

CITY OF CHATFIELD, MINNESOTA

FINANCIAL STATEMENTS

DECEMBER 31, 2015

CITY OF CHATFIELD, MINNESOTA

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CITY OF CHATFIELD, MINNESOTA

INTRODUCTORY SECTION

DECEMBER 31, 2015

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CITY OF CHATFIELD, MINNESOTA
LIST OF ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2015

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

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CITY OF CHATFIELD, MINNESOTA

FINANCIAL SECTION

DECEMBER 31, 2015

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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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2015, 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.

Emphasis of Matter

As discussed in Note 7 to the financial statements, in 2015 the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board (GASB) Statements No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinions are not modified with respect to this matter.

Other Matters

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 16 and the required supplementary information as listed in the table of contents 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.

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, 2014, from which such partial information was derived.

We have previously audited the City's 2014 financial statements and our report dated March 26, 2015, 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, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

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, Schepf 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, 2015.

New Accounting Pronouncement. The City implemented Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement 68*, for the year ended December 31, 2015. These Statements established accounting and financial reporting standards by local governments for pensions.

As required by these new standards, the City recorded its proportionate share of the net pension liability of the General Employees Retirement Fund (GERF), a statewide cost-sharing defined benefit plan administered by PERA and the net pension asset of the Chatfield Fire Department Relief Association. The restatement to record the City's share of the net pension liability resulted in a decrease in beginning net position of \$628,023 (Governmental Activities) and \$99,902 (Business-Type Activities).

FINANCIAL HIGHLIGHTS

- The assets of the City of Chatfield, Minnesota exceeded its liabilities at the close of the most recent fiscal year by \$16,521,952 (*net position*). Of this amount, \$3,640,790 (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 \$1,337,994.
- As of the close of the current fiscal year, the City of Chatfield, Minnesota's governmental funds reported combined ending fund balances of \$3,332,667. Approximately \$2,211,121 of this total amount, or 66% 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 \$955,313 or 54 percent of next year's total general fund property tax levy and local government aid.
- The City of Chatfield, Minnesota decreased total outstanding debt obligations by \$720,886 during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Chatfield, Minnesota's basic financial statements. The City of Chatfield, Minnesota's basic financial statements comprise three components:

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

CITY OF CHATFIELD, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

The *statement of net position* presents information on all of the City of Chatfield, Minnesota's assets 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*.

CITY OF CHATFIELD, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Chatfield, Minnesota maintains twenty-six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the revolving loan federal fund, the fire fund, the EDA fund, the ambulance fund, the revolving loan state fund, and the CCA capital projects fund, which are considered to be major funds. Data from the other nineteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Chatfield, Minnesota adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for the general fund (pages 26-30) and the special revenue funds (pages 31-35 and 79-80) to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 20-21 and 23-24 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 36-41 of this report.

The internal service fund financial statements can be found on pages 81-83 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 42-68 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 71-78 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 \$16,521,952 at the close of the most recent fiscal year.

The largest portion of the City of Chatfield, Minnesota's net position (\$11,363,585) 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			
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 5,619,485	\$ 5,061,643	\$ 1,514,318	\$ 1,525,162	\$ 7,133,803	\$ 6,586,805
Capital assets	11,328,509	10,598,315	9,660,527	9,850,311	20,989,036	20,448,626
Total assets	16,947,994	15,659,958	11,174,845	11,375,473	28,122,839	27,035,431
Deferred outflows of resources	148,881		15,544		164,425	
Long-term liabilities						
outstanding	5,364,618	4,903,903	5,662,833	5,914,393	11,027,451	10,818,296
Other liabilities	494,801	195,322	104,764	109,930	599,565	305,252
Total liabilities	5,859,419	5,099,225	5,767,597	6,024,323	11,627,016	11,123,548
Deferred inflows of resources	126,115		12,181		138,296	
Net position:						
Net investment in capital assets	6,784,867	5,694,412	4,578,718	4,398,386	11,363,585	10,092,798
Restricted	1,517,577	1,523,555			1,517,577	1,523,555
Unrestricted	2,808,897	3,342,766	831,893	952,764	3,640,790	4,295,530
Total net position	\$ 11,111,341	\$ 10,560,733	\$ 5,410,611	\$ 5,351,150	\$ 16,521,952	\$ 15,911,883

The balance of *unrestricted net position* (\$3,640,790) may be used to meet the government's ongoing obligations to citizens and creditors.

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

Governmental activities. Governmental activities increased the City of Chatfield, Minnesota's net position by \$1,178,631.

**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 \$159,363.

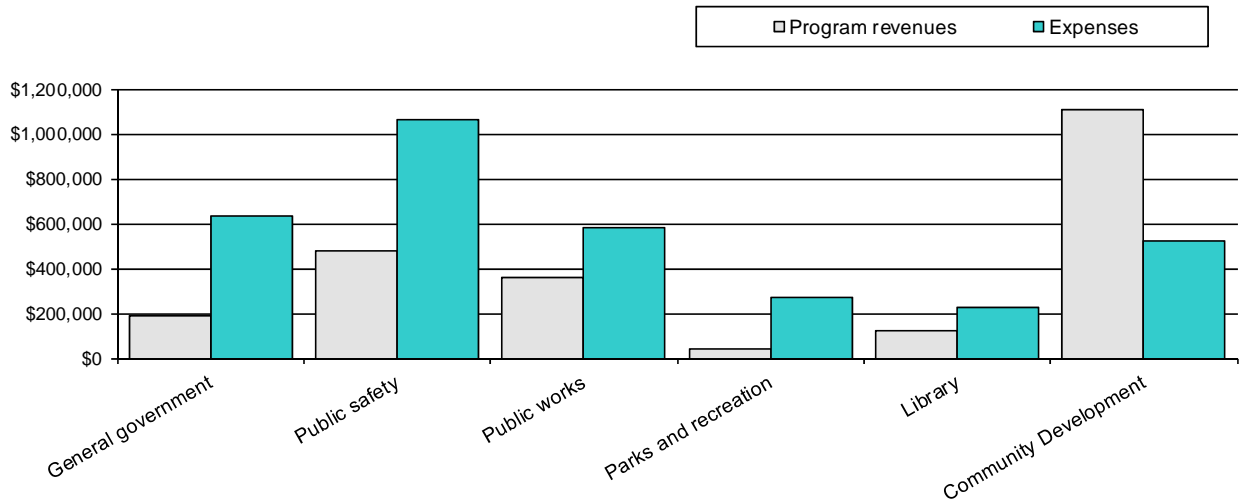
A condensed version of the Statement of Activities follows:

City of Chatfield, Minnesota Change in Net Position						
	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenue:						
Program revenues:						
Charges for services	\$ 580,960	\$ 584,607	\$ 1,277,308	\$ 1,260,364	\$ 1,858,268	\$ 1,844,971
Operating grants and contributions	1,690,685	747,956			1,690,685	747,956
Capital grants and contributions	20,922	168,184			20,922	168,184
General revenues:						
Property taxes	1,383,268	1,252,384			1,383,268	1,252,384
Tax increments	171,440	173,096			171,440	173,096
Grants and contributions not restricted to specific programs	763,180	1,196,103			763,180	1,196,103
Other	78,857	110,094	28,903	54,407	107,760	164,501
Total revenues	<u>4,689,312</u>	<u>4,232,424</u>	<u>1,306,211</u>	<u>1,314,771</u>	<u>5,995,523</u>	<u>5,547,195</u>
Expenses:						
General government	636,823	591,458			636,823	591,458
Public safety	1,061,209	929,963			1,061,209	929,963
Public works	582,195	632,920			582,195	632,920
Parks and recreation	273,781	232,058			273,781	232,058
Library	224,574	215,943			224,574	215,943
Community development	520,992	1,077,479			520,992	1,077,479
Interest on long-term debt	116,608	158,347			116,608	158,347
Water			236,734	232,750	236,734	232,750
Sewer			824,980	792,671	824,980	792,671
Garbage			179,633	181,049	179,633	181,049
Total expenses	<u>3,416,182</u>	<u>3,838,168</u>	<u>1,241,347</u>	<u>1,206,470</u>	<u>4,657,529</u>	<u>5,044,638</u>
Change in net position before transfers	1,273,130	394,256	64,864	108,301	1,337,994	502,557
Transfers	<u>(94,499)</u>	<u>(769,187)</u>	<u>94,499</u>	<u>769,187</u>		
Change in net position	1,178,631	(374,931)	159,363	877,488	1,337,994	502,557
Net position as restated, beginning	9,932,710	10,935,664	5,251,248	4,473,662	15,183,958	15,409,326
Net position, end of year	<u>\$ 11,111,341</u>	<u>\$ 10,560,733</u>	<u>\$ 5,410,611</u>	<u>\$ 5,351,150</u>	<u>\$ 16,521,952</u>	<u>\$ 15,911,883</u>

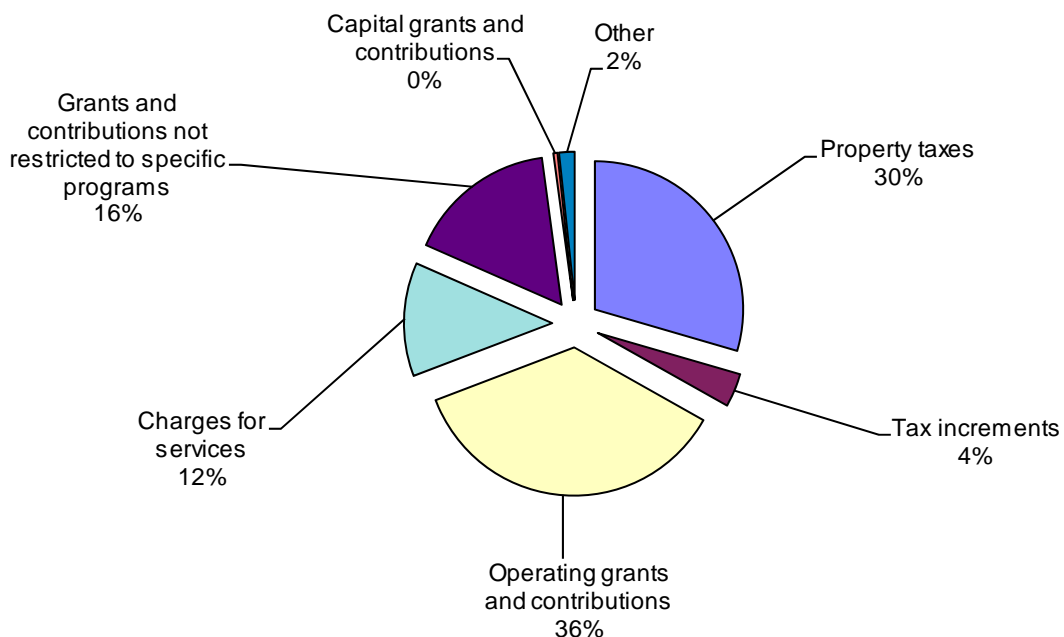
CITY OF CHATFIELD, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Expenses and Program Revenues - Governmental Activities



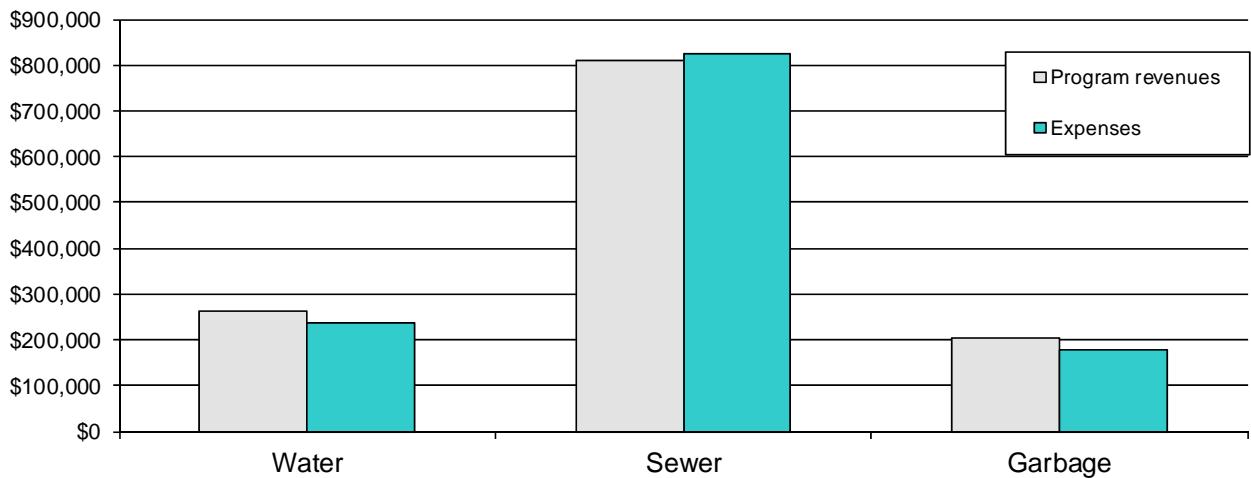
Revenues by Source - Governmental Activities



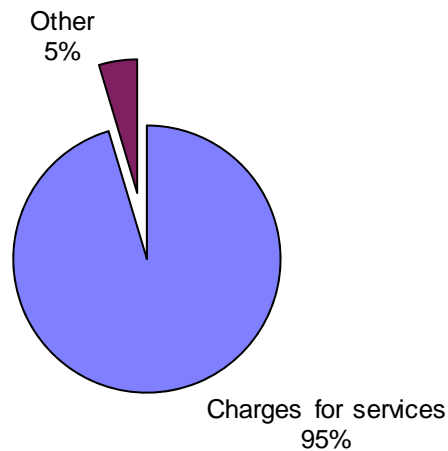
**CITY OF CHATFIELD, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business-Type Activities



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

FUND BASIS FINANCIAL ANALYSIS

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

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

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 \$3,332,667, an increase of \$45,652. This increase is the result of a variety of factors. There was a \$62,772 increase in the General Fund which was primarily due to positive performance in the Street Department. There was a \$114,936 increase in the Fire Department as they prepare for the replacement of a fire truck. There was a \$54,195 increase in the CCA Capital Fund because the State of Minnesota reimbursed the City for certain expenses incurred in conjunction with a grant that was authorized by the State. Those increases were offset, in part, by a \$158,623 decrease in the Ambulance Department due to the replacement of an ambulance and the upgrade of defibrillators as well as a decrease of \$33,958 in other governmental funds. Approximately 66% of this total amount, or \$2,211,121, 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 \$955,313. 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 54 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 2015, the fund balances of other governmental funds decreased in the amount of \$33,958, in comparison to the overall fund balances of \$3,332,667.

Proprietary funds. The City of Chatfield, Minnesota's proprietary funds statements found on pages 36-41 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 - \$537,033, Sewer - \$154,961, and Garbage - \$58,979.

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 and also in 2016. This was primarily due to the water improvements that were made in the Bench-Twiford Street area of the community in 2014 and to meet the overall needs of that enterprise.

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 and also in 2016. The long term outlook of the sanitary sewer fund was stabilized when the City refunded the debt associated with the wastewater treatment plant in 2011. In order to minimize sewer rate increases and avoid the prospect of rates that are higher than necessary at the time this debt is retired, the City has pledged general fund support for the next several years. To that end, in 2016, \$115,000 was transferred from the General Fund to the wastewater treatment plant debt service fund and the City plans additional transfers in years 2016 – 2022, which are already included in its long term budget. The 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

Due to an entry error in the budgeting process the 2015 general fund budget appears to have anticipated a decrease of \$74,660. The error overstated the Departmental capital charge in the Street Department by \$110,000 and is the primary reason for what appears to be a \$137,432 positive performance of the general fund, relative to the adopted budgeted. In reality, considering the entry error, the general fund had a positive performance of \$27,432, which represents less than a 1.5% variance from the actual budget for the year.

The primary cause of the increase in the general fund balance was the amount of property taxes collected exceeded expectations by \$66,505.

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, 2015, amounts to \$20,989,036 (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 \$540,410.

**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			
	2015	2014	2015	2014	2015	2014
Land	\$ 1,158,679	\$ 1,158,679	\$ 60,492	\$ 60,492	\$ 1,219,171	\$ 1,219,171
Construction in process	54,024	54,024			54,024	54,024
Buildings and improvements	4,287,726	3,660,240			4,287,726	3,660,240
Vehicles	874,266	814,700			874,266	814,700
Machinery and equipment	633,503	546,134	79,590	90,093	713,093	636,227
Furniture and fixtures	165,296	182,262			165,296	182,262
Wastewater treatment facility			9,520,445	9,699,726	9,520,445	9,699,726
Infrastructure	4,155,015	4,182,276			4,155,015	4,182,276
Total	<u>\$ 11,328,509</u>	<u>\$ 10,598,315</u>	<u>\$ 9,660,527</u>	<u>\$ 9,850,311</u>	<u>\$ 20,989,036</u>	<u>\$ 20,448,626</u>

Additional information on the City of Chatfield, Minnesota's capital assets can be found in Note 3D on pages 53-54 of this report.

Long-term debt. At the end of the current fiscal year, the City of Chatfield, Minnesota had \$10,085,000 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			
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 4,500,000	\$ 4,805,000	\$	\$	\$ 4,500,000	\$ 4,805,000
Tax increment bonds		50,886				50,886
General obligation revenue bonds			5,585,000	5,950,000	5,585,000	5,950,000
Total	<u>\$ 4,500,000</u>	<u>\$ 4,855,886</u>	<u>\$ 5,585,000</u>	<u>\$ 5,950,000</u>	<u>\$ 10,085,000</u>	<u>\$ 10,805,886</u>

The City of Chatfield, Minnesota's total bonds and notes payable decreased by \$720,886 during the current fiscal year. A more detailed breakdown of these obligations can be found in Note 3F, beginning on page 57.

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. A steel fabrication company has also grown to over 60 employees. These companies, along with the strong employment base at the Chosen Valley Care Center, the Chatfield Public Schools, and the many other employers in Chatfield accommodate a strong financial base for the community. In fact, according to census data, more people travel into Chatfield for work each day than those who leave Chatfield for work elsewhere, with 1,202 people coming into Chatfield for work while 1,070 people leave Chatfield for work. 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 just over \$7.0 million dollars in construction activity, \$2.1 million of which was residential and \$5.0 million of commercial construction, including a franchised coffeehouse/bakery. This is an increase from \$2.5 million in total construction in 2014, \$2.9 million in 2013, and \$1.8 million in 2012.

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

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

Tax rates, garbage fees, and water rates should remain stable for the foreseeable future. Increases in those rates are expected to be incremental and consistent with the projections that have been made in previous years.

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 1,070 residents leave Chatfield for work on a routine basis, almost 1,202 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, 2015

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CITY OF CHATFIELD, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2015
With Comparative Totals for December 31, 2014

	Governmental Activities	Business-Type Activities	Totals	
			2015	2014
ASSETS				
Cash and investments	\$ 3,771,221	\$ 850,742	\$ 4,621,963	\$ 4,774,461
Restricted cash		470,323	470,323	462,468
Receivables	1,740,620	193,253	1,933,873	1,349,876
Net pension asset	107,644		107,644	
Capital assets:				
Nondepreciable	1,212,703	60,492	1,273,195	1,273,195
Depreciable, net	10,115,806	9,600,035	19,715,841	19,175,431
Total Assets	<u>16,947,994</u>	<u>11,174,845</u>	<u>28,122,839</u>	<u>27,035,431</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pension activity	<u>148,881</u>	<u>15,544</u>	<u>164,425</u>	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 17,096,875</u>	<u>\$ 11,190,389</u>	<u>\$ 28,287,264</u>	<u>\$ 27,035,431</u>
LIABILITIES				
Accounts payable	305,565	21,720	327,285	56,440
Accrued interest payable	34,243	75,182	109,425	110,165
Accrued liabilities		2,272	2,272	21
Compensated absences	154,993	5,590	160,583	138,626
Noncurrent liabilities:				
Due within one year	395,000	370,000	765,000	720,886
Due in more than one year	4,148,642	5,182,132	9,330,774	10,097,410
Net pension liability	<u>820,976</u>	<u>110,701</u>	<u>931,677</u>	
Total Liabilities	<u>5,859,419</u>	<u>5,767,597</u>	<u>11,627,016</u>	<u>11,123,548</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pension activity	<u>126,115</u>	<u>12,181</u>	<u>138,296</u>	
NET POSITION				
Net investment in capital assets	6,784,867	4,578,718	11,363,585	10,092,798
Restricted for:				
Revolving loans	693,932		693,932	687,285
Debt service	823,645		823,645	836,270
Unrestricted	<u>2,808,897</u>	<u>831,893</u>	<u>3,640,790</u>	<u>4,295,530</u>
Total Net Position	<u>11,111,341</u>	<u>5,410,611</u>	<u>16,521,952</u>	<u>15,911,883</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 17,096,875</u>	<u>\$ 11,190,389</u>	<u>\$ 28,287,264</u>	<u>\$ 27,035,431</u>

See Notes to the Financial Statements

CITY OF CHATFIELD, MINNESOTA
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2015

With Comparative Totals for the Fiscal Year Ending December 31, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 636,823	\$ 149,803	\$ 30,312	\$ 5,256
Public safety	1,061,209	319,625	159,338	
Public works	582,195		349,947	9,666
Parks and recreation	273,781	39,452		
Library	224,574	14,296	106,710	
Community development	520,992	57,784	1,044,378	6,000
Interest on long-term debt	116,608			
Total governmental activities	<u>3,416,182</u>	<u>580,960</u>	<u>1,690,685</u>	<u>20,922</u>
Business-Type activities:				
Water	236,734	262,703		
Sewer	824,980	811,826		
Garbage	179,633	202,779		
Total business-type activities	<u>1,241,347</u>	<u>1,277,308</u>		
Total	<u>\$ 4,657,529</u>	<u>\$ 1,858,268</u>	<u>\$ 1,690,685</u>	<u>\$ 20,922</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, as originally stated				
Restatement due to change in accounting standards (Note 7)				
Net position - Beginning, as restated				
Net position - ending				

See Notes to the Financial Statements

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Totals	
		2015	2014
\$ (451,452)	\$	\$ (451,452)	\$ (414,998)
(582,246)		(582,246)	(531,721)
(222,582)		(222,582)	(614,702)
(234,329)		(234,329)	(198,269)
(103,568)		(103,568)	(142,361)
587,170		587,170	(277,023)
(116,608)		(116,608)	(158,347)
<u>(1,123,615)</u>		<u>(1,123,615)</u>	<u>(2,337,421)</u>
	25,969	25,969	49,126
	(13,154)	(13,154)	(14,926)
	<u>23,146</u>	<u>23,146</u>	<u>19,694</u>
	35,961	35,961	53,894
<u>(1,123,615)</u>	<u>35,961</u>	<u>(1,087,654)</u>	<u>(2,283,527)</u>
1,383,268		1,383,268	1,252,384
171,440		171,440	173,096
763,180		763,180	1,196,103
59,065	23,439	82,504	154,066
19,792	5,464	25,256	10,435
(94,499)	94,499		
<u>2,302,246</u>	<u>123,402</u>	<u>2,425,648</u>	<u>2,786,084</u>
1,178,631	159,363	1,337,994	502,557
10,560,733	5,351,150	15,911,883	15,409,326
(628,023)	(99,902)	(727,925)	
<u>9,932,710</u>	<u>5,251,248</u>	<u>15,183,958</u>	<u>15,409,326</u>
<u>\$ 11,111,341</u>	<u>\$ 5,410,611</u>	<u>\$ 16,521,952</u>	<u>\$ 15,911,883</u>

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CITY OF CHATFIELD, MINNESOTA

FUND FINANCIAL STATEMENTS

DECEMBER 31, 2015

CITY OF CHATFIELD, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2015
With Comparative Totals for December 31, 2014

	100 General	360 Revolving Loan Federal	220/221 Fire	240 EDA
ASSETS				
Cash and investments	\$ 781,594	\$ 129,859	\$ 294,694	\$ 73,449
Accounts receivable	1,094	748		
Notes receivable		563,325		
Due from other governmental units	28,570			
Taxes receivable delinquent	9,259			
Special assessments receivable				
Due from other funds	175,886			
TOTAL ASSETS	\$ 996,403	\$ 693,932	\$ 294,694	\$ 73,449
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 31,831	\$	\$ 853	\$ 12
Due to other funds				
Total Liabilities	31,831		853	12
Deferred Inflows of Resources:				
Unavailable revenue:				
Property taxes	9,259			
Special assessments				
Notes receivable		563,325		
Total Deferred Inflows of Resources	9,259	563,325		
Fund Balance:				
Restricted:				
Creditors (debt covenants)				
Regulations		130,607		
Committed:				
By Council action				
Assigned:				
Fund assignments			293,841	73,437
Unassigned:	955,313			
Total Fund Balance	955,313	130,607	293,841	73,437
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 996,403	\$ 693,932	\$ 294,694	\$ 73,449

See Notes to the Financial Statements

230/231 Ambulance	361 Revolving Loan State	452 CCA Capital Projects	Other Governmental Funds	Totals	
				2015	2014
\$ 60,186	\$ 7,677	\$	\$ 1,598,568	\$ 2,946,027	\$ 3,134,503
196,760	2,466	420,764	39,993	661,825	169,848
	373,480			936,805	957,226
			1,753	30,323	15,388
			2,459	11,718	9,250
			44,212	44,212	64,466
				175,886	68,110
<u>\$ 256,946</u>	<u>\$ 383,623</u>	<u>\$ 420,764</u>	<u>\$ 1,686,985</u>	<u>\$ 4,806,796</u>	<u>\$ 4,418,791</u>
\$ 1,055	\$	\$ 260,685	\$ 11,072	\$ 305,508	\$ 32,726
		160,980	14,906	175,886	68,110
<u>1,055</u>		<u>421,665</u>	<u>25,978</u>	<u>481,394</u>	<u>100,836</u>
			2,459	11,718	9,250
			44,212	44,212	64,466
	373,480			936,805	957,226
	<u>373,480</u>		<u>46,671</u>	<u>992,735</u>	<u>1,030,942</u>
			823,645	823,645	836,270
	10,143		157,151	297,901	336,107
			489,797	489,797	489,423
255,891			158,649	781,818	800,782
		(901)	(14,906)	939,506	824,431
<u>255,891</u>	<u>10,143</u>	<u>(901)</u>	<u>1,614,336</u>	<u>3,332,667</u>	<u>3,287,013</u>
<u>\$ 256,946</u>	<u>\$ 383,623</u>	<u>\$ 420,764</u>	<u>\$ 1,686,985</u>	<u>\$ 4,806,796</u>	<u>\$ 4,418,791</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, 2015

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

Total governmental fund balances (pages 20-21)	\$	3,332,667
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental funds - capital assets	\$	20,289,411
Less: Accumulated depreciation		<u>(8,960,902)</u>
		11,328,509

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

Delinquent property taxes	\$	11,718
Special assessments		44,212
Notes receivable		<u>936,805</u>
		992,735

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.

880,873

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	\$	(4,500,000)
Net pension liability		(798,210)
Net pension asset		107,644
Compensated absences		(154,993)
Bond premiums net of amortization		(43,641)
Accrued interest		<u>(34,243)</u>
		<u>(5,423,443)</u>

Net position of governmental activities (page 17)	\$	<u><u>11,111,341</u></u>
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CITY OF CHATFIELD, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2015
With Comparative Totals for the Year Ended December 31, 2014

	100 General	360 Revolving Loan Federal	220/221 Fire	240 EDA
REVENUES				
Property taxes	\$ 944,438	\$	\$	\$
Special assessments	5,256			
Tax increments				
Licenses and permits	27,182			
Fines and forfeits	8,650			
Intergovernmental revenues	805,953		103,714	
Franchise fees				
Charges for services	41,170		10,970	
Investment income	11,114	6,988	5,165	1,095
Contributions			66,802	
Miscellaneous revenues	38,804	17,573	2,239	19,010
TOTAL REVENUES	<u>1,882,567</u>	<u>24,561</u>	<u>188,890</u>	<u>20,105</u>
EXPENDITURES				
Current				
General government	514,647			
Public safety	526,328		110,431	
Public works	375,761			
Parks and recreation	246,546			
Library				
Community development	14,830	21,094		60,700
Capital Outlay			16,601	
Debt Service				
TOTAL EXPENDITURES	<u>1,678,112</u>	<u>21,094</u>	<u>127,032</u>	<u>60,700</u>
Excess (deficiency) of revenues over (under) expenditures	<u>204,455</u>	<u>3,467</u>	<u>61,858</u>	<u>(40,595)</u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds				
Transfers in	150,416		95,888	37,000
Transfers out	(292,099)		(42,810)	
TOTAL OTHER FINANCING SOURCES (USES)	<u>(141,683)</u>		<u>53,078</u>	<u>37,000</u>
Net change in fund balances	62,772	3,467	114,936	(3,595)
FUND BALANCES, beginning	<u>892,541</u>	<u>127,140</u>	<u>178,905</u>	<u>77,032</u>
FUND BALANCES, ending	<u>\$ 955,313</u>	<u>\$ 130,607</u>	<u>\$ 293,841</u>	<u>\$ 73,437</u>

See Notes to the Financial Statements

230/231 Ambulance	361 Revolving Loan State	452 CCA Capital Projects	Other Governmental Funds	Totals	
				2015	2014
\$	\$	\$	\$ 436,362	\$ 1,380,800	\$ 1,254,316
			29,920	35,176	135,344
			171,440	171,440	173,096
				27,182	20,424
			2,989	11,639	13,093
73,817		1,035,578	373,026	2,392,088	1,586,105
			23,837	23,837	24,456
236,772			30,305	319,217	262,104
4,467	3,938		28,788	61,555	110,095
602			65,225	132,629	71,167
2,279	25,117		46,932	151,954	173,407
317,937	29,055	1,035,578	1,208,824	4,707,517	3,823,607
			61,121	575,768	544,556
276,094				912,853	878,316
			44,217	419,978	486,804
				246,546	209,278
			252,876	252,876	194,915
	22,597		565,037	684,258	893,255
206,115		981,383		1,204,099	1,608,340
			507,007	507,007	504,114
482,209	22,597	981,383	1,430,258	4,803,385	5,319,578
(164,272)	6,458	54,195	(221,434)	(95,868)	(1,495,971)
					1,751,786
49,649			274,376	607,329	2,195,960
(44,000)			(86,900)	(465,809)	(2,093,673)
5,649			187,476	141,520	1,854,073
(158,623)	6,458	54,195	(33,958)	45,652	358,102
414,514	3,685	(55,096)	1,648,294	3,287,015	2,928,911
\$ 255,891	\$ 10,143	\$ (901)	\$ 1,614,336	\$ 3,332,667	\$ 3,287,013

See Notes to the Financial Statements

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, 2015

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

Net change in fund balances - total governmental funds (pages 23-24)	\$	45,652	
Governmental funds reported capital outlays as expenditures.			
However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay	\$	1,316,565	
Depreciation expense		<u>(617,485)</u>	
			699,080
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.			
			(18,982)
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, 2015	\$	992,735	
Unavailable revenue, December 31, 2014		<u>(1,030,942)</u>	
			(38,207)
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			(24,426)
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			
			220,093
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	\$	355,886	
Amortization of bond issuance costs		4,376	
Change in net pension activity		(62,543)	
Change in accrued interest		<u>(2,298)</u>	
			<u>295,421</u>
Change in net position of governmental activities (pages 18-19)	\$		<u><u>1,178,631</u></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, 2015
With Comparative Totals for the Year Ended December 31, 2014

	Budgeted Amounts		2015	Variance with	2014
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
REVENUES					
Property Tax Levy Collected	\$ 877,933	\$ 877,933	\$ 944,438	\$ 66,505	\$ 923,275
Special Assessments Collected	4,000	4,000	5,256	1,256	4,084
Licenses and permits	20,010	20,010	27,182	7,172	20,424
Intergovernmental Revenues					
Local government aid	761,554	761,554	761,554		751,023
Market value credit			686	686	430
State police aid	37,000	37,000	37,220	220	38,080
PERA aid	1,677	1,677	1,677		1,677
Highway	4,800	4,800	4,816	16	2,890
Total Intergovernmental Revenues	805,031	805,031	805,953	922	794,100
Charges For Services					
Plan check fee	3,700	3,700	7,121	3,421	4,402
Pool fees	30,625	30,625	33,699	3,074	30,856
Franchise fees	300	300	350	50	983
Total Charges For Services	34,625	34,625	41,170	6,545	36,241
Fines and Forfeits					
Parking fines	2,100	2,100	1,940	(160)	1,375
Court fines and other	11,000	11,000	6,710	(4,290)	7,968
Animal fines	100	100		(100)	110
Total Fines and Forfeits	13,200	13,200	8,650	(4,550)	9,453
Investment Income	500	500	11,114	10,614	24,103
Miscellaneous Revenues					
Sale of assets	75	75	63	(12)	943
Donations			4,798	4,798	2,692
Refunds/reimbursements	17,165	17,165	33,943	16,778	37,788
Total Miscellaneous Revenues	17,240	17,240	38,804	21,564	41,423
TOTAL REVENUES	\$ 1,772,539	\$ 1,772,539	\$ 1,882,567	\$ 110,028	\$ 1,853,103

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, 2015
With Comparative Totals for the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>2015</u>	<u>Variance with</u>	<u>2014</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	\$	\$ 9,200
Employee benefits and retirement	715	715	679	36	704
Workers compensation	65	65	52	13	56
Office supplies	400	400	228	172	356
Printing and publication	1,400	1,400	819	581	1,217
Insurance	6,200	6,200		6,200	
Travel	600	600	405	195	12
Legal fees	9,200	9,200	7,280	1,920	9,140
Dues and subscription	7,400	7,400	7,568	(168)	8,418
Departmental capital charge	1,650	1,650	1,650		750
Other	4,250	4,250	1,706	2,544	597
Total Mayor and Council	<u>41,080</u>	<u>41,080</u>	<u>29,587</u>	<u>11,493</u>	<u>30,450</u>
Elections	<u>4,100</u>	<u>4,100</u>	<u>724</u>	<u>3,376</u>	<u>3,023</u>
Clerk's Office					
Salaries	218,000	218,000	218,241	(241)	221,465
Employee benefits and retirement	32,900	32,900	31,957	943	31,746
Workers compensation	3,000	3,000	1,286	1,714	1,406
Health insurance	49,600	49,600	47,630	1,970	48,001
Office supplies	2,900	2,900	5,463	(2,563)	1,563
Postage	1,100	1,100	1,000	100	930
Audit fees	8,900	8,900	10,925	(2,025)	8,850
Consulting fees	4,500	4,500	4,796	(296)	4,510
Licenses and dues	1,650	1,650	1,469	181	1,606
Insurance	5,100	5,100	4,874	226	5,054
Internet	15,000	15,000	14,280	720	13,820
Telephone	3,600	3,600	3,901	(301)	3,805
Printing and publication	900	900	56	844	
Maintenance and repair	5,000	5,000	6,009	(1,009)	6,763
Conference expense	6,000	6,000	4,658	1,342	3,599
Departmental capital charge	6,100	6,100	6,100		6,100
Other	4,100	4,100	7,894	(3,794)	3,672
Total Clerk's Office	<u>368,350</u>	<u>368,350</u>	<u>370,539</u>	<u>(2,189)</u>	<u>362,890</u>
Planning and Zoning					
Printing	450	450	488	(38)	257
Consulting fees	48,732	48,732	50,042	(1,310)	45,719
Insurance			8,442	(8,442)	9,855
Other	1,200	1,200	1,192	8	1,245
Total Planning and Zoning	<u>\$ 50,382</u>	<u>\$ 50,382</u>	<u>\$ 60,164</u>	<u>\$ (9,782)</u>	<u>\$ 57,076</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, 2015
With Comparative Totals for the Year Ended December 31, 2014

	Budgeted Amounts		2015	Variance with	2014
	Original	Final	Actual	Final Budget - Favorable (Unfavorable)	Actual
EXPENDITURES (continued)					
General Government (Continued)					
Municipal Building					
Operating supplies	\$ 4,000	\$ 4,000	\$ 6,402	\$ (2,402)	\$ 4,347
Small tools and minor equipment	500	500	602	(102)	17
Maintenance and repair	7,000	7,000	13,857	(6,857)	17,052
Insurance	5,000	5,000	3,932	1,068	4,033
Utilities	7,000	7,000	5,164	1,836	6,419
Departmental capital charge	5,200	5,200	5,200		5,200
Other	21,500	21,500	18,476	3,024	17,037
Total Municipal Building	50,200	50,200	53,633	(3,433)	54,105
Total General Government	514,112	514,112	514,647	(535)	507,544
Public Safety					
Animal Control					
Operating supplies	300	300	164	136	253
Printing and publication	50	50		50	
Other	450	450	26	424	
Total Animal Control	800	800	190	610	253
Civil Defense					
Contracted services	5,450	5,450	5,000	450	5,000
Departmental capital charge	4,000	4,000	4,000		4,000
Total Civil Defense	9,450	9,450	9,000	450	9,000
Building Code					
Consultant fee	10,000	10,000	14,802	(4,802)	14,580
Plan review	2,000	2,000	6,216	(4,216)	1,567
Surcharge fee/sales tax	2,000	2,000	1,177	823	1,610
Total Building Code	\$ 14,000	\$ 14,000	\$ 22,195	\$ (8,195)	\$ 17,757

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, 2015
With Comparative Totals for the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>2015</u>	<u>Variance with</u>	<u>2014</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	\$ 288,360	\$ 288,360	\$ 288,645	\$ (285)	\$ 296,174
Employee benefits and retirement	37,450	37,450	49,225	(11,775)	49,362
Workers compensation/unemployment	10,000	10,000	8,899	1,101	12,032
Health insurance	33,000	33,000	49,897	(16,897)	40,880
Operating supplies	2,000	2,000	1,971	29	1,461
Vehicle operating supplies	12,500	12,500	6,726	5,774	10,548
Small tools and minor equipment	3,000	3,000	3,575	(575)	895
Telephone	4,200	4,200	4,453	(253)	4,192
Legal fees	12,000	12,000	13,192	(1,192)	10,904
Towing and wrecker fees	2,000	2,000	1,540	460	1,425
Uniform allowance	3,375	3,375	1,734	1,641	3,150
Maintenance and repair	8,500	8,500	12,452	(3,952)	17,265
Clothing	2,000	2,000	2,212	(212)	1,243
Printing and publication	300	300	120	180	327
Postage	850	850	349	501	340
Training	4,500	4,500	3,715	785	2,995
Contracted services	750	750	300	450	300
Insurance	15,000	15,000	13,520	1,480	14,512
Utilities	7,000	7,000	5,137	1,863	6,419
Departmental capital charge	22,800	22,800	22,800		22,800
Other	8,440	8,440	4,481	3,959	7,597
Total Police Department	<u>478,025</u>	<u>478,025</u>	<u>494,943</u>	<u>(16,918)</u>	<u>504,821</u>
Total Public Safety	<u>502,275</u>	<u>502,275</u>	<u>526,328</u>	<u>(24,053)</u>	<u>531,831</u>
Public Works					
Street Department					
Salaries	68,000	68,000	88,559	(20,559)	80,244
Employee benefits and retirement	10,800	10,800	11,506	(706)	11,334
Health insurance	15,400	15,400	13,237	2,163	16,667
Workers compensation	5,500	5,500	4,818	682	5,226
Operating supplies	6,000	6,000	16,041	(10,041)	9,043
Vehicle operating supplies	16,000	16,000	9,755	6,245	16,160
Maintenance and repair	40,100	40,100	56,200	(16,100)	69,266
Clothing	750	750	433	317	2,369
Snow removal	5,500	5,500	3,034	2,466	4,681
Insurance	7,000	7,000	6,545	455	6,720
Engineering fees	11,000	11,000	26,909	(15,909)	19,542
Small tools and minor equipment	3,200	3,200	6,602	(3,402)	4,058
Utilities	33,000	33,000	32,937	63	31,328
Departmental capital charge	204,350	204,350	94,350	110,000	204,350
Other	15,235	15,235	4,835	10,400	5,816
Total Public Works	<u>\$ 441,835</u>	<u>\$ 441,835</u>	<u>\$ 375,761</u>	<u>\$ 66,074</u>	<u>\$ 486,804</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, 2015
With Comparative Totals for the Year Ended December 31, 2014

	Budgeted Amounts		2015 Actual Amounts	Variance with Final Budget - Positive (Negative)	2014 Actual Amounts
	Original	Final			
EXPENDITURES (continued)					
Parks and Recreation					
Parks					
Salaries	\$ 48,500	\$ 48,500	\$ 55,946	\$ (7,446)	\$ 48,473
Employee benefits and retirement	6,300	6,300	7,086	(786)	6,146
Workers compensation	2,000	2,000	1,760	240	1,824
Health insurance	12,000	12,000	20,307	(8,307)	17,521
Small tools and minor equipment	1,300	1,300	1,467	(167)	164
Vehicle operating supplies	3,600	3,600	2,210	1,390	4,170
Maintenance and repair	7,000	7,000	26,321	(19,321)	10,576
Utilities	16,500	16,500	12,077	4,423	12,387
Insurance	6,900	6,900	6,528	372	6,713
Departmental capital charge	6,500	6,500	6,500		6,500
Other	7,350	7,350	9,102	(1,752)	5,877
Total Parks	117,950	117,950	149,304	(31,354)	120,351
Pool					
Salaries	42,000	42,000	45,884	(3,884)	39,896
Employee benefits and retirement	3,200	3,200	3,510	(310)	3,053
Workers compensation	2,200	2,200	1,782	418	2,049
Small tools and minor equipment	12,225	12,225	13,334	(1,109)	9,764
Maintenance and repair	5,000	5,000	3,931	1,069	4,748
Utilities	7,000	7,000	9,321	(2,321)	8,807
Insurance	10,700	10,700	10,248	452	10,530
Departmental capital charge	2,000	2,000	2,000		2,000
Other	1,800	1,800	3,427	(1,627)	2,575
Total Pool	86,125	86,125	93,437	(7,312)	83,422
Recreation	6,000	6,000	2,205	3,795	3,905
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	211,675	211,675	246,546	(34,871)	209,278
Community Development					
Promotional expense	3,000	3,000	2,381	619	1,907
Heritage preservation	9,630	9,630	8,082	1,548	7,632
Other	3,100	3,100	4,367	(1,267)	12,107
Total Community Development	15,730	15,730	14,830	900	21,646
TOTAL EXPENDITURES	1,685,627	1,685,627	1,678,112	7,515	1,757,103
Excess (deficiency) of revenues over (under) expenditures	86,912	86,912	204,455	117,543	96,000
OTHER FINANCING SOURCES (USES)					
Transfers in	125,810	125,810	150,416	24,606	112,469
Transfers out	(287,382)	(287,382)	(292,099)	(4,717)	(307,901)
Total Other Financing Sources (Uses)	(161,572)	(161,572)	(141,683)	19,889	(195,432)
Net change in fund balances	(74,660)	(74,660)	62,772	137,432	(99,432)
FUND BALANCES, beginning	892,541	892,541	892,541		991,973
FUND BALANCES, ending	\$ 817,881	\$ 817,881	\$ 955,313	\$ 137,432	\$ 892,541

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, 2015
With Comparative Totals for the Year Ended December 31, 2014

	Budgeted Amounts		Fund 240 2015 Actual Amounts	Variance with Final Budget - Positive (Negative)	2014 Actual Amounts
	Original	Final			
REVENUES					
Investment Income	\$ 250	\$ 250	\$ 1,095	\$ 845	\$ 1,563
Contributions					1,000
Miscellaneous	13,000	13,000	19,010	6,010	13,255
TOTAL REVENUES	13,250	13,250	20,105	6,855	15,818
EXPENDITURES					
Community development	47,110	47,110	60,700	(13,590)	43,835
TOTAL EXPENDITURES	47,110	47,110	60,700	(13,590)	43,835
Excess (deficiency) of revenues over (under) expenditures	(33,860)	(33,860)	(40,595)	(6,735)	(28,017)
OTHER FINANCING SOURCES					
Transfers in	37,000	37,000	37,000		60,190
Net change in fund balances	3,140	3,140	(3,595)	(6,735)	32,173
FUND BALANCES, beginning	77,032	77,032	77,032		44,859
FUND BALANCES, ending	\$ 80,172	\$ 80,172	\$ 73,437	\$ (6,735)	\$ 77,032

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, 2015
With Comparative Totals for the Year Ended December 31, 2014

	Budgeted Amounts		220	221	2015	Variance with	2014
	Original	Final	Fire	Fire Capital	Actual	Final Budget - Positive (Negative)	Actual
REVENUES							
Intergovernmental Revenues							
State Grants and Aids	\$ 32,000	\$ 32,000	\$ 36,999	\$	\$ 36,999	\$ 4,999	\$ 37,521
Volunteer retention stipend			10,000		10,000	10,000	
Township contributions	55,888	55,888	56,715		56,715	827	56,259
Charges for services			10,970		10,970	10,970	8,429
Investment income			2,075	3,090	5,165	5,165	5,254
Donations	62,000	62,000		66,802	66,802	4,802	61,183
Miscellaneous			2,239		2,239	2,239	565
TOTAL REVENUES	149,888	149,888	118,998	69,892	188,890	39,002	169,211
EXPENDITURES							
Public Safety							
Salaries	13,000	13,000	14,145		14,145	(1,145)	10,195
Employee benefits and retirement	550	550	823		823	(273)	364
Workers compensation	7,000	7,000	6,406		6,406	594	6,941
Operating supplies	3,000	3,000	3,178		3,178	(178)	1,643
Small tools and minor equipment	5,000	5,000	5,100		5,100	(100)	4,588
Vehicle operating supplies	1,000	1,000	1,607		1,607	(607)	2,246
Insurance	4,600	4,600	4,075		4,075	525	3,911
Utilities	7,500	7,500	6,191		6,191	1,309	7,794
Maintenance and repairs	8,000	8,000	6,925		6,925	1,075	6,307
Training	1,500	1,500	1,363		1,363	137	1,138
Fire pension contribution	28,000	28,000	42,671		42,671	(14,671)	39,897
Volunteer retention stipend	10,000	10,000	10,000		10,000		
Capital Outlay				16,601	16,601	(16,601)	48,931
Other	7,750	7,750	6,028	1,919	7,947	(197)	4,990
TOTAL EXPENDITURES	96,900	96,900	108,512	18,520	127,032	(30,132)	138,945
Excess (deficiency) of revenues over (under) expenditures	52,988	52,988	10,486	51,372	61,858	8,870	30,266
OTHER FINANCING SOURCES (USES)							
Transfers in	95,888	95,888	55,888	40,000	95,888		95,888
Transfers out	(42,810)	(42,810)	(42,810)		(42,810)		(42,730)
Net change in fund balances	106,066	106,066	23,564	91,372	114,936	8,870	83,424
FUND BALANCES, beginning	178,905	178,905	69,288	109,617	178,905		95,481
FUND BALANCES, ending	\$ 284,971	\$ 284,971	\$ 92,852	\$ 200,989	\$ 293,841	\$ 8,870	\$ 178,905

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, 2015
With Comparative Totals for the Year Ended December 31, 2014

	Budgeted Amounts		230	231	2015	Variance with	2014
	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	19,482		19,482	2,982	16,905
Training reimbursement	26,000	26,000	36,835		36,835	10,835	31,058
Volunteer retention stipend			11,000		11,000	11,000	
Other State Aids	3,000	3,000	2,000		2,000	(1,000)	2,190
Charges for services	210,000	210,000	236,772		236,772	26,772	192,564
Investment income	4,000	4,000	1,627	2,840	4,467	467	9,313
Donations	1,500	1,500	602		602	(898)	425
Miscellaneous	2,600	2,600	2,279		2,279	(321)	293
TOTAL REVENUES	268,100	268,100	315,097	2,840	317,937	49,837	257,248
EXPENDITURES							
Public Safety							
Salaries	128,500	128,500	139,573		139,573	(11,073)	120,444
Employee benefits and retirement	18,300	18,300	22,665		22,665	(4,365)	19,514
Workers compensation	2,500	2,500	1,862		1,862	638	2,011
Health insurance	16,500	16,500	23,690		23,690	(7,190)	17,987
Innoculations	200	200	68		68	132	75
Training	9,500	9,500	15,319		15,319	(5,819)	12,463
Small tools and minor equipment	1,500	1,500	4,630		4,630	(3,130)	1,419
Office supplies	1,500	1,500	1,334		1,334	166	1,566
Operating supplies	14,000	14,000	13,816		13,816	184	12,504
Vehicle operating supplies	6,000	6,000	3,426		3,426	2,574	5,182
Telephone	1,400	1,400	1,602		1,602	(202)	1,501
Travel	1,000	1,000	313		313	687	436
Printing and publications	800	800	1,219		1,219	(419)	1,186
Insurance	1,300	1,300	2,654		2,654	(1,354)	1,203
Utilities	6,500	6,500	5,137		5,137	1,363	6,419
Maintenance and repairs	10,000	10,000	10,108		10,108	(108)	7,903
Medical services	7,000	7,000	8,495		8,495	(1,495)	8,580
Laundry services	600	600	607		607	(7)	631
Clothing	1,000	1,000	116		116	884	618
License, permits, dues and subscription	1,150	1,150	2,985		2,985	(1,835)	1,154
Capital outlay	15,000	15,000		206,115	206,115	(191,115)	11,801
Refunds	3,000	3,000	71		71	2,929	4,484
Departmental capital charge	1,300	1,300	1,300		1,300		1,000
Volunteer retention stipend			11,000		11,000	(11,000)	
Other	9,970	9,970	4,104		4,104	5,866	5,145
TOTAL EXPENDITURES	258,520	258,520	276,094	206,115	482,209	(223,689)	245,226
Excess (deficiency) of revenues over (under) expenditures	9,580	9,580	39,003	(203,275)	(164,272)	(173,852)	12,022
OTHER FINANCING SOURCES (USES)							
Transfers in	49,649	49,649	19,649	30,000	49,649		49,551
Transfers out	(44,000)	(44,000)	(44,000)		(44,000)		(43,503)
TOTAL OTHER FINANCING SOURCES (USES)	5,649	5,649	(24,351)	30,000	5,649		6,048
Net change in fund balances	15,229	15,229	14,652	(173,275)	(158,623)	(173,852)	18,070
FUND BALANCES, beginning	414,514	414,514	234,552	179,962	414,514		396,444
FUND BALANCES, ending	\$ 429,743	\$ 429,743	\$ 249,204	\$ 6,687	\$ 255,891	\$ (173,852)	\$ 414,514

See Notes to the Financial Statements

CITY OF CHATFIELD, MINNESOTA
REVOLVING LOAN FEDERAL
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2015
With Comparative Totals for the Year Ended December 31, 2014

	Budgeted Amounts		Fund 360 2015 Actual Amounts	Variance with Final Budget - Positive (Negative)	2014 Actual Amounts
	Original	Final			
REVENUES					
Investment income	\$ 340	\$ 340	\$ 6,988	\$ 6,648	\$ 9,969
Miscellaneous	3,788	3,788	17,573	13,785	84,599
TOTAL REVENUES	<u>4,128</u>	<u>4,128</u>	<u>24,561</u>	<u>20,433</u>	<u>94,568</u>
EXPENDITURES					
Loan advances			21,094	(21,094)	185,803
Net change in fund balances	4,128	4,128	3,467	(661)	(91,235)
FUND BALANCES, beginning	<u>127,140</u>	<u>127,140</u>	<u>127,140</u>		<u>218,375</u>
FUND BALANCES, ending	<u>\$ 131,268</u>	<u>\$ 131,268</u>	<u>\$ 130,607</u>	<u>\$ (661)</u>	<u>\$ 127,140</u>

See Notes to the Financial Statements

CITY OF CHATFIELD, MINNESOTA
REVOLVING LOAN STATE
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2015
With Comparative Totals for the Year Ended December 31, 2014

	Budgeted Amounts		Fund 361 2015 Actual Amounts	Variance with Final Budget - Positive (Negative)	2014 Actual Amounts
	Original	Final			
REVENUES					
Intergovernmental revenue	\$	\$	\$	\$	\$ 408,000
Investment income	2,608	2,608	3,938	1,330	1,465
Miscellaneous	17,143	17,143	25,117	7,974	9,402
TOTAL REVENUES	19,751	19,751	29,055	9,304	418,867
EXPENDITURES					
Loan advances	15,800	15,800	22,597	(6,797)	415,182
Net change in fund balances	3,951	3,951	6,458	2,507	3,685
FUND BALANCES, beginning	3,685	3,685	3,685		
FUND BALANCES, ending	\$ 7,636	\$ 7,636	\$ 10,143	\$ 2,507	\$ 3,685

See Notes to the Financial Statements

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CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
Statement of Net Position
December 31, 2015
With Comparative Totals for December 31, 2014

	Business-Type Activities - Enterprise Funds				
	601 Water	611 Water Infrastructure	Total Water	602 Sewer	612/328/428/331 Sewer Infrastructure
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current Assets					
Cash and investments	\$ 546,137	\$ 80,198	\$ 626,335	\$ 110,715	\$ 48,395
Restricted cash					470,323
Accounts receivable, net	28,352	1,600	29,952	84,753	2,600
Special assessments receivable	9,444		9,444	31,479	
Special assessments delinquent	931		931	3,105	
Total Current Assets	584,864	81,798	666,662	230,052	521,318
Noncurrent Assets					
Capital assets:					
Nondepreciable		30,246	30,246		30,246
Depreciable		3,658,484	3,658,484		12,370,994
Less: Accumulated depreciation		1,102,649	1,102,649		5,326,794
Net capital assets		2,586,081	2,586,081		7,074,446
Deferred Outflows of Resources					
Deferred outflows from pension activity	5,862		5,862	9,682	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 590,726</u>	<u>\$ 2,667,879</u>	<u>\$ 3,258,605</u>	<u>\$ 239,734</u>	<u>\$ 7,595,764</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
Current Liabilities					
Current maturities of bonds payable	\$ 3,147	\$ 507	\$ 3,654	\$ 4,575	\$ 370,000
Accounts payable					75,182
Accrued interest payable					
Accrued liabilities	4,203		4,203	3,659	
Total Current Liabilities	7,350	507	7,857	8,234	445,182
Noncurrent Liabilities					
Net pension liability	41,749		41,749	68,952	
Bonds payable, net of current maturities					5,182,132
Total Liabilities	49,099	507	49,606	77,186	5,627,314
Deferred Inflows of Resources					
Deferred inflows from pension activity	4,594		4,594	7,587	
NET POSITION					
Net investment in capital assets		2,586,081	2,586,081		1,992,637
Unrestricted	537,033	81,291	618,324	154,961	(24,187)
Total Net Position	537,033	2,667,372	3,204,405	154,961	1,968,450
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 590,726</u>	<u>\$ 2,667,879</u>	<u>\$ 3,258,605</u>	<u>\$ 239,734</u>	<u>\$ 7,595,764</u>

See Notes to the Financial Statements

					Governmental Activities-Internal Service Funds	
					801	
					Capital Goods	
622	Total	603	Totals		2015	2014
Sewer - No	Sewer	Garbage	2015	2014		
Fault Back						
\$ 23,816	\$ 182,926	\$ 41,481	\$ 850,742	\$ 928,996	\$ 825,202	\$ 710,941
	470,323		470,323	462,468		
	87,353	18,309	135,614	87,402	55,737	
	31,479	11,542	52,465	40,814		
	3,105	1,138	5,174	5,482		
23,816	775,186	72,470	1,514,318	1,525,162	880,939	710,941
	30,246		60,492	60,492		
	12,370,994		16,029,478	15,798,995	4,169,049	3,993,889
	5,326,794		6,429,443	6,009,176	2,029,707	1,904,643
	7,074,446		9,660,527	9,850,311	2,139,342	2,089,246
	9,682		15,544			
\$ 23,816	\$ 7,859,314	\$ 72,470	\$ 11,190,389	\$ 11,375,473	\$ 3,020,281	\$ 2,800,187
\$	\$ 370,000	\$	\$ 370,000	\$ 365,000	\$	\$
	4,575	13,491	21,720	23,649	66	65
	75,182		75,182	78,222		
	3,659		7,862	8,059		
	453,416	13,491	474,764	474,930	66	65
	68,952		110,701			
	5,182,132		5,182,132	5,549,393		
	5,704,500	13,491	5,767,597	6,024,323	66	65
	7,587		12,181			
	1,992,637		4,578,718	4,398,386	2,139,342	2,089,246
23,816	154,590	58,979	831,893	952,764	880,873	710,876
23,816	2,147,227	58,979	5,410,611	5,351,150	3,020,215	2,800,122
\$ 23,816	\$ 7,859,314	\$ 72,470	\$ 11,190,389	\$ 11,375,473	\$ 3,020,281	\$ 2,800,187

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
Statement of Revenues, Expenses
and Changes in Fund Net Position
For the Year Ended December 31, 2015
With Comparative Totals for the Year Ended December 31, 2014

	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	\$ 239,108	\$ 12,800	\$ 251,908	\$ 755,486	\$ 20,350
Departmental capital charge					
	<u>239,108</u>	<u>12,800</u>	<u>251,908</u>	<u>755,486</u>	<u>20,350</u>
Operating Expenses					
Salaries	51,109		51,109	91,326	
Employee benefits and retirement	10,520		10,520	17,157	
Health insurance	415		415	20,951	
Workers compensation	1,806		1,806	3,179	
Garbage removal					
City clean up					
Supplies	9,037		9,037	14,938	
Utilities	17,459		17,459	33,904	
Maintenance and repairs	16,883	506	17,389	32,094	476
Travel and training	400		400	833	
Professional fees	15,081		15,081	39,664	
Office expense	1,171		1,171	3,304	
Insurance	3,033		3,033	11,666	
Depreciation		95,437	95,437		344,739
Departmental capital charge	400	7,900	8,300	550	7,100
Other	5,577		5,577	18,817	
Total Operating Expenses	<u>132,891</u>	<u>103,843</u>	<u>236,734</u>	<u>288,383</u>	<u>352,315</u>
Operating Income (Loss)	<u>106,217</u>	<u>(91,043)</u>	<u>15,174</u>	<u>467,103</u>	<u>(331,965)</u>
Nonoperating Revenues (Expenses)					
Investment income	11,935	2,108	14,043	5,084	3,017
Refunds and reimbursements	798		798	4,097	
Penalties and discounts	131		131	438	
Special assessments	10,795		10,795	35,990	
Intergovernmental					
Miscellaneous					
Loss on disposal					
Interest and fiscal charges					(183,884)
Total Nonoperating Revenues (Expenses)	<u>23,659</u>	<u>2,108</u>	<u>25,767</u>	<u>45,609</u>	<u>(180,867)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>129,876</u>	<u>(88,935)</u>	<u>40,941</u>	<u>512,712</u>	<u>(512,832)</u>
Capital contributions		125,273	125,273		112,746
Transfers in		112,513	112,513		661,921
Transfers out	(150,570)	(141,686)	(292,256)	(541,570)	(70,128)
CHANGE IN NET POSITION	<u>(20,694)</u>	<u>7,165</u>	<u>(13,529)</u>	<u>(28,858)</u>	<u>191,707</u>
NET POSITION - BEGINNING OF YEAR AS ORIGINALLY STATED	<u>595,404</u>	<u>2,660,207</u>	<u>3,255,611</u>	<u>246,044</u>	<u>1,776,743</u>
Restatement (Note 7)	(37,677)		(37,677)	(62,225)	
NET POSITION, AS RESTATED	<u>557,727</u>	<u>2,660,207</u>	<u>3,217,934</u>	<u>183,819</u>	<u>1,776,743</u>
NET POSITION - END OF YEAR	<u>\$ 537,033</u>	<u>\$ 2,667,372</u>	<u>\$ 3,204,405</u>	<u>\$ 154,961</u>	<u>\$ 1,968,450</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		2015	2014
			2015	2014		
\$	\$ 775,836	\$ 189,423	\$ 1,217,167	\$ 1,200,346	\$	\$
	775,836	189,423	1,217,167	1,200,346	161,635	270,235
					161,635	270,235
	91,326		142,435	115,433		
	17,157		27,677	20,576		
	20,951		21,366	20,863		
	3,179		4,985	5,567		
		152,241	152,241	151,145		
		11,650	11,650	14,090		
	14,938	319	24,294	19,685		
	33,904		51,363	53,584		
	32,570	1,768	51,727	78,748	23,995	26,994
	833		1,233	2,746		
	39,664		54,745	29,334		
	3,304	1,129	5,604	5,725		
	11,666		14,699	15,444		
	344,739		440,176	433,859	231,694	229,563
	7,650	200	16,150	16,150		
398	19,215	12,326	37,118	32,345	19,059	5,545
398	641,096	179,633	1,057,463	1,015,294	274,748	262,102
(398)	134,740	9,790	159,704	185,052	(113,113)	8,133
475	8,576	820	23,439	43,972	16,306	21,950
	4,097		4,895	7,022		
	438		569	3,413		
	35,990	13,356	60,141	60,018		
					36,003	
					118,271	10,725
					(18,932)	
	(183,884)		(183,884)	(191,176)		
475	(134,783)	14,176	(94,840)	(76,751)	151,648	32,675
77	(43)	23,966	64,864	108,301	38,535	40,808
	112,746		238,019	871,474	179,558	657,428
1,000	662,921		775,434	681,000	2,000	
	(611,698)	(15,000)	(918,954)	(783,287)		
1,077	163,926	8,966	159,363	877,488	220,093	698,236
22,739	2,045,526	50,013	5,351,150	4,473,662	2,800,122	2,101,886
	(62,225)		(99,902)			
22,739	1,983,301	50,013	5,251,248	4,473,662	2,800,122	2,101,886
\$ 23,816	\$ 2,147,227	\$ 58,979	\$ 5,410,611	\$ 5,351,150	\$ 3,020,215	\$ 2,800,122

CITY OF CHATFIELD, MINNESOTA

PROPRIETARY FUNDS

Statement of Cash Flows

For the Year Ended December 31, 2015

With Comparative Totals for the Year Ended December 31, 2014

	Business-Type Activities - Enterprise Funds				
	Water	Water Infrastructure	Total Water	Sewer	Sewer Infrastructure
Cash Flows From Operating Activities					
Cash received from customers	\$ 240,159	\$ 11,200	\$ 251,359	\$ 758,784	\$ 17,750
Cash paid to employees	(63,435)		(63,435)	(132,613)	
Cash paid to suppliers	(65,761)	(7,899)	(73,660)	(154,142)	(7,576)
Net Cash Provided By (Used In) Operating Activities	110,963	3,301	114,264	472,029	10,174
Cash Flows From Noncapital Financing Activities					
Intergovernmental	56		56	184	
Miscellaneous					
Transfer in/out	(150,570)	(29,173)	(179,743)	(541,570)	591,793
Net Cash Provided By (Used In) Noncapital Financing Activities	(150,514)	(29,173)	(179,687)	(541,386)	591,793
Cash Flows From Capital and Related Financing Activities					
Capital asset acquisitions		(7,217)	(7,217)		(5,156)
Principal payments on bonds					(365,000)
Interest payments on bonds					(184,185)
Net Cash (Used In) Capital and Related Financing Activities		(7,217)	(7,217)		(554,341)
Cash Flows From Investing Activities					
Investment income received	11,935	2,108	14,043	5,084	3,017
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(27,616)	(30,981)	(58,597)	(64,273)	50,643
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	573,753	111,179	684,932	174,988	468,075
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 546,137	\$ 80,198	\$ 626,335	\$ 110,715	\$ 518,718
Classified as:					
Cash and cash equivalents	\$ 546,137	\$ 80,198	\$ 626,335	\$ 110,715	\$ 48,395
Restricted cash					470,323
Total Cash and Cash Equivalents, End of Year	\$ 546,137	\$ 80,198	\$ 626,335	\$ 110,715	\$ 518,718

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

Operating Income (Loss)	\$ 106,217	\$ (91,043)	\$ 15,174	\$ 467,103	\$ (331,965)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation		95,437	95,437		344,739
Change in net pension liability	2,804		2,804	4,632	
Miscellaneous nonoperating income	11,724		11,724	40,525	
(Increase) Decrease In:					
Accounts receivable	(10,617)	(1,600)	(12,217)	(37,043)	(2,600)
Special assessments delinquent	(56)		(56)	(184)	
Increase (Decrease) In:					
Accounts payable	710	507	1,217	(2,626)	
Accrued liabilities	181		181	(378)	
Net Cash Provided By (Used In) Operating Activities	\$ 110,963	\$ 3,301	\$ 114,264	\$ 472,029	\$ 10,174

See Notes to the Financial Statements

Sewer - No Fault Back	Total Sewer	Garbage	Totals		Governmental Activities- Internal Service Funds 801 Capital Goods	
			2015	2014	2015	2014
\$	\$ 776,534	\$ 195,016	\$ 1,222,909	\$ 1,274,907	\$ 105,898	\$ 278,435
	(132,613)		(196,048)	(162,439)		
(398)	(162,116)	(180,153)	(415,929)	(458,473)	(43,053)	(37,684)
(398)	481,805	14,863	610,932	653,995	62,845	240,751
	184	68	308	1,000	36,003	
					118,271	10,725
1,000	51,223	(15,000)	(143,520)	(102,287)	2,000	
1,000	51,407	(14,932)	(143,212)	(101,287)	156,274	10,725
	(5,156)		(12,373)	(83,340)	(121,164)	(109,319)
	(365,000)		(365,000)	(360,000)		
	(184,185)		(184,185)	(191,434)		
	(554,341)		(561,558)	(634,774)	(121,164)	(109,319)
475	8,576	820	23,439	43,972	16,306	21,950
1,077	(12,553)	751	(70,399)	(38,094)	114,261	164,107
22,739	665,802	40,730	1,391,464	1,429,558	710,941	546,834
\$ 23,816	\$ 653,249	\$ 41,481	\$ 1,321,065	\$ 1,391,464	\$ 825,202	\$ 710,941
\$ 23,816	\$ 182,926	\$ 41,481	\$ 850,742	\$ 928,996	\$ 825,202	\$ 710,941
	470,323		470,323	462,468		
\$ 23,816	\$ 653,249	\$ 41,481	\$ 1,321,065	\$ 1,391,464	\$ 825,202	\$ 710,941
\$ (398)	\$ 134,740	\$ 9,790	\$ 159,704	\$ 185,052	\$ (113,113)	\$ 8,133
	344,739		440,176	433,859	231,694	229,563
	4,632		7,436			
	40,525	13,356	65,605	70,453		
	(39,643)	(7,695)	(59,555)	5,108	(55,737)	8,200
	(184)	(68)	(308)	(1,000)		
	(2,626)	(520)	(1,929)	1,384	1	(5,145)
	(378)		(197)	(40,861)		
\$ (398)	\$ 481,805	\$ 14,863	\$ 610,932	\$ 653,995	\$ 62,845	\$ 240,751

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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 *CCA Capital Projects fund* accounts for the accumulation of resources for payment of the CCA capital 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

Cash and Investments

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

Interfund Transactions

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

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, 2015 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.

Pensions

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

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, 2015, 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	1,665,806
Certificates of deposit	1,174,839
U.S. Government Bonds	1,254,962
Municipal Bonds	635,528
Money Market Funds	<u>361,001</u>
Total Cash and Investments	<u>\$ 5,092,286</u>

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

Cash and Investments	\$ 4,621,963
Restricted Cash	<u>470,323</u>
	<u>\$ 5,092,286</u>

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.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

Collateralization of Cash Deposits

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

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

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

Interest Rate Risk

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

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.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

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.

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, 2015:

	Date of Loan	Initial Loan Amount	Interest Rate	Term	Balance 12/31/15
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	1,350
Adourn	9/18/2012	8,490	6%	5 years	3,901
EZ Fab	7/1/2014	533,000	1%	15 years	488,757
MT Properties	10/1/2014	62,700	4%	10 years	56,143
Steve's Auto	8/1/2015	21,000	4%	5 years	19,673
		<u>\$ 1,189,363</u>			<u>\$ 936,805</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

D. Capital Assets

Capital asset activity, including internal service fund capital assets, for the year ended December 31, 2015 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	1,212,703			1,212,703
Capital assets, being depreciated:				
Buildings	7,225,308	979,184		8,204,492
Infrastructure	6,719,883	202,117		6,922,000
Vehicles	1,533,008	199,663	103,153	1,629,518
Furniture and fixtures	350,362			350,362
Machinery and equipment	1,775,403	217,391	22,458	1,970,336
Total capital assets, being depreciated	17,603,964	1,598,355	125,611	19,076,708
Less accumulated depreciation for:				
Buildings	3,565,068	351,698		3,916,766
Infrastructure	2,537,607	229,378		2,766,985
Vehicles	718,308	123,155	86,211	755,252
Furniture and fixtures	168,100	16,966		185,066
Machinery and equipment	1,229,269	127,982	20,418	1,336,833
Total accumulated depreciation	8,218,352	849,179	106,629	8,960,902
Total capital assets, being depreciated, net	9,385,612	749,176	18,982	10,115,806
Governmental activities capital assets, net	\$ 10,598,315	\$ 749,176	\$ 18,982	\$ 11,328,509

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	15,466,805	243,175		15,709,980
Machinery and equipment	332,190	7,217	19,909	319,498
Total capital assets, being depreciated	15,798,995	250,392	19,909	16,029,478
Less accumulated depreciation for:				
Wastewater Treatment Facility and Distribution	5,767,079	422,456		6,189,535
Machinery and equipment	242,097	17,720	19,909	239,908
Total accumulated depreciation	6,009,176	440,176	19,909	6,429,443
Total capital assets, being depreciated, net	9,789,819	(189,784)		9,600,035
 Business-type activities capital assets, net	 \$ 9,850,311	 \$ (189,784)	 \$	 \$ 9,660,527

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

General government	\$ 49,188
Public safety	111,464
Public works	143,200
Parks and recreation	23,793
Library	46,378
Community development	243,462
Subtotal	617,485
Internal service fund	231,694

Total depreciation expense - governmental activities \$ 849,179

Business-Type Activities:

Water Infrastructure	\$ 95,437
Sewer Infrastructure	344,739
Total depreciation expense - business-type activities	<u>\$ 440,176</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, 2015 were as follows:

<u>Funds</u>	Transfers In	Transfers Out
General Fund - Other	\$ 150,416	\$ 292,099
Special Revenue:		
Ambulance	49,649	44,000
EDA	37,000	
Fire capital	95,888	42,810
Cable Access		2,900
Chatfield Center for the Arts	57,845	
Capital Projects:		
2013 Flood Damage	4,717	
Debt Service:		
2004A GO Sewer Revenue and PIR Refunding Bond	38,128	84,000
2014A Bond	70,000	
2012A Refunding Bond	103,686	
Subtotal Governmental Funds	<u>607,329</u>	<u>465,809</u>
Enterprise:		
Water		150,570
Sewer		541,570
Garbage		15,000
Water Infrastructure	112,513	141,686
Sewer Infrastructure	661,921	70,128
Sewer - No Fault Back	1,000	
Subtotal Enterprise Funds	<u>775,434</u>	<u>918,954</u>
Internal Service Fund	<u>2,000</u>	
Total Transfers	<u>\$ 1,384,763</u>	<u>\$ 1,384,763</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

E. Interfund Balances and Transfers (continued)

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

Governmental Funds:	
Transfers in	\$ 609,329
Transfers out	<u>(465,809)</u>
Capital assets transferred from Governmental	
Activities to Business-type activities	<u>(238,019)</u>
Government-wide Statement of Activities	
Transfers in/out	<u><u>\$ (94,499)</u></u>

The amounts due to and from other funds at December 31, 2015, at the individual fund level are summarized below:

<u>Funds</u>	<u>Due To</u> <u>Other Funds</u>	<u>Due From</u> <u>Other Funds</u>
General Fund	\$	\$ 175,886
Family Dollar TIF	14,398	
Cabin Coffee TIF	508	
CCA Capital Projects Fund	<u>160,980</u>	
	<u><u>\$ 175,886</u></u>	<u><u>\$ 175,886</u></u>

At December 31, 2015, the following funds have deficit balances:

Family Dollar TIF Fund	\$ 14,398
Cabin Coffee TIF Fund	508
CCA Capital Projects Fund	901

Excess of expenditures over budgeted appropriations at the individual fund level during 2015 are as follows:

Special Revenue Funds	
EDA	\$ 13,590
Fire	30,132
Ambulance	223,689
Revolving Loan State	6,797
Revolving Loan Federal	21,094

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, 2015:

	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%)	\$ 30,000	\$	\$ 10,000	\$ 20,000	\$ 10,000
2004A Sewer & Perm Improv Refunding (3.75%)	65,000		65,000		
2010A Capital Improvement Refunding (2.0-3.9%)	1,110,000		80,000	1,030,000	80,000
2012 GO Crossover Refunding Bonds (2.0-2.7%)	1,875,000		150,000	1,725,000	145,000
2014A GO Bonds (2.0-2.25%)	1,725,000			1,725,000	160,000
Plus: Unamortized premium	48,017		4,376	43,641	
Tax Increment Bonds:					
1999 Tax Increment (5.75%)	50,886		50,886		
Total Bonds and Notes Payable	4,903,903		360,262	4,543,641	395,000
Other Liabilities:					
Compensated Absences	130,567	24,426		154,993	
Governmental Activities					
Long-term Liabilities	5,034,470	24,426	360,262	4,698,634	395,000
BUSINESS-TYPE ACTIVITIES					
Bonds:					
General Obligation Revenue Bonds:					
2011A Refunding Bonds (3.42%)	5,950,000		365,000	5,585,000	370,000
Less: Bond discount	(35,607)		(2,739)	(32,868)	
Other Liabilities:					
Compensated Absences	8,059		2,469	5,590	
Business-type Activities					
Long-term Liabilities	5,922,452		364,730	5,557,722	370,000
Total	\$ 10,956,922	\$ 24,426	\$ 724,992	\$ 10,256,356	\$ 765,000

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 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 county has agreed to abate \$1,100,000 and the school district will abate \$454,000 of future property tax revenues generated by the project.

The annual requirements to amortize all long-term debt outstanding as of December 31, 2015, over the life of the debt, are summarized below:

Years	General Obligation Bonds		General Obligation Revenue Bonds	
	Principal	Interest	Principal	Interest
<u>Governmental Activities</u>				
2016	\$ 395,000	\$ 107,345		
2017	395,000	98,688		
2018	400,000	89,946		
2019	400,000	81,206		
2020	410,000	71,941		
2021-2025	2,125,000	258,907		
2026-2028	375,000	30,590		
Totals	<u>\$ 4,500,000</u>	<u>\$ 738,620</u>		
<u>Business-Type Activities</u>				
2016			\$ 370,000	\$ 176,835
2017			375,000	169,010
2018			380,000	160,135
2019			390,000	150,023
2020			400,000	138,660
2021-2025			2,180,000	486,780
2026-2028			1,490,000	90,200
Totals			<u>\$ 5,585,000</u>	<u>\$ 1,371,643</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

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, 2015, remaining notes outstanding totaled \$2,697,517.

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, 2015, remaining notes outstanding totaled \$1,190,856.

4. Defined Benefit Pension Plans - Statewide

Plan Description

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

1. General Employees Retirement Fund (GERF) – All full-time and certain part-time employees of the City of Chatfield, Minnesota are covered by the General Employees Retirement Fund (GERF). 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. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans – Statewide (Continued)

Plan Description (Continued)

2. Public Employees Police and Fire Fund (PEPFF) – The PEPFF, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the PEPFF also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases. The benefit provisions stated in the following 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.

1. GERP Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a 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% of average salary for each of the first ten years of service and 2.7% 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 ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Disability benefits are available for vested members and are based upon years of service and average high-five salary.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans - Statewide (Continued)

2. PEPFF Benefits

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

Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

1. GERF Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.50%, respectively, of their annual covered salary in calendar year 2015. The City was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2015. The City's contributions to the GERF for the year ended December 31, 2015, were \$54,058. The City's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2015. The City's was required to contribute 16.20% of pay for PEPFF members in calendar year 2015. The City's contributions to the PEPFF for the year ended December 31, 2015, were \$44,151. The City's contributions were equal to the required contributions as set by state statute.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans - Statewide (Continued)

Pension Costs

1. GERF Pension Costs

At December 31, 2015, the City reported a liability of \$590,807 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportion was 0.0114% at the end of the measurement period and 0.0124% for the beginning of the period.

For the year ended December 31, 2015, the City recognized pension expense of \$67,009 for its proportionate share of the GERF's pension expense.

At December 31, 2015, the City reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$	\$ 29,787
Difference between projected and actual investment earnings	55,929	
Changes in proportion		35,231
Contributions paid to PERA subsequent to the measurement date	27,029	
Total	<u>\$ 82,958</u>	<u>\$ 65,018</u>

Included in deferred outflows of resources related to pensions is \$27,029 resulting from City contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability during the year ending December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Pension Expense Amount
2016	\$ (7,691)
2017	(7,691)
2018	(7,691)
2019	13,983

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans - Statewide (Continued)

2. PEPFF Pension Costs

At December 31, 2015, the City reported a liability of \$340,870 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportion was .030% at the end of the measurement period and .032% for the beginning of the period.

For the year ended December 31, 2015, the City recognized pension expense of \$55,140 for its proportionate share of the PEPFF's pension expense. The City also recognized \$2,700 for the year ended December 31, 2015, as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

At December 31, 2015, the City reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$	\$ 55,278
Difference between projected and actual investment earnings	59,391	
Changes in proportion		18,001
Contributions paid to PERA subsequent to the measurement date	22,076	
Total	<u>\$ 81,467</u>	<u>\$ 73,279</u>

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans - Statewide (Continued)

Included in deferred outflows of resources related to pensions is \$22,076 resulting from City contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability during the year ending December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Pension Expense Amount
2016	\$ 192
2017	192
2018	192
2019	191
2020	(14,655)

Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75%	Per year
Active Member Payroll Growth	3.50%	Per year
Investment Rate of Return	7.90%	

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. Benefit increases for retirees are assumed to be 1% effective every January 1st through 2026 and 2.5% thereafter.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the GERP was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014. Experience studies have not been prepared for PERA's other plans, but assumptions are reviewed annually.

There were no changes in actuarial assumptions in 2015.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans - Statewide (Continued)

Actuarial Assumptions (continued)

The long-term expected rate of return on pension plan investments is 7.9%. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Stocks	45%	5.50%
International Stocks	15%	6.00%
Bonds	18%	1.45%
Alternative Assets	20%	6.40%
Cash	2%	0.50%

Discount Rate

The discount rate used to measure the total pension liability was 7.9%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.9%)	Discount Rate (7.9%)	1% Increase in Discount Rate (8.9%)
City's proportionate share of the GERP net pension liability	\$ 928,959	\$ 590,807	\$ 311,546
City's proportionate share of the PEPFF net pension liability	664,360	340,870	73,612

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans - Statewide (Continued)

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

Defined Benefit Pension Plan – Fire Department Relief Association

The Chatfield Fire Department Relief Association has not had an actuarial study performed. The Association believes the funding status determined using the calculation required by the Minnesota State Auditor is sufficient to determine the reportable amounts under GASB No. 68, *Accounting and Financial Reporting for Pensions*.

Plan Description

The City contributes to the Chatfield Fire Department Relief Association ("Association"), a single employer public employee retirement system that acts as a common investment and administrator for the City's firefighters.

Volunteer firefighters of the City are members of the Chatfield Fire Department Relief Association. Association members are eligible to receive a lump sum pension benefit of \$1,600 per person per year of service after reaching a minimum retirement age of 50 and at least 20 years of service with 5 years of membership in the association. Association members are eligible to receive partial pension benefits for service of 5 years with 5 years of membership in the association. These benefit provisions are consistent with enabling State statutes. Volunteers of the department are not required to contribute to the relief association. The City levies property taxes at the direction of and for the benefit of the fire relief association and passes through state aids allocated to the plan, all in accordance with enabling state statutes. During 2015, at the Association direction, the City did not levy any property taxes to be paid to the Association.

CITY OF CHATFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Defined Benefit Pension Plans - Statewide (Continued)

Funding Status and Progress

At December 31, 2015 (most current information available) the Association funding status is as follows:

Total plan assets	\$	443,836
Total accrued liability		(336,192)
Excess (Deficiency) of Plan Assets over Accrued Liability	\$	<u>107,644</u>

Contributions Required and Contributions Made

Financial requirements of the Association are determined on a computation based on member years of service. The City's minimum obligation is the financial requirement for the year less Association investment earnings and State aids. The funding strategy should provide sufficient resources to pay relief association benefits on a timely basis. The City was not obligated to make a contribution in 2015.

The computation of the pension contribution requirements for 2015 was based on the same assumptions, benefit provision, lump sum funding method, and other significant factors used to determine pension contributions requirements in previous years.

5. 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 2015.

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 2015. 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)**

6. Fund Equity

Committed fund balances as of December 31, 2015 are as follows:

Committed fund balance:	
Library Fund	\$ 489,797

7. Change in Accounting Standards

During the Year Ended December 31, 2015, the City implemented Governmental Accounting standards (GASB) No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board (GASB) Statements No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Restatement of all prior periods presented is not practical, therefore the cumulative effect of applying this statement is reported as a restatement of beginning net position for the current period.

Following is a reconciliation of the previously reported December 31, 2014 balances with the amounts reported on the December 31, 2015 financial statements:

Activities/Fund	Net Position December 31, 2014, as Previously Reported	Restatement for Net Pension Liability	Net Position December 31, 2014, as Restated
Governmental Activities	<u>\$ 10,560,733</u>	<u>\$ (628,023)</u>	<u>\$ 9,932,710</u>
Business-Type Activities	<u>\$ 841,448</u>	<u>\$ (99,902)</u>	<u>\$ 741,546</u>
Proprietary Funds:			
Water Fund	\$ 595,404	\$ (37,677)	\$ 557,727
Sewer Fund	<u>246,044</u>	<u>(62,225)</u>	<u>183,819</u>
	<u>\$ 841,448</u>	<u>\$ (99,902)</u>	<u>\$ 741,546</u>

CITY OF CHATFIELD, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2015

CITY OF CHATFIELD, MINNESOTA
Schedules of City Contributions
December 31, 2015

Schedule of City Contributions
PERA General Employees Retirement Fund

Year Ended December 31	Contributions in Relation to		Contribution Deficiency (Excess) (a-b)	Covered Employee Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
	Statutorily Required Contribution (a)	Statutorily Required Contribution (b)			
2014	\$ 43,241	\$ 43,241	\$	\$ 728,259	5.9%
2015	67,009	67,009		750,282	8.9%
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					

Schedule of City Contributions
PERA Public Employees Police and Fire Fund Pension Plan

Year Ended December 31	Contributions in Relation to		Contribution Deficiency (Excess) (a-b)	Covered Employee Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
	Statutorily Required Contribution (a)	Statutorily Required Contribution (b)			
2014	\$ 37,020	\$ 37,020	\$	\$ 296,393	12.5%
2015	55,140	55,140		289,705	19.0%
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					

CITY OF CHATFIELD, MINNESOTA
Schedules of Proportionate Share of Net Pension Liability
December 31, 2015

Schedule of Proportionate Share of Net Pension Liability
PERA General Employees Retirement Fund

Fiscal Year Ended June 30	Proportionate (Percentage) of Net Pension Liability (Asset)	Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Covered- Employee Payroll (b)	Proportionate Share (Amount) of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0124%	\$ 582,490	\$ 728,259	80%	78.7%
2015	0.0114%	590,807	750,282	79%	78.2%
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					

Schedule of Proportionate Share of Net Pension Liability
PERA Public Employees Police and Fire Fund Pension Plan

Fiscal Year Ended June 30	Proportionate (Percentage) of Net Pension Liability (Asset)	Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Covered- Employee Payroll (b)	Proportionate Share (Amount) of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.032%	\$ 345,613	\$ 296,393	117%	87.1%
2015	0.030%	340,870	289,705	118%	86.6%
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					

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CITY OF CHATFIELD, MINNESOTA
COMBINING AND INDIVIDUAL NONMAJOR FUNDS
STATEMENTS AND SCHEDULES
DECEMBER 31, 2015

**CITY OF CHATFIELD, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2015**

	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	\$ 492,552	\$ 50,078	\$ 157,151	\$ 95,801	\$ 8,729
Accounts receivable		6,295			
Due from other governmental units					
Taxes receivable - delinquent					
Special assessments receivable					
TOTAL ASSETS	<u>\$ 492,552</u>	<u>\$ 56,373</u>	<u>\$ 157,151</u>	<u>\$ 95,801</u>	<u>\$ 8,729</u>
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ 2,755	\$ 2	\$	\$ 4,042	\$
Due to other funds					
Total Liabilities	<u>2,755</u>	<u>2</u>		<u>4,042</u>	
Deferred Inflows of Resources					
Unavailable revenue:					
Property taxes					
Special assessments					
Total Deferred Inflows of Resources					
Fund Balance					
Restricted:					
Creditors (debt covenants)					
Regulations			157,151		
Committed:					
By Council resolution	489,797				
Assigned:					
Fund assignments		56,371		91,759	8,729
Unassigned:					
Total Fund Balance	<u>489,797</u>	<u>56,371</u>	<u>157,151</u>	<u>91,759</u>	<u>8,729</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 492,552</u>	<u>\$ 56,373</u>	<u>\$ 157,151</u>	<u>\$ 95,801</u>	<u>\$ 8,729</u>

353 Pope & Young Tax Increment	358 Family Dollar Tax Increment	340 Mill Pond Townhomes Tax Increment	354 Lone Stone Tax Increment	357 EZ Fab Tax Increment	359 Cabin Coffee Tax Increment
\$ 2	\$	\$	\$ 1,788	\$	\$
			447		
<u>\$ 2</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,235</u>	<u>\$</u>	<u>\$</u>
\$	\$ 14,398	\$	\$	\$	\$ 508
	14,398				508
			447		
			447		
2	(14,398)		1,788		(508)
2	(14,398)		1,788		(508)
<u>\$ 2</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,235</u>	<u>\$</u>	<u>\$</u>

CITY OF CHATFIELD, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2015

	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	\$	\$ 29,849	\$ 217,452	\$
Accounts receivable				
Due from other governmental units		17	715	
Taxes receivable - delinquent		23	586	
Special assessment receivable		4,212		
TOTAL ASSETS	\$	\$ 34,101	\$ 218,753	\$
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		23	586	
Special assessments		4,212		
Total Deferred Inflows of Resources		4,235	586	
Fund Balance				
Restricted:				
Creditors (debt covenants)		29,866	218,167	
Regulations				
Committed:				
By Council resolution				
Assigned:				
Fund assignments				
Unassigned:				
Total Fund Balance		29,866	218,167	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$	\$ 34,101	\$ 218,753	\$

		Capital Projects		Total Nonmajor Governmental Funds 2015
330	332	451	450	
2010A Refunding Bond	2012A Refunding Bond	2013 Flood Damage	2014 Public Improvements	
\$ 118,062	\$ 382,467	\$	\$ 44,637 33,698	\$ 1,598,568 39,993
741	280			1,753
1,005	398			2,459
	40,000			44,212
<u>\$ 119,808</u>	<u>\$ 423,145</u>	<u>\$</u>	<u>\$ 78,335</u>	<u>\$ 1,686,985</u>
\$	\$	\$	\$ 4,273	\$ 11,072 14,906
			4,273	25,978
1,005	398			2,459
	40,000			44,212
<u>1,005</u>	<u>40,398</u>			<u>46,671</u>
118,803	382,747		74,062	823,645 157,151
				489,797
				158,649 (14,906)
<u>118,803</u>	<u>382,747</u>		<u>74,062</u>	<u>1,614,336</u>
<u>\$ 119,808</u>	<u>\$ 423,145</u>	<u>\$</u>	<u>\$ 78,335</u>	<u>\$ 1,686,985</u>

CITY OF CHATFIELD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

	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	\$ 130,322	\$	\$	\$	\$
Special assessments					
Tax increments					
Fines and forfeits	2,989				
Intergovernmental	52,955				
Franchise fees		23,837			
Charges for services		13,500		16,805	
Investment income	1,922	1,108	3,323	1,314	66
Contributions	53,755			5,470	6,000
Miscellaneous	11,307	6,595		3,030	
TOTAL REVENUES	253,250	45,040	3,323	26,619	6,066
EXPENDITURES					
Current:					
General government		47,683	13,438		
Public works					
Library	252,876				
Community development				56,103	43
Debt service					
Principal retirement					
Interest and fiscal charges					
TOTAL EXPENDITURES	252,876	47,683	13,438	56,103	43
Excess (deficiency) of revenues over (under) expenditures	374	(2,643)	(10,115)	(29,484)	6,023
OTHER FINANCING SOURCES (USES)					
Transfer in				57,845	
Transfer out		(2,900)			
TOTAL OTHER FINANCING SOURCES (USES)		(2,900)		57,845	
Net change in fund balances	374	(5,543)	(10,115)	28,361	6,023
FUND BALANCES, beginning	489,423	61,914	167,266	63,398	2,706
FUND BALANCES, ending	\$ 489,797	\$ 56,371	\$ 157,151	\$ 91,759	\$ 8,729

353 Pope & Young Tax Increment	358 Family Dollar Tax Increment	340 Mill Pond Townhomes Tax Increment	354 Lone Stone Tax Increment	357 EZ Fab Tax Increment	359 Cabin Coffee Tax Increment
\$	\$	\$	\$	\$	\$
14,346		13,889	60,084	492	
			87		
14,346		13,889	60,171	492	
14,481	1,384	14,366	60,083	492	508
14,481	1,384	14,366	60,083	492	508
(135)	(1,384)	(477)	88		(508)
(135)	(1,384)	(477)	88		(508)
137	(13,014)	477	1,700		
\$ 2	\$ (14,398)	\$	\$ 1,788	\$	\$ (508)

CITY OF CHATFIELD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

	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	\$	\$ 2,646	\$ 110,913	\$ 33,183
Special assessments		10,891	9,029	
Tax increments	82,629			
Fines and forfeits				
Intergovernmental				
Franchise fees				
Charges for services				
Investment income		413	3,482	745
Contributions				
Miscellaneous				
TOTAL REVENUES	<u>82,629</u>	<u>13,950</u>	<u>123,424</u>	<u>33,928</u>
EXPENDITURES				
Current:				
General government				
Public works				
Library				
Community development				
Debt service				
Principal retirement	31,094	10,000		65,000
Interest and fiscal charges	55,471	1,185	34,669	1,710
TOTAL EXPENDITURES	<u>86,565</u>	<u>11,185</u>	<u>34,669</u>	<u>66,710</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,936)</u>	<u>2,765</u>	<u>88,755</u>	<u>(32,782)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in			70,000	38,128
Transfer out				(84,000)
TOTAL OTHER FINANCING SOURCES (USES)			<u>70,000</u>	<u>(45,872)</u>
Net change in fund balances	(3,936)	2,765	158,755	(78,654)
FUND BALANCES, beginning	<u>3,936</u>	<u>27,101</u>	<u>59,412</u>	<u>78,654</u>
FUND BALANCES, ending	<u>\$</u>	<u>\$ 29,866</u>	<u>\$ 218,167</u>	<u>\$</u>

Capital Projects					Total Nonmajor Governmental Funds 2015
330	332	451	450		
2010A Refunding Bond	2012A Refunding Bond	2013 Flood Damage	2014 Public Improvements		
\$ 115,600	\$ 43,698 10,000	\$	\$		\$ 436,362
					29,920
					171,440
					2,989
		940	319,131		373,026
					23,837
					30,305
2,647	8,878	544	4,259		28,788
					65,225
			26,000		46,932
118,247	62,576	1,484	349,390		1,208,824
					61,121
		44,217			44,217
					252,876
			417,577		565,037
80,000	150,000				336,094
37,923	39,955				170,913
117,923	189,955	44,217	417,577		1,430,258
324	(127,379)	(42,733)	(68,187)		(221,434)
	103,686	4,717			274,376
					(86,900)
	103,686	4,717			187,476
324	(23,693)	(38,016)	(68,187)		(33,958)
118,479	406,440	38,016	142,249		1,648,294
\$ 118,803	\$ 382,747	\$	\$ 74,062		\$ 1,614,336

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, 2015
With Comparative Totals for the Year Ended December 31, 2014

	Budgeted Amounts		Fund 250 2015 Actual Amounts	Variance with Final Budget - Positive (Negative)	2014 Actual Amounts
	Original	Final			
REVENUES					
Charges for services	\$ 19,000	\$ 19,000	\$ 16,805	\$ (2,195)	\$ 12,270
Investment income			1,314	1,314	1,772
Donations			5,470	5,470	2,805
Miscellaneous	1,700	1,700	3,030	1,330	1,671
TOTAL REVENUES	<u>20,700</u>	<u>20,700</u>	<u>26,619</u>	<u>5,919</u>	<u>18,518</u>
EXPENDITURES					
Repairs and maintenance	7,500	7,500	3,541	3,959	4,405
Professional Services	12,200	12,200	4,250	7,950	11,350
Utilities	42,000	42,000	30,441	11,559	41,490
Miscellaneous	18,350	18,350	17,871	479	17,284
Capital outlay					586
TOTAL EXPENDITURES	<u>80,050</u>	<u>80,050</u>	<u>56,103</u>	<u>23,947</u>	<u>75,115</u>
Excess (deficiency of revenues over (under) expenditures	<u>(59,350)</u>	<u>(59,350)</u>	<u>(29,484)</u>	<u>29,866</u>	<u>(56,597)</u>
OTHER FINANCING SOURCES					
Transfers in	57,845	57,845	57,845		57,272
Net change in fund balances	(1,505)	(1,505)	28,361	29,866	675
FUND BALANCES, beginning	<u>63,398</u>	<u>63,398</u>	<u>63,398</u>		<u>62,723</u>
FUND BALANCES, ending	<u>\$ 61,893</u>	<u>\$ 61,893</u>	<u>\$ 91,759</u>	<u>\$ 29,866</u>	<u>\$ 63,398</u>

CITY OF CHATFIELD, MINNESOTA
LIBRARY FUND
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2015
With Comparative Totals for the Year Ended December 31, 2014

	Budgeted Amounts		211	212	2015	Variance with	2014
	Original	Final	Library	Library	Actual	Final Budget -	Actual
				Endowment	Amounts	Positive	Amounts
						(Negative)	
REVENUES							
Property tax levy	\$ 130,322	\$ 130,322	\$ 130,322	\$	\$ 130,322	\$	\$ 122,824
Intergovernmental revenues	50,757	50,757	52,955		52,955	2,198	50,150
Library fines	3,670	3,670	2,989		2,989	(681)	3,640
Investment income	4,000	4,000	1,922		1,922	(2,078)	15,998
Contributions			2,653	51,102	53,755	53,755	5,754
Miscellaneous	3,080	3,080	11,307		11,307	8,227	14,038
TOTAL REVENUES	191,829	191,829	202,148	51,102	253,250	61,421	212,404
EXPENDITURES							
Library							
Salaries	97,405	97,405	94,500		94,500	2,905	96,303
Employee benefits and retirement	14,269	14,269	12,548		12,548	1,721	13,336
Workers compensation	250	250	523		523	(273)	564
Health insurance	19,803	19,803	20,093		20,093	(290)	17,571
Travel	645	645	320		320	325	340
Office supplies and postage	1,800	1,800	1,825		1,825	(25)	1,964
Operating supplies/small tools	2,500	2,500	8,914		8,914	(6,414)	15,450
Insurance	4,000	4,000	3,765		3,765	235	3,881
Utilities	5,800	5,800	5,206		5,206	594	5,703
Maintenance and repair	9,631	9,631	10,106		10,106	(475)	8,689
Telephone	1,600	1,600	1,876		1,876	(276)	1,626
Cleaning services	950	950	708		708	242	587
Capital outlay	19,200	19,200	19,284	61,144	80,428	(61,228)	15,866
Other	13,976	13,976	12,064		12,064	1,912	13,035
TOTAL EXPENDITURES	191,829	191,829	191,732	61,144	252,876	(61,047)	194,915
Net change in fund balances			10,416	(10,042)	374	374	17,489
FUND BALANCES, beginning	489,423	489,423	99,978	389,445	489,423		471,934
FUND BALANCES, ending	\$ 489,423	\$ 489,423	\$ 110,394	\$ 379,403	\$ 489,797	\$ 374	\$ 489,423

CITY OF CHATFIELD, MINNESOTA
INTERNAL SERVICE FUND
Statements of Net Position
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 825,202	\$ 710,941
Accounts receivable	55,737	
Total Current Assets	<u>880,939</u>	<u>710,941</u>
Noncurrent Assets		
Capital assets:		
Depreciable	4,169,049	3,993,889
Less: Accumulated depreciation	<u>2,029,707</u>	<u>1,904,643</u>
Net capital assets	<u>2,139,342</u>	<u>2,089,246</u>
Total Assets	<u>3,020,281</u>	<u>2,800,187</u>
LIABILITIES		
Accounts payable	<u>66</u>	<u>65</u>
NET POSITION		
Invested in capital assets	2,139,342	2,089,246
Unrestricted	<u>880,873</u>	<u>710,876</u>
Total Net Postion	<u><u>\$ 3,020,215</u></u>	<u><u>\$ 2,800,122</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, 2015 and 2014

	2015	2014
Operating Revenues		
Departmental capital charge	\$ 161,635	\$ 270,235
Operating Expenses		
Depreciation	231,694	229,563
Repairs	23,995	26,994
Minor equipment	19,059	5,545
Total Operating Expenses	274,748	262,102
Operating Income (Loss)	(113,113)	8,133
Nonoperating Revenues		
Interest income	16,306	21,950
Intergovernmental - small cities assistance	36,003	
Miscellaneous	118,271	10,725
Loss on disposal	(18,932)	
Total Nonoperating Revenues	151,648	32,675
INCOME BEFORE TRANSFERS	38,535	40,808
Capital contributions	179,558	657,428
Transfer in	2,000	
CHANGE IN NET POSITION	220,093	698,236
NET POSITION - BEGINNING OF YEAR	2,800,122	2,101,886
NET POSITION - END OF YEAR	\$ 3,020,215	\$ 2,800,122

CITY OF CHATFIELD, MINNESOTA
INTERNAL SERVICE FUND
Statements of Cash Flows
For the Years Ended December 31, 2015 and 2014

	2015	2014
Cash Flows From Operating Activities		
Cash received from other departments	\$ 105,898	\$ 278,435
Cash paid to suppliers	(43,053)	(37,684)
Net Cash Provided by Operating Activities	62,845	240,751
Cash Flows From Noncapital Financing Activities		
Intergovernmental	36,003	
Miscellaneous	118,271	10,725
Transfer in	2,000	
Net Cash Provided by Noncapital Financing Activities	156,274	10,725
Capital and Related Financing Activities		
Capital asset acquisitions	(121,164)	(109,319)
Cash Flows From Investing Activities		
Investment income received	16,306	21,950
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	114,261	164,107
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	710,941	546,834
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 825,202	\$ 710,941

RECONCILIATION OF OPERATING INCOME
TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income (Loss)	\$ (113,113)	\$ 8,133
Adjustments to Reconcile Operating		
Income to Net Cash Provided		
by Operating Activities		
Depreciation	231,694	229,563
(Increase) Decrease in:		
Accounts receivable	(55,737)	8,200
Increase (Decrease) in:		
Accounts payable	1	(5,145)
Net Cash Provided By Operating Activities	\$ 62,845	\$ 240,751

CITY OF CHATFIELD, MINNESOTA
SUPPLEMENTARY INFORMATION
DECEMBER 31, 2015

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
WATER FUND
Statements of Net Position
December 31, 2015 and 2014

	2015	2014
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents	\$ 546,137	\$ 573,753
Accounts receivable, net	28,352	19,776
Special assessments receivable	9,444	7,347
Special assessments delinquent	931	987
Total Current Assets	<u>584,864</u>	<u>601,863</u>
Deferred Outflows of Resources		
Deferred outflows from pension activity	<u>5,862</u>	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 590,726</u></u>	<u><u>\$ 601,863</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities		
Accounts payable	3,147	2,437
Accrued liabilities	4,203	4,022
Total Current Liabilities	<u>7,350</u>	<u>6,459</u>
Noncurrent Liabilities		
Net pension liability	<u>41,749</u>	
Deferred Inflows of Resources		
Deferred inflows from pension activity	<u>4,594</u>	
NET POSITION		
Unrestricted	<u>537,033</u>	<u>595,404</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 590,726</u></u>	<u><u>\$ 601,863</u></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, 2015
With Comparative Totals for the Year Ended December 31, 2014

	Budgeted Amounts		Fund 601 2015 Actual Amounts	Variance with Final Budget - Positive (Negative)	2014 Actual Amounts
	Original	Final			
Operating Revenue					
Service fees	\$ 228,700	\$ 228,700	\$ 239,108	\$ 10,408	\$ 230,272
Operating Expenses					
Salaries	49,000	49,000	51,109	(2,109)	44,428
Employee benefits and retirement	7,200	7,200	10,520	(3,320)	8,239
Health insurance			415	(415)	
Workers compensation	2,100	2,100	1,806	294	1,907
Supplies	11,325	11,325	9,037	2,288	7,687
Utilities	18,000	18,000	17,459	541	18,619
Maintenance and repairs	15,000	15,000	16,883	(1,883)	28,897
Travel and training	350	350	400	(50)	899
Professional fees	13,200	13,200	15,081	(1,881)	12,451
Office expense	1,500	1,500	1,171	329	1,213
Insurance	3,500	3,500	3,033	467	3,314
Departmental capital charge	200	200	400	(200)	400
Other	5,305	5,305	5,577	(272)	4,851
Total Operating Expenses	126,680	126,680	132,891	(6,211)	132,905
Operating Income	102,020	102,020	106,217	4,197	97,367
Nonoperating Revenues					
Investment income	5,000	5,000	11,935	6,935	21,191
Refunds and reimbursements			798	798	5,542
Penalties and discounts			131	131	778
Special assessments	7,000	7,000	10,795	3,795	10,664
Total Nonoperating Revenues	12,000	12,000	23,659	11,659	38,175
INCOME BEFORE TRANSFERS	114,020	114,020	129,876	15,856	135,542
Transfers out	(150,570)	(150,570)	(150,570)		(109,387)
CHANGE IN NET POSITION	(36,550)	(36,550)	(20,694)	15,856	26,155
NET POSITION - BEGINNING OF YEAR AS ORIGINALLY STATED	595,404	595,404	595,404		569,249
Restatement (Note 7)			(37,677)	(37,677)	
NET POSITION, AS RESTATED	595,404	595,404	557,727	(37,677)	569,249
NET POSITION - END OF YEAR	\$ 558,854	\$ 558,854	\$ 537,033	\$ (21,821)	\$ 595,404

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
SEWER FUND
Statements of Net Position
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents	\$ 110,715	\$ 174,988
Accounts receivable, net	84,753	54,517
Special assessments receivable	31,479	24,488
Special assessments delinquent	3,105	3,289
Total Current Assets	<u>230,052</u>	<u>257,282</u>
Deferred Outflows of Resources		
Deferred outflows from pension activity	<u>9,682</u>	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 239,734</u></u>	<u><u>\$ 257,282</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities		
Accounts payable	4,575	7,201
Accrued liabilities	3,659	4,037
Total Current Liabilities	<u>8,234</u>	<u>11,238</u>
Noncurrent Liabilities		
Net pension liability	<u>68,952</u>	
Deferred Inflows of Resources		
Deferred inflows from pension activity	<u>7,587</u>	
NET POSITION		
Unrestricted	<u>154,961</u>	<u>246,044</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 239,734</u></u>	<u><u>\$ 257,282</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, 2015

With Comparative Totals for the Year Ended December 31, 2014

	Budgeted Amounts		Fund 602 2015 Actual Amounts	Variance with Final Budget - Positive (Negative)	2014 Actual Amounts
	Original	Final			
Operating Revenue					
Service fees	\$ 695,900	\$ 695,900	\$ 755,486	\$ 59,586	\$ 697,914
Operating Expenses					
Salaries	83,200	83,200	91,326	(8,126)	71,005
Employee benefits and retirement	14,300	14,300	17,157	(2,857)	12,337
Health insurance	17,225	17,225	20,951	(3,726)	20,863
Workers compensation	4,000	4,000	3,179	821	3,660
Supplies	9,000	9,000	14,938	(5,938)	11,584
Utilities	38,800	38,800	33,904	4,896	34,965
Maintenance and repairs	36,500	36,500	32,094	4,406	47,880
Travel and training	3,550	3,550	833	2,717	1,847
Professional fees	23,500	23,500	39,664	(16,164)	16,883
Office expense	3,300	3,300	3,304	(4)	3,235
Insurance	13,500	13,500	11,666	1,834	12,130
Departmental capital charge	550	550	550		550
Other	15,800	15,800	18,817	(3,017)	14,923
Total Operating Expenses	263,225	263,225	288,383	(25,158)	251,862
Operating Income	432,675	432,675	467,103	34,428	446,052
Nonoperating Revenues					
Investment income	4,000	4,000	5,084	1,084	11,567
Refunds and reimbursements			4,097	4,097	1,480
Penalties and discounts	2,500	2,500	438	(2,062)	2,635
Special assessments	30,000	30,000	35,990	5,990	35,891
Total Nonoperating Revenues	36,500	36,500	45,609	9,109	51,573
INCOME BEFORE TRANSFERS	469,175	469,175	512,712	43,537	497,625
Transfers out	(516,570)	(516,570)	(541,570)	(25,000)	(535,388)
CHANGE IN NET POSITION	(47,395)	(47,395)	(28,858)	18,537	(37,763)
NET POSITION - BEGINNING OF YEAR AS ORIGINALLY STATED	246,044	246,044	246,044		283,807
Restatement (Note 7)			(62,225)	(62,225)	
NET POSITION, AS RESTATED	246,044	246,044	183,819	(62,225)	283,807
NET POSITION - END OF YEAR	\$ 198,649	\$ 198,649	\$ 154,961	\$ (43,688)	\$ 246,044

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
WATER INFRASTRUCTURE FUND
Statements of Net Position
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 80,198	\$ 111,179
Accounts receivable	1,600	
Total Current Assets	<u>81,798</u>	<u>111,179</u>
Property and Equipment		
Nondepreciable	30,246	30,246
Depreciable	3,658,484	3,525,994
Less: Accumulated depreciation	<u>1,102,649</u>	<u>1,007,212</u>
Property, Plant and Equipment, Net	<u>2,586,081</u>	<u>2,549,028</u>
Total Assets	<u>2,667,879</u>	<u>2,660,207</u>
LIABILITIES		
Current Liabilities		
Accounts payable	<u>507</u>	
Total Current Liabilities	<u>507</u>	
NET POSITION		
Invested in capital assets	2,586,081	2,549,028
Unrestricted	<u>81,291</u>	<u>111,179</u>
Total Net Postion	<u>\$ 2,667,372</u>	<u>\$ 2,660,207</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, 2015
With Comparative Totals for the Year Ended December 31, 2014

	Budgeted Amounts		Fund 611 2015 Actual Amounts	Variance with Final Budget - Positive (Negative)	2014 Actual Amounts
	Original	Final			
Operating Revenue					
Connection charges	\$ 6,400	\$ 6,400	\$ 12,800	\$ 6,400	\$ 40,940
Operating Expenses					
Repairs and maintenance	20,000	20,000	506	19,494	
Depreciation			95,437	(95,437)	91,945
Departmental capital charge	7,900	7,900	7,900		7,900
Total Operating Expenses	27,900	27,900	103,843	(75,943)	99,845
Operating Loss	(21,500)	(21,500)	(91,043)	69,543	(58,905)
Nonoperating Revenues					
Investment income	1,400	1,400	2,108	708	4,617
LOSS BEFORE CONTRIBUTED CAPITAL AND TRANSFERS	(20,100)	(20,100)	(88,935)	(68,835)	(54,288)
Contributed capital			125,273	125,273	458,671
Transfer in	110,000	110,000	112,513	2,513	70,000
Transfers out	(141,686)	(141,686)	(141,686)		(108,862)
Total Other Financing Sources (Uses)	(31,686)	(31,686)	96,100	127,786	419,809
CHANGE IN NET POSITION	(51,786)	(51,786)	7,165	58,951	365,521
NET POSITION - BEGINNING OF YEAR	2,660,207	2,660,207	2,660,207		2,294,686
NET POSITION - END OF YEAR	\$ 2,608,421	\$ 2,608,421	\$ 2,667,372	\$ 58,951	\$ 2,660,207

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
SEWER INFRASTRUCTURE FUND
Statement of Net Position
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 48,395	\$ 5,607
Restricted cash	470,323	462,468
Accounts receivable	2,600	
Total Current Assets	<u>521,318</u>	<u>468,075</u>
Property and Equipment		
Nondepreciable	30,246	30,246
Depreciable	12,370,994	12,273,001
Less: Accumulated depreciation	<u>5,326,794</u>	<u>5,001,964</u>
Property, Plant and Equipment, Net	<u>7,074,446</u>	<u>7,301,283</u>
Total Assets	<u>7,595,764</u>	<u>7,769,358</u>
LIABILITIES		
Current Liabilities		
Current maturities of bonds payable	370,000	365,000
Accrued interest payable	<u>75,182</u>	<u>78,222</u>
Total Current Liabilities	<u>445,182</u>	<u>443,222</u>
Noncurrent Liabilities		
Bonds payable, net of current maturities	<u>5,182,132</u>	<u>5,549,393</u>
Total Liabilities	<u>5,627,314</u>	<u>5,992,615</u>
NET POSITION		
Net investment in capital assets	1,992,637	1,849,358
Unrestricted	<u>(24,187)</u>	<u>(72,615)</u>
Total Net Position	<u>\$ 1,968,450</u>	<u>\$ 1,776,743</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, 2015
With Comparative Totals for the Year Ended December 31, 2014

	Budgeted Amounts		Fund 612 2015 Actual Amounts	Variance with Final Budget - Positive (Negative)	2014 Actual Amounts
	Original	Final			
Operating Revenue					
Connection fees	\$ 10,400	\$ 10,400	\$ 20,350	\$ 9,950	\$ 20,350
Access fees					23,590
Total Operating Revenues	10,400	10,400	20,350	9,950	43,940
Operating Expenses					
Maintenance and repairs			476	(476)	200
Departmental capital charge	7,100	7,100	7,100		7,100
Depreciation			344,739	(344,739)	341,914
Total Operating Expenses	7,100	7,100	352,315	(345,215)	349,214
Operating Income (Loss)	3,300	3,300	(331,965)	(335,265)	(305,274)
Nonoperating Revenues (Expenses)					
Investment income			3,017	3,017	4,323
Bond principal	(365,000)	(365,000)		365,000	
Interest expense	(185,186)	(185,186)	(183,884)	1,302	(191,176)
Total Nonoperating Revenue (Expense)	(550,186)	(550,186)	(180,867)	369,319	(186,853)
LOSS BEFORE CONTRIBUTED CAPITAL AND TRANSFERS	(546,886)	(546,886)	(512,832)	34,054	(492,127)
Contributed capital			112,746	112,746	412,803
Transfer in	590,000	590,000	661,921	71,921	610,000
Transfers out	(70,128)	(70,128)	(70,128)		(15,000)
Total Other Financing Sources (Uses)	519,872	519,872	704,539	184,667	1,007,803
CHANGE IN NET POSITION	(27,014)	(27,014)	191,707	218,721	515,676
NET POSITION - BEGINNING OF YEAR	1,776,743	1,776,743	1,776,743		1,261,067
NET POSITION - END OF YEAR	<u>\$ 1,749,729</u>	<u>\$ 1,749,729</u>	<u>\$ 1,968,450</u>	<u>\$ 218,721</u>	<u>\$ 1,776,743</u>

CITY OF CHATFIELD, MINNESOTA
PROPRIETARY FUNDS
GARBAGE FUND
Statement of Net Position
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 41,481	\$ 40,730
Accounts receivable, net	18,309	13,109
Special assessments receivable	11,542	8,979
Special assessments delinquent	<u>1,138</u>	<u>1,206</u>
Total Current Assets	<u>72,470</u>	<u>64,024</u>
 LIABILITIES		
Current Liabilities		
Accounts payable	<u>13,491</u>	<u>14,011</u>
Total Current Liabilities	<u>13,491</u>	<u>14,011</u>
 NET POSITION		
Unrestricted	<u><u>\$ 58,979</u></u>	<u><u>\$ 50,013</u></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, 2015
With Comparative Totals for the Year Ended December 31, 2014

	Budgeted Amounts		Fund 603 2015 Actual Amounts	Variance with Final Budget - Positive (Negative)	2014 Actual Amounts
	Original	Final			
Operating Revenue					
Charges for Services	\$ 188,500	\$ 188,500	189,423	\$ 923	\$ 187,280
Operating Expenses					
Waste Removal					
Garbage removal	150,000	150,000	152,241	(2,241)	151,145
City cleanup	13,000	13,000	11,650	1,350	14,090
Supplies	650	650	319	331	414
Maintenance and repairs	1,600	1,600	1,768	(168)	1,771
Office expense	1,400	1,400	1,129	271	1,277
Departmental capital charge	200	200	200		200
Other	13,575	13,575	12,326	1,249	12,152
Total Operating Expenses	180,425	180,425	179,633	792	181,049
Operating Income	8,075	8,075	9,790	1,715	6,231
Nonoperating Revenue					
Investment income			820	820	1,461
Special assessments	11,000	11,000	13,356	2,356	13,463
Total Nonoperating Revenue	11,000	11,000	14,176	3,176	14,924
Income before transfers	19,075	19,075	23,966	4,891	21,155
Transfers out	(15,000)	(15,000)	(15,000)		(14,650)
CHANGE IN NET POSITION	4,075	4,075	8,966	4,891	6,505
NET POSITION - BEGINNING OF YEAR	50,013	50,013	50,013		43,508
NET POSITION - END OF YEAR	\$ 54,088	\$ 54,088	\$ 58,979	\$ 4,891	\$ 50,013

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MINNESOTA LEGAL COMPLIANCE

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the City of Chatfield, Minnesota, as of and for the year ended December 31, 2015, and the related notes to the financial statements, and have issued our report thereon dated March 14, 2016.

The *Minnesota Legal Compliance Audit Guide for Cities*, 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 Cities*. 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 these specified parties.

Smith, Schaffer and Associates, Ltd.

Rochester, Minnesota
March 14, 2016