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# AMENDED ANNUAL CONTINUING DISCLOSURE REPORT

of the

**City of Chatfield, Minnesota**

**Original Report Prepared 18 November, 2009  
for  
Fiscal Year Ending  
December 31, 2008**

**Amendment Prepared 3 March, 2010**



## **Providing Information on the following Bond Issues:**

\$ 2,210,000 G.O. Utility Revenue and Improvement Bonds, Series 2008A  
\$7,195,000 G.O. Disposal System Bonds, Series 2005A  
\$1,845,000 Public Project Revenue Bonds of 2001

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## CUSIP NUMBERS

### **\$2,210,000 G.O. Utility Revenue & Improvement Bond, Series 2008A**

<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>	<u>CUSIP</u>		
2/1/2010	\$ 60,000	3.85%	161807	MW	9
2/1/2011	75,000	3.85%	161807	MX	7
2/1/2012	80,000	3.85%	161807	MY	5
2/1/2013	80,000	3.85%	161807	MZ	2
2/1/2014	85,000	3.85%	161807	NA	6
2/1/2016	240,000	4.00%	161807	NB	4
2/1/2018	250,000	4.25%	161807	NC	2
2/1/2020	265,000	4.40%	161807	ND	0
2/1/2022	265,000	4.50%	161807	NE	8
2/1/2024	285,000	4.60%	161807	NF	5
2/1/2026	265,000	4.75%	161807	NG	3
2/1/2029	260,000	4.90%	161807	NH	1

### **\$7,195,000 G.O. Disposal System Bonds, Series 2005A**

<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>	<u>CUSIP</u>		
2/1/2009	\$ 60,000	3.35%	161807	MF	6
2/1/2010	95,000	3.45%	161807	MG	4
2/1/2011	140,000	3.60%	161807	MH	2
2/1/2012	175,000	3.70%	161807	MJ	8
2/1/2013	200,000	3.85%	161807	MK	5
2/1/2014	260,000	3.95%	161807	ML	3
2/1/2015	340,000	4.05%	161807	MM	1
2/1/2016	445,000	4.15%	161807	MN	9
2/1/2017	520,000	4.25%	161807	MP	4
2/1/2018	580,000	4.35%	161807	MQ	2
2/1/2019	670,000	4.45%	161807	MR	8
2/1/2020	770,000	4.50%	161807	MS	8
2/1/2021	875,000	4.55%	161807	MT	6
2/1/2022	990,000	4.60%	161807	MU	3
2/1/2023	1,075,000	4.70%	161807	MV	1

### **\$1,845,000 Public Project Revenue Bonds of 2001**

*(debt of the Economic Development Authority of the City of Chatfield)*

<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>	<u>CUSIP</u>		
12/1/2008	55,000	4.40%	161812	AF	9
12/1/2009	55,000	4.55%	161812	AG	7
12/1/2010	50,000	4.65%	161812	AH	5
12/1/2011	60,000	4.75%	161812	AJ	1
12/1/2012	60,000	4.90%	161812	AK	8
12/1/2015	210,000	5.00%	161812	AL	6
12/1/2018	235,000	5.10%	161812	AM	4
12/1/2022	380,000	5.30%	161812	AN	2
12/1/2026	610,000	5.40%	161812	AP	7

## REPORT OF SIGNIFICANT EVENTS

### 2008 Report

**City of Chatfield, Minnesota  
&  
the Economic Development Authority of the City of Chatfield**

The City has committed to provide *full* continuing disclosure information for the following bond issue:

1. **\$ 2,210,000 G.O. Utility Revenue and Improvement Bonds, Series 2008A**
2. **\$7,195,000 G.O. Disposal System Bonds, Series 2005A**
3. **\$1,845,000 Public Project Revenue Bonds of 2001**

If any of the following eleven (11) events have occurred for bond issues of the City, please describe completely in the space below:

1. Principal and/or interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancement reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the issue(s);
7. Modification of rights of bond holders;
8. Bond calls;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the bonds;
11. Rating changes.

If **at any time** any of the above 11 events occur, please notify David Drown Associates, Inc. **immediately** for assistance in complying with your notification obligations.

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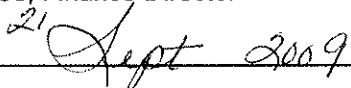
**NOTICE:** The \$7,195,000 G.O. Disposal System Bonds, Series 2005A are insured by AMBAC. In April, 2009 and again in July, 2009 AMBAC received a downgrade in their rating by Moody's Investor's Service.

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I certify the above information is true, and that none of the above events has occurred relative to the debt obligations of the City.

  
Kay Coe, Finance Director

Date

  
21 Sept 2009

## VALUATIONS \*

### 2007/08 Market Value and Tax Capacity

	Assessor's <u>Market Value</u>	Net <u>Tax Capacity</u>
Real Estate	\$162,836,200	\$1,765,938
Personal Property	<u>1,594,600</u>	<u>31,892</u>
TOTAL	\$164,430,800	\$1,797,830
Less Captured Tax Capacity		<u>(197,402)</u>
Adjusted Net Tax Capacity		\$1,600,428
<b>Indicated Market Value</b>	<b>\$180,754,766</b>	

*The 2007/08 Indicated Market Value is calculated by dividing the county assessor's market value by the most recent average sales ratio of 89.8% for Fillmore County and 92.4% for Olmsted County, as provided by the MN Dept. of Revenue.*

### 2007/08 Tax Capacity by Classification

	Net <u>Tax Capacity</u>	<u>Percent</u>
Residential	\$1,263,790	70.30%
Commercial Industrial	296,835	16.51%
Non-Homestead Residential	194,839	10.84%
Agriculture & Other	<u>42,366</u>	<u>2.36%</u>
TOTAL	\$1,797,830	100.00%

### Trends in Valuations

<u>Year</u>	Assessor's <u>Market Value</u>	Percent <u>Change</u>	Adjusted Net <u>Tax Capacity</u>	Percent <u>Change</u>
2006/07	\$ 155,314,500	8.43%	\$ 1,513,711	10.57%
2005/06	143,238,500	10.37%	1,368,967	7.71%
2004/05	129,782,600	11.58%	1,271,029	4.32%
2003/04	116,312,400	13.12%	1,218,337	7.33%
2002/03	102,818,400	8.82%	1,135,121	19.36%

### Ten Largest Taxpayers

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Location</u>	<u>2007/08</u>
Strongwell Corporation	Industrial	Fillmore	\$ 38,954
Tuohy Real Estate	Industrial	Fillmore	37,647
Individual	Residential ~ 1-3 Units	Fillmore	21,593
Individual	Commercial	Olmsted	19,886
Chosen Valley Care Center, Inc.	Residential ~ 4+ Units	Fillmore	18,826
Val-A-Lodge, Inc.	Commercial	Olmsted	15,328
Minnesota Energy Resources	Utility	Olmsted	14,504
Root River State Bank	Commercial	Fillmore	13,310
Individual	Industrial	Fillmore	12,296
Oak Valley, LLC	Residential ~ 4+ Units	Fillmore	<u>10,427</u>
			\$202,771

*The Net Tax Capacity of the City's ten largest taxpayers equals 12.67% of the City's total 2007/08 adjusted net tax capacity.*

\* The City of Chatfield is situated in both Fillmore and Olmsted Counties in Minnesota. Unless otherwise indicated, all valuations and calculations are based upon the combined totals.

## TAX RATES, LEVIES & COLLECTIONS

### Tax Capacity Rates

	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>	Debt Only <u>2007/08</u>
City of Chatfield	62.304%	59.917%	59.199%	57.547%	58.209%	0.000%
Fillmore County	46.691%	44.358%	42.049%	39.031%	37.564%	0.000%
ISD # 227 *	<u>13.756%</u>	<u>9.979%</u>	<u>14.642%</u>	<u>13.366%</u>	<u>37.682%</u>	<u>30.609%</u>
 FILLMORE TOTAL	 122.751%	 114.254%	 115.890%	 109.944%	 133.455%	 30.609%
	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>	Debt Only <u>2007/08</u>
City of Chatfield	62.304%	59.917%	59.199%	57.987%	58.209%	0.000%
Olmsted County	56.197%	52.057%	51.156%	52.295%	52.842%	12.800%
ISD # 227 *	<u>13.776%</u>	<u>9.997%</u>	<u>14.659%</u>	<u>13.382%</u>	<u>37.697%</u>	<u>30.609%</u>
 OLMSTED TOTAL	 132.277%	 121.971%	 125.014%	 123.664%	 148.748%	 43.409%

\* ISD # 227 Tax Rates determined by Olmsted County6.

### Tax Levies and Collections

Year	Net	Collected During		Collected	
<u>Levy/Collect</u>	<u>Levy</u>	<u>Collection Year</u>		<u>as of 4/30/08</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
2007/08	\$900,611	<i>(in process of collection)</i>			
2006/07	819,713	\$798,722	97.44%	\$798,725	97.44%
2005/06	765,755	760,193	99.27%	758,222	99.02%
2004/05	707,542	702,106	99.23%	703,031	99.36%
2003/04	653,827	642,878	98.33%	652,254	99.76%

## INDEBTEDNESS

(AS OF 12/31/2008)

### Legal Debt Limit and Margin

Legal Debt Limit (3% of Estimated Market Value)	\$4,932,924
Less: Outstanding Debt Subject to Limit	<u>(1,098,900)</u>
Legal Debt Margin as of 12/31/2008	\$3,834,024

### General Obligation Debt Supported by Special Assessments

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
8/1/2008	\$1,365,000	Improvements Portion of 2008A	2/1/2027	\$1,365,000
11/1/2004	260,000	Improvements Refunding	2/1/2015	190,000
12/1/2002	750,000	Improvements	2/1/2014	485,000
6/1/2002	110,000	Improvements	2/1/2013	55,000
3/1/2002	490,000	Improvements Refunding	2/1/2017	290,000
10/1/2000	80,000	Improvements	12/15/2012	<u>48,000</u>
				\$2,433,000

### General Obligation Debt Supported by Revenues

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
8/1/2008	\$ 845,000	Water Revenue Portion of 2008A	2/1/2027	\$ 845,000
7/1/2005	7,195,000	Disposal System	2/1/2023	7,195,000
11/1/2004	525,000	Revenue & Revenue Refunding	2/1/2015	385,000
11/1/2001	345,000	Utility/Improvements Refunding	12/1/2010	35,000
9/1/1997	280,000	Water Revenue	12/1/2012	<u>80,000</u>
Total				\$8,540,000

### Revenue Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
6/1/1999	\$625,000	Improvements	8/1/2020	\$523,063
7/22/1999	525,000	Tax Increment Revenue Note	2/1/2019	<u>451,335</u>
Total				\$974,398

**Lease Agreements and Other**

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
11/1/2001	1,845,000	Thurber Building Project	12/1/2026	\$ <u>1,665,000</u>

Total \$1,665,000

\* 66% of the Thurber Building Project is for the 2001 City Hall Project. As such, 66% of the outstanding principal is subject to the Net Debt Limit of the City.

**Summary of Gross Debt**

	<u>Gross Debt</u>
GO Debt Supported by Assessments	\$ 2,433,000
GO Debt Supported by Revenues	8,540,000
Revenue Bonds	974,398
Lease Agreements and Other	<u>1,665,000</u>
Total	\$ 13,612,398

**Overlapping Debt**

<u>Taxing Unit</u>	<u>2007/08 Tax Capacity</u>	<u>% in City</u>	<u>Total G.O. Debt</u>	<u>City Share</u>
Fillmore County	\$ 19,736,531	4.80%	\$3,250,000	\$ 155,881
Olmsted County	135,553,377	0.54%	1,735,093	9,358
ISD #227	4,918,681	34.11%	1,887,891	<u>643,940</u>
Total				\$ 809,178

**Debt Ratios**

	<u>Net G.O. Debt</u>	<u>Debt/Indicated Market Value</u>	<u>Debt per Capita</u>
		<u>180,754,766</u>	<u>2,532</u>
Net Direct G.O. Debt*	\$2,433,000	1.35%	\$ 961
Net Direct and Overlapping GO Debt	3,242,178	1.79%	1,280

\* Excludes general obligations debt supported by revenues



**Annual Debt Service Payments**

<b>GO Debt Supported by Assessments</b>				<b>GO Debt Supported by Revenues</b>			
<u>Year</u>	<u>Principal</u>	<u>Payment</u>	<u>% Retired</u>	<u>Principal</u>	<u>Payment</u>	<u>% Retired</u>	
2009	149,000	\$ 250,255	6%	\$ 150,000	\$ 520,478	2%	
2010	174,000	268,859	13%	220,000	583,274	4%	
2011	199,000	286,439	21%	250,000	603,978	7%	
2012	236,000	315,341	31%	285,000	628,725	11%	
2013	205,000	274,098	40%	290,000	622,133	14%	
2014	205,000	265,744	48%	355,000	674,646	18%	
2015	145,000	198,540	54%	410,000	714,471	23%	
2016	115,000	163,108	59%	480,000	766,296	29%	
2017	120,000	163,009	64%	555,000	819,569	35%	
2018	90,000	128,433	67%	620,000	859,310	42%	
2019	90,000	124,540	71%	710,000	920,058	51%	
2020	95,000	125,470	75%	810,000	986,065	60%	
2021	85,000	111,468	78%	920,000	1,056,941	71%	
2022	90,000	112,530	82%	1,035,000	1,127,240	83%	
2023	95,000	113,320	86%	1,120,000	1,162,160	96%	
2024	95,000	108,950	90%	50,000	64,713	97%	
2025	80,000	89,865	93%	50,000	62,375	97%	
2026	80,000	86,065	97%	55,000	64,881	98%	
2027	85,000	87,083	100%	55,000	62,228	99%	
2028	-	-		60,000	64,410	99%	
2029	-	-		60,000	61,470	100%	
Totals	\$2,433,000	\$3,273,114		\$8,580,000	\$12,425,419		

<b>Revenue Debt</b>				<b>Lease Purchase Debt</b>			
<u>Year</u>	<u>Principal</u>	<u>Payment</u>	<u>% Retired</u>	<u>Principal</u>	<u>Payment</u>	<u>% Retired</u>	
2009	\$ 48,526	\$ 97,500	5%	\$ 55,000	\$ 141,415	3%	
2010	63,529	109,500	12%	55,000	138,913	7%	
2011	67,235	109,500	18%	60,000	141,355	10%	
2012	71,156	109,500	26%	60,000	138,505	14%	
2013	75,307	109,500	33%	65,000	140,565	18%	
2014	79,699	109,500	42%	70,000	142,315	22%	
2015	84,348	109,500	50%	75,000	143,815	26%	
2016	89,267	109,500	59%	75,000	140,065	31%	
2017	94,474	109,500	69%	80,000	141,240	36%	
2018	99,984	109,500	79%	80,000	137,160	41%	
2019	169,681	173,953	97%	90,000	143,080	46%	
2020	31,191	32,000	100%	90,000	138,310	51%	
2021	48,526	97,500	5%	100,000	143,540	57%	
2022	-	-		100,000	138,240	63%	
2023	-	-		110,000	142,940	70%	
2024	-	-		115,000	142,000	77%	
2025	-	-		120,000	140,790	84%	
2026	-	-		265,000	279,310	100%	
	\$ 974,398	\$ 1,288,953		\$1,665,000	\$2,673,558		

## GENERAL INFORMATION

The City of Chatfield is located in Fillmore and Olmsted Counties approximately 100 miles southeast of the City of Minneapolis and 20 miles south of the City of Rochester. Interstate 90 runs with nine (9) miles of the City. U.S. Highway 14 runs within 13 miles of the City and MN Highway 74 runs with five (5) miles of the City. Minnesota Highway 30 runs through the City. The City's 1990 U.S. Census population count was 2,226, the 2000 US Census population was 2,394 and the 2008 estimate is 2,531.

### Organization

The City was organized in 1857 as a Home Rule Charter City and currently operates under the Mayor-Council form of government. The City Council is composed of a mayor and five (5) Council members. The Mayor is elected at large and serves a two-year term. Five (5) Council members are elected to serve overlapping four-year terms. The Council as of December 31, 2008 was comprised of the following members:

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Curtis Sorenson	Mayor	2008
Brenda Johnson	Vice-Mayor	2008
Ginny Engle	Council Member	2010
Ken Jacobson	Council Member	2008
Paul Novotny	Council Member	2010
Russ Smith	Council Member	2008

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

The City currently employs 15 full-time and 10 part-time persons in the following departments: administration, public works, library, police and ambulance services and community resources. The City's police department includes four (4) full-time and five (5) part-time officers. The volunteer fire department has 24 firefighters. The City has an Insurance Class Rating of 6.

The City has several parks with a total of 89 acres as well as a municipal swimming pool. The City also operates a summer recreation program.

### City Services

The City operates a municipal water and sewer utility. The water utility is supplied from two (2) City wells with an average demand of 225,000 gallons per day and a peak demand of 275,000 gallons per day. The City maintains a 700,000 gallon elevated storage facility.

The sewer utility features a mechanical treatment plant treating an average of 239,000 gallons per day, a peak demand of 414,000 gallons per day and a full capacity of 487,000 gallons per day. In 2005 the City completed a major upgrade to the wastewater treatment facility within the City.

Each utility has 975 connections.

### Employee Pensions

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

Basic Plan. Coordinated members are covered by Social Security and Basic Members are not. All new members must participate in the Coordinated Plan. All police officers, fire fighters and peace officers that qualify for membership by statute are covered by the PEPFF. The City contribution to PERA for the year ended December 31, 2008 was \$65,959.

## Census Data

### Population Trends

	<u>Population</u>
1970 U.S. Census	1,885
1980 U.S. Census	2,055
1990 U.S. Census	2,226
2000 U.S. Census	2,394
2008 MN Demographer's Estimate	2,531

Source: U.S. Census Bureau

### Income and Housing Statistics

	<u>City of Chatfield</u>	<u>Fillmore County</u>	<u>Olmstead County</u>	<u>State of Minnesota</u>
1999 per Capita Income	\$20,145	\$17,067	\$ 24,939	\$ 23,198
1999 Median Household Income	44,043	36,651	51,316	47,111
1999 Median Family Income	53,625	44,883	61,610	56,874
Median Value of Owner Occupied Housing	95,300	74,400	117,000	122,400
Median Gross Rent	388	350	556	566

Source: U.S. Census

The City of Chatfield has approximately 985 single-family homes and 16 multiple family homes. Seven (7) single family units and eight (8) multi-family units have been built during the past 12 months. During the past three years, the City has planned or constructed the following:

<u>Subdivision Name</u>	<u>Total Number of Lots/Units</u>	<u>Number of Lots / Units Completed</u>	<u>Remaining Lots / Units Available</u>
Lone Stone-2 <sup>nd</sup> Addition	9	4	5
Lone Stone-3 <sup>rd</sup> Addition	16	0	13
Lone Stone -4 <sup>th</sup> Addition	15	0	14
Orchard Ridge Subdivision	24	4	14
Hilltop Estates 1 <sup>st</sup> Addition	17		
Fingerson / Donahoe Development	9		
Landmark Development	9		

Source: City Records

## Employment Data

	<u>Labor Force</u>		<u>Unemployment Rate</u>		
	<u>Fillmore County</u>	<u>Olmstead County</u>	<u>Fillmore County</u>	<u>Olmstead County</u>	<u>Statewide</u>
December, 2008	10,845	80,005	7.3%	4.0%	6.8%
December, 2007	10,985	79,425	5.8%	5.2%	4.9%

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

## Financial Services

The Root River State Bank in Chatfield reported total deposits of \$52,303,000 as of December 31, 2008. The F & M Community Bank, National Association (a branch of Preston) reported deposits of \$71,692,000 as of December 31, 2008.

Source: Thompson Financial Publishing

## Major Employers

<u>Employer</u>	<u>Product/Service</u>	<u># of Employees</u>
Strongwell Corp.	Fiberglass Poltrusion & Precast Polymer	200
Chosen Valley Care Center	Skilled Nursing Care Facility	150
Tuohy Furniture Corp.	Wood Office Furniture	150
Chosen Valley Public Schools	Public Education	120
Skippy's Foodstore	Grocery Store	65
Bernard Busing	Transportation	50
Blues/Chosen Valley Lanes	Food service/Recreation	30
Magnum Graphics & Sports	Graphic Design/Sporting Goods	25
Dairy Queen	Food Service	25
City of Chatfield	City Government	25

Source: City Records

## Building Permits

<u>Year</u>	<u>Number of Permits</u>		<u>Total Value of Permits</u>
	<u>Commercial/Industrial</u>	<u>Residential</u>	
2008	4	60	\$ 18,375,500
2007	6	51	2,492,816
2006	7	52	1,711,500
2005	10	61	9,142,890
2004	9	72	8,086,000
2003	3	68	2,901,100
2002	4	67	2,772,500
2001	8	48	6,027,590
2000	2	38	1,934,885

Source: City Records \*As December 31, 2008

## New Development

The following businesses/organizations have completed new constructions or expansion/renovation projects during the past three (3) years:

<u>Name of Business</u>	<u>Product / Service</u>	<u>Description of Construction</u>
Chosen Valley Golf Club	Golf Course	New Cart Shed
ISD No. 227, Chatfield	Public Education	Elementary School
City of Chatfield	Municipal Government	Wastewater Treatment Plant
Learn & Play Daycare	Day Care	Frame Construction
Kwik Trip	Convenience Store	Frame Construction Addition

Source: City Records

## Healthcare

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

## Transportation

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

The Rochester Express provides inter-city bus services to the City and Care Van provides transportation for the disabled.

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

*Source: MN Dept. of Trade & Economic Development*

## Education

There is one elementary school with an enrollment of 460 and a pupil/teacher ratio of 22:1 and one senior high with an enrollment of 446 and a pupil/teacher ratio of 24:1 located within the city. Telecommunications use is available at all grade levels. 75 percent of the high-school graduates attend post-secondary education facilities compared with a statewide average of 65 percent.

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

*Source: MN Dept. of Trade & Economic Development*

## Utilities

The City of Chatfield is supplied natural gas by Peoples Natural Gas and electrical service by Interstate Power Company.

## Communications

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

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

## AUDITED FINANCIAL STATEMENT

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The audited financial statement of the Issuer for the year 2008 is provided in the following pages.

**CITY OF CHATFIELD, MINNESOTA**  
**FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**





**CITY OF CHATFIELD, MINNESOTA**

**FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended December 31, 2008**

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**CITY OF CHATFIELD, MINNESOTA**  
**FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended December 31, 2008**

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**CITY OF CHATFIELD, MINNESOTA**

**INTRODUCTORY SECTION**

**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

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**CITY OF CHATFIELD, MINNESOTA**  
**LIST OF ELECTED AND APPOINTED OFFICIALS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

Curt Sorenson	Mayor
Brenda Johnson	Vice-Mayor
Ginny Engle	Councilor
Paul Novotny	Councilor
Ken Jacobson	Councilor
Russell Smith	Councilor
Joel Young	City Clerk
Mary Peterson	Deputy City Clerk
Kay Coe	Finance Director

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**CITY OF CHATFIELD, MINNESOTA**

**FINANCIAL SECTION**

**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

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## **INDEPENDENT AUDITOR'S REPORT**

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

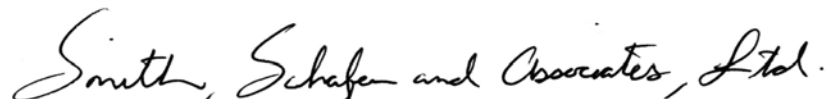
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chatfield, Minnesota as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year comparative information has been derived from the City's 2007 financial statements and, in our report dated March 17, 2008, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chatfield, Minnesota as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund and the Major Special Revenues Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 2 through 12 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Chatfield, Minnesota's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Rochester, Minnesota  
March 10, 2009

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## **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's financial statements this narrative overview and analysis of the financial activities of the City of Chatfield for the fiscal year ended December 31, 2008.

### **FINANCIAL HIGHLIGHTS**

- The assets of the City of Chatfield exceeded its liabilities at the close of the most recent fiscal year by \$13,261,616 (*net assets*). Of this amount, \$5,018,366 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net assets increased by \$753,513.
- As of the close of the current fiscal year, the City of Chatfield's governmental funds reported combined ending fund balances of \$4,039,702. Approximately 72 percent of this total amount, or \$2,925,676 is available for use within the City's designations and policies.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,070,151 or 65 percent of next years total general fund property tax levy, local government aid and market value credit.
- The City of Chatfield increased total outstanding debt obligations by \$1,851,649 during the current fiscal year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the City of Chatfield's basic financial statements. The City of Chatfield'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.

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's finances, in a manner similar to a private-sector business.

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

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

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets 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 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 include general government, public safety, public works, parks and recreation, library and community development. The business-type activities of the City of Chatfield include the water, sewer and garbage utilities. The government-wide financial statements can be found on pages 13-15 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, 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 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*.

The City of Chatfield maintains thirty-seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the library fund, the 1999 improvement bond fund, the 2008A HL tower/hillside drive fund, and the revolving loan fund which are considered to be major funds. Data from the other thirty-one governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The City of Chatfield adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for the general fund (pages 22-26) and the special revenue funds (pages 27-28 and 64-67) to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 16-20 of this report.

**Proprietary funds.** The City of Chatfield maintains one type of proprietary funds – enterprise 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 uses enterprise funds to account for its water, sewer and garbage funds.

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.

The proprietary fund financial statements can be found on pages 29-34 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 35-53 of this report.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 54-63 of this report.

## **IMPORTANT REMINDERS**

**Infrastructure Assets.** When the City of Chatfield implemented GASB Statement #34 for the year ended December 31, 2004, the City made extensive efforts to inventory all of its assets and to allocate them accordingly, to Public Safety, Public Works, Sewer, Water etc. The City does record assets as they are received, whether those assets are donated by individuals or constructed via private development agreements. The City of Chatfield has reserves in the respective capital project funds and has a long-standing program for repairs, reconditioning, and replacement of these assets with annual funding sources continually earmarked for these specific purposes. All 2004 and future acquisitions of infrastructure assets have and will be recorded under the new reporting model.

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Chatfield, assets exceeded liabilities by \$13,261,616 at the close of the most recent fiscal year.

The largest portion of the City of Chatfield's net assets (50 percent) 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 uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Chatfield'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's Net Assets**

	Governmental Activities	Business-Type Activities	Totals	
			2008	2007
Current and other assets	\$ 5,662,678	\$ 2,449,497	\$ 8,112,175	\$ 6,729,799
Capital assets	8,556,135	10,805,550	19,361,685	18,042,761
Total assets	14,218,813	13,255,047	27,473,860	24,772,560
Long-term liabilities				
outstanding	6,376,933	7,195,000	13,571,933	11,720,284
Other liabilities	397,687	242,624	640,311	544,173
Total liabilities	6,774,620	7,437,624	14,212,244	12,264,457
Net assets:				
Invested in capital assets,				
net of related debt	2,179,202	4,438,933	6,618,135	6,322,477
Restricted	1,625,115		1,625,115	1,017,717
Unrestricted	3,639,876	1,378,490	5,018,366	5,167,909
Total net assets	\$ 7,444,193	\$ 5,817,423	\$ 13,261,616	\$ 12,508,103

The balance of *unrestricted net assets* (\$5,018,336) 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 is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its business-type activities.

**Governmental activities.** Governmental activities decreased the City of Chatfield's net assets by \$389,998. The most significant change in governmental net assets is due to the effect of accounting for net assets under full accrual accounting, current year infrastructure capital outlay, which was funded during the year, will be expensed over its useful life and capital assets constructed by developers and contributed to the City are recorded as increases in net assets.

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

**Business-type activities.** Business-type activities increased the City of Chatfield's net assets by \$1,143,511.

A condensed version of the Statement of Activities follows:

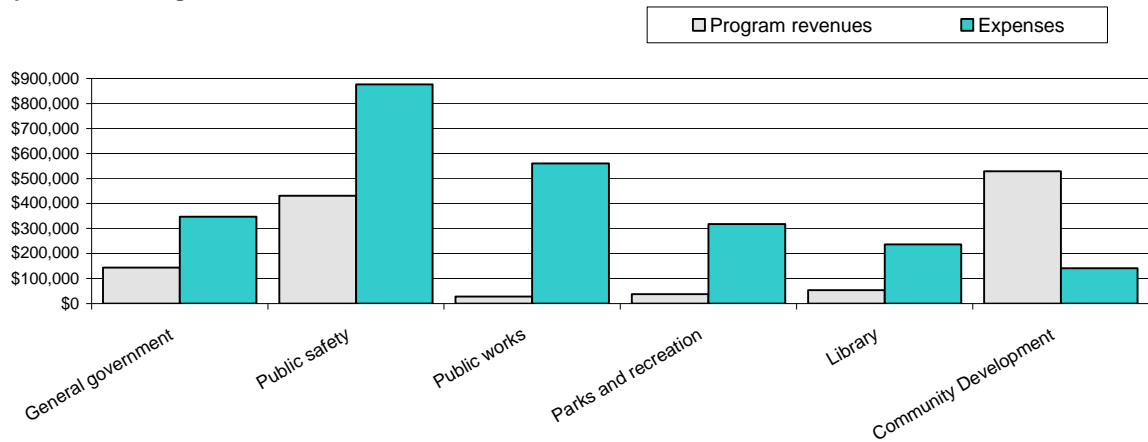
**City of Chatfield, Minnesota's Change in Net Assets**

	Governmental Activities	Business-Type Activities	Totals	
			2008	2007
Revenue:				
Program revenues:				
Charges for services	\$ 374,350	\$ 1,477,022	\$ 1,851,372	\$ 1,435,178
Operating grants and contributions	783,171		783,171	244,503
Capital grants and contributions	65,550		65,550	120,000
General revenues:				
Property taxes	901,676		901,676	818,995
Tax increments	156,987		156,987	123,673
Grants and contributions not restricted to specific programs	807,206		807,206	867,182
Other	151,584	84,708	236,292	305,008
Total revenues	<u>3,240,524</u>	<u>1,561,730</u>	<u>4,802,254</u>	<u>3,914,539</u>
Expenses:				
General government	347,485		347,485	416,088
Public safety	876,103		876,103	822,992
Public works	561,007		561,007	414,159
Parks and recreation	317,345		317,345	248,870
Library	236,860		236,860	170,029
Community development	141,328		141,328	141,706
Interest on long-term debt	304,058		304,058	297,565
Water		186,701	186,701	170,905
Sewer		903,945	903,945	881,766
Garbage		173,909	173,909	149,328
Total expenses	<u>2,784,186</u>	<u>1,264,555</u>	<u>3,874,832</u>	<u>3,713,408</u>
Change in net assets before transfers	456,338	297,175	753,513	201,131
Transfers	<u>(846,336)</u>	<u>846,336</u>		
Change in net assets	(389,998)	1,143,511	753,513	201,131
Net assets, beginning of year	7,834,191	4,673,912	12,508,103	12,306,972
Net assets, end of year	<u>\$ 7,444,193</u>	<u>\$ 5,817,423</u>	<u>\$ 13,261,616</u>	<u>\$ 12,508,103</u>

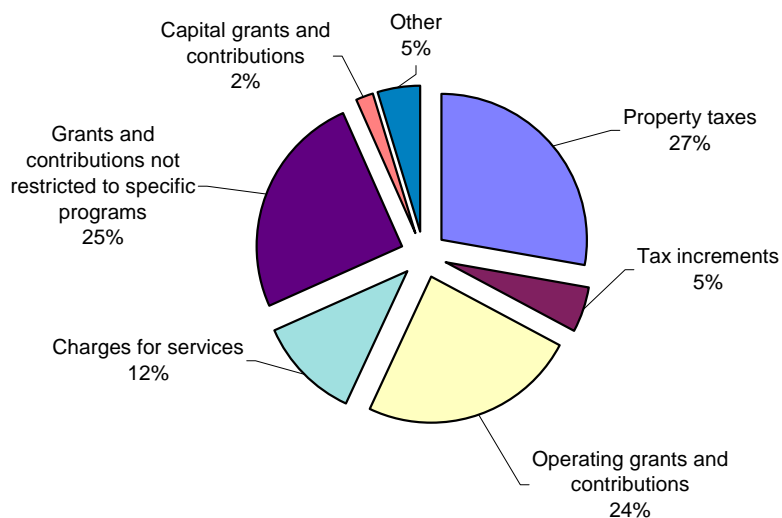
## CITY OF CHATFIELD, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

Below are specific graphs that provide comparisons of the governmental activities direct program revenues with their expenditures. 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**

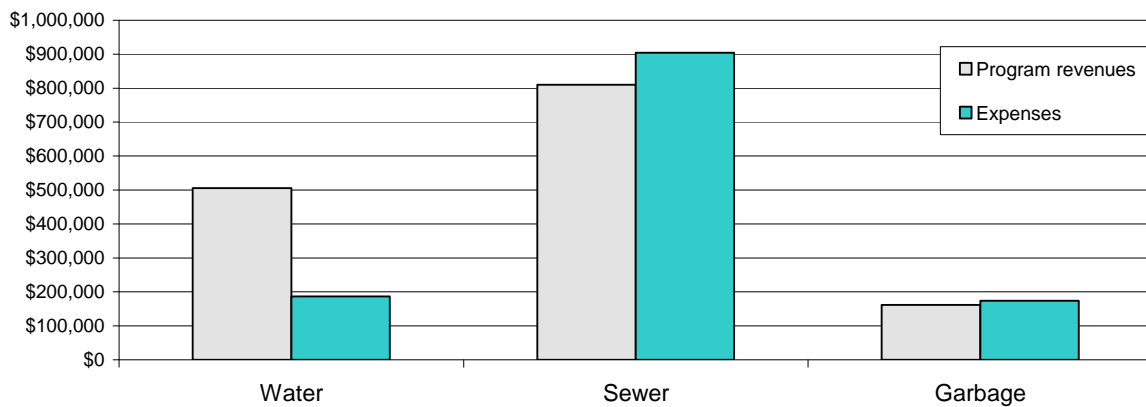




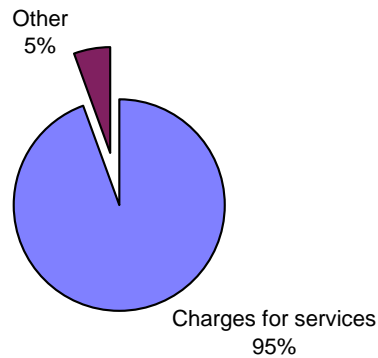
## CITY OF CHATFIELD, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

The following graphs relate the various business-type activities' program revenues with their expenditures. Since all of these activities require significant physical assets to operate, any excess revenues are held for planned capital expenditures 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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City of Chatfield'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's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Chatfield's governmental funds reported combined ending fund balances of \$4,039,702, an increase of \$515,286. Approximately 72 percent of this total amount, or \$2,925,676, constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of this fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period, 2) to repay interfund advances or other debt, or 3) to fund specific capital projects or programs as obligated by statute or other regulation.

The general fund is the chief operating fund of the City of Chatfield. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,070,151. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to next years general fund tax and aid. Unreserved fund balance represents 65 percent of next years total general fund property tax levy, local government aid and market value credit.

The City of Chatfield has taken overt, planned, steps 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, the overall increase of \$515,286 is primarily due to the increase of \$270,557 in the 2008A HL Tower/Hillside Drive Fund, which was caused by bond proceeds.

**Proprietary funds.** The City of Chatfield'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 assets in the respective proprietary funds are Water - \$1,096,774, Sewer – \$257,730 and Garbage - \$23,986.

The City's Water Fund has been building cash for a number years, in anticipation of substantial improvements. Several years ago, the Chatfield Public School District indicated that they would like to construct a new school building at a location that would require the construction of a water tower and either a well or booster station to supply water to that area. In response, the City implemented a development fee schedule and also adjusted water user fees at a level that would support those improvements when they would be needed.

Due to the fact that a new elementary school is now under construction, the City has installed the anticipated water booster station and an elevated water storage facility is currently being erected. Consistent with the plans that were put in place for these improvements, several years ago, a significant amount of cash is on hand to help service the debt associated with these improvements.

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

### **Proprietary funds. (Continued)**

Water user rates are not expected to increase because of the project. Sanitary sewer rates have been increased on a pre-planned schedule. Those rates will stabilize once the housing market stabilizes but, until then, those rates will support the services that are in place.

The City's Sanitary Sewer rates have been adjusted annually over the past few years. In 2004, the City began a construction project that replaced the City's wastewater treatment facility that was at the end of its useful life. The new facility is more efficient and is capable of accommodating significant growth in the community. The primary reason that the net assets of the Sewer Fund declined is due to the expense associated with the completion of the wastewater treatment plant project. In terms of rate structure, the City determined that incremental rate increases over time would be easier for residents to assimilate into their household budgets as opposed to a single, large, increase when the project commenced.

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 almost twenty years and, as part of that administration, does the billing, collecting and other administration of the service. In return for those services, the City receives payments that are meant to cover the cost of billing, collecting and general administration. Additionally, the City uses those funds to pay for the spring clean-up that it annually sponsors and the household hazardous waste collection that it sponsors each September. These rates have not changed for a number of years and may need to be adjusted within the next few years.

### **General Fund Budgetary Highlights**

The City approved the 2008 general fund budget anticipating an increase in general fund reserves of \$110,039. The purpose of the budgeted surplus was to position the City such that it could appropriately provide services to the public under the anticipated levy limits that were imposed by the State and to minimize the financial impact that would be caused if Local Government Aid is reduced. The actual increase in the general fund balance was \$17,249 less than anticipated, primarily due to the loss of Local Government Aid that occurred in December. The City did not amend its budget during 2008.

Differences between the original budget and the final budget can be briefly summarized as follows:

- Revenues were significantly less in the area of Local Government Aid but just as significantly greater in the area of Licenses & Fees and State Fire Equipment Aid (Grants).
- Police expenditures were less than anticipated due to the departure of senior patrol officers being replaced by entry level officers. It was also decided not to purchase a squad car that had been included in the original budget.
- The amount of money transferred out of the General Fund was higher than originally expected, due, in part, by the decision to save money for the upcoming Burr Oak Avenue Improvement project.

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

**Capital Asset and Debt Administration**

**Capital assets.** The City of Chatfield's investment in capital assets for its governmental and business-type activities as of December 31, 2008, amounts to \$19,361,686 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, furniture and fixtures, wastewater treatment facility, park facilities, roads, and bridges. The total increase in the City of Chatfield's reported capital assets for the current fiscal year was \$1,318,925.

**City of Chatfield, Minnesota's Capital Assets**

(net of depreciation)

	Governmental	Business-Type	Totals	
	Activities	Activities	2008	2007
Land	\$ 380,255	\$ 60,492	\$ 440,747	\$ 440,747
Work in progress		27,782	27,782	122,175
Buildings and improvements	2,828,717		2,828,717	2,952,453
Vehicles	576,183		576,183	640,586
Machinery and equipment	874,652	71,275	945,927	959,193
Furniture and fixtures	41,520		41,520	29,104
Wastewater treatment facility		6,972,138	6,972,138	7,098,623
Infrastructure	3,854,808	3,673,863	7,528,671	5,799,880
Total	<u>\$ 8,556,135</u>	<u>\$ 10,805,550</u>	<u>\$ 19,361,685</u>	<u>\$ 18,042,761</u>

Additional information on the City of Chatfield's capital assets can be found in Note 3D on pages 44-45 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Chatfield had \$13,571,933 in bonds and notes outstanding. All of this debt is backed by the full faith and credit of the City with the exception of the tax increment bonds.

**City of Chatfield, Minnesota's Outstanding Debt**

General Obligation and Revenue Bonds

	Governmental	Business-Type	Totals	
	Activities	Activities	2008	2007
General obligation bonds	\$ 5,958,803	\$	\$ 5,958,803	\$ 4,059,217
Tax increment bonds	418,130		418,130	466,067
General obligation revenue bonds		7,195,000	7,195,000	7,195,000
Total	<u>\$ 6,376,933</u>	<u>\$ 7,195,000</u>	<u>\$ 13,571,933</u>	<u>\$ 11,720,284</u>

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

**Long-term debt. (Continued)**

The City of Chatfield's total bonds and notes payable increased by \$1,851,649 during the current fiscal year. A more detailed breakdown of these obligations can be found in Note 3F, beginning on page 48.

The City of Chatfield maintains a Baa1 bond rating on its general obligation bonds from Moody's Investors Services.

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

The uncertainty in the national economy and, particularly, the housing slump / mortgage crisis continues to be a factor that has been considered as the City prepares its plans for the future. As unsettling as the macro economic view might be, the more local, regional economy is more capable and would be more appropriate to consider in regard to considering the future of the community.

While the City of Chatfield does not discount the concerns regarding the overall economy, the City also understands that the near and long term forecasts for the Rochester area is relatively positive. The level of delinquent taxpayers and delinquent utility accounts have risen but are not at a level that poses any cash flow concerns. To date, the rate of home foreclosures remains low and the general composition of the local and regional economy remains quite diverse.

The City's tax rate for 2009 is within basis points of the rate of 2008 and 2007. Since the City has used a long-term perspective when creating its capital replacement/improvement planning, the City budget is structured in a way that will push the tax levy much higher than it currently is. The primary threat, in regards to the tax levy, is the State's budget crisis which is resulting in a threat to Local Government Aid. While the City may have to consider increasing it's levy to avoid serious service cuts because of the reduction in aid, the increasing unemployment rate will cause any levy increase to be minimized.

The construction of a new elementary school will provide a solid educational element to the community. To serve the elementary building property, the City has installed a new road, a water booster station and is erecting a water tower. Water rates will not increase beyond inflationary demands while sewer rates will continue to increase to offset the declining home construction rate.

All of these factors were considered in preparing the City of Chatfield's budget for the 2009 fiscal year. To deal with the regular economic cycles of life and to plan for future capital expansion, the City routinely puts aside resources.

**Requests for Information**

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

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**CITY OF CHATFIELD, MINNESOTA**  
**FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

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## CITY OF CHATFIELD, MINNESOTA

## STATEMENT OF NET ASSETS

December 31, 2008

With Comparative Totals for December 31, 2007

	Governmental Activities	Business-Type Activities	Totals	
			2008	2007
<b>ASSETS</b>				
Cash and investments	\$ 4,005,689	\$ 1,421,196	\$ 5,426,885	\$ 4,529,846
Restricted cash		828,383	828,383	732,544
Receivables	1,647,250	198,349	1,845,599	1,457,628
Prepaid items	9,739	1,569	11,308	9,781
Capital assets:				
Nondepreciable	380,255	88,274	468,529	562,922
Depreciable, net	8,175,880	10,717,276	18,893,156	17,479,839
Total Assets	<u>14,218,813</u>	<u>13,255,047</u>	<u>27,473,860</u>	<u>24,772,560</u>
<b>LIABILITIES</b>				
Accounts payable	127,057	29,345	156,402	65,845
Retainage payable				70,000
Accrued interest payable	94,420	117,016	211,436	174,520
Accrued liabilities		7,446	7,446	6,255
Unearned revenue		57,847	57,847	24,755
Compensated absences	176,210	30,970	207,180	202,798
Noncurrent liabilities:				
Due within one year	348,596	60,000	408,596	310,414
Due in more than one year	6,028,337	7,135,000	13,163,337	11,409,870
Total Liabilities	<u>6,774,620</u>	<u>7,437,624</u>	<u>14,212,244</u>	<u>12,264,457</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	2,179,202	4,438,933	6,618,135	6,322,477
Restricted for:				
Revolving loans	583,934		583,934	67,666
Debt service	1,041,181		1,041,181	950,051
Unrestricted	<u>3,639,876</u>	<u>1,378,490</u>	<u>5,018,366</u>	<u>5,167,909</u>
Total Net Assets	<u>\$ 7,444,193</u>	<u>\$ 5,817,423</u>	<u>\$ 13,261,616</u>	<u>\$ 12,508,103</u>

See Notes to the Financial Statements

**CITY OF CHATFIELD, MINNESOTA**  
**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2008  
 With Comparative Totals for the Fiscal Year Ending December 31, 2007

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
Governmental activities:				
General government	\$ 347,485	\$ 94,360	\$ 49,860	\$
Public safety	876,103	194,885	170,530	65,550
Public works	561,007	23,750	3,963	
Parks and recreation	317,345	37,591		
Library	236,860	6,478	46,787	
Community development	141,328	17,286	512,031	
Interest on long-term debt	304,058			
Total governmental activities	<u>2,784,186</u>	<u>374,350</u>	<u>783,171</u>	<u>65,550</u>
Business-Type activities:				
Water	186,701	505,318		
Sewer	903,945	809,874		
Garbage	<u>173,909</u>	<u>161,830</u>		
Total business-type activities	<u>1,264,555</u>	<u>1,477,022</u>		
Total	<u>\$ 4,048,741</u>	<u>\$ 1,851,372</u>	<u>\$ 783,171</u>	<u>\$ 65,550</u>

General revenues:

- General property taxes
- Tax increments
- Grants and contributions not restricted to specific programs
- Interest earnings
- Miscellaneous

Transfers

    Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

**See Notes to the Financial Statements**

Net (Expense) Revenue  
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Totals	
		2008	2007
\$ (203,265)		\$ (203,265)	\$ (274,251)
(445,138)		(445,138)	(415,853)
(533,294)		(533,294)	(410,255)
(279,754)		(279,754)	(90,619)
(183,595)		(183,595)	(128,802)
387,989		387,989	(113,439)
(304,058)		(304,058)	(297,565)
<u>(1,561,115)</u>		<u>(1,561,115)</u>	<u>(1,730,784)</u>
	\$ 318,617	318,617	98,339
	(94,071)	(94,071)	(281,791)
	<u>(12,079)</u>	<u>(12,079)</u>	<u>509</u>
	212,467	212,467	(182,943)
<u>(1,561,115)</u>	<u>212,467</u>	<u>(1,348,648)</u>	<u>(1,913,727)</u>
901,676		901,676	818,995
156,987		156,987	123,673
807,206		807,206	867,182
151,584	83,069	234,653	284,437
	1,639	1,639	20,571
(846,336)	846,336		
<u>1,171,117</u>	<u>931,044</u>	<u>2,102,161</u>	<u>2,114,858</u>
(389,998)	1,143,511	753,513	201,131
<u>7,834,191</u>	<u>4,673,912</u>	<u>12,508,103</u>	<u>12,306,972</u>
<u>\$ 7,444,193</u>	<u>\$ 5,817,423</u>	<u>\$ 13,261,616</u>	<u>\$ 12,508,103</u>

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**CITY OF CHATFIELD, MINNESOTA**  
**FUND FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008**

**CITY OF CHATFIELD, MINNESOTA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2008  
With Comparative Totals for December 31, 2007

	100 General	211/212 Library	360 Revolving Loan	317 1999 Improvement Bond
<b>ASSETS</b>				
Cash and investments	\$ 1,077,972	\$ 407,573	\$ 72,845	\$
Accounts receivable				
Notes receivable			549,351	
Due from other governmental units	11,015			
Taxes receivable delinquent	31,561			107
Special assessments receivable				532,003
Special assessments delinquent				
Due from other funds	16,250			
Prepaid expense	7,124			
<b>TOTAL ASSETS</b>	<b>\$ 1,143,922</b>	<b>\$ 407,573</b>	<b>\$ 622,196</b>	<b>\$ 532,110</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 42,210	\$ 2,304	\$	\$
Due to other funds				12,334
Deferred revenue	31,561		549,351	532,110
Total Liabilities	73,771	2,304	549,351	544,444
<b>Fund Balance:</b>				
Reserved for:				
Debt service				(12,334)
Revolving loans			72,845	
Unreserved, designated:		350,822		
Unreserved, undesignated,	1,070,151	54,447		
Total Fund Balance	1,070,151	405,269	72,845	(12,334)
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,143,922</b>	<b>\$ 407,573</b>	<b>\$ 622,196</b>	<b>\$ 532,110</b>

**See Notes to the Financial Statements**

FORM B-1

429 2008A HL Tower/ Hillside Drive	Other Governmental Funds	Totals	
		2008	2007
\$ 345,294	\$ 2,102,005	\$ 4,005,689	\$ 3,413,124
	131,995	131,995	144,415
		549,351	38,262
	8,319	19,334	5,810
	2,599	34,267	1,977
	380,300	912,303	1,088,361
			3,360
		16,250	20,100
	2,615	9,739	7,816
<u>\$ 345,294</u>	<u>\$ 2,627,833</u>	<u>\$ 5,678,928</u>	<u>\$ 4,723,225</u>
\$ 74,737	\$ 7,806	\$ 127,057	\$ 46,749
	3,916	16,250	20,100
	382,897	1,495,919	1,131,960
<u>74,737</u>	<u>394,619</u>	<u>1,639,226</u>	<u>1,198,809</u>
	1,053,515	1,041,181	950,051
		72,845	67,666
270,557	681,183	1,302,562	1,486,028
	498,516	1,623,114	1,020,671
<u>270,557</u>	<u>2,233,214</u>	<u>4,039,702</u>	<u>3,524,416</u>
<u>\$ 345,294</u>	<u>\$ 2,627,833</u>	<u>\$ 5,678,928</u>	<u>\$ 4,723,225</u>

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**CITY OF CHATFIELD, MINNESOTA  
RECONCILIATION OF NET ASSETS IN THE  
GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND BALANCES  
IN THE FUND BASIS FINANCIAL STATEMENTS  
December 31, 2008**

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

Total governmental fund balances (page 17)	\$	4,039,702
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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	\$	13,270,409	
Less: Accumulated depreciation		<u>(4,714,274)</u>	
			8,556,135

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Delinquent property taxes	\$	34,265	
Deferred special assessments		912,303	
Notes receivable		<u>549,351</u>	
			1,495,919

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	\$	(6,376,933)	
Compensated absences		(176,210)	
Accrued interest		<u>(94,420)</u>	
			<u>(6,647,563)</u>

Net assets of governmental activities (page 13)	\$	<u><u>7,444,193</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, 2008  
With Comparative Totals for the Fiscal Year Ending December 31, 2007

	100 General	211/212 Library	360 Revolving Loan	317 1999 Improvement Bond
<b>REVENUES</b>				
Property taxes	\$ 859,089	\$	\$	\$
Special assessments				52,000
Tax increments				
Licenses and permits	30,652			
Fines and forfeits	11,959	3,592		
Intergovernmental revenues	926,983	45,812	511,088	
Franchise fees				
Charges for services	8,616			
Interest income	29,064	9,191	3,291	
Miscellaneous revenues	84,339	3,861	1,888	
<b>TOTAL REVENUES</b>	<u>1,950,702</u>	<u>62,456</u>	<u>516,267</u>	<u>52,000</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General government	389,074			
Public safety	501,432			
Public works	366,455			
Parks and recreation	171,067			
Library		169,802		
Community development	9,905		511,088	
<b>Capital Outlay</b>				
<b>Debt Service</b>				53,452
<b>TOTAL EXPENDITURES</b>	<u>1,437,933</u>	<u>169,802</u>	<u>511,088</u>	<u>53,452</u>
Excess (deficiency) of revenues over (under) expenditures	<u>512,769</u>	<u>(107,346)</u>	<u>5,179</u>	<u>(1,452)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds				
Transfers in	168,013	103,203		
Transfers out	(587,992)	(18,195)		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(419,979)</u>	<u>85,008</u>		
Net change in fund balances	92,790	(22,338)	5,179	(1,452)
<b>FUND BALANCES, beginning</b>	<u>977,361</u>	<u>427,607</u>	<u>67,666</u>	<u>(10,882)</u>
<b>FUND BALANCES, ending</b>	<u>\$ 1,070,151</u>	<u>\$ 405,269</u>	<u>\$ 72,845</u>	<u>\$ (12,334)</u>

**See Notes to the Financial Statements**

FORM B-3

429 2008A HL Tower/ Hillside Drive	Other Governmental Funds	Totals	
		2008	2007
\$	\$ 41,432	\$ 900,521	\$ 817,018
	96,285	148,285	211,081
	156,987	156,987	123,673
		30,652	9,395
		15,551	19,756
	96,998	1,580,881	1,029,994
	25,523	25,523	31,042
	229,218	237,834	274,410
17,459	92,579	151,584	122,509
	49,748	139,836	184,151
17,459	788,770	3,387,654	2,823,029
	37,097	426,171	380,067
	252,503	753,935	901,694
		366,455	433,403
	96,186	267,253	225,497
		169,802	143,238
	131,424	652,417	141,706
921,616	42,911	964,527	6,947
27,887	528,364	609,703	600,830
949,503	1,088,485	4,210,263	2,833,382
(932,044)	(299,715)	(822,609)	(10,353)
2,184,231		2,184,231	
	886,850	1,158,066	890,749
(981,630)	(416,585)	(2,004,402)	(832,879)
1,202,601	470,265	1,337,895	57,870
270,557	170,550	515,286	47,517
	2,062,664	3,524,416	3,476,899
\$ 270,557	\$ 2,233,214	\$ 4,039,702	\$ 3,524,416

**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, 2008**

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

Net change in fund balances - total governmental funds (page 20)	\$	515,286
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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	1,156,997	
Depreciation expense	<u>(536,855)</u>	
		620,142

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred revenue, December 31, 2008	1,495,919	
Deferred revenue, December 31, 2007	<u>(1,131,960)</u>	
		363,959

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences	(10,800)
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Issuance of long-term debt	(2,210,000)	
Principal retirement on long-term debt	358,351	
Change in accrued interest	<u>(26,936)</u>	
		<u>(1,878,585)</u>

Change in net assets of governmental activities (pages 15)	\$	<u><u>(389,998)</u></u>
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**CITY OF CHATFIELD, MINNESOTA**  
**GENERAL FUND**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**

For the Year Ended December 31, 2008

With Comparative Totals for the Fiscal Year Ending December 31, 2007

	Budgeted Amounts		2008	Variance with	2007
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
			Amounts		Amounts
<b>REVENUES</b>					
<b>Property Tax Levy Collected</b>	\$ 838,450	\$ 838,450	\$ 859,089	\$ 20,639	\$ 777,405
<b>Licenses and permits</b>	15,540	15,540	30,652	15,112	9,395
<b>Intergovernmental Revenues</b>					
Local government aid	794,481	794,481	722,222	(72,259)	767,590
Market value credit	93,000	93,000	75,672	(17,328)	89,893
State police aid	17,000	17,000	24,839	7,839	21,975
State fire aid	30,000	30,000	19,453	(10,547)	22,941
PERA aid	1,677	1,677	1,677		1,677
Highway	4,000	4,000	3,963	(37)	3,904
State fire equipment aid			65,550	65,550	
Other	4,116	4,116	13,607	9,491	5,177
Total Intergovernmental Revenues	944,274	944,274	926,983	(17,291)	913,157
<b>Charges For Services</b>					
Plan check fee	4,500	4,500	6,321	1,821	3,604
Animal shelter fee	50	50		(50)	60
Fire protection fee	2,000	2,000	1,325	(675)	2,000
Franchise fees	1,500	1,500	970	(530)	727
Total Charges For Services	8,050	8,050	8,616	566	6,391
<b>Fines and Forfeits</b>					
Parking fines	1,750	1,750	1,150	(600)	2,045
Court fines and other	10,000	10,000	10,636	636	13,965
Animal fines	150	150	173	23	220
Total Fines and Forfeits	11,900	11,900	11,959	59	16,230
<b>Interest Income</b>	15,000	15,000	29,064	14,064	
<b>Miscellaneous Revenues</b>					
Park and recreation	300	300		(300)	130
Sale of assets			222	222	12,649
Donations	51,000	51,000	51,502	502	58,573
Refunds/reimbursements	17,500	17,500	32,615	15,115	44,869
Total Miscellaneous Revenues	68,800	68,800	84,339	15,539	116,221
<b>TOTAL REVENUES</b>	\$ 1,902,014	\$ 1,902,014	\$ 1,950,702	\$ 48,688	\$ 1,838,799

**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, 2008  
 With Comparative Totals for the Fiscal Year Ending December 31, 2007

	Budgeted Amounts		2008	Variance with	2007
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
<b>EXPENDITURES</b>					
<b>General Government</b>					
<b>Mayor and Council</b>					
Salaries	\$ 10,500	\$ 10,500	\$ 9,200	\$ 1,300	\$ 9,200
Employee benefits and retirement	740	740	704	36	704
Workers compensation	80	80	40	40	34
Office supplies	400	400	218	182	229
Printing and publication	600	600	1,792	(1,192)	432
Insurance	2,300	2,300	322	1,978	1,856
Travel	1,000	1,000	411	589	1,285
Legal fees	14,500	14,500	13,574	926	12,850
Dues and subscription	3,500	3,500	3,671	(171)	3,546
Other	7,950	7,950	1,538	6,412	3,553
Total Mayor and Council	41,570	41,570	31,470	10,100	33,689
<b>Elections</b>	3,000	3,000	3,637	(637)	
<b>Clerk's Office</b>					
Salaries	149,000	149,000	145,523	3,477	136,974
Employee benefits and retirement	20,200	20,200	19,476	724	17,926
Workers compensation	2,500	2,500	2,839	(339)	1,044
Health insurance	26,000	26,000	26,767	(767)	29,062
Office supplies	3,000	3,000	1,552	1,448	1,413
Postage	1,300	1,300	1,174	126	1,171
Audit fees	5,500	5,500	5,610	(110)	5,450
Consulting fees	4,000	4,000	4,282	(282)	4,110
Licenses and dues	800	800	701	99	607
Insurance	2,900	2,900	3,890	(990)	2,535
Telephone	2,650	2,650	2,778	(128)	2,481
Printing and publication	800	800	599	201	742
Maintenance and repair	2,050	2,050	3,707	(1,657)	3,261
Conference expense	6,000	6,000	2,693	3,307	900
Capital outlay	1,150	1,150	3,800	(2,650)	984
Other	17,030	17,030	16,623	407	18,293
Total Clerk's Office	244,880	244,880	242,014	2,866	226,953
<b>Planning and Zoning</b>					
Printing	1,000	1,000	1,088	(88)	420
Consulting fees	55,000	55,000	58,091	(3,091)	31,180
Capital outlay					4,990
Other	2,150	2,150	4,084	(1,934)	1,393
Total Planning and Zoning	\$ 58,150	\$ 58,150	\$ 63,263	\$ (5,113)	\$ 37,983

**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, 2008  
 With Comparative Totals for the Fiscal Year Ending December 31, 2007

	Budgeted Amounts		2008	Variance with	2007
	Original	Final	Actual	Final Budget - Favorable (Unfavorable)	Actual
<b>EXPENDITURES (continued)</b>					
<b>General Government (Continued)</b>					
<b>Municipal Building</b>					
Operating supplies	\$ 3,500	\$ 3,500	\$ 3,416	\$ 84	\$ 3,652
Small tools and minor equipment	500	500	274	226	163
Maintenance and repair	9,300	9,300	12,954	(3,654)	10,096
Contracted services	16,000	16,000	17,268	(1,268)	13,675
Insurance	7,500	7,500	6,282	1,218	4,062
Utilities	8,500	8,500	7,410	1,090	7,132
Capital outlay					6,169
Other	4,150	4,150	1,086	3,064	1,869
Total Municipal Building	49,450	49,450	48,690	760	46,818
Total General Government	397,050	397,050	389,074	7,976	345,443
<b>Public Safety</b>					
<b>Animal Control</b>					
Operating supplies	300	300	111	189	108
Printing and publication	50	50		50	
Other	725	725	200	525	585
Total Animal Control	1,075	1,075	311	764	693
<b>Fire Department</b>					
Salaries	6,000	6,000	4,918	1,082	4,920
Employee benefits and retirement	269	269	173	96	173
Fire pension contribution	30,000	30,000	19,453	10,547	22,941
Workers compensation	1,800	1,800	1,841	(41)	1,752
Innoculations	600	600	782	(182)	494
Vehicle operating supplies	1,000	1,000	821	179	649
Small tools and minor equipment	3,000	3,000	2,623	377	2,731
Telephone	150	150		150	176
Maintenance and repair	16,000	16,000	14,022	1,978	4,706
Insurance	4,000	4,000	3,466	534	3,852
Utilities	3,200	3,200	3,591	(391)	3,137
Printing and publishing	130	130	165	(35)	126
Training	2,500	2,500	1,496	1,004	600
Capital outlay	8,750	8,750	87,933	(79,183)	179,875
Other	5,450	5,450	6,706	(1,256)	4,947
Total Fire Department	82,849	82,849	147,990	(65,141)	231,079
<b>Building Code</b>					
Consultant fee	10,000	10,000	16,020	(6,020)	8,883
Surcharge fee/sales tax	6,500	6,500	7,768	(1,268)	2,298
Total Building Code	\$ 16,500	\$ 16,500	\$ 23,788	\$ (7,288)	\$ 11,181

**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, 2008

With Comparative Totals for the Fiscal Year Ending December 31, 2007

	Budgeted Amounts		2008	Variance with	2007
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
EXPENDITURES (continued)					
<b>Public Safety (Continued)</b>					
<b>Police Department</b>					
Salaries	\$ 211,529	\$ 211,529	\$ 197,114	\$ 14,415	\$ 223,179
Employee benefits and retirement	28,696	28,696	26,455	2,241	28,348
Workers compensation/unemployment	8,050	8,050	9,106	(1,056)	12,833
Health insurance	28,153	28,153	13,537	14,616	20,167
Operating supplies	3,220	3,220	1,203	2,017	2,830
Vehicle operating supplies	4,190	4,190	2,277	1,913	2,693
Small tools and minor equipment	6,950	6,950	2,668	4,282	6,114
Telephone	4,980	4,980	4,201	779	4,682
Legal fees	14,000	14,000	11,741	2,259	16,432
Vehicle lease	24,981	24,981	22,890	2,091	23,388
Towing and wrecker fees	2,516	2,516	1,666	850	3,470
Uniform allowance	2,520	2,520	937	1,583	2,173
Maintenance and repair	6,450	6,450	6,883	(433)	11,656
Clothing	2,000	2,000	5,273	(3,273)	5,061
Printing and publication	500	500	472	28	113
Postage	600	600	308	292	346
Training	7,580	7,580	5,152	2,428	5,250
Contracted services	750	750	845	(95)	805
Insurance	3,000	3,000	2,454	546	3,125
Utilities	8,050	8,050	7,410	640	7,131
Capital outlay	29,650	29,650		29,650	33,760
Other	13,471	13,471	6,751	6,720	11,086
Total Police Department	<u>411,836</u>	<u>411,836</u>	<u>329,343</u>	<u>82,493</u>	<u>424,642</u>
Total Public Safety	<u>512,260</u>	<u>512,260</u>	<u>501,432</u>	<u>10,828</u>	<u>667,595</u>
<b>Public Works</b>					
<b>Street Department</b>					
Salaries	54,300	54,300	66,330	(12,030)	37,071
Employee benefits and retirement	7,700	7,700	8,698	(998)	4,924
Health insurance	4,600	4,600	9,833	(5,233)	5,210
Workers compensation	4,500	4,500	5,056	(556)	4,039
Operating supplies	7,500	7,500	8,159	(659)	6,010
Vehicle operating supplies	12,000	12,000	11,853	147	12,756
Maintenance and repair	67,500	67,500	65,752	1,748	70,033
Clothing	800	800	730	70	632
Snow removal	6,600	6,600	5,830	770	11,580
Insurance	10,500	10,500	8,802	1,698	10,027
Engineering fees	21,000	21,000	100,565	(79,565)	21,074
Small tools and minor equipment	2,250	2,250	5,069	(2,819)	3,796
Utilities	31,000	31,000	34,553	(3,553)	32,551
Travel	275	275		275	
Capital outlay	165,000	165,000	28,697	136,303	199,355
Other	5,270	5,270	6,528	(1,258)	14,345
Total Public Works	<u>\$ 400,795</u>	<u>\$ 400,795</u>	<u>\$ 366,455</u>	<u>\$ 34,340</u>	<u>\$ 433,403</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, 2008

With Comparative Totals for the Fiscal Year Ending December 31, 2007

	Budgeted Amounts		2008	Variance with	2007
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
<b>EXPENDITURES (continued)</b>					
<b>Parks and Recreation</b>					
<b>Parks</b>					
Salaries	\$ 50,500	\$ 50,500	\$ 56,031	\$ (5,531)	\$ 49,529
Employee benefits and retirement	6,000	6,000	6,327	(327)	5,689
Workers compensation	1,500	1,500	1,831	(331)	1,440
Small tools and minor equipment	1,300	1,300	1,836	(536)	517
Vehicle operating supplies	800	800	3,997	(3,197)	1,336
Maintenance and repair	5,000	5,000	5,383	(383)	11,961
Utilities	5,000	5,000	15,340	(10,340)	15,615
Insurance	3,900	3,900	7,380	(3,480)	3,409
Capital outlay	26,000	26,000	53,558	(27,558)	27,607
Other	8,485	8,485	7,198	1,287	13,750
Total Parks	108,485	108,485	158,881	(50,396)	130,853
<b>Recreation</b>	10,500	10,500	10,586	(86)	10,222
<b>Band</b>					
School band concerts	480	480	480		480
Brass band concerts	1,120	1,120	1,120		2,240
Total Band	1,600	1,600	1,600		2,720
Total Parks and Recreation	120,585	120,585	171,067	(50,482)	143,795
<b>Community Development</b>					
Promotional expense	4,000	4,000	3,640	360	2,660
Consultant	2,500	2,500	588	1,912	
Donations	1,000	1,000	300	700	
Other	4,450	4,450	5,377	(927)	4,783
Total Community Development	11,950	11,950	9,905	2,045	7,443
<b>TOTAL EXPENDITURES</b>	1,442,640	1,442,640	1,437,933	4,707	1,597,679
Excess (deficiency) of revenues over (under) expenditures	459,374	459,374	512,769	53,395	241,120
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	113,900	113,900	168,013	54,113	250,513
Transfers out	(463,235)	(463,235)	(587,992)	(124,757)	(523,436)
Total Other Financing Sources (Uses)	(349,335)	(349,335)	(419,979)	(70,644)	(272,923)
Net change in fund balances	110,039	110,039	92,790	(17,249)	(31,803)
<b>FUND BALANCES, beginning</b>	977,361	977,361	977,361		1,009,164
<b>FUND BALANCES, ending</b>	\$ 1,087,400	\$ 1,087,400	\$ 1,070,151	\$ (17,249)	\$ 977,361

**See Notes to the Financial Statements**

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

For the Year Ended December 31, 2008

With Comparative Totals for the Fiscal Year Ending December 31, 2007

	Budgeted Amounts		2008	Variance with	2007
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
<b>REVENUES</b>					
Intergovernmental revenues	\$ 35,250	\$ 35,250	\$ 45,812	\$ 10,562	\$ 34,733
Library fines	4,000	4,000	3,592	(408)	3,526
Interest income	3,000	3,000	9,191	6,191	5,744
Miscellaneous	2,500	2,500	3,861	1,361	2,968
<b>TOTAL REVENUES</b>	<b>44,750</b>	<b>44,750</b>	<b>62,456</b>	<b>17,706</b>	<b>46,971</b>
<b>EXPENDITURES</b>					
<b>Library</b>					
Salaries	78,175	78,175	78,891	(716)	75,208
Employee benefits and retirement	9,400	9,400	10,626	(1,226)	9,868
Workers compensation	200	200		200	12
Health insurance	8,300	8,300	12,368	(4,068)	8,555
Travel	600	600	414	186	510
Office supplies and postage	2,500	2,500	2,054	446	2,051
Operating supplies/small tools	2,800	2,800	3,453	(653)	3,174
Insurance	2,000	2,000	2,144	(144)	1,861
Utilities	5,000	5,000	5,446	(446)	5,601
Maintenance and repair	3,250	3,250	6,573	(3,323)	3,565
Telephone	1,000	1,000	1,176	(176)	1,144
Cleaning services	1,000	1,000	660	340	1,264
Books, periodicals, etc.	17,600	17,600	15,295	2,305	16,859
Capital outlay	2,500	2,500	17,412	(14,912)	1,706
Other	11,670	11,670	13,290	(1,620)	11,860
<b>TOTAL EXPENDITURES</b>	<b>145,995</b>	<b>145,995</b>	<b>169,802</b>	<b>(23,807)</b>	<b>143,238</b>
Excess (deficiency) of revenues over (under) expenditures	(101,245)	(101,245)	(107,346)	(6,101)	(96,267)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	101,245	101,245	103,203	1,958	96,366
Transfers out	(18,195)	(18,195)	(18,195)		(18,019)
Net change in fund balances	(18,195)	(18,195)	(22,338)	(4,143)	(17,920)
<b>FUND BALANCES, beginning</b>	<b>427,607</b>	<b>427,607</b>	<b>427,607</b>		<b>445,527</b>
<b>FUND BALANCES, ending</b>	<b>\$ 409,412</b>	<b>\$ 409,412</b>	<b>\$ 405,269</b>	<b>\$ (4,143)</b>	<b>\$ 427,607</b>

**See Notes to the Financial Statements**

**CITY OF CHATFIELD, MINNESOTA  
REVOLVING LOAN  
Schedule of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual**

For the Year Ended December 31, 2008  
With Comparative Totals for the Fiscal Year Ending December 31, 2007

	Budgeted Amounts		2008	Variance with	2007
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
<b>REVENUES</b>					
Intergovernmental Revenues	\$	\$	\$ 511,088	\$ 511,088	\$
Interest income	1,800	1,800	3,291	1,491	5,293
Miscellaneous	2,600	2,600	1,888	(712)	2,491
<b>TOTAL REVENUES</b>	4,400	4,400	516,267	511,867	7,784
<b>EXPENDITURES</b>					
Loan advances			511,088	(511,088)	
Net change in fund balances	4,400	4,400	5,179	779	7,784
<b>FUND BALANCES, beginning</b>	67,666	67,666	67,666		59,882
<b>FUND BALANCES, ending</b>	\$ 72,066	\$ 72,066	\$ 72,845	\$ 779	\$ 67,666

**See Notes to the Financial Statements**

**CITY OF CHATFIELD, MINNESOTA**  
**PROPRIETARY FUNDS**  
**Statement of Net Assets**  
December 31, 2008  
With Comparative Totals for December 31, 2007

	Business-Type Activities - Enterprise Funds				
	Water	Water Infrastructure	Total Water	Sewer	Sewer Infrastructure
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and investments	\$ 420,903	\$ 653,061	\$ 1,073,964	\$ 185,053	\$ 145,836
Restricted cash					828,383
Accounts receivable, net	20,338		20,338	54,730	
Special assessments receivable	21,300		21,300	21,300	
Special assessments delinquent	23,139		23,139	23,139	
Prepaid expenses	523		523	1,046	
Total Current Assets	486,203	653,061	1,139,264	285,268	974,219
<b>Noncurrent Assets</b>					
Capital assets:					
Nondepreciable		53,228	53,228		35,046
Depreciable		2,524,226	2,524,226		11,754,969
Less: Accumulated depreciation		504,323	504,323		3,057,596
Net capital assets		2,073,131	2,073,131		8,732,419
Total Assets	486,203	2,726,192	3,212,395	285,268	9,706,638
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable	5,189		5,189	6,324	6,350
Accrued interest payable					117,016
Retainage payable					
Deferred revenue	23,139		23,139	23,139	
Accrued liabilities	14,162		14,162	20,545	
Total Current Liabilities	42,490		42,490	50,008	123,366
<b>Noncurrent Liabilities</b>					
Bonds payable					7,195,000
Total Liabilities	42,490		42,490	50,008	7,318,366
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt		2,073,131	2,073,131		2,365,802
Unrestricted	443,713	653,061	1,096,774	235,260	22,470
Total Net Assets	\$ 443,713	\$ 2,726,192	\$ 3,169,905	\$ 235,260	\$ 2,388,272

**See Notes to the Financial Statements**

FORM C-1

Total Sewer	Garbage	Totals	
		2008	2007
\$ 330,889	\$ 16,343	\$ 1,421,196	\$ 1,116,722
828,383		828,383	732,544
54,730	12,184	87,252	79,011
21,300	10,650	53,250	71,677
23,139	11,569	57,847	24,755
1,046		1,569	1,965
<u>1,259,487</u>	<u>50,746</u>	<u>2,449,497</u>	<u>2,026,674</u>
35,046		88,274	182,667
11,754,969		14,279,195	13,095,032
3,057,596		3,561,919	3,170,930
<u>8,732,419</u>		<u>10,805,550</u>	<u>10,106,769</u>
<u>9,991,906</u>	<u>50,746</u>	<u>13,255,047</u>	<u>12,133,443</u>
12,674	11,482	29,345	19,096
117,016		117,016	107,037
			70,000
23,139	11,569	57,847	24,755
20,545	3,709	38,416	43,643
<u>173,374</u>	<u>26,760</u>	<u>242,624</u>	<u>264,531</u>
<u>7,195,000</u>		<u>7,195,000</u>	<u>7,195,000</u>
<u>7,368,374</u>	<u>26,760</u>	<u>7,437,624</u>	<u>7,459,531</u>
2,365,802		4,438,933	3,467,276
257,730	23,986	1,378,490	1,206,636
<u>\$ 2,623,532</u>	<u>\$ 23,986</u>	<u>\$ 5,817,423</u>	<u>\$ 4,673,912</u>

**CITY OF CHATFIELD, MINNESOTA  
PROPRIETARY FUNDS**

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

For the Year Ended December 31, 2008

With Comparative Totals for the Fiscal Year Ending December 31, 2007

	Business-Type Activities - Enterprise Funds				
	Water	Water Infrastructure	Total Water	Sewer	Sewer Infrastructure
<b>Operating Revenues</b>					
Service fees and charges	\$ 230,162	\$ 266,420	\$ 496,582	\$ 556,058	\$ 245,080
<b>Operating Expenses</b>					
Salaries	53,328		53,328	116,238	
Employee benefits and retirement	8,044		8,044	15,909	
Health insurance	3,107		3,107	12,776	
Workers compensation	1,532		1,532	3,452	
Garbage removal					
City clean up					
Supplies	8,034		8,034	5,580	
Utilities	12,202		12,202	40,390	
Maintenance and repairs	7,805		7,805	24,277	
Travel and training	810		810	1,865	
Professional fees	10,445		10,445	19,071	4,695
Office expense	1,580		1,580	1,622	
Insurance	2,567		2,567	11,560	
Depreciation		70,969	70,969		320,021
Other	6,278		6,278	32,316	
Total Operating Expenses	115,732	70,969	186,701	285,056	324,716
Operating Income (Loss)	114,430	195,451	309,881	271,002	(79,636)
<b>Nonoperating Revenues (Expenses)</b>					
Interest income	16,955	20,860	37,815	8,759	35,816
Refunds and reimbursements	228		228	799	
Miscellaneous revenue					
Penalties and discounts	306		306	306	
Special assessments	8,736		8,736	8,736	
Interest and fiscal charges					(294,173)
Total Nonoperating Revenues (Expenses)	26,225	20,860	47,085	18,600	(258,357)
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	140,655	216,311	356,966	289,602	(337,993)
Transfers in		1,076,328	1,076,328		274,501
Transfers out	(102,258)	(48,999)	(151,257)	(274,700)	(78,336)
<b>CHANGE IN NET ASSETS</b>	38,397	1,243,640	1,282,037	14,902	(141,828)
<b>NET ASSETS - BEGINNING OF YEAR</b>	405,316	1,482,552	1,887,868	220,358	2,530,100
<b>NET ASSETS - END OF YEAR</b>	\$ 443,713	\$ 2,726,192	\$ 3,169,905	\$ 235,260	\$ 2,388,272

**See Notes to the Financial Statements**

FORM C-2

Total Sewer	Garbage	Totals	
		2008	2007
\$ 801,138	\$ 157,553	\$ 1,455,273	\$ 926,046
116,238	9,970	179,536	188,304
15,909	2,809	26,762	26,758
12,776		15,883	13,396
3,452		4,984	2,825
	134,520	134,520	125,854
	12,368	12,368	9,140
5,580	452	14,066	13,114
40,390		52,592	49,602
24,277	1,784	33,866	46,619
1,865		2,675	1,979
23,766		34,211	30,641
1,622	1,381	4,583	4,406
11,560		14,127	10,556
320,021		390,990	357,264
32,316	10,625	49,219	37,346
609,772	173,909	970,382	917,804
191,366	(16,356)	484,891	8,242
44,575	679	83,069	97,485
799		1,027	1,006
			18,839
306		612	726
8,736	4,277	21,749	93,010
(294,173)		(294,173)	(284,195)
(239,757)	4,956	(187,716)	(73,129)
(48,391)	(11,400)	297,175	(64,887)
274,501		1,350,829	743,402
(353,036)	(200)	(504,493)	(801,272)
(126,926)	(11,600)	1,143,511	(122,757)
2,750,458	35,586	4,673,912	4,796,669
\$ 2,623,532	\$ 23,986	\$ 5,817,423	\$ 4,673,912

**CITY OF CHATFIELD, MINNESOTA**

**PROPRIETARY FUNDS**

**Statement of Cash Flows**

For the Year Ended December 31, 2008

With Comparative Totals for the Fiscal Year Ending December 31, 2007

	Business-Type Activities - Enterprise Funds				
	Water	Water Infrastructure	Total Water	Sewer	Sewer Infrastructure
<b>Cash Flows From Operating Activities</b>					
Cash received from customers	\$ 245,189	\$ 268,020	\$ 513,209	\$ 562,363	\$ 249,335
Cash paid to employees	(66,011)		(66,011)	(148,375)	
Cash paid to suppliers	(50,704)		(50,704)	(136,909)	
Net Cash Provided By (Used In) Operating Activities	128,474	268,020	396,494	277,079	249,335
<b>Cash Flows From Noncapital Financing Activities</b>					
Transfer in/out	(102,258)	1,027,329	925,071	(274,700)	196,165
<b>Cash Flows From Capital and Related Financing Activities</b>					
Capital asset acquisitions		(1,014,898)	(1,014,898)		(144,873)
Interest payments on bonds					(284,194)
Net Cash (Used In) Capital and Related Financing Activities		(1,014,898)	(1,014,898)		(429,067)
<b>Cash Flows From Investing Activities</b>					
Investment income received	16,955	20,860	37,815	8,759	35,816
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	43,171	301,311	344,482	11,138	52,249
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	377,732	351,750	729,482	173,915	921,970
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 420,903</u>	<u>\$ 653,061</u>	<u>\$ 1,073,964</u>	<u>\$ 185,053</u>	<u>\$ 974,219</u>
Classified as:					
Cash and cash equivalents	\$ 420,903	\$ 653,061	\$ 1,073,964	\$ 185,053	\$ 145,836
Restricted cash					828,383
Total Cash and Cash Equivalents, End of Year	<u>\$ 420,903</u>	<u>\$ 653,061</u>	<u>\$ 1,073,964</u>	<u>\$ 185,053</u>	<u>\$ 974,219</u>

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

<b>Operating Income (Loss)</b>	\$ 114,430	\$ 195,451	\$ 309,881	\$ 271,002	\$ (79,636)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation		70,969	70,969		320,021
Miscellaneous nonoperating income	9,270		9,270	9,841	
(Increase) Decrease In:					
Accounts receivable	5,757	1,600	7,357	(3,536)	2,600
Prepaid items	319		319	77	
Increase (Decrease) In:					
Accounts payable	3,320		3,320	841	6,350
Accrued liabilities	(4,622)		(4,622)	(1,146)	
Net Cash Provided By (Used In) Operating Activities	<u>\$ 128,474</u>	<u>\$ 268,020</u>	<u>\$ 396,494</u>	<u>\$ 277,079</u>	<u>\$ 249,335</u>

**See Notes to the Financial Statements**



FORM C-3

Total Sewer	Garbage	Totals	
		2008	2007
\$ 811,698	\$ 165,595	\$ 1,490,502	\$ 956,978
(148,375)	(12,779)	(227,165)	(231,283)
(136,909)	(160,851)	(348,464)	(321,204)
526,414	(8,035)	914,873	404,491
(78,535)	(200)	846,336	(57,870)
(144,873)		(1,159,771)	(234,584)
(284,194)		(284,194)	(284,195)
(429,067)		(1,443,965)	(518,779)
44,575	679	83,069	97,485
63,387	(7,556)	400,313	(74,673)
1,095,885	23,899	1,849,266	1,923,939
\$ 1,159,272	\$ 16,343	\$ 2,249,579	\$ 1,849,266
\$ 330,889	\$ 16,343	\$ 1,421,196	\$ 1,116,722
828,383		828,383	732,544
\$ 1,159,272	\$ 16,343	\$ 2,249,579	\$ 1,849,266
\$ 191,366	\$ (16,356)	\$ 484,891	\$ 8,242
320,021		390,990	357,264
9,841	4,277	23,388	113,581
(936)	3,765	10,186	(82,649)
77		396	301
7,191	(262)	10,249	19,096
(1,146)	541	(5,227)	(11,344)
\$ 526,414	\$ (8,035)	\$ 914,873	\$ 404,491

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**CITY OF CHATFIELD, MINNESOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**

## CITY OF CHATFIELD, MINNESOTA

### NOTES TO THE FINANCIAL STATEMENTS

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#### 1. Summary of Significant Accounting Policies

---

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, defined as follows:

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

*Component Units* - Component units are legally separate organizations for which the elected officials of the City of Chatfield are financially accountable or for which the nature or significance of their relationship with the City of Chatfield would cause the general purpose financial statements to be misleading or incomplete. Based on these criteria, there are no component units of the City of Chatfield.

*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 assets 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.

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.

## CITY OF CHATFIELD, MINNESOTA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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#### 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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 *library fund* accounts for the activity for the library and library endowment funds.

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## CITY OF CHATFIELD, MINNESOTA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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#### 1. Summary of Significant Accounting Policies (Continued)

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

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

The *1999 improvement bond fund* accounts for the accumulation of resources for payment of improvement bonds and interest.

The *2008A HL tower and Hillside Drive fund* accounts for the installation of a new water tower, a booster station and the construction of Hillside Drive.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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.

## CITY OF CHATFIELD, MINNESOTA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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#### 1. Summary of Significant Accounting Policies (Continued)

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##### D. Assets, Liabilities, and Net Assets or Equity

###### 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. Investments consist primarily of nonparticipating certificates of deposit recorded at cost, which approximates market value.

###### 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).

###### 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 revenue in the fund financial statements because they are not known to be available to finance current expenditures. These offsetting balances are not reflected in the financial statements because of their non-effect on current year operations.

Special assessments outstanding at December 31, 2008 are recognized as revenue only when received. The receivable balances in the fund financial statements are offset entirely by deferred revenue until collected by the county. These offsetting balances are also not reflected in the combined financial statements.

## CITY OF CHATFIELD, MINNESOTA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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#### 1. Summary of Significant Accounting Policies (Continued)

---

##### D. Assets, Liabilities, and Net Assets or Equity (continued)

###### Capital Assets

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

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

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

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

GASB Statement No. 34 required the City to report and depreciate new infrastructure assets effective January 1, 2004. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical cost nor related depreciation had been reported in the financial statements prior to 2004.



## CITY OF CHATFIELD, MINNESOTA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

#### 1. Summary of Significant Accounting Policies (Continued)

---

##### D. Assets, Liabilities, and Net Assets or Equity (continued)

###### Market Value Credit (MVC)

Property taxes on homestead property (as defined by State Statutes) are partially reduced by MVC. This credit is paid to the City by the State in lieu of taxes levied against homestead property. The State remits this credit through installments each year. The intergovernmental revenue is recognized as revenue by the City at the time of reclassification.

###### Compensated Absences

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

###### Long-term Obligations

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

###### Concentration of Credit Risk

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

###### Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

## CITY OF CHATFIELD, MINNESOTA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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## 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.

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## 3. Detailed Notes on All Funds

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### A. Summary of Cash and Investments

As of December 31, 2008, 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	2,092,679
Certificates of deposit	2,107,689
U.S. Treasury Securities	1,581,772
Money Market Funds	<u>472,978</u>
Total Cash and Investments	<u>\$ 6,255,268</u>

Total Cash and Investments as presented in the statement of net assets:

Cash and Investments	\$ 5,426,885
Restricted Cash	<u>828,383</u>
	<u>\$ 6,255,268</u>

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## 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 in to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
- g) Money market funds with institutions that have portfolios consisting exclusively of United States Treasury obligations and Federal Agency issues.

##### Collateralization of Cash Deposits

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

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

Authorized collateral includes certain state 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.

## CITY OF CHATFIELD, MINNESOTA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

#### 3. Detailed Notes on All Funds (Continued)

---

##### A. Summary of Cash and Investments (Continued)

###### Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing or decreasing interest rates.

###### Credit Risk

The City has no investment policy that would limit its investment choices beyond the limits of state statutes.

###### Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer.

##### 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. Notes Receivable

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

The City of Chatfield entered into a Grant Agreement with the Minnesota Department of Employment and Economic Development dated June 30, 2008, for which \$511,088 in Flood Recovery Funds were received and loaned to an enterprise within the City. During 2008, the City loaned Bernard Bus \$511,088 at 2% interest to help with flood recovery costs. Five years after the date of the loan, \$100,000 of the loan will be forgiven and each subsequent year \$41,330.60 will be forgiven for 5 years. The maximum amount forgiven will be \$306,653. Payments of \$2,610.11 will commence on August 1, 2009, and continue each month until July 1, 2016.

**CITY OF CHATFIELD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. Detailed Notes on All Funds (Continued)**

**C. 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.

The City of Chatfield has the following notes receivable outstanding as of December 31, 2008:

	Date of Loan	Initial Loan Amount	Interest Rate	Term	Balance 12/31/2008
RFL#12	5/30/2006	\$ 40,245	5%	10 years	\$ 38,263
Bernard Bus	6/30/2008	511,088	2%	10 years	511,088
		<u>\$ 551,333</u>			<u>\$ 549,351</u>

**D. Capital Assets**

Capital asset activity for the year ended December 31, 2008 was as follows:

<b>Governmental Activities</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 380,255	\$	\$	\$ 380,255
Total capital assets, not being depreciated	<u>380,255</u>			<u>380,255</u>
Capital assets, being depreciated:				
Buildings	4,967,549	4,486		4,972,035
Infrastructure	4,272,002	983,571		5,255,573
Vehicles	1,182,240	13,153		1,195,393
Furniture and fixtures	109,151	21,056		130,207
Machinery and equipment	1,202,214	134,732		1,336,946
Total capital assets, being depreciated	<u>11,733,156</u>	<u>1,156,998</u>		<u>12,890,154</u>
Less accumulated depreciation for:				
Buildings	2,015,096	128,222		2,143,318
Infrastructure	1,227,984	172,781		1,400,765
Vehicles	541,654	77,556		619,210
Furniture and fixtures	80,047	8,640		88,687
Machinery and equipment	312,638	149,656		462,294
Total accumulated depreciation	<u>4,177,419</u>	<u>536,855</u>		<u>4,714,274</u>
Total capital assets, being depreciated, net	<u>7,555,737</u>	<u>620,143</u>		<u>8,175,880</u>
Governmental activities capital assets, net	<u>\$ 7,935,992</u>	<u>\$ 620,143</u>	<u>\$</u>	<u>\$ 8,556,135</u>

**CITY OF CHATFIELD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. Detailed Notes on All Funds (Continued)**

**D. Capital Assets (continued)**

<b>Business-Type Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 60,492	\$	\$	\$ 60,492
Work in progress	122,175	27,782	122,175	27,782
Total capital assets, not being depreciated	182,667	27,782	122,175	88,274
Capital assets, being depreciated:				
Infrastructure	3,785,465	1,043,843		4,829,308
Wastewater Treatment Facility	9,103,872	125,234		9,229,106
Machinery and equipment	205,695	15,086		220,781
Total capital assets, being depreciated	13,095,032	1,184,163		14,279,195
Less accumulated depreciation for:				
Infrastructure	1,029,603	125,842		1,155,445
Wastewater Treatment Facility	2,005,249	251,719		2,256,968
Machinery and equipment	136,078	13,428		149,506
Total accumulated depreciation	3,170,930	390,989		3,561,919
Total capital assets, being depreciated, net	9,924,102	793,174		10,717,276
Business-type activities capital assets, net	<u>\$ 10,106,769</u>	<u>\$ 820,956</u>	<u>\$ 122,175</u>	<u>\$ 10,805,550</u>

Depreciation expense was charged to functions/programs as follows:

**Governmental Activities:**

General government	\$ 51,381
Public safety	143,559
Public works	194,552
Parks and recreation	50,092
Library	97,271

Total depreciation expense - governmental activities \$ 536,855

**Business-Type Activities:**

Water Infrastructure	\$ 70,968
Sewer Infrastructure	320,021

Total depreciation expense - business-type activities \$ 390,989

**CITY OF CHATFIELD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**3. Detailed Notes on All Funds (Continued)**

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*E. Interfund Balances and Transfers*

Transfers during the year ended December 31, 2008 were as follows:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 168,013	\$ 587,992
Special Revenue:		
Pool	61,350	
Ambulance	18,500	31,600
EDA	42,200	500
Library	103,203	18,195
Historical Society	900	
Cable Access		385
Heritage Preservation	3,500	
Fire		6,500
Tourism	200	
Debt Service:		
1997 GO Water Revenue	25,400	
2001 Refunding Bond	22,332	
2001 Public Project Revenue Bond	143,835	
2002B Revenue Bond	32,877	
2002C Fingerson-Donahoe Bond	59,390	
2004A GO Sewer Revenue	62,003	
Capital Project:		
2008A HL Tower/Hillside Drive		981,630
2002B Orchard Ridge Project		32,877
2002C Fingerson-Donahoe Project		59,390
Capital Project Construction	7,359	
Ambulance Capital Reserve	130,362	
Capital Project Reserve	276,642	285,333
Enterprise:		
Water		102,258
Sewer		274,700
Garbage		200
Water Infrastructure	1,076,328	48,999
Sewer Infrastructure	274,501	78,336
<b>Total Transfers</b>	<b>\$ 2,508,895</b>	<b>\$ 2,508,895</b>

**CITY OF CHATFIELD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

---

**3. Detailed Notes on All Funds (Continued)**

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**E. Interfund Balances and Transfers (continued)**

Excess of expenditures over budgeted appropriations at the individual fund level during 2008 are as follows:

Special Revenue Funds	
Library	\$ 23,807
Revolving Loan	511,088
Rural Fire	1,737
Ambulance	15,381
Historical Society	3,452
Enterprise Funds	
Sewer	12,556
Water Infrastructure	70,969
Sewer Infrastructure	324,716
Garbage	18,919

All excess expenditures were the result of planned processes.

At December 31, 2008 the following funds have deficit fund balances:

Debt Service Funds	
1999 Improvement Bond	\$ 12,334
2000B Improvement Bond	3,879

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



# CITY OF CHATFIELD, MINNESOTA

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 3. Detailed Notes on All Funds (Continued)

#### F. Long-term debt

The following is a summary of changes in long-term debt obligations during the year ended December 31, 2008:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and Notes Payable:					
General Obligation Bonds:					
1997 Water Revenue (4.45-5.55%)	\$ 100,000	\$	\$ 20,000	\$ 80,000	\$ 20,000
1999 Improvement (5.75%)	537,217		21,414	515,803	22,662
2000B Improvement (5.75%)	52,000		4,000	48,000	4,000
2001 Refunding (2.65-4.35%)	55,000		20,000	35,000	20,000
2001 Public Project Revenue (3.1-5.4%)	1,720,000		55,000	1,665,000	55,000
2002A Refunding (3.0-4.9%)	320,000		30,000	290,000	35,000
2002B Improvement Revolving (4.5%)	70,000		15,000	55,000	10,000
2002C Improvement Revolving (3.0-4.15%)	555,000		70,000	485,000	75,000
2004A Sewer & Perm Improv Refunding (3.75%)	650,000		75,000	575,000	75,000
2008A Utility Revenue & Improv Bond (3.85-4.9%)		2,210,000		2,210,000	
Tax Increment Bonds:					
1999 Tax Increment (5.75%)	466,067		47,937	418,130	31,934
Total Bonds and Notes Payable	4,525,284	2,210,000	358,351	6,376,933	348,596
Other Liabilities:					
Compensated Absences	165,410	10,800		176,210	
Governmental Activities Long-term Liabilities	4,690,694	2,220,800	358,351	6,553,143	348,596
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds:					
General Obligation Revenue Bonds:					
2005A Disposal System (3.5-4.15%)	7,195,000			7,195,000	60,000
Other Liabilities:					
Compensated Absences	37,388		6,418	30,970	
Business-type Activities Long-term Liabilities	7,232,388		6,418	7,225,970	60,000
Total	\$ 11,923,082	\$ 2,220,800	\$ 364,769	\$ 13,779,113	\$ 408,596

**CITY OF CHATFIELD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. Detailed Notes on All Funds (Continued)**

*F. Long-term debt (continued)*

The annual requirements to amortize all long-term debt outstanding as of December 31, 2008, over the life of the debt, are summarized below:

Years	General Obligation Bonds		Tax Increment Bonds		General Obligation Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
<u>Governmental Activities</u>						
2009	\$ 316,662	\$ 273,816	\$ 31,934	\$ 13,566		
2010	390,157	258,864	23,361	22,139		
2011	407,266	241,639	24,740	20,760		
2012	446,497	223,965	26,201	19,299		
2013	402,859	203,905	27,748	17,752		
2014-2018	1,584,843	782,962	165,334	62,166		
2019-2023	1,240,519	488,104	118,812	3,457		
2024-2027	1,050,000	138,259				
2028-2029	120,000	5,880				
Totals	<u>\$ 5,958,803</u>	<u>\$ 2,617,394</u>	<u>\$ 418,130</u>	<u>\$ 159,139</u>		

Business-Type Activities

2009	\$ 60,000	\$ 282,042
2010	95,000	279,330
2011	140,000	275,217
2012	175,000	269,705
2013	200,000	263,142
2014-2018	2,145,000	1,127,577
2019-2023	4,380,000	491,592
Totals	<u>\$ 7,195,000</u>	<u>\$ 2,988,605</u>

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 issued \$3,640,806 of Healthcare and Housing Facilities Revenue Loan Participation Notes dated August 1, 2005. These notes are special limited obligations of the City, payable solely from income sources of the non-profit corporation. The notes do not constitute a debt or pledge of the faith and credit of the City, and accordingly have not been reported in the accompanying financial statements. At December 31, 2008, remaining notes outstanding totaled \$3,435,587.

## CITY OF CHATFIELD, MINNESOTA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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#### 3. Detailed Notes on All Funds (Continued)

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##### F. Long-term debt (continued)

##### Conduit Debt Obligations (continued)

To provide financing for phase II improvements to Olmsted Medical Center, (a non-profit corporation), the City of Chatfield issued \$2,600,000 of Health Care Facilities Revenue Note dated April 1, 2006. These notes are special limited obligations of the City, payable solely from income sources of the non-profit corporation. The notes do not constitute a debt or pledge of the faith and credit of the City, and accordingly have not been reported in the accompanying financial statements. At December 31, 2008, remaining notes outstanding totaled \$2,292,962.

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#### 4. Other Information

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##### A. Defined Benefit Pension Plans - Statewide

##### Plan Description

All full-time and certain part-time employees of the City of Chatfield are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the Public Employees Retirement Fund (PERF) and the Public Employees Police and Fire Fund (PEPFF) which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356.

PERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, firefighters and peace officers who qualify for membership by statute are covered by the PEPFF.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute, and vest after three years of credited service. The defined retirement 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.

## CITY OF CHATFIELD, MINNESOTA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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#### 4. Other Information (Continued)

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##### A. Defined Benefit Pension Plans – Statewide (continued)

###### Plan Description (continued)

Two methods are used to compute benefits for PERF's Coordinated and Basic Plan members. The retiring member receives the higher of step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. For all PEPFF members and for PERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree--no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will reduce the monthly normal annuity amount, because the annuity is payable over joint lives. Members may also leave their contributions in the fund upon termination of public service, in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERF and PEPFF. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org), by writing to PERA, 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

## CITY OF CHATFIELD, MINNESOTA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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#### 4. Other Information (Continued)

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##### A. Defined Benefit Pension Plans – Statewide (continued)

###### Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. PERF Basic Plan members and Coordinated Plan members are required to contribute 9.10% and 6.0%, respectively, of their annual covered salary in 2008. Contribution rates in the Coordinated Plan will increase in 2008 to 6.0%. PEPFF members are required to contribute 8.6% of their annual covered salary in 2008. That rate will increase to 9.4% in 2009. The City of Chatfield is required to contribute the following percentages of annual covered payroll: 11.78% Basic Plan PERF, 6.5% for Coordinated Plan PERF members, 12.9% for PEPFF members. Employer contribution rates for the Coordinated Plan and PEPFF will increase to 6.75% and 14.1% respectively, effective January 1, 2009. The City's contributions to Public Employees Retirement Fund for the years ending December 31, 2008, 2007, and 2006 were \$41,966, \$38,322, and \$39,733, respectively. The City's contributions to the Public Employees Police and Fire Fund for the years ended December 31, 2008, 2007, and 2006, were \$23,993, \$25,151, and \$17,328, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

##### B. 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 2008.

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 2008. 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)**

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#### **5. Pronouncements Issued Not Yet Implemented**

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The Governmental Accounting Standards Board (GASB) has issued pronouncements that have effective dates that may impact financial presentations.

Management has not currently determined what, if any, impact implementation of the following statement may have on the financial statements of the City.

GASB Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions will be effective for the City beginning with its year ending December 31, 2009. This statement established accounting standards for the measurement, recognition, and display of other Postemployment Benefits. In financial statements prepared on accrual basis of accounting, employers should recognize and disclose an amount equal to the annual cost of other postemployment benefits. The annual cost includes the normal cost for the year and a component for amortization of the total unfunded actuarial accrued liabilities of the plan over a period not to exceed 30 years.

**CITY OF CHATFIELD, MINNESOTA**  
**COMBINING AND INDIVIDUAL NONMAJOR FUNDS**  
**STATEMENTS AND SCHEDULES**  
**DECEMBER 31, 2008**

**CITY OF CHATFIELD, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2008  
With Comparative Totals for December 31, 2007**

	Special Revenue							
	616	220	225	230	240	200	614	270
	Pool	Rural Fire	Tourism	Ambulance	EDA	Historical Society	Cable Access	Heritage Preservation
<b>ASSETS</b>								
Cash and investments	\$ 81,746	\$ 24,316	\$ 836	\$ 100,830	\$ 59,081	\$ 11,821	\$ 54,047	\$ 14,458
Accounts receivable				125,822			6,173	
Prepaid expense	837	1,255		523				
Due from other governmental units								
Taxes receivable - delinquent								
Special assessments receivable								
Special assessments delinquent								
<b>TOTAL ASSETS</b>	<u>\$ 82,583</u>	<u>\$ 25,571</u>	<u>\$ 836</u>	<u>\$ 227,175</u>	<u>\$ 59,081</u>	<u>\$ 11,821</u>	<u>\$ 60,220</u>	<u>\$ 14,458</u>
<b>LIABILITIES AND FUND BALANCE</b>								
<b>Liabilities</b>								
Accounts payable	\$ 245	\$ 2,527	\$	\$ 3,478	\$ 65	\$	\$ 385	\$ 1,106
Deferred revenue								
Due to other funds								
Total Liabilities	<u>245</u>	<u>2,527</u>		<u>3,478</u>	<u>65</u>		<u>385</u>	<u>1,106</u>
<b>Fund Balance</b>								
Reserved								
Unreserved								
Designated								
Undesignated	<u>82,338</u>	<u>23,044</u>	<u>836</u>	<u>223,697</u>	<u>59,016</u>	<u>11,821</u>	<u>59,835</u>	<u>13,352</u>
Total Fund Balance	<u>82,338</u>	<u>23,044</u>	<u>836</u>	<u>223,697</u>	<u>59,016</u>	<u>11,821</u>	<u>59,835</u>	<u>13,352</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 82,583</u>	<u>\$ 25,571</u>	<u>\$ 836</u>	<u>\$ 227,175</u>	<u>\$ 59,081</u>	<u>\$ 11,821</u>	<u>\$ 60,220</u>	<u>\$ 14,458</u>



Special Revenue							
213 Senior Citizen	353 Pope & Young Tax Increment	340 Mill Pond Townhomes Tax Increment	352 Val-A Expansion Tax Increment	354 Lone Stone Tax Increment	802 Town Meeting Initiative	804 Fit City	Total
\$ 5,889	\$ 2	\$ 53	\$ 468	\$ 16,702	\$	\$ 510	\$ 370,759
							131,995
		953					2,615
				1,117			953
							1,117
<u>\$ 5,889</u>	<u>\$ 2</u>	<u>\$ 1,006</u>	<u>\$ 468</u>	<u>\$ 17,819</u>	<u>\$</u>	<u>\$ 510</u>	<u>\$ 507,439</u>
\$	\$	\$	\$	\$ 1,117	\$	\$	\$ 7,806
				1,117			1,117
				1,117			8,923
5,889	2	1,006	468	16,702		510	498,516
5,889	2	1,006	468	16,702		510	498,516
<u>\$ 5,889</u>	<u>\$ 2</u>	<u>\$ 1,006</u>	<u>\$ 468</u>	<u>\$ 17,819</u>	<u>\$</u>	<u>\$ 510</u>	<u>\$ 507,439</u>

**CITY OF CHATFIELD, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2008  
With Comparative Totals for December 31, 2007**

	Debt Service				
	315	377	313	320	321
	1997 GO Water Rev Bond	1999 Tax Increment Bond	2000B Improvement Bond	2001 Refunding Bond	2001 Public Project Rev Bond
<b>ASSETS</b>					
Cash and investments	\$ 55,178	\$ 1,750	\$ 37	\$ 60,711	\$ 44,107
Accounts receivable					
Prepaid expense					
Due from other governmental units					
Taxes receivable - delinquent			48,000		
Special assessment receivable					
Special assessments delinquent					
<b>TOTAL ASSETS</b>	<b>\$ 55,178</b>	<b>\$ 1,750</b>	<b>\$ 48,037</b>	<b>\$ 60,711</b>	<b>\$ 44,107</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities</b>					
Accounts payable	\$	\$	\$	\$	\$
Deferred revenue			48,000		
Due to other funds			3,916		
Total Liabilities			51,916		
<b>Fund Balance</b>					
Reserved	55,178	1,750	(3,879)	60,711	44,107
Unreserved					
Designated					
Undesignated					
Total Fund Balance	55,178	1,750	(3,879)	60,711	44,107
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 55,178</b>	<b>\$ 1,750</b>	<b>\$ 48,037</b>	<b>\$ 60,711</b>	<b>\$ 44,107</b>

Debt Service						
322 2001 Public Project Rev Bond Reserve	323 2002A Refunding Bond	324 2002B Revenue Bond	325 2002C Fingerson- Donahoe Bond	326 2004A GO Sewer and Perm Improv Refunding Bond	329 2008A HL Tower/ Hillside Drive Bond	Total
\$ 179,068	\$ 159,982	\$ 47,004	\$ 425,949	\$ 76,225	\$ 52	\$ 1,050,063
	31 93 137,149	6,832 13,237	181,914	503 1,389		7,366 1,482 380,300
<u>\$ 179,068</u>	<u>\$ 297,255</u>	<u>\$ 67,073</u>	<u>\$ 607,863</u>	<u>\$ 78,117</u>	<u>\$ 52</u>	<u>\$ 1,439,211</u>
\$	\$ 137,241	\$ 13,237	\$ 181,914	\$ 1,388	\$	\$ 381,780
						3,916
	<u>137,241</u>	<u>13,237</u>	<u>181,914</u>	<u>1,388</u>		<u>385,696</u>
179,068	160,014	53,836	425,949	76,729	52	1,053,515
<u>179,068</u>	<u>160,014</u>	<u>53,836</u>	<u>425,949</u>	<u>76,729</u>	<u>52</u>	<u>1,053,515</u>
<u>\$ 179,068</u>	<u>\$ 297,255</u>	<u>\$ 67,073</u>	<u>\$ 607,863</u>	<u>\$ 78,117</u>	<u>\$ 52</u>	<u>\$ 1,439,211</u>

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**CITY OF CHATFIELD, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2008  
With Comparative Totals for December 31, 2007**

	Capital Project						Total Nonmajor Governmental Funds	
	424 2002B Orchard Ridge Project	425 2002C Fingerson-Donahoe Project	400 Capital Project Construction	231 Ambulance Capital Reserve	801 Capital Goods	Total	2008	2007
<b>ASSETS</b>								
Cash and investments	\$	\$	\$	\$ 132,800	\$ 548,383	\$ 681,183	\$ 2,102,005	\$ 1,937,346
Accounts receivable							131,995	144,415
Prepaid expense							2,615	2,502
Due from other governmental units							8,319	546
Taxes receivable - delinquent							2,599	1,855
Special assessment receivable							380,300	537,498
Special assessments delinquent								3,360
<b>TOTAL ASSETS</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 132,800</u>	<u>\$ 548,383</u>	<u>\$ 681,183</u>	<u>\$ 2,627,833</u>	<u>\$ 2,627,522</u>
<b>LIABILITIES AND FUND BALANCE</b>								
<b>Liabilities</b>								
Accounts payable	\$	\$	\$	\$	\$	\$	\$ 7,806	\$ 12,927
Deferred revenue							382,897	542,713
Due to other funds							3,916	9,218
Total Liabilities							<u>394,619</u>	<u>564,858</u>
<b>Fund Balance</b>								
Reserved							1,053,515	960,933
Unreserved								
Designated				132,800	548,383	681,183	681,183	631,309
Undesignated							498,516	470,422
Total Fund Balance				<u>132,800</u>	<u>548,383</u>	<u>681,183</u>	<u>2,233,214</u>	<u>2,062,664</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 132,800</u>	<u>\$ 548,383</u>	<u>\$ 681,183</u>	<u>\$ 2,627,833</u>	<u>\$ 2,627,522</u>

**CITY OF CHATFIELD, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2008**  
**With Comparative Totals for the Fiscal Year Ending December 31, 2007**

	Special Revenue							
	616	220	225	230	240	200	614	270
	Pool	Rural Fire	Tourism	Ambulance	EDA	Historical Society	Cable Access	Heritage Preservation
REVENUES								
Property tax levy								
Property tax collected	\$	\$	\$	\$	\$	\$	\$	\$
Special assessments								
Tax increments								
Intergovernmental		35,669		47,369	4,205			443
Franchise fees							25,523	
Charges for services	37,348	4,892		173,503			13,475	
Interest income	2,857	1,438	26	3,831	1,529	521	2,189	581
Miscellaneous		212	243	4,569	11,193		8,780	
TOTAL REVENUES	40,205	42,211	269	229,272	16,927	521	49,967	1,024
EXPENDITURES								
Current:								
General government							37,097	
Public safety		37,586		214,917				
Park and recreation	96,009		177					
Community development					44,706	3,452		6,536
Debt service								
Principal retirement								
Interest and fiscal charges								
Capital outlay							8,402	
TOTAL EXPENDITURES	96,009	37,586	177	214,917	44,706	3,452	45,499	6,536
Excess (deficiency) of revenues over (under) expenditures	(55,804)	4,625	92	14,355	(27,779)	(2,931)	4,468	(5,512)
OTHER FINANCING SOURCES (USES)								
Transfer in	61,350		200	18,500	42,200	900		3,500
Transfer out		(6,500)		(31,600)	(500)		(385)	
TOTAL OTHER FINANCING SOURCES (USES)	61,350	(6,500)	200	(13,100)	41,700	900	(385)	3,500
Net change in fund balances	5,546	(1,875)	292	1,255	13,921	(2,031)	4,083	(2,012)
FUND BALANCES, beginning	76,792	24,919	544	222,442	45,095	13,852	55,752	15,364
FUND BALANCES, ending	\$ 82,338	\$ 23,044	\$ 836	\$ 223,697	\$ 59,016	\$ 11,821	\$ 59,835	\$ 13,352

Special Revenue

213 Senior Citizen	353 Pope & Young Tax Increment	340 Mill Pond Townhomes Tax Increment	352 Val-A Expansion Tax Increment	354 Lone Stone Tax Increment	802 Town Meeting Initiative	804 Fit City	Total
\$	\$	\$	\$	\$	\$	\$	\$
	10,759	13,849	7,176	47,341 4,919			79,125 92,605 25,523 229,218
237		3	19	332	500	10 500	13,573 25,997
237	10,759	13,852	7,195	52,592	500	510	466,041
							37,097 252,503 96,186 131,424
	10,757	12,897	7,177	45,399	500		8,402
	10,757	12,897	7,177	45,399	500		525,612
237	2	955	18	7,193		510	(59,571)
							126,650 (38,985)
							87,665
237	2	955	18	7,193		510	28,094
5,652		51	450	9,509			470,422
\$ 5,889	\$ 2	\$ 1,006	\$ 468	\$ 16,702	\$	\$ 510	\$ 498,516

**CITY OF CHATFIELD, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2008**  
**With Comparative Totals for the Fiscal Year Ending December 31, 2007**

	Debt Service				
	315	377	313	320	321
	1997 GO Water Rev Bond	1999 Tax Increment Bond	2000B Improvement Bond	2001 Refunding Bond	2001 Public Project Rev Bond
<b>REVENUES</b>					
Property tax levy					
Property tax collected	\$	\$	\$	\$	\$
Special assessments			6,990		
Tax increments		77,862			
Intergovernmental		864			
Franchise fees					
Charges for services					
Interest income	2,770	885		2,567	1,845
Miscellaneous					
<b>TOTAL REVENUES</b>	<b>2,770</b>	<b>79,611</b>	<b>6,990</b>	<b>2,567</b>	<b>1,845</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
General government					
Public safety					
Park and recreation					
Community development					
Debt service					
Principal retirement	20,000	47,937	4,000	20,000	55,000
Interest and fiscal charges	5,400	31,132	2,953	2,332	88,835
Capital outlay					
<b>TOTAL EXPENDITURES</b>	<b>25,400</b>	<b>79,069</b>	<b>6,953</b>	<b>22,332</b>	<b>143,835</b>
Excess (deficiency) of revenues over (under) expenditures	(22,630)	542	37	(19,765)	(141,990)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer in	25,400			22,332	143,835
Transfer out					
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>25,400</b>			<b>22,332</b>	<b>143,835</b>
Net change in fund balances	2,770	542	37	2,567	1,845
<b>FUND BALANCES, beginning</b>	<b>52,408</b>	<b>1,208</b>	<b>(3,916)</b>	<b>58,144</b>	<b>42,262</b>
<b>FUND BALANCES, ending</b>	<b>\$ 55,178</b>	<b>\$ 1,750</b>	<b>\$ (3,879)</b>	<b>\$ 60,711</b>	<b>\$ 44,107</b>



322	323	324	325	326	329	
2001 Public Project Rev Bond Reserve	2002A Refunding Bond	2002B Revenue Bond	2002C Fingerson- Donahoe Bond	2004A GO Sewer and Perm Improv Refunding Bond	2008A HL Tower/Hillside Drive Bond	Total
\$	\$ 2,407 26,401	\$ 9,532	\$ 53,362	\$ 39,025	\$	\$ 41,432 96,285 77,862 4,393
	205			3,324		
8,881	5,746	1,514	30,419	458	52	55,137
8,881	34,759	11,046	83,781	42,807	52	275,109
	30,000 14,381	15,000 2,812	70,000 20,613	75,000 22,969		336,937 191,427
	44,381	17,812	90,613	97,969		528,364
8,881	(9,622)	(6,766)	(6,832)	(55,162)	52	(253,255)
		32,877	59,390	62,003		345,837
		32,877	59,390	62,003		345,837
8,881	(9,622)	26,111	52,558	6,841	52	92,582
170,187	169,636	27,725	373,391	69,888		960,933
\$ 179,068	\$ 160,014	\$ 53,836	\$ 425,949	\$ 76,729	\$ 52	\$ 1,053,515

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**CITY OF CHATFIELD, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2008**  
**With Comparative Totals for the Fiscal Year Ending December 31, 2007**

	Capital Project						Total Nonmajor Governmental Funds	
	424	425	400	231	801			
	2002B Orchard Ridge Project	2002C Fingerson-Donahoe Project	Capital Projects Construction	Ambulance Capital Reserve	Capital Goods	Total	2008	2007
<b>REVENUES</b>								
Property tax levy								
Property tax collected	\$	\$	\$	\$	\$	\$	\$ 41,432	\$ 39,613
Special assessments							96,285	159,081
Tax increments							156,987	123,673
Intergovernmental							96,998	82,104
Franchise fees							25,523	31,042
Charges for services							229,218	268,019
Interest income				2,438	21,431	23,869	92,579	111,472
Miscellaneous			23,751			23,751	49,748	62,471
<b>TOTAL REVENUES</b>			23,751	2,438	21,431	47,620	788,770	877,475
<b>EXPENDITURES</b>								
<b>Current:</b>								
General government							37,097	34,624
Public safety							252,503	234,099
Park and recreation							96,186	81,702
Community development							131,424	134,263
Debt service								
Principal retirement							336,937	284,000
Interest and fiscal charges							191,427	263,805
Capital outlay			25,808		8,701	34,509	42,911	6,947
<b>TOTAL EXPENDITURES</b>			25,808		8,701	34,509	1,088,485	1,039,440
Excess (deficiency) of revenues over (under) expenditures			(2,057)	2,438	12,730	13,111	(299,715)	(161,965)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfer in			7,359	130,362	276,642	414,363	886,850	543,870
Transfer out	(32,877)	(59,390)			(285,333)	(377,600)	(416,585)	(291,424)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(32,877)	(59,390)	7,359	130,362	(8,691)	36,763	470,265	252,446
Net change in fund balances	(32,877)	(59,390)	5,302	132,800	4,039	49,874	170,550	90,481
<b>FUND BALANCES, beginning</b>	32,877	59,390	(5,302)		544,344	631,309	2,062,664	1,972,183
<b>FUND BALANCES, ending</b>	\$	\$	\$	\$ 132,800	\$ 548,383	\$ 681,183	\$ 2,233,214	\$ 2,062,664

**CITY OF CHATFIELD, MINNESOTA**  
**POOL FUND**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2008**  
**With Comparative Totals for the Fiscal Year Ending December 31, 2007**

	Budgeted Amounts		2008	Variance with	2007
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
<b>REVENUES</b>					
Charges for Services					
Memberships	\$ 19,100	\$ 19,100	\$ 17,148	\$ (1,952)	\$ 19,547
General admission	5,600	5,600	6,170	570	6,693
Lesson fees	8,000	8,000	10,295	2,295	8,462
Interest income	1,000	1,000	2,857	1,857	3,396
Miscellaneous	2,000	2,000	3,735	1,735	3,169
<b>TOTAL REVENUES</b>	<b>35,700</b>	<b>35,700</b>	<b>40,205</b>	<b>4,505</b>	<b>41,267</b>
<b>EXPENDITURES</b>					
<b>Park and Recreation</b>					
Salaries	42,000	42,000	44,980	(2,980)	44,701
Employee benefits and retirement	3,075	3,075	3,441	(366)	3,419
Workers compensation	2,000	2,000	2,683	(683)	1,710
Operating supplies	12,000	12,000	8,297	3,703	7,943
Small tools and minor equipment	5,000	5,000	4,502	498	567
Clothing	900	900	1,024	(124)	734
Telephone	600	600	541	59	537
Insurance	7,100	7,100	7,685	(585)	7,504
Utilities	12,000	12,000	12,488	(488)	10,379
Maintenance and repairs	8,500	8,500	5,915	2,585	778
Other	3,875	3,875	4,453	(578)	2,976
<b>TOTAL EXPENDITURES</b>	<b>97,050</b>	<b>97,050</b>	<b>96,009</b>	<b>1,041</b>	<b>81,248</b>
Excess (deficiency) of revenues over (under) expenditures	(61,350)	(61,350)	(55,804)	5,546	(39,981)
<b>OTHER FINANCING SOURCES</b>					
Transfers in	61,350	61,350	61,350		48,500
Net change in fund balances			5,546	5,546	8,519
<b>FUND BALANCES, beginning</b>	<b>76,792</b>	<b>76,792</b>	<b>76,792</b>		<b>68,273</b>
<b>FUND BALANCES, ending</b>	<b>\$ 76,792</b>	<b>\$ 76,792</b>	<b>\$ 82,338</b>	<b>\$ 5,546</b>	<b>\$ 76,792</b>

**CITY OF CHATFIELD, MINNESOTA**  
**RURAL FIRE FUND**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2008**  
**With Comparative Totals for the Fiscal Year Ending December 31, 2007**

	Budgeted Amounts		2008	Variance with	2007
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
<b>REVENUES</b>					
Intergovernmental Revenues					
Township contributions	\$ 35,771	\$ 35,771	\$ 35,598	\$ (173)	\$ 36,312
DNR contract	71	71	71		71
Charges for services	4,000	4,000	4,892	892	4,983
Interest income	500	500	1,438	938	1,733
Miscellaneous			212	212	473
<b>TOTAL REVENUES</b>	<b>40,342</b>	<b>40,342</b>	<b>42,211</b>	<b>1,869</b>	<b>43,572</b>
<b>EXPENDITURES</b>					
<b>Public Safety</b>					
Salaries	6,000	6,000	4,918	1,082	4,920
Employee benefits and retirement	269	269	173	96	173
Workers compensation	1,800	1,800	1,754	46	1,504
Operating supplies	500	500	884	(384)	227
Small tools and minor equipment	3,000	3,000	2,623	377	2,619
Vehicle operating supplies	1,000	1,000	821	179	649
Insurance	4,000	4,000	2,873	1,127	3,770
Utilities	3,000	3,000	3,591	(591)	3,137
Maintenance and repairs	5,000	5,000	5,960	(960)	4,706
Training	2,500	2,500	1,496	1,004	600
Fire pension contribution	3,500	3,500	3,560	(60)	3,631
Capital outlay			3,639	(3,639)	2,440
Other	5,280	5,280	5,294	(14)	3,975
<b>TOTAL EXPENDITURES</b>	<b>35,849</b>	<b>35,849</b>	<b>37,586</b>	<b>(1,737)</b>	<b>32,351</b>
Excess (deficiency) of revenues over (under) expenditures	4,493	4,493	4,625	132	11,221
<b>OTHER FINANCING (USES)</b>					
Transfers out	(6,500)	(6,500)	(6,500)		(6,500)
Net change in fund balances	(2,007)	(2,007)	(1,875)	132	4,721
<b>FUND BALANCES, beginning</b>	<b>24,919</b>	<b>24,919</b>	<b>24,919</b>		<b>20,198</b>
<b>FUND BALANCES, ending</b>	<b>\$ 22,912</b>	<b>\$ 22,912</b>	<b>\$ 23,044</b>	<b>\$ 132</b>	<b>\$ 24,919</b>

**CITY OF CHATFIELD, MINNESOTA**  
**AMBULANCE FUND**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2008**  
**With Comparative Totals for the Fiscal Year Ending December 31, 2007**

	Budgeted Amounts		2008	Variance with	2007
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
<b>REVENUES</b>					
Intergovernmental Revenues					
County contract	\$ 4,500	\$ 4,500	\$ 4,500	\$	\$ 4,500
Township contributions	16,660	16,660	16,534	(126)	16,660
Training reimbursement	17,000	17,000	16,335	(665)	14,862
Other state aid	10,000	10,000	10,000		
Charges for services	205,000	205,000	173,503	(31,497)	211,565
Interest income	1,500	1,500	3,831	2,331	4,559
Donations	15,000	15,000	250	(14,750)	5,710
Miscellaneous	300	300	4,319	4,019	548
<b>TOTAL REVENUES</b>	<b>269,960</b>	<b>269,960</b>	<b>229,272</b>	<b>(40,688)</b>	<b>258,404</b>
<b>EXPENDITURES</b>					
<b>Public Safety</b>					
Salaries	96,000	96,000	95,766	234	91,360
Employee benefits and retirement	15,350	15,350	15,162	188	14,163
Workers compensation	6,000	6,000	1,541	4,459	1,382
Health insurance	9,600	9,600	14,967	(5,367)	11,220
Innoculations	500	500	810	(310)	660
Training	12,000	12,000	8,246	3,754	11,974
Small tools and minor equipment	6,000	6,000	805	5,195	6,960
Office supplies	900	900	555	345	938
Operating supplies	8,000	8,000	10,289	(2,289)	8,201
Vehicle operating supplies	3,500	3,500	5,338	(1,838)	3,838
Telephone	1,500	1,500	1,817	(317)	1,374
Travel	1,100	1,100	852	248	290
Printing and publications	400	400	1,304	(904)	586
Insurance	3,000	3,000	1,827	1,173	2,122
Utilities	7,000	7,000	7,410	(410)	7,131
Maintenance and repairs	11,000	11,000	11,687	(687)	9,835
Medical services	7,500	7,500	6,013	1,487	5,921
Laundry services	400	400	420	(20)	273
Clothing	1,000	1,000	1,972	(972)	1,398
Collections fees/bad debt	100	100		100	
License, permits, dues and subscription	1,850	1,850	1,362	488	848
Capital outlay	2,200	2,200	22,550	(20,350)	14,466
Refunds			930	(930)	3,204
Other	4,636	4,636	3,294	1,342	3,604
<b>TOTAL EXPENDITURES</b>	<b>199,536</b>	<b>199,536</b>	<b>214,917</b>	<b>(15,381)</b>	<b>201,748</b>
Excess (deficiency) of revenues over (under) expenditures	<b>70,424</b>	<b>70,424</b>	<b>14,355</b>	<b>(56,069)</b>	<b>56,656</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	18,500	18,500	18,500		24,326
Transfers out	(52,000)	(52,000)	(31,600)	20,400	(23,024)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(33,500)</b>	<b>(33,500)</b>	<b>(13,100)</b>	<b>20,400</b>	<b>1,302</b>
Net change in fund balances	36,924	36,924	1,255	(35,669)	57,958
<b>FUND BALANCES, beginning</b>	<b>222,442</b>	<b>222,442</b>	<b>222,442</b>		<b>164,484</b>
<b>FUND BALANCES, ending</b>	<b>\$ 259,366</b>	<b>\$ 259,366</b>	<b>\$ 223,697</b>	<b>\$ (35,669)</b>	<b>\$ 222,442</b>

**CITY OF CHATFIELD, MINNESOTA  
HISTORICAL SOCIETY FUND  
Schedule of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2008**

*With Comparative Totals for the Fiscal Year Ending December 31, 2007*

	Budgeted Amounts		2008	Variance with	2007
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
<b>REVENUES</b>					
Interest Income	\$	\$	\$ 521	\$ 521	\$ 692
<b>EXPENDITURES</b>					
Repairs and maintenance			207	(207)	
Small tools and minor equipment			877	(877)	
Capital outlay			2,300	(2,300)	
Miscellaneous			68	(68)	
<b>TOTAL EXPENDITURES</b>			3,452	(3,452)	
Excess (deficiency of revenues over (under) expenditures			(2,931)	(2,931)	692
<b>OTHER FINANCING SOURCES</b>					
Transfers in	900	900	900		900
Net change in fund balances	900	900	(2,031)	(9,314)	1,592
<b>FUND BALANCES, beginning</b>	13,852	13,852	13,852		12,260
<b>FUND BALANCES, ending</b>	<u>\$ 14,752</u>	<u>\$ 14,752</u>	<u>\$ 11,821</u>	<u>\$ (9,314)</u>	<u>\$ 13,852</u>

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**CITY OF CHATFIELD, MINNESOTA**

**SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2008**

**SCHEDULE 1**

**CITY OF CHATFIELD, MINNESOTA  
PROPRIETARY FUNDS  
WATER FUND  
Statement of Net Assets  
December 31, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 420,903	\$ 377,732
Accounts receivable, net	20,338	18,724
Special assessments receivable	21,300	28,671
Special assessments delinquent	23,139	9,902
Prepaid expenses	523	842
Total Current Assets	<u>486,203</u>	<u>435,871</u>
 <b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	5,189	1,869
Accrued liabilities	14,162	18,784
Deferred revenue	23,139	9,902
Total Current Liabilities	<u>42,490</u>	<u>30,555</u>
 <b>NET ASSETS</b>		
Unrestricted	<u><u>\$ 443,713</u></u>	<u><u>\$ 405,316</u></u>

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

**Statement of Revenues, Expenses  
and Changes in Fund Net Assets - Budget and Actual  
For the Year Ended December 31, 2008  
With Comparative Totals for the Fiscal Year Ending December 31, 2007**

	Budgeted Amounts		2008	Variance with	2007
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
<b>Operating Revenue</b>					
Service fees	\$ 262,600	\$ 262,600	\$ 230,162	\$ (32,438)	\$ 228,670
<b>Operating Expenses</b>					
Salaries	53,000	53,000	53,328	(328)	70,562
Employee benefits and retirement	8,050	8,050	8,044	6	8,815
Health insurance	2,700	2,700	3,107	(407)	2,605
Workers compensation	2,000	2,000	1,532	468	1,063
Supplies	9,050	9,050	8,034	1,016	6,170
Utilities	12,000	12,000	12,202	(202)	12,183
Maintenance and repairs	15,550	15,550	7,805	7,745	8,373
Travel and training	1,150	1,150	810	340	1,140
Professional fees	9,900	9,900	10,445	(545)	11,147
Office expense	1,700	1,700	1,580	120	1,554
Insurance	2,400	2,400	2,567	(167)	2,132
Capital outlay	106,000	106,000		106,000	
Depreciation	10,000	10,000		10,000	
Other	5,610	5,610	6,278	(668)	4,716
Total Operating Expenses	239,110	239,110	115,732	123,378	130,460
Operating Income	23,490	23,490	114,430	90,940	98,210
<b>Nonoperating Revenues (Expenses)</b>					
Interest income	6,000	6,000	16,955	10,955	19,878
Refunds and reimbursements			228	228	397
Penalties and discounts	600	600	306	(294)	404
Special assessments			8,736	8,736	24,574
Total Nonoperating Revenues (Expenses)	6,600	6,600	26,225	19,625	45,253
<b>INCOME BEFORE TRANSFERS</b>	30,090	30,090	140,655	110,565	143,463
Transfers out	(100,200)	(100,200)	(102,258)	(2,058)	(62,700)
<b>CHANGE IN NET ASSETS</b>	(70,110)	(70,110)	38,397	108,507	80,763
<b>TOTAL NET ASSETS - BEGINNING OF YEAR</b>	405,316	405,316	405,316		324,553
<b>TOTAL NET ASSETS - END OF YEAR</b>	\$ 335,206	\$ 335,206	\$ 443,713	\$ 108,507	\$ 405,316

**SCHEDULE 3**

**CITY OF CHATFIELD, MINNESOTA  
PROPRIETARY FUNDS  
SEWER FUND  
Statement of Net Assets  
December 31, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 185,053	\$ 173,915
Accounts receivable, net	54,730	43,823
Special assessments receivable	21,300	28,671
Special assessments delinquent	23,139	9,902
Prepaid expenses	1,046	1,123
Total Current Assets	<u>285,268</u>	<u>257,434</u>
 <b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	6,324	5,483
Accrued liabilities	20,545	21,691
Deferred revenue	23,139	9,902
Total Current Liabilities	<u>50,008</u>	<u>37,076</u>
 <b>NET ASSETS</b>		
Unrestricted	<u>\$ 235,260</u>	<u>\$ 220,358</u>

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

**Statement of Revenues, Expenses  
and Changes in Fund Net Assets - Budget and Actual  
For the Year Ended December 31, 2008**

**With Comparative Totals for the Fiscal Year Ending December 31, 2007**

	Budgeted Amounts		2008	Variance with	2007
	Original	Final	Actual Amounts	Final Budget - Positive (Negative)	Actual Amounts
<b>Operating Revenue</b>					
Service fees	\$ 545,000	\$ 545,000	\$ 556,058	\$ 11,058	\$ 510,015
<b>Operating Expenses</b>					
Salaries	118,000	118,000	116,238	1,762	108,276
Employee benefits and retirement	15,100	15,100	15,909	(809)	16,804
Health insurance	6,000	6,000	12,776	(6,776)	10,791
Workers compensation	2,500	2,500	3,452	(952)	1,762
Supplies	8,200	8,200	5,580	2,620	6,376
Utilities	38,000	38,000	40,390	(2,390)	37,419
Maintenance and repairs	8,500	8,500	24,277	(15,777)	36,948
Travel and training	2,000	2,000	1,865	135	839
Professional fees	19,800	19,800	19,071	729	19,494
Office expense	3,600	3,600	1,622	1,978	1,571
Insurance	8,000	8,000	11,560	(3,560)	8,424
Depreciation	8,000	8,000		8,000	
Capital outlay	8,000	8,000		8,000	
Other	26,800	26,800	32,316	(5,516)	32,048
Total Operating Expenses	272,500	272,500	285,056	(12,556)	280,752
Operating Income	272,500	272,500	271,002	(1,498)	229,263
<b>Nonoperating Revenues (Expenses)</b>					
Interest income	3,000	3,000	8,759	5,759	16,326
Refunds and reimbursements			799	799	609
Penalties and discounts			306	306	322
Special assessments	1,000	1,000	8,736	7,736	54,760
Total Nonoperating Revenues (Expenses)	4,000	4,000	18,600	14,600	72,017
<b>INCOME BEFORE TRANSFERS</b>	276,500	276,500	289,602	13,102	301,280
Transfers out	(274,700)	(274,700)	(274,700)		(299,500)
<b>CHANGE IN NET ASSETS</b>	1,800	1,800	14,902	13,102	1,780
<b>TOTAL NET ASSETS - BEGINNING OF YEAR</b>	220,358	220,358	220,358		218,578
<b>TOTAL NET ASSETS - END OF YEAR</b>	\$ 222,158	\$ 222,158	\$ 235,260	\$ 13,102	\$ 220,358

**SCHEDULE 5**

**CITY OF CHATFIELD, MINNESOTA  
PROPRIETARY FUNDS  
WATER INFRASTRUCTURE FUND  
Statement of Net Assets  
December 31, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 653,061	\$ 351,750
Accounts receivable		1,600
Total Current Assets	<u>653,061</u>	<u>353,350</u>
<b>Property and Equipment</b>		
Nondepreciable	53,228	82,421
Depreciable	2,524,226	1,480,135
Less: Accumulated depreciation	<u>504,323</u>	<u>433,354</u>
Property, Plant and Equipment, Net	<u>2,073,131</u>	<u>1,129,202</u>
Total Assets	<u>2,726,192</u>	<u>1,482,552</u>
<b>NET ASSETS</b>		
Invested in capital assets	2,073,131	1,129,202
Unrestricted	<u>653,061</u>	<u>353,350</u>
Total Net Assets	<u><u>\$ 2,726,192</u></u>	<u><u>\$ 1,482,552</u></u>

**CITY OF CHATFIELD, MINNESOTA**  
**PROPRIETARY FUNDS**  
**WATER INFRASTRUCTURE FUND**  
**Statement of Revenues, Expenses**  
**and Changes in Fund Net Assets - Budget and Actual**  
**For the Year Ended December 31, 2008**  
**With Comparative Totals for the Fiscal Year Ending December 31, 2007**

	Budgeted Amounts		2008	Variance with	2007
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
<b>Operating Revenue</b>					
Connection charges	\$ 38,000	\$ 38,000	\$ 266,420	\$ 228,420	\$ 16,000
<b>Operating Expenses</b>					
Depreciation			70,969	(70,969)	40,445
Operating Income	38,000	38,000	195,451	157,451	(24,445)
<b>Nonoperating Revenues (Expenses)</b>					
Interest income	6,000	6,000	20,860	14,860	18,223
<b>INCOME BEFORE TRANSFERS</b>	44,000	44,000	216,311	172,311	(6,222)
Transfer in	100,000	100,000	1,076,328	976,328	62,500
Transfers out	(48,999)	(48,999)	(48,999)		(44,250)
Total Other Financing Sources (Uses)	51,001	51,001	1,027,329	976,328	18,250
<b>CHANGE IN NET ASSETS</b>	95,001	95,001	1,243,640	1,148,639	12,028
<b>NET ASSETS - BEGINNING OF YEAR</b>	1,482,552	1,482,552	1,482,552		1,470,524
<b>TOTAL NET ASSETS -</b>					
<b>END OF YEAR</b>	<u>\$ 1,577,553</u>	<u>\$ 1,577,553</u>	<u>\$ 2,726,192</u>	<u>\$ 1,148,639</u>	<u>\$ 1,482,552</u>

**CITY OF CHATFIELD, MINNESOTA  
 PROPRIETARY FUNDS  
 SEWER INFRASTRUCTURE FUND  
 Statement of Net Assets  
 December 31, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 145,836	\$ 189,426
Restricted cash	828,383	732,544
Accounts receivable		2,600
Total Current Assets	<u>974,219</u>	<u>924,570</u>
<b>Property and Equipment</b>		
Nondepreciable	35,046	100,246
Depreciable	11,754,969	11,614,897
Less: Accumulated depreciation	<u>3,057,596</u>	<u>2,737,576</u>
Property, Plant and Equipment, Net	<u>8,732,419</u>	<u>8,977,567</u>
Total Assets	<u>9,706,638</u>	<u>9,902,137</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	6,350	
Accrued interest payable	117,016	107,037
Retainage payable		70,000
Total Current Liabilities	<u>123,366</u>	<u>177,037</u>
<b>Noncurrent Liabilities</b>		
Bonds payable, net of current maturities	<u>7,195,000</u>	<u>7,195,000</u>
Total Liabilities	<u>7,318,366</u>	<u>7,372,037</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	2,365,802	2,338,074
Unrestricted	<u>22,470</u>	<u>192,026</u>
Total Net Assets	<u><u>\$ 2,388,272</u></u>	<u><u>\$ 2,530,100</u></u>



**CITY OF CHATFIELD, MINNESOTA**  
**PROPRIETARY FUNDS**  
**SEWER INFRASTRUCTURE FUND**  
**Statement of Revenues, Expenses**  
**and Changes in Fund Net Assets - Budget and Actual**  
**For the Year Ended December 31, 2008**  
**With Comparative Totals for the Fiscal Year Ending December 31, 2007**

	Budgeted Amounts		2008	Variance with	2007
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
<b>Operating Revenue</b>					
Connection fees	\$ 44,500	\$ 44,500	\$ 245,080	\$ 200,580	\$ 35,200
<b>Operating Expenses</b>					
Professional fees			4,695	(4,695)	
Depreciation			320,021	(320,021)	316,819
Total Operating Expenses			324,716	(324,716)	316,819
Operating Income (Loss)	44,500	44,500	(79,636)	525,296	(281,619)
<b>Nonoperating Revenues (Expenses)</b>					
Interest income	4,000	4,000	35,816	31,816	41,360
Miscellaneous revenue					18,839
Interest expense	(283,525)	(283,525)	(294,173)	(10,648)	(284,195)
Total Nonoperating Revenue (Expense)	(279,525)	(279,525)	(258,357)	21,168	(223,996)
<b>INCOME BEFORE TRANSFERS</b>	(235,025)	(235,025)	(337,993)	546,464	(505,615)
Transfer in	230,000	230,000	274,501	44,501	680,902
Transfers out	(78,336)	(78,336)	(78,336)		(394,622)
Total Other Financing Sources (Uses)	151,664	151,664	196,165	44,501	286,280
<b>CHANGE IN NET ASSETS</b>	(83,361)	(83,361)	(141,828)	590,965	(219,335)
<b>TOTAL NET ASSETS - BEGINNING OF YEAR</b>	2,530,100	2,530,100	2,530,100		2,749,435
<b>TOTAL NET ASSETS - END OF YEAR</b>	\$ 2,446,739	\$ 2,446,739	\$ 2,388,272	\$ 590,965	\$ 2,530,100

CITY OF CHATFIELD, MINNESOTA  
 PROPRIETARY FUNDS  
 GARBAGE FUND  
 Statement of Net Assets  
 December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 16,343	\$ 23,899
Accounts receivable, net	12,184	12,264
Special assessments receivable	10,650	14,335
Special assessments delinquent	11,569	4,951
Total Current Assets	<u>50,746</u>	<u>55,449</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	11,482	11,744
Accrued liabilities	3,709	3,168
Deferred revenue	11,569	4,951
Total Current Liabilities	<u>26,760</u>	<u>19,863</u>
<b>NET ASSETS</b>		
Unrestricted	<u>\$ 23,986</u>	<u>\$ 35,586</u>

**CITY OF CHATFIELD, MINNESOTA**  
**GARBAGE FUND**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2008**  
**With Comparative Totals for the Fiscal Year Ending December 31, 2007**

	Budgeted Amounts		2008	Variance with	2007
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
<b>Operating Revenue</b>					
Charges for Services	\$ 145,400	\$ 145,400	\$ 157,553	\$ 12,153	\$ 136,161
<b>Operating Expenses</b>					
<b>Waste Removal</b>					
Salaries	9,000	9,000	9,970	(970)	9,466
Employee benefits and retirement			2,809	(2,809)	1,139
Workers compensation	140	140		140	
Garbage removal	120,000	120,000	134,520	(14,520)	125,854
City cleanup	13,000	13,000	12,368	632	9,140
Supplies	1,000	1,000	452	548	568
Maintenance and repairs	750	750	1,784	(1,034)	1,298
Office expense	1,400	1,400	1,381	19	1,281
Other	9,700	9,700	10,625	(925)	582
Total Operating Expenses	154,990	154,990	173,909	(18,919)	149,328
Operating Income	(9,590)	(9,590)	(16,356)	(6,766)	(13,167)
<b>Nonoperating Revenue</b>					
Interest income	500	500	679	179	1,698
Special assessments	6,000	6,000	4,277	(1,723)	13,676
Total Nonoperating Revenue	6,500	6,500	4,956	(1,544)	15,374
<b>Income before transfers</b>	(3,090)	(3,090)	(11,400)	(8,310)	2,207
Transfers out	(200)	(200)	(200)		(200)
<b>CHANGE IN NET ASSETS</b>	(3,290)	(3,290)	(11,600)	(8,310)	2,007
<b>TOTAL NET ASSETS - BEGINNING OF YEAR</b>	35,586	35,586	35,586		33,579
<b>TOTAL NET ASSETS - END OF YEAR</b>	\$ 32,296	\$ 32,296	\$ 23,986	\$ (8,310)	\$ 35,586

CITY OF CHATFIELD, MINNESOTA  
LIBRARY FUND  
Combining Balance Sheet  
December 31, 2008  
With Comparative Totals for December 31, 2007

	Library	Library Endowment	Totals 2008	2007
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 56,751	\$ 350,822	\$ 407,573	\$ 430,752
Prepaid expenses				187
Total Assets	<u>56,751</u>	<u>350,822</u>	<u>407,573</u>	<u>430,939</u>
<b>LIABILITIES</b>				
Accounts payable	<u>2,304</u>		<u>2,304</u>	<u>3,332</u>
<b>NET ASSETS</b>				
Designated		350,822	350,822	354,719
Unrestricted	<u>54,447</u>		<u>54,447</u>	<u>72,888</u>
Total Net Assets	<u><u>\$ 54,447</u></u>	<u><u>\$ 350,822</u></u>	<u><u>\$ 405,269</u></u>	<u><u>\$ 427,607</u></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, 2008**  
**With Comparative Totals for the Fiscal Year Ending December 31, 2007**

	Budgeted Amounts		Library	Library Endowment	2008 Actual Amounts	Variance with Final Budget - Positive (Negative)	2007 Actual Amounts
	Original	Final					
<b>REVENUES</b>							
Intergovernmental revenues	\$ 35,250	\$ 35,250	\$ 45,812	\$	\$ 45,812	\$ 10,562	\$ 34,733
Library fines	4,000	4,000	3,592		3,592	(408)	3,526
Interest income	3,000	3,000		9,191	9,191	6,191	5,744
Miscellaneous	2,500	2,500	3,861		3,861	1,361	2,968
<b>TOTAL REVENUES</b>	<b>44,750</b>	<b>44,750</b>	<b>53,265</b>	<b>9,191</b>	<b>62,456</b>	<b>17,706</b>	<b>46,971</b>
<b>EXPENDITURES</b>							
<b>Library</b>							
Salaries	78,175	78,175	78,891		78,891	(716)	75,208
Employee benefits and retirement	9,400	9,400	10,626		10,626	(1,226)	9,868
Workers compensation	200	200				200	12
Health insurance	8,300	8,300	12,368		12,368	(4,068)	8,555
Travel	600	600	414		414	186	510
Office supplies and postage	2,500	2,500	2,054		2,054	446	2,051
Operating supplies/small tools	2,800	2,800	3,453		3,453	(653)	3,174
Insurance	2,000	2,000	2,144		2,144	(144)	1,861
Utilities	5,000	5,000	5,446		5,446	(446)	5,601
Maintenance and repair	3,250	3,250	6,573		6,573	(3,323)	3,565
Telephone	1,000	1,000	1,176		1,176	(176)	1,144
Cleaning services	1,000	1,000	660		660	340	1,264
Books, periodicals, etc.	17,600	17,600	15,295		15,295	2,305	16,859
Capital outlay	2,500	2,500	17,412		17,412	(14,912)	1,706
Other	11,670	11,670	12,164	1,126	13,290	(1,620)	11,860
<b>TOTAL EXPENDITURES</b>	<b>145,995</b>	<b>145,995</b>	<b>168,676</b>	<b>1,126</b>	<b>169,802</b>	<b>(23,807)</b>	<b>143,238</b>
Excess (deficiency) of revenues over (under) expenditures	(101,245)	(101,245)	(115,411)	8,065	(107,346)	(6,101)	(96,267)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	101,245	101,245	103,203		103,203	1,958	96,366
Transfers out	(18,195)	(18,195)		(18,195)	(18,195)		(18,019)
Net change in fund balances	(18,195)	(18,195)	(12,208)	(10,130)	(22,338)	(4,143)	(17,920)
<b>FUND BALANCES, beginning</b>	<b>427,607</b>	<b>427,607</b>	<b>66,655</b>	<b>360,952</b>	<b>427,607</b>		<b>445,527</b>
<b>FUND BALANCES, ending</b>	<b>\$ 409,412</b>	<b>\$ 409,412</b>	<b>\$ 54,447</b>	<b>\$ 350,822</b>	<b>\$ 405,269</b>	<b>\$ (4,143)</b>	<b>\$ 427,607</b>

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## AUDITOR'S REPORT ON LEGAL COMPLIANCE

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

We have audited the general purpose financial statements of the City of Chatfield, Minnesota as of and for the year ended December 31, 2008 and have issued our report thereon dated March 10, 2009.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the provisions of the *Minnesota Legal Compliance Audit Guide for Local Governments*, promulgated by the Legal Compliance Task Force pursuant to Minn. Stat. 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Local Governments* covers seven main categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and Tax Increment Financing. Our study included all of the listed categories.

The results of our tests indicate that for the items tested, the City of Chatfield complied with the material terms and conditions of applicable legal provisions.

This report is intended solely for the use of the City Council, management, and the Office of the State Auditor of Minnesota and is not intended to be and should not be used by anyone other than these specified parties.

*Smith, Schaffer and Associates, Ltd.*

Rochester, Minnesota  
March 10, 2009

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**Submission ID:EP334261**  
**11/18/2009 16:19:50**

## **CONTINUING DISCLOSURE (Submission Status: Published)**

### **FINANCIAL/OPERATING FILING (CUSIP-9 Based)**

#### **Rule 15c2-12 Disclosure**

Annual Financial Filing for the year ended 12/31/2008

Audited Financial Filing for the year ended 12/31/2008

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## **DOCUMENTS**

### **Financial Operating Filing**

Chatfield MN - Continuing Disclosure Report.pdf posted 11/18/2009

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## **The following Issuers are associated with this Continuing Disclosure submission:**

<b>CUSIP-6</b>	<b>State</b>	<b>Issuer Name</b>
161807	MN	CHATFIELD MINN
161812	MN	CHATFIELD MINN ECONOMIC DEV AUTH PUB PROJ REV

## **The following 36 securities have been published with this Continuing Disclosure submission:**

<b>CUSIP-9</b>	<b>Maturity Date</b>
161807MF6	02/01/2009
161807MG4	02/01/2010
161807MH2	02/01/2011
161807MJ8	02/01/2012
161807MK5	02/01/2013
161807ML3	02/01/2014
161807MM1	02/01/2015
161807MN9	02/01/2016
161807MP4	02/01/2017



161807MQ2	02/01/2018
161807MR0	02/01/2019
161807MS8	02/01/2020
161807MT6	02/01/2021
161807MU3	02/01/2022
161807MV1	02/01/2023
161807MW9	02/01/2010
161807MX7	02/01/2011
161807MY5	02/01/2012
161807MZ2	02/01/2013
161807NA6	02/01/2014
161807NB4	02/01/2016
161807NC2	02/01/2018
161807ND0	02/01/2020
161807NE8	02/01/2022
161807NF5	02/01/2024
161807NG3	02/01/2026
161807NH1	02/01/2029
161812AF9	12/01/2008
161812AG7	12/01/2009
161812AH5	12/01/2010
161812AJ1	12/01/2011
161812AK8	12/01/2012
161812AL6	12/01/2015
161812AM4	12/01/2018
161812AN2	12/01/2022
161812AP7	12/01/2026

**Issuer's Contact Information**

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

**Obligor's Contact Information**

Company: City of Chatfield and Chatfield EDA  
 Name: Kay Coe  
 Address: 21 Second St. SE  
 City, Chatfield, MN 55923-  
 State Zip: 1204  
 Phone Number: 507-867-3810

Email: kcoe@ci.chatfield.mn.us

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**Submission ID:EP367087**  
**03/03/2010 12:43:28**

## **CONTINUING DISCLOSURE (Submission Status: Published)**

### **EVENT FILING (CUSIP-9 Based)**

#### **Voluntary Disclosure**

Amendment to continue disclosure undertaking: Updated Market Value/tax capacity information for taxes payable in 2008, dated 03/04/2010

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## **DOCUMENTS**

### **Event Filing dated 03/04/2010**

 Chatfield MN - Amended 2008 CD Report - FINAL.pdf posted 03/03/2010

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## **The following Issuers are associated with this Continuing Disclosure submission:**

<b>CUSIP-6</b>	<b>State</b>	<b>Issuer Name</b>
161807	MN	CHATFIELD MINN
161812	MN	CHATFIELD MINN ECONOMIC DEV AUTH PUB PROJ REV

## **The following 36 securities have been published with this Continuing Disclosure submission:**

<b>CUSIP-9</b>	<b>Maturity Date</b>
161807MF6	02/01/2009
161807MG4	02/01/2010
161807MH2	02/01/2011
161807MJ8	02/01/2012
161807MK5	02/01/2013
161807ML3	02/01/2014
161807MM1	02/01/2015
161807MN9	02/01/2016
161807MP4	02/01/2017
161807MQ2	02/01/2018

161807MR0	02/01/2019
161807MS8	02/01/2020
161807MT6	02/01/2021
161807MU3	02/01/2022
161807MV1	02/01/2023
161807MW9	02/01/2010
161807MX7	02/01/2011
161807MY5	02/01/2012
161807MZ2	02/01/2013
161807NA6	02/01/2014
161807NB4	02/01/2016
161807NC2	02/01/2018
161807ND0	02/01/2020
161807NE8	02/01/2022
161807NF5	02/01/2024
161807NG3	02/01/2026
161807NH1	02/01/2029
161812AF9	12/01/2008
161812AG7	12/01/2009
161812AH5	12/01/2010
161812AJ1	12/01/2011
161812AK8	12/01/2012
161812AL6	12/01/2015
161812AM4	12/01/2018
161812AN2	12/01/2022
161812AP7	12/01/2026

**Issuer's Contact Information**

Company: City of Chatfield and Chatfield EDA  
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