455	20,215	1,240	4,688
Total Community Development	40,693	40,693	33,652	7,041	29,354
TOTAL EXPENDITURES	<u>2,647,727</u>	<u>2,647,727</u>	<u>2,473,338</u>	<u>174,389</u>	<u>2,522,781</u>
Excess of revenues over expenditures	<u>227,435</u>	<u>227,435</u>	<u>510,217</u>	<u>282,782</u>	<u>611,974</u>
OTHER FINANCING SOURCES (USES)					
Insurance recovery					3,754
Transfers in	128,792	128,792	134,048	5,256	144,735
Transfers out	(353,217)	(353,217)	(795,869)	(442,652)	(497,400)
Total Other Financing Sources (Uses)	(224,425)	(224,425)	(661,821)	(437,396)	(348,911)
Net change in fund balances	3,010	3,010	(151,604)	(154,614)	263,063
FUND BALANCES, beginning	<u>1,858,509</u>	<u>1,858,509</u>	<u>1,858,509</u>		<u>1,595,446</u>
FUND BALANCES, ending	<u>\$ 1,861,519</u>	<u>\$ 1,861,519</u>	<u>\$ 1,706,905</u>	<u>\$ (154,614)</u>	<u>\$ 1,858,509</u>

See Notes to the Financial Statements

CITY OF CHATFIELD, MINNESOTA
AMBULANCE FUND
Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		230	231	2024	Variance with	2023
	Original	Final	Ambulance	Ambulance Capital Reserve	Actual Amounts	Final Budget - Positive (Negative)	Actual Amounts
REVENUES							
Intergovernmental revenues:							
County contract	\$ 4,500	\$ 4,500	\$ 6,000	\$	\$ 6,000	\$ 1,500	\$ 4,500
Township contributions	58,000	58,000	58,968		58,968	968	57,824
Training reimbursement	3,000	3,000	4,875		4,875	1,875	2,750
Other	500	500	94,678		94,678	94,178	1,000
Charges for services	228,000	228,000	259,215		259,215	31,215	189,521
Training revenue	15,000	15,000	3,600		3,600	(11,400)	4,800
Investment income	1,000	1,000	2,558	2,713	5,271	4,271	4,973
Contributions	14,500	14,500		24,792	24,792	10,292	21,590
Miscellaneous	300	300	964		964	664	139
TOTAL REVENUES	324,800	324,800	430,858	27,505	458,363	133,563	287,097
EXPENDITURES							
Public Safety							
Salaries and wages	178,014	178,014	189,666		189,666	(11,652)	166,169
Employee benefits and retirement	26,969	26,969	30,019		30,019	(3,050)	26,791
Workers compensation	10,000	10,000	10,944		10,944	(944)	9,502
Health insurance	25,555	25,555	30,240		30,240	(4,685)	28,298
Training	9,000	9,000	5,525		5,525	3,475	5,057
Small tools and minor equipment	4,000	4,000	3,676	8,143	11,819	(7,819)	3,619
Office supplies	500	500				500	
Operating supplies	12,000	12,000	11,345		11,345	655	10,046
Vehicle operating supplies	5,000	5,000	3,759		3,759	1,241	4,818
Internet and telephone	5,300	5,300	5,459		5,459	(159)	5,877
Printing and publications	1,900	1,900	331	1,488	1,819	81	1,788
Insurance	1,800	1,800	978		978	822	775
Utilities	5,000	5,000	6,486		6,486	(1,486)	7,718
Maintenance and repairs	18,000	18,000	16,101		16,101	1,899	26,512
Medical services	6,000	6,000	2,153		2,153	3,847	5,552
Clothing	2,750	2,750	1,916		1,916	834	1,174
License, permits, dues and subscription	16,500	16,500	14,290		14,290	2,210	17,219
Capital outlay	265,000	265,000		282,378	282,378	(17,378)	
Refunds	1,000	1,000	558		558	442	936
Departmental capital charge	1,185	1,185	1,185		1,185		1,150
Other	4,500	4,500	2,847	625	3,472	1,028	3,638
TOTAL EXPENDITURES	599,973	599,973	337,478	292,634	630,112	(30,139)	326,639
Excess (deficiency) of revenues over (under) expenditures	<u>(275,173)</u>	<u>(275,173)</u>	<u>93,380</u>	<u>(265,129)</u>	<u>(171,749)</u>	<u>103,424</u>	<u>(39,542)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	126,800	126,800	79,300	87,500	166,800	40,000	130,095
Transfers out	<u>(51,500)</u>	<u>(51,500)</u>	<u>(51,500)</u>		<u>(51,500)</u>		<u>(61,150)</u>
TOTAL OTHER FINANCING SOURCES (USES)	75,300	75,300	27,800	87,500	115,300	40,000	68,945
Net change in fund balances	(199,873)	(199,873)	121,180	(177,629)	(56,449)	143,424	29,403
FUND BALANCES, beginning	524,588	524,588	322,361	202,227	524,588		495,185
FUND BALANCES, ending	\$ 324,715	\$ 324,715	\$ 443,541	\$ 24,598	\$ 468,139	\$ 143,424	\$ 524,588

See Notes to the Financial Statements

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CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
Statement of Net Position
December 31, 2024
With Comparative Totals for December 31, 2023

	601/339/336 303/403/623	602/622/341 337/333	603	Totals	
	Water	Sewer	Garbage	2024	2023
ASSETS AND DEFERRED					
OUTFLOWS OF RESOURCES					
Current Assets					
Cash and investments	\$ 150,668	\$ 237,446	\$ 36,910	\$ 425,024	\$ 1,061,754
Accounts receivable, net	55,212	121,662	30,408	207,282	195,361
Due from other governmental units					
Special assessments receivable	10,748	32,266	10,248	53,262	49,297
Special assessments delinquent	384	1,212	335	1,931	2,626
Total Current Assets	217,012	392,586	77,901	687,499	1,309,038
Noncurrent Assets					
Capital assets:					
Nondepreciable	30,246	30,246		60,492	1,216,798
Depreciable	5,795,168	14,086,928		19,882,096	17,369,759
Less: Accumulated depreciation	2,106,309	7,995,623		10,101,932	9,636,445
Net capital assets	3,719,105	6,121,551		9,840,656	8,950,112
Deferred Outflows of Resources					
Deferred outflows from pension activity	9,183	17,147		26,330	36,411
TOTAL ASSETS AND DEFERRED					
OUTFLOWS OF RESOURCES					
	\$ 3,945,300	\$ 6,531,284	\$ 77,901	\$ 10,554,485	\$ 10,295,561
LIABILITIES, DEFERRED INFLOWS					
OF RESOURCES, AND NET POSITION					
Current Liabilities					
Accounts payable	\$ 3,446	\$ 6,861	\$ 19,331	\$ 29,638	\$ 32,914
Accrued compensated absences	21,824	27,965		49,789	23,985
Current maturities of bonds payable	101,780	502,500		604,280	591,640
Accrued interest payable	21,440	16,689		38,129	43,755
Total Current Liabilities	148,490	554,015	19,331	721,836	692,294
Noncurrent Liabilities					
Net pension liability	34,695	65,249		99,944	126,279
Bonds payable, net of current maturities and unamortized premium	1,487,618	1,541,056		3,028,674	3,640,262
Total Liabilities	1,670,803	2,160,320	19,331	3,850,454	4,458,835
Deferred Inflows of Resources					
Deferred inflows from pension activity	23,095	41,886		64,981	45,454
NET POSITION					
Net investment in capital assets	2,129,707	4,077,995		6,207,702	4,965,809
Unrestricted	121,695	251,083	58,570	431,348	825,463
Total Net Position	2,251,402	4,329,078	58,570	6,639,050	5,791,272
TOTAL LIABILITIES, DEFERRED INFLOWS					
OF RESOURCES AND NET POSITION					
	\$ 3,945,300	\$ 6,531,284	\$ 77,901	\$ 10,554,485	\$ 10,295,561

See Notes to the Financial Statements

Governmental Activities-Internal
Service Funds
801

Capital Goods	
2024	2023

\$ 1,313,138 \$ 1,013,696

44,950

<u>1,313,138</u>	<u>1,058,646</u>
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127,727	127,727
5,575,594	5,250,664
<u>2,802,078</u>	<u>2,544,315</u>
<u>2,901,243</u>	<u>2,834,076</u>

<u>\$ 4,214,381</u>	<u>\$ 3,892,722</u>
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\$ \$ 13,274

<u> </u>	<u>13,274</u>
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<u> </u>	<u>13,274</u>
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2,901,243	2,834,076
1,313,138	1,045,372
<u>4,214,381</u>	<u>3,879,448</u>

<u>\$ 4,214,381</u>	<u>\$ 3,892,722</u>
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CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
Statement of Revenues, Expenses,
and Changes in Net Position
For the Year Ended December 31, 2024
With Comparative Totals for the Year Ended December 31, 2023

	601/339/336 303/403/623	602/622/341 337/333	603	Totals	
	Water	Sewer	Garbage	2024	2023
Operating Revenues					
Service fees and charges	\$ 495,082	\$ 1,015,398	\$ 292,890	\$ 1,803,370	\$ 1,762,099
Departmental capital charge					
	495,082	1,015,398	292,890	1,803,370	1,762,099
Operating Expenses					
Salaries and wages	100,887	177,182		278,069	235,725
Employee benefits and retirement	12,287	28,716		41,003	37,871
Health insurance	10,732	24,097		34,829	32,574
Workers compensation	3,283	7,294		10,577	9,868
Garbage removal			222,556	222,556	228,952
City clean up			14,870	14,870	15,692
Supplies and minor equipment	9,078	4,636	526	14,240	19,297
Utilities	24,518	51,104		75,622	79,684
Maintenance and repairs	11,246	60,067	5,443	76,756	81,693
Travel and training	628	1,272		1,900	2,051
Professional fees	32,455	31,700	3,106	67,261	53,524
Office expense	1,887	4,607	1,537	8,031	7,670
Insurance	10,165	21,433		31,598	31,025
Depreciation	174,082	315,443		489,525	429,037
Departmental capital charge	5,356	10,356	5,356	21,068	19,896
Other	12,603	10,999	11,440	35,042	36,727
Total Operating Expenses	409,207	748,906	264,834	1,422,947	1,321,286
Operating Income (Loss)	85,875	266,492	28,056	380,423	440,813
Nonoperating Revenues (Expenses)					
Investment income	307	10,172	728	11,207	15,688
Refunds and reimbursements	548	1,173		1,721	13,322
Penalties and discounts	2,570			2,570	
Intergovernmental					
Connection and access fees	1,600	2,600		4,200	30,650
Miscellaneous					
Gain on sale of assets		27,034		27,034	
Interest and fiscal charges	(50,264)	(35,008)		(85,272)	(98,192)
Total Nonoperating Revenues (Expenses)	(45,239)	5,971	728	(38,540)	(38,532)
INCOME BEFORE TRANSFERS AND CONTRIBUTED CAPITAL	40,636	272,463	28,784	341,883	402,281
Contributed capital		798,278		798,278	
Transfers in	150,000	7,700		157,700	33,780
Transfers out	(214,327)	(209,416)	(26,340)	(450,083)	(344,406)
CHANGE IN NET POSITION	(23,691)	869,025	2,444	847,778	91,655
NET POSITION - BEGINNING OF YEAR	2,275,093	3,460,053	56,126	5,791,272	5,699,617
NET POSITION - END OF YEAR	\$ 2,251,402	\$ 4,329,078	\$ 58,570	\$ 6,639,050	\$ 5,791,272

See Notes to the Financial Statements

Governmental Activities-Internal
Service Funds
801

Capital Goods	
2024	2023
\$	\$
362,477	349,236
362,477	349,236
18,634	46,480
61,055	90,419
27,651	3,328
285,636	260,303
28,649	810
421,625	401,340
(59,148)	(52,104)
27,364	17,808
	69,950
25,305	17,196
20,011	51,380
72,680	156,334
13,532	104,230
345,575	19,200
(24,174)	(50,543)
334,933	72,887
3,879,448	3,806,561
\$ 4,214,381	\$ 3,879,448

CITY OF CHATFIELD, MINNESOTA

PROPRIETARY FUNDS

Statement of Cash Flows

For the Year Ended December 31, 2024

With Comparative Totals for the Year Ended December 31, 2023

	Business-Type Activities - Enterprise Funds			Totals	
	Water	Sewer	Garbage	2024	2023
Cash Flows From Operating Activities					
Cash received from customers	\$ 488,366	\$ 1,009,774	\$ 291,760	\$ 1,789,900	\$ 1,756,901
Cash paid to employees	(116,457)	(213,192)		(329,649)	(283,464)
Cash paid to suppliers	(105,799)	(207,053)	(265,120)	(577,972)	(602,936)
Net Cash Provided By Operating Activities	266,110	589,529	26,640	882,279	870,501
Cash Flows From Noncapital Financing Activities					
Connection and access fees	1,600	2,600		4,200	30,650
Intergovernmental					
Miscellaneous	2,570			2,570	
Transfer in/out, net	(64,327)	(201,716)	(26,340)	(292,383)	(310,626)
Net Cash Provided By (Used In) Noncapital Financing Activities	(60,157)	(199,116)	(26,340)	(285,613)	(279,976)
Cash Flows From Capital and Related Financing Activities					
Capital asset acquisitions	(384,932)	(220,795)		(605,727)	(783,279)
Proceeds from sale of assets		50,970		50,970	
Proceeds from issuance of long-term debt					354,161
Principal payments on bonds	(94,640)	(497,000)		(591,640)	(547,600)
Interest payments on bonds	(53,218)	(44,988)		(98,206)	(108,185)
Net Cash Provided By (Used In) Capital and Related Financing Activities	(532,790)	(711,813)		(1,244,603)	(1,084,903)
Cash Flows From Investing Activities					
Investment income	307	10,172	728	11,207	15,688
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	(326,530)	(311,228)	1,028	(636,730)	(478,690)
CASH AND INVESTMENTS, BEGINNING OF YEAR	477,198	548,674	35,882	1,061,754	1,540,444
CASH AND INVESTMENTS, END OF YEAR	\$ 150,668	\$ 237,446	\$ 36,910	\$ 425,024	\$ 1,061,754

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

Operating Income (Loss)	\$ 85,875	\$ 266,492	\$ 28,056	\$ 380,423	\$ 440,813
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	174,082	315,443		489,525	429,037
Change in net pension liability	(805)	4,078		3,273	2,781
Miscellaneous nonoperating income	548	1,173		1,721	13,322
(Increase) Decrease In:					
Accounts receivable	(6,603)	(4,830)	(488)	(11,921)	(1,863)
Special assessments receivable	(800)	(2,402)	(763)	(3,965)	(16,779)
Special assessments delinquent	139	435	121	695	122
Increase (Decrease) In:					
Accounts payable	360	(3,350)	(286)	(3,276)	2,292
Accrued liabilities	13,314	12,490		25,804	776
Net Cash Provided By Operating Activities	\$ 266,110	\$ 589,529	\$ 26,640	\$ 882,279	\$ 870,501
Noncash Capital and Related Financing Activities					
Capital asset additions included in accounts payable	\$	\$	\$	\$	
Receipt of capital contributions		798,278		798,278	

See Notes to the Financial Statements

Governmental Activities- Internal Service Funds 801 Capital Goods	
2024	2023
\$ 362,477	\$ 349,236
(139,317)	(137,709)
223,160	211,527
44,950	25,000
25,305	17,196
321,401	(31,343)
391,656	10,853
(371,439)	(211,320)
28,701	58,253
(342,738)	(153,067)
27,364	17,808
299,442	87,121
1,013,696	926,575
\$ 1,313,138	\$ 1,013,696
\$ (59,148)	\$ (52,104)
285,636	260,303
(3,328)	3,328
\$ 223,160	\$ 211,527
\$	\$ 9,946

CITY OF CHATFIELD, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2024

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

CITY OF CHATFIELD, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended December 31, 2024

	Custodial 805 SE MN TMO
Additions	
Interest income	\$ 108
Total Additions	108
Deductions	
Other services and charges	27,804
CHANGE IN NET POSITION	(27,696)
NET POSITION - BEGINNING	27,696
NET POSITION - ENDING	\$

See Notes to the Financial Statements

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 which the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it is recognized.

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

The City reports the following major governmental funds:

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

The *Ambulance fund* accounts for the financial resources to be used for the services of the ambulance.

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 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 of five years with interest charges of 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.

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.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

Capital Assets (Continued)

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

Compensated Absences

Vacation and sick pay are accrued when earned in the government-wide financial statements and the proprietary fund types. In the Governmental Funds of the fund financial statements, vacation and sick pay are recorded as expenditures and accrued as a current liability only if they have matured, for example, as a result of employee's resignations and retirements. Regular part-time employees who work an average of twenty (20) hours per week will accrue PTO at one-half the rate of regular full-time employees and can carry no more than 200 hours of PTO leave. Regular part-time employees who work an average of thirty (30) hours per week will accumulate PTO leave at three-fourths the rate of full-time employees, up to a maximum of 500 hours. "Earned Sick and Safe Leave" for Fire and Ambulance volunteers, seasonal and temporary employees is paid time off earned at one hour of Earned Sick and Safe for every 30 hours worked, up to a maximum of 48 hours of sick and safe leave per year. The hourly rate of Earned Sick and Safe Leave is the same hourly rate an employee earns from employment with the city. This specific leave applies to all Fire and Ambulance volunteers, temporary and seasonal employees performing work for at least 80 hours in a fiscal year (January – December) for the city. The change in compensated absences is a net increase or decrease each year.

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 straight line 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 and 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. 101, *Compensated Absences*. This Statement provides guidance on accounting and financial reporting for reporting a liability for certain types of leave (compensated absences). Under this Statement, government organizations are required to recognize a liability for employee's compensated absences if the leave is attributable to employee's services already rendered, if the leave accumulates, or if it is more likely than not to be used for time off or paid in cash upon separation. The liability is measured using an employee's rate of pay at the date of the financial statements. The liability and associated expense are reported in the government-wide statements. The Statement has been implemented and a liability has been reported on the government-wide financial statements.

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, 2024, 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	3,120,629
Non-negotiable certificates of deposit	1,396,958
Negotiable certificates of deposit	1,324,086
U.S. government bonds	441,237
4MP pooled investment	1,106,007
Money market funds	<u>351,432</u>
Total Cash and Investments per Statement of Net Position	<u>\$ 7,740,499</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>Total</u>
Negotiable certificates of deposit	\$ 1,324,086
U.S. government bonds	441,237
4MP pooled investment	1,106,007

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, 2024 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	\$	441,237	\$		\$ 441,237
Negotiable certificates of deposit	Not Rated	N/A	Level 2		230,000	1,094,086		1,324,086
4MP pooled investment	N/A	N/A	N/A	1,106,007				1,106,007
Total Investments				\$ 1,106,007	\$ 671,237	\$ 1,094,086	\$	\$ 2,871,330

N/A - Not Applicable

The 4M Fund is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities and Exchange Commission (SEC) that follows guidance under GASB Statement No. 79. The City's investment in the 4M Fund is measured at an amortized cost method that approximates fair value. There are no unfunded commitments, redemption frequency is daily, and there is no redemption notice required.

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, 2024 are as follows:

Fund Type	Fillmore County	Olmsted County	State of Minnesota	Total
General	\$ 10,886	\$ 10,807	\$	\$ 21,693
Debt Service	3,607	3,917		7,524
Special Revenue			23,209	23,209
	\$ 14,493	\$ 14,724	\$ 23,209	\$ 52,426

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

D. Notes Receivable

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, 2024:

	Date of Loan	Initial Loan Amount	Interest Rate	Term	Balance 12/31/24
Corner Cuts Salon	9/20/2017	\$ 25,354	4%	10 years	\$ 8,696
Big Girl Stickers & Stems	9/20/2018	40,000	4%	10 years	17,597
Broadwater, LLC	7/31/2019	55,500	4%	8 years	32,955
Joy Ridge	3/20/2022	40,000	4%	10 years	30,549
Topel Ice Cream	8/7/2024	7,600	7.6%	10 years	7,383
Chatfield Dental	5/15/2024	100,000	0%	10 years	97,917
		<u>\$ 268,454</u>			<u>\$ 195,097</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, 2024 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Transfer Out	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 932,765	\$ 157,450	\$	\$	\$ 1,090,215
Construction in process	1,845,469		937,807	798,278	109,384
Total capital assets, not being depreciated	2,778,234	157,450	937,807	798,278	1,199,599
Capital assets, being depreciated:					
Buildings	26,510,825	15,000			26,525,825
Infrastructure	8,328,617	1,201,953			9,530,570
Vehicles	2,207,705	395,864	30,413		2,573,156
Furniture and fixtures	438,020	5,199			443,219
Machinery and equipment	2,253,420	69,465	18,783		2,304,102
Total capital assets, being depreciated	39,738,587	1,687,481	49,196		41,376,872
Less accumulated depreciation for:					
Buildings	8,164,125	653,945			8,818,070
Infrastructure	4,733,874	269,931			5,003,805
Vehicles	1,360,897	154,743	21,723		1,493,917
Furniture and fixtures	355,206	18,598			373,804
Machinery and equipment	1,299,579	152,160	12,974		1,438,765
Total accumulated depreciation	15,913,681	1,249,377	34,697		17,128,361
Total capital assets, being depreciated, net	23,824,906	438,104	14,499		24,248,511
 Governmental activities capital assets, net	 \$ 26,603,140	 \$ 595,554	 \$ 952,306	 \$ 798,278	 \$ 25,448,110

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	Transfer In	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 60,492	\$	\$	\$	\$ 60,492
Construction in process	1,156,306		1,156,306		
Total capital assets, not being depreciated	1,216,798		1,156,306		60,492
Capital assets, being depreciated:					
Wastewater Treatment Facility and Distribution	16,254,212	1,481,302		798,278	18,533,792
Machinery and equipment	1,115,547	280,731	47,974		1,348,304
Total capital assets, being depreciated	17,369,759	1,762,033	47,974	798,278	19,882,096
Less accumulated depreciation for:					
Wastewater Treatment Facility and Distribution	9,149,485	414,663			9,564,148
Machinery and equipment	486,960	74,862	24,038		537,784
Total accumulated depreciation	9,636,445	489,525	24,038		10,101,932
Total capital assets, being depreciated, net	7,733,314	1,272,508	23,936	798,278	9,780,164
Business-type activities capital assets, net	\$ 8,950,112	\$ 1,272,508	\$ 1,180,242	\$ 798,278	\$ 9,840,656

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

General government	\$ 48,250
Public safety	149,214
Public works	163,742
Parks and recreation	153,622
Library	36,673
Community development	412,240
Subtotal	963,741
Internal service fund	285,636
Total depreciation expense - governmental activities	<u>\$ 1,249,377</u>

Business-Type Activities:

Water	\$ 174,082
Sewer	315,443
Total depreciation expense - business-type activities	<u>\$ 489,525</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, 2024 were as follows:

Funds	Transfers In	Transfers Out
General Fund - Other	\$ 134,048	\$ 795,869
Special Revenue:		
Ambulance	119,300	4,000
EDA	78,517	
Fire	103,242	4,000
Cable Access	15,600	4,000
Chatfield Center for the Arts	90,000	
Debt Service:		
2012A Refunding Bond	82,000	
2014A Bond	26,000	
2016A GO Refunding 2010A Bond		7,700
2017A Bond	43,634	
2022A GO Bond	91,057	
2023A GO Bond	5,588	
Capital Project:		
2022A Construction	50,756	
2023 Prospect & Grand St. project		53,191
Subtotal Governmental Funds	839,742	868,760
Enterprise:		
Water	150,000	214,327
Sewer	7,700	209,416
Garbage		26,340
Subtotal Enterprise Funds	157,700	450,083
Internal Service Fund	345,575	24,174
Total Transfers	\$ 1,343,017	\$ 1,343,017

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	\$	1,185,317
Transfers out		(892,934)
Capital assets transferred from Governmental		
Activities to Business-type activities		<u>(798,278)</u>
Government-wide Statement of Activities		
Transfers in/out	\$	<u>(505,895)</u>

The amounts due to and from other funds at December 31, 2024, at the individual fund level are summarized below:

Funds	Due From Other Funds	Due To Other Funds
General Fund	\$ 1,513	\$
Gjere Addition Tax Increment		1,513
	<u>\$ 1,513</u>	<u>\$ 1,513</u>

The amounts advanced to and from other funds at December 31, 2024, at the individual fund level are summarized below:

Funds	Advances To Other Funds	Advances From Other Funds
Development	\$ 297,838	\$
TIF Dist. 2-5 Dollar General		297,838
	<u>\$ 297,838</u>	<u>\$ 297,838</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, 2024, the following funds have deficit balances:

TIF Dist. 2-5 Dollar General	\$	297,838
Gjere Addition Tax Increment		1,513

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

Excess of expenditures over budgeted appropriations at the individual fund level during 2024 are as follows:

Revolving Loan State	\$	193,029
Library		2,939
Ambulance		30,139
Revolving Loan Federal		107,554

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, 2024:

	Original Amount of Debt	Range of Interest Rates	Final Maturity	Balance December 31, 2024
Governmental Activities				
General Obligation Bonds and Notes:				
2012A GO Crossover Refunding Bonds	\$ 1,990,000	2.30%	2027	\$ 395,000
2014A GO Bonds	1,725,000	2.25%	2025	190,000
2016A GO Crossover Refunding Bonds	875,000	2.0%	2028	310,000
2017A GO Tax Abatement Note	457,000	2.85%	2028	200,000
2018A GO Swimming Pool Bonds	4,400,000	3.0-3.375%	2039	3,575,000
2019A GO Tax Abatement Bonds	225,000	3.0%	2027	105,000
2022A GO Bond	264,420	3.2%	2043	249,660
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				309,014
Unamortized Bond Premium				<u>126,597</u>
Total Governmental Activities				<u>8,075,271</u>
Business-Type Activities				
General Obligation Bonds and Notes:				
2016A GO Crossover Refunding Bonds	4,535,000	2.00%	2028	1,905,000
2016B GO Water Revenue Note	425,000	2.825%	2027	140,000
2017B GO Utility Revenue Note	300,000	0.00%	2027	90,000
2022A GO Utility Revenue Note	1,204,580	3.2%	2043	1,137,340
2023A GO Utility Improvement Bond	335,000	4.0%	2036	320,000
Compensated Absences				49,789
Unamortized Bond Premium				<u>40,614</u>
Total Business-Type Activities				<u>3,682,743</u>
Total Debt Outstanding				<u><u>\$ 11,758,014</u></u>

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, 2024:

	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	\$ 545,000	\$	\$ 150,000	\$ 395,000	\$ 130,000
2014A GO Bonds	375,000		185,000	190,000	190,000
2016A GO Crossover Refunding Bonds (Gov't - 16%)	410,000		100,000	310,000	105,000
2017A GO Tax Abatement Note	247,000		47,000	200,000	48,000
2018A GO Swimming Pool Bonds	3,760,000		185,000	3,575,000	190,000
2019A GO Tax Abatement Bonds	137,000		32,000	105,000	33,000
2022A GO Revenue Note (Gov't - 18%)	259,020		9,360	249,660	9,720
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	125,000
Plus: Unamortized Premium	141,637		15,040	126,597	
Total Bonds and Notes Payable	8,489,657		723,400	7,766,257	830,720
Other Liabilities:					
Compensated Absences	162,450	146,564		309,014	309,014
Governmental Activities					
Long-term Liabilities	8,652,107	146,564	723,400	8,075,271	1,139,734
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
General Obligation Revenue Bonds and Notes:					
2016A GO Crossover Refunding Bonds (Sewer - 84%)	2,365,000		460,000	1,905,000	465,000
2016B GO Water/Sewer Revenue Note (50/50 Split)	184,000		44,000	140,000	45,000
2017B GO Water/Sewer Revenue Note (50/50 Split)	120,000		30,000	90,000	30,000
2022A GO Water Revenue Note (Water - 82%)	1,179,980		42,640	1,137,340	44,280
2023A GO Improvement Bond (Water -15%)	335,000		15,000	320,000	20,000
Plus: Unamortized Premium	47,922		7,308	40,614	
Total Bonds and Notes Payable	4,231,902		598,948	3,632,954	604,280
Other Liabilities:					
Compensated Absences	23,985	25,804		49,789	49,789
Business-type Activities					
Long-term Liabilities	4,255,887	25,804	598,948	3,682,743	654,069
Total	\$ 12,907,994	\$ 172,368	\$ 1,322,348	\$ 11,758,014	\$ 1,793,803

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, 2024, excluding compensated absences over the life of the debt, are summarized below:

General Obligation Bonds				General Obligation Revenue Bonds		Total		
Years	Principal	Interest	Principal	Interest				
<u>Governmental Activities</u>								
2025	\$	830,720	\$	257,136	\$	1,087,856		
2026		673,080		235,437		908,517		
2027		699,440		214,345		913,785		
2028		434,800		195,920		630,720		
2029		399,980		181,155		581,135		
2030-2034		2,217,660		676,215		2,893,875		
2035-2039		2,078,280		258,594		2,336,874		
2040-2043		305,700		34,103		339,803		
Totals	\$	7,639,660	\$	2,052,905	\$	9,692,565		
<u>Business-Type Activities</u>								
2025			\$	604,280	\$	85,130	\$	689,410
2026				617,920		72,103		690,023
2027				630,560		58,786		689,346
2028				559,200		45,934		605,134
2029				75,020		38,492		113,512
2030-2034				416,340		150,529		566,869
2035-2039				389,720		77,193		466,913
2040-2043				299,300		19,509		318,809
Totals				\$ 3,592,340		\$ 547,676		\$ 4,140,016

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, 2024, remaining notes outstanding totaled \$12,495,000.

4. Public Employees Defined Contribution Plan

The volunteer ambulance members and elected officials of the City of Chatfield, Minnesota are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D and 356, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and twenty-five hundredths of one percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the City during fiscal year 2024 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employee	Employer	Employee	Employer	Rate
\$ 735	\$ 7,560	5%	5%	5%

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Defined Benefit Pension Plans - Statewide

Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). These plan provisions are established and administered according to Minnesota Statutes chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Plan (General Plan)

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

2. Public Employees Police and Fire Retirement Plan (Police and Fire Plan)

Membership in the Police & Fire Plan includes full-time, licensed police officers and firefighters who meet the membership criteria defined in Minnesota Statutes section 353.64 and who are not earning service credit in any other PERA retirement plan or a local relief association for the same service. Employers can provide Police & Fire Plan coverage for part-time positions and certain other public safety positions by submitting a resolution adopted by the entity's governing body. The resolution must state that the position meets plan requirements.

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. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Defined Benefit Pension Plans – Statewide (Continued)

Benefits Provided (Continued)

1. General Employees Plan Benefits

General Employees Plan requires three years of service to vest. 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 General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2 percent of the highest average salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent of the highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by 0.25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

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. The 2024 annual increase was 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.

2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50 percent vested after five years of service and 100 percent vested after ten years. After five years, vesting increase by 10 percent each full year of service until members are 100 percent vested after ten years. Police and Fire Plan members receive 3 percent of highest average salary for all years of service. Police and Fire Plan members receive a full retirement benefit when they are age 55 and vested, or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by 0.417 percent each month members are younger than age 55.

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 prorated increase.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Defined Benefit Pension Plans – Statewide (Continued)

Contributions

Minnesota Statutes Chapter 353, 353E, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

1. General Employees Fund Contributions

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the City was required to contribute 7.50 percent for General Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2024, were \$80,936. 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 2024 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, 2024, were \$69,300. 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, 2024, the City reported a liability of \$471,379 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 \$14,108.

City's proportionate share of the net pension liability	\$ 471,379
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>14,108</u>
Total	<u>\$ 485,487</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Defined Benefit Pension Plans – Statewide (Continued)

Pension Costs (Continued)

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion 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, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0128 percent at the end of the measurement period and 0.0119 percent for the beginning of the period.

For the year ended December 31, 2024, the City recognized pension expense of (\$44,614) for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional (\$234) 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.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$21,773 for the year ended December 31, 2024 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 General Employees Fund.

At December 31, 2024, the City reported 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	\$ 43,343	\$
Changes in actuarial assumptions	2,148	169,718
Net difference between projected and actual earnings on pension plan investments		140,420
Changes in proportion	35,671	3,202
Employer contributions subsequent to the measurement date	44,617	
Total	<u>\$ 125,779</u>	<u>\$ 313,340</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Defined Benefit Pension Plans – Statewide (Continued)

Pension Costs (Continued)

The \$44,617 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, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending December 31:</u>	<u>Pension Expense Amount</u>
2025	\$ (136,358)
2026	(14,862)
2027	(44,831)
2028	(36,127)

2. Police and Fire Fund Pension Costs

At December 31, 2024, the City reported a liability of \$371,977 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0283 percent at the end of the measurement period and 0.0301 percent for the beginning of the period.

The State of Minnesota contributed \$37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation, additional one-time direct state aid contribution of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, \$9 million supplemental state aid was paid on October 1, 2024. 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 \$14,180.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Defined Benefit Pension Plans – Statewide (Continued)

Pension Costs (Continued)

City's proportionate share of the net pension liability	\$ 371,977
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>14,180</u>
Total	<u><u>\$ 386,157</u></u>

For the year ended December 31, 2024, the City recognized pension expense of (\$19,711) for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$1,377 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund special funding situation.

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 \$28.4 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$2,545 for the year ended December 31, 2024 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, 2024, the City reported 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	\$ 149,152	\$
Changes in actuarial assumptions	441,050	567,021
Net difference between projected and actual earnings on pension plan investments		117,876
Changes in proportion	376	71,042
Employer contributions subsequent to the measurement date	37,000	
Total	<u><u>\$ 627,578</u></u>	<u><u>\$ 755,939</u></u>

The \$37,000 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, 2025.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Defined Benefit Pension Plans – Statewide (Continued)

Pension Costs (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>
2025	\$ (33,351)
2026	95,407
2027	(67,366)
2028	(163,274)
2029	3,223

Aggregate Pension Expense

The total pension expense for all plans recognized by the City for the year ended December 31, 2024 is as follows:

General Employees Fund	(\$44,848)
Police and Fire Fund	<u>18,334</u>
Total	<u>\$83,874</u>

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	<u>25.0%</u>	5.90%
Total	100%	

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Defined Benefit Pension Plans – Statewide (Continued)

Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

- 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% for the General Employees Plan and 1% for the Police and Fire Plan.

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation. The Police & Fire Plan and Correctional Plan were reviewed in 2024. PERA anticipates the experience study will be approved by the Legislative Commission on Pensions and Retirement and become effective with the July 1, 2025 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2024:

General Employees Fund

Changes in Actuarial Assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
 - Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
 - Minor increase in assumed withdrawals for males and females.
 - Lower rates of disability.
 - Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
 - Minor changes to form of payment assumptions for male and female retirees.
 - Minor changes to assumptions made with respect to missing participant data.
-

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Defined Benefit Pension Plans – Statewide (Continued)

Actuarial Methods and Assumptions (Continued)

Changes in Plan Provisions:

- The workers’ compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

Police and Fire Fund

Changes in Plan Provisions:

- The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police & Fire Plan and the State Patrol Retirement Fund attain 90 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90 percent funded status for one year.
- The additional \$9.0 million contribution will continue until the Police & Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

Discount Rate

The discount rate used to measure the total pension liability in 2024 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%	\$ 1,029,568	6.00%	\$ 879,053
Current Discount Rate	7.00%	471,379	7.00%	371,977
1% Higher	8.00%	12,218	8.00%	(44,440)

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Defined Benefit Pension Plans – Statewide (Continued)

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.

6. 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.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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.

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)

6. 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>
2025	\$ 20,387
2026	20,384
2027	15,578
2028	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)

6. 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)

6. 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.

7. 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 2024.

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 2024. 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)

8. Fund Balance

Committed fund balances as of December 31, 2024 are as follows:

Committed fund balance:	
Library Fund	\$ 405,110

9. 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, 2024, the City paid tax increments totaling \$11,811 related to these agreements.

CITY OF CHATFIELD, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

CITY OF CHATFIELD, MINNESOTA
Schedules of City Pension Contributions

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

Year Ended December 31	Contributions in Relation to		Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
	Statutorily Required Contribution (a)	Statutorily Required Contribution (b)			
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%
2024	80,936	80,936		1,079,147	7.50%

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

Year Ended December 31	Contributions in Relation to		Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
	Statutorily Required Contribution (a)	Statutorily Required Contribution (b)			
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%
2024	69,300	69,300		391,525	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 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
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%
2024	0.0128%	471,379	14,108	485,487	473,180	103%	89.08%

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
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%
2024	0.0283%	371,977	197,359	188%	90.17%

CITY OF CHATFIELD, MINNESOTA
Schedule of Changes in the Fire Relief Association Net Pension Asset and Related Ratios
December 31, 2024

	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%

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

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

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CITY OF CHATFIELD, MINNESOTA
COMBINING AND INDIVIDUAL NONMAJOR FUNDS
STATEMENTS AND SCHEDULES
DECEMBER 31, 2024

**CITY OF CHATFIELD, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**
December 31, 2024

	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	\$ 1,914,810	\$ 197,677	\$ 174,230	\$ 211,921	\$ 623,726	\$ 173,770	\$ 353,355
Accounts receivable	4,518						
Notes receivable	195,097						
Due from other governmental units	23,209	2,034		573	1,097	2	3,409
Taxes receivable - delinquent		2,373	372	1,617	2,608	239	11,755
Advances to other funds	297,838						
TOTAL ASSETS	\$ 2,435,472	\$ 202,084	\$ 174,602	\$ 214,111	\$ 627,431	\$ 174,011	\$ 368,519
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE							
Liabilities							
Accounts payable	\$ 1,646	\$	\$	\$	\$	\$	\$
Due to other governmental units	23,209						
Due to other funds							
Total Liabilities	24,855						
Deferred Inflows of Resources							
Unavailable revenue:							
Property taxes		2,373	372	1,617	2,608	239	11,755
Notes receivable	195,097						
Total Deferred Inflows of Resources	195,097	2,373	372	1,617	2,608	239	11,755
Fund Balance							
Nonspendable:							
Advances to other funds	297,838						
Restricted:							
Creditors (debt covenants)		199,711	174,230	212,494	624,823	173,772	356,764
Regulations	248,423						
Committed:							
By Council resolution	405,110						
Assigned:							
Fund assignments	1,264,149						
Unassigned:							
Total Fund Balance	2,215,520	199,711	174,230	212,494	624,823	173,772	356,764
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 2,435,472	\$ 202,084	\$ 174,602	\$ 214,111	\$ 627,431	\$ 174,011	\$ 368,519

Debt Service			Capital Project					Total Nonmajor Governmental Funds
342 2019A GO Tax Abatement Bond	343 2022A GO Bond	344 2022B GO Bond	355 Gjere Addition Tax Increment	356 Grand St. Appts. Tax Increment	359 Cabin Coffee Tax Increment	423 2023 Prospect Grand St. Project	443 2022A Construction	
\$ 65,289	\$ 90,865	\$ 31,137	\$	\$ 130	\$ 46	\$ 222,126	\$ 53,017	\$ 4,112,099
								4,518
								195,097
409								30,733
676								19,640
								297,838
<u>\$ 66,374</u>	<u>\$ 90,865</u>	<u>\$ 31,137</u>	<u>\$</u>	<u>\$ 130</u>	<u>\$ 46</u>	<u>\$ 222,126</u>	<u>\$ 53,017</u>	<u>\$ 4,659,925</u>
\$	\$	\$	\$	\$	\$	\$	\$	\$ 1,646
								23,209
			1,513					1,513
			1,513					26,368
676								19,640
								195,097
676								214,737
								297,838
65,698	90,865	31,137						1,929,494
				130	46			248,599
								405,110
						222,126	53,017	1,539,292
			(1,513)					(1,513)
<u>65,698</u>	<u>90,865</u>	<u>31,137</u>	<u>(1,513)</u>	<u>130</u>	<u>46</u>	<u>222,126</u>	<u>53,017</u>	<u>4,418,820</u>
<u>\$ 66,374</u>	<u>\$ 90,865</u>	<u>\$ 31,137</u>	<u>\$</u>	<u>\$ 130</u>	<u>\$ 46</u>	<u>\$ 222,126</u>	<u>\$ 53,017</u>	<u>\$ 4,659,925</u>

CITY OF CHATFIELD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2024

		Debt Service					
		323	332	334	335	338	340
	Special Revenue Funds Total	2023A GO Bond	2012A Refunding Bond	2014A Bond	2016A GO Refunding 2010A Bond	2017A GO Bond	2018A GO Pool Bond
REVENUES							
Property taxes	\$ 204,880	\$ 187,377	\$ 12	\$ 41,450	\$ 100,639	\$ 6	\$ 312,676
Special assessments				2,561			
Tax increments							
Fines and forfeits	368						
Intergovernmental	314,171		42,469				
Franchise fees	20,901						
Charges for services	15,903						
Investment income (loss)	45,549	1,747	2,433	3,658	6,486	3,245	3,889
Contributions	179,520						
Miscellaneous	358,924						
TOTAL REVENUES	1,140,216	189,124	44,914	47,669	107,125	3,251	316,565
EXPENDITURES							
Current:							
General government	49,424						
Public safety	96,414						
Library	284,629						
Community development	631,998						
Capital outlay	92,518						
Debt service:							
Principal retirement			150,000	185,000	100,000	47,000	185,000
Interest and fiscal charges		79,587	13,030	7,206	8,294	6,370	115,621
TOTAL EXPENDITURES	1,154,983	79,587	163,030	192,206	108,294	53,370	300,621
Excess (deficiency) of revenues over (under) expenditures	(14,767)	109,537	(118,116)	(144,537)	(1,169)	(50,119)	15,944
OTHER FINANCING SOURCES (USES)							
Sale of assets	26,552						
Transfers in	287,359	5,588	82,000	26,000		43,634	
Transfers out	(8,000)				(7,700)		
TOTAL OTHER FINANCING SOURCES (USES)	305,911	5,588	82,000	26,000	(7,700)	43,634	
Net change in fund balances	291,144	115,125	(36,116)	(118,537)	(8,869)	(6,485)	15,944
FUND BALANCES, beginning	1,924,376	84,586	210,346	331,031	633,692	180,257	340,820
FUND BALANCES, ending	\$ 2,215,520	\$ 199,711	\$ 174,230	\$ 212,494	\$ 624,823	\$ 173,772	\$ 356,764

Debt Service			Capital Project					Total Nonmajor Governmental Funds
342 2019A GO Tax Abatement Bond	343 2022A GO Bond	344 2022B GO Bond	355 Gjere Addition Tax Increment	356 Grand St. Appts. Tax Increment	359 Cabin Coffee Tax Increment	423 2023 Prospect Grand St. Project	443 2022A Construction	
\$ 37,481	\$	\$	\$	\$	\$	\$	\$	\$ 884,521
					13,123			2,561
								13,123
								368
								356,640
								20,901
								15,903
900	980	896	(29)	3	13	7,445	5,286	82,501
								179,520
								358,924
38,381	980	896	(29)	3	13,136	7,445	5,286	1,914,962
								49,424
								96,414
								284,629
			200		13,123			645,321
						159,332	36,401	288,251
32,000	9,360							708,360
3,630	8,139	45,000						286,877
35,630	17,499	45,000	200		13,123	159,332	36,401	2,359,276
2,751	(16,519)	(44,104)	(229)	3	13	(151,887)	(31,115)	(444,314)
	91,057						50,756	26,552
						(53,191)		586,394
								(68,891)
	91,057					(53,191)	50,756	544,055
2,751	74,538	(44,104)	(229)	3	13	(205,078)	19,641	99,741
62,947	16,327	75,241	(1,284)	127	33	427,204	33,376	4,319,079
\$ 65,698	\$ 90,865	\$ 31,137	\$ (1,513)	\$ 130	\$ 46	\$ 222,126	\$ 53,017	\$ 4,418,820

CITY OF CHATFIELD, MINNESOTA
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
December 31, 2024

	211/212	220/221	240	360	361	614/615
	Library	Fire	EDA	Revolving Loan Federal	Revolving Loan State	Cable Access
ASSETS						
Cash and investments	\$ 405,809	\$ 920,715	\$ 35,362	\$ 151,176	\$ 92,247	\$ 87,040
Accounts receivable						4,518
Notes receivable				195,097		
Due from other governmental units						
Advances to other funds						
TOTAL ASSETS	<u>\$ 405,809</u>	<u>\$ 920,715</u>	<u>\$ 35,362</u>	<u>\$ 346,273</u>	<u>\$ 92,247</u>	<u>\$ 91,558</u>
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE						
Liabilities						
Accounts payable	\$ 699	\$ 947	\$	\$	\$	\$
Due to other governmental units						
Total Liabilities	<u>699</u>	<u>947</u>				
Deferred Inflows of Resources						
Unavailable revenue:						
Notes receivable				195,097		
Total Deferred Inflows of Resources				<u>195,097</u>		
Fund Balance						
Nonspendable:						
Advances to other funds						
Restricted:						
Regulations				151,176	92,247	
Committed:						
By Council resolution	405,110					
Assigned:						
Fund assignments		919,768	35,362			91,558
Total Fund Balance	<u>405,110</u>	<u>919,768</u>	<u>35,362</u>	<u>151,176</u>	<u>92,247</u>	<u>91,558</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 405,809</u>	<u>\$ 920,715</u>	<u>\$ 35,362</u>	<u>\$ 346,273</u>	<u>\$ 92,247</u>	<u>\$ 91,558</u>

242 Development	250/251 Chatfield Center for the Arts	806 Transportation Management Organization	Total Special Revenue Funds
\$ 84,168	\$ 133,293	\$ 5,000	\$ 1,914,810
			4,518
			195,097
		23,209	23,209
297,838			297,838
<u>\$ 382,006</u>	<u>\$ 133,293</u>	<u>\$ 28,209</u>	<u>\$ 2,435,472</u>

\$	\$	\$	\$ 1,646
		23,209	23,209
		23,209	24,855

			195,097
			195,097

297,838			297,838
		5,000	248,423
			405,110
84,168	133,293		1,264,149
382,006	133,293	5,000	2,215,520

<u>\$ 382,006</u>	<u>\$ 133,293</u>	<u>\$ 28,209</u>	<u>\$ 2,435,472</u>
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CITY OF CHATFIELD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2024

	211/212	220/221	240	360	361	614/615
	Library	Fire	EDA	Revolving Loan Federal	Revolving Loan State	Cable Access
REVENUES						
Property taxes	\$ 204,880	\$	\$	\$	\$	\$
Fines and forfeits	368					
Intergovernmental	90,835	70,325				
Franchise fees						20,901
Charges for services	827	13,576				1,500
Investment income	4,237	17,561	376	7,488	3,516	2,241
Contributions	4,194	160,326				15,000
Miscellaneous	7,142	795	1,188	78,138	269,222	540
TOTAL REVENUES	<u>312,483</u>	<u>262,583</u>	<u>1,564</u>	<u>85,626</u>	<u>272,738</u>	<u>40,182</u>
EXPENDITURES						
Current:						
General government						49,424
Public safety		96,414				
Library	284,629					
Community development			81,445	107,646	225,696	
Capital outlay	27,006	50,512				15,000
TOTAL EXPENDITURES	<u>311,635</u>	<u>146,926</u>	<u>81,445</u>	<u>107,646</u>	<u>225,696</u>	<u>64,424</u>
Excess (deficiency) of revenues over (under) expenditures	<u>848</u>	<u>115,657</u>	<u>(79,881)</u>	<u>(22,020)</u>	<u>47,042</u>	<u>(24,242)</u>
OTHER FINANCING SOURCES (USES)						
Sale of assets		4,301				
Transfers in		103,242	78,517			15,600
Transfers out		(4,000)				(4,000)
TOTAL OTHER FINANCING SOURCES (USES)		<u>103,543</u>	<u>78,517</u>			<u>11,600</u>
Net change in fund balances	848	219,200	(1,364)	(22,020)	47,042	(12,642)
FUND BALANCES, beginning	<u>404,262</u>	<u>700,568</u>	<u>36,726</u>	<u>173,196</u>	<u>45,205</u>	<u>104,200</u>
FUND BALANCES, ending	<u>\$ 405,110</u>	<u>\$ 919,768</u>	<u>\$ 35,362</u>	<u>\$ 151,176</u>	<u>\$ 92,247</u>	<u>\$ 91,558</u>

242 Development	250/251 Chatfield Center for the Arts	806 Transportation Management Organization	Total Special Revenue Funds
\$	\$	\$	\$ 204,880
			368
		153,011	314,171
			20,901
			15,903
7,869	2,261		45,549
			179,520
	1,899		358,924
<u>7,869</u>	<u>4,160</u>	<u>153,011</u>	<u>1,140,216</u>
			49,424
			96,414
			284,629
	69,200	148,011	631,998
			92,518
	<u>69,200</u>	<u>148,011</u>	<u>1,154,983</u>
<u>7,869</u>	<u>(65,040)</u>	<u>5,000</u>	<u>(14,767)</u>
22,251			26,552
	90,000		287,359
			(8,000)
<u>22,251</u>	<u>90,000</u>		<u>305,911</u>
30,120	24,960	5,000	291,144
<u>351,886</u>	<u>108,333</u>		<u>1,924,376</u>
<u>\$ 382,006</u>	<u>\$ 133,293</u>	<u>\$ 5,000</u>	<u>\$ 2,215,520</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, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		250 Chatfield Center for the Arts	251 CCA Capital	2024 Actual Amounts	Variance with Final Budget - Positive (Negative)	2023 Actual Amounts
	Original	Final					
REVENUES							
Investment income	\$ 300	\$ 300	\$ 1,532	\$ 729	\$ 2,261	\$ 1,961	\$ 1,206
Miscellaneous	2,000	2,000	1,899		1,899	(101)	1,776
TOTAL REVENUES	<u>2,300</u>	<u>2,300</u>	<u>3,431</u>	<u>729</u>	<u>4,160</u>	<u>1,860</u>	<u>2,982</u>
EXPENDITURES							
Community Development							
Repairs and maintenance	25,000	25,000	16,460		16,460	8,540	10,306
Professional services	24,000	24,000	24,000		24,000		24,000
Insurance	30,000	30,000	28,740		28,740	1,260	27,367
Other							338
TOTAL EXPENDITURES	<u>79,000</u>	<u>79,000</u>	<u>69,200</u>		<u>69,200</u>	<u>9,800</u>	<u>62,011</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(76,700)</u>	<u>(76,700)</u>	<u>(65,769)</u>	<u>729</u>	<u>(65,040)</u>	<u>11,660</u>	<u>(59,029)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	100,000	100,000	90,000	70,000	160,000	60,000	100,000
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>(70,000)</u>		<u>(70,000)</u>	<u>(60,000)</u>	<u>(10,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>90,000</u>	<u>90,000</u>	<u>20,000</u>	<u>70,000</u>	<u>90,000</u>		<u>90,000</u>
Net change in fund balances	13,300	13,300	(45,769)	70,729	24,960	11,660	30,971
FUND BALANCES, beginning	<u>108,333</u>	<u>108,333</u>	<u>84,613</u>	<u>23,720</u>	<u>108,333</u>		<u>77,362</u>
FUND BALANCES, ending	<u>\$ 121,633</u>	<u>\$ 121,633</u>	<u>\$ 38,844</u>	<u>\$ 94,449</u>	<u>\$ 133,293</u>	<u>\$ 11,660</u>	<u>\$ 108,333</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, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		211	212	2024	Variance with	2023
	Original	Final	Library	Library Capital	Actual Amounts	Final Budget - Positive (Negative)	Actual Amounts
REVENUES							
Property tax levy	\$ 204,880	\$ 204,880	\$ 204,880	\$	\$ 204,880	\$	\$ 193,401
Intergovernmental revenues:							
County contracts	95,316	95,316	90,835		90,835	(4,481)	89,213
Library fines	450	450	368		368	(82)	357
Charges for services	1,200	1,200	827		827	(373)	1,675
Investment income	1,500	1,500	4,237		4,237	2,737	13,460
Contributions	1,500	1,500	1,400	2,794	4,194	2,694	9,907
Sale of merchandise	5,900	5,900	4,965		4,965	(935)	7,333
Miscellaneous	950	950	2,177		2,177	1,227	2,107
TOTAL REVENUES	311,696	311,696	309,689	2,794	312,483	787	317,453
EXPENDITURES							
Library							
Salaries and wages	166,540	166,540	169,892		169,892	(3,352)	151,242
Employee benefits and retirement	25,207	25,207	24,824		24,824	383	21,661
Workers compensation	1,175	1,175	1,677		1,677	(502)	1,265
Health insurance	38,564	38,564	30,947		30,947	7,617	29,026
Travel	650	650				650	12
Office supplies and postage	2,000	2,000	1,992		1,992	8	1,418
Operating supplies/small tools	1,500	1,500	2,020		2,020	(520)	2,321
Scrip purchases/program	3,300	3,300	8,825		8,825	(5,525)	7,767
Insurance	11,650	11,650	11,187		11,187	463	10,590
Utilities	7,350	7,350	7,792		7,792	(442)	8,203
Maintenance and repair	10,300	10,300	12,244		12,244	(1,944)	12,353
Telephone	3,300	3,300	3,388		3,388	(88)	3,357
Cleaning services	1,200	1,200	1,135		1,135	65	1,595
Capital outlay	21,100	21,100	17,599	9,407	27,006	(5,906)	19,838
Other	14,860	14,860	8,706		8,706	6,154	8,380
TOTAL EXPENDITURES	308,696	308,696	302,228	9,407	311,635	(2,939)	279,028
Excess (deficiency) of revenues over (under) expenditures	3,000	3,000	7,461	(6,613)	848	(2,152)	38,425
OTHER FINANCING SOURCES (USES)							
Transfers in	3,000	3,000		113,000	113,000	110,000	5,663
Transfers out	(3,000)	(3,000)	(113,000)		(113,000)	(110,000)	(2,000)
TOTAL OTHER FINANCING SOURCES (USES)			(113,000)	113,000			3,663
Net change in fund balances	3,000	3,000	(105,539)	106,387	848	(2,152)	42,088
FUND BALANCES, beginning	404,262	404,262	208,706	195,556	404,262		362,174
FUND BALANCES, ending	\$ 407,262	\$ 407,262	\$ 103,167	\$ 301,943	\$ 405,110	\$ (2,152)	\$ 404,262

CITY OF CHATFIELD, MINNESOTA
FIRE FUND
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		220	221	2024	Variance with	2023
	Original	Final	Fire	Fire Capital	Actual	Final Budget - Positive (Negative)	Actual
REVENUES							
Intergovernmental revenues:							
Township contributions	\$ 70,000	\$ 70,000	\$ 70,325	\$	\$ 70,325	\$ 325	\$ 69,064
Charges for services	8,000	8,000	13,576		13,576	5,576	9,250
Investment income	1,000	1,000	2,583	14,978	17,561	16,561	10,393
Donations	106,100	106,100		160,326	160,326	54,226	122,455
Miscellaneous	420	420	795		795	375	407
TOTAL REVENUES	185,520	185,520	87,279	175,304	262,583	77,063	211,569
EXPENDITURES							
Public Safety							
Salaries and wages	31,000	31,000	34,812		34,812	(3,812)	30,602
Employee benefits and retirement	9,372	9,372	9,696		9,696	(324)	9,247
Workers compensation	15,000	15,000	10,392		10,392	4,608	11,609
Operating supplies	3,000	3,000	1,712		1,712	1,288	2,723
Small tools and minor equipment	12,500	12,500	70	876	946	11,554	3,596
Vehicle operating supplies	2,000	2,000	2,595		2,595	(595)	2,064
Insurance	5,000	5,000	5,818		5,818	(818)	5,366
Utilities	11,500	11,500	7,907		7,907	3,593	8,988
Maintenance and repairs	13,000	13,000	11,823		11,823	1,177	8,955
Training	3,000	3,000	2,068		2,068	932	282
Capital outlay	105,575	105,575		50,512	50,512	55,063	4,441
Other	11,304	11,304	3,963	4,682	8,645	2,659	12,164
TOTAL EXPENDITURES	222,251	222,251	90,856	56,070	146,926	75,325	100,037
Excess (deficiency) of revenues over (under) expenditures	(36,731)	(36,731)	(3,577)	119,234	115,657	152,388	111,532
OTHER FINANCING SOURCES (USES)							
Sale of assets				4,301	4,301	4,301	
Transfers in	117,741	117,741	70,000	155,983	225,983	108,242	116,617
Transfers out	(51,741)	(51,741)	(126,741)		(126,741)	(75,000)	(49,480)
TOTAL OTHER FINANCING SOURCES (USES)	66,000	66,000	(56,741)	160,284	103,543	37,543	67,137
Net change in fund balances	29,269	29,269	(60,318)	279,518	219,200	189,931	178,669
FUND BALANCES, beginning	700,568	700,568	104,774	595,794	700,568		521,899
FUND BALANCES, ending	\$ 729,837	\$ 729,837	\$ 44,456	\$ 875,312	\$ 919,768	\$ 189,931	\$ 700,568

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

For the Year Ended December 31, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		Fund 240 2024 Actual Amounts	Variance with Final Budget - Positive (Negative)	2023 Actual Amounts
	Original	Final			
REVENUES					
Investment income	\$ 500	\$ 500	\$ 376	\$ (124)	\$ 230
Miscellaneous	2,600	2,600	1,188	(1,412)	1,164
TOTAL REVENUES	<u>3,100</u>	<u>3,100</u>	<u>1,564</u>	<u>(1,536)</u>	<u>1,394</u>
EXPENDITURES					
Community Development					
Repairs and maintenance	500	500	97	403	413
Professional services	57,200	57,200	53,932	3,268	50,979
Other	27,742	27,742	27,416	326	32,559
TOTAL EXPENDITURES	<u>85,442</u>	<u>85,442</u>	<u>81,445</u>	<u>3,997</u>	<u>83,951</u>
Deficiency of revenues under expenditures	(82,342)	(82,342)	(79,881)	2,461	(82,557)
OTHER FINANCING SOURCES					
Transfers in	78,517	78,517	78,517		76,230
Net change in fund balances	(3,825)	(3,825)	(1,364)	2,461	(6,327)
FUND BALANCES, beginning	<u>36,726</u>	<u>36,726</u>	<u>36,726</u>		<u>43,053</u>
FUND BALANCES, ending	<u>\$ 32,901</u>	<u>\$ 32,901</u>	<u>\$ 35,362</u>	<u>\$ 2,461</u>	<u>\$ 36,726</u>

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, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		Fund 360 2024 Actual Amounts	Variance with Final Budget - Positive (Negative)	2023 Actual Amounts
	Original	Final			
REVENUES					
Investment income	\$ 4,566	\$ 4,566	\$ 7,488	\$ 2,922	\$ 8,265
Miscellaneous	31,445	31,445	78,138	46,693	31,159
TOTAL REVENUES	36,011	36,011	85,626	49,615	39,424
EXPENDITURES					
Loan advances			107,600	(107,600)	
Miscellaneous			46	46	
TOTAL EXPENDITURES			107,646	(107,554)	
Net change in fund balances	36,011	36,011	(22,020)	(57,939)	39,424
FUND BALANCES, beginning	173,196	173,196	173,196		133,772
FUND BALANCES, ending	<u>\$ 209,207</u>	<u>\$ 209,207</u>	<u>\$ 151,176</u>	<u>\$ (57,939)</u>	<u>\$ 173,196</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, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		Fund 361 2024 Actual Amounts	Variance with Final Budget - Positive (Negative)	2023 Actual Amounts
	Original	Final			
REVENUES					
Investment income	\$ 2,524	\$ 2,524	\$ 3,516	\$ 992	\$ 3,605
Miscellaneous	<u>38,310</u>	<u>38,310</u>	<u>269,222</u>	<u>230,912</u>	<u>37,933</u>
TOTAL REVENUES	40,834	40,834	272,738	231,904	41,538
EXPENDITURES					
DEED repayments to state	<u>32,667</u>	<u>32,667</u>	<u>225,696</u>	<u>(193,029)</u>	<u>32,289</u>
Net change in fund balances	8,167	8,167	47,042	38,875	9,249
FUND BALANCES, beginning	<u>45,205</u>	<u>45,205</u>	<u>45,205</u>		<u>35,956</u>
FUND BALANCES, ending	<u>\$ 53,372</u>	<u>\$ 53,372</u>	<u>\$ 92,247</u>	<u>\$ 38,875</u>	<u>\$ 45,205</u>

CITY OF CHATFIELD, MINNESOTA
INTERNAL SERVICE FUND
Statements of Net Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets		
Cash and investments	\$ 1,313,138	\$ 1,013,696
Due from other governmental units		44,950
Total Current Assets	<u>1,313,138</u>	<u>1,058,646</u>
Noncurrent Assets		
Capital assets:		
Nondepreciable	127,727	127,727
Depreciable	5,575,594	5,250,664
Less: Accumulated depreciation	<u>2,802,078</u>	<u>2,544,315</u>
Net capital assets	<u>2,901,243</u>	<u>2,834,076</u>
Total Assets	<u>4,214,381</u>	<u>3,892,722</u>
LIABILITIES		
Accounts payable		<u>13,274</u>
NET POSITION		
Invested in capital assets	2,901,243	2,834,076
Unrestricted	<u>1,313,138</u>	<u>1,045,372</u>
Total Net Position	<u>\$ 4,214,381</u>	<u>\$ 3,879,448</u>

CITY OF CHATFIELD, MINNESOTA
INTERNAL SERVICE FUND
Statements of Revenues, Expenses,
and Changes in Net Position
For the Years Ended December 31, 2024 and 2023

	2024	2023
Operating Revenues		
Departmental capital charge	\$ 362,477	\$ 349,236
Operating Expenses		
Depreciation	285,636	260,303
Repairs	61,055	90,419
Professional services	27,651	3,328
Supplies and minor equipment	18,634	46,480
Other	28,649	810
Total Operating Expenses	421,625	401,340
Operating Loss	(59,148)	(52,104)
Nonoperating Revenues		
Investment income	27,364	17,808
Intergovernmental		69,950
Miscellaneous	25,305	17,196
Gain on sale of assets	20,011	51,380
Total Nonoperating Revenues	72,680	156,334
INCOME BEFORE TRANSFERS	13,532	104,230
Transfers in	345,575	19,200
Transfers out	(24,174)	(50,543)
CHANGE IN NET POSITION	334,933	72,887
NET POSITION - BEGINNING OF YEAR	3,879,448	3,806,561
NET POSITION - END OF YEAR	\$ 4,214,381	\$ 3,879,448

CITY OF CHATFIELD, MINNESOTA
INTERNAL SERVICE FUND
Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Cash received from other departments	\$ 362,477	\$ 349,236
Cash paid to suppliers	(139,317)	(137,709)
Net Cash Provided by Operating Activities	<u>223,160</u>	<u>211,527</u>
Cash Flows From Noncapital Financing Activities		
Miscellaneous	25,305	17,196
Intergovernmental	44,950	25,000
Transfers in/out, net	321,401	(31,343)
Net Cash Provided By Noncapital Financing Activities	<u>391,656</u>	<u>10,853</u>
Capital and Related Financing Activities		
Capital asset acquisitions	(371,439)	(211,320)
Proceeds from sale of assets	28,701	58,253
Net Cash Used In Capital and Related Financing Activities	<u>(342,738)</u>	<u>(153,067)</u>
Cash Flows From Investing Activities		
Investment income received	<u>27,364</u>	<u>17,808</u>
NET INCREASE IN CASH AND INVESTMENTS	299,442	87,121
CASH AND INVESTMENTS, BEGINNING OF YEAR	<u>1,013,696</u>	<u>926,575</u>
CASH AND INVESTMENTS, END OF YEAR	<u><u>\$ 1,313,138</u></u>	<u><u>\$ 1,013,696</u></u>

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

Operating Loss	\$ (59,148)	\$ (52,104)
Adjustments to Reconcile Operating		
Loss to Net Cash Provided by		
Operating Activities		
Depreciation	285,636	260,303
Increase (Decrease) in:		
Accounts payable	(3,328)	3,328
Net Cash Provided By Operating Activities	<u><u>\$ 223,160</u></u>	<u><u>\$ 211,527</u></u>
Noncash Capital and Related		
Financing Activities		
Capital asset additions included in accounts payable	\$	\$ 9,946

CITY OF CHATFIELD, MINNESOTA
SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
WATER FUND
(601/339/336/303/403/623)
Statements of Net Position
December 31, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash and investments	\$ 150,668	\$ 477,198
Accounts receivable	55,212	48,609
Special assessments receivable	10,748	9,948
Special assessments delinquent	384	523
Total Current Assets	<u>217,012</u>	<u>536,278</u>
Capital Assets		
Nondepreciable	30,246	1,186,552
Depreciable	5,795,168	4,253,930
Less: Accumulated depreciation	<u>2,106,309</u>	<u>1,932,227</u>
Net Capital Assets	<u>3,719,105</u>	<u>3,508,255</u>
Deferred Outflows of Resources		
Deferred outflows from pension activity	<u>9,183</u>	<u>13,157</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 3,945,300</u></u>	<u><u>\$ 4,057,690</u></u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 3,446	\$ 3,086
Accrued compensated absences	21,824	8,510
Current maturities of bonds payable	101,780	94,640
Accrued interest payable	21,440	22,975
Total Current Liabilities	<u>148,490</u>	<u>129,211</u>
Noncurrent Liabilities		
Net pension liability	34,695	45,856
Bonds payable, net of current maturities and unamortized premium	<u>1,487,618</u>	<u>1,590,817</u>
Total Noncurrent Liabilities	<u>1,522,313</u>	<u>1,636,673</u>
Total Liabilities	<u>1,670,803</u>	<u>1,765,884</u>
Deferred Inflows of Resources		
Deferred inflows from pension activity	<u>23,095</u>	<u>16,713</u>
NET POSITION		
Net investment in capital assets	2,129,707	2,070,397
Unrestricted	<u>121,695</u>	<u>204,696</u>
Total Net Position	<u>2,251,402</u>	<u>2,275,093</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 3,945,300</u></u>	<u><u>\$ 4,057,690</u></u>

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, 2024

With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		2024 Actual Amounts	Variance with Final Budget - Positive (Negative)	2023 Actual Amounts
	Original	Final			
Operating Revenue					
Service fees and charges	\$ 454,550	\$ 454,550	\$ 495,082	\$ 40,532	\$ 472,585
Operating Expenses					
Salaries and wages	79,541	79,541	100,887	(21,346)	85,698
Employee benefits and retirement	6,680	12,051	12,287	(236)	14,739
Health insurance	9,930	9,930	10,732	(802)	10,064
Workers compensation	3,000	3,000	3,283	(283)	3,054
Supplies and minor equipment	9,900	9,900	9,078	822	13,755
Utilities	22,500	22,500	24,518	(2,018)	24,632
Maintenance and repairs	71,202	71,202	11,246	59,956	27,926
Travel and training	250	250	628	(378)	100
Professional fees	36,800	36,800	32,455	4,345	18,987
Office expense	1,500	1,500	1,887	(387)	1,756
Insurance	10,580	10,580	10,165	415	10,076
Depreciation			174,082	(174,082)	131,714
Departmental capital charge	5,356	5,356	5,356		5,200
Other	8,750	8,750	12,603	(3,853)	11,267
Total Operating Expenses	265,989	271,360	409,207	(137,847)	358,968
Operating Income	188,561	183,190	85,875	97,315	113,617
Nonoperating Revenues (Expenses)					
Investment income	3,300	3,300	307	(2,993)	1,845
Refunds and reimbursements	1,000	1,000	548	(452)	10,775
Penalties and discounts			2,570	2,570	
Connection and access fees	13,500	13,500	1,600	(11,900)	15,710
Interest expense and fiscal charges	(39,289)	(39,289)	(50,264)	(10,975)	(53,379)
Total Nonoperating Revenues (Expenses)	(21,489)	(21,489)	(45,239)	(23,750)	(25,049)
INCOME BEFORE TRANSFERS	167,072	161,701	40,636	(121,065)	88,568
Transfers in			150,000	150,000	17,781
Transfers out	(241,137)	(241,137)	(214,327)	26,810	(261,172)
CHANGE IN NET POSITION	(74,065)	(79,436)	(23,691)	55,745	(154,823)
NET POSITION - BEGINNING OF YEAR	2,275,093	2,275,093	2,275,093		2,429,916
NET POSITION - END OF YEAR	\$ 2,201,028	\$ 2,195,657	\$ 2,251,402	\$ 55,745	\$ 2,275,093

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
SEWER FUND
(602/622/341/337/333)
Statements of Net Position
December 31, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash and investments	\$ 237,446	\$ 548,674
Accounts receivable	121,662	116,832
Special assessments receivable	32,266	29,864
Special assessments delinquent	1,212	1,647
Total Current Assets	<u>392,586</u>	<u>697,017</u>
Capital Assets		
Nondepreciable	30,246	30,246
Depreciable	14,086,928	13,115,829
Less: Accumulated depreciation	<u>7,995,623</u>	<u>7,704,218</u>
Net Capital Assets	<u>6,121,551</u>	<u>5,441,857</u>
Deferred Outflows of Resources		
Deferred outflows from pension activity	<u>17,147</u>	<u>23,254</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 6,531,284</u></u>	<u><u>\$ 6,162,128</u></u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 6,861	\$ 10,211
Accrued compensated absences	27,965	15,475
Current maturities of bonds payable	502,500	497,000
Accrued interest payable	16,689	20,780
Total Current Liabilities	<u>554,015</u>	<u>543,466</u>
Noncurrent Liabilities		
Net pension liability	65,249	80,423
Bonds payable, net of current maturities and unamortized premium	<u>1,541,056</u>	<u>2,049,445</u>
Total Noncurrent Liabilities	<u>1,606,305</u>	<u>2,129,868</u>
Total Liabilities	<u>2,160,320</u>	<u>2,673,334</u>
Deferred Inflows of Resources		
Deferred inflows from pension activity	<u>41,886</u>	<u>28,741</u>
NET POSITION		
Net investment in capital assets	4,077,995	2,895,412
Unrestricted	<u>251,083</u>	<u>564,641</u>
Total Net Position	<u>4,329,078</u>	<u>3,460,053</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 6,531,284</u></u>	<u><u>\$ 6,162,128</u></u>

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, 2024

With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		2024 Actual Amounts	Variance with Final Budget - Positive (Negative)	2023 Actual Amounts
	Original	Final			
Operating Revenue					
Service fees and charges	\$ 987,154	\$ 987,154	\$ 1,015,398	\$ 28,244	\$ 993,753
Operating Expenses					
Salaries and wages	150,588	150,588	177,182	(26,594)	150,027
Employee benefits and retirement	22,813	22,814	28,716	(5,902)	23,132
Health insurance	22,060	22,060	24,097	(2,037)	22,510
Workers compensation	6,500	6,500	7,294	(794)	6,814
Supplies and minor equipment	7,250	7,250	4,636	2,614	5,106
Utilities	62,000	62,000	51,104	10,896	55,052
Maintenance and repairs	55,750	55,750	60,067	(4,317)	48,240
Travel and training	2,050	2,050	1,272	778	1,951
Professional fees	34,900	34,900	31,700	3,200	30,909
Office expense	4,250	4,250	4,607	(357)	4,539
Insurance	21,000	21,000	21,433	(433)	20,949
Depreciation			315,443	(315,443)	297,323
Departmental capital charge	10,356	10,356	10,356		9,496
Other	17,100	17,100	10,999	6,101	11,432
Total Operating Expenses	416,617	416,618	748,906	(332,288)	687,480
Operating Income	570,537	570,536	266,492	(304,044)	306,273
Nonoperating Revenues (Expenses)					
Investment income	10,000	10,000	10,172	172	13,209
Refunds and reimbursements	3,000	3,000	1,173	(1,827)	2,547
Connection and access fees	15,600	15,600	2,600	(13,000)	14,940
Gain on sale of assets			27,034	27,034	
Interest expense	(39,288)	(39,288)	(35,008)	4,280	(44,813)
Total Nonoperating Revenue (Expense)	(10,688)	(10,688)	5,971	16,659	(14,117)
INCOME BEFORE TRANSFERS AND CONTRIBUTED CAPITAL	559,849	559,848	272,463	(287,385)	292,156
Contributed capital			798,278	798,278	
Transfers in			7,700	7,700	15,999
Transfers out	(59,416)	(59,416)	(209,416)	(150,000)	(66,164)
CHANGE IN NET POSITION	500,433	500,432	869,025	368,593	241,991
NET POSITION - BEGINNING OF YEAR	3,460,053	3,460,053	3,460,053		3,218,062
NET POSITION - END OF YEAR	\$ 3,960,486	\$ 3,960,485	\$ 4,329,078	\$ 368,593	\$ 3,460,053

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
GARBAGE FUND (603)
Statements of Net Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets		
Cash and investments	\$ 36,910	\$ 35,882
Accounts receivable	30,408	29,920
Special assessments receivable	10,248	9,485
Special assessments delinquent	335	456
Total Current Assets	<u>\$ 77,901</u>	<u>\$ 75,743</u>
 LIABILITIES		
Current Liabilities		
Accounts payable	<u>\$ 19,331</u>	<u>\$ 19,617</u>
 NET POSITION		
Unrestricted	<u>58,570</u>	<u>56,126</u>
 TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 77,901</u></u>	<u><u>\$ 75,743</u></u>

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, 2024
With Comparative Totals for the Year Ended December 31, 2023

	Budgeted Amounts		Fund 603 2024 Actual Amounts	Variance with Final Budget - Positive (Negative)	2023 Actual Amounts
	Original	Final			
Operating Revenue					
Charges for services	\$ 269,200	\$ 269,200	\$ 292,890	\$ 23,690	\$ 295,761
Operating Expenses					
Garbage removal	200,000	200,000	222,556	(22,556)	228,952
City cleanup	17,000	17,000	14,870	2,130	15,692
Supplies and minor equipment	775	775	526	249	436
Maintenance and repairs	6,516	6,516	5,443	1,073	5,527
Professional fees	2,500	2,500	3,106	(606)	3,628
Office expense	1,500	1,500	1,537	(37)	1,375
Departmental capital charge	5,356	5,356	5,356		5,200
Other	13,315	13,315	11,440	1,875	14,028
Total Operating Expenses	246,962	246,962	264,834	(17,872)	274,838
Operating Income	22,238	22,238	28,056	5,818	20,923
Nonoperating Revenue					
Investment income	800	800	728	(72)	634
INCOME BEFORE TRANSFERS	23,038	23,038	28,784	5,746	21,557
Transfers out	(26,340)	(26,340)	(26,340)		(17,070)
CHANGE IN NET POSITION	(3,302)	(3,302)	2,444	5,746	4,487
NET POSITION - BEGINNING OF YEAR	56,126	56,126	56,126		51,639
NET POSITION - END OF YEAR	\$ 52,824	\$ 52,824	\$ 58,570	\$ 5,746	\$ 56,126

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MINNESOTA LEGAL COMPLIANCE

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the City of Chatfield, Minnesota, as of and for the year ended December 31, 2024, 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 28, 2025.

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, Schafer and Associates, Ltd.

Rochester, Minnesota
February 28, 2025