

CITY OF CHATFIELD, MINNESOTA

FINANCIAL STATEMENTS

DECEMBER 31, 2014

CITY OF CHATFIELD, MINNESOTA

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CITY OF CHATFIELD, MINNESOTA

INTRODUCTORY SECTION

DECEMBER 31, 2014

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CITY OF CHATFIELD, MINNESOTA
LIST OF ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2014

Russ Smith	Mayor
Paul Novotny	Vice-Mayor
Robert Pederson	Councilor
Mike Urban	Councilor
Ken Jacobson	Councilor
Dave Frank	Councilor
Joel Young	City Clerk
Kay Coe	Finance Director

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CITY OF CHATFIELD, MINNESOTA

FINANCIAL SECTION

DECEMBER 31, 2014

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Chatfield, Minnesota, as of and for the year ended December 31, 2014, which collectively comprise the City of Chatfield, Minnesota's basic financial statements as listed in the table of contents and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chatfield, Minnesota, as of December 31, 2014, 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 revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

The financial statements include partial prior year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2013, from which such partial information was derived.

We have previously audited the City's 2013 financial statements and our report dated March 4, 2013, expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information in Relation to the Financial Statements as a Whole

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Chatfield, Minnesota's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Smith, Schaff and Associates, Ltd.

CITY OF CHATFIELD, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Chatfield, Minnesota, we offer readers of the City of Chatfield, Minnesota's financial statements this narrative overview and analysis of the financial activities of the City of Chatfield, Minnesota for the fiscal year ended December 31, 2014.

FINANCIAL HIGHLIGHTS

- The assets of the City of Chatfield, Minnesota exceeded its liabilities at the close of the most recent fiscal year by \$15,911,883 (*net position*). Of this amount, \$4,295,530 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's designations and fiscal policies.
- The City's total net position increased by \$502,557.
- As of the close of the current fiscal year, the City of Chatfield, Minnesota's governmental funds reported combined ending fund balances of \$3,287,013. Approximately \$2,114,636 of this total amount, or 64% is available for use within the City's designations and policies.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$892,541 or 52 percent of next year's total general fund property tax levy and local government aid.
- The City of Chatfield, Minnesota increased total outstanding debt obligations by \$1,000,676 during the current fiscal year as a result of a bond issuance to fund the 2014 street improvement project.

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.

CITY OF CHATFIELD, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned, but not used, compensated absences).

Both of the government-wide financial statements distinguish functions of the City of Chatfield, Minnesota that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Chatfield, Minnesota include general government, public safety, public works, parks and recreation, library and community development. The business-type activities of the City of Chatfield, Minnesota include the water, sewer and garbage utilities. The government-wide financial statements can be found on pages 17-19 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 twenty-four 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 revolving loan federal fund, the fire fund, the EDA fund, the ambulance fund, the revolving loan state fund, and the 2014 public improvements fund, which are considered to be major funds. Data from the other seventeen 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 26-30) and the special revenue funds (pages 31-34 and 70-71) to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 20-24 of this report.

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

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

The proprietary fund financial statements can be found on pages 35-40 of this report.

The internal service fund financial statements can be found on pages 72-74 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 41-61 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 62-69 of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Chatfield, Minnesota, assets exceeded liabilities by \$15,911,883 at the close of the most recent fiscal year.

The largest portion of the City of Chatfield, Minnesota's net position (\$10,092,798) reflects its investment in capital assets (e.g. land, buildings, vehicles, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Chatfield, Minnesota uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Chatfield, Minnesota's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Chatfield, Minnesota Net Position						
	Governmental		Business-Type		Totals	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 5,061,643	\$ 6,413,678	\$ 1,525,162	\$ 1,798,203	\$ 6,586,805	\$ 8,211,881
Capital assets	10,598,315	10,587,982	9,850,311	9,709,507	20,448,626	20,297,489
Total assets	15,659,958	17,001,660	11,375,473	11,507,710	27,035,431	28,509,370
Long-term liabilities						
outstanding	4,903,903	5,733,010	5,914,393	6,599,372	10,818,296	9,776,856
Other liabilities	195,322	260,689	109,930	175,486	305,252	436,175
Total liabilities	5,099,225	5,993,699	6,024,323	6,774,858	11,123,548	10,213,031
Net position:						
Net investment in						
capital assets	5,694,412	6,815,680	4,398,386	3,677,250	10,092,798	10,481,641
Restricted	1,523,555	1,172,685			1,523,555	1,172,685
Unrestricted	3,342,766	2,984,312	952,764	1,031,059	4,295,530	4,015,371
Total net position	<u>\$ 10,560,733</u>	<u>\$ 10,972,677</u>	<u>\$ 5,351,150</u>	<u>\$ 4,708,309</u>	<u>\$ 15,911,883</u>	<u>\$ 15,669,697</u>

The balance of *unrestricted net position* (\$4,295,530) may be used to meet the government's ongoing obligations to citizens and creditors.

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

Governmental activities. Governmental activities decreased the City of Chatfield, Minnesota's net position by \$374,931.

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

Business-type activities. Business-type activities increased the City of Chatfield, Minnesota's net position by \$877,488.

A condensed version of the Statement of Activities follows:

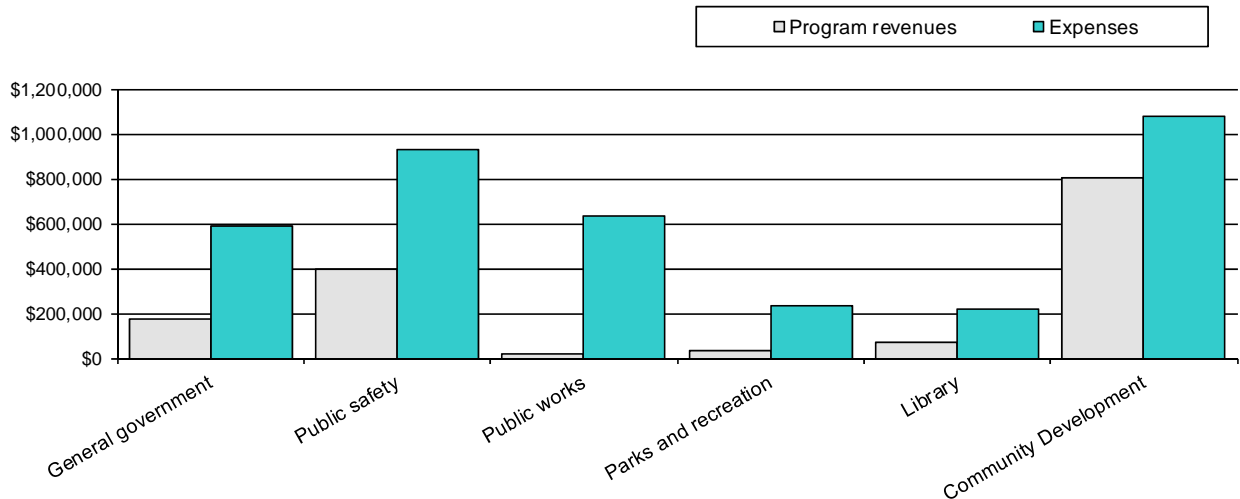
City of Chatfield, Minnesota Change in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenue:						
Program revenues:						
Charges for services	\$ 584,607	\$ 557,147	\$ 1,260,364	\$ 1,037,772	\$ 1,844,971	\$ 1,594,919
Operating grants and contributions	747,956	182,593			747,956	182,593
Capital grants and contributions	168,184	23,653			168,184	23,653
General revenues:						
Property taxes	1,252,384	1,211,304			1,252,384	1,211,304
Tax increments	173,096	176,353			173,096	176,353
Grants and contributions not restricted to specific programs	1,196,103	668,122			1,196,103	668,122
Other	110,094	127,979	54,407	117,997	164,501	245,976
Total revenues	4,232,424	2,947,151	1,314,771	1,155,769	5,547,195	4,102,920
Expenses:						
General government	591,458	621,823			591,458	621,823
Public safety	929,963	847,500			929,963	847,500
Public works	632,920	504,129			632,920	504,129
Parks and recreation	232,058	177,713			232,058	177,713
Library	215,943	195,424			215,943	195,424
Community development	1,077,479	525,732			1,077,479	525,732
Interest on long-term debt	158,347	153,274			158,347	153,274
Water			232,750	209,714	232,750	209,714
Sewer			792,671	839,549	792,671	839,549
Garbage			181,049	168,946	181,049	168,946
Total expenses	3,838,168	3,025,595	1,206,470	1,218,209	5,044,638	4,243,804
Change in net position before transfers	394,256	(78,444)	108,301	(62,440)	502,557	(140,884)
Transfers	(769,187)	182,289	769,187	(182,289)		
Change in net position	(374,931)	103,845	877,488	(244,729)	502,557	(140,884)
Net position as restated, beginning	10,935,664	10,868,832	4,473,662	4,953,038	15,409,326	15,821,870
Net position, end of year	\$ 10,560,733	\$ 10,972,677	\$ 5,351,150	\$ 4,708,309	\$ 15,911,883	\$ 15,680,986

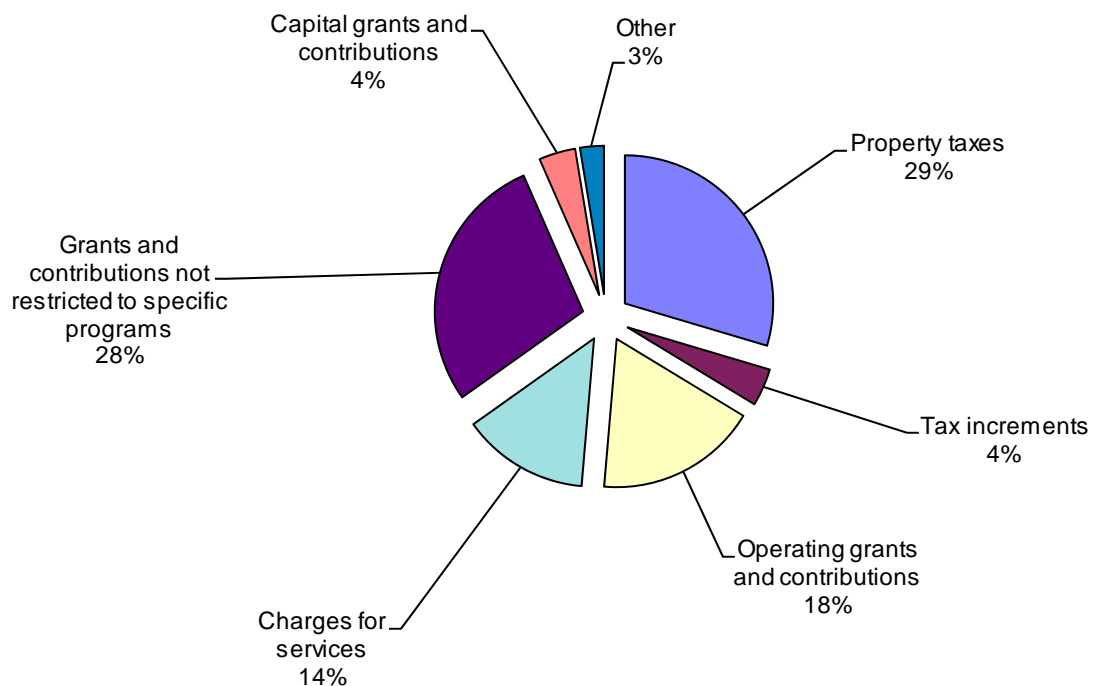
CITY OF CHATFIELD, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Expenses and Program Revenues - Governmental Activities



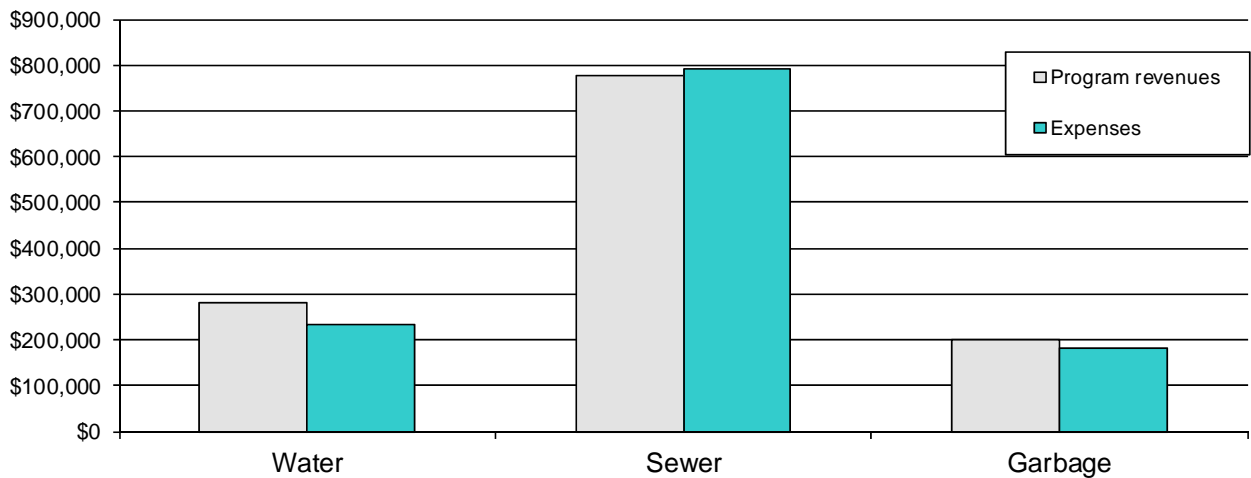
Revenues by Source - Governmental Activities



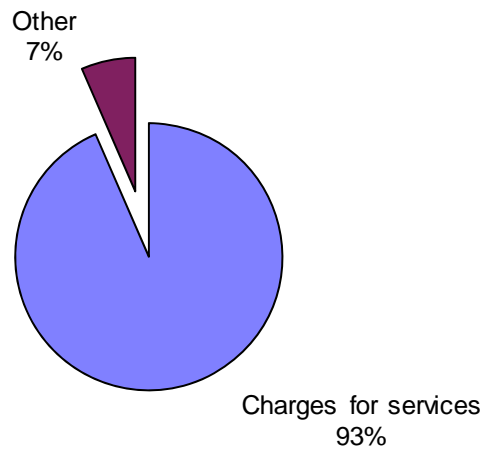
**CITY OF CHATFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business-Type Activities



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

FUND BASIS FINANCIAL ANALYSIS

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

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

GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, has redefined the fund balance classifications. Fund balance is now classified as non-spendable, restricted, committed, assigned or unassigned according to the following definitions:

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

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

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

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

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

Detailed information regarding the fund balance classifications are found in Note 5 in the Notes to Financial Statements.

At the end of the current fiscal year, the City of Chatfield, Minnesota's governmental funds reported combined ending fund balances of \$3,287,013, an increase of \$358,102. This increase is the result of a variety of factors. There was a \$125,000 increase in the 2012A Refunding Bond Fund, primarily due to pre-paid assessments on property related to that bond issue. There was a \$114,000 increase in the Sales Tax Development Fund, which is a relatively new revenue for cities within the growth area of the city of Rochester, MN. There was an \$83,000 and \$20,000 increase in the Fire Department and Ambulance Department Capital Funds, respectively, to prepare for future equipment purchases. There was a \$60,000 increase in the 2014A Bond Debt Service Fund, which was a result of the bond issue for the 2014 street/public utility improvements, a \$38,000 increase in a Flood Damage Fund that is the result of a FEMA payment, and an \$18,000 increase in the Library Fund. Approximately 64% of this total amount, or \$2,114,636, constitutes *unrestricted fund balance*, which is available for spending at the government's discretion. The remainder of this fund balance is *restricted* to indicate that it is not available for new spending because it has already been set aside 1) to liquidate contracts and purchase orders of the prior period, 2) to repay interfund advances or other debt, or 3) to fund specific capital projects or programs as obligated by statute or other regulation.

CITY OF CHATFIELD, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental funds (continued).

The general fund is the chief operating fund of the City of Chatfield, Minnesota. At the end of the current fiscal year, unassigned fund balance of the general fund was \$892,541 . As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to next year's general fund tax and aid.

Unassigned fund balance represents 52 percent of next year's total general fund property tax levy and local government aid.

The City of Chatfield, Minnesota has planned and implemented procedures to ensure that its general fund balance is at a level that meets its cash flow needs on a regular basis. That has been accomplished and a management tool is in place to ensure this into the future. In terms of the other governmental funds, similar management practices are in place and are designed to recognize the special nuances that might apply to funds that are more specific in nature than is the General Fund. Over the course of 2014, the fund balances of other governmental funds increased in the amount of \$254,486, in comparison to the overall fund balances of \$3,287,013.

Proprietary funds. The City of Chatfield, Minnesota's proprietary funds statements found on pages 33-38 provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position in the respective proprietary funds are Water - \$706,583, Sewer - \$196,168 , and Garbage - \$50,013.

The City's Water Fund had been building cash for a number of years, in anticipation of substantial improvements. In 2008 – 2009, 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, debt was issued and the cash balance in the Water Fund will be used to help service that debt.

Water user rates were increased by 4.5% at the beginning of 2015. This was primarily due to the water improvements that were made in the Bench-Twiford Street area of the community in 2014.

Sanitary sewer rates have been increasing on a pre-planned schedule that was implemented several years ago. Accordingly, sewer user rates were increased by 3.0% in 2015. In order to stabilize the sewer user rates, the City Council has refunded the debt associated with the wastewater treatment plant and has pledged general fund support for the next several years. To that end, in 2015, \$115,000 was transferred from the General Fund to the wastewater treatment plant debt service fund and the City plans additional transfers in years 2015 – 2022. In addition to stabilizing sewer rates, this support will also avoid the consequence of having user rates in place at the time of debt retirement that would be higher than necessary. Transfers from the General Fund will require annual approval of the City Council and will be largely dependent on the continuance of Local Government Aid at a level similar to that which was received in 2014. The current wastewater treatment plant is capable of accommodating significant growth in the community.

CITY OF CHATFIELD, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary funds (continued).

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 increased in 2010, which was the first rate increase in a number of years. The rate change recognized the increasing costs of providing the Household Hazardous Waste Collection and the annual city-wide clean-up service. It is not likely that rates will increase anytime in the near future.

General Fund Budgetary Highlights

The City approved the 2014 general fund budget anticipating an increase in general fund reserves of \$6,710. The actual change in the general fund balance was an decrease of \$99,432 which equates to \$106,142 less than anticipated in the budget.

The primary cause of the decrease in the general fund balance was unexpected increases in personnel and maintenance and repair costs. Specifically, expenses in the Police Department exceeded budget by \$76,000, expenses in the Street Department exceeded budget by \$53,000, and expenses in the Parks Department exceeded budget by \$23,000.

Turnover of personnel in the police department resulted in an additional \$60,000 of expense to fund the payout of earned and unused vacation and sick time, additional training costs, and additional health insurance costs. This department also incurred maintenance and repair costs that were approximately \$10,000 in excess of the budget. Furthermore, because the Insurance Trust in which the City participates made a change in how they assign risk, the police department incurred \$14,512 of insurance costs that were not expected.

The Street Department incurred maintenance and repair costs in excess of budget of \$31,000. Personnel related costs exceeded budget by approximately \$17,000 and engineering costs exceeded budget by \$9,500.

The next significant cause for the increase in expenditures is in the Parks Department, where expenses exceeded the budget by \$23,000. Of that excess, \$13,000 was the additional cost of health insurance for a new employee who was hired to replace an employee who retired in 2013 while the other \$10,000 was due to maintenance, repair and other expenses.

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, 2014, amounts to \$20,448,626 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, vehicles, furniture and fixtures, wastewater treatment facility, park facilities, roads, and bridges. The total increase in the City of Chatfield, Minnesota's reported capital assets, net of depreciation, for the current fiscal year was \$151,137.

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

Capital Asset and Debt Administration (Continued)

City of Chatfield, Minnesota Capital Assets

(net of depreciation)

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Land	\$ 1,158,679	\$ 1,002,069	\$ 60,492	\$ 60,492	\$ 1,219,171	\$ 1,062,561
Construction in process	54,024				54,024	
Buildings and improvements	3,660,240	4,245,131			3,660,240	4,245,131
Vehicles	814,700	933,947			814,700	933,947
Machinery and equipment	546,134	578,596	90,093	70,663	636,227	649,259
Furniture and fixtures	182,262	154,493			182,262	154,493
Wastewater treatment facility			9,699,726	9,578,352	9,699,726	9,578,352
Infrastructure	4,182,276	3,673,746			4,182,276	3,673,746
Total	<u>\$ 10,598,315</u>	<u>\$ 10,587,982</u>	<u>\$ 9,850,311</u>	<u>\$ 9,709,507</u>	<u>\$ 20,448,626</u>	<u>\$ 20,297,489</u>

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

Long-term debt. At the end of the current fiscal year, the City of Chatfield, Minnesota had \$10,805,886 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		2014	2013
General obligation bonds	\$ 4,805,000	\$ 5,540,000	\$	\$	\$ 4,805,000	\$ 3,370,000
Tax increment bonds	50,886	217,460			50,886	125,210
General obligation revenue bonds			5,950,000	6,665,000	5,950,000	6,310,000
Total	<u>\$ 4,855,886</u>	<u>\$ 5,757,460</u>	<u>\$ 5,950,000</u>	<u>\$ 6,665,000</u>	<u>\$ 10,805,886</u>	<u>\$ 9,805,210</u>

The City of Chatfield, Minnesota's total bonds and notes payable increased by \$1,000,676 during the current fiscal year. A more detailed breakdown of these obligations can be found in Note 3, beginning on page 54.

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

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

Economic Factors and Next Year's Budgets and Rates

The City of Chatfield enjoys a diverse economy and is situated in one of the healthiest economic regions of Minnesota. Within the city of Chatfield are two of the larger employers in Fillmore County, one of them being a manufacturer in the wood products industry and the other being a manufacturer in the composites industry. These companies participate in markets that are completely different from each other and have been successful for forty to fifty years. Solidifying the local job base is a metal fabrication company that has grown from two to almost fifty employees in the past ten years, a company that just transitioned from a rental situation to a more permanent, owner-occupied, situation as they constructed a new headquarters in Chatfield's industrial area. The rest of the Chatfield economy is balanced between the health care, agriculture, tourism, retail, education and the services industries.

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

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

Chatfield is well positioned to participate in the economic recovery that has taken root. According to building permit records, the City issued permits for a total of \$4.5 million dollars in construction activity, \$3.5 million of which was residential and \$1.0 million of commercial construction. This is an increase from \$2.9 million in total construction in 2013, \$1.8 million in 2012 and just less than \$500,000 of activity in 2011.

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

Economic Factors and Next Year's Budgets and Rates (Continued)

As for 2015 construction, the City has already issued building permits for six single family homes and two apartments and it is expected that a franchised coffeehouse/bakery will be constructed as well as an 8,000 square foot national-chain variety store.

Tax rates, garbage fees, and water rates should remain stable for the foreseeable future. Sanitary sewer rates are more likely to increase if new housing starts remain slow but those increases should be incremental.

In addition to the well diversified economy of the region, Chatfield has public infrastructure that is capable of serving a larger residential base. The wastewater treatment facility is relatively new and is capable of handling a much larger population than exists today. Similarly, the City's wells, and the aquifer itself, are capable of servicing a larger population and the City's water storage facilities hold three to four days- worth of water, more capability than standard. The recently constructed elementary school, along with remodeled high school, provides a solid educational element to the community and solidifies Chatfield's competitive place in the educational realm.

At the same time, the private sector is well positioned to positively affect the growth of the community. From a very fundamental perspective, the community has residential lots available for new housing, lots which are offered in a variety of locations at a variety of price points. In addition, the Chatfield resident enjoys retail, professional and personal services of all kinds without needing to leave the city limits. Whether the resident is looking for grocery, liquor, dining, banking, medical, pharmaceutical, legal or many other personal and professional services, those needs can be filled within the community and for those who are looking for a broader selection, it is within a twenty minute drive.

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

The vibrant nature of the city is reflected in the results of the Inflow-Outflow Analysis of workers. This reports that, while approximately 1,100 residents leave Chatfield for work on a routine basis, almost 1,000 other people travel to Chatfield for work on a daily basis. Of the nineteen cities closest to Rochester, including Rochester, Chatfield ranks fifth among them in terms of jobs per capita.

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

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

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.

CITY OF CHATFIELD, MINNESOTA

FINANCIAL STATEMENTS

DECEMBER 31, 2014

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CITY OF CHATFIELD, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2014
With Comparative Totals for December 31, 2013

	Governmental Activities	Business-Type Activities	Totals	
			2014	2013
ASSETS				
Cash and investments	\$ 3,845,465	\$ 928,996	\$ 4,774,461	\$ 4,317,214
Restricted cash		462,468	462,468	449,656
Receivables	1,216,178	133,698	1,349,876	997,831
Capital assets:				
Nondepreciable	1,212,703	60,492	1,273,195	1,219,171
Depreciable, net	9,385,612	9,789,819	19,175,431	18,589,670
Total Assets	<u>15,659,958</u>	<u>11,375,473</u>	<u>27,035,431</u>	<u>25,573,542</u>
LIABILITIES				
Accounts payable	32,791	23,649	56,440	83,168
Accrued interest payable	31,943	78,222	110,165	105,844
Accrued liabilities	21		21	42,906
Compensated absences	130,567	8,059	138,626	155,442
Noncurrent liabilities:				
Due within one year	355,886	365,000	720,886	736,931
Due in more than one year	4,548,017	5,549,393	10,097,410	9,039,925
Total Liabilities	<u>5,099,225</u>	<u>6,024,323</u>	<u>11,123,548</u>	<u>10,164,216</u>
NET POSITION				
Net investment in capital assets	5,694,412	4,398,386	10,092,798	10,481,641
Restricted for:				
Revolving loans	687,285		687,285	650,419
Debt service	836,270		836,270	532,565
Unrestricted	<u>3,342,766</u>	<u>952,764</u>	<u>4,295,530</u>	<u>3,744,701</u>
Total Net Position	<u>\$ 10,560,733</u>	<u>\$ 5,351,150</u>	<u>\$ 15,911,883</u>	<u>\$ 15,409,326</u>

See Notes to the Financial Statements

CITY OF CHATFIELD, MINNESOTA
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2014

With Comparative Totals for the Fiscal Year Ending December 31, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 591,458	\$ 143,551	\$ 28,825	\$ 4,084
Public safety	929,963	268,563	129,679	
Public works	632,920		2,890	15,328
Parks and recreation	232,058	33,789		
Library	215,943	17,678	55,904	
Community development	1,077,479	121,026	530,658	148,772
Interest on long-term debt	158,347			
Total governmental activities	<u>3,838,168</u>	<u>584,607</u>	<u>747,956</u>	<u>168,184</u>
Business-Type activities:				
Water	232,750	281,876		
Sewer	792,671	777,745		
Garbage	181,049	200,743		
Total business-type activities	<u>1,206,470</u>	<u>1,260,364</u>		
Total	<u>\$ 5,044,638</u>	<u>\$ 1,844,971</u>	<u>\$ 747,956</u>	<u>\$ 168,184</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 position				
Net position - beginning				
Net position - ending				

See Notes to the Financial Statements

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Totals	
		2014	2013
\$ (414,998)		\$ (414,998)	\$ (430,748)
(531,721)		(531,721)	(494,648)
(614,702)		(614,702)	(523,569)
(198,269)		(198,269)	(170,319)
(142,361)		(142,361)	(129,318)
(277,023)		(277,023)	(239,467)
(158,347)		(158,347)	(196,333)
<u>(2,337,421)</u>		<u>(2,337,421)</u>	<u>(2,184,402)</u>
	\$ 49,126	49,126	31,922
	(14,926)	(14,926)	(98,862)
	19,694	19,694	15,897
	<u>53,894</u>	<u>53,894</u>	<u>(51,043)</u>
<u>(2,337,421)</u>	<u>53,894</u>	<u>(2,283,527)</u>	<u>(2,235,445)</u>
1,252,384		1,252,384	1,254,780
173,096		173,096	207,237
1,196,103		1,196,103	667,324
110,094	43,972	154,066	(19,858)
	10,435	10,435	6,437
<u>(769,187)</u>	<u>769,187</u>		
<u>1,962,490</u>	<u>823,594</u>	<u>2,786,084</u>	<u>2,115,920</u>
(374,931)	877,488	502,557	(119,525)
<u>10,935,664</u>	<u>4,473,662</u>	<u>15,409,326</u>	<u>15,528,851</u>
<u>\$ 10,560,733</u>	<u>\$ 5,351,150</u>	<u>\$ 15,911,883</u>	<u>\$ 15,409,326</u>

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CITY OF CHATFIELD, MINNESOTA

FUND FINANCIAL STATEMENTS

DECEMBER 31, 2014

CITY OF CHATFIELD, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014
With Comparative Totals for December 31, 2013

	100 General	360 Revolving Loan Federal	220/221 Fire	240 EDA
ASSETS				
Cash and investments	\$ 828,528	\$ 127,140	\$ 177,427	\$ 76,565
Accounts receivable	836		1,520	500
Notes receivable		560,145		
Due from other governmental units	11,047			
Taxes receivable delinquent	7,694			
Special assessments receivable				
Due from other funds	68,110			
TOTAL ASSETS	<u>\$ 916,215</u>	<u>\$ 687,285</u>	<u>\$ 178,947</u>	<u>\$ 77,065</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 15,980	\$	\$ 42	\$ 33
Due to other funds				
Total Liabilities	<u>15,980</u>		<u>42</u>	<u>33</u>
Deferred Inflows of Resources:				
Unavailable revenue:				
Property taxes	7,694			
Special assessments				
Notes receivable		560,145		
Total Deferred Inflows of Resources	<u>7,694</u>	<u>560,145</u>		
Fund Balance:				
Restricted:				
Creditors (debt covenants)				
Regulations		127,140		
Committed:				
By Council action				
Assigned:				
Fund assignments			178,905	77,032
Unassigned:	892,541			
Total Fund Balance	<u>892,541</u>	<u>127,140</u>	<u>178,905</u>	<u>77,032</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 916,215</u>	<u>\$ 687,285</u>	<u>\$ 178,947</u>	<u>\$ 77,065</u>

See Notes to the Financial Statements

230/231 Ambulance	361 Revolving Loan State	450 2014 Public Improvements	Other Governmental Funds	Totals	
				2014	2013
\$ 257,780	\$ 3,685	\$ 146,535	\$ 1,516,843	\$ 3,134,503	\$ 2,790,595
160,999			5,993	169,848	159,435
	397,081			957,226	432,044
			4,341	15,388	34,691
			1,556	9,250	11,182
			64,466	64,466	213,473
				68,110	
<u>\$ 418,779</u>	<u>\$ 400,766</u>	<u>\$ 146,535</u>	<u>\$ 1,593,199</u>	<u>\$ 4,418,791</u>	<u>\$ 3,641,420</u>
\$ 4,265	\$	\$ 4,286	\$ 8,120	\$ 32,726	\$ 55,810
			68,110	68,110	
<u>4,265</u>		<u>4,286</u>	<u>76,230</u>	<u>100,836</u>	<u>55,810</u>
			1,556	9,250	11,182
			64,466	64,466	213,473
	397,081			957,226	432,044
	<u>397,081</u>		<u>66,022</u>	<u>1,030,942</u>	<u>656,699</u>
		142,249	694,021	836,270	532,565
	3,685		205,282	336,107	271,687
			489,423	489,423	471,934
414,514			130,331	800,782	675,434
			(68,110)	824,431	977,291
<u>414,514</u>	<u>3,685</u>	<u>142,249</u>	<u>1,450,947</u>	<u>3,287,013</u>	<u>2,928,911</u>
<u>\$ 418,779</u>	<u>\$ 400,766</u>	<u>\$ 146,535</u>	<u>\$ 1,593,199</u>	<u>\$ 4,418,791</u>	<u>\$ 3,641,420</u>

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**CITY OF CHATFIELD, MINNESOTA
RECONCILIATION OF NET POSITION IN THE
GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND BALANCES
IN THE FUND BASIS FINANCIAL STATEMENTS
December 31, 2014**

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

Total governmental fund balances (pages 20-21)		\$ 3,287,013
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental funds - capital assets	\$ 18,816,667	
Less: Accumulated depreciation	<u>(8,218,352)</u>	
		10,598,315
Some receivables are not available soon enough to pay for current period expenditures and, therefore, are unavailable in the funds.		
Delinquent property taxes	\$ 9,250	
Special assessments	64,466	
Notes receivable	<u>957,226</u>	
		1,030,942
Internal service funds are used by management to charge the costs of capital acquisitions to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
		710,876
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	\$ (4,855,886)	
Compensated absences	(130,567)	
Bond premiums net of amortization	(48,017)	
Accrued interest	<u>(31,943)</u>	
		<u>(5,066,413)</u>
Net position of governmental activities (page 17)		<u><u>\$ 10,560,733</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, 2014
With Comparative Totals for the Year Ended December 31, 2013

	100 General	360 Revolving Loan Federal	220/221 Fire	240 EDA
REVENUES				
Property taxes	\$ 923,275	\$	\$	\$
Special assessments	4,084			
Tax increments				
Licenses and permits	20,424			
Fines and forfeits	9,453			
Intergovernmental revenues	794,100		93,780	
Franchise fees				
Charges for services	36,241		8,429	
Investment income	24,103	9,969	5,254	1,563
Contributions			61,183	1,000
Miscellaneous revenues	41,423	84,599	565	13,255
TOTAL REVENUES	1,853,103	94,568	169,211	15,818
EXPENDITURES				
Current				
General government	496,299			
Public safety	543,076		90,014	
Public works	486,804			
Parks and recreation	209,278			
Library				
Community development	21,646	185,803		43,835
Capital Outlay			48,931	
Debt Service				
TOTAL EXPENDITURES	1,757,103	185,803	138,945	43,835
Excess (deficiency) of revenues over (under) expenditures	96,000	(91,235)	30,266	(28,017)
OTHER FINANCING SOURCES (USES)				
Bond proceeds				
Transfers in	112,469		95,888	60,190
Transfers out	(307,901)		(42,730)	
TOTAL OTHER FINANCING SOURCES (USES)	(195,432)		53,158	60,190
Net change in fund balances	(99,432)	(91,235)	83,424	32,173
FUND BALANCES, beginning	991,973	218,375	95,481	44,859
FUND BALANCES, ending	\$ 892,541	\$ 127,140	\$ 178,905	\$ 77,032

See Notes to the Financial Statements

230/231 Ambulance	361 Revolving Loan State	450 2014 Public Improvements	Other Governmental Funds	Totals	
				2014	2013
\$	\$	\$	\$ 331,041	\$ 1,254,316	\$ 1,263,807
			131,260	135,344	25,556
			173,096	173,096	207,237
				20,424	18,545
			3,640	13,093	14,020
54,653	408,000		235,572	1,586,105	1,026,518
			24,456	24,456	24,680
192,564			24,870	262,104	299,215
9,313	1,465	5,460	52,968	110,095	18,501
425			8,559	71,167	74,952
293	9,402		23,870	173,407	153,656
257,248	418,867	5,460	1,009,332	3,823,607	3,126,687
			48,257	544,556	506,765
245,226				878,316	829,400
				486,804	456,809
				209,278	187,583
			194,915	194,915	183,575
	415,182		226,789	893,255	237,975
		1,514,220	45,189	1,608,340	200,918
		31,037	473,077	504,114	2,480,293
245,226	415,182	1,545,257	988,227	5,319,578	5,083,318
12,022	3,685	(1,539,797)	21,105	(1,495,971)	(1,956,631)
			1,751,786	1,751,786	
49,551		1,696,728	181,134	2,195,960	640,304
(43,503)			(1,699,539)	(2,093,673)	(540,018)
6,048		1,696,728	233,381	1,854,073	100,286
18,070	3,685	156,931	254,486	358,102	(1,856,345)
396,444		(14,682)	1,196,461	2,928,911	4,785,256
\$ 414,514	\$ 3,685	\$ 142,249	\$ 1,450,947	\$ 3,287,013	\$ 2,928,911

**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, 2014**

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

Net change in fund balances - total governmental funds (pages 23-24)	\$	358,102
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Governmental funds reported capital outlays as expenditures.

However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$	133,473	
Depreciation expense		(551,826)	(418,353)

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

Unavailable revenue, December 31, 2014	\$	1,030,942	
Unavailable revenue, December 31, 2013		(656,699)	374,243

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	18,861
--------------------------------	--------

Internal service funds are used by management to charge the costs of equipment to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities

698,236

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	\$	364,324	
Proceeds from issuance of debt		(1,763,867)	
Amortization of bond issuance costs		842	
Change in accrued interest		(7,319)	(1,406,020)

Change in net position of governmental activities (pages 18-19)	\$	(374,931)
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CITY OF CHATFIELD, MINNESOTA
GENERAL FUND
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2014
With Comparative Totals for the Year Ended December 31, 2013

	Budgeted Amounts		2014 Actual Amounts	Variance with Final Budget - Positive (Negative)	2013 Actual Amounts
	Original	Final			
REVENUES					
Property Tax Levy Collected	\$ 897,740	\$ 897,740	\$ 923,275	\$ 25,535	\$ 939,112
Special Assessments Collected	4,000	4,000	4,084	84	4,204
Licenses and permits	19,460	19,460	20,424	964	18,545
Intergovernmental Revenues					
Local government aid	751,023	751,023	751,023		666,960
Market value credit			430	430	364
State police aid	37,000	37,000	38,080	1,080	36,192
PERA aid	1,677	1,677	1,677		1,677
Highway	4,000	4,000	2,890	(1,110)	4,816
Other					500
Total Intergovernmental Revenues	793,700	793,700	794,100	400	710,509
Charges For Services					
Plan check fee	3,700	3,700	4,402	702	4,203
Pool fees	31,300	31,300	30,856	(444)	32,210
Franchise fees	200	200	983	783	324
Total Charges For Services	35,200	35,200	36,241	1,041	36,737
Fines and Forfeits					
Parking fines	2,100	2,100	1,375	(725)	1,640
Court fines and other	11,000	11,000	7,968	(3,032)	8,713
Animal fines	100	100	110	10	145
Total Fines and Forfeits	13,200	13,200	9,453	(3,747)	10,498
Investment Income	2,000	2,000	24,103	22,103	(15,884)
Miscellaneous Revenues					
Sale of assets	75	75	943	868	342
Donations			2,692	2,692	2,192
Refunds/reimbursements	17,965	17,965	37,788	19,823	28,600
Total Miscellaneous Revenues	18,040	18,040	41,423	23,383	31,134
TOTAL REVENUES	\$ 1,783,340	\$ 1,783,340	\$ 1,853,103	\$ 69,763	\$ 1,734,855

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, 2014
With Comparative Totals for the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>2014</u>	<u>Variance with</u>	<u>2013</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	\$ 9,200	\$ 9,200	\$ 9,200	\$	\$ 9,150
Employee benefits and retirement	715	715	704	11	700
Workers compensation	65	65	56	9	72
Office supplies	400	400	356	44	172
Printing and publication	1,400	1,400	1,217	183	1,506
Insurance	6,000	6,000		6,000	5,167
Travel	600	600	12	588	409
Legal fees	9,000	9,000	9,140	(140)	8,749
Dues and subscription	7,000	7,000	8,418	(1,418)	7,222
Departmental capital charge	1,650	1,650	750	900	1,650
Other	4,000	4,000	597	3,403	2,966
Total Mayor and Council	<u>40,030</u>	<u>40,030</u>	<u>30,450</u>	<u>9,580</u>	<u>37,763</u>
Elections	<u>3,925</u>	<u>3,925</u>	<u>3,023</u>	<u>902</u>	<u>4</u>
Clerk's Office					
Salaries	213,000	213,000	221,465	(8,465)	206,560
Employee benefits and retirement	31,700	31,700	31,746	(46)	29,650
Workers compensation	3,700	3,700	1,406	2,294	2,560
Health insurance	46,000	46,000	48,001	(2,001)	42,515
Office supplies	2,900	2,900	1,563	1,337	2,307
Postage	900	900	930	(30)	1,011
Audit fees	8,700	8,700	8,850	(150)	8,575
Consulting fees	4,300	4,300	4,510	(210)	4,411
Licenses and dues	1,500	1,500	1,606	(106)	1,346
Insurance	3,800	3,800	5,054	(1,254)	4,146
Telephone	3,450	3,450	3,805	(355)	3,414
Printing and publication	900	900		900	165
Maintenance and repair	4,000	4,000	6,763	(2,763)	5,436
Conference expense	5,700	5,700	3,599	2,101	4,661
Departmental capital charge	6,100	6,100	6,100		5,900
Other	17,575	17,575	17,492	83	17,403
Total Clerk's Office	<u>354,225</u>	<u>354,225</u>	<u>362,890</u>	<u>(8,665)</u>	<u>340,060</u>
Planning and Zoning					
Printing	450	450	257	193	626
Consulting fees	53,732	53,732	50,719	3,013	46,537
Other	1,060	1,060	11,100	(10,040)	4,772
Total Planning and Zoning	<u>\$ 55,242</u>	<u>\$ 55,242</u>	<u>\$ 62,076</u>	<u>\$ (6,834)</u>	<u>\$ 51,935</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, 2014
With Comparative Totals for the Year Ended December 31, 2013

	Budgeted Amounts		2014	Variance with	2013
	Original	Final	Actual	Final Budget - Favorable (Unfavorable)	Actual
EXPENDITURES (continued)					
General Government (Continued)					
Municipal Building					
Operating supplies	\$ 4,000	\$ 4,000	\$ 4,347	\$ (347)	\$ 2,975
Small tools and minor equipment	500	500	17	483	57
Maintenance and repair	6,000	6,000	17,052	(11,052)	11,357
Insurance	7,850	7,850	4,033	3,817	3,958
Utilities	6,700	6,700	6,419	281	6,702
Departmental capital charge	5,200	5,200	5,200		5,000
Other	650	650	792	(142)	1,354
Total Municipal Building	<u>30,900</u>	<u>30,900</u>	<u>37,860</u>	<u>(6,960)</u>	<u>31,403</u>
Total General Government	<u>484,322</u>	<u>484,322</u>	<u>496,299</u>	<u>(11,977)</u>	<u>461,165</u>
Public Safety					
Animal Control					
Operating supplies	300	300	253	47	110
Printing and publication	50	50		50	
Other	450	450		450	2
Total Animal Control	<u>800</u>	<u>800</u>	<u>253</u>	<u>547</u>	<u>112</u>
Civil Defense					
Contracted services	20,200	20,200	16,245	3,955	19,017
Departmental capital charge	4,000	4,000	4,000		4,000
Total Civil Defense	<u>24,200</u>	<u>24,200</u>	<u>20,245</u>	<u>3,955</u>	<u>23,017</u>
Building Code					
Consultant fee	10,000	10,000	14,580	(4,580)	13,492
Surcharge fee/sales tax	4,000	4,000	3,177	823	3,134
Total Building Code	<u>\$ 14,000</u>	<u>\$ 14,000</u>	<u>\$ 17,757</u>	<u>\$ (3,757)</u>	<u>\$ 16,626</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, 2014
With Comparative Totals for the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>2014</u>	<u>Variance with</u>	<u>2013</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	\$ 264,000	\$ 264,000	\$ 296,174	\$ (32,174)	\$ 276,844
Employee benefits and retirement	36,750	36,750	49,362	(12,612)	43,759
Workers compensation/unemployment	10,000	10,000	12,032	(2,032)	11,707
Health insurance	27,500	27,500	40,880	(13,380)	31,444
Operating supplies	2,000	2,000	1,461	539	2,991
Vehicle operating supplies	13,500	13,500	10,548	2,952	11,962
Small tools and minor equipment	3,000	3,000	895	2,105	2,043
Telephone	4,200	4,200	4,192	8	3,971
Legal fees	12,000	12,000	10,904	1,096	14,203
Towing and wrecker fees	2,000	2,000	1,425	575	2,043
Uniform allowance	3,375	3,375	3,150	225	3,718
Maintenance and repair	6,450	6,450	17,265	(10,815)	13,372
Clothing	2,000	2,000	1,243	757	1,240
Printing and publication	300	300	327	(27)	116
Postage	850	850	340	510	241
Training	4,500	4,500	2,995	1,505	3,769
Contracted services	750	750	300	450	300
Insurance			14,512	(14,512)	9,718
Utilities	5,800	5,800	6,419	(619)	6,702
Departmental capital charge	22,800	22,800	22,800		22,800
Other	6,735	6,735	7,597	(862)	6,286
Total Police Department	<u>428,510</u>	<u>428,510</u>	<u>504,821</u>	<u>(76,311)</u>	<u>469,229</u>
Total Public Safety	<u>467,510</u>	<u>467,510</u>	<u>543,076</u>	<u>(75,566)</u>	<u>508,984</u>
Public Works					
Street Department					
Salaries	66,000	66,000	80,244	(14,244)	71,422
Employee benefits and retirement	9,900	9,900	11,334	(1,434)	10,387
Health insurance	14,200	14,200	16,667	(2,467)	15,923
Workers compensation	6,800	6,800	5,226	1,574	6,715
Operating supplies	8,400	8,400	9,043	(643)	10,507
Vehicle operating supplies	10,500	10,500	16,160	(5,660)	17,303
Maintenance and repair	38,000	38,000	69,266	(31,266)	54,033
Clothing	700	700	2,369	(1,669)	764
Snow removal	7,000	7,000	4,681	2,319	3,626
Insurance	7,000	7,000	6,720	280	6,713
Engineering fees	10,000	10,000	19,542	(9,542)	14,541
Small tools and minor equipment	3,000	3,000	4,058	(1,058)	4,638
Utilities	33,000	33,000	31,328	1,672	31,630
Departmental capital charge	204,350	204,350	204,350		203,070
Other	14,735	14,735	5,816	8,919	5,537
Total Public Works	<u>\$ 433,585</u>	<u>\$ 433,585</u>	<u>\$ 486,804</u>	<u>\$ (53,219)</u>	<u>\$ 456,809</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, 2014
With Comparative Totals for the Year Ended December 31, 2013

	Budgeted Amounts		2014	Variance with	2013
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
			Amounts		Amounts
EXPENDITURES (continued)					
Parks and Recreation					
Parks					
Salaries	\$ 44,500	\$ 44,500	\$ 48,473	\$ (3,973)	\$ 44,932
Employee benefits and retirement	5,550	5,550	6,146	(596)	5,824
Workers compensation	2,400	2,400	1,824	576	2,762
Health insurance			12,956	(12,956)	2,723
Small tools and minor equipment	1,300	1,300	164	1,136	607
Vehicle operating supplies	3,200	3,200	4,170	(970)	2,351
Maintenance and repair	5,500	5,500	10,576	(5,076)	8,407
Utilities	16,500	16,500	12,387	4,113	12,258
Insurance	6,600	6,600	6,713	(113)	6,582
Departmental capital charge	6,500	6,500	6,500		6,500
Other	5,350	5,350	10,442	(5,092)	4,781
Total Parks	97,400	97,400	120,351	(22,951)	97,727
Pool					
Salaries	40,500	40,500	39,896	604	39,434
Employee benefits and retirement	2,500	2,500	3,053	(553)	3,017
Workers compensation	2,400	2,400	2,049	351	2,599
Small tools and minor equipment	12,125	12,125	9,764	2,361	10,650
Maintenance and repair	4,500	4,500	4,748	(248)	3,822
Utilities	7,000	7,000	8,807	(1,807)	10,268
Insurance	10,500	10,500	10,530	(30)	10,336
Departmental capital charge	2,000	2,000	2,000		1,000
Other	3,900	3,900	2,575	1,325	2,575
Total Pool	85,425	85,425	83,422	2,003	83,701
Recreation	6,000	6,000	3,905	2,095	4,555
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	190,425	190,425	209,278	(18,853)	187,583
Community Development					
Promotional expense	3,000	3,000	1,907	1,093	3,916
Heritage preservation	9,030	9,030	7,632	1,398	7,918
Other	1,400	1,400	12,107	(10,707)	910
Total Community Development	13,430	13,430	21,646	(8,216)	12,744
TOTAL EXPENDITURES	1,589,272	1,589,272	1,757,103	(167,831)	1,627,285
Excess (deficiency) of revenues over (under) expenditures	194,068	194,068	96,000	(98,068)	107,570
OTHER FINANCING SOURCES (USES)					
Transfers in	122,543	122,543	112,469	(10,074)	113,265
Transfers out	(309,901)	(309,901)	(307,901)	2,000	(247,860)
Total Other Financing Sources (Uses)	(187,358)	(187,358)	(195,432)	(8,074)	(134,595)
Net change in fund balances	6,710	6,710	(99,432)	(106,142)	(27,025)
FUND BALANCES, beginning	991,973	991,973	991,973		1,018,998
FUND BALANCES, ending	\$ 998,683	\$ 998,683	\$ 892,541	\$ (106,142)	\$ 991,973

See Notes to the Financial Statements

CITY OF CHATFIELD, MINNESOTA
EDA FUND
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2014
With Comparative Totals for the Year Ended December 31, 2013

	Budgeted Amounts		2014	Variance with	2013
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
REVENUES					
Investment Income	\$ 1,000	\$ 1,000	\$ 1,563	\$ 563	\$ (68)
Contributions			1,000	1,000	600
Miscellaneous	4,500	4,500	13,255	8,755	15,259
TOTAL REVENUES	5,500	5,500	15,818	10,318	15,791
EXPENDITURES					
Community development	45,690	45,690	43,835	1,855	50,718
Capital outlay	20,000	20,000		20,000	56,770
TOTAL EXPENDITURES	65,690	65,690	43,835	21,855	107,488
Excess (deficiency) of revenues over (under) expenditures	(60,190)	(60,190)	(28,017)	32,173	(91,697)
OTHER FINANCING SOURCES (USES)					
Transfers in	60,190	60,190	60,190		59,800
Net change in fund balances			32,173	32,173	(31,897)
FUND BALANCES, beginning	44,859	44,859	44,859		76,756
FUND BALANCES, ending	\$ 44,859	\$ 44,859	\$ 77,032	\$ 32,173	\$ 44,859

See Notes to the Financial Statements

CITY OF CHATFIELD, MINNESOTA
FIRE FUND
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2014
With Comparative Totals for the Year Ended December 31, 2013

	Budgeted Amounts		220	221	2014	Variance with	2013
	Original	Final	Fire	Fire Capital	Actual Amounts	Final Budget - Positive (Negative)	Actual Amounts
REVENUES							
Intergovernmental Revenues							
State Grants and Aids	\$ 20,000	\$ 20,000	\$ 37,521	\$	\$ 37,521	\$ 17,521	\$ 31,911
Township contributions	55,888	55,888	56,259		56,259	371	51,005
Charges for services			8,429		8,429	8,429	10,871
Investment income			2,405	2,849	5,254	5,254	(1,296)
Donations	62,000	62,000		61,183	61,183	(817)	50,881
Miscellaneous			565		565	565	1,659
TOTAL REVENUES	137,888	137,888	105,179	64,032	169,211	31,323	145,031
EXPENDITURES							
Public Safety							
Salaries	12,000	12,000	10,195		10,195	1,805	10,725
Employee benefits and retirement	550	550	364		364	186	364
Workers compensation	7,800	7,800	6,941		6,941	859	8,774
Operating supplies	3,000	3,000	1,643		1,643	1,357	3,056
Small tools and minor equipment	5,000	5,000	4,588		4,588	412	3,655
Vehicle operating supplies	1,000	1,000	2,246		2,246	(1,246)	1,713
Insurance	4,600	4,600	3,911		3,911	689	4,440
Utilities	7,475	7,475	7,794		7,794	(319)	6,885
Maintenance and repairs	8,000	8,000	6,307		6,307	1,693	8,083
Training	2,000	2,000	1,138		1,138	862	877
Fire pension contribution	28,000	28,000	39,897		39,897	(11,897)	37,911
Capital Outlay	17,500	17,500		48,931	48,931	(31,431)	15,412
Other	11,180	11,180	3,095	1,895	4,990	6,190	9,768
TOTAL EXPENDITURES	108,105	108,105	88,119	50,826	138,945	(30,840)	111,663
Excess (deficiency) of revenues over (under) expenditures	29,783	29,783	17,060	13,206	30,266	483	33,368
OTHER FINANCING SOURCES (USES)							
Transfers in	95,888	95,888	55,888	40,000	95,888		83,335
Transfers out	(40,000)	(40,000)	(42,730)		(42,730)	(2,730)	(34,730)
Net change in fund balances	85,671	85,671	30,218	53,206	83,424	(2,247)	81,973
FUND BALANCES, beginning	95,481	95,481	39,070	56,411	95,481		13,508
FUND BALANCES, ending	\$ 181,152	\$ 181,152	\$ 69,288	\$ 109,617	\$ 178,905	\$ (2,247)	\$ 95,481

See Notes to the Financial Statements

CITY OF CHATFIELD, MINNESOTA
AMBULANCE FUND
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2014
With Comparative Totals for the Year Ended December 31, 2013

	Budgeted Amounts		230	231	2014	Variance with	2013
	Original	Final	Ambulance	Ambulance Capital Reserve	Actual Amounts	Final Budget - Positive (Negative)	Actual Amounts
REVENUES							
Intergovernmental Revenues							
County contract	\$ 4,500	\$ 4,500	\$ 4,500	\$	\$ 4,500	\$	\$ 4,500
Township contributions	16,500	16,500	16,905		16,905	405	16,814
Training reimbursement	22,000	22,000	31,058		31,058	9,058	13,678
Other State Aids	4,000	4,000	2,190		2,190	(1,810)	
Charges for services	200,000	200,000	192,564		192,564	(7,436)	215,434
Investment income	7,000	7,000	3,379	5,934	9,313	2,313	(7,111)
Donations	2,000	2,000	425		425	(1,575)	1,125
Miscellaneous	2,800	2,800	293		293	(2,507)	2,595
TOTAL REVENUES	258,800	258,800	251,314	5,934	257,248	(1,552)	247,035
EXPENDITURES							
Public Safety							
Salaries	116,000	116,000	120,444		120,444	(4,444)	108,736
Employee benefits and retirement	17,900	17,900	19,514		19,514	(1,614)	17,835
Workers compensation	2,500	2,500	2,011		2,011	489	2,545
Health insurance	16,200	16,200	17,987		17,987	(1,787)	14,734
Innoculations	300	300	75		75	225	111
Training	15,000	15,000	12,463		12,463	2,537	14,936
Small tools and minor equipment	2,000	2,000	1,419		1,419	581	1,519
Office supplies	1,500	1,500	1,566		1,566	(66)	3,562
Operating supplies	13,000	13,000	12,504		12,504	496	13,409
Vehicle operating supplies	6,000	6,000	5,182		5,182	818	5,619
Telephone	1,500	1,500	1,501		1,501	(1)	1,428
Travel	1,000	1,000	436		436	564	1,039
Printing and publications	800	800	1,186		1,186	(386)	875
Insurance	1,500	1,500	1,203		1,203	297	1,273
Utilities	6,500	6,500	6,419		6,419	81	6,702
Maintenance and repairs	12,000	12,000	7,903		7,903	4,097	11,054
Medical services	5,500	5,500	8,580		8,580	(3,080)	7,119
Laundry services	500	500	631		631	(131)	552
Clothing	1,000	1,000	618		618	382	1,184
License, permits, dues and subscription	1,600	1,600	1,154		1,154	446	830
Capital outlay	10,000	10,000		11,801	11,801	(1,801)	2,326
Refunds	1,200	1,200	4,484		4,484	(3,284)	556
Departmental capital charge	1,000	1,000	1,000		1,000		1,100
Other	6,637	6,637	5,145		5,145	1,492	5,121
TOTAL EXPENDITURES	241,137	241,137	233,425	11,801	245,226	(4,089)	224,165
Excess (deficiency) of revenues over (under) expenditures	17,663	17,663	17,889	(5,867)	12,022	(5,641)	22,870
OTHER FINANCING SOURCES (USES)							
Transfers in	49,551	49,551	19,551	30,000	49,551		49,453
Transfers out	(43,503)	(43,503)	(43,503)		(43,503)		(43,110)
TOTAL OTHER FINANCING SOURCES (USES)	6,048	6,048	(23,952)	30,000	6,048		6,343
Net change in fund balances	23,711	23,711	(6,063)	24,133	18,070	(5,641)	29,213
FUND BALANCES, beginning	396,444	396,444	240,615	155,829	396,444		367,231
FUND BALANCES, ending	\$ 420,155	\$ 420,155	\$ 234,552	\$ 179,962	\$ 414,514	\$ (5,641)	\$ 396,444

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, 2014
With Comparative Totals for the Year Ended December 31, 2013

	Budgeted Amounts		2014	Variance with	2013
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
REVENUES					
Investment income	\$ 18,346	\$ 18,346	\$ 9,969	\$ (8,377)	\$ (602)
Miscellaneous	18,346	18,346	84,599	66,253	77,102
TOTAL REVENUES	36,692	36,692	94,568	57,876	76,500
EXPENDITURES					
Loan advances			185,803	(185,803)	
Net change in fund balances	36,692	36,692	(91,235)	(127,927)	76,500
FUND BALANCES, beginning	218,375	218,375	218,375		141,875
FUND BALANCES, ending	\$ 255,067	\$ 255,067	\$ 127,140	\$ (127,927)	\$ 218,375

See Notes to the Financial Statements

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
Statement of Net Position
December 31, 2014
With Comparative Totals for December 31, 2013

	Business-Type Activities - Enterprise Funds				
	601	611		602	612/328/428/331
	Water	Water Infrastructure	Total Water	Sewer	Sewer Infrastructure
ASSETS					
Current Assets					
Cash and investments	\$ 573,753	\$ 111,179	\$ 684,932	\$ 174,988	\$ 5,607
Restricted cash					462,468
Accounts receivable, net	19,776		19,776	54,517	
Special assessments receivable	7,347		7,347	24,488	
Special assessments delinquent	987		987	3,289	
Total Current Assets	601,863	111,179	713,042	257,282	468,075
Noncurrent Assets					
Capital assets:					
Nondepreciable		30,246	30,246		30,246
Depreciable		3,525,994	3,525,994		12,273,001
Less: Accumulated depreciation		1,007,212	1,007,212		5,001,964
Net capital assets		2,549,028	2,549,028		7,301,283
Total Assets	\$ 601,863	\$ 2,660,207	\$ 3,262,070	\$ 257,282	\$ 7,769,358
LIABILITIES					
Current Liabilities					
Current maturities of bonds payable	\$	\$	\$	\$	\$ 365,000
Accounts payable	2,437		2,437	7,201	
Accrued interest payable					78,222
Accrued liabilities	4,022		4,022	4,037	
Total Current Liabilities	6,459		6,459	11,238	443,222
Noncurrent Liabilities					
Bonds payable, net of current maturities					5,549,393
Total Liabilities	6,459		6,459	11,238	5,992,615
NET POSITION					
Net investment in capital assets		2,549,028	2,549,028		1,849,358
Unrestricted	595,404	111,179	706,583	246,044	(72,615)
Total Net Position	\$ 595,404	\$ 2,660,207	\$ 3,255,611	\$ 246,044	\$ 1,776,743

See Notes to the Financial Statements

					Governmental Activities-Internal Service Funds	
					801 Capital Goods	
622 Sewer - No Fault Back	Total Sewer	603 Garbage	Totals		2014	2013
			2014	2013		
\$ 22,739	\$ 203,334	\$ 40,730	\$ 928,996	\$ 979,902	\$ 710,941	\$ 546,834
	462,468		462,468	449,656		
	54,517	13,109	87,402	91,602		8,200
	24,488	8,979	40,814	40,722		
	3,289	1,206	5,482	6,482		
22,739	748,096	64,024	1,525,162	1,568,364	710,941	555,034
	30,246		60,492	60,492		
	12,273,001		15,798,995	14,844,182	3,993,889	3,256,556
	5,001,964		6,009,176	5,575,317	1,904,643	1,704,494
	7,301,283		9,850,311	9,329,357	2,089,246	1,552,062
\$ 22,739	\$ 8,049,379	\$ 64,024	\$ 11,375,473	\$ 10,897,721	\$ 2,800,187	\$ 2,107,096
\$	\$ 365,000	\$	\$ 365,000	\$ 360,000	\$	\$
	7,201	14,011	23,649	22,265	65	5,210
	78,222		78,222	81,220		
	4,037		8,059	48,920		
	454,460	14,011	474,930	512,405	65	5,210
	5,549,393		5,549,393	5,911,654		
	6,003,853	14,011	6,024,323	6,424,059	65	5,210
	1,849,358		4,398,386	3,507,359	2,089,246	1,552,062
22,739	196,168	50,013	952,764	966,303	710,876	549,824
\$ 22,739	\$ 2,045,526	\$ 50,013	\$ 5,351,150	\$ 4,473,662	\$ 2,800,122	\$ 2,101,886

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

For the Year Ended December 31, 2014
With Comparative Totals for the Year Ended December 31, 2013

	Business-Type Activities - Enterprise Funds				
	601	611	Total	602	612/328/428/331
	Water	Water Infrastructure	Water	Sewer	Sewer Infrastructure
Operating Revenues					
Service fees and charges	\$ 230,272	\$ 40,940	\$ 271,212	\$ 697,914	\$ 43,940
Departmental capital charge					
	<u>230,272</u>	<u>40,940</u>	<u>271,212</u>	<u>697,914</u>	<u>43,940</u>
Operating Expenses					
Salaries	44,428		44,428	71,005	
Employee benefits and retirement	8,239		8,239	12,337	
Health insurance				20,863	
Workers compensation	1,907		1,907	3,660	
Garbage removal					
City clean up					
Supplies	7,687		7,687	11,584	
Utilities	18,619		18,619	34,965	
Maintenance and repairs	28,897		28,897	47,880	200
Travel and training	899		899	1,847	
Professional fees	12,451		12,451	16,883	
Office expense	1,213		1,213	3,235	
Insurance	3,314		3,314	12,130	
Depreciation		91,945	91,945		341,914
Departmental capital charge	400	7,900	8,300	550	7,100
Other	4,851		4,851	14,923	
Total Operating Expenses	<u>132,905</u>	<u>99,845</u>	<u>232,750</u>	<u>251,862</u>	<u>349,214</u>
Operating Income (Loss)	<u>97,367</u>	<u>(58,905)</u>	<u>38,462</u>	<u>446,052</u>	<u>(305,274)</u>
Nonoperating Revenues (Expenses)					
Investment income	21,191	4,617	25,808	11,567	4,323
Refunds and reimbursements	5,542		5,542	1,480	
Penalties and discounts	778		778	2,635	
Special assessments	10,664		10,664	35,891	
Intergovernmental					
Miscellaneous					
Interest and fiscal charges					(191,176)
Total Nonoperating Revenues (Expenses)	<u>38,175</u>	<u>4,617</u>	<u>42,792</u>	<u>51,573</u>	<u>(186,853)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>135,542</u>	<u>(54,288)</u>	<u>81,254</u>	<u>497,625</u>	<u>(492,127)</u>
Capital contributions		458,671	458,671		412,803
Transfers in		70,000	70,000		610,000
Transfers out	<u>(109,387)</u>	<u>(108,862)</u>	<u>(218,249)</u>	<u>(535,388)</u>	<u>(15,000)</u>
CHANGE IN NET POSITION	<u>26,155</u>	<u>365,521</u>	<u>391,676</u>	<u>(37,763)</u>	<u>515,676</u>
NET POSITION - BEGINNING OF YEAR	<u>569,249</u>	<u>2,294,686</u>	<u>2,863,935</u>	<u>283,807</u>	<u>1,261,067</u>
NET POSITION - END OF YEAR	<u>\$ 595,404</u>	<u>\$ 2,660,207</u>	<u>\$ 3,255,611</u>	<u>\$ 246,044</u>	<u>\$ 1,776,743</u>

See Notes to the Financial Statements

					Governmental Activities-Internal Service Funds	
					801 Capital Goods	
622 Sewer - No Fault Back	Total Sewer	603 Garbage	Totals		2014	2013
			2014	2013		
\$	\$ 741,854	\$ 187,280	\$ 1,200,346	\$ 1,084,541	\$	\$
	741,854	187,280	1,200,346	1,084,541	270,235	268,505
					270,235	268,505
	71,005		115,433	158,597		
	12,337		20,576	22,549		
	20,863		20,863	14,674		
	3,660		5,567	8,052		
		151,145	151,145	153,557		
		14,090	14,090	11,667		
	11,584	414	19,685	15,793		
	34,965		53,584	51,007		
	48,080	1,771	78,748	48,976	26,994	13,413
	1,847		2,746	2,316		
	16,883		29,334	26,807		2,360
	3,235	1,277	5,725	6,481		
	12,130		15,444	14,053		
	341,914		433,859	403,756	229,563	207,873
	7,650	200	16,150	16,000		
419	15,342	12,152	32,345	35,570	5,545	7,625
419	601,495	181,049	1,015,294	989,855	262,102	231,271
(419)	140,359	6,231	185,052	94,686	8,133	37,234
813	16,703	1,461	43,972	(37,947)	21,950	(10,885)
	1,480		7,022	2,980		
	2,635		3,413	3,457		
	35,891	13,463	60,018	52,638		
						41,512
					10,725	18,282
	(191,176)		(191,176)	(198,367)		
813	(134,467)	14,924	(76,751)	(177,239)	32,675	48,909
394	5,892	21,155	108,301	(82,553)	40,808	86,143
	412,803		871,474		657,428	
1,000	611,000		681,000	631,027		
	(550,388)	(14,650)	(783,287)	(727,313)		(4,000)
1,394	479,307	6,505	877,488	(178,839)	698,236	82,143
21,345	1,566,219	43,508	4,473,662	4,652,501	2,101,886	2,019,743
\$ 22,739	\$ 2,045,526	\$ 50,013	\$ 5,351,150	\$ 4,473,662	\$ 2,800,122	\$ 2,101,886

CITY OF CHATFIELD, MINNESOTA

PROPRIETARY FUNDS

Statement of Cash Flows

For the Year Ended December 31, 2014

With Comparative Totals for the Year Ended December 31, 2013

	Business-Type Activities - Enterprise Funds				
	Water	Water Infrastructure	Total Water	Sewer	Sewer Infrastructure
Cash Flows From Operating Activities					
Cash received from customers	\$ 247,239	\$ 42,540	\$ 289,779	\$ 737,865	\$ 22,950
Cash paid to employees	(54,574)		(54,574)	(107,865)	
Cash paid to suppliers	(90,786)	(7,900)	(98,686)	(165,122)	(8,076)
Net Cash Provided By (Used In) Operating Activities	101,879	34,640	136,519	464,878	14,874
Cash Flows From Noncapital Financing Activities					
Intergovernmental	180		180	600	
Miscellaneous					
Transfer in/out	(109,387)	(38,862)	(148,249)	(535,388)	595,000
Net Cash Provided By (Used In) Noncapital Financing Activities	(109,207)	(38,862)	(148,069)	(534,788)	595,000
Cash Flows From Capital and Related Financing Activities					
Capital asset acquisitions		(14,140)	(14,140)		(69,200)
Principal payments on bonds					(360,000)
Interest payments on bonds					(191,434)
Net Cash (Used In) Capital and Related Financing Activities		(14,140)	(14,140)		(620,634)
Cash Flows From Investing Activities					
Investment income received	21,191	4,617	25,808	11,567	4,323
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	13,863	(13,745)	118	(58,343)	(6,437)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR (Note 6)	559,890	124,924	684,814	233,331	450,922
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 573,753</u>	<u>\$ 111,179</u>	<u>\$ 684,932</u>	<u>\$ 174,988</u>	<u>\$ 444,485</u>
Classified as:					
Cash and cash equivalents	\$ 573,753	\$ 111,179	\$ 684,932	\$ 174,988	\$ 5,607
Restricted cash					462,468
Total Cash and Cash Equivalents, End of Year	<u>\$ 573,753</u>	<u>\$ 111,179</u>	<u>\$ 684,932</u>	<u>\$ 174,988</u>	<u>\$ 468,075</u>

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

Operating Income (Loss)	\$ 97,367	\$ (58,905)	\$ 38,462	\$ 446,052	\$ (305,274)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation		91,945	91,945		341,914
Miscellaneous nonoperating income	16,984		16,984	40,006	
(Increase) Decrease In:					
Accounts receivable	163	1,600	1,763	545	2,600
Special assessments delinquent	(180)		(180)	(600)	
Increase (Decrease) In:					
Accounts payable	(426)		(426)	2,342	(776)
Accrued liabilities	(12,029)		(12,029)	(23,467)	
Net Cash Provided By (Used In) Operating Activities	<u>\$ 101,879</u>	<u>\$ 34,640</u>	<u>\$ 136,519</u>	<u>\$ 464,878</u>	<u>\$ 38,464</u>

See Notes to the Financial Statements

					Governmental Activities- Internal Service Funds	
Sewer - No Fault Back	Total Sewer	Garbage	Totals		2014	2012
			2014	2013		
\$	\$ 760,815	\$ 200,723	\$ 1,251,317	\$ 1,147,870	\$ 278,435	\$ 274,865
	(107,865)		(162,439)	(203,872)		
(419)	(173,617)	(186,170)	(458,473)	(382,051)	(37,684)	(26,961)
(419)	479,333	14,553	630,405	561,947	240,751	247,904
	600	220	1,000			41,512
					10,725	18,281
1,000	60,612	(14,650)	(102,287)	(96,286)		(4,000)
1,000	61,212	(14,430)	(101,287)	(96,286)	10,725	55,793
	(69,200)		(83,340)	(23,606)	(109,319)	(443,313)
	(360,000)		(360,000)	(355,000)		
	(191,434)		(191,434)	(198,585)		
	(620,634)		(634,774)	(577,191)	(109,319)	(443,313)
813	16,703	1,461	43,972	(37,947)	21,950	(10,885)
1,394	(63,386)	1,584	(61,684)	(149,477)	164,107	(150,501)
21,345	705,598	39,146	1,429,558	1,579,035	546,834	697,335
\$ 22,739	\$ 642,212	\$ 40,730	\$ 1,367,874	\$ 1,429,558	\$ 710,941	\$ 546,834
\$ 22,739	\$ 203,334	\$ 40,730	\$ 928,996	\$ 979,902	\$ 710,941	\$ 546,834
	462,468		462,468	449,656		
\$ 22,739	\$ 665,802	\$ 40,730	\$ 1,391,464	\$ 1,429,558	\$ 710,941	\$ 546,834
\$ (419)	\$ 140,359	\$ 6,231	\$ 185,052	\$ 94,686	\$ 8,133	\$ 37,234
	341,914		433,859	403,756	229,563	207,873
	40,006	13,463	70,453	59,075		
	3,145	200	5,108	24,554	8,200	6,360
	(600)	(220)	(1,000)			
	1,566	244	1,384	176	(5,145)	(3,563)
	(23,467)	(5,365)	(40,861)	(20,300)		
\$ (419)	\$ 502,923	\$ 14,553	\$ 653,995	\$ 561,947	\$ 240,751	\$ 247,904

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CITY OF CHATFIELD, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The City of Chatfield, Minnesota was incorporated in 1857 and operates under a Mayor-Council form of government. The governing body is the City Council which consists of five elected Council Members and a Mayor.

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

A. Reporting Entity

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

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

Component Units - Component units are legally separate organizations for which the elected officials of the City of Chatfield, Minnesota are financially accountable or for which the nature or significance of their relationship with the City of Chatfield, Minnesota would cause the general purpose financial statements to be misleading or incomplete. Because its sole purpose is to encourage future development within the City, the City of Chatfield Economic Development Authority (EDA), has been reported as a blended component unit in the financial statements of the City of Chatfield, Minnesota.

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

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

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

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

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

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

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

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)

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

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

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

The City reports the following major governmental funds:

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

The *EDA fund* accounts for the City's economic development activities.

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

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

The *fire fund* accounts for the City's fire operations and capital asset purchases of fire equipment.

The *ambulance fund* accounts for the City's ambulance operations and capital asset purchases of ambulance equipment.

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 *2014 Public Improvements fund* accounts for the accumulation of resources for payment of the 2014 street project.

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

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

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

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

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

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

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

Cash and Investments

Except where otherwise required, the City maintains all deposits in accounts in the name of the City. The deposits are invested on a short-term basis with interest income allocated to each fund

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows of Resources and Net position (continued)

Cash and Investments (continued)

based upon their relative account balance. The balances shown in each fund represents an equity interest in the commingled pool of cash and investments which is under the management of the City. Temporary cash investments are stated at cost, which approximates market.

Interfund Transactions

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

Property Taxes

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

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

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

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

Special assessments outstanding at December 31, 2014 are recognized as revenue only when received. The receivable balances in the fund financial statements are offset entirely by deferred inflow of resources until collected by the county. These offsetting balances are also not reflected in the financial statements.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows of Resources and Net position (continued)

Capital Assets

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

Compensated Absences

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows of Resources and Net position (continued)

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.

Net position / Fund Balance

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

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

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

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

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

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

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

D. *Assets, Liabilities, Deferred Inflows of Resources and Net position (continued)*

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

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

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

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.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds

A. Summary of Cash and Investments

As of December 31, 2014, 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	1,888,321
Certificates of deposit	1,174,839
U.S. Government Bonds	1,409,828
Municipal Bonds	635,528
Money Market Funds	<u>128,263</u>
Total Cash and Investments	<u><u>\$ 5,236,929</u></u>

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

Cash and Investments	\$ 4,774,461
Restricted Cash	<u>462,468</u>
	<u><u>\$ 5,236,929</u></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 has a formal investment policy that limits investment maturities to ten years unless the investments can be matched with anticipated cash flow requirements.

Credit Risk

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

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. The amount forgiven will be \$339,223 if the company continues to maintain operations in the City of Chatfield until June 30, 2018.

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

C. Notes Receivable (continued)

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, 2014:

	Date of Loan	Initial Loan Amount	Interest Rate	Term	Balance 12/31/14
S&K Custom Furniture	5/30/2006	\$ 40,245	5%	10 years	\$ 27,758
Bernard Bus	6/30/2008	511,088	2%	10 years	339,223
Country Craft & Gifts, LLC	7/12/2010	12,840	6%	5 years	2,744
Adourn	9/18/2012	8,490	6%	5 years	5,993
EZ Fab	7/1/2014	533,000	1%	15 years	520,099
MT Properties	10/1/2014	62,700	4%	10 years	61,409
		<u>\$ 1,168,363</u>			<u>\$ 957,226</u>

D. Capital Assets

Capital asset activity, including internal service fund capital assets, for the year ended December 31, 2014 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,158,679	\$	\$	\$ 1,158,679
Construction in process		54,024		54,024
Total capital assets, not being depreciated	<u>1,158,679</u>	<u>54,024</u>		<u>1,212,703</u>
Capital assets, being depreciated:				
Buildings	7,225,308			7,225,308
Infrastructure	6,037,930	681,953		6,719,883
Vehicles	1,531,274	31,148	29,414	1,533,008
Furniture and fixtures	315,337	35,025		350,362
Machinery and equipment	1,677,333	98,070		1,775,403
Total capital assets, being depreciated	<u>16,787,182</u>	<u>846,196</u>	<u>29,414</u>	<u>17,603,964</u>
Less accumulated depreciation for:				
Buildings	3,245,986	319,082		3,565,068
Infrastructure	2,315,329	222,278		2,537,607
Vehicles	636,789	110,933	29,414	718,308
Furniture and fixtures	151,134	16,966		168,100
Machinery and equipment	1,117,139	112,130		1,229,269
Total accumulated depreciation	<u>7,466,377</u>	<u>781,389</u>	<u>29,414</u>	<u>8,218,352</u>
Total capital assets, being depreciated, net	<u>9,320,805</u>	<u>64,807</u>		<u>9,385,612</u>
Governmental activities capital assets, net	<u>\$ 10,479,484</u>	<u>\$ 118,831</u>	<u>\$</u>	<u>\$ 10,598,315</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

D. Capital Assets (continued)

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 60,492	\$	\$	\$ 60,492
Total capital assets, not being depreciated	60,492			60,492
Capital assets, being depreciated:				
Wastewater Treatment Facility and Distribution	14,554,024	912,781		15,466,805
Machinery and equipment	290,158	42,032		332,190
Total capital assets, being depreciated	14,844,182	954,813		15,798,995
Less accumulated depreciation for:				
Wastewater Treatment Facility and Distribution	5,351,088	415,991		5,767,079
Machinery and equipment	224,229	17,868		242,097
Total accumulated depreciation	5,575,317	433,859		6,009,176
Total capital assets, being depreciated, net	9,268,865	520,954		9,789,819
Business-type activities capital assets, net	<u>\$ 9,329,357</u>	<u>\$ 520,954</u>	<u>\$</u>	<u>\$ 9,850,311</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

General government	\$ 49,188
Public safety	85,881
Public works	145,476
Parks and recreation	23,817
Library	36,642
Community development	210,822
Subtotal	551,826
Internal service fund	229,563

Total depreciation expense - governmental activities \$ 781,389

Business-Type Activities:

Water Infrastructure	\$ 91,945
Sewer Infrastructure	341,914
Total depreciation expense - business-type activities	<u>\$ 433,859</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

E. Interfund Balances and Transfers

Transfers during the year ended December 31, 2014 were as follows:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund - Other	\$ 112,469	\$ 307,901
Special Revenue:		
Ambulance	49,551	43,503
EDA	60,190	
Fire capital	95,888	42,730
Cable Access		2,811
Chatfield Center for the Arts	57,272	
Debt Service:		
2004A GO Sewer Revenue and PIR Refunding Bond	18,900	
2012A Refunding Bond	104,962	
2014 GO Bond		1,696,728
Capital Project:		
2014 Public Improvements	1,696,728	
Subtotal Governmental Funds	<u>2,195,960</u>	<u>2,093,673</u>
Enterprise:		
Water		109,387
Sewer		535,388
Garbage		14,650
Water Infrastructure	70,000	108,862
Sewer Infrastructure	610,000	15,000
Sewer - No Fault Back	1,000	
Subtotal Enterprise Funds	<u>681,000</u>	<u>783,287</u>
Total Transfers	<u>\$ 2,876,960</u>	<u>\$ 2,876,960</u>

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

Governmental Funds:	
Transfers in	\$ 2,195,960
Transfers out	(2,093,673)
Capital assets transferred from Governmental	
Activities to Business-type activities	<u>(871,474)</u>
Government-wide Statement of Activities	
Transfers in/out	<u>\$ (769,187)</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

E. *Interfund Balances and Transfers (continued)*

The amounts due to and from other funds at December 31, 2014, at the individual fund level are summarized below:

<u>Funds</u>	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>
General Fund	\$	\$ 68,110
Family Dollar TIF	13,014	
CCA Capital Projects Fund	55,096	
	<u>\$ 68,110</u>	<u>\$ 68,110</u>

At December 31, 2014, the following funds have deficit balances:

Family Dollar TIF Fund	\$ 13,014
CCA Capital Projects Fund	55,096

Excess of expenditures over budgeted appropriations at the individual fund level during 2014 are as follows:

General Fund	\$ 167,831
Special Revenue Funds	
Fire	30,840
Ambulance	4,089
Revolving Loan Fund	185,803

All excess expenditures were the result of planned processes.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

F. Long-term debt

The following is a summary of changes in long-term debt obligations during the year ended December 31, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable:					
General Obligation Bonds:					
2002A Refunding (3.0-4.9%)	\$ 40,000	\$	\$ 10,000	\$ 30,000	\$ 10,000
2004A Sewer & Perm Improv Refunding (3.75%)	155,000		90,000	65,000	65,000
2010A Capital Improvement Refunding (2.0-3.9%)	1,185,000		75,000	1,110,000	80,000
2012 GO Crossover Refunding Bonds (2.0-2.7%)	1,990,000		115,000	1,875,000	150,000
2014A GO Bonds (2.0-2.25%)		1,725,000		1,725,000	
Plus: Unamortized premium	9,992	38,867	842	48,017	
Tax Increment Bonds:					
1999 Tax Increment (5.75%)	125,210		74,324	50,886	50,886
Total Bonds and Notes Payable	3,505,202	1,763,867	365,166	4,903,903	355,886
Other Liabilities:					
Compensated Absences	149,428		18,861	130,567	
Governmental Activities Long-term Liabilities	3,654,630	1,763,867	384,027	5,034,470	355,886
BUSINESS-TYPE ACTIVITIES					
Bonds:					
General Obligation Revenue Bonds:					
2011A Refunding Bonds (3.42%)	6,310,000		360,000	5,950,000	365,000
Less: Bond discount	(38,346)		(2,739)	(35,607)	
Other Liabilities:					
Compensated Absences	6,014	2,045		8,059	
Business-type Activities Long-term Liabilities	6,277,668	2,045	357,261	5,922,452	365,000
Total	\$ 9,932,298	\$ 1,765,912	\$ 741,288	\$ 10,956,922	\$ 720,886

The 2002A Refunding Bonds were issued to refund the 2000 General Obligation Temporary Improvement Bond and to fund improvements along Mill Creek Road. The 2004A Sewer and Permanent Improvement Refunding Bonds were issued to refund the 1998B and 1999A bonds and provide funding for a current sewer project. The 2010A Capital Improvement Refunding Bonds were issued to refund the 2001 EDA Public Project Revenue Bonds. The 2012 GO Crossover Refunding Bonds were issued to refund the 2008A General Obligation Improvement Bonds.

The 1999 Tax Increment Bonds were issued to fund public development costs within the city.

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

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

F. Long-term debt (continued)

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

2012 GO Crossover Refunding 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 2012 GO Crossover Refunding 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.

The annual requirements to amortize all long-term debt outstanding as of December 31, 2014, 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>						
2015	\$ 305,000	\$ 112,581	\$ 50,886	\$ 1,447		
2016	395,000	107,345				
2017	395,000	98,688				
2018	400,000	89,946				
2019	400,000	81,206				
2020-2024	2,110,000	258,907				
2025-2028	800,000	30,590				
Totals	<u>\$ 4,805,000</u>	<u>\$ 779,261</u>	<u>\$ 50,886</u>	<u>\$ 1,447</u>		
<u>Business-Type Activities</u>						
2015					\$ 365,000	\$ 184,185
2016					370,000	176,835
2017					375,000	169,010
2018					380,000	160,135
2019					390,000	150,023
2020-2024					2,115,000	558,670
2025-2028					1,955,000	156,970
Totals					<u>\$ 5,950,000</u>	<u>\$ 1,555,828</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

F. Long-term debt (continued)

Conduit Debt Obligations (continued)

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, 2014, remaining notes outstanding totaled \$2,818,527.

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, 2014, remaining notes outstanding totaled \$1,373,534.

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 General Employees Retirement Fund (GERF) 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.

GERF 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.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Other Information (Continued)

A. Defined Benefit Pension Plans – Statewide (continued)

Plan Description (continued)

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.

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. GERP Basic Plan members and Coordinated Plan members are required to contribute 9.10% and 6.25%, respectively, of their annual covered salary in 2014. PEPFF members are required to contribute 10.2% of their annual covered salary in 2014. The City of Chatfield, Minnesota is required to contribute the following percentages of annual covered payroll: 11.78% Basic Plan PERF, 7.25% for Coordinated Plan PERF members, 14.4% for PEPFF members. The City's contributions to Public Employees Retirement Fund for the years ending December 31, 2014, 2013, and 2012 were \$43,207, \$40,065, and \$40,635, respectively. The City's contributions to the Public Employees Police and Fire Fund for the years ended December 31, 2014, 2013, and 2012, were \$44,992, \$39,865, and \$36,813, 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 2014.

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 2014. The amount of any liability in excess of plan assets may be assessed to participating Cities in a method and amount determined by the LMCIT.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Fund Equity

Committed fund balances as of December 31, 2014 are as follows:

Committed fund balance:	
Library Fund	\$ 489,423

6. Accounting Standards Issued But Not Yet Adopted

GASB 68, *Accounting and Financial Reporting for Pensions* will be effective for the City beginning with its year ending December 31, 2015. This Statement requires the reporting of unfunded pension liabilities in the government-wide and proprietary financial statements. Management has not determined the impact adoption of this new standard will have on the City's financial position.

CITY OF CHATFIELD, MINNESOTA
COMBINING AND INDIVIDUAL NONMAJOR FUNDS
STATEMENTS AND SCHEDULES
DECEMBER 31, 2014

CITY OF CHATFIELD, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2014

	Special Revenue				
	211/212	614	241	250	251
	Library	Cable Access	Sales tax Development	Chatfield Center for the Arts	CCA - Schmidt Foundation
ASSETS					
Cash and investments	\$ 491,557	\$ 55,935	\$ 167,266	\$ 69,370	\$ 2,706
Accounts receivable		5,993			
Due from other governmental units					
Taxes receivable - delinquent					
Special assessments receivable					
TOTAL ASSETS	<u>\$ 491,557</u>	<u>\$ 61,928</u>	<u>\$ 167,266</u>	<u>\$ 69,370</u>	<u>\$ 2,706</u>
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ 2,134	\$ 14	\$	\$ 5,972	\$
Due to other funds					
Total Liabilities	<u>2,134</u>	<u>14</u>		<u>5,972</u>	
Deferred Inflows of Resources:					
Unavailable revenue:					
Property taxes					
Special assessments					
Total Deferred Inflows of Resources					
Fund Balance					
Restricted:					
Creditors (debt covenants)					
Regulations			167,266		
Committed:					
By Council resolution	489,423				
Assigned:					
Fund assignments		61,914		63,398	2,706
Unassigned:					
Total Fund Balance	<u>489,423</u>	<u>61,914</u>	<u>167,266</u>	<u>63,398</u>	<u>2,706</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 491,557</u>	<u>\$ 61,928</u>	<u>\$ 167,266</u>	<u>\$ 69,370</u>	<u>\$ 2,706</u>

353 Pope & Young Tax Increment	358 Family Dollar Tax Increment	340 Mill Pond Townhomes Tax Increment	354 Lone Stone Tax Increment
\$ 136	\$	\$ 477	\$ 1,700
<u>\$ 136</u>	<u>\$</u>	<u>\$ 477</u>	<u>\$ 1,700</u>
\$	\$ 13,014	\$	\$
	<u>13,014</u>		
136	(13,014)	477	1,700
<u>136</u>	<u>(13,014)</u>	<u>477</u>	<u>1,700</u>
<u>\$ 136</u>	<u>\$</u>	<u>\$ 477</u>	<u>\$ 1,700</u>

**CITY OF CHATFIELD, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2014**

	Debt Service			
	377	323	334	326
	1999 Tax Increment Bond	2002A Refunding Bond	2014A Bond	2004A GO Sewer and Perm Improv Refunding Bond
ASSETS				
Cash and investments	\$ 1,640	\$ 27,075	\$ 59,412	\$ 78,254
Accounts receivable				
Due from other governmental units	2,296	26		399
Taxes receivable - delinquent		20		309
Special assessment receivable		14,466		
TOTAL ASSETS	\$ 3,936	\$ 41,587	\$ 59,412	\$ 78,962
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities				
Accounts payable	\$	\$	\$	\$
Due to other funds				
Total Liabilities				
Deferred Inflows of Resources:				
Unavailable revenue:				
Property taxes		20		309
Special assessments		14,466		
Total Deferred Inflows of Resources		14,486		309
Fund Balance				
Restricted:				
Creditors (debt covenants)	3,936	27,101	59,412	78,653
Regulations				
Committed:				
By Council resolution				
Assigned:				
Fund assignments				
Unassigned:				
Total Fund Balance	3,936	27,101	59,412	78,653
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 3,936	\$ 41,587	\$ 59,412	\$ 78,962

Capital Projects				
330	332	451	452	Total Nonmajor Governmental Funds 2014
2010A Refunding Bond	2012A Refunding Bond	2013 Flood Damage	CCA Capital Projects	
\$ 117,343	\$ 405,956	\$ 38,016	\$	\$ 1,516,843
				5,993
1,136	484			4,341
861	366			1,556
	50,000			64,466
<u>\$ 119,340</u>	<u>\$ 456,806</u>	<u>\$ 38,016</u>	<u>\$</u>	<u>\$ 1,593,199</u>
\$	\$	\$	\$	\$ 8,120
			55,096	68,110
			55,096	76,230
861	366			1,556
	50,000			64,466
<u>861</u>	<u>50,366</u>			<u>66,022</u>
118,479	406,440			694,021
		38,016		205,282
				489,423
				130,331
			(55,096)	(68,110)
<u>118,479</u>	<u>406,440</u>	<u>38,016</u>	<u>(55,096)</u>	<u>1,450,947</u>
<u>\$ 119,340</u>	<u>\$ 456,806</u>	<u>\$ 38,016</u>	<u>\$</u>	<u>\$ 1,593,199</u>

CITY OF CHATFIELD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	Special Revenue				
	211/212	614	241	250	251
	Library	Cable Access	Sales Tax Development	Chatfield Center for the Arts	CCA - Schmidt Foundation
REVENUES					
Property tax levy					
Property tax collected	\$ 122,824	\$	\$	\$	\$
Special assessments					
Tax increments					
Fines and forfeits	3,640				
Intergovernmental	50,150		148,772		
Franchise fees		24,456			
Charges for services		12,600		12,270	
Investment income	15,998	2,177	3,683	1,772	308
Contributions	5,754			2,805	
Miscellaneous	14,038	8,161		1,671	
TOTAL REVENUES	<u>212,404</u>	<u>47,394</u>	<u>152,455</u>	<u>18,518</u>	<u>308</u>
EXPENDITURES					
Current:					
General government		48,257			
Library	194,915				
Community development				74,529	
Debt service					
Principal retirement					
Interest and fiscal charges					
Capital outlay			38,501	586	6,102
TOTAL EXPENDITURES	<u>194,915</u>	<u>48,257</u>	<u>38,501</u>	<u>75,115</u>	<u>6,102</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,489</u>	<u>(863)</u>	<u>113,954</u>	<u>(56,597)</u>	<u>(5,794)</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds					
Transfer in				57,272	
Transfer out		(2,811)			
TOTAL OTHER FINANCING SOURCES (USES)		<u>(2,811)</u>		<u>57,272</u>	
Net change in fund balances	17,489	(3,674)	113,954	675	(5,794)
FUND BALANCES, beginning	<u>471,934</u>	<u>65,588</u>	<u>53,312</u>	<u>62,723</u>	<u>8,500</u>
FUND BALANCES, ending	<u>\$ 489,423</u>	<u>\$ 61,914</u>	<u>\$ 167,266</u>	<u>\$ 63,398</u>	<u>\$ 2,706</u>

353 Pope & Young Tax Increment	358 Family Dollar Tax Increment	340 Mill Pond Townhomes Tax Increment	354 Lone Stone Tax Increment
\$	\$	\$	\$
13,810		13,889	58,053
1	(262)	13	192
13,811	(262)	13,902	58,245
13,743	12,752	13,689	58,052
13,743	12,752	13,689	58,052
68	(13,014)	213	193
68	(13,014)	213	193
68		264	1,507
\$ 136	\$ (13,014)	\$ 477	\$ 1,700

CITY OF CHATFIELD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	Debt Service			
	377	323	334	326
	1999 Tax Increment Bond	2002A Refunding Bond	2014A Bond	2004A GO Sewer and Perm Improv Refunding Bond
REVENUES				
Property tax levy				
Property tax collected	\$	\$ 2,645	\$	\$ 40,644
Special assessments		10,803	2,508	
Tax increments	87,344			
Fines and forfeits				
Intergovernmental				
Franchise fees				
Charges for services				
Investment income	56	651	1,846	1,424
Contributions				
Miscellaneous				
TOTAL REVENUES	<u>87,400</u>	<u>14,099</u>	<u>4,354</u>	<u>42,068</u>
EXPENDITURES				
Current:				
General government				
Library				
Community development				
Debt service				
Principal retirement	74,324	10,000		90,000
Interest and fiscal charges	10,645	2,151		4,125
Capital outlay				
TOTAL EXPENDITURES	<u>84,969</u>	<u>12,151</u>		<u>94,125</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,431</u>	<u>1,948</u>	<u>4,354</u>	<u>(52,057)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds			1,751,786	
Transfer in				18,900
Transfer out			(1,696,728)	
TOTAL OTHER FINANCING SOURCES (USES)			<u>55,058</u>	<u>18,900</u>
Net change in fund balances	2,431	1,948	59,412	(33,157)
FUND BALANCES, beginning	<u>1,505</u>	<u>25,153</u>		<u>111,810</u>
FUND BALANCES, ending	<u>\$ 3,936</u>	<u>\$ 27,101</u>	<u>\$ 59,412</u>	<u>\$ 78,653</u>

Capital Projects				
330	332	451	452	Total Nonmajor Governmental Funds 2014
2010A Refunding Bond	2012A Refunding Bond	2013 Flood Damage	CCA Capital Projects	
\$ 115,592	\$ 49,336 117,949	\$	\$	\$ 331,041
				131,260
				173,096
				3,640
		36,650		235,572
				24,456
				24,870
4,563	20,252	1,366	(1,072)	52,968
				8,559
				23,870
<u>120,155</u>	<u>187,537</u>	<u>38,016</u>	<u>(1,072)</u>	<u>1,009,332</u>
				48,257
				194,915
			54,024	226,789
75,000	115,000			364,324
39,148	52,684			108,753
				45,189
<u>114,148</u>	<u>167,684</u>		<u>54,024</u>	<u>988,227</u>
<u>6,007</u>	<u>19,853</u>	<u>38,016</u>	<u>(55,096)</u>	<u>21,105</u>
				1,751,786
	104,962			181,134
				(1,699,539)
	<u>104,962</u>			<u>233,381</u>
6,007	124,815	38,016	(55,096)	254,486
<u>112,472</u>	<u>281,625</u>			<u>1,196,461</u>
<u>\$ 118,479</u>	<u>\$ 406,440</u>	<u>\$ 38,016</u>	<u>\$ (55,096)</u>	<u>\$ 1,450,947</u>

CITY OF CHATFIELD, MINNESOTA
CHATFIELD CENTER FOR THE ARTS
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2014
With Comparative Totals for the Year Ended December 31, 2013

	Budgeted Amounts		2014	Variance with	2013
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
REVENUES					
Charges for services	\$ 19,000	\$ 19,000	\$ 12,270	\$ (6,730)	\$ 21,212
Investment income	200	200	1,772	1,572	2,051
Donations			2,805	2,805	7,680
Miscellaneous	1,900	1,900	1,671	(229)	2,723
TOTAL REVENUES	21,100	21,100	18,518	(2,582)	33,666
EXPENDITURES					
Repairs and maintenance	7,200	7,200	4,405	2,795	3,106
Professional Services	12,200	12,200	11,350	850	13,100
Utilities	33,022	33,022	41,490	(8,468)	33,003
Miscellaneous	26,538	26,538	17,284	9,254	17,224
Capital outlay			586	(586)	4,337
TOTAL EXPENDITURES	78,960	78,960	75,115	3,845	70,770
Excess (deficiency of revenues over (under) expenditures	(57,860)	(57,860)	(56,597)	1,263	(37,104)
OTHER FINANCING SOURCES					
Transfers in	57,272	57,272	57,272		22,272
Net change in fund balances	(588)	(588)	675	1,263	(14,832)
FUND BALANCES, beginning	62,723	62,723	62,723		77,555
FUND BALANCES, ending	\$ 62,135	\$ 62,135	\$ 63,398	\$ 1,263	\$ 62,723

CITY OF CHATFIELD, MINNESOTA
LIBRARY FUND
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2014
With Comparative Totals for the Year Ended December 31, 2013

	Budgeted Amounts		211	212	2014	Variance with	2013
	Original	Final	Library	Library	Actual	Final Budget -	Actual
				Endowment	Amounts	Positive	Amounts
						(Negative)	
REVENUES							
Property tax levy	\$ 122,824	\$ 122,824	\$ 122,824	\$	\$ 122,824	\$	\$ 116,050
Intergovernmental revenues	49,718	49,718	50,150		50,150	432	49,329
Library fines	3,670	3,670	3,640		3,640	(30)	3,522
Investment income	9,400	9,400	2,664	13,334	15,998	6,598	21,003
Contributions			4,259	1,495	5,754	5,754	6,166
Miscellaneous	3,180	3,180	14,038		14,038	10,858	15,062
TOTAL REVENUES	188,792	188,792	197,575	14,829	212,404	23,612	211,132
EXPENDITURES							
Library							
Salaries	94,959	94,959	96,303		96,303	(1,344)	88,932
Employee benefits and retirement	13,959	13,959	13,336		13,336	623	12,493
Workers compensation	680	680	564		564	116	762
Health insurance	17,040	17,040	17,571		17,571	(531)	15,273
Travel	645	645	340		340	305	212
Office supplies and postage	1,800	1,800	1,964		1,964	(164)	1,698
Operating supplies/small tools	2,300	2,300	15,450		15,450	(13,150)	11,007
Insurance	4,000	4,000	3,881		3,881	119	3,821
Utilities	5,400	5,400	5,703		5,703	(303)	5,332
Maintenance and repair	8,673	8,673	8,689		8,689	(16)	12,077
Telephone	1,500	1,500	1,626		1,626	(126)	1,450
Cleaning services	950	950	587		587	363	794
Capital outlay	18,500	18,500	15,866		15,866	2,634	18,327
Other	12,986	12,986	13,035		13,035	(49)	11,397
TOTAL EXPENDITURES	183,392	183,392	194,915		194,915	(11,523)	183,575
Excess (deficiency) of revenues over (under) expenditures	5,400	5,400	2,660	14,829	17,489	12,089	27,557
OTHER FINANCING SOURCES (USES)							
Transfers in							4,300
Transfers out							(4,300)
Net change in fund balances	5,400	5,400	2,660	14,829	17,489	12,089	27,557
FUND BALANCES, beginning	471,934	471,934	97,318	374,616	471,934		444,377
FUND BALANCES, ending	\$ 477,334	\$ 477,334	\$ 99,978	\$ 389,445	\$ 489,423	\$ 12,089	\$ 471,934

CITY OF CHATFIELD, MINNESOTA
INTERNAL SERVICE FUND
Statements of Net Position
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 710,941	\$ 546,834
Accounts receivable		8,200
Total Current Assets	<u>710,941</u>	<u>555,034</u>
Noncurrent Assets		
Capital assets:		
Depreciable	3,993,889	3,256,556
Less: Accumulated depreciation	<u>1,904,643</u>	<u>1,704,494</u>
Net capital assets	<u>2,089,246</u>	<u>1,552,062</u>
Total Assets	<u>2,800,187</u>	<u>2,107,096</u>
LIABILITIES		
Current Liabilities		
Accounts payable	<u>65</u>	<u>5,210</u>
NET POSITION		
Invested in capital assets	2,089,246	1,552,062
Unrestricted	<u>710,876</u>	<u>549,824</u>
Total Net Postion	<u><u>\$ 2,800,122</u></u>	<u><u>\$ 2,101,886</u></u>

CITY OF CHATFIELD, MINNESOTA
INTERNAL SERVICE FUND
Statements of Revenues, Expenses
and Changes in Fund Net Position
For the Years Ended December 31, 2014 and 2013

	2014	2013
Operating Revenues		
Departmental capital charge	\$ 270,235	\$ 268,505
Operating Expenses		
Depreciation	229,563	207,873
Repairs	26,994	13,413
Minor equipment	5,545	7,625
Engineering fees	2,360	2,360
Total Operating Expenses	262,102	231,271
Operating Income	8,133	37,234
Nonoperating Revenues (Expenses)		
Interest income	21,950	(10,885)
Intergovernmental		41,512
Miscellaneous	10,725	18,282
Total Nonoperating Revenues (Expenses)	32,675	48,909
INCOME BEFORE TRANSFERS	40,808	86,143
Capital contributions	657,428	
Transfers out		(4,000)
CHANGE IN NET POSITION	698,236	82,143
NET POSITION - BEGINNING OF YEAR	2,101,886	2,019,743
NET POSITION - END OF YEAR	\$ 2,800,122	\$ 2,101,886

CITY OF CHATFIELD, MINNESOTA
INTERNAL SERVICE FUND
Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	2014	2013
Cash Flows From Operating Activities		
Cash received from other departments	\$ 278,435	\$ 274,865
Cash paid to suppliers	(37,684)	(26,961)
Net Cash Provided by Operating Activities	<u>240,751</u>	<u>247,904</u>
Cash Flows From Noncapital Financing Activities		
Intergovernmental		41,512
Miscellaneous	10,725	18,281
Transfer in/out		(4,000)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>10,725</u>	<u>55,793</u>
Capital and Related Financing Activities		
Capital asset acquisitions	(109,319)	(443,313)
Net Cash (Used In) Capital and Related Financing Activities	<u>(109,319)</u>	<u>(443,313)</u>
Cash Flows From Investing Activities		
Investment income received	<u>21,950</u>	<u>(10,885)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	164,107	(150,501)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>546,834</u>	<u>697,335</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 710,941</u></u>	<u><u>\$ 546,834</u></u>

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

Operating Income	\$ 8,133	\$ 37,234
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	229,563	207,873
(Increase) Decrease in:		
Accounts receivable	8,200	6,360
Increase (Decrease) in:		
Accounts payable	<u>(5,145)</u>	<u>(3,563)</u>
Net Cash Provided By Operating Activities	<u><u>\$ 240,751</u></u>	<u><u>\$ 247,904</u></u>

CITY OF CHATFIELD, MINNESOTA

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2014

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
WATER FUND
Statements of Net Position
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 573,753	\$ 559,890
Accounts receivable, net	19,776	19,776
Special assessments receivable	7,347	7,330
Special assessments delinquent	987	1,167
Total Current Assets	<u>601,863</u>	<u>588,163</u>
LIABILITIES		
Current Liabilities		
Accounts payable	2,437	2,863
Accrued liabilities	4,022	16,051
Total Current Liabilities	<u>6,459</u>	<u>18,914</u>
NET POSITION		
Unrestricted	<u>\$ 595,404</u>	<u>\$ 569,249</u>

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
WATER FUND
Statement of Revenues, Expenses
and Changes in Fund Net Position - Budget and Actual
For the Year Ended December 31, 2014
With Comparative Totals for the Year Ended December 31, 2013

	Budgeted Amounts		2014 Actual Amounts	Variance with Final Budget - Positive (Negative)	2013 Actual Amounts
	Original	Final			
Operating Revenue					
Service fees	\$ 219,700	\$ 219,700	\$ 230,272	\$ 10,572	\$ 227,637
Operating Expenses					
Salaries	47,200	47,200	44,428	2,772	46,659
Employee benefits and retirement	6,960	6,960	8,239	(1,279)	6,953
Workers compensation	2,000	2,000	1,907	93	2,255
Supplies	11,300	11,300	7,687	3,613	8,626
Utilities	15,000	15,000	18,619	(3,619)	17,648
Maintenance and repairs			28,897	(28,897)	13,838
Travel and training	350	350	899	(549)	410
Professional fees	12,900	12,900	12,451	449	12,010
Office expense	1,500	1,500	1,213	287	1,393
Insurance	3,500	3,500	3,314	186	3,487
Departmental capital charge	200	200	400	(200)	400
Other	4,305	4,305	4,851	(546)	5,706
Total Operating Expenses	105,215	105,215	132,905	(27,690)	119,385
Operating Income	114,485	114,485	97,367	(17,118)	108,252
Nonoperating Revenues (Expenses)					
Investment income	10,000	10,000	21,191	11,191	(17,843)
Refunds and reimbursements			5,542	5,542	765
Penalties and discounts			778	778	792
Special assessments	7,000	7,000	10,664	3,664	9,309
Total Nonoperating Revenues (Expenses)	17,000	17,000	38,175	21,175	(6,977)
INCOME BEFORE TRANSFERS	131,485	131,485	135,542	4,057	101,275
Transfers out	(109,387)	(109,387)	(109,387)		(108,240)
CHANGE IN NET POSITION	22,098	22,098	26,155	4,057	(6,965)
NET POSITION - BEGINNING OF YEAR	569,249	569,249	569,249		576,214
NET POSITION - END OF YEAR	\$ 591,347	\$ 591,347	\$ 595,404	\$ 4,057	\$ 569,249

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
SEWER FUND
Statements of Net Position
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 174,988	\$ 233,331
Accounts receivable, net	54,517	54,517
Special assessments receivable	24,488	24,433
Special assessments delinquent	<u>3,289</u>	<u>3,889</u>
Total Current Assets	<u>257,282</u>	<u>316,170</u>
 LIABILITIES		
Current Liabilities		
Accounts payable	7,201	4,859
Accrued liabilities	<u>4,037</u>	<u>27,504</u>
Total Current Liabilities	<u>11,238</u>	<u>32,363</u>
 NET POSITION		
Unrestricted	<u><u>\$ 246,044</u></u>	<u><u>\$ 283,807</u></u>

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
SEWER FUND
Statement of Revenues, Expenses
and Changes in Fund Net Position - Budget and Actual
For the Year Ended December 31, 2014
With Comparative Totals for the Year Ended December 31, 2013

	Budgeted Amounts		2014 Actual Amounts	Variance with Final Budget - Positive (Negative)	2013 Actual Amounts
	Original	Final			
Operating Revenue					
Service fees	\$ 658,000	\$ 658,000	\$ 697,914	\$ 39,914	\$ 659,225
Operating Expenses					
Salaries	80,000	80,000	71,005	8,995	111,938
Employee benefits and retirement	13,305	13,305	12,337	968	15,596
Health insurance	15,255	15,255	20,863	(5,608)	14,674
Workers compensation	5,300	5,300	3,660	1,640	5,797
Supplies	8,980	8,980	11,584	(2,604)	6,713
Utilities	38,778	38,778	34,965	3,813	33,359
Maintenance and repairs	45,500	45,500	47,880	(2,380)	33,009
Travel and training	3,500	3,500	1,847	1,653	1,906
Professional fees	22,865	22,865	16,883	5,982	14,797
Office expense	2,884	2,884	3,235	(351)	3,819
Insurance	13,500	13,500	12,130	1,370	10,566
Departmental capital charge	550	550	550		400
Other	15,380	15,380	14,923	457	16,571
Total Operating Expenses	265,797	265,797	251,862	13,935	269,145
Operating Income	392,203	392,203	446,052	53,849	390,080
Nonoperating Revenues (Expenses)					
Investment income	5,000	5,000	11,567	6,567	(10,116)
Refunds and reimbursements			1,480	1,480	2,215
Penalties and discounts	1,000	1,000	2,635	1,635	2,665
Special assessments	25,000	25,000	35,891	10,891	31,605
Total Nonoperating Revenues (Expenses)	31,000	31,000	51,573	20,573	26,369
INCOME BEFORE TRANSFERS	423,203	423,203	497,625	74,422	416,449
Transfers out	(485,388)	(485,388)	(535,388)	(50,000)	(439,240)
CHANGE IN NET POSITION	(62,185)	(62,185)	(37,763)	24,422	(22,791)
NET POSITION - BEGINNING OF YEAR	283,807	283,807	283,807		306,598
NET POSITION - END OF YEAR	\$ 221,622	\$ 221,622	\$ 246,044	\$ 24,422	\$ 283,807

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
WATER INFRASTRUCTURE FUND
Statements of Net Position
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 111,179	\$ 124,924
Accounts receivable		1,600
Total Current Assets	<u>111,179</u>	<u>126,524</u>
Property and Equipment		
Nondepreciable	30,246	30,246
Depreciable	3,525,994	3,053,183
Less: Accumulated depreciation	<u>1,007,212</u>	<u>915,267</u>
Property, Plant and Equipment, Net	<u>2,549,028</u>	<u>2,168,162</u>
Total Assets	<u>2,660,207</u>	<u>2,294,686</u>
NET POSITION		
Invested in capital assets	2,549,028	2,168,162
Unrestricted	111,179	126,524
Total Net Postion	<u>\$ 2,660,207</u>	<u>\$ 2,294,686</u>

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
WATER INFRASTRUCTURE FUND
Statement of Revenues, Expenses
and Changes in Fund Net Position - Budget and Actual
For the Year Ended December 31, 2014
With Comparative Totals for the Year Ended December 31, 2013

	Budgeted Amounts		2014	Variance with	2013
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
Operating Revenue					
Connection charges	\$ 3,200	\$ 3,200	\$ 40,940	\$ 37,740	\$ 5,032
Operating Expenses					
Depreciation			91,945	(91,945)	82,771
Departmental capital charge	7,900	7,900	7,900		7,900
Total Operating Expenses	7,900	7,900	99,845	(91,945)	90,671
Operating Income	(4,700)	(4,700)	(58,905)	54,205	(85,639)
Nonoperating Revenues (Expenses)					
Investment income	5,000	5,000	4,617	(383)	(4,631)
INCOME (LOSS) BEFORE CONTRIBUTED					
CAPITAL AND TRANSFERS	300	300	(54,288)	(54,588)	(90,270)
Contributed capital			458,671	458,671	
Transfer in	70,000	70,000	70,000		118,770
Transfers out	(108,862)	(108,862)	(108,862)		(107,777)
Total Other Financing Sources (Uses)	(38,862)	(38,862)	419,809	458,671	10,993
CHANGE IN NET POSITION	(38,562)	(38,562)	365,521	404,083	(79,277)
NET POSITION -					
BEGINNING OF YEAR	2,294,686	2,294,686	2,294,686		2,373,963
NET POSITION - END OF YEAR	\$ 2,256,124	\$ 2,256,124	\$ 2,660,207	\$ 404,083	\$ 2,294,686

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
SEWER INFRASTRUCTURE FUND
Statement of Net Position
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 5,607	\$ 1,266
Restricted cash	462,468	449,656
Accounts receivable		2,600
Total Current Assets	<u>468,075</u>	<u>453,522</u>
Property and Equipment		
Nondepreciable	30,246	30,246
Depreciable	12,273,001	11,790,999
Less: Accumulated depreciation	<u>5,001,964</u>	<u>4,660,050</u>
Property, Plant and Equipment, Net	<u>7,301,283</u>	<u>7,161,195</u>
Total Assets	<u>7,769,358</u>	<u>7,614,717</u>
LIABILITIES		
Current Liabilities		
Current maturities of bonds payable	365,000	360,000
Accounts payable		776
Accrued interest payable	<u>78,222</u>	<u>81,220</u>
Total Current Liabilities	<u>443,222</u>	<u>441,996</u>
Noncurrent Liabilities		
Bonds payable, net of current maturities	<u>5,549,393</u>	<u>5,911,654</u>
Total Liabilities	<u>5,992,615</u>	<u>6,353,650</u>
NET POSITION		
Net investment in capital assets	1,849,358	1,339,197
Unrestricted	<u>(72,615)</u>	<u>(78,130)</u>
Total Net Position	<u>\$ 1,776,743</u>	<u>\$ 1,261,067</u>

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
SEWER INFRASTRUCTURE FUND
Statement of Revenues, Expenses
and Changes in Fund Net Position - Budget and Actual
For the Year Ended December 31, 2014
With Comparative Totals for the Year Ended December 31, 2013

	Budgeted Amounts		2014	Variance with	2013
	Original	Final	Actual Amounts	Final Budget - Positive (Negative)	Actual Amounts
Operating Revenue					
Connection fees	\$ 5,200	\$ 5,200	\$ 20,350	\$ 15,150	\$ 7,375
Access fees			23,590	23,590	
Total Operating Revenues	5,200	5,200	43,940	38,740	7,375
Operating Expenses					
Maintenance and repairs			200	(200)	834
Departmental capital charge			7,100	(7,100)	7,100
Depreciation			341,914	(341,914)	320,985
Total Operating Expenses			349,214	(349,214)	328,919
Operating Income (Loss)	5,200	5,200	(305,274)	(310,474)	(321,544)
Nonoperating Revenues (Expenses)					
Investment income			4,323	4,323	(3,696)
Interest expense	(191,436)	(191,436)	(191,176)	260	(198,367)
Total Nonoperating Revenue (Expense)	(191,436)	(191,436)	(186,853)	4,583	(202,063)
INCOME (LOSS) BEFORE CONTRIBUTED CAPITAL AND TRANSFERS	(186,236)	(186,236)	(492,127)	(305,891)	(523,607)
Contributed capital			412,803	412,803	
Transfer in	550,035	550,035	610,000	59,965	506,257
Transfers out	(15,000)	(15,000)	(15,000)		(57,841)
Total Other Financing Sources (Uses)	535,035	535,035	1,007,803	472,768	448,416
CHANGE IN NET POSITION	348,799	348,799	515,676	166,877	(75,191)
NET POSITION - BEGINNING OF YEAR	1,261,067	1,261,067	1,261,067		1,336,258
NET POSITION - END OF YEAR	\$ 1,609,866	\$ 1,609,866	\$ 1,776,743	\$ 166,877	\$ 1,261,067

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
GARBAGE FUND
Statement of Net Position
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 40,730	\$ 39,146
Accounts receivable, net	13,109	13,109
Special assessments receivable	8,979	8,959
Special assessments delinquent	<u>1,206</u>	<u>1,426</u>
Total Current Assets	<u>64,024</u>	<u>62,640</u>
LIABILITIES		
Current Liabilities		
Accounts payable	14,011	13,767
Accrued liabilities	<u>5,365</u>	<u>5,365</u>
Total Current Liabilities	<u>14,011</u>	<u>19,132</u>
NET POSITION		
Unrestricted	<u>\$ 50,013</u>	<u>\$ 43,508</u>

CITY OF CHATFIELD, MINNESOTA
GARBAGE FUND
Schedule of Revenues, Expenditures
and Changes in Net Position - Budget and Actual
For the Year Ended December 31, 2014
With Comparative Totals for the Year Ended December 31, 2013

	Budgeted Amounts		2014 Actual Amounts	Variance with Final Budget - Positive (Negative)	2013 Actual Amounts
	Original	Final			
Operating Revenue					
Charges for Services	\$ 178,000	\$ 178,000	\$ 187,280	\$ 9,280	\$ 185,272
Operating Expenses					
Waste Removal					
Garbage removal	145,000	145,000	151,145	(6,145)	153,557
City cleanup	12,000	12,000	14,090	(2,090)	11,667
Supplies	650	650	414	236	454
Maintenance and repairs	1,600	1,600	1,771	(171)	1,295
Office expense	1,300	1,300	1,277	23	1,269
Departmental capital charge	200	200	200		200
Other	12,275	12,275	12,152	123	12,657
Total Operating Expenses	173,025	173,025	181,049	(8,024)	181,099
Operating Income	4,975	4,975	6,231	1,256	4,173
Nonoperating Revenue					
Investment income			1,461	1,461	(1,101)
Special assessments	10,000	10,000	13,463	3,463	11,724
Total Nonoperating Revenue	10,000	10,000	14,924	4,924	10,623
Income (loss) before transfers	14,975	14,975	21,155	6,180	14,796
Transfers out	(14,650)	(14,650)	(14,650)		(14,215)
CHANGE IN NET POSITION	325	325	6,505	6,180	581
NET POSITION - BEGINNING OF YEAR	43,508	43,508	43,508		42,927
NET POSITION - END OF YEAR	\$ 43,833	\$ 43,833	\$ 50,013	\$ 6,180	\$ 43,508

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AUDITOR'S REPORT ON LEGAL COMPLIANCE

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the City of Chatfield, Minnesota, as of and for the year ended December 31, 2014 and have issued our report thereon dated March 26, 2015.

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

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

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

Smith, Schaffer and Associates, Ltd.

Rochester, Minnesota
March 26, 2015