

CITY OF CHATFIELD, MINNESOTA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

CITY OF CHATFIELD, MINNESOTA

FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2009

TABLE OF CONTENTS

	<u>REFERENCE</u>	<u>PAGE</u>
INTRODUCTORY SECTION		
List of Elected and Appointed Officials		i
FINANCIAL SECTION		
Independent Auditor's Report		1
Management's Discussion and Analysis		2
Basic Financial Statements		
Government-wide Financial Statements		
Statement of Net Assets	FORM A-1	13
Statement of Activities	FORM A-2	14
Fund Financial Statements		
Balance Sheet - Governmental Funds	FORM B-1	16
Reconciliation of Net Assets in the Government-wide Financial Statements and Fund Balances in the Fund Basis Financial Statements	FORM B-2	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	FORM B-3	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	FORM B-4	21
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	FORM B-5	22
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Library Fund	FORM B-6	27
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Revolving Loan Fund	FORM B-7	28
Statement of Net Assets - Proprietary Funds	FORM C-1	29
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	FORM C-2	31
Statement of Cash Flows - Proprietary Funds	FORM C-3	33
Notes to the Financial Statements		35
Combining and Individual Nonmajor Fund Statements and Schedules		
Combining Balance Sheet - Nonmajor Governmental Funds	FORM D-1	53
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	FORM D-2	58
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Pool Fund	FORM D-3	63
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Rural Fire Fund	FORM D-4	64
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Ambulance Fund	FORM D-5	65
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Historical Society Fund	FORM D-6	66

CITY OF CHATFIELD, MINNESOTA
FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2009

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (CONTINUED)	<u>REFERENCE</u>	<u>PAGE</u>
Supplementary Information		
Water Fund:		
Statement of Net Assets	SCHEDULE 1	67
Statement of Revenues, Expenses, and Changes in Fund		
Net Assets - Budget and Actual	SCHEDULE 2	68
Sewer Fund:		
Statement of Net Assets	SCHEDULE 3	79
Statement of Revenues, Expenses, and Changes in Fund		
Net Assets - Budget and Actual	SCHEDULE 4	70
Water Infrastructure Fund:		
Statement of Net Assets	SCHEDULE 5	71
Statement of Revenues, Expenses, and Changes in Fund		
Net Assets - Budget and Actual	SCHEDULE 6	72
Sewer Infrastructure Fund:		
Statement of Net Assets	SCHEDULE 7	73
Statement of Revenues, Expenses, and Changes in Fund		
Net Assets - Budget and Actual	SCHEDULE 8	74
Garbage Fund:		
Statement of Net Asses	SCHEDULE 9	75
Statement of Revenues, Expenses, and Changes in Fund	SCHEDULE 10	76
Net Assets - Budget and Actual		
Combining Balance Sheet - Library Fund	SCHEDULE 11	77
Schedule of Revenues, Expenditures, and Changes in Fund		
Balances - Budget and Actual - Library Fund	SCHEDULE 12	78
Auditor's Report on Legal Compliance		79

CITY OF CHATFIELD, MINNESOTA
INTRODUCTORY SECTION
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

(This Page Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA
LIST OF ELECTED AND APPOINTED OFFICIALS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

Les Knutson	Mayor
Paul Novotny	Vice-Mayor
Ginny Engle	Councilor
Josh Thompson	Councilor
Ken Jacobson	Councilor
Dave Frank	Councilor
Joel Young	City Clerk
Mary Peterson	Deputy City Clerk
Kay Coe	Finance Director

(This Page is Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA

FINANCIAL SECTION

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

(This Page is Left Blank Intentionally)

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, 2009, 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 2008 financial statements and, in our report dated March 10, 2009, 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, 2009, 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.

Smith, Schaffer and Associates, Ltd.

Rochester, Minnesota
March 8, 2010

(This Page is Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Chatfield, Minnesota, we offer readers of the City of Chatfield, Minnesota's financial statements this narrative overview and analysis of the financial activities of the City of Chatfield, Minnesota for the fiscal year ended December 31, 2009.

FINANCIAL HIGHLIGHTS

- The assets of the City of Chatfield, Minnesota exceeded its liabilities at the close of the most recent fiscal year by \$13,232,453 (*net assets*). Of this amount, \$4,922,008 (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 decreased by \$29,163.
- As of the close of the current fiscal year, the City of Chatfield, Minnesota's governmental funds reported combined ending fund balances of \$4,066,832. Approximately 71% of this total amount, or \$2,868,766 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 \$1,172,205 or 72 percent of next years total general fund property tax levy, local government aid and market value credit.
- The City of Chatfield, Minnesota decreased total outstanding debt obligations by \$392,053 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, Minnesota's basic financial statements. The City of Chatfield, Minnesota's basic financial statements comprise three components:

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

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

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

The *statement of net assets* presents information on all of the City of Chatfield, Minnesota'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, Minnesota 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, Minnesota that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Chatfield, Minnesota include general government, public safety, public works, parks and recreation, library and community development. The business-type activities of the City of Chatfield, Minnesota include the water, sewer and garbage utilities. The government-wide financial statements can be found on pages 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, Minnesota, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Chatfield, Minnesota can be divided into two categories: governmental funds and proprietary funds.

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

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

The City of Chatfield, Minnesota maintains thirty-two 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 1999 improvement bond fund, and the revolving loan fund which are considered to be major funds. Data from the other twenty-nine 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, Minnesota adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for the general fund (pages 22-26) and the special revenue funds (pages 27-28 and 63-66) 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, Minnesota 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, Minnesota 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, Minnesota.

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 35-52 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 53-62 of this report.

IMPORTANT REMINDERS

Infrastructure Assets. When the City of Chatfield, Minnesota 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, Minnesota 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, Minnesota, assets exceeded liabilities by \$13,232,453 at the close of the most recent fiscal year.

The largest portion of the City of Chatfield, Minnesota's net assets (50%) reflects its investment in capital assets (e.g. land, buildings, vehicles, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Chatfield, Minnesota uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Chatfield, Minnesota's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Chatfield, Minnesota Net Assets				
	Governmental	Business-Type	Totals	
	Activities	Activities	2009	2008
Current and other assets	\$ 5,820,486	\$ 2,261,640	\$ 8,082,126	\$ 8,112,175
Capital assets	8,259,370	10,708,191	18,967,561	19,361,685
Total assets	<u>14,079,856</u>	<u>12,969,831</u>	<u>27,049,687</u>	<u>27,473,860</u>
Long-term liabilities				
outstanding	6,044,880	7,135,000	13,179,880	13,571,933
Other liabilities	390,164	247,190	637,354	640,311
Total liabilities	<u>6,435,044</u>	<u>7,382,190</u>	<u>13,817,234</u>	<u>14,212,244</u>
Net assets:				
Invested in capital assets,				
net of related debt	2,214,490	4,365,316	6,579,806	6,618,135
Restricted	1,730,639		1,730,639	1,625,115
Unrestricted	3,699,683	1,222,325	4,922,008	5,018,366
Total net assets	<u>\$ 7,644,812</u>	<u>\$ 5,587,641</u>	<u>\$ 13,232,453</u>	<u>\$ 13,261,616</u>

The balance of *unrestricted net assets* (\$4,922,008) may be used to meet the government's ongoing obligations to citizens and creditors.

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

Governmental activities. Governmental activities increased the City of Chatfield, Minnesota's net assets by \$200,619. 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

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

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 decreased the City of Chatfield, Minnesota's net assets by \$229,782.

A condensed version of the Statement of Activities follows:

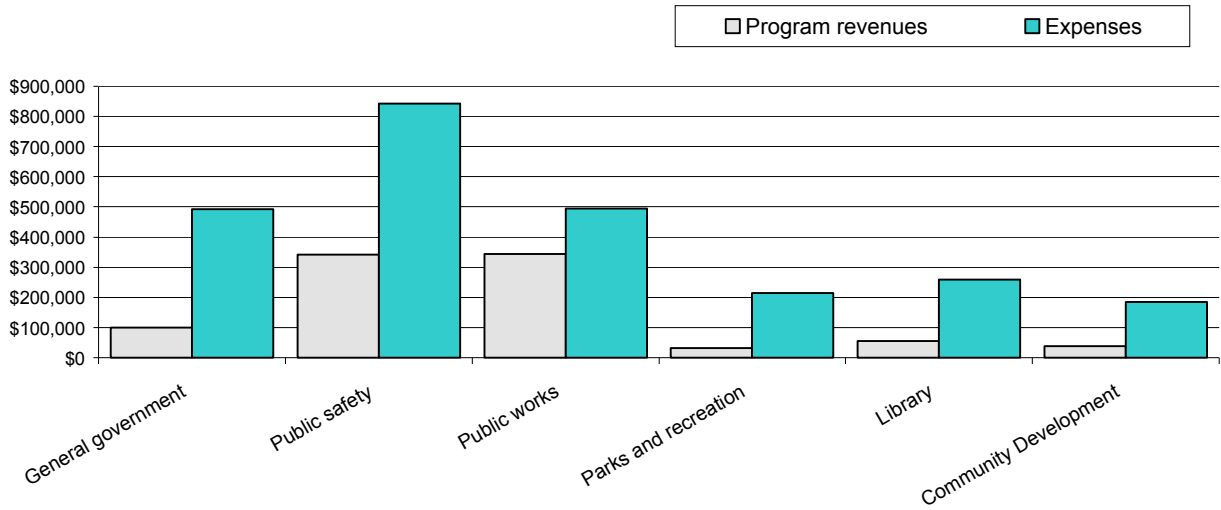
City of Chatfield, Minnesota Change in Net Assets

	Governmental Activities	Business-Type Activities	Totals	
			2009	2008
Revenue:				
Program revenues:				
Charges for services	\$ 297,639	\$ 1,031,827	\$ 1,329,466	\$ 1,851,372
Operating grants and contributions	269,502		269,502	783,171
Capital grants and contributions	345,881		345,881	65,550
General revenues:				
Property taxes	942,282		942,282	901,676
Tax increments	151,875		151,875	156,987
Grants and contributions not restricted to specific programs	846,124		846,124	807,206
Other	100,628	54,462	155,090	236,292
Total revenues	<u>2,953,931</u>	<u>1,086,289</u>	<u>4,040,220</u>	<u>4,802,254</u>
Expenses:				
General government	493,239		493,239	347,485
Public safety	843,182		843,182	876,103
Public works	495,384		495,384	561,007
Parks and recreation	214,591		214,591	317,345
Library	259,195		259,195	236,860
Community development	184,947		184,947	141,328
Interest on long-term debt	319,509		319,509	304,058
Water		209,991	209,991	186,701
Sewer		875,818	875,818	903,945
Garbage		173,527	173,527	173,909
Total expenses	<u>2,810,047</u>	<u>1,259,336</u>	<u>4,069,383</u>	<u>4,048,741</u>
Change in net assets before transfers	143,884	(173,047)	(29,163)	753,513
Transfers	56,735	(56,735)		
Change in net assets	200,619	(229,782)	(29,163)	753,513
Net assets, beginning of year	7,444,193	5,817,423	13,261,616	12,508,103
Net assets, end of year	<u>\$ 7,644,812</u>	<u>\$ 5,587,641</u>	<u>\$ 13,232,453</u>	<u>\$ 13,261,616</u>

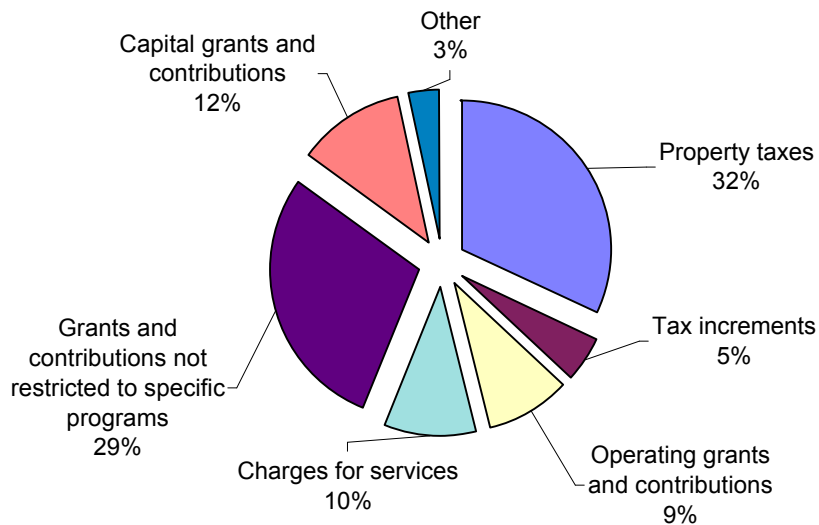
CITY OF CHATFIELD, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

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



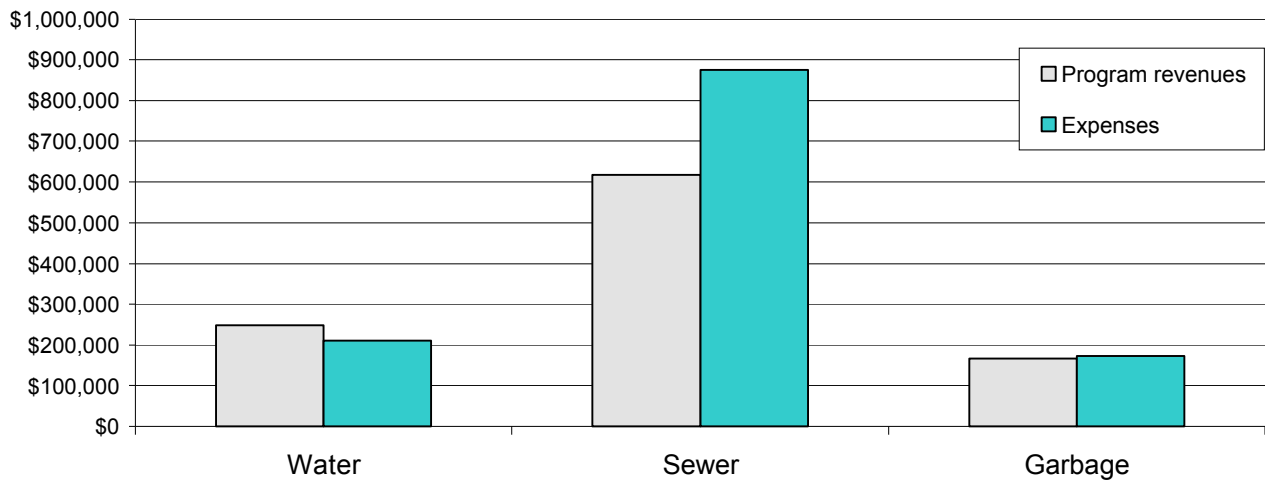
Revenues by Source - Governmental Activities



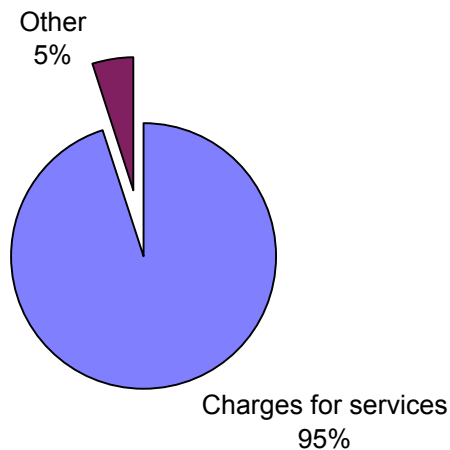
**CITY OF CHATFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**

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

FUND BASIS FINANCIAL ANALYSIS

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

Governmental funds. The focus of the City of Chatfield, Minnesota's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Chatfield, Minnesota's financing requirements. In particular, *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, Minnesota's governmental funds reported combined ending fund balances of \$4,066,832, an increase of \$27,130. Approximately 71% of this total amount, or \$2,868,766, 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, Minnesota. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,172,205. 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 72 percent of next years total general fund property tax levy, local government aid and market value credit.

The City of Chatfield, Minnesota 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 \$102,054 is primarily due to actions taken in early 2009.

In January of 2009, the Governor of Minnesota presented a State Budget that would be funded, in part, by reductions in the Local Government Aid (LGA) payments to cities. In response to the Governor's proposed cuts to the City of Chatfield's LGA payments, the City proactively cut costs and amended its budget to match those cuts. Ultimately, several months later, the Minnesota Legislature enacted LGA cuts that were less onerous to the City than those proposed by the Governor. The primary reason for the \$102,054 increase in fund balance is the savings created by the operational cuts made by the City, combined with the less invasive LGA cuts ultimately implemented by the Legislature.

Proprietary funds. The City of Chatfield, Minnesota's proprietary funds statements found on pages 29-34 provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net assets in the respective proprietary funds are Water - \$963,147, Sewer – \$242,877 and Garbage - \$16,301.

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

Proprietary funds. (Continued)

The City's Water Fund had been building cash for a number of years, in anticipation of substantial improvements. In 2008 – 09, the City constructed a water tower, a booster station and new water main. Since those improvements were made in conjunction with a tax abatement project with Fillmore County, a debt was issued and the cash balance in the Water Fund will be used to help service that debt.

Water user rates are not expected to increase due to any operational or debt service needs. Water rates will change, however, as the City implements a user charge system that complies with the conservation rate mandates.

Sanitary sewer rates have been increasing on a pre-planned schedule that was implemented several years ago. Those rates will stabilize once the housing market stabilizes but, until then, those rates will need to be adjusted to produce the revenue needed to support the services that are in place. The current facility is capable of accommodating significant growth in the community.

The City's Garbage Fund is very different from the other Enterprise Funds in that the City does not physically deliver the services associated with that Fund. The City has administered an "organized collection" system for approximately twenty years and, as part of that administration, performs the billing, collecting and other administration of the service. In return for those services, the City receives payments that are meant to cover the cost of billing, collecting and general administration. Additionally, the City uses those funds to pay for the spring clean-up that it annually sponsors and the household hazardous waste collection that it sponsors each September. Rates will increase in 2010, which will be the first rate increase in a number of years and recognizes the increasing costs of providing the Household Hazardous Waste Collection and the annual city-wide clean-up service.

General Fund Budgetary Highlights

The City approved the 2009 general fund budget anticipating an increase in general fund reserves of \$12,527. 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 \$89,527 more than anticipated, primarily due to the proactive measures taken by the City in early 2009. In response to the Governor's proposed cuts to Local Government Aid, the City amended its budget accordingly. Ultimately, LGA was not cut as dramatically as proposed and the combination of what proved to be larger than necessary cuts with the larger than expected LGA payment resulted in increasing the balance of the General Fund.

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

- Local Government Aid was greater than expected
- Special Planning projects and various expenses in the General Government category were less than anticipated.
- While Police wages and benefits were greater than expected, general police

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

- expenditures were less than anticipated.
- Public Works spent less money on engineering than what had been planned and fewer maintenance and repairs were needed in the City's parks.

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

Capital Asset and Debt Administration

Capital assets. The City of Chatfield, Minnesota's investment in capital assets for its governmental and business-type activities as of December 31, 2009, amounts to \$18,967,561 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, furniture and fixtures, wastewater treatment facility, park facilities, roads, and bridges. The total decrease in the City of Chatfield, Minnesota's reported capital assets for the current fiscal year was \$394,124.

City of Chatfield, Minnesota Capital Assets

(net of depreciation)

	Governmental	Business-Type	Totals	
	Activities	Activities	2009	2008
Land	\$ 417,030	\$ 60,492	\$ 477,522	\$ 440,747
Work in progress				27,782
Buildings and improvements	2,709,661		2,709,661	2,828,717
Vehicles	507,339		507,339	576,183
Machinery and equipment	763,399	73,175	836,574	945,927
Furniture and fixtures	36,045		36,045	41,520
Wastewater treatment facility		10,574,524	10,574,524	6,972,138
Infrastructure	3,825,896		3,825,896	7,528,671
Total	<u>\$ 8,259,370</u>	<u>\$ 10,708,191</u>	<u>\$ 18,967,561</u>	<u>\$ 19,361,685</u>

Additional information on the City of Chatfield, Minnesota'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, Minnesota had \$13,179,880 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 Outstanding Debt

General Obligation and Revenue Bonds

	Governmental	Business-Type	Totals	
	Activities	Activities	2009	2008
General obligation bonds	\$ 5,642,141	\$	\$ 5,642,141	\$ 5,958,803
Tax increment bonds	402,739		402,739	418,130
General obligation revenue bonds		7,135,000	7,135,000	7,195,000
Total	<u>\$ 6,044,880</u>	<u>\$ 7,135,000</u>	<u>\$ 13,179,880</u>	<u>\$ 13,571,933</u>

CITY OF CHATFIELD, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-term debt. (Continued)

The City of Chatfield, Minnesota's total bonds and notes payable decreased by \$392,053 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, Minnesota 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, Minnesota does not discount the concerns regarding the overall economy, the City also understands that the near and long term forecasts for the Rochester area are relatively positive. The level of delinquent utility accounts has decreased to levels of a few years previous. 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 2010 is within basis points of the rate of 2009 and 2008. 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 not 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 continued cuts to Local Government Aid. While the City may have to consider increasing its levy to avoid serious service cuts because of the reduction in aid, the concern about the 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 and solidifies Chatfield's competitive place in the educational realm.

All of these factors were considered in preparing the City of Chatfield, Minnesota's budget for the 2010 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, Minnesota's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City Clerk, City Hall, 21 Second Street SE, Chatfield, MN 55923 or jyoung@ci.chatfield.mn.us.

(This Page is Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

(This Page is Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA

STATEMENT OF NET ASSETS

December 31, 2009

With Comparative Totals for December 31, 2008

	Governmental Activities	Business-Type Activities	Totals	
			2009	2008
ASSETS				
Cash and investments	\$ 4,016,424	\$ 1,262,553	\$ 5,278,977	\$ 5,426,885
Restricted cash		792,125	792,125	828,383
Receivables	1,804,062	206,962	2,011,024	1,845,599
Prepaid items				11,308
Capital assets:				
Nondepreciable	417,030	60,492	477,522	468,529
Depreciable, net	7,842,340	10,647,699	18,490,039	18,893,156
Total Assets	<u>14,079,856</u>	<u>12,969,831</u>	<u>27,049,687</u>	<u>27,473,860</u>
LIABILITIES				
Accounts payable	101,208	22,240	123,448	156,402
Accrued interest payable	81,811	117,016	198,827	211,436
Accrued liabilities		8,004	8,004	7,446
Unearned revenue		65,497	65,497	57,847
Compensated absences	207,145	34,433	241,578	207,180
Noncurrent liabilities:				
Due within one year	432,649	95,000	527,649	408,596
Due in more than one year	5,612,231	7,040,000	12,652,231	13,163,337
Total Liabilities	<u>6,435,044</u>	<u>7,382,190</u>	<u>13,817,234</u>	<u>14,212,244</u>
NET ASSETS				
Invested in capital assets, net of related debt	2,214,490	4,365,316	6,579,806	6,618,135
Restricted for:				
Revolving loans	626,729		626,729	622,196
Debt service	1,103,910		1,103,910	1,041,181
Unrestricted	<u>3,699,683</u>	<u>1,222,325</u>	<u>4,922,008</u>	<u>4,980,104</u>
Total Net Assets	<u>\$ 7,644,812</u>	<u>\$ 5,587,641</u>	<u>\$ 13,232,453</u>	<u>\$ 13,261,616</u>

See Notes to the Financial Statements

CITY OF CHATFIELD, MINNESOTA
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2009
With Comparative Totals for the Fiscal Year Ending December 31, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 493,239	\$ 72,051	\$ 27,147	\$
Public safety	843,182	157,459	182,408	2,500
Public works	495,384		996	343,381
Parks and recreation	214,591	33,061		
Library	259,195	5,792	49,951	
Community development	184,947	29,276	9,000	
Interest on long-term debt	319,509			
Total governmental activities	<u>2,810,047</u>	<u>297,639</u>	<u>269,502</u>	<u>345,881</u>
Business-Type activities:				
Water	209,991	247,783		
Sewer	875,818	618,188		
Garbage	173,527	165,856		
Total business-type activities	<u>1,259,336</u>	<u>1,031,827</u>		
Total	<u>\$ 4,069,383</u>	<u>\$ 1,329,466</u>	<u>\$ 269,502</u>	<u>\$ 345,881</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	
		2009	2008
\$ (394,041)		\$ (394,041)	\$ (340,332)
(500,815)		(500,815)	(354,495)
(151,007)		(151,007)	(520,025)
(181,530)		(181,530)	(246,599)
(203,452)		(203,452)	(183,595)
(146,671)		(146,671)	387,989
(319,509)		(319,509)	(304,058)
<u>(1,897,025)</u>		<u>(1,897,025)</u>	<u>(1,561,115)</u>
	\$ 37,792	37,792	318,617
	(257,630)	(257,630)	(94,071)
	(7,671)	(7,671)	(12,079)
	<u>(227,509)</u>	<u>(227,509)</u>	<u>212,467</u>
<u>(1,897,025)</u>	<u>(227,509)</u>	<u>(2,124,534)</u>	<u>(1,348,648)</u>
942,282		942,282	901,676
151,875		151,875	156,987
846,124		846,124	807,206
100,628	49,776	150,404	234,653
	4,686	4,686	1,639
56,735	(56,735)		
<u>2,097,644</u>	<u>(2,273)</u>	<u>2,095,371</u>	<u>2,102,161</u>
200,619	(229,782)	(29,163)	753,513
<u>7,444,193</u>	<u>5,817,423</u>	<u>13,261,616</u>	<u>12,508,103</u>
<u>\$ 7,644,812</u>	<u>\$ 5,587,641</u>	<u>\$ 13,232,453</u>	<u>\$ 13,261,616</u>

(This Page is Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA
FUND FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

CITY OF CHATFIELD, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2009
With Comparative Totals for December 31, 2008

	100 General	360 Revolving Loan	317 1999 Improvement Bond
ASSETS			
Cash and investments	\$ 1,174,085	\$ 91,546	\$
Accounts receivable		2,610	
Notes receivable		532,573	
Due from other governmental units	11,754		
Taxes receivable delinquent	37,887		58
Special assessments receivable			512,007
Due from other funds	16,772		
Prepaid expense			
TOTAL ASSETS	\$ 1,240,498	\$ 626,729	\$ 512,065
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 30,406	\$	\$
Due to other funds			12,913
Deferred revenue	37,887	532,573	512,065
Total Liabilities	68,293	532,573	524,978
Fund Balance:			
Reserved for:			
Debt service			(12,913)
Revolving loans		94,156	
Unreserved, designated:			
Unreserved, undesignated,	1,172,205		
Total Fund Balance	1,172,205	94,156	(12,913)
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,240,498	\$ 626,729	\$ 512,065

See Notes to the Financial Statements

FORM B-1

Other Governmental Funds	Totals	
	2009	2008
\$ 2,750,793	\$ 4,016,424	\$ 4,005,689
134,146	136,756	131,995
	532,573	549,351
3,106	14,860	19,334
5,061	43,006	34,267
564,860	1,076,867	912,303
	16,772	16,250
		9,739
<u>\$ 3,457,966</u>	<u>\$ 5,837,258</u>	<u>\$ 5,678,928</u>
\$ 70,802	\$ 101,208	\$ 127,057
3,859	16,772	16,250
569,921	1,652,446	1,495,919
<u>644,582</u>	<u>1,770,426</u>	<u>1,639,226</u>
1,116,823	1,103,910	1,041,181
	94,156	72,845
1,021,020	1,021,020	1,302,562
675,541	1,847,746	1,623,114
<u>2,813,384</u>	<u>4,066,832</u>	<u>4,039,702</u>
<u>\$ 3,457,966</u>	<u>\$ 5,837,258</u>	<u>\$ 5,678,928</u>

(This Page is Left Blank Intentionally)

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, 2009

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

Total governmental fund balances (page 17)		\$ 4,066,832
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental funds - capital assets	\$ 13,490,327	
Less: Accumulated depreciation	<u>(5,230,957)</u>	
		8,259,370
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent property taxes	\$ 43,006	
Deferred special assessments	1,076,867	
Notes receivable	<u>532,573</u>	
		1,652,446
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	\$ (6,044,880)	
Compensated absences	(207,145)	
Accrued interest	<u>(81,811)</u>	
		<u>(6,333,836)</u>
Net assets of governmental activities (page 13)		<u><u>\$ 7,644,812</u></u>

See Notes to the Financial Statements

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

For the Year Ended December 31, 2009
With Comparative Totals for the Fiscal Year Ending December 31, 2008

	100 General	360 Revolving Loan	317 1999 Improvement Bond
REVENUES			
Property taxes	\$ 839,376	\$	\$
Special assessments			52,000
Tax increments			
Licenses and permits	9,654		
Fines and forfeits	12,582		
Intergovernmental revenues	876,364		
Franchise fees			
Charges for services	7,149		
Interest income	16,266	5,965	
Contribution from fire relief			
Miscellaneous revenues	31,197	15,346	
TOTAL REVENUES	<u>1,792,588</u>	<u>21,311</u>	<u>52,000</u>
EXPENDITURES			
Current			
General government	380,157		
Public safety	430,032		
Public works	189,964		
Parks and recreation	101,668		
Library			
Community development	7,294		
Capital Outlay			
Debt Service			52,579
TOTAL EXPENDITURES	<u>1,109,115</u>		<u>52,579</u>
Excess (deficiency) of revenues over (under) expenditures	<u>683,473</u>	<u>21,311</u>	<u>(579)</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds			
Transfers in			
Transfers out	(581,419)		
TOTAL OTHER FINANCING SOURCES (USES)	<u>(581,419)</u>		
Net change in fund balances	102,054	21,311	(579)
FUND BALANCES, beginning	<u>1,070,151</u>	<u>72,845</u>	<u>(12,334)</u>
FUND BALANCES, ending	<u>\$ 1,172,205</u>	<u>\$ 94,156</u>	<u>\$ (12,913)</u>

See Notes to the Financial Statements

FORM B-3

Other Governmental Funds	Totals	
	2009	2008
\$ 94,167	\$ 933,543	\$ 900,521
126,817	178,817	148,285
151,875	151,875	156,987
	9,654	30,652
3,462	16,044	15,551
142,107	1,018,471	1,580,881
24,545	24,545	25,523
188,171	195,320	237,834
78,397	100,628	151,584
57,736	57,736	28,480
47,452	93,995	111,356
<u>914,729</u>	<u>2,780,628</u>	<u>3,387,654</u>
52,275	432,432	426,171
252,164	682,196	753,935
	189,964	366,455
70,727	172,395	267,253
154,626	154,626	169,802
160,877	168,171	652,417
346,278	346,278	964,527
611,592	664,171	609,703
<u>1,648,539</u>	<u>2,810,233</u>	<u>4,210,263</u>
<u>(733,810)</u>	<u>(29,605)</u>	<u>(822,609)</u>
		2,184,231
1,142,941	1,142,941	1,158,066
<u>(504,787)</u>	<u>(1,086,206)</u>	<u>(2,004,402)</u>
638,154	56,735	1,337,895
(95,656)	27,130	515,286
2,909,040	4,039,702	3,524,416
<u>\$ 2,813,384</u>	<u>\$ 4,066,832</u>	<u>\$ 4,039,702</u>

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, 2009

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

Net change in fund balances - total governmental funds (page 20)	\$	27,130
--	----	--------

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	\$	241,066	
Depreciation expense		(537,831)	(296,765)

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, 2009	\$	1,652,446	
Deferred revenue, December 31, 2008		(1,495,919)	156,527

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		(30,935)
--------------------------------	--	----------

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.

Principal retirement on long-term debt	\$	332,053	
Change in accrued interest		12,609	344,662

Change in net assets of governmental activities (pages 15)	\$	200,619
--	----	---------

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

For the Year Ended December 31, 2009
 With Comparative Totals for the Fiscal Year Ending December 31, 2008

	Budgeted Amounts		2009	Variance with	2008
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
REVENUES					
Property Tax Levy Collected	\$ 881,487	\$ 881,487	\$ 839,376	\$ (42,111)	\$ 859,089
Licenses and permits	15,540	15,540	9,654	(5,886)	30,652
Intergovernmental Revenues					
Local government aid	818,158	725,202	762,476	37,274	722,222
Market value credit	36,729	36,729	69,333	32,604	75,672
State police aid	21,000	21,000	23,066	2,066	24,839
State fire aid	19,000	19,000	18,816	(184)	19,453
PERA aid	1,677	1,677	1,677		1,677
Highway	4,000	4,000	996	(3,004)	3,963
State fire equipment aid					65,550
Other	4,200	4,200		(4,200)	13,607
Total Intergovernmental Revenues	904,764	811,808	876,364	64,556	926,983
Charges For Services					
Plan check fee	4,500	4,500	3,254	(1,246)	6,321
Animal shelter fee	50	50	33	(17)	
Fire protection fee	2,000	2,000	2,500	500	1,325
Franchise fees	1,000	1,000	1,362	362	970
Total Charges For Services	7,550	7,550	7,149	(401)	8,616
Fines and Forfeits					
Parking fines	1,800	1,800	2,675	875	1,150
Court fines and other	11,000	11,000	9,767	(1,233)	10,636
Animal fines	150	150	140	(10)	173
Total Fines and Forfeits	12,950	12,950	12,582	(368)	11,959
Interest Income	15,000	15,000	16,266	1,266	29,064
Miscellaneous Revenues					
Park and recreation	300	300	861	561	
Sale of assets			1,149	1,149	222
Donations			925	925	51,502
Refunds/reimbursements	21,990	21,990	28,262	6,272	32,615
Total Miscellaneous Revenues	22,290	22,290	31,197	8,907	84,339
TOTAL REVENUES	\$ 1,859,581	\$ 1,766,625	\$ 1,792,588	\$ 25,963	\$ 1,950,702

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, 2009
With Comparative Totals for the Fiscal Year Ending December 31, 2008

	<u>Budgeted Amounts</u>		<u>2009</u>	<u>Variance with</u>	<u>2008</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget -</u>	<u>Actual</u>
			<u>Amounts</u>	<u>Positive</u>	<u>Amounts</u>
				<u>(Negative)</u>	
EXPENDITURES					
General Government					
Mayor and Council					
Salaries	\$ 10,500	\$ 9,200	\$ 9,200	\$	\$ 9,200
Employee benefits and retirement	740	740	662	78	704
Workers compensation	50	45	33	12	40
Office supplies	400	400	494	(94)	218
Printing and publication	1,000	1,000	667	333	1,792
Insurance	1,000	370	257	113	322
Travel	1,000	1,000	320	680	411
Legal fees	14,900	14,900	13,364	1,536	13,574
Dues and subscription	3,500	3,800	3,697	103	3,671
Other	7,950	7,950	4,365	3,585	1,538
Total Mayor and Council	<u>41,040</u>	<u>39,405</u>	<u>33,059</u>	<u>6,346</u>	<u>31,470</u>
Elections	<u>3,000</u>	<u>3,000</u>	<u>42</u>	<u>2,958</u>	<u>3,637</u>
Clerk's Office					
Salaries	155,525	151,525	150,846	679	145,523
Employee benefits and retirement	19,100	21,100	20,668	432	19,476
Workers compensation	2,500	4,600	3,648	952	2,839
Health insurance	38,400	28,550	26,992	1,558	26,767
Office supplies	3,000	5,000	1,598	3,402	1,552
Postage	1,300	1,300	1,132	168	1,174
Audit fees	5,800	5,800	5,900	(100)	5,610
Consulting fees	4,000	4,000	4,286	(286)	4,282
Licenses and dues	700	700	661	39	701
Insurance	4,000	4,165	3,587	578	3,890
Telephone	2,700	2,700	2,825	(125)	2,778
Printing and publication	800	800	672	128	599
Maintenance and repair	2,000	2,000	4,403	(2,403)	3,707
Conference expense	6,000	6,000	4,602	1,398	2,693
Capital outlay					3,800
Other	17,500	15,860	12,097	3,763	16,623
Total Clerk's Office	<u>263,325</u>	<u>254,100</u>	<u>243,917</u>	<u>10,183</u>	<u>242,014</u>
Planning and Zoning					
Printing	1,000	1,000	187	813	1,088
Consulting fees	57,700	49,400	39,752	9,648	58,091
Other	2,150	3,500	7,754	(4,254)	4,084
Total Planning and Zoning	<u>\$ 60,850</u>	<u>\$ 53,900</u>	<u>\$ 47,693</u>	<u>\$ 6,207</u>	<u>\$ 63,263</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, 2009
With Comparative Totals for the Fiscal Year Ending December 31, 2008

	Budgeted Amounts		2009	Variance with	2008
	Original	Final	Actual	Final Budget - Favorable (Unfavorable)	Actual
EXPENDITURES (continued)					
General Government (Continued)					
Municipal Building					
Operating supplies	\$ 3,600	\$ 3,600	\$ 4,459	\$ (859)	\$ 3,416
Small tools and minor equipment	500	500	13	487	274
Maintenance and repair	10,000	10,000	13,690	(3,690)	12,954
Contracted services	18,850	18,850	17,780	1,070	17,268
Insurance	8,000	12,000	12,747	(747)	6,282
Utilities	7,500	7,700	6,260	1,440	7,410
Other	750	1,200	497	703	1,086
Total Municipal Building	<u>49,200</u>	<u>53,850</u>	<u>55,446</u>	<u>(1,596)</u>	<u>48,690</u>
Total General Government	<u>417,415</u>	<u>404,255</u>	<u>380,157</u>	<u>24,098</u>	<u>389,074</u>
Public Safety					
Animal Control					
Operating supplies	300	300	111	189	111
Printing and publication	50	50	311	(261)	
Other	725	725	65	660	200
Total Animal Control	<u>1,075</u>	<u>1,075</u>	<u>487</u>	<u>588</u>	<u>311</u>
Fire Department					
Salaries	6,000	6,000	5,258	742	4,918
Employee benefits and retirement	269	269	173	96	173
Fire pension contribution	26,000	26,000	17,936	8,064	19,453
Workers compensation	1,800	1,935	1,634	301	1,841
Innoculations	600	800	1,094	(294)	782
Vehicle operating supplies	1,000	1,000	433	567	821
Small tools and minor equipment	3,000	3,000	2,607	393	2,623
Maintenance and repair	7,500	7,500	6,840	660	14,022
Insurance	4,000	3,700	3,492	208	3,466
Utilities	4,500	3,800	2,798	1,002	3,591
Printing and publishing	130	130	13	117	165
Training	2,500	2,500	1,140	1,360	1,496
Capital outlay					87,933
Other	6,250	6,250	4,907	1,343	6,706
Total Fire Department	<u>63,549</u>	<u>62,884</u>	<u>48,325</u>	<u>14,559</u>	<u>147,990</u>
Building Code					
Consultant fee	10,000	10,000	15,753	(5,753)	16,020
Surcharge fee/sales tax	6,500	6,500	2,769	3,731	7,768
Total Building Code	<u>\$ 16,500</u>	<u>\$ 16,500</u>	<u>\$ 18,522</u>	<u>\$ (2,022)</u>	<u>\$ 23,788</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, 2009
 With Comparative Totals for the Fiscal Year Ending December 31, 2008

	<u>Budgeted Amounts</u>		<u>2009</u>	<u>Variance with</u>	<u>2008</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget -</u>	<u>Actual</u>
			<u>Amounts</u>	<u>Positive</u>	<u>Amounts</u>
				<u>(Negative)</u>	
EXPENDITURES (continued)					
Public Safety (Continued)					
Police Department					
Salaries	\$ 237,135	\$ 223,600	\$ 230,539	\$ (6,939)	\$ 197,114
Employee benefits and retirement	34,622	29,560	35,762	(6,202)	26,455
Workers compensation/unemployment	8,050	9,560	9,067	493	9,106
Health insurance	21,231	20,760	22,694	(1,934)	13,537
Operating supplies	3,290	3,290	864	2,426	1,203
Vehicle operating supplies	4,500	4,500	1,017	3,483	2,277
Small tools and minor equipment	6,950	6,950	2,357	4,593	2,668
Telephone	4,080	4,400	3,421	979	4,201
Legal fees	14,000	14,000	9,699	4,301	11,741
Vehicle lease	16,900	16,900	15,888	1,012	22,890
Towing and wrecker fees	2,740	2,740	1,156	1,584	1,666
Uniform allowance	2,700	2,700	1,599	1,101	937
Maintenance and repair	6,450	6,450	10,485	(4,035)	6,883
Clothing	3,100	3,100	2,509	591	5,273
Printing and publication	500	500	101	399	472
Postage	600	600	400	200	308
Training	7,580	7,580	2,090	5,490	5,152
Contracted services	750	750	300	450	845
Insurance	3,200	2,625	1,366	1,259	2,454
Utilities	8,600	8,600	6,260	2,340	7,410
Other	14,565	11,930	5,124	6,806	6,751
Total Police Department	<u>401,543</u>	<u>381,095</u>	<u>362,698</u>	<u>18,397</u>	<u>329,343</u>
Total Public Safety	<u>482,667</u>	<u>461,554</u>	<u>430,032</u>	<u>31,522</u>	<u>501,432</u>
Public Works					
Street Department					
Salaries	63,560	62,060	62,834	(774)	66,330
Employee benefits and retirement	8,150	8,150	8,723	(573)	8,698
Health insurance	10,800	10,265	10,344	(79)	9,833
Workers compensation	4,100	5,310	2,985	2,325	5,056
Operating supplies	7,000	8,000	9,239	(1,239)	8,159
Vehicle operating supplies	12,300	12,300	6,654	5,646	11,853
Maintenance and repair	14,000	14,000	33,900	(19,900)	65,752
Clothing	675	750	681	69	730
Snow removal	9,000	7,500	5,628	1,872	5,830
Insurance	10,000	9,420	7,948	1,472	8,802
Engineering fees	21,600	21,600	4,037	17,563	100,565
Small tools and minor equipment	2,300	2,300	1,839	461	5,069
Utilities	33,000	35,500	32,301	3,199	34,553
Capital outlay					28,697
Other	5,050	5,050	2,851	2,199	6,528
Total Public Works	<u>\$ 201,535</u>	<u>\$ 202,205</u>	<u>\$ 189,964</u>	<u>\$ 12,241</u>	<u>\$ 366,455</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, 2009
 With Comparative Totals for the Fiscal Year Ending December 31, 2008

	Budgeted Amounts		2009	Variance with	2008
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
EXPENDITURES (continued)					
Parks and Recreation					
Parks					
Salaries	\$ 53,350	\$ 46,350	51,587	\$ (5,237)	\$ 56,031
Employee benefits and retirement	6,075	6,075	6,126	(51)	6,327
Workers compensation	1,500	1,900	2,114	(214)	1,831
Small tools and minor equipment	1,100	1,000	3,586	(2,586)	1,836
Vehicle operating supplies	1,600		1,644	(1,644)	3,997
Maintenance and repair	5,000	5,000	3,532	1,468	5,383
Utilities	5,000	16,000	14,080	1,920	15,340
Insurance	7,000	7,760	6,920	840	7,380
Capital outlay					53,558
Other	8,395	8,040	4,280	3,760	7,198
Total Parks	89,020	92,125	93,869	(1,744)	158,881
Recreation	10,500	10,500	6,199	4,301	10,586
Band					
School band concerts	480	480	480		480
Brass band concerts	1,120	1,120	1,120		1,120
Total Band	1,600	1,600	1,600		1,600
Total Parks and Recreation	101,120	104,225	101,668	2,557	171,067
Community Development					
Promotional expense	4,000	4,000	2,610	1,390	3,640
Consultant	1,000				588
Donations	1,000	300	500	(200)	300
Other	2,900	2,600	4,184	(1,584)	5,377
Total Community Development	8,900	6,900	7,294	(394)	9,905
TOTAL EXPENDITURES	1,211,637	1,179,139	1,109,115	70,024	1,437,933
Excess (deficiency) of revenues over (under) expenditures	647,944	587,486	683,473	95,987	512,769
OTHER FINANCING SOURCES (USES)					
Transfers in					168,013
Transfers out	(596,959)	(574,959)	(581,419)	(6,460)	(587,992)
Total Other Financing Sources (Uses)	(596,959)	(574,959)	(581,419)	(6,460)	(419,979)
Net change in fund balances	50,985	12,527	102,054	89,527	92,790
FUND BALANCES, beginning	1,070,151	1,070,151	1,070,151		977,361
FUND BALANCES, ending	\$ 1,121,136	\$ 1,082,678	\$ 1,172,205	\$ 89,527	\$ 1,070,151

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, 2009
 With Comparative Totals for the Fiscal Year Ending December 31, 2008

	Budgeted Amounts		2009	Variance with	2008
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
REVENUES					
Intergovernmental revenues	\$ 47,713	\$ 47,713	\$ 48,102	\$ 389	\$ 45,812
Library fines	4,000	4,000	3,462	(538)	3,592
Interest income		13,000	12,758	(242)	9,191
Miscellaneous	2,500	2,500	4,179	1,679	3,858
TOTAL REVENUES	54,213	67,213	68,501	1,288	62,453
EXPENDITURES					
Library					
Salaries	87,500	83,300	81,791	1,509	78,891
Employee benefits and retirement	20,000	11,581	10,611	970	10,626
Workers compensation			323	(323)	
Health insurance		10,630	11,625	(995)	12,368
Travel	600	600	470	130	414
Office supplies and postage	2,000	2,000	2,014	(14)	2,054
Operating supplies/small tools	2,800	2,800	2,390	410	3,453
Insurance	2,000	2,095	1,862	233	2,144
Utilities	5,000	5,000	5,138	(138)	5,446
Maintenance and repair	3,500	3,500	8,795	(5,295)	6,573
Telephone	1,000	1,200	1,209	(9)	1,176
Cleaning services	1,000	1,000	984	16	660
Books, periodicals, etc.					15,295
Capital outlay	20,100	20,100	15,242	4,858	17,412
Other	12,270	12,370	12,172	198	13,288
TOTAL EXPENDITURES	157,770	156,176	154,626	1,550	169,800
Excess (deficiency) of revenues over (under) expenditures	(103,557)	(88,963)	(86,125)	2,838	(107,347)
OTHER FINANCING SOURCES (USES)					
Transfers in	103,557	103,557	103,557		103,203
Transfers out	(13,863)	(13,863)	(13,863)		(18,195)
Net change in fund balances	(13,863)	731	3,569	2,838	(22,339)
FUND BALANCES, beginning	405,269	405,269	405,269		427,608
FUND BALANCES, ending	\$ 391,406	\$ 406,000	\$ 408,838	\$ 2,838	\$ 405,269

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, 2009
 With Comparative Totals for the Fiscal Year Ending December 31, 2008

	<u>Budgeted Amounts</u>		<u>2009</u>	<u>Variance with</u>	<u>2008</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget -</u>	<u>Actual</u>
			<u>Amounts</u>	<u>Positive</u>	<u>Amounts</u>
				<u>(Negative)</u>	
REVENUES					
Intergovernmental Revenues	\$	\$	\$	\$	\$ 511,088
Interest income	1,700	1,700	5,965	4,265	3,291
Miscellaneous	3,430	3,430	15,346	11,916	1,888
TOTAL REVENUES	<u>5,130</u>	<u>5,130</u>	<u>21,311</u>	<u>16,181</u>	<u>516,267</u>
EXPENDITURES					
Loan advances					511,088
Net change in fund balances	5,130	5,130	21,311	16,181	5,179
FUND BALANCES, beginning	<u>72,845</u>	<u>72,845</u>	<u>72,845</u>		<u>67,666</u>
FUND BALANCES, ending	<u>\$ 77,975</u>	<u>\$ 77,975</u>	<u>\$ 94,156</u>	<u>\$ 16,181</u>	<u>\$ 72,845</u>

See Notes to the Financial Statements

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
Statement of Net Assets
December 31, 2009
With Comparative Totals for December 31, 2008

	Business-Type Activities - Enterprise Funds				
	601	611		602	612/328/428
	Water	Water Infrastructure	Total Water	Sewer	Sewer Infrastructure
ASSETS					
Current Assets					
Cash and investments	\$ 468,885	\$ 484,325	\$ 953,210	\$ 238,167	\$ 63,479
Restricted cash					792,125
Accounts receivable, net	19,917		19,917	54,995	
Special assessments receivable	9,591		9,591	31,967	
Special assessments delinquent	11,789		11,789	39,299	
Prepaid expenses					
Total Current Assets	510,182	484,325	994,507	364,428	855,604
Noncurrent Assets					
Capital assets:					
Nondepreciable		30,246	30,246		30,246
Depreciable		2,844,629	2,844,629		11,762,980
Less: Accumulated depreciation		583,053	583,053		3,376,857
Net capital assets		2,291,822	2,291,822		8,416,369
Total Assets	510,182	2,776,147	3,286,329	364,428	9,271,973
LIABILITIES					
Current Liabilities					
Current maturities of bonds payable					95,000
Accounts payable	4,687		4,687	5,100	
Accrued interest payable					117,016
Deferred revenue	11,789		11,789	39,299	
Accrued liabilities	14,884		14,884	23,615	
Total Current Liabilities	31,360		31,360	68,014	212,016
Noncurrent Liabilities					
Bonds payable, net of current maturities					7,040,000
Total Liabilities	31,360		31,360	68,014	7,252,016
NET ASSETS					
Invested in capital assets, net of related debt		2,291,822	2,291,822		2,073,494
Unrestricted	478,822	484,325	963,147	296,414	(53,537)
Total Net Assets	\$ 478,822	\$ 2,776,147	\$ 3,254,969	\$ 296,414	\$ 2,019,957

See Notes to the Financial Statements

FORM C-1

603		Totals	
Total Sewer	Garbage	2009	2008
\$ 301,646	\$ 7,697	\$ 1,262,553	\$ 1,503,900
792,125		792,125	745,679
54,995	13,273	88,185	87,252
31,967	11,722	53,280	53,250
39,299	14,409	65,497	57,847
			1,569
1,220,032	47,101	2,261,640	2,449,497
30,246		60,492	88,274
11,762,980		14,607,609	14,279,195
3,376,857		3,959,910	3,561,919
8,416,369		10,708,191	10,805,550
9,636,401	47,101	12,969,831	13,255,047
95,000		95,000	60,000
5,100	12,453	22,240	29,345
117,016		117,016	117,016
39,299	14,409	65,497	57,847
23,615	3,938	42,437	38,416
280,030	30,800	342,190	302,624
7,040,000		7,040,000	7,135,000
7,320,030	30,800	7,382,190	7,437,624
2,073,494		4,365,316	4,356,229
242,877	16,301	1,222,325	1,461,194
\$ 2,316,371	\$ 16,301	\$ 5,587,641	\$ 5,817,423

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
Statement of Revenues, Expenses
and Changes in Fund Net Assets

For the Year Ended December 31, 2009

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

	Business-Type Activities - Enterprise Funds				
	601	611		602	612/328/428
	Water	Water Infrastructure	Total Water	Sewer	Sewer Infrastructure
Operating Revenues					
Service fees and charges	\$ 222,858	\$ 24,925	\$ 247,783	\$ 556,991	\$ 24,460
Operating Expenses					
Salaries	60,151		60,151	123,188	
Employee benefits and retirement	8,459		8,459	16,645	
Health insurance	3,099		3,099	13,781	
Workers compensation	1,453		1,453	3,316	
Garbage removal					
City clean up					
Supplies	8,934		8,934	6,654	
Utilities	12,227		12,227	37,375	
Maintenance and repairs	15,761		15,761	16,092	
Travel and training	60		60	336	
Professional fees	10,615		10,615	17,052	
Office expense	1,607		1,607	1,649	
Insurance	2,797		2,797	11,018	
Depreciation		78,730	78,730		319,261
Other	6,098		6,098	26,255	
Total Operating Expenses	131,261	78,730	209,991	273,361	319,261
Operating Income (Loss)	91,597	(53,805)	37,792	283,630	(294,801)
Nonoperating Revenues (Expenses)					
Interest income	10,784	14,832	25,616	7,397	16,577
Refunds and reimbursements	426		426	1,810	
Penalties and discounts	591		591	1,859	
Special assessments				36,737	
Interest and fiscal charges					(283,196)
Total Nonoperating Revenues (Expenses)	11,801	14,832	26,633	47,803	(266,619)
INCOME (LOSS) BEFORE TRANSFERS	103,398	(38,973)	64,425	331,433	(561,420)
Transfers in		352,390	352,390		418,119
Transfers out	(68,289)	(263,462)	(331,751)	(270,279)	(225,014)
CHANGE IN NET ASSETS	35,109	49,955	85,064	61,154	(368,315)
NET ASSETS - BEGINNING OF YEAR	443,713	2,726,192	3,169,905	235,260	2,388,272
NET ASSETS - END OF YEAR	\$ 478,822	\$ 2,776,147	\$ 3,254,969	\$ 296,414	\$ 2,019,957

See Notes to the Financial Statements

FORM C-2

Total Sewer	603 Garbage	Totals	
		2009	2008
<u>\$ 581,451</u>	<u>\$ 154,850</u>	<u>\$ 984,084</u>	<u>\$ 1,455,273</u>
123,188	10,095	193,434	179,536
16,645	2,922	28,026	26,762
13,781		16,880	15,883
3,316	90	4,859	4,984
	132,720	132,720	134,520
	12,533	12,533	12,368
6,654	813	16,401	14,066
37,375		49,602	52,592
16,092	2,083	33,936	33,866
336		396	2,675
17,052		27,667	34,211
1,649	1,401	4,657	4,583
11,018		13,815	14,127
319,261		397,991	390,990
26,255	10,870	43,223	49,219
<u>592,622</u>	<u>173,527</u>	<u>976,140</u>	<u>970,382</u>
<u>(11,171)</u>	<u>(18,677)</u>	<u>7,944</u>	<u>484,891</u>
23,974	186	49,776	83,069
1,810		2,236	1,027
1,859		2,450	612
36,737	11,006	47,743	21,749
<u>(283,196)</u>		<u>(283,196)</u>	<u>(294,173)</u>
<u>(218,816)</u>	<u>11,192</u>	<u>(180,991)</u>	<u>(187,716)</u>
<u>(229,987)</u>	<u>(7,485)</u>	<u>(173,047)</u>	<u>297,175</u>
418,119		770,509	1,350,829
<u>(495,293)</u>	<u>(200)</u>	<u>(827,244)</u>	<u>(504,493)</u>
<u>(307,161)</u>	<u>(7,685)</u>	<u>(229,782)</u>	<u>1,143,511</u>
<u>2,623,532</u>	<u>23,986</u>	<u>5,817,423</u>	<u>4,673,912</u>
<u>\$ 2,316,371</u>	<u>\$ 16,301</u>	<u>\$ 5,587,641</u>	<u>\$ 5,817,423</u>

CITY OF CHATFIELD, MINNESOTA

PROPRIETARY FUNDS

Statement of Cash Flows

For the Year Ended December 31, 2009

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

	Business-Type Activities - Enterprise Funds				
	Water	Water Infrastructure	Total Water	Sewer	Sewer Infrastructure
Cash Flows From Operating Activities					
Cash received from customers	\$ 236,005	\$ 24,925	\$ 260,930	\$ 586,465	\$ 24,460
Cash paid to employees	(73,162)		(73,162)	(156,930)	
Cash paid to suppliers	(57,356)		(57,356)	(113,539)	
Net Cash Provided By (Used In) Operating Activities	105,487	24,925	130,412	315,996	24,460
Cash Flows From Noncapital Financing Activities					
Transfer in/out	(68,289)	88,928	20,639	(270,279)	193,105
Cash Flows From Capital and Related Financing Activities					
Capital asset acquisitions		(297,421)	(297,421)		(69,561)
Interest payments on bonds					(283,196)
Net Cash (Used In) Capital and Related Financing Activities		(297,421)	(297,421)		(352,757)
Cash Flows From Investing Activities					
Investment income received	10,784	14,832	25,616	7,397	16,577
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	47,982	(168,736)	(120,754)	53,114	(118,615)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	420,903	653,061	1,073,964	185,053	974,219
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 468,885	\$ 484,325	\$ 953,210	\$ 238,167	\$ 855,604
Classified as:					
Cash and cash equivalents	\$ 468,885	\$ 484,325	\$ 953,210	\$ 238,167	\$ 63,479
Restricted cash					792,125
Total Cash and Cash Equivalents, End of Year	\$ 468,885	\$ 484,325	\$ 953,210	\$ 238,167	\$ 855,604

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

Operating Income (Loss)	\$ 91,597	\$ (53,805)	\$ 37,792	\$ 283,630	\$ (294,801)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation		78,730	78,730		319,261
Miscellaneous nonoperating income	1,017		1,017	40,406	
(Increase) Decrease In:					
Accounts receivable	12,130		12,130	(10,932)	
Prepaid items	523		523	1,046	
Increase (Decrease) In:					
Accounts payable	(502)		(502)	(1,224)	
Accrued liabilities	722		722	3,070	
Net Cash Provided By (Used In) Operating Activities	\$ 105,487	\$ 24,925	\$ 130,412	\$ 315,996	\$ 24,460

See Notes to the Financial Statements

FORM C-3

Total Sewer	Garbage	Totals	
		2009	2008
\$ 610,925	\$ 163,695	\$ 1,035,550	\$ 1,490,502
(156,930)	(13,107)	(243,199)	(227,165)
(113,539)	(159,220)	(330,115)	(348,464)
340,456	(8,632)	462,236	914,873
(77,174)	(200)	(56,735)	846,336
(69,561)		(366,982)	(1,159,771)
(283,196)		(283,196)	(284,194)
(352,757)		(650,178)	(1,443,965)
23,974	186	49,776	83,069
(65,501)	(8,646)	(194,901)	400,313
1,159,272	16,343	2,249,579	1,849,266
\$ 1,093,771	\$ 7,697	\$ 2,054,678	\$ 2,249,579
\$ 301,646	\$ 7,697	\$ 1,262,553	\$ 1,503,900
792,125		792,125	745,679
\$ 1,093,771	\$ 7,697	\$ 2,054,678	\$ 2,249,579
\$ (11,171)	\$ (18,677)	\$ 7,944	\$ 484,891
319,261		397,991	390,990
40,406	11,006	52,429	23,388
(10,932)	(2,161)	(963)	10,186
1,046		1,569	396
(1,224)	971	(755)	10,249
3,070	229	4,021	(5,227)
\$ 340,456	\$ (8,632)	\$ 462,236	\$ 914,873

(This Page Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net 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)

1. Summary of Significant Accounting Policies (Continued)

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.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

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 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)

1. Summary of Significant Accounting Policies (Continued)

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, 2009 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)

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, Minnesota.

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)

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

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

3. Detailed Notes on All Funds

A. Summary of Cash and Investments

As of December 31, 2009, 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	2,049,713
Certificates of deposit	1,782,385
U.S. Treasury Securities	2,216,061
Money Market Funds	<u>22,793</u>
Total Cash and Investments	<u>\$ 6,071,102</u>

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

Cash and Investments	\$ 5,278,977
Restricted Cash	<u>792,125</u>
	<u>\$ 6,071,102</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

A. Summary of Cash and Investments (Continued)

Investments Authorized by Minnesota Statutes

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

- a) Direct obligations or obligations guaranteed by the United States or its agencies.
- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above.
- c) General obligations of the State of Minnesota or its municipalities.
- d) Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System.
- e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- f) Repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a reporting dealer 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, Minnesota entered into a Grant Agreement with the Minnesota Department of Trade and Economic Development dated October 7, 1996, for which \$115,000 in Economic Recovery Funds (ERF Funds) were received in 1997 and loaned to an enterprise within the City to help finance a recovery/expansion project.

The City of Chatfield, Minnesota entered into a Grant Agreement with the Minnesota Department of Employment and Economic Development dated 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, Minnesota.

The City of Chatfield, Minnesota has the following notes receivable outstanding as of December 31, 2009:

	Date of Loan	Initial Loan Amount	Interest Rate	Term	Balance 12/31/09
RFL#12	5/30/2006	\$ 40,245	5%	10 years	\$ 32,524
Bernard Bus	6/30/2008	511,088	2%	10 years	500,049
		<u>\$ 551,333</u>			<u>\$ 532,573</u>

D. Capital Assets

Capital asset activity for the year ended December 31, 2009 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 380,255	\$ 36,775	\$	\$ 417,030
Total capital assets, not being depreciated	<u>380,255</u>	<u>36,775</u>		<u>417,030</u>
Capital assets, being depreciated:				
Buildings	4,972,035			4,972,035
Infrastructure	5,255,573	147,730		5,403,303
Vehicles	1,195,393	9,680	21,148	1,183,925
Furniture and fixtures	130,207			130,207
Machinery and equipment	1,336,946	46,881		1,383,827
Total capital assets, being depreciated	<u>12,890,154</u>	<u>204,291</u>	<u>21,148</u>	<u>13,073,297</u>
Less accumulated depreciation for:				
Buildings	2,143,318	119,056		2,262,374
Infrastructure	1,400,765	176,642		1,577,407
Vehicles	619,210	78,524	21,148	676,586
Furniture and fixtures	88,687	5,475		94,162
Machinery and equipment	462,294	158,134		620,428
Total accumulated depreciation	<u>4,714,274</u>	<u>537,831</u>	<u>21,148</u>	<u>5,230,957</u>
Total capital assets, being depreciated, net	<u>8,175,880</u>	<u>(333,540)</u>		<u>7,842,340</u>
Governmental activities capital assets, net	<u>\$ 8,556,135</u>	<u>\$ (296,765)</u>	<u>\$</u>	<u>\$ 8,259,370</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

D. Capital Assets (continued)

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 60,492	\$	\$	\$ 60,492
Work in progress	27,782		27,782	
Total capital assets, not being depreciated	88,274		27,782	60,492
Capital assets, being depreciated:				
Wastewater Treatment Facility and Distribution	14,058,414	313,246		14,371,660
Machinery and equipment	220,781	15,167		235,948
Total capital assets, being depreciated	14,279,195	328,413		14,607,608
Less accumulated depreciation for:				
Wastewater Treatment Facility and Distribution	3,412,412	384,724		3,797,136
Machinery and equipment	149,506	13,267		162,773
Total accumulated depreciation	3,561,918	397,991		3,959,909
Total capital assets, being depreciated, net	10,717,277	(69,578)		10,647,699
Business-type activities capital assets, net	<u>\$ 10,805,551</u>	<u>\$ (69,578)</u>	<u>\$ 27,782</u>	<u>\$ 10,708,191</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

General government	\$ 55,125
Public safety	145,332
Public works	198,414
Parks and recreation	41,806
Library	97,154

Total depreciation expense - governmental activities \$ 537,831

Business-Type Activities:

Water Infrastructure	\$ 78,730
Sewer Infrastructure	319,261

Total depreciation expense - business-type activities \$ 397,991

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

3. Detailed Notes on All Funds (Continued)

E. Interfund Balances and Transfers

Transfers during the year ended December 31, 2009 were as follows:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$	\$ 581,419
Special Revenue:		
Pool	56,225	
Ambulance	48,500	31,163
EDA	43,490	500
Library	103,557	13,863
Historical Society	900	
Cable Access		403
Heritage Preservation	8,250	
Fire		32,470
Debt Service:		
1997 GO Water Revenue	24,400	
2001 Refunding Bond	21,504	
2001 Public Project Revenue Bond	123,000	
2008A HL Tower/Hillside Drive	105,828	
2004A GO Sewer Revenue	61,019	
Capital Project:		
2008A HL Tower/Hillside Drive	112,004	286,388
Construction	140,000	
Capital Project Reserve	294,264	140,000
Enterprise:		
Water		68,289
Sewer		270,279
Garbage		200
Water Infrastructure	352,390	263,462
Sewer Infrastructure	418,119	225,014
Total Transfers	<u>\$ 1,913,450</u>	<u>\$ 1,913,450</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

E. Interfund Balances and Transfers (continued)

Excess of expenditures over budgeted appropriations at the individual fund level during 2009 are as follows:

Special Revenue Funds	
Ambulance	\$ 3,009
Enterprise Funds	
Water	21,876
Water Infrastructure	78,730
Sewer Infrastructure	319,261
Garbage	9,877

All excess expenditures were the result of planned processes.

At December 31, 2009 the following funds have deficit fund balances:

Debt Service Funds	
1999 Improvement Bond	\$ 12,913
2000B Improvement Bond	3,859

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, 2009:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable:					
General Obligation Bonds:					
1997 Water Revenue (4.45-5.55%)	\$ 80,000	\$	\$ 20,000	\$ 60,000	\$ 20,000
1999 Improvement (5.75%)	515,803		22,662	493,141	36,157
2000B Improvement (5.75%)	48,000		4,000	44,000	4,000
2001 Refunding (2.65-4.35%)	35,000		20,000	15,000	15,000
2001 Public Project Revenue (3.1-5.4%)	1,665,000		55,000	1,610,000	55,000
2002A Refunding (3.0-4.9%)	290,000		35,000	255,000	30,000
2002B Improvement Revolving (4.5%)	55,000		10,000	45,000	10,000
2002C Improvement Revolving (3.0-4.15%)	485,000		75,000	410,000	75,000
2004A Sewer & Perm Improv Refunding (3.75%)	575,000		75,000	500,000	85,000
2008A Utility Revenue & Improv Bond (3.85-4.9%)	2,210,000			2,210,000	60,000
Tax Increment Bonds:					
1999 Tax Increment (5.75%)	418,130		15,391	402,739	42,492
Total Bonds and Notes Payable	6,376,933		332,053	6,044,880	432,649
Other Liabilities:					
Compensated Absences	176,210	30,935		207,145	
Governmental Activities Long-term Liabilities	6,553,143	30,935	332,053	6,252,025	432,649
BUSINESS-TYPE ACTIVITIES					
Bonds:					
General Obligation Revenue Bonds:					
2005A Disposal System (3.5-4.15%)	7,195,000		60,000	7,135,000	95,000
Other Liabilities:					
Compensated Absences	30,970	3,463		34,433	
Business-type Activities Long-term Liabilities	7,225,970	3,463	60,000	7,169,433	95,000
Total	\$ 13,779,113	\$ 34,398	\$ 392,053	\$ 13,421,458	\$ 527,649

2008A Utility Revenue and Improvement Bond

Fillmore County and Independent School District #227 have agreed to a tax abatement plan that provides funding to assist in the repayment of the 2008A Utility Revenue and Improvement Bond. The counties have agreed to abate \$1,100,000 and the school district will abate \$454,000 of future property tax revenues generated by the project.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

F. Long-term debt (continued)

The annual requirements to amortize all long-term debt outstanding as of December 31, 2009, 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>						
2010	\$ 390,157	\$ 258,864	\$ 41,555	\$ 12,912		
2011	407,266	241,639	33,935	20,532		
2012	446,497	223,965	35,939	18,528		
2013	402,859	203,905	38,061	16,406		
2014	415,360	186,302	40,308	14,159		
2015-2019	1,449,707	712,679	212,941	32,163		
2020-2024	1,220,295	396,738				
2025-2028	850,000	87,006				
2029	60,000	1,470				
Totals	<u>\$ 5,642,141</u>	<u>\$ 2,312,568</u>	<u>\$ 402,739</u>	<u>\$ 114,700</u>		

Business-Type Activities

2010	\$ 95,000	\$ 279,330
2011	140,000	275,217
2012	175,000	269,705
2013	200,000	263,142
2014	260,000	254,767
2015-2019	2,555,000	1,038,035
2020-2023	3,710,000	326,367
Totals	<u>\$ 7,135,000</u>	<u>\$ 2,706,563</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, Minnesota issued \$3,640,806 of Healthcare and Housing Facilities Revenue Loan Participation Notes dated August 1, 2005. These notes are special limited obligations of the City, payable solely from income sources of the non-profit corporation. The notes do not constitute a debt or pledge of the faith and credit of the City, and accordingly have not been reported in the accompanying financial statements. At December 31, 2009, remaining notes outstanding totaled \$3,344,534.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

F. Long-term debt (continued)

Conduit Debt Obligations (continued)

To provide financing for phase II improvements to Olmsted Medical Center, (a non-profit corporation), the City of Chatfield, Minnesota issued \$2,600,000 of Health Care Facilities Revenue Note dated April 1, 2006. These notes are special limited obligations of the City, payable solely from income sources of the non-profit corporation. The notes do not constitute a debt or pledge of the faith and credit of the City, and accordingly have not been reported in the accompanying financial statements. At December 31, 2009, remaining notes outstanding totaled \$2,158,687.

4. Other Information

A. Defined Benefit Pension Plans - Statewide

Plan Description

All full-time and certain part-time employees of the City of Chatfield, Minnesota 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)

4. Other Information (Continued)

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, 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)

4. Other Information (Continued)

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 2009. PEPFF members are required to contribute 9.4% of their annual covered salary in 2009. The City of Chatfield, Minnesota is required to contribute the following percentages of annual covered payroll: 11.78% Basic Plan PERF, 6.75% for Coordinated Plan PERF members, 14.1% for PEPFF members. The City's contributions to Public Employees Retirement Fund for the years ending December 31, 2009, 2008, and 2007 were \$40,392, \$41,966, and \$38,322, respectively. The City's contributions to the Public Employees Police and Fire Fund for the years ended December 31, 2009, 2008, and 2007, were \$32,352, \$23,993, and \$25,151, 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 2009.

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 2009. 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.

(This Page is Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA
COMBINING AND INDIVIDUAL NONMAJOR FUNDS
STATEMENTS AND SCHEDULES
DECEMBER 31, 2009

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

December 31, 2009
With Comparative Totals for December 31, 2008

	Special Revenue							
	616	211/212	220	225	230/231	240	200	614
	Pool	Library	Rural Fire	Tourism	Ambulance	EDA	Historical Society	Cable Access
ASSETS								
Cash and investments	\$ 101,744	\$ 411,686	\$ 466	\$ 1,080	\$ 248,038	\$ 78,097	\$ 13,001	\$ 49,056
Accounts receivable					100,840			8,062
Prepaid expense								
Due from other governmental units								
Taxes receivable - delinquent								
Special assessments receivable								
TOTAL ASSETS	<u>\$ 101,744</u>	<u>\$ 411,686</u>	<u>\$ 466</u>	<u>\$ 1,080</u>	<u>\$ 348,878</u>	<u>\$ 78,097</u>	<u>\$ 13,001</u>	<u>\$ 57,118</u>
LIABILITIES AND FUND BALANCE								
Liabilities								
Accounts payable	\$ 40	\$ 2,848	\$ 466	\$	\$ 2,535	\$ 69	\$	\$ 1,967
Deferred revenue								
Due to other funds								
Total Liabilities	<u>40</u>	<u>2,848</u>	<u>466</u>	<u></u>	<u>2,535</u>	<u>69</u>	<u></u>	<u>1,967</u>
Fund Balance								
Reserved								
Unreserved								
Designated		349,717						
Undesignated	101,704	59,121		1,080	346,343	78,028	13,001	55,151
Total Fund Balance	<u>101,704</u>	<u>408,838</u>	<u></u>	<u>1,080</u>	<u>346,343</u>	<u>78,028</u>	<u>13,001</u>	<u>55,151</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 101,744</u>	<u>\$ 411,686</u>	<u>\$ 466</u>	<u>\$ 1,080</u>	<u>\$ 348,878</u>	<u>\$ 78,097</u>	<u>\$ 13,001</u>	<u>\$ 57,118</u>

Special Revenue

270 Heritage Preservation	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	804 Fit City	Total
\$ 14,033	\$ 5,718	\$ 2	\$ 54	\$ 478	\$ 306	\$ 522	\$ 924,281 108,902
					2,331		2,331
<u>\$ 14,033</u>	<u>\$ 5,718</u>	<u>\$ 2</u>	<u>\$ 54</u>	<u>\$ 478</u>	<u>\$ 2,637</u>	<u>\$ 522</u>	<u>\$ 1,035,514</u>
\$	\$	\$	\$	\$	\$ 2,331	\$	\$ 7,925 2,331
					2,331		10,256
14,033	5,718	2	54	478	306	522	349,717 675,541
<u>14,033</u>	<u>5,718</u>	<u>2</u>	<u>54</u>	<u>478</u>	<u>306</u>	<u>522</u>	<u>1,025,258</u>
<u>\$ 14,033</u>	<u>\$ 5,718</u>	<u>\$ 2</u>	<u>\$ 54</u>	<u>\$ 478</u>	<u>\$ 2,637</u>	<u>\$ 522</u>	<u>\$ 1,035,514</u>

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

December 31, 2009
With Comparative Totals for December 31, 2008

	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
ASSETS					
Cash and investments	\$ 56,432	\$ 31	\$	\$ 62,066	\$ 26,173
Accounts receivable					
Prepaid expense					
Due from other governmental units		1,801			
Taxes receivable - delinquent					
Special assessment receivable			44,000		
TOTAL ASSETS	\$ 56,432	\$ 1,832	\$ 44,000	\$ 62,066	\$ 26,173
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	\$	\$	\$	\$	\$
Deferred revenue			44,000		
Due to other funds			3,859		
Total Liabilities			47,859		
Fund Balance					
Reserved	56,432	1,832	(3,859)	62,066	26,173
Unreserved					
Designated					
Undesignated					
Total Fund Balance	56,432	1,832	(3,859)	62,066	26,173
TOTAL LIABILITIES AND FUND BALANCE	\$ 56,432	\$ 1,832	\$ 44,000	\$ 62,066	\$ 26,173

Debt Service						
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
\$ 187,468	\$ 142,536	\$ 48,980	\$ 419,225	\$ 82,120	\$ 67,301 25,244	\$ 1,092,332 25,244
	33 110 120,005	7,722	116,425	517 1,687	755 933 276,708	3,106 2,730 564,860
<u>\$ 187,468</u>	<u>\$ 262,684</u>	<u>\$ 56,702</u>	<u>\$ 535,650</u>	<u>\$ 84,324</u>	<u>\$ 370,941</u>	<u>\$ 1,688,272</u>
\$	\$ 120,115	\$ 7,722	\$ 116,425	\$ 1,687	\$ 277,641	\$ 567,590 3,859
	<u>120,115</u>	<u>7,722</u>	<u>116,425</u>	<u>1,687</u>	<u>277,641</u>	<u>571,449</u>
187,468	142,569	48,980	419,225	82,637	93,300	1,116,823
<u>187,468</u>	<u>142,569</u>	<u>48,980</u>	<u>419,225</u>	<u>82,637</u>	<u>93,300</u>	<u>1,116,823</u>
<u>\$ 187,468</u>	<u>\$ 262,684</u>	<u>\$ 56,702</u>	<u>\$ 535,650</u>	<u>\$ 84,324</u>	<u>\$ 370,941</u>	<u>\$ 1,688,272</u>

(This Page is Left Blank Intentionally)

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

December 31, 2009
With Comparative Totals for December 31, 2008

	Capital Projects				Total Nonmajor Governmental Funds	
	429 2008A HL Tower/ Hillside Drive	430 Construction	801 Capital Goods	Total	2009	2008
ASSETS						
Cash and investments	\$ 62,793	\$ 6,105	\$ 665,282	\$ 734,180	\$ 2,750,793	\$ 2,854,872
Accounts receivable					134,146	131,995
Prepaid expense						2,615
Due from other governmental units					3,106	8,319
Taxes receivable - delinquent					5,061	2,599
Special assessment receivable					564,860	380,300
TOTAL ASSETS	\$ 62,793	\$ 6,105	\$ 665,282	\$ 734,180	\$ 3,457,966	\$ 3,380,700
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts payable	\$ 62,793	\$	\$ 84	\$ 62,877	\$ 70,802	\$ 84,847
Deferred revenue					569,921	382,897
Due to other funds					3,859	3,916
Total Liabilities	62,793		84	62,877	644,582	471,660
Fund Balance						
Reserved					1,116,823	1,053,515
Unreserved						
Designated		6,105	665,198	671,303	1,021,020	1,302,562
Undesignated					675,541	552,963
Total Fund Balance		6,105	665,198	671,303	2,813,384	2,909,040
TOTAL LIABILITIES AND FUND BALANCE	\$ 62,793	\$ 6,105	\$ 665,282	\$ 734,180	\$ 3,457,966	\$ 3,380,700

CITY OF CHATFIELD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2009
With Comparative Totals for the Fiscal Year Ending December 31, 2008

	Special Revenue							
	616	211/212	220	225	230/231	240	200	614
	Pool	Library	Rural Fire	Tourism	Ambulance	EDA	Historical Society	Cable Access
REVENUES								
Property tax levy								
Property tax collected	\$	\$	\$	\$	\$	\$	\$	\$
Special assessments								
Tax increments								
Fines and forfeits		3,462						
Intergovernmental		48,102	35,632		41,558			
Franchise fees								24,545
Charges for services	31,977		5,375		137,619			13,200
Interest income	1,891	12,758	1,062	21	5,370	1,264	280	1,292
Contribution from fire relief								
Miscellaneous		4,179	422	223	7,061	13,930		8,837
TOTAL REVENUES	33,868	68,501	42,491	244	191,608	15,194	280	47,874
EXPENDITURES								
Current:								
General government								52,155
Public safety			33,065		219,099			
Park and recreation	70,727							
Library		154,626						
Community development						39,172		
Debt service								
Principal retirement								
Interest and fiscal charges								
Capital outlay								
TOTAL EXPENDITURES	70,727	154,626	33,065		219,099	39,172		52,155
Excess (deficiency) of revenues over (under) expenditures	(36,859)	(86,125)	9,426	244	(27,491)	(23,978)	280	(4,281)
OTHER FINANCING SOURCES (USES)								
Bond proceeds								
Transfer in	56,225	103,557			48,500	43,490	900	
Transfer out		(13,863)	(32,470)		(31,163)	(500)		(403)
TOTAL OTHER FINANCING SOURCES (USES)	56,225	89,694	(32,470)		17,337	42,990	900	(403)
Net change in fund balances	19,366	3,569	(23,044)	244	(10,154)	19,012	1,180	(4,684)
FUND BALANCES, beginning	82,338	405,269	23,044	836	356,497	59,016	11,821	59,835
FUND BALANCES, ending	\$ 101,704	\$ 408,838	\$	\$ 1,080	\$ 346,343	\$ 78,028	\$ 13,001	\$ 55,151

Special Revenue							
270 Heritage Preservation	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	804 Fit City	Total
\$	\$	\$	\$	\$	\$	\$	\$
		12,265	11,663	8,123	49,664		81,715
							3,462
					5,370		130,662
							24,545
							188,171
224				11	307	12	24,492
9,000							43,652
9,224		12,265	11,663	8,134	55,341	12	496,699
							52,155
							252,164
							70,727
							154,626
16,793	171	12,265	12,615	8,124	71,737		160,877
16,793	171	12,265	12,615	8,124	71,737		690,549
(7,569)	(171)		(952)	10	(16,396)	12	(193,850)
8,250							260,922
							(78,399)
8,250							182,523
681	(171)		(952)	10	(16,396)	12	(11,327)
13,352	5,889	2	1,006	468	16,702	510	1,036,585
\$ 14,033	\$ 5,718	\$ 2	\$ 54	\$ 478	\$ 306	\$ 522	\$ 1,025,258

CITY OF CHATFIELD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2009
With Comparative Totals for the Fiscal Year Ending December 31, 2008

	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
REVENUES					
Property tax levy					
Property tax collected	\$	\$	\$	\$	\$
Special assessments			6,760		
Tax increments		70,160			
Fines and forfeits		1,083			
Intergovernmental					
Franchise fees					
Charges for services					
Interest income	1,204	32	20	1,353	913
Contribution from fire relief					
Miscellaneous					
TOTAL REVENUES	<u>1,204</u>	<u>71,275</u>	<u>6,780</u>	<u>1,353</u>	<u>913</u>
EXPENDITURES					
Current:					
General government					
Public safety					
Park and recreation					
Library					
Community development					
Debt service					
Principal retirement	20,000	42,492	4,000	20,000	55,000
Interest and fiscal charges	4,350	28,701	2,760	1,502	86,847
Capital outlay					
TOTAL EXPENDITURES	<u>24,350</u>	<u>71,193</u>	<u>6,760</u>	<u>21,502</u>	<u>141,847</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(23,146)</u>	<u>82</u>	<u>20</u>	<u>(20,149)</u>	<u>(140,934)</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds					
Transfer in	24,400			21,504	123,000
Transfer out					
TOTAL OTHER FINANCING SOURCES (USES)	<u>24,400</u>			<u>21,504</u>	<u>123,000</u>
Net change in fund balances	1,254	82	20	1,355	(17,934)
FUND BALANCES, beginning	<u>55,178</u>	<u>1,750</u>	<u>(3,879)</u>	<u>60,711</u>	<u>44,107</u>
FUND BALANCES, ending	<u>\$ 56,432</u>	<u>\$ 1,832</u>	<u>\$ (3,859)</u>	<u>\$ 62,066</u>	<u>\$ 26,173</u>

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
\$	\$ 2,384 25,372	\$ 3,952	\$ 65,489	\$ 36,901	\$ 54,882 25,244	\$ 94,167 126,817 70,160
	204			3,062	4,596	8,945
8,400	2,844	3,442	20,769	83		39,060
8,400	30,804	7,394	86,258	40,046	84,722	339,149
	35,000 13,249	10,000 2,250	75,000 17,982	75,000 20,157	97,302	336,492 275,100
	48,249	12,250	92,982	95,157	97,302	611,592
8,400	(17,445)	(4,856)	(6,724)	(55,111)	(12,580)	(272,443)
				61,019	105,828	335,751
				61,019	105,828	335,751
8,400	(17,445)	(4,856)	(6,724)	5,908	93,248	63,308
179,068	160,014	53,836	425,949	76,729	52	1,053,515
\$ 187,468	\$ 142,569	\$ 48,980	\$ 419,225	\$ 82,637	\$ 93,300	\$ 1,116,823

(This Page is Left Blank Intentionally)

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

For the Year Ended December 31, 2009

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

	Capital Projects				Total Nonmajor Governmental Funds	
	429	430	801		2009	2008
	2008A HL Tower/ Hillside Drive	Construction	Capital Goods	Total		
REVENUES						
Property tax levy						
Property tax collected	\$	\$	\$	\$	\$ 94,167	\$ 41,432
Special assessments					126,817	96,285
Tax increments					151,875	156,987
Fines and forfeits					3,462	3,592
Intergovernmental			2,500	2,500	142,107	142,810
Franchise fees					24,545	25,523
Charges for services					188,171	229,218
Interest income	1,997		12,848	14,845	78,397	119,229
Contribution from fire relief			57,736	57,736	57,736	28,480
Miscellaneous			3,800	3,800	47,452	25,129
TOTAL REVENUES	1,997		76,884	78,881	914,729	868,685
EXPENDITURES						
Current:						
General government		120		120	52,275	37,097
Public safety					252,164	252,503
Park and recreation					70,727	96,186
Library					154,626	169,802
Community development					160,877	131,424
Debt service						
Principal retirement					336,492	336,937
Interest and fiscal charges					275,100	219,314
Capital outlay	98,170	133,775	114,333	346,278	346,278	964,527
TOTAL EXPENDITURES	98,170	133,895	114,333	346,398	1,648,539	2,207,790
Excess (deficiency) of revenues over (under) expenditures	(96,173)	(133,895)	(37,449)	(267,517)	(733,810)	(1,339,105)
OTHER FINANCING SOURCES (USES)						
Bond proceeds						2,184,231
Transfer in	112,004	140,000	294,264	546,268	1,142,941	990,053
Transfer out	(286,388)		(140,000)	(426,388)	(504,787)	(1,416,410)
TOTAL OTHER FINANCING SOURCES (USES)	(174,384)	140,000	154,264	119,880	638,154	1,757,874
Net change in fund balances	(270,557)	6,105	116,815	(147,637)	(95,656)	418,769
FUND BALANCES, beginning	270,557		548,383	818,940	2,909,040	2,490,271
FUND BALANCES, ending	\$	\$ 6,105	\$ 665,198	\$ 671,303	\$ 2,813,384	\$ 2,909,040

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

For the Year Ended December 31, 2009
 With Comparative Totals for the Fiscal Year Ending December 31, 2008

	<u>Budgeted Amounts</u>		<u>2009</u>	<u>Variance with</u>	<u>2008</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget -</u>	<u>Actual</u>
			<u>Amounts</u>	<u>Positive</u>	<u>Amounts</u>
				<u>(Negative)</u>	
REVENUES					
Charges for Services					
Memberships	\$ 16,900	\$ 16,900	\$ 15,240	\$ (1,660)	\$ 17,148
General admission	6,000	6,000	4,738	(1,262)	6,170
Lesson fees	8,000	9,000	7,985	(1,015)	10,295
Interest income	2,000	2,000	1,891	(109)	2,857
Miscellaneous	2,000	2,000	4,014	2,014	3,735
TOTAL REVENUES	<u>34,900</u>	<u>35,900</u>	<u>33,868</u>	<u>(2,032)</u>	<u>40,205</u>
EXPENDITURES					
Park and Recreation					
Salaries	44,000	44,000	36,157	7,843	44,980
Employee benefits and retirement	3,450	3,450	2,766	684	3,441
Workers compensation	2,000	2,000	2,444	(444)	2,683
Operating supplies	10,000	10,000	7,294	2,706	8,297
Small tools and minor equipment	5,000	5,000		5,000	4,502
Clothing	1,050	1,050	1,000	50	1,024
Telephone	600	600	543	57	541
Insurance	7,500	7,965	7,704	261	7,685
Utilities	12,000	12,000	6,772	5,228	12,488
Maintenance and repairs	6,500	6,500	3,710	2,790	5,915
Other	4,025	4,025	2,337	1,688	4,453
TOTAL EXPENDITURES	<u>96,125</u>	<u>96,590</u>	<u>70,727</u>	<u>25,863</u>	<u>96,009</u>
Excess (deficiency) of revenues over (under) expenditures	(61,225)	(60,690)	(36,859)	23,831	(55,804)
OTHER FINANCING SOURCES					
Transfers in	<u>61,225</u>	<u>56,225</u>	<u>56,225</u>		<u>61,350</u>
Net change in fund balances		(4,465)	19,366	23,831	5,546
FUND BALANCES, beginning	<u>82,338</u>	<u>82,338</u>	<u>82,338</u>		<u>76,792</u>
FUND BALANCES, ending	<u>\$ 82,338</u>	<u>\$ 77,873</u>	<u>\$ 101,704</u>	<u>\$ 23,831</u>	<u>\$ 82,338</u>

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, 2009

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

	<u>Budgeted Amounts</u>		<u>2009</u>	<u>Variance with</u>	<u>2008</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget -</u>	<u>Actual</u>
			<u>Amounts</u>	<u>Positive</u>	<u>Amounts</u>
				<u>(Negative)</u>	
REVENUES					
Intergovernmental Revenues					
Township contributions	\$ 35,771	\$ 35,771	\$ 35,382	\$ (389)	\$ 35,598
DNR contract	71	71		(71)	71
State aid			250	250	
Charges for services	4,000	4,000	5,375	1,375	4,892
Interest income	500	500	1,062	562	1,438
Miscellaneous			422	422	212
TOTAL REVENUES	<u>40,342</u>	<u>40,342</u>	<u>42,491</u>	<u>2,149</u>	<u>42,211</u>
EXPENDITURES					
Public Safety					
Salaries	6,000	6,000	5,258	742	4,918
Employee benefits and retirement	269	269	173	96	173
Workers compensation	1,800	1,935	1,969	(34)	1,754
Operating supplies	800	800	1,089	(289)	884
Small tools and minor equipment	3,000	3,000	2,607	393	2,623
Vehicle operating supplies	1,000	1,000	403	597	821
Insurance	4,000	3,500	4,173	(673)	2,873
Utilities	4,000	3,300	2,798	502	3,591
Maintenance and repairs	5,500	7,500	5,998	1,502	5,960
Training	2,500	2,500	1,140	1,360	1,496
Fire pension contribution	3,650	3,650	3,538	112	3,560
Capital outlay					3,639
Other	5,380	5,830	3,919	1,911	5,294
TOTAL EXPENDITURES	<u>37,899</u>	<u>39,284</u>	<u>33,065</u>	<u>6,219</u>	<u>37,586</u>
Excess (deficiency) of revenues over (under) expenditures	2,443	1,058	9,426	8,368	4,625
OTHER FINANCING (USES)					
Transfers out	<u>(6,500)</u>	<u>(6,500)</u>	<u>(32,470)</u>	<u>(25,970)</u>	<u>(6,500)</u>
Net change in fund balances	(4,057)	(5,442)	(23,044)	(17,602)	(1,875)
FUND BALANCES, beginning	<u>23,044</u>	<u>23,044</u>	<u>23,044</u>		<u>24,919</u>
FUND BALANCES, ending	<u>\$ 18,987</u>	<u>\$ 17,602</u>	<u>\$</u>	<u>\$ (17,602)</u>	<u>\$ 23,044</u>

CITY OF CHATFIELD, MINNESOTA
AMBULANCE FUND
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2009
With Comparative Totals for the Fiscal Year Ending December 31, 2008

	Budgeted Amounts		Ambulance	Ambulance Capital Reserve	2009 Actual Amounts	Variance with	2008 Actual Amounts
	Original	Final				Final Budget - Positive (Negative)	
REVENUES							
Intergovernmental Revenues							
County contract	\$ 4,500	\$ 4,500	\$ 4,500	\$	\$ 4,500	\$	\$ 4,500
Township contributions	21,095	21,095	16,464		16,464	(4,631)	16,534
Training reimbursement	8,500	12,500	20,594		20,594	8,094	16,335
Other state aid							10,000
Charges for services	200,000	200,000	137,619		137,619	(62,381)	173,503
Interest income	1,500	1,500	2,260	3,110	5,370	3,870	6,269
Donations	10,000	10,000	5,600		5,600	(4,400)	250
Miscellaneous	10,300	10,300	1,461		1,461	(8,839)	4,319
TOTAL REVENUES	255,895	259,895	188,498	3,110	191,608	(68,287)	231,710
EXPENDITURES							
Public Safety							
Salaries	90,000	100,725	95,966		95,966	4,759	95,766
Employee benefits and retirement	15,500	16,360	15,626		15,626	734	15,162
Workers compensation	5,000	1,305	5,146		5,146	(3,841)	1,541
Health insurance	16,392	20,460	20,689		20,689	(229)	14,967
Innoculations	700	800	155		155	645	810
Training	13,000	12,000	9,563		9,563	2,437	8,246
Small tools and minor equipment	8,000	8,000	4,824		4,824	3,176	805
Office supplies	1,000	800	1,066		1,066	(266)	555
Operating supplies	9,000	9,000	10,774		10,774	(1,774)	10,289
Vehicle operating supplies	6,500	6,000	2,776		2,776	3,224	5,338
Telephone	1,500	1,900	1,782		1,782	118	1,817
Travel	1,100	1,100				1,100	852
Printing and publications	700	700	185		185	515	1,304
Insurance	2,500	2,045	2,320		2,320	(275)	1,827
Utilities	7,800	7,000	6,260		6,260	740	7,410
Maintenance and repairs	10,000	10,000	14,282		14,282	(4,282)	11,687
Medical services	5,000	5,000	4,730		4,730	270	6,013
Laundry services	400	400	400		400		420
Clothing	2,000	2,000	1,371		1,371	629	1,972
Collections fees/bad debt	100	100	14,134		14,134	(14,034)	
License, permits, dues and subscription	1,900	1,150	400		400	750	1,362
Capital outlay	5,000	5,000		2,267	2,267	2,733	22,550
Refunds	500	500	1,337		1,337	(837)	930
Other	12,245	3,745	3,046		3,046	699	3,294
TOTAL EXPENDITURES	215,837	216,090	216,832	2,267	219,099	(3,009)	214,917
Excess (deficiency) of revenues over (under) expenditures	40,058	43,805	(28,334)	843	(27,491)	(71,296)	16,793
OTHER FINANCING SOURCES (USES)							
Transfers in	48,500	48,500	18,500	30,000	48,500		148,862
Transfers out	(30,800)	(30,800)	(31,163)		(31,163)	(363)	(31,600)
TOTAL OTHER FINANCING SOURCES (USES)	17,700	17,700	(12,663)	30,000	17,337	(363)	117,262
Net change in fund balances	57,758	61,505	(40,997)	30,843	(10,154)	(71,659)	134,055
FUND BALANCES, beginning	223,697	223,697	223,697	132,800	356,497		222,442
FUND BALANCES, ending	\$ 281,455	\$ 285,202	\$ 182,700	\$ 163,643	\$ 346,343	\$ (71,659)	\$ 356,497

**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, 2009

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

	Budgeted Amounts		2009	Variance with	2008
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
			Amounts		Amounts
REVENUES					
Interest Income	\$ 250	\$ 250	\$ 280	\$ 30	\$ 521
EXPENDITURES					
Repairs and maintenance					207
Small tools and minor equipment					877
Capital outlay					2,300
Miscellaneous					68
TOTAL EXPENDITURES					3,452
Excess (deficiency of revenues over (under) expenditures	250	250	280	30	(2,931)
OTHER FINANCING SOURCES					
Transfers in	900	900	900		900
Net change in fund balances	1,150	1,150	1,180	60	(2,031)
FUND BALANCES, beginning	11,821	11,821	11,821		13,852
FUND BALANCES, ending	\$ 12,971	\$ 12,971	\$ 13,001	\$ 60	\$ 11,821

(This Page is Left Blank Intentionally)

CITY OF CHATFIELD, MINNESOTA

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2009

SCHEDULE 1

**CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
WATER FUND
Statement of Net Assets
December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 468,885	\$ 420,903
Accounts receivable, net	19,917	20,338
Special assessments receivable	9,591	21,300
Special assessments delinquent	11,789	23,139
Prepaid expenses		523
Total Current Assets	<u>510,182</u>	<u>486,203</u>
 LIABILITIES		
Current Liabilities		
Accounts payable	4,687	5,189
Accrued liabilities	14,884	14,162
Deferred revenue	11,789	23,139
Total Current Liabilities	<u>31,360</u>	<u>42,490</u>
 NET ASSETS		
Unrestricted	<u>\$ 478,822</u>	<u>\$ 443,713</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, 2009

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

	Budgeted Amounts		2009	Variance with	2008
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
			Amounts		Amounts
Operating Revenue					
Service fees	\$ 257,900	\$ 259,900	\$ 222,858	\$ (37,042)	\$ 230,162
Operating Expenses					
Salaries	56,000	56,100	60,151	(4,051)	53,328
Employee benefits and retirement	8,450	7,805	8,459	(654)	8,044
Health insurance		2,635	3,099	(464)	3,107
Workers compensation	1,500	1,185	1,453	(268)	1,532
Supplies	8,350	8,350	8,934	(584)	8,034
Utilities	12,000	12,000	12,227	(227)	12,202
Maintenance and repairs			15,761	(15,761)	7,805
Travel and training	800	800	60	740	810
Professional fees	10,200	10,200	10,615	(415)	10,445
Office expense	1,700	1,700	1,607	93	1,580
Insurance	2,500	2,500	2,797	(297)	2,567
Other	6,110	6,110	6,098	12	6,278
Total Operating Expenses	107,610	109,385	131,261	(21,876)	115,732
Operating Income	150,290	150,515	91,597	(58,918)	114,430
Nonoperating Revenues (Expenses)					
Interest income	12,000	12,000	10,784	(1,216)	16,955
Refunds and reimbursements			426	426	228
Penalties and discounts	600	600	591	(9)	306
Special assessments	8,000	8,000		(8,000)	8,736
Total Nonoperating Revenues (Expenses)	20,600	20,600	11,801	(8,799)	26,225
INCOME BEFORE TRANSFERS	170,890	171,115	103,398	(67,717)	140,655
Transfers out	(68,200)	(68,200)	(68,289)	(89)	(102,258)
CHANGE IN NET ASSETS	102,690	102,915	35,109	(67,806)	38,397
TOTAL NET ASSETS - BEGINNING OF YEAR	443,713	443,713	443,713		405,316
TOTAL NET ASSETS - END OF YEAR	\$ 546,403	\$ 546,628	\$ 478,822	\$ (67,806)	\$ 443,713

SCHEDULE 3

**CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
SEWER FUND
Statement of Net Assets
December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 238,167	\$ 185,053
Accounts receivable, net	54,995	54,730
Special assessments receivable	31,967	21,300
Special assessments delinquent	39,299	23,139
Prepaid expenses		1,046
Total Current Assets	<u>364,428</u>	<u>285,268</u>
 LIABILITIES		
Current Liabilities		
Accounts payable	5,100	6,324
Accrued liabilities	23,615	20,545
Deferred revenue	39,299	23,139
Total Current Liabilities	<u>68,014</u>	<u>50,008</u>
 NET ASSETS		
Unrestricted	<u>\$ 296,414</u>	<u>\$ 235,260</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, 2009

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

	Budgeted Amounts		2009 Actual Amounts	Variance with Final Budget - Positive (Negative)	2008 Actual Amounts
	Original	Final			
Operating Revenue					
Service fees	\$ 547,800	\$ 577,800	\$ 556,991	\$ (20,809)	\$ 556,058
Operating Expenses					
Salaries	130,670	115,860	123,188	(7,328)	116,238
Employee benefits and retirement	16,080	16,108	16,645	(537)	15,909
Health insurance	10,800	12,800	13,781	(981)	12,776
Workers compensation	3,000	2,410	3,316	(906)	3,452
Supplies	8,700	6,900	6,654	246	5,580
Utilities	41,500	38,700	37,375	1,325	40,390
Maintenance and repairs	13,500	13,500	16,092	(2,592)	24,277
Travel and training	2,300	2,300	336	1,964	1,865
Professional fees	23,500	22,000	17,052	4,948	19,071
Office expense	1,750	1,750	1,649	101	1,622
Insurance	12,000	12,345	11,018	1,327	11,560
Capital outlay	12,750	12,750		12,750	
Other	34,200	31,700	26,255	5,445	32,316
Total Operating Expenses	310,750	289,123	273,361	15,762	285,056
Operating Income	237,050	288,677	283,630	(5,047)	271,002
Nonoperating Revenues (Expenses)					
Interest income	15,000	15,000	7,397	(7,603)	8,759
Refunds and reimbursements			1,810	1,810	799
Penalties and discounts			1,859	1,859	306
Special assessments	10,000	10,000	36,737	26,737	8,736
Total Nonoperating Revenues (Expenses)	25,000	25,000	47,803	22,803	18,600
INCOME BEFORE TRANSFERS	262,050	313,677	331,433	17,756	289,602
Transfers out	(270,200)	(270,200)	(270,279)	(79)	(274,700)
CHANGE IN NET ASSETS	(8,150)	43,477	61,154	17,677	14,902
TOTAL NET ASSETS - BEGINNING OF YEAR	235,260	235,260	235,260		220,358
TOTAL NET ASSETS - END OF YEAR	\$ 227,110	\$ 278,737	\$ 296,414	\$ 17,677	\$ 235,260

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
WATER INFRASTRUCTURE FUND
Statement of Net Assets
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Current Assets		
Cash and cash equivalents	<u>\$ 484,325</u>	<u>\$ 653,061</u>
Property and Equipment		
Nondepreciable	30,246	53,228
Depreciable	2,844,629	2,524,226
Less: Accumulated depreciation	<u>583,053</u>	<u>504,323</u>
Property, Plant and Equipment, Net	<u>2,291,822</u>	<u>2,073,131</u>
Total Assets	<u>2,776,147</u>	<u>2,726,192</u>
NET ASSETS		
Invested in capital assets	2,291,822	2,073,131
Unrestricted	<u>484,325</u>	<u>653,061</u>
Total Net Assets	<u><u>\$ 2,776,147</u></u>	<u><u>\$ 2,726,192</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, 2009

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

	Budgeted Amounts		2009 Actual Amounts	Variance with Final Budget - Positive (Negative)	2008 Actual Amounts
	Original	Final			
Operating Revenue					
Connection charges	\$ 16,000	\$ 16,000	\$ 24,925	\$ 8,925	\$ 266,420
Operating Expenses					
Capital outlay	10,000	10,000		10,000	
Depreciation			78,730	(78,730)	70,969
Total Operating Expenses	10,000	10,000	78,730	(68,730)	70,969
Operating Income	6,000	6,000	(53,805)	77,655	195,451
Nonoperating Revenues (Expenses)					
Interest income	12,000	12,000	14,832	2,832	20,860
INCOME BEFORE TRANSFERS	18,000	18,000	(38,973)	80,487	216,311
Transfer in	68,000	68,000	352,390	284,390	1,076,328
Transfers out	(151,458)	(151,458)	(263,462)	(112,004)	(48,999)
Total Other Financing Sources (Uses)	(83,458)	(83,458)	88,928	172,386	1,027,329
CHANGE IN NET ASSETS	(65,458)	(65,458)	49,955	252,873	1,243,640
NET ASSETS - BEGINNING OF YEAR	2,726,192	2,726,192	2,726,192		1,482,552
TOTAL NET ASSETS - END OF YEAR	\$ 2,660,734	\$ 2,660,734	\$ 2,776,147	\$ 252,873	\$ 2,726,192

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
SEWER INFRASTRUCTURE FUND
Statement of Net Assets
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 63,479	\$ 228,540
Restricted cash	<u>792,125</u>	<u>745,679</u>
Total Current Assets	<u>855,604</u>	<u>974,219</u>
Property and Equipment		
Nondepreciable	30,246	35,046
Depreciable	11,762,980	11,754,969
Less: Accumulated depreciation	<u>3,376,857</u>	<u>3,057,596</u>
Property, Plant and Equipment, Net	<u>8,416,369</u>	<u>8,732,419</u>
Total Assets	<u>9,271,973</u>	<u>9,706,638</u>
LIABILITIES		
Current Liabilities		
Current maturities of bonds payable	95,000	60,000
Accounts payable		6,350
Accrued interest payable	<u>117,016</u>	<u>117,016</u>
Total Current Liabilities	<u>212,016</u>	<u>183,366</u>
Noncurrent Liabilities		
Bonds payable, net of current maturities	<u>7,040,000</u>	<u>7,135,000</u>
Total Liabilities	<u>7,252,016</u>	<u>7,318,366</u>
NET ASSETS		
Invested in capital assets, net of related debt	2,073,494	2,283,098
Unrestricted	<u>(53,537)</u>	<u>105,174</u>
Total Net Assets	<u>\$ 2,019,957</u>	<u>\$ 2,388,272</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, 2009

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

	Budgeted Amounts		2009	Variance with	2008
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
Operating Revenue					
Connection fees	\$ 26,000	\$ 26,000	\$ 24,460	\$ (1,540)	\$ 245,080
Operating Expenses					
Professional fees					4,695
Depreciation			319,261	(319,261)	320,021
Total Operating Expenses			319,261	(319,261)	324,716
Operating Income (Loss)	26,000	26,000	(294,801)	317,721	(79,636)
Nonoperating Revenues (Expenses)					
Interest income		15,000	16,577	1,577	35,816
Interest expense	(282,468)	(282,468)	(283,196)	(728)	(294,173)
Total Nonoperating Revenue (Expense)	(282,468)	(267,468)	(266,619)	849	(258,357)
INCOME (LOSS) BEFORE TRANSFERS	(256,468)	(241,468)	(561,420)	318,570	(337,993)
Transfer in	429,384	429,384	418,119	(11,265)	274,501
Transfers out	(236,279)	(236,279)	(225,014)	11,265	(78,336)
Total Other Financing Sources (Uses)	193,105	193,105	193,105		196,165
CHANGE IN NET ASSETS	(63,363)	(48,363)	(368,315)	318,570	(141,828)
TOTAL NET ASSETS - BEGINNING OF YEAR	2,388,272	2,388,272	2,388,272		2,530,100
TOTAL NET ASSETS - END OF YEAR	\$ 2,324,909	\$ 2,339,909	\$ 2,019,957	\$ 318,570	\$ 2,388,272

CITY OF CHATFIELD, MINNESOTA
 PROPRIETARY FUNDS
 GARBAGE FUND
 Statement of Net Assets
 December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 7,697	\$ 16,343
Accounts receivable, net	13,273	12,184
Special assessments receivable	11,722	10,650
Special assessments delinquent	14,409	11,569
Total Current Assets	<u>47,101</u>	<u>50,746</u>
 LIABILITIES		
Current Liabilities		
Accounts payable	12,453	11,482
Accrued liabilities	3,938	3,709
Deferred revenue	14,409	11,569
Total Current Liabilities	<u>30,800</u>	<u>26,760</u>
 NET ASSETS		
Unrestricted	<u>\$ 16,301</u>	<u>\$ 23,986</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, 2009

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

	Budgeted Amounts		2009	Variance with	2008
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
Operating Revenue					
Charges for Services	\$ 147,600	\$ 160,500	\$ 154,850	\$ (5,650)	\$ 157,553
Operating Expenses					
Waste Removal					
Salaries	10,000	10,000	10,095	(95)	9,970
Employee benefits and retirement	1,185	2,900	2,922	(22)	2,809
Workers compensation			90	(90)	
Garbage removal	120,000	125,000	132,720	(7,720)	134,520
City cleanup	12,000	13,000	12,533	467	12,368
Supplies	750	600	813	(213)	452
Maintenance and repairs	1,000	1,000	2,083	(1,083)	1,784
Office expense	1,400	1,400	1,401	(1)	1,381
Other	9,950	9,750	10,870	(1,120)	10,625
Total Operating Expenses	156,285	163,650	173,527	(9,877)	173,909
Operating Income (Loss)	(8,685)	(3,150)	(18,677)	(15,527)	(16,356)
Nonoperating Revenue					
Interest income		2,000	186	(1,814)	679
Special assessments	6,000	6,000	11,006	5,006	4,277
Total Nonoperating Revenue	6,000	8,000	11,192	3,192	4,956
Income (loss) before transfers	(2,685)	4,850	(7,485)	(12,335)	(11,400)
Transfers out	(200)	(200)	(200)		(200)
CHANGE IN NET ASSETS	(2,885)	4,650	(7,685)	(12,335)	(11,600)
TOTAL NET ASSETS - BEGINNING OF YEAR	23,986	23,986	23,986		35,586
TOTAL NET ASSETS - END OF YEAR	\$ 21,101	\$ 28,636	\$ 16,301	\$ (12,335)	\$ 23,986

CITY OF CHATFIELD, MINNESOTA
LIBRARY FUND
Combining Balance Sheet
December 31, 2009
With Comparative Totals for December 31, 2008

	Library	Library Endowment	Totals 2009	2008
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 61,969	\$ 349,717	\$ 411,686	\$ 407,573
LIABILITIES				
Accounts payable	2,848		2,848	2,304
NET ASSETS				
Designated		349,717	349,717	350,822
Unrestricted	59,121		59,121	54,447
Total Net Assets	\$ 59,121	\$ 349,717	\$ 408,838	\$ 405,269

CITY OF CHATFIELD, MINNESOTA
LIBRARY FUND
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2009
With Comparative Totals for the Fiscal Year Ending December 31, 2008

	Budgeted Amounts		Library	Library Endowment	2009 Actual Amounts	Variance with Final Budget - Positive (Negative)	2008 Actual Amounts
	Original	Final					
REVENUES							
Intergovernmental revenues	\$ 47,713	\$ 47,713	\$ 48,102	\$	\$ 48,102	\$ 389	\$ 45,812
Library fines	4,000	4,000	3,462		3,462	(538)	3,592
Interest income		13,000		12,758	12,758	(242)	9,191
Miscellaneous	2,500	2,500	4,179		4,179	1,679	3,861
TOTAL REVENUES	54,213	67,213	55,743	12,758	68,501	1,288	62,456
EXPENDITURES							
Library							
Salaries	87,500	83,300	81,791		81,791	1,509	78,891
Employee benefits and retirement	20,000	11,581	10,611		10,611	970	10,626
Workers compensation			323		323	(323)	
Health insurance		10,630	11,625		11,625	(995)	12,368
Travel	600	600	470		470	130	414
Office supplies and postage	2,000	2,000	2,014		2,014	(14)	2,054
Operating supplies/small tools	2,800	2,800	2,390		2,390	410	3,453
Insurance	2,000	2,095	1,862		1,862	233	2,144
Utilities	5,000	5,000	5,138		5,138	(138)	5,446
Maintenance and repair	3,500	3,500	8,795		8,795	(5,295)	6,573
Telephone	1,000	1,200	1,209		1,209	(9)	1,176
Cleaning services	1,000	1,000	984		984	16	660
Books, periodicals, etc.							15,295
Capital outlay	20,100	20,100	15,242		15,242	4,858	17,412
Other	12,270	12,370	12,172		12,172	198	13,290
TOTAL EXPENDITURES	157,770	156,176	154,626		154,626	1,550	169,802
Excess (deficiency) of revenues over (under) expenditures	(103,557)	(88,963)	(98,883)	12,758	(86,125)	2,838	(107,346)
OTHER FINANCING SOURCES (USES)							
Transfers in	103,557	103,557	103,557		103,557		103,203
Transfers out	(13,863)	(13,863)		(13,863)	(13,863)		(18,195)
Net change in fund balances	(13,863)	731	4,674	(1,105)	3,569	2,838	(22,338)
FUND BALANCES, beginning	405,269	405,269	54,447	350,822	405,269		427,607
FUND BALANCES, ending	\$ 391,406	\$ 406,000	\$ 59,121	\$ 349,717	\$ 408,838	\$ 2,838	\$ 405,269

(This Page Left Blank Intentionally)

AUDITOR'S REPORT ON LEGAL COMPLIANCE

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

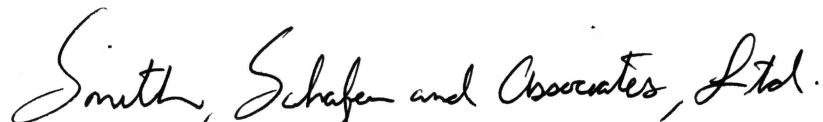
We have audited the general purpose financial statements of the City of Chatfield, Minnesota as of and for the year ended December 31, 2009 and have issued our report thereon dated March 10, 2010.

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, Minnesota 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.



Rochester, Minnesota
March 8, 2010