

# **CITY OF CHASKA**

**STATE OF MINNESOTA**

**2017 COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2017**



**CITY OF CHASKA  
STATE OF MINNESOTA**

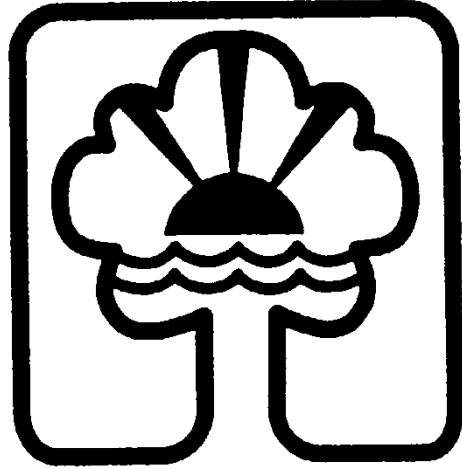
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2017**

Prepared by:  
Administrative Services Department

Noel J. Graczyk  
Administrative Services Director,  
Treasurer

Jason R. Tobin  
Finance Manager



CHASKA

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# City of Chaska

June 26, 2018

**To the Citizens of the City of Chaska,  
Honorable Mayor and Council Members,  
Mr. Matt Podhradsky, City Administrator**

State law requires that each year all general-purpose local governments publish a complete set of financial statements presented in conformity with U.S. generally accepted accounting principles (GAAP) and audited in accordance with U.S. generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) for the City of Chaska for the fiscal year ended December 31, 2017.

This report consists of management's representations concerning the finances of the City of Chaska. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide reasonable basis for making these representations, management of the City of Chaska has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Chaska's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Chaska's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Chaska's financial statements have been audited by Malloy, Montague, Karnowski, Radosevich, & Co., P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Chaska for the fiscal year ended December 31, 2017 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unmodified opinion that the City of Chaska's financial statements for the fiscal year ended December 31, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD & A). This letter of transmittal is designed to complement the MD & A and should be read in conjunction with it. The City of Chaska's MD & A can be found immediately following the report of the independent auditors.

**Profile of the Government**

The City of Chaska was founded in 1851, incorporated March 3, 1891, and since 1975 has operated under a Statutory Plan “A” form of government, as modified, in accordance with *Minnesota State Statutes* Chapter 412.023, Subdivision 5. The Chaska City Council consists of a Mayor, with a two (2) year term of office, and four (4) Council Members, each with a staggered four (4) year term of office. Elections are held on the Tuesday after the first Monday in November, of each even-numbered year. No more than two (2) Council Members’ terms expire in any one (1) year.

The City Administrator is appointed by the Chaska City Council and also serves as the City Clerk. A City Attorney is retained and appointed by the Chaska City Council. The Administrative Service Director serves as the Treasurer.

The primary mission of the City of Chaska is to enhance and maintain the high quality of life of its “shareholders”, the citizens of Chaska, which have been nurtured in the community since its incorporation in 1891. Consistent with its mission, the City will strive to maintain its unique historical small town image and sense of community while supporting well-planned, orderly growth. To achieve its mission, the City has established six (6) ongoing core strategies:

- Enhance Chaska’s high quality of life.
- Plan orderly community development.
- Maintain a sense of community and small town values.
- Assure that quality basic municipal services are provided.
- Maintain a commitment to excellence.
- Develop and maintain partnerships.

The City of Chaska provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; and recreational activities and cultural events. The City also operates ten (10) enterprises: electric, water, sewer, and storm water utilities, a community center, two (2) golf courses, curling and event center, a turbine generator and fiber internet service. In addition to these governmental and enterprise activities, the Chaska City Council serves as the board of the Chaska Economic Development Authority (Chaska EDA). The Chaska EDA is included in this report as a blended component unit.

The annual budget serves as the foundation for the City of Chaska’s financial planning and control. The objectives of these budgetary controls are to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Chaska City Council. Activities of the General fund and certain special revenue and capital project funds are included in the annual appropriated budget. Debt service budgetary control is established by bond sale resolution covenants. Project-length financial plans are adopted for capital projects funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. Expenditures for departments or divisions that exceed appropriations are not authorized unless additional revenue sources or fund balance are identified and available. Unused appropriated expenditures lapse at year-end.

**Factors Effecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Chaska operates.

Since the year 2000, the City of Chaska has seen a significant amount of growth in the local economy. In 2000, the population in the City was approximately 17,500. By 2010 the population was 23,770, a 36 percent increase, and is forecast to increase to 27,100 by 2020, 32,000 by 2030 and 36,600 by 2040. This rapid increase in population can be attributed to the addition of approximately 200 to 500 housing units (both single family and multifamily units) per year from 2002 through 2005, as well as the addition of a significant amount of commercial development in the community. This commercial development included both small boutiques and large service centers such as Home Depot, Super Target and Kohl's.

Chaska saw the majority of its industrial development growth in the late 1980's and early 1990's. Nearly 8,000 jobs were created, with over 13,000 jobs in total in the community. The industrial park was at full capacity in the 1990's, with the exception of only a few remaining sites. National and international companies such as Entegris, FSI, Beckman Coulter and Lake Region Manufacturing all offer several hundred jobs at each facility. Housing and commercial development occurring after 2000 resulted directly from both a strong housing market and a significant number of jobs available in Chaska.

As with other communities across the country, the City of Chaska saw a drop in new housing development beginning in 2007. In the City, the most significant drop occurred in the five (5) year period from 2009 to 2013. From 2002 to 2007 annual average market value increased by an average of 10 percent to 12 percent each year. For the period from 2009-2013 annual market value decreases ranged from 1.26 percent to 7.11 percent. Market values since 2014 have seen annual gains in each of the housing, commercial and industrial sectors. Market values continued to increase in 2017 and have surpassed 2008 levels.

In 2017, building permits decreased to 103 new residential single-family homes added in the community compared to 134 in 2016. There were also 678 permits issued for residential additions and alterations. A total of 826 permits were issued in 2017 for properties with a total market value estimated at \$105,409,067.

Other development opportunities within the City of Chaska include each of the following:

Industrial Parks

There are two (2) existing industrial parks located within Chaska with a combined capacity of 679 acres. Currently there are over one hundred (100) enterprises occupying the parks, the largest of which include Lake Region Manufacturing, FSI International Inc., Beckman Coulter, Bailiwick and Lifecore Biomedical. There are a few remaining sites still available within the industrial park.

Southwest Chaska Corporate and Industrial Development

The City has approximately 390 acres of corporate and industrial land that is beginning to be developed along Highway 212. There is room for 5.5 million square feet of office and industrial space which will be marketed towards bioscience and high-tech companies. When completed, it is expected to add between \$300 and \$500 million of taxable market value as well as 4,000 to 6,000 quality jobs.

The first (1) project in this new industrial area was United Health Group's 250,000 square foot data center that began operations in 2012. The second (2) project was Stream Data's 115,000 square foot data center that completed construction in late 2014. The third (3) project was for the development of an approximately 100,000 square foot data center facility for US Bank National Association, which was completed in 2017. The City continues to actively recruit other data centers to locate in the remaining vacant parcels in this area.

Southwest Chaska Master Plan

Development of objectives outlined in the Southwest Chaska Master Plan began in 2017. The plan guides development and land use for an undeveloped two (2) square mile area in southwest Chaska along Highway 212. While most of this area was originally determined to be residential, the new master plan allows for more corporate uses and allows the residential development to be more consistent with market conditions.

To support access to the southwest Chaska area, the City received conditional approval in late 2011 for the addition of an interchange off U.S. Highway 212 at Carver County Road 140, which will open up additional land for corporate/industrial development. In 2017 this interchange project was included for funding as part of the State Bonding Bill as approved by the Legislature and as signed by the Governor.

**Long-Term Financial Planning**

Each year the City develops a five (5) year financial forecast. The primary purpose of the forecast is to project available revenues and anticipated expenditures for all operating funds supported by property tax levies. In addition, the forecast is used to establish the City's maximum tax levy, which is required through the Truth in Taxation public hearing process. In preparing the five (5) year forecast, every attempt is made to accurately and conservatively estimate revenues and expenditures. The 2018 budget and five (5) year forecast were both developed based on the following objectives:

1. Support budget programs that help Chaska strengthen its mission of being "The Best Small Town in Minnesota".
2. Maintain existing high-quality service levels, funding new programs only after our existing, necessary programs are funded.
3. Limit tax levy growth to capture only new growth and inflation.
4. Fully fund scheduled maintenance and replacement of equipment/property.
5. Increase levy additionally only if new service levels or assets are being added.
6. Budget utilizing a plan that avoids draw-down of the City's General fund reserve.
7. Fully levy to support our adopted street reconstruction program.
8. Develop a budget plan that is sustainable from a resource perspective to support the service levels residents expect.

Key factors which impact both the costs of providing services and the City's revenue resources are changes in Chaska's population and households. The current 2017 - 2021 financial forecast strives to balance existing and future service level demands within the forecasted revenues while at the same time maintaining a low property tax rate. In considering property taxes in Chaska, a few points should be highlighted. First, property taxes account for 35 percent of Chaska's General fund operating revenues. Secondly, Chaska has always ranked extremely low amongst other metropolitan cities when it comes to total City property tax levels.

In the latest Minnesota Citizen's League Survey looking at 2017 City tax data, out of 86 local units of government looked at in the metropolitan area, Chaska ranked 81<sup>st</sup> lowest in City taxes per capita. In this sense, Chaska has continued to perform very well when comparing our City property tax level compared to all of communities in the metropolitan area. It has allowed the City to keep a competitive edge when it relates to other municipalities in the metropolitan area and Carver County. Results of customer service evaluations indicate that citizens are very happy with the level of services provided by the City.

In 2008, the City updated the comprehensive plan which is part of a mandate from Metropolitan Council to make local plans consistent with its updated Regional Development Framework coupled with Chaska's rapid growth and changing conditions. The next update will be completed in 2018. Chaska's 2030 Comprehensive Plan guides the direction of the City in several major areas: land use, transportation, environment, parks and trails, and public facilities. Each of these areas is examined in a comprehensive manner, in order to take advantage of opportunities, avoid problems and work toward building a stronger community.

### **Major Initiatives**

One of the City's main initiatives has been with the development and implementation of our Downtown Master Plan. Chaska has a historic downtown core with commercial buildings and homes over 100 years old. A major focus of this initiative is to define how the City, businesses and residents reinvest back into this unique area, to make it economically viable into the future.

Downtown redevelopment continues to be a priority in working toward the City's future. In 2017, the historic core of Chaska saw a complete replacement of all street and utilities along Second Street. This renovation has reinvigorated the coordination and planning efforts for the transformation of another downtown block into what will be called City Square West. Through diligent efforts and dialogue, the emerging details continue to embrace the vision of a gathering space that attracts citizens to come downtown to enjoy new and readily accessible services. Construction is estimated to start in late 2018 or early 2019.

Another major initiative for the City is the new capital improvement plan, which adds additional revenue each year to reinvest back into existing assets in our community, keeping them viable into the future. A key piece of this initiative is the addition of \$1 million annually dedicated to the General fund to reinvest into parks, streets and trails. This reinvestment program was fully funded as part of the 2017 budget year.

When the City of Chaska served as host City for the Ryder Cup in 2016 we offered a Curling bonspiel called "Fire & Ice" to showcase the uniqueness of our city. The success of that one-time event has now transformed into a focal point on our community calendar. The Fire & Ice festival attracts thousands of visitors to watch the 48 curling teams from seven (7) different states compete in the bonspiel. Visitors can run in a 5K, enjoy great food and beverages while listening to live music, or stay up late enough to be wowed by the fireworks. Innovative efforts like "Fire & Ice" demonstrate time and again why Chaska is still "the best small town in Minnesota".

**Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Chaska for its comprehensive annual financial report (CAFR) for fiscal year ended December 31, 2016. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. A CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one (1) year only. The City of Chaska has received a Certificate of Achievement for the last twenty-eight (28) consecutive years (fiscal years ended 1989 - 2016). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

**Acknowledgements**

The preparation of this report was made possible by the dedicated service of the City staff, and in particular, members of the Administrative Services Department. Special recognition is to Lisa M. Nelson, Finance Analyst and Aaron J. Scharpe, Accounting Supervisor, whose contributions were critical in the preparation and production of this report.

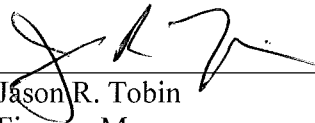
We would like to express appreciation to Matt Podhradsky, the City Administrator, and to the Honorable Mayor and Chaska City Council members for their interest and support in planning and conducting the financial operations of the City.

Respectfully Submitted,



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Noel J. Graczyk  
Administrative Services Director,  
Treasurer  
City of Chaska



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Jason R. Tobin  
Finance Manager  
City of Chaska



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Chaska  
Minnesota**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2016**

*Christopher P. Morrill*

Executive Director/CEO

# Organization and Administrative Structure

## City of Chaska, Minnesota

## For the Year December 31, 2017

City of Chaska Residents and Businesses

Elected Five (5) Member City Council		
Appointed Boards	Council Selected Outside Professional Advisors	Appointed Positions
Planning Commission	Independent Financial Auditing Firm	City Attorney
Parks Recreation and Arts (Cable)	Financial Consulting Firm	City Administrator, City Clerk
Human Rights Commission	Engineering Consulting Firm	

**ADMINISTRATIVE STRUCTURE [ 561 Employees (138-12-0-411) ]**

**City Administrator, City Clerk (1-0-0-0)**

<p><b>Administration (4-2-0-0)</b>                  (1-0-0-0) Assistant City Administrator, Economic Development Coordinator                  (1-0-0-0) Human Resources Manager                  (1-0-0-0) Senior Clerk                  (1-0-0-0) Communications                  (0-2-0-0) Cable TV Camera Operator</p> <p><b>Administrative Services (18-6-0-0)</b>                  (1-0-0-0) Administrative Services Director, Treasurer                  (1-0-0-0) Finance Manager                  (1-0-0-0) Finance Analyst                  (1-0-0-0) Senior Clerk                  (1-0-0-0) Accounting Supervisor                  (1-0-0-0) Senior Accounting Clerk                  (3-0-0-0) Accounting Clerk                  (0-1-0-0) Support Staff                  (1-0-0-0) Utility Billing Coordinator                  (1-0-0-0) Assist. Utility Billing Coordinator                  (2-0-0-0) Utility Account Clerk                  (0-5-0-0) Customer Service Representative                  (1-0-0-0) Information Systems Manager                  (1-0-0-0) IS Network Administrator                  (3-0-0-0) IS Network/Field Support Technicians</p> <p><b>Community Development and Planning Services (8-0-0-0)</b>                  (1-0-0-0) Director of Planning and Development                  (1-0-0-0) City Planner                  (1-0-0-0) Building Official                  (3-0-0-0) Building Inspector                  (1-0-0-0) Utility Inspector                  (1-0-0-0) Community Development/Permit Technician</p> <p><b>Engineering Services (2-0-0-0)</b>                  (1-0-0-0) City Engineer                  (1-0-0-0) Civil Engineer II</p> <p><b>Police Services (28-2-0-0) [25 licensed officers]</b>                  (1-0-0-0) Chief of Police                  (1-0-0-0) Deputy Chief                  (3-0-0-0) Lieutenant                  (3-0-0-0) Sergeant                  (2-0-0-0) Detective                  (2-0-0-0) Youth Services/ School Resource Officer                  (12-0-0-0) Patrol Officer                  (1-0-0-0) Community Partnership Officer                  (1-1-0-0) Community Service Officer                  (2-0-0-0) Secretary/Administrative Assistant                  (0-1-0-0) Evidence Clerk</p> <p><b>Public Works Services (22-0-0-17)</b>                  (1-0-0-0) Public Works Superintendent                  (1-0-0-0) Assistant Public Works Superintendent                  (1-0-0-0) Office Manager                  (1-0-0-0) Accounting/Inventory Clerk                  (3-0-0-0) Foreman (Street/Park/Mechanic)                  (2-0-0-0) Leadworker (Street/Park)                  (2-0-0-0) Mechanic                  (7-0-0-0) Maintenance III (Street/Park)                  (2-0-0-0) Maintenance II (Street/Park)                  (2-0-0-0) Maintenance I (Park)                  (0-0-0-17) Maintenance-Seasonal</p> <p><b>Fire Services (2-1-0-0)</b>                  (1-0-0-0) Fire Chief                  (1-0-0-0) Fire Marshall                  (0-1-0-0) Administrative Assistant</p> <p><b>Chaska Volunteer Fire Department - 42 Active Volunteers</b></p>	<p><b>Electric Utility Services (13-0-0-1)</b>                  (1-0-0-0) Electrical Director                  (1-0-0-0) Assistant Electrical Director                  (1-0-0-0) General Manager                  (1-0-0-0) Foreman (Lineworker)                  (2-0-0-0) Lead Lineworker                  (6-0-0-0) Lineworker III                  (1-0-0-0) Lineworker I                  (0-0-0-1) Seasonal Laborer</p> <p><b>Water and Sewer Utility Services (9-0-0-0)</b>                  (1-0-0-0) Water/Sewer Superintendent                  (1-0-0-0) Foreman (Water/Sewer)                  (1-0-0-0) Leadworker (Water/Sewer)                  (3-0-0-0) Maintenance III (Water/Sewer)                  (3-0-0-0) Maintenance II (Water/Sewer)</p> <p><b>Parks Recreation and Arts (23-1-0-318)</b>  <b>(Includes Community Center and Curling/Event Center)</b>                  (1-0-0-0) Parks and Recreation Director</p> <p><b>Parks, Recreation and Arts (2-0-0-20)</b>                  (1-0-0-0) Office Manager                  (1-0-0-0) Recreation Coordinator                  (0-0-0-12) Rink Attendant, Outdoor                  (0-0-0-8) Concessions (Parks/Beach)</p> <p><b>Community Center (16-1-0-253)</b>                  (1-0-0-0) Recreation Manager                  (1-0-0-0) Ice Arena Manager                  (1-0-0-0) Maintenance Supervisor                  (1-0-0-0) Facilities Supervisor                  (1-0-0-0) Aquatics Supervisor                  (1-0-0-0) Front Desk Supervisor                  (1-0-0-0) Senior Center Coordinator                  (2-0-0-0) Member Services Supervisor                  (1-0-0-0) Fitness Coordinator                  (3-0-0-0) Recreation Coordinator/Programmer                  (0-1-0-0) Software Operations Specialist                  (0-0-0-16) Rink Attendant/Monitor/Referee                  (3-0-0-19) Custodian/Maintenance                  (0-0-0-78) Pool Staff and Instructors                  (0-0-0-25) Front Desk/Cashier                  (0-0-0-27) Day Care/Preschool instructors                  (0-0-0-23) Fitness Instructor                  (0-0-0-65) Activities Instructor/Assistant</p> <p><b>Curling and Event Center (4-0-0-45)</b>                  (1-0-0-0) Curling Center Manager                  (1-0-0-0) Head Ice Maker - Curling                  (1-0-0-0) Event Center Supervisor                  (1-0-0-5) Custodian/Maintenance                  (0-0-0-18) Curling Instructors                  (0-0-0-18) Curling Center Staff                  (0-0-0-4) Event Center Staff</p> <p><b>Golf Courses (8-0-0-75)</b>                  (1-0-0-0) Golf Professional</p> <p>(2-0-0-0) Assistant Golf Professionals</p> <p><b>Chaska Town Course (4-0-0-64)</b>                  (1-0-0-0) Golf Superintendent                  (3-0-0-0) Greenskeeper                  (0-0-0-44) Course Staff                  (0-0-0-20) Maintenance-Seasonal</p> <p><b>Chaska Par 30 (1-0-0-11)</b>                  (1-0-0-0) Greenskeeper                  (0-0-0-7) Course Staff                  (0-0-0-4) Maintenance-Seasonal</p>
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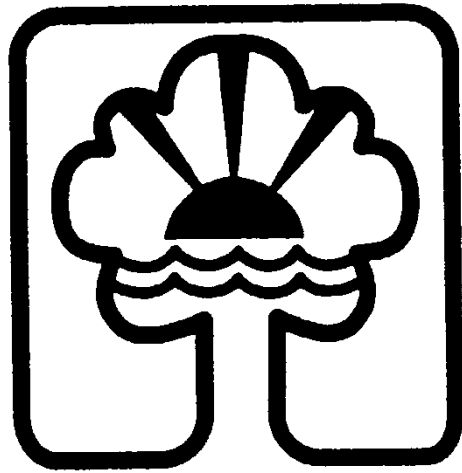
Key to Number of Employees:  
 (Regular Full-Time - Regular Part-Time - Seasonal Full-Time - Seasonal Part-Time)

### Elected Officials

<b>MAYOR:</b>	<b>Term of Office</b>	
	<b>From</b>	<b>To</b>
Mark Windschitl	January 01, 2017	December 31, 2018
<b>COUNCIL MEMBERS:</b>		
Paula Geisler, First Ward	January 01, 2015	December 31, 2018
Gregory Boe, Second Ward	January 01, 2017	December 31, 2020
Christopher Schulz, Third Ward	January 01, 2015	December 31, 2018
Jay Rohe, Fourth Ward	January 01, 2017	December 31, 2020

### Administrative Officials

	<b>NAME</b>
<b>CITY STAFF:</b>	
City Administrator, City Clerk	Matt Podhradsky
Assistant City Administrator	Nate Kabat
Administrative Services Director, Treasurer	Noel Graczyk
Community Development Director	Kevin Ringwald
City Engineer	Matt Clark
Chief of Police	Scott Knight
Fire Chief	Timothy Wiebe
Public Works Superintendent	Brian Jung
Director of Parks and Recreation – Interim	William Monk
Electrical Director	Toby Saxon
Water and Sewer Superintendent	Matt Haefner
Golf Professional	John Kellin
Executive Director of Chaska Economic Development Authority (EDA)	Matt Podhradsky
<b>INDEPENDENT CONSULTANT:</b>	
City Attorney	Luke Melchert Melchert, Hubert, Sjodin, PLLP.



CHASKA



**PRINCIPALS**

Thomas A. Karnowski, CPA  
Paul A. Radosevich, CPA  
William J. Lauer, CPA  
James H. Eichten, CPA  
Aaron J. Nielsen, CPA  
Victoria L. Holinka, CPA/CMA

**INDEPENDENT AUDITOR'S REPORT**

To the City Council and Management  
City of Chaska, 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 Chaska, Minnesota (the City) as of and for the year ended December 31, 2017, 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 City'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 City'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.

(continued)

## **OPINIONS**

In our opinion, the financial statements referred to on the previous page 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 as of December 31, 2017, the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **OTHER MATTERS**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information (RSI), 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 RSI 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.

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

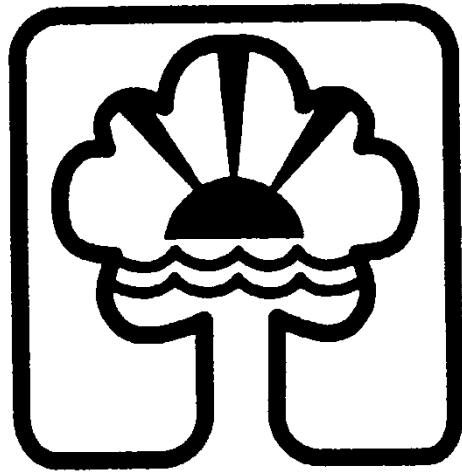
(continued)

**OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Malloy, Montague, Karnowski, Radosevich & Co., P.A.*

Minneapolis, Minnesota  
June 26, 2018



CHASKA

This section of the City of Chaska's annual financial report presents management's discussion and analysis (MD & A) of the City's financial performance during the fiscal year that ended December 31, 2017. Please read it in conjunction with the letter of transmittal at the front of this report and the City's financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$195,945,990 (*net position*). Of that amount, \$37,794,419 is restricted for specific purposes (*restricted net position*) and \$167,645,471 represents the net investment in capital assets. The City's total net position increased \$10,508,681 during the year ended December 31, 2017.
- The City's governmental funds reported combined ending fund balances of \$18.8 million. This is an increase of \$5.0 million from the prior year. \$11.7 million of this total is restricted for debt service, bonded improvement projects and economic development.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$1.1 million, or 7.35 percent of total General fund expenditures of \$15.0 million.
- During the year, the City issued new debt of \$22.2 million and recorded \$1.6 million in bond premium. The City continues to pay down debt, reducing bonds payable by \$6.6 million. Overall bonded debt increased \$17.2 million in 2017. At the end of the year, the City reported \$122.9 million in bonds payable.

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

This annual report consists of a series of financial statements – the basic financial statements, which includes the notes to the financial statements and other supplementary schedules in addition to the basic financial statements themselves.

#### **The Basic Financial Statements**

The first two (2) basic financial statements (Statement of Net Position and Statement of Activities) report on the *City as a whole* (government-wide) and provide both long-term and short-term information about the City's overall financial status. (See detailed discussion below in the *Reporting the City as a Whole* section regarding these statements.) The remaining basic financial statements are *fund financial statements* that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

These fund financial statements can be divided into three (3) categories: (See detailed discussion on the following page in the *Fund Financial Statements* section regarding these fund types.)

1. Governmental funds.
2. Proprietary funds.
3. Fiduciary funds.

### **Notes to the Financial Statements**

The notes to the financial statements provide additional narrative and financial information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements are located immediately following Fiduciary fund financial statements.

### **Other Information**

In addition to the basic financial statements, the financial section also presents required supplementary information, and the combining and individual fund statements and schedules. These statements and schedules are presented immediately following the notes to the financial statements.

Finally, a statistical section has been included to facilitate additional analysis and is the last section of the report.

## **REPORTING THE CITY AS A WHOLE**

### **The Statement of Net Position and the Statement of Activities**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two (2) government-wide statements report the City's net position and how it has changed. Net position – the difference between the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources – is one (1) way to measure the City's financial health, or position.

- Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating.
- To assess the overall health of the City you need to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure.

- Governmental activities – Most of the City's basic services are included here, such as General Government, Economic Development, Public Safety, Public Works and Parks, Recreation and Arts. Property taxes, state and federal grants finance most of these activities.
- Business-type activities – The City charges fees to customers to help it cover the costs of certain services it provides. The City's Electric, Water, Sewer, and Storm Water Utilities, Chaska Community Center, Par 30 Golf Course, Chaska Town Golf Course, Turbine Generator Utility, Internet Service Provider and Chaska Curling Center are included here.

### **FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the City's most significant funds (major funds) – not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and by bond covenants. Others are established by City Council to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has three (3) broad categories of fund types:

1. **Governmental funds** – Governmental funds are typically used to account for tax-supported (governmental) activities. Most of the City's basic services are included in governmental funds, which focus on (a) how cash and other financial assets that can readily be converted to cash flow in and out and (b) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for funds determined to be major funds. In 2017, the City's General fund and Public Improvement Projects fund were the major governmental funds. Data from the remaining 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 towards the end of this report.
2. **Proprietary funds** – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The proprietary fund financial statements provide separate information for the Electric Utility, Water Utility, Chaska Community Center, Turbine Generator Utility and Chaska Curling Center, all of which are considered to be major funds. Individual fund data for each of the nonmajor proprietary funds is provided in the form of combining statements towards the end of this report. The City has one (1) Internal Service fund that is reported in a single column in the proprietary fund

financial statements. This fund is used to account for the purchase of property, liability and worker’s compensation insurance for all City departments. Costs are then allocated to the departments.

3. **Fiduciary funds** – Fiduciary funds account for assets held on behalf of outside parties, including other governments. The City’s only fiduciary fund type is an agency fund. Agency funds, account for assets that the City holds on behalf of others as their agent and are custodial in nature. All the City’s fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the City’s government-wide financial statement because the City cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

City of Chaska - Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Assets</b>						
Current and Other Assets	\$ 39,997,184	\$ 29,679,201	\$ 53,038,171	\$ 44,942,664	\$ 93,035,355	\$ 74,621,865
Capital Assets	179,899,176	170,627,632	69,468,609	68,367,474	249,367,785	238,995,106
Total Assets	<u>\$ 219,896,360</u>	<u>\$ 200,306,833</u>	<u>\$ 122,506,780</u>	<u>\$ 113,310,138</u>	<u>\$ 342,403,140</u>	<u>\$ 313,616,971</u>
<b>Deferred Outflows of Resources</b>						
Pension Plan Deferments	\$ 6,397,999	\$ 9,631,589	\$ 1,174,718	\$ 2,316,714	\$ 7,572,717	\$ 11,948,303
<b>Total Assets and Deferred Outflows</b>	<u>\$ 226,294,359</u>	<u>\$ 209,938,422</u>	<u>\$ 123,681,498</u>	<u>\$ 115,626,852</u>	<u>\$ 349,975,857</u>	<u>\$ 325,565,274</u>
<b>Liabilities</b>						
Other Liabilities	\$ 3,758,505	\$ 4,133,394	\$ 4,855,039	\$ 4,622,351	\$ 8,613,544	\$ 8,755,745
Noncurrent Liabilities	60,649,578	57,965,078	76,490,959	70,606,648	137,140,537	128,571,726
Total Liabilities	<u>\$ 64,408,083</u>	<u>\$ 62,098,472</u>	<u>\$ 81,345,998</u>	<u>\$ 75,228,999</u>	<u>\$ 145,754,081</u>	<u>\$ 137,327,471</u>
<b>Deferred Inflows of Resources</b>						
Pension Plan and Debt Refunding Deferments	\$ 7,016,880	\$ 1,752,256	\$ 1,258,906	\$ 1,048,238	\$ 8,275,786	\$ 2,800,494
<b>Net Position</b>						
Net Investment in Capital Assets	\$ 137,122,192	\$ 132,552,673	\$ 30,523,279	\$ 31,821,470	\$ 167,645,471	\$ 164,374,143
Restricted	19,807,677	14,175,353	17,986,742	5,609,821	37,794,419	19,785,174
Unrestricted (deficit)	(2,060,473)	(640,332)	(7,433,427)	1,918,324	(9,493,900)	1,277,992
Total Net Position	<u>\$ 154,869,396</u>	<u>\$ 146,087,694</u>	<u>\$ 41,076,594</u>	<u>\$ 39,349,615</u>	<u>\$ 195,945,990</u>	<u>\$ 185,437,309</u>
<b>Total Liabilities, Deferred Inflows, and Net Position</b>	<u>\$ 226,294,359</u>	<u>\$ 209,938,422</u>	<u>\$ 123,681,498</u>	<u>\$ 115,626,852</u>	<u>\$ 349,975,857</u>	<u>\$ 325,565,274</u>

**The City as a whole** – The City’s combined net position was \$195.9 million on December 31, 2017.

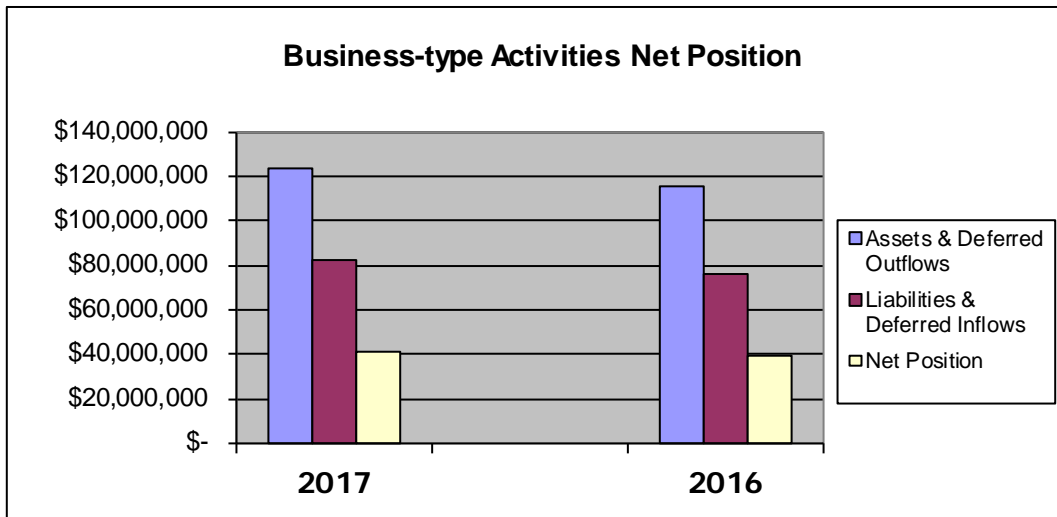
The largest portion of net position (85.6 percent) reflects the City’s investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure), less debt used to acquire those assets that is still outstanding. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Chaska’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 capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City’s net position represents resources that are subject to external restriction on how they may be used. The amount of restricted net position is \$37,794,419. After restrictions, the City is reporting an unrestricted net position deficit of \$9,493,900 a decrease of \$10.8 million from the prior year.

**Governmental activities** – Total net position increased \$8.8 million. During 2017, the City gained \$9.3 million in governmental activities capital assets net of depreciation. Most of this increase is related to new projects in construction in progress followed by developer donated land and improvements. The City also recorded significant changes to pension plan deferments and net pension liability. Deferred outflows of resources decreased \$3.2 million from the prior year while the deferred inflows of resources increased by \$5.3 million. Net pension liability decreased \$7.4 million. Additional detail related to the City’s participation in pension plans is discussed later in the Notes to the Financial statements. (Notes 13-16)

**Business-type activities** – In 2017, net position increased by \$1.7 million as total assets increased by \$9.2 million. This increase is due to the issuance of new bonded debt resulting in more cash with escrow or investments for construction projects. Cash is also much higher due to a shift in interfund borrowing. Total liabilities increased \$6.1 million due to addition of new debt.



**Management's Discussion and Analysis**

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2017**

**City of Chaska's Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 6,120,772	\$ 6,474,075	\$ 53,532,768	\$ 52,710,583	\$ 59,653,540	\$ 59,184,658
Operating Grants & Contributions	1,477,224	628,278	1,626	100,379	1,478,850	728,657
Capital Grants & Contributions	14,086,637	8,226,427	704,759	647,918	14,791,396	8,874,345
<b>General Revenues:</b>						
Property Taxes	9,089,057	8,189,403	-	-	9,089,057	8,189,403
Franchise Taxes	4,300,526	4,224,548	-	-	4,300,526	4,224,548
Grants & Contributions Not Restricted	310,188	585,679	41,184	-	351,372	585,679
Other General Revenues	670,220	758,838	319,934	305,030	990,154	1,063,868
<b>Total Revenues</b>	<b>36,054,624</b>	<b>29,087,248</b>	<b>54,600,271</b>	<b>53,763,910</b>	<b>90,654,895</b>	<b>82,851,158</b>
<b>Program Expenses</b>						
General Government	6,603,240	5,975,566	-	-	6,603,240	5,975,566
Economic Development	2,005,808	1,078,389	-	-	2,005,808	1,078,389
Public Safety	6,063,781	6,878,111	-	-	6,063,781	6,878,111
Public Works	9,042,167	8,566,638	-	-	9,042,167	8,566,638
Parks, Recreation & Arts	1,286,155	1,067,514	-	-	1,286,155	1,067,514
Interest on Long-term Debt	1,264,604	1,424,886	-	-	1,264,604	1,424,886
Electric	-	-	35,744,098	35,236,356	35,744,098	35,236,356
Water	-	-	2,883,350	2,859,401	2,883,350	2,859,401
Sewer	-	-	3,494,259	3,254,994	3,494,259	3,254,994
Community Center	-	-	4,536,723	4,419,881	4,536,723	4,419,881
Par 30 Golf Course	-	-	193,856	240,047	193,856	240,047
Chaska Town Course	-	-	2,512,410	2,433,909	2,512,410	2,433,909
Turbine Generator	-	-	1,019,671	1,057,383	1,019,671	1,057,383
Internet Service Provider	-	-	184,840	168,783	184,840	168,783
Storm Water	-	-	980,334	993,816	980,334	993,816
Chaska Curling Center	-	-	2,330,918	1,516,260	2,330,918	1,516,260
<b>Total Expenses</b>	<b>26,265,755</b>	<b>24,991,104</b>	<b>53,880,459</b>	<b>52,180,830</b>	<b>80,146,214</b>	<b>77,171,934</b>
Excess Before Transfers	9,788,869	4,096,144	719,812	1,583,080	10,508,681	5,679,224
Transfers	(1,007,167)	(221,383)	1,007,167	221,383	-	-
Increase in Net Position	8,781,702	3,874,761	1,726,979	1,804,463	10,508,681	5,679,224
Net Position - Beginning	146,087,694	142,212,933	39,349,615	37,545,152	185,437,309	179,758,085
Net Position - Ending	<u>\$ 154,869,396</u>	<u>\$ 146,087,694</u>	<u>\$ 41,076,594</u>	<u>\$ 39,349,615</u>	<u>\$ 195,945,990</u>	<u>\$ 185,437,309</u>

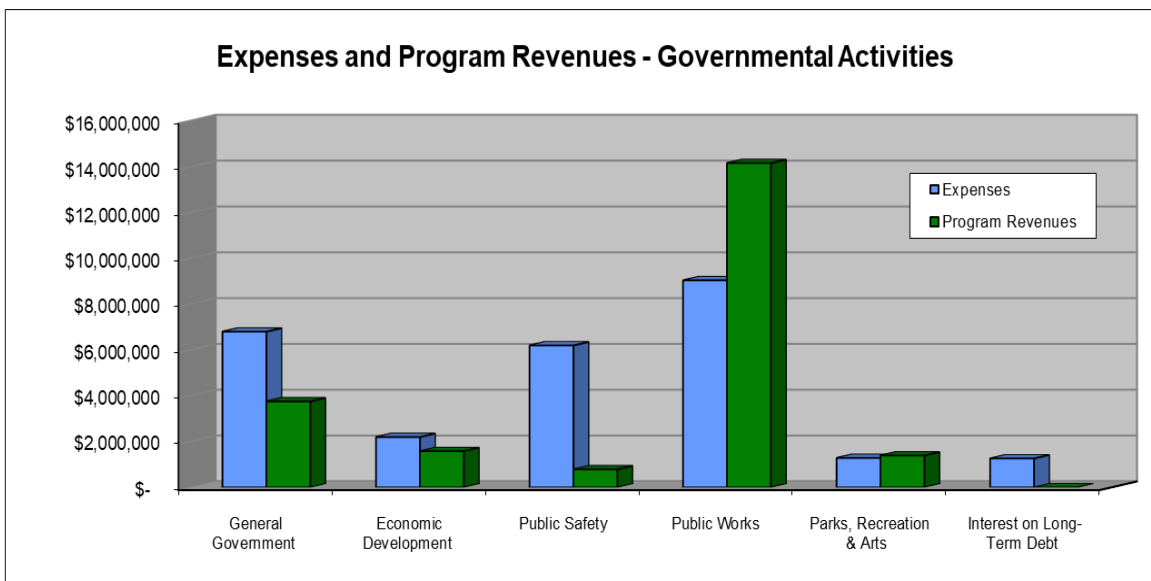
***The City as a whole***

- As a whole, the City had total revenues of \$90.7 million for the year ended December 31, 2017. This is an increase of \$7.8 million from the prior year.
- The total cost of all programs and services was \$80.1 million, an increase of \$3.0 million from the prior year. The City's expenses are predominantly related to providing services (police, fire, purchasing power for electric service, building inspections, street maintenance, snow removal, etc.) for the citizens of Chaska. The purely administrative activities of the City accounted for 8.2 percent of total costs. This was a 0.5 percent increase from the prior year.

***Governmental activities***

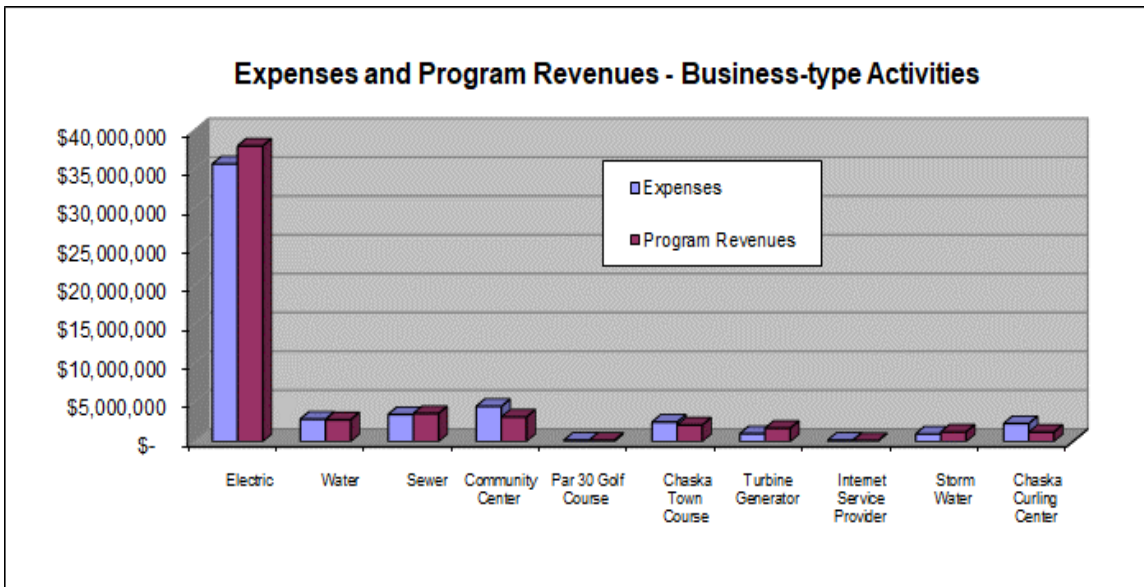
- The largest source of revenue for governmental activities is Capital Grants and Contributions. In 2017, 39.1 percent of all revenues were Capital Grants and Contributions.

- Of the \$14.1 million Capital Grants and Contributions, \$12.2 million is reported in Public Works. This revenue is related to special assessments and state aids for street reconstruction and related improvements.
- Property Taxes were the next major source of revenues at 25.2 percent of the total governmental activities in 2017.
- The total costs of all programs and services were \$26.3 million. The cost of providing general government and street maintenance/construction makes up 59.6 percent of this total.



***Business-type activities***

- Business-type activities net position increased by 4.39 percent to \$41.1 million.
- Charges for services were very similar to prior years, increasing only 1.5 percent, or \$.82 million from the prior year. The Chaska Community Center, Storm Water and Water operations all saw increases of \$428,539, \$128,096, and \$53,293 respectively.
- Expenses were \$1.7 million higher, or a 3.3 percent increase, compared to 2016. The Electric expenses increased \$.51 million due to higher administration costs, franchise fees and depreciation. The Chaska Curling Center’s expenses increased \$.81 million from the prior year, in its second (2) full year of operations. All other operations accounted for the \$.38 million increase.



**FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS**

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

**Governmental funds.** The focus of the City of Chaska’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 Chaska’s financing requirements. In particular, assigned and unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year. As the City completed the year, its governmental funds reported a combined fund balance of \$18.8 million.

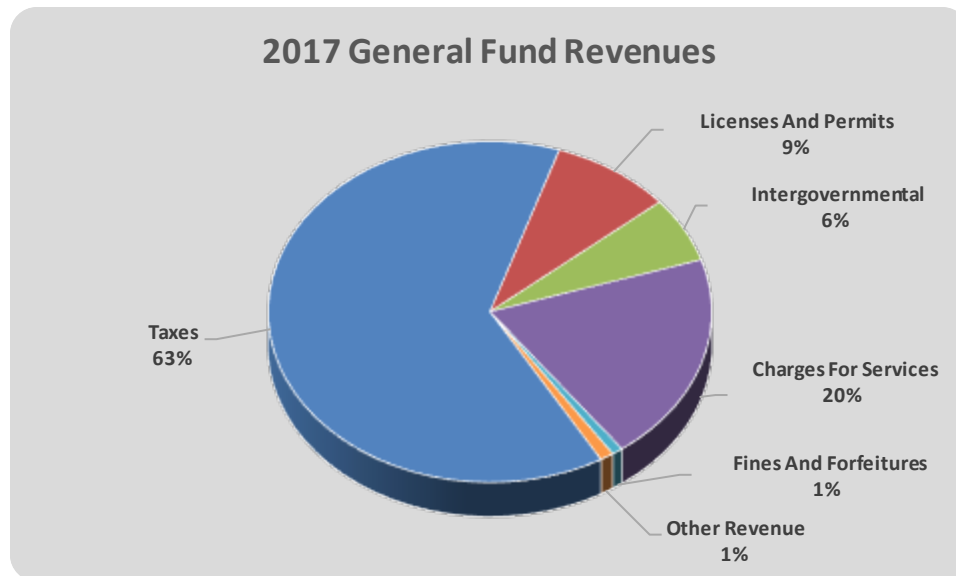
The City completed the year with an increase in governmental fund balances of \$5.0 million. Revenues for the City’s governmental funds were \$26.7 million, while total expenditures were \$34.1 million. Property taxes, charges for services and franchise taxes are the most significant sources of revenue (71.7 percent) while capital outlay is the most significant expenditure (28.7 percent).

The **General fund** is the chief operating fund of the City of Chaska. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1.1 million. The fund balance decreased \$527,642 as of December 31, 2017. Key factors in the change are:

- In 2017, total revenues and other financing sources were \$151,517 less than budget, while total expenditures and other financing uses were \$376,125 over budget.
- Differences between budgeted and actual revenue include property taxes \$16,359 lower than budget, and franchise fees \$123,875 lower than budget. Licenses and permits, special assessments, as well as intergovernmental revenues were all higher than budget by \$140,745, \$793 and \$63,477 respectively. An increase in plan checks contributed to an

increase in licenses and permits, while fire and EMT training aid helped increase intergovernmental revenues.

- Differences between budgeted and actual expenditures include general government which was over budget by \$98,740. Public safety was over budget by \$533,756, Public Works was under budget by \$70,741 and Parks and Recreation was under budget by \$199,277. Areas that general government were over budget include Administrative Services, Administration, and the City Attorney. Administrative Services was over budget by \$194,018, Administration was over budget by \$113,146, and the City Attorney was over budget by \$67,634. Professional and contractual services provided on various projects contributed to the bulk of these overages. Public Works snow removal requirements were under budget by \$46,023 accounting for the bulk of their underage of \$70,741. Firemen’s Park and beach have not fully staffed all projected positions therefore, personnel costs, supplies and other charges are under budget by \$138,544 for the year.



The **Public Improvement Projects fund** is a capital project fund used to account for the receipts and expenditures for improvement costs, as well as dedicated revenues appropriated for public improvement projects. In 2017, capital outlay was \$5.4 million while bonds issued plus premium were \$5.8 million. Special assessments are the other major revenue reported in this fund. The fund balance decreased \$101,803 as of December 31, 2017.

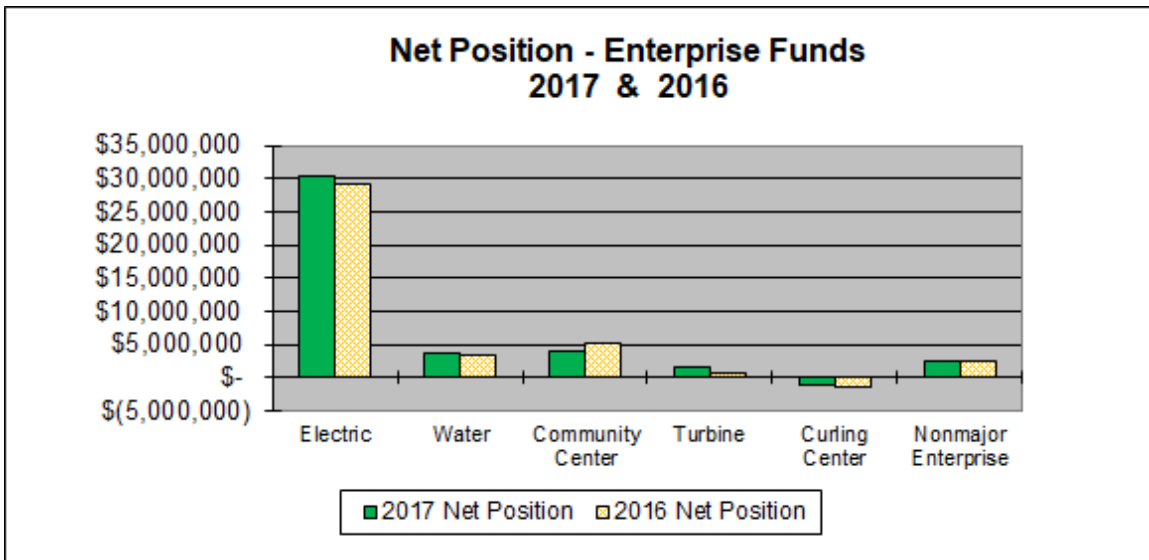
**Proprietary Funds.** The statements for proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The combined change of all current year enterprise funds operations increased net position by \$1.7 million.

- The Electric fund’s operating income was \$2,148,084. Operating revenue increased \$42,001 from last year. Capital assets (net of depreciation) increased \$2.6 million with the

addition of the Lake Hazeltine Substation, and growth in lines, poles and transformers as the City expands its service to new residential and industrial customers.

- The Water fund had operating income of \$245,830 which was \$26,229 greater than the prior year. Operating revenue increased \$53,293 from the prior year. The Water fund transferred out \$77,082 to other funds to support water system improvement projects.
- The Chaska Community Center had operating revenues of \$3,163,971 and operating expenses (less depreciation) of \$3,570,939. When factoring in depreciation expense (\$710,666), the operating loss was \$1,117,634. When calculating and setting Community Center fees, recouping depreciation expense is not considered.
- The Turbine Generator fund received \$1.7 million in lease revenue. Net position increased \$772,831 and the fund paid down \$1,110,000 in bonded debt.
- The Chaska Curling Center completed its second (2) full year of operations in 2017. The fund reported operating revenue of \$1,221,472 and operating expenses of \$1,805,162 resulting in operating loss of \$583,690. After non-operating revenues, non-operating expenses, and transfers, net position increased \$375,689.



### General Fund Budgetary Highlights

The final amended budget for the General fund includes the original adopted budget plus any additional supplemental appropriations that were legislated by the City Council during the year. In 2017, the original budget was not amended; therefore, projecting no change in fund balance.

While the City's original and final budget for the General fund anticipated that revenues would equal expenditures, the City's General fund reported revenues lower than budget and expenditures higher than budget.

- Total revenue and other financing sources were \$151,517 lower than budget.
- Intergovernmental revenue surpassed budget by \$63,477. State aid comprised \$37,164 of that revenue.
- Other revenue was \$190,478 under budget for various reasons. Sources of other revenue include payments, interest earnings, contributions and miscellaneous revenues.
- Public Safety expenditures were \$533,756 more than the final budget. A claim against the Police department that had not been filed at the time the budget was developed makes up \$250,000 of this overage. Another \$183,161 was personnel services expenditures for Police staff, while the remainder of the overage was primarily operating supplies for both Police and Fire.
- Public Works and Park, Recreation and Arts were under budget by \$70,741 and \$199,277 respectively. Public Works underage can be attributed to lower than projected costs to maintain streets. Openings for full-time personnel in Parks, Recreation and Arts resulted in significant underages.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As shown in capital asset table below, at the end of 2017, the City had \$249.4 million invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, electric, water and sewer lines. More detailed information on the City of Chaska's capital assets can be found in **Note 4** of the basic financial statements.

**Capital Assets at Year End - Net of Depreciation**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 51,768,931	\$ 50,362,938	\$ 1,231,421	\$ 1,222,364	\$ 53,000,352	\$ 51,585,302
Works of Art/Historical Treasures	105,027	105,027	-	-	105,027	105,027
Buildings	2,598,135	2,912,308	38,300,505	40,313,668	40,898,640	43,225,976
Other Improvements	12,599,631	13,166,296	1,135,327	1,185,043	13,734,958	14,351,339
Furniture & Equipment	3,550,613	3,418,768	4,709,249	4,287,168	8,259,862	7,705,936
Infrastructure	97,355,548	94,046,659	21,095,485	20,468,276	118,451,033	114,514,935
Construction in Progress	11,921,291	6,615,636	2,996,622	890,955	14,917,913	7,506,591
<b>Totals</b>	<b>\$ 179,899,176</b>	<b>\$ 170,627,632</b>	<b>\$ 69,468,609</b>	<b>\$ 68,367,474</b>	<b>\$ 249,367,785</b>	<b>\$ 238,995,106</b>

In 2017, the City caught up on needed improvements deferred as a result of Ryder Cup in 2016, executing \$13,650,634 in street reconstruction and city-wide infrastructure projects.

**Long-Term Debt**

At year-end, the City had \$116.6 million in bonds and notes outstanding, as shown in the table below. More detailed information about the City's long-term liabilities is presented in **Note 6** to the financial statements.

<b>City of Chaska's Outstanding Debt</b>						
(Does Not Include Premiums, Compensated Absences, Claims and Judgments Payable, Other Post-Employment Benefits or Net Pension Liabilities)						
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>G.O. Equipment Certificates</b> (Backed by the City)	\$ 2,605,000	\$ 740,000	\$ -	\$ -	\$ 2,605,000	\$ 740,000
<b>G.O. Bonds</b> (Backed by the City)	1,635,000	1,835,000	15,820,000	15,745,000	17,455,000	17,580,000
<b>G.O. Tax Increment Bonds</b> (Backed by the City)	1,220,000	850,000	-	-	1,220,000	850,000
<b>G.O. Abatement Bonds</b> (Backed by the City)	2,430,000	405,000	-	-	2,430,000	405,000
<b>G.O. Improvement Bonds</b> (Backed by the City)	30,995,000	25,510,000	-	-	30,995,000	25,510,000
<b>Revenue Bonds and Notes</b> (Backed by specific tax and fee revenues)	-	-	29,440,000	23,475,000	29,440,000	23,475,000
<b>EDA Lease Revenue Bonds</b> (Backed by specific tax and fee revenues)	9,815,000	10,085,000	22,575,000	21,960,000	32,390,000	32,045,000
<b>Promissory Note Payable</b> (Backed by the City)	107,998	119,300	-	-	107,998	119,300
<b>Totals</b>	<b>\$ 48,807,998</b>	<b>\$ 39,544,300</b>	<b>\$ 67,835,000</b>	<b>\$ 61,180,000</b>	<b>\$ 116,642,998</b>	<b>\$ 100,724,300</b>

The City continues to pay down its debt, retiring \$6.2 million of outstanding bonds and notes in 2017.

The City of Chaska's General Obligation bonds carry an AA rating by Standard and Poor's Corporation, the City of Chaska Electric Revenue Bonds are rated A2 by Moody's and the Chaska EDA Lease Revenue Bonds carry an AA- rating by Standard and Poor's Corporation, as of last review.

Under Minnesota State Statutes, the general obligation bonded debt issued by the City is subject to a legal debt limitation based on 3 percent of market value. At December 31, 2017, the City's legal debt margin was \$73,940,371. The statutes provide that debt issues supported by tax increment, special assessment revenues or available dedicated reserves are excluded from the total limited debt.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's elected and appointed officials considered many factors when setting the fiscal year 2018 budget. Specifically, six (6) major economic issues were considered:

1. Market values across the community increased by an average of 7.85 percent. This will bring our overall property values in the community to just over \$2.8 billion, the highest level in our community's history. 2.3 percent of this change came from new construction with the rest being increased values on existing properties.
2. Based on State formulas, the City will no longer receive Local Government Aid to help reduce our tax levy, creating a \$257,376 loss in revenue for 2018.
3. Both residential and commercial building permit activity has continued to be stable, becoming more predictable from a budgeting perspective.
4. The City is once again seeing an increase in population, with our population moving to just under 26,500 residents.
5. Electric revenue has continued to increase with continued economic development activity occurring in the last five (5) years, including data center development and additions to existing industrial businesses, driving up this usage. This has had a positive impact on the electric franchise fee coming back to our General fund.
6. The City continues to see a good mix of commercial, industrial and residential growth in the community.

As we look at 2018, we continue to see a positive trend in the market, as both commercial and industrial economic development activities occur and are planned in the community, while residential development continues moving in a positive and measured direction. These activities have a positive impact on our electric franchise fee to the General fund. It also helps increase new market values in the community, which we have provided additional tax resources to support our service levels, without having a negative impact on existing properties in the community.

General fund operating expenditures are forecast to be \$16,012,480 which is an increase of 6.4 percent over the 2017 operating budget. In preparing the 2018 budget the following general assumptions were used for the operating budget:

- Utilize budgeting objectives developed.
- Increase in the tax levy by 5.3 percent due to new growth and inflation, with an additional \$125,000 representing the replacement of half of our lost Local Government Aid in 2018.
- Continue to implement the capital improvement program (CIP) in 2018.
- Continue with the 5 percent gas franchise fee, which will represent approximately \$468,000 in 2018 and be dedicated to the CIP Program.

- Continuation of \$300,000 tax levy annually to the Economic Development Authority fund (EDA) in 2018 and continuing to support the "Community Building Fund".
- Operational costs increase 1 percent in 2018.
- Personnel salaries increase of 3 percent, with employer benefit contribution increases of 6 percent.
- Assume normal continuation of our street reconstruction program.
- Continue contract with City of Carver for shared recreational services, bringing in additional \$51,250 in revenue.
- Assume no draw-down on General fund reserves

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Chaska's Administrative Services Department.

**Government-Wide Financial Statements**

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2017**

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**CITY OF CHASKA, MINNESOTA**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2017**

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Cash And Investments	\$ 17,628,034	\$ 11,563,105	\$ 29,191,139
Receivables:			
Taxes	145,206	-	145,206
Special Assessments	14,157,759	51,261	14,209,020
Accounts, Net Of Allowance	211,712	6,236,736	6,448,448
Interest	13,275	151,188	164,463
Leases	128,903	19,730,971	19,859,874
Notes	34,261	-	34,261
Internal Balances	4,747,836	(4,747,836)	-
Due From Other Governments	14,257	131,880	146,137
Inventories	-	1,699,472	1,699,472
Net Pension Asset	555,163	-	555,163
Restricted Assets:			
Cash And Investments For Operating And Maintenance	-	10,108,000	10,108,000
Cash With Escrow Agent - Debt Service	2,360,778	8,113,394	10,474,172
Capital Assets:			
Not Depreciated	63,795,249	4,228,043	68,023,292
Net Of Depreciation	116,103,927	65,240,566	181,344,493
<b>TOTAL ASSETS</b>	<b>219,896,360</b>	<b>122,506,780</b>	<b>342,403,140</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Plan Deferments	6,397,999	1,174,718	7,572,717
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 226,294,359</b>	<b>\$ 123,681,498</b>	<b>\$ 349,975,857</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 862,134	\$ 576,233	\$ 1,438,367
Salaries Payable	314,171	214,391	528,562
Deposits Payable	47,279	382,791	430,070
Accrued Interest Payable	546,859	643,316	1,190,175
Due To Other Governments	27,691	2,433,709	2,461,400
Unearned Revenue	1,960,371	604,599	2,564,970
Non-Current Liabilities:			
Due Within One Year	3,522,626	6,014,510	9,537,136
Due In More Than One Year	57,126,952	70,476,449	127,603,401
<b>TOTAL LIABILITIES</b>	<b>64,408,083</b>	<b>81,345,998</b>	<b>145,754,081</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Debt Refunding Deferments	-	481,338	481,338
Pension Plan Deferments	7,016,880	777,568	7,794,448
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>7,016,880</b>	<b>1,258,906</b>	<b>8,275,786</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	137,122,192	30,523,279	167,645,471
Restricted for:			
Special Purposes	62,789	-	62,789
Capital Projects	8,684,584	-	8,684,584
Debt Service	9,776,849	17,986,742	27,763,591
Economic Development	930,081	-	930,081
Fire Relief Pensions	353,374	-	353,374
Unrestricted	(2,060,473)	(7,433,427)	(9,493,900)
<b>TOTAL NET POSITION</b>	<b>154,869,396</b>	<b>41,076,594</b>	<b>195,945,990</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 226,294,359</b>	<b>\$ 123,681,498</b>	<b>\$ 349,975,857</b>

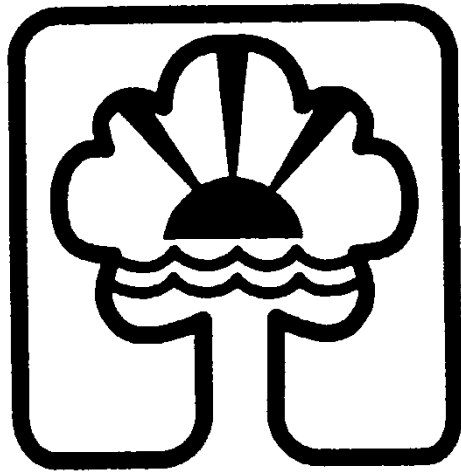
The notes to the financial statements are an integral part of this statement.

CITY OF CHASKA, MINNESOTA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING	CAPITAL	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
			GRANTS AND CONTRIBUTIONS	GRANTS AND CONTRIBUTIONS			
<b>Governmental Activities:</b>							
General Government	\$ 6,603,240	\$ 3,716,746	\$ 39,449	\$ -	\$ (2,847,045)	\$ -	\$ (2,847,045)
Economic Development	2,005,808	76,000	890,832	617,736	(421,240)	-	(421,240)
Public Safety	6,063,781	263,033	507,970	20,738	(5,272,040)	-	(5,272,040)
Public Works	9,042,167	1,882,531	38,673	12,238,082	5,117,119	-	5,117,119
Parks, Recreation And Arts	1,286,155	182,462	300	1,210,081	106,688	-	106,688
Interest On Long-Term Debt	1,264,604	-	-	-	(1,264,604)	-	(1,264,604)
<b>Total Governmental Activities</b>	<b>26,265,755</b>	<b>6,120,772</b>	<b>1,477,224</b>	<b>14,086,637</b>	<b>(4,581,122)</b>	<b>-</b>	<b>(4,581,122)</b>
<b>Business-type Activities:</b>							
Electric	35,744,098	37,542,385	494	511,552	-	2,310,333	2,310,333
Water	2,883,350	2,768,225	153	37,111	-	(77,861)	(77,861)
Sewer	3,494,259	3,601,281	153	8,240	-	115,415	115,415
Community Center	4,536,723	3,163,971	399	-	-	(1,372,353)	(1,372,353)
Par 30 Golf Course	193,856	167,726	31	-	-	(26,099)	(26,099)
Chaska Town Course	2,512,410	2,133,510	215	-	-	(378,685)	(378,685)
Turbine Generator	1,019,671	1,719,136	-	-	-	699,465	699,465
Internet Service Provider	184,840	117,718	-	-	-	(67,122)	(67,122)
Storm Water	980,334	1,097,344	61	147,856	-	264,927	264,927
Chaska Curling Center	2,330,918	1,221,472	120	-	-	(1,109,326)	(1,109,326)
<b>Total Business-type Activities</b>	<b>53,880,459</b>	<b>53,532,768</b>	<b>1,626</b>	<b>704,759</b>	<b>-</b>	<b>358,694</b>	<b>358,694</b>
<b>TOTAL</b>	<b>\$ 80,146,214</b>	<b>\$ 59,653,540</b>	<b>\$ 1,478,850</b>	<b>\$ 14,791,396</b>	<b>(4,581,122)</b>	<b>358,694</b>	<b>(4,222,428)</b>
			<b>General Revenues:</b>				
			Property Taxes		9,089,057	-	9,089,057
			Franchise Taxes		4,300,526	-	4,300,526
			Grants & Contributions Not Restricted to Specific Functions		310,188	41,184	351,372
			Investment Earnings		253,578	260,708	514,286
			Other		416,642	59,226	475,868
			Transfers		(1,007,167)	1,007,167	-
			<b>Total General Revenues &amp; Transfers</b>		<b>13,362,824</b>	<b>1,368,285</b>	<b>14,731,109</b>
			<b>Change in Net Position</b>		<b>8,781,702</b>	<b>1,726,979</b>	<b>10,508,681</b>
			<b>Net Position - Beginning</b>		<b>146,087,694</b>	<b>39,349,615</b>	<b>185,437,309</b>
			<b>Net Position - Ending</b>		<b>\$ 154,869,396</b>	<b>\$ 41,076,594</b>	<b>\$ 195,945,990</b>

The notes to the financial statements are an integral part of this statement.



CHASKA

**Governmental Funds**

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2017**

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CITY OF CHASKA, MINNESOTA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2017

	GENERAL	PUBLIC IMPROVEMENT PROJECTS	NONMAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash And Investments	\$ 2,230,235	\$ 234,887	\$ 14,663,425	\$ 17,128,547
Cash With Escrow Agent	-	-	2,360,778	2,360,778
Receivables:				
Taxes	103,245	-	41,961	145,206
Special Assessments	252	4,143,453	10,014,054	14,157,759
Accounts, Net of Allowance	206,312	-	5,400	211,712
Interest	2,022	-	6,745	8,767
Lease	-	-	128,903	128,903
Notes	-	-	34,261	34,261
Due From Other Funds	-	-	2,559,564	2,559,564
Due From Other Governments	14,257	-	-	14,257
Interfund Receivable	-	-	745,317	745,317
Advance To Other Funds	-	-	993,349	993,349
<b>TOTAL ASSETS</b>	<b>\$ 2,556,323</b>	<b>\$ 4,378,340</b>	<b>\$ 31,553,757</b>	<b>\$ 38,488,420</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts Payable	\$ 166,185	\$ 503,965	\$ 191,984	\$ 862,134
Salaries Payable	314,171	-	-	314,171
Deposits Payable	79	-	47,200	47,279
Due To Other Funds	-	-	1,300,271	1,300,271
Due To Other Governments	27,589	102	-	27,691
Interfund Payable	-	-	641,651	641,651
Advance From Other Funds	-	-	2,158,287	2,158,287
Unearned Revenue	-	65,292	1,895,079	1,960,371
<b>TOTAL LIABILITIES</b>	<b>508,024</b>	<b>569,359</b>	<b>6,234,472</b>	<b>7,311,855</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable Revenue - Taxes	36,132	-	22,013	58,145
Unavailable Revenue - Special Assessments	252	4,078,161	8,108,583	12,186,996
Unavailable Revenue - Notes Receivable	-	-	34,261	34,261
Unavailable Revenue - Lease Receivable	-	-	128,903	128,903
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>36,384</b>	<b>4,078,161</b>	<b>8,293,760</b>	<b>12,408,305</b>
<b>FUND BALANCES:</b>				
Restricted	-	1,374,942	10,351,500	11,726,442
Committed	908,494	-	2,889,920	3,798,414
Assigned	-	-	8,571,632	8,571,632
Unassigned	1,103,421	(1,644,122)	(4,787,527)	(5,328,228)
<b>TOTAL FUND BALANCES</b>	<b>2,011,915</b>	<b>(269,180)</b>	<b>17,025,525</b>	<b>18,768,260</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,556,323</b>	<b>\$ 4,378,340</b>	<b>\$ 31,553,757</b>	<b>\$ 38,488,420</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF CHASKA, MINNESOTA**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2017**

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Total fund balances - governmental funds \$ 18,768,260

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.

Cost of Capital Assets	262,635,085
Less: Accumulated Depreciation	(82,735,909)

Due to availability, certain revenues are not recognized under the governmental fund statements until received; however, under full accrual in the government-wide Statement of Activities, revenues are recorded when earned regardless of when received.

Delinquent Taxes	58,145
Special Assessments	12,186,996
Notes Receivable	34,261
Leases Receivable	128,903

Governmental funds do not report long-term amounts related to pensions that are included in governmental activities net position.

Deferred Outflows - Pension Plan Deferments	6,397,999
Deferred Inflows - Pension Plan Deferments	(7,016,880)

Internal service funds are used by management to charge the costs of property and liability insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.

5,272,278

Internal balances from business-type activities for internal service fund services.

(218,468)

Governmental funds do not report net pension assets.

555,163

Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.

(546,859)

Long-term liabilities, including bonds payable, notes payable, compensated absences, other post-employment benefits and net pension liabilities are not payable with current financial resources and, therefore, are not reported in governmental funds.

Due within one year	(3,522,626)
Due in more than one year	(57,126,952)

Net position of governmental activities

\$ 154,869,396

The notes to the financial statements are an integral part of this statement.

CITY OF CHASKA, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	GENERAL	PUBLIC IMPROVEMENT PROJECTS	NONMAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>				
Taxes:				
Property	\$ 5,138,807	\$ -	\$ 3,981,434	\$ 9,120,241
Franchise	4,300,526	-	-	4,300,526
Licenses And Permits	1,302,593	-	-	1,302,593
Intergovernmental	926,001	-	1,727,944	2,653,945
Charges For Services	2,952,236	-	2,764,920	5,717,156
Fines And Forfeitures	113,158	-	-	113,158
Special Assessments	793	1,150,000	1,684,999	2,835,792
Other Revenue	149,227	9,449	501,185	659,861
<b>TOTAL REVENUES</b>	<b>14,883,341</b>	<b>1,159,449</b>	<b>10,660,482</b>	<b>26,703,272</b>
<b>EXPENDITURES</b>				
<b>CURRENT:</b>				
General Government	5,418,382	118,208	94,014	5,630,604
Economic Development	-	-	1,919,188	1,919,188
Public Safety	5,738,341	-	-	5,738,341
Public Works	3,121,365	1,532,511	559,706	5,213,582
Parks, Recreation And Arts	724,870	22,122	393,937	1,140,929
<b>DEBT SERVICE:</b>				
Principal	-	-	3,061,302	3,061,302
Interest	-	-	1,380,700	1,380,700
Issuance Costs And Fiscal Agent Fees	-	73,323	176,948	250,271
<b>CAPITAL OUTLAY</b>	<b>-</b>	<b>5,386,826</b>	<b>4,421,298</b>	<b>9,808,124</b>
<b>TOTAL EXPENDITURES</b>	<b>15,002,958</b>	<b>7,132,990</b>	<b>12,007,093</b>	<b>34,143,041</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(119,617)</b>	<b>(5,973,541)</b>	<b>(1,346,611)</b>	<b>(7,439,769)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	14,622	27,475	4,582,548	4,624,645
Transfers Out	(422,647)	-	(5,194,543)	(5,617,190)
Bonds Issued	-	5,205,000	5,665,000	10,870,000
Refunding Bonds Issued	-	-	1,455,000	1,455,000
Premium on Bonds Issued	-	639,263	485,966	1,125,229
Sale Of Capital Assets	-	-	11,741	11,741
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b>(408,025)</b>	<b>5,871,738</b>	<b>7,005,712</b>	<b>12,469,425</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(527,642)</b>	<b>(101,803)</b>	<b>5,659,101</b>	<b>5,029,656</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>2,539,557</b>	<b>(167,377)</b>	<b>11,366,424</b>	<b>13,738,604</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 2,011,915</b>	<b>\$ (269,180)</b>	<b>\$ 17,025,525</b>	<b>\$ 18,768,260</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF CHASKA, 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, 2017**

---

Total net change in fund balances - governmental funds \$ 5,029,656

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

Governmental funds report 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. Further detail on increases and decreases can be found in the note on capital assets. (Increases include donations of capital assets.)

Capital Outlay	16,094,547
Less: Depreciation Expense	(6,813,746)
Net book value of assets sold or disposed	(9,257)

Under modified accrual basis of accounting, certain revenues cannot be recognized until they are available to liquidate liabilities of the current period. Under the full accrual basis of accounting, these revenues are recognized when earned.

Delinquent Taxes	(31,184)
Special Assessments	4,741,151
Notes Receivable	(53,117)
Leases Receivable	128,903

Long-term debt and other long-term liabilities provide current financial resources to governmental funds, while the repayment of long-term debt and liabilities consume the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Further detail on the additions and reductions can be found in the note on long-term liabilities.

Additions to long-term liabilities (increases governmental fund balances)	(16,463,983)
Reductions to long-term liabilities (decreases governmental fund balances)	13,779,483

Net pension activity is not recognized in the governmental funds but recognized as the expense/revenue is incurred in the Statement of Activities.

Net Pension Asset	547,305
Deferred Outflows - Pension Plan Deferments	(3,233,590)
Deferred Inflows - Pension Plan Deferments	(5,264,624)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

(7,255)

Internal service funds are used by management to charge the costs of property and liability insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

392,525

Internal service fund profit allocated to business-type activities.

(55,112)

Change in net position - governmental activities

\$ 8,781,702

The notes to the financial statements are an integral part of this statement.

**CITY OF CHASKA, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES:</b>			
<b>Taxes:</b>			
Property	\$ 5,155,166	\$ 5,138,807	\$ (16,359)
Franchise	4,424,401	4,300,526	(123,875)
Licenses And Permits	1,161,848	1,302,593	140,745
Intergovernmental	862,524	926,001	63,477
Charges For Services	2,988,530	2,952,236	(36,294)
Fines And Forfeitures	117,306	113,158	(4,148)
Special Assessments	-	793	793
Other Revenue	339,705	149,227	(190,478)
<b>TOTAL REVENUES</b>	<b>15,049,480</b>	<b>14,883,341</b>	<b>(166,139)</b>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
General Government	5,319,642	5,418,382	(98,740)
Public Safety	5,204,585	5,738,341	(533,756)
Public Works	3,192,106	3,121,365	70,741
Parks, Recreation And Arts	924,147	724,870	199,277
<b>TOTAL EXPENDITURES</b>	<b>14,640,480</b>	<b>15,002,958</b>	<b>(362,478)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>409,000</b>	<b>(119,617)</b>	<b>(528,617)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In	-	14,622	14,622
Transfers Out	(409,000)	(422,647)	(13,647)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(409,000)</b>	<b>(408,025)</b>	<b>975</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>(527,642)</b>	<b>(527,642)</b>
<b>FUND BALANCES, January 1</b>	<b>2,539,557</b>	<b>2,539,557</b>	<b>-</b>
<b>FUND BALANCES, December 31</b>	<b>\$ 2,539,557</b>	<b>\$ 2,011,915</b>	<b>\$ (527,642)</b>

The notes to the financial statements are an integral part of this statement.

**Proprietary Funds**

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2017**

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CITY OF CHASKA, MINNESOTA

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2017

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS							GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUND
	ELECTRIC	WATER	COMMUNITY CENTER	TURBINE GENERATOR	CURLING CENTER	NONMAJOR ENTERPRISE	TOTALS	
<b>ASSETS</b>								
<b>Current Assets:</b>								
Cash And Investments	\$ 5,737,190	\$ 3,057,699	\$ -	\$ 496,084	\$ 24,920	\$ 2,247,212	\$ 11,563,105	\$ 499,487
<b>Restricted Assets:</b>								
Cash And Investments For Operating And Maintenance	10,108,000	-	-	-	-	-	10,108,000	-
Cash And Investments For Debt Service	187,019	-	2,178,397	1,225,044	1,721	-	3,592,181	-
<b>Receivables:</b>								
Special Assessments	352	66	-	-	-	50,843	51,261	-
<b>Accounts:</b>								
Current	3,525,063	196,662	202,695	-	68,632	451,708	4,444,760	-
Unbilled	1,629,203	75,402	-	-	-	152,300	1,856,905	-
Allowance For Uncollectible Accounts	(52,876)	(2,950)	(1,330)	-	(1,029)	(6,744)	(64,929)	-
Interest	7,895	1,642	-	140,733	-	918	151,188	4,508
Due From Other Funds	-	-	-	-	-	139,260	139,260	4,768,283
Due From Other Governments	31,467	2,424	60,634	-	-	37,355	131,880	-
Interfund Receivable	-	-	-	48,624	-	-	48,624	-
Lease Receivable	-	-	-	829,422	-	-	829,422	-
Inventories	1,508,145	123,700	-	-	-	67,627	1,699,472	-
<b>Total Current Assets</b>	<b>22,681,458</b>	<b>3,454,645</b>	<b>2,440,396</b>	<b>2,739,907</b>	<b>94,244</b>	<b>3,140,479</b>	<b>34,551,129</b>	<b>5,272,278</b>
<b>Noncurrent Assets:</b>								
Restricted Cash And Investments	742,864	-	271,790	2,083,000	1,423,559	-	4,521,213	-
Lease Receivable	-	-	-	18,901,549	-	-	18,901,549	-
Advance To Other Funds	2,158,287	-	-	871,831	-	-	3,030,118	-
<b>Capital Assets:</b>								
Land	778,843	222,130	90,466	-	-	139,982	1,231,421	-
Buildings	4,774,312	17,255,218	25,271,730	-	17,040,442	8,380,433	72,722,135	-
Other Improvements	-	1,271,864	552,510	-	-	308,985	2,133,359	-
Furniture And Equipment	1,792,640	514,104	2,486,012	-	1,866,701	3,659,103	10,318,560	-
Infrastructure	26,444,607	4,884,779	-	-	-	4,682,580	36,011,966	-
Construction In Progress	2,709,694	198,651	-	-	-	88,277	2,996,622	-
Less: Accumulated Depreciation	(16,355,222)	(11,969,836)	(16,781,771)	-	(753,789)	(10,084,836)	(55,945,454)	-
<b>Total Net Capital Assets</b>	<b>20,144,874</b>	<b>12,376,910</b>	<b>11,618,947</b>	<b>-</b>	<b>18,153,354</b>	<b>7,174,524</b>	<b>69,468,609</b>	<b>-</b>
<b>Total Noncurrent Assets</b>	<b>23,046,025</b>	<b>12,376,910</b>	<b>11,890,737</b>	<b>21,856,380</b>	<b>19,576,913</b>	<b>7,174,524</b>	<b>95,921,489</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>45,727,483</b>	<b>15,831,555</b>	<b>14,331,133</b>	<b>24,596,287</b>	<b>19,671,157</b>	<b>10,315,003</b>	<b>130,472,618</b>	<b>5,272,278</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Pension Plan Deferments	397,075	122,788	304,689	-	-	350,166	1,174,718	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 46,124,558</b>	<b>\$ 15,954,343</b>	<b>\$ 14,635,822</b>	<b>\$ 24,596,287</b>	<b>\$ 19,671,157</b>	<b>\$ 10,665,169</b>	<b>\$ 131,647,336</b>	<b>\$ 5,272,278</b>
<b>LIABILITIES</b>								
<b>Current Liabilities:</b>								
Accounts Payable	\$ 197,612	\$ 136,916	\$ 55,936	\$ -	\$ 86,492	\$ 99,277	\$ 576,233	\$ -
Salaries Payable	60,465	18,739	67,215	-	20,307	47,665	214,391	-
Deposits Payable	135,439	6,550	85,110	-	22,350	133,342	382,791	-
Compensated Absences	136,067	32,027	69,431	-	7,702	84,283	329,510	-
Accrued Interest Payable	88,232	36,800	14,639	232,938	217,882	52,825	643,316	-
Due To Other Funds	-	-	1,259,293	-	4,768,283	139,260	6,166,836	-
Due To Other Governments	2,324,363	21,485	14,838	63,058	1,694	8,271	2,433,709	-
Interfund Payable	48,624	-	-	-	-	103,666	152,290	-
Revenue Bonds Payable	395,000	529,000	2,465,000	1,140,000	965,000	191,000	5,685,000	-
Unearned Revenue	352	66	175,483	-	270,345	158,353	604,599	-
<b>Total Current Liabilities</b>	<b>3,386,154</b>	<b>781,583</b>	<b>4,206,945</b>	<b>1,435,996</b>	<b>6,360,055</b>	<b>1,017,942</b>	<b>17,188,675</b>	<b>-</b>
<b>Noncurrent Liabilities:</b>								
Compensated Absences	41,609	6,658	54,833	-	18,231	45,643	166,974	-
Advance From Other Funds	871,831	-	-	-	-	993,349	1,865,180	-
Revenue Bonds Payable	9,854,923	10,787,848	4,888,903	21,216,423	14,360,000	4,614,568	65,722,665	-
Other Post Employment Benefits	90,744	18,920	36,170	-	473	71,953	218,260	-
Net Pension Liability	1,387,704	487,019	1,162,184	-	669	1,330,974	4,368,550	-
<b>Total Noncurrent Liabilities</b>	<b>12,246,811</b>	<b>11,300,445</b>	<b>6,142,090</b>	<b>21,216,423</b>	<b>14,379,373</b>	<b>7,056,487</b>	<b>72,341,629</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>15,632,965</b>	<b>12,082,028</b>	<b>10,349,035</b>	<b>22,652,419</b>	<b>20,739,428</b>	<b>8,074,429</b>	<b>89,530,304</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Debt Refunding Deferments	-	-	-	481,338	-	-	481,338	-
Pension Plan Deferments	238,245	78,902	195,669	-	39,891	224,861	777,568	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>238,245</b>	<b>78,902</b>	<b>195,669</b>	<b>481,338</b>	<b>39,891</b>	<b>224,861</b>	<b>1,258,906</b>	<b>-</b>
<b>NET POSITION</b>								
Net Investment in Capital Assets	15,119,014	2,096,065	4,265,044	-	2,830,069	6,213,087	30,523,279	-
Restricted For Debt Service	11,037,883	-	2,450,187	3,075,106	1,423,566	-	17,986,742	-
Unrestricted	4,096,451	1,697,348	(2,624,113)	(1,612,576)	(5,361,797)	(3,847,208)	(7,651,895)	5,272,278
<b>TOTAL NET POSITION</b>	<b>30,253,348</b>	<b>3,793,413</b>	<b>4,091,118</b>	<b>1,462,530</b>	<b>(1,108,162)</b>	<b>2,365,879</b>	<b>40,858,126</b>	<b>5,272,278</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 46,124,558</b>	<b>\$ 15,954,343</b>	<b>\$ 14,635,822</b>	<b>\$ 24,596,287</b>	<b>\$ 19,671,157</b>	<b>\$ 10,665,169</b>	<b>131,647,336</b>	<b>\$ 5,272,278</b>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds 218,468

Net Position of business-type activities \$ 41,076,594

The notes to the financial statements are an integral part of this statement.



CITY OF CHASKA, MINNESOTA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS						TOTALS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
	ELECTRIC	WATER	COMMUNITY CENTER	TURBINE GENERATOR	CURLING CENTER	NONMAJOR ENTERPRISE		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>								
Receipts From Customers And Users	\$ 36,967,953	\$ 2,770,609	\$ 3,077,714	\$ 1,719,136	\$ 1,305,927	\$ 7,071,675	\$ 52,913,014	\$ 797,070
Payments To Suppliers	(32,363,897)	(1,010,407)	(1,508,624)	(308,958)	(972,678)	(4,221,291)	(40,385,855)	(650,856)
Payments To Employees	(1,783,382)	(614,953)	(1,964,558)	-	(524,130)	(2,015,402)	(6,902,425)	206,480
Net Cash Provided (Used) By Operating Activities	2,820,674	1,145,249	(395,468)	1,410,178	(190,881)	834,982	5,624,734	352,694
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>								
Transfers From Other Funds	-	644,611	432,000	-	1,483,762	432,680	2,993,053	-
Transfers To Other Funds	(1,455,200)	(77,082)	-	-	-	(403,604)	(1,935,886)	(14,622)
Due From Other Funds	5,821,578	-	-	-	-	(139,260)	5,682,318	(4,768,283)
Due To Other Funds	-	-	930,014	-	323,708	(237,550)	1,016,172	-
Interfund Loans To Other Funds	603,246	-	-	58,365	-	-	661,611	-
Interest Payments On Interfund Loans	-	-	-	45,854	-	-	45,854	-
Intergovernmental	41,557	154	399	-	120	580	42,810	-
Net Cash Provided (Used) By Non-Capital Financing Activities	5,011,181	567,683	1,362,413	104,219	1,807,590	(347,154)	8,505,932	(4,782,905)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>								
Proceeds From Revenue Bonds	7,593,991	468,997	1,967,441	-	-	322,185	10,352,614	-
Capital Contributions	511,552	37,111	-	-	-	156,096	704,759	-
Principal Paid On Bonds	(145,000)	(482,000)	(325,000)	(1,110,000)	(940,000)	(178,000)	(3,180,000)	-
Interest And Fiscal Charges	(243,820)	(379,959)	(273,185)	(969,550)	(532,120)	(130,845)	(2,529,479)	-
Proceeds From Sale Of Capital Assets	861	-	-	-	-	-	861	-
Construction And Acquisition of Capital Assets	(3,603,437)	(369,771)	(381,918)	-	(121,670)	(600,747)	(5,077,543)	-
Transfers To Other Funds	-	-	(50,000)	-	-	-	(50,000)	-
Lease Payments Received	-	-	-	767,048	-	-	767,048	-
Interfund Loan Payments To Other Funds	(45,854)	-	-	-	-	249,282	203,428	-
Interest Payments On Interfund Loans	(58,365)	-	-	-	-	(20,686)	(79,051)	-
Net Cash Provided (Used) By Capital And Related Financing Activities	4,009,928	(725,622)	937,338	(1,312,502)	(1,593,790)	(202,715)	1,112,637	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>								
Interest On Investments	214,438	21,141	1,253	16,224	2,614	14,483	270,153	56,943
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	12,056,221	1,008,451	1,905,536	218,119	25,533	299,596	15,513,456	(4,373,268)
<b>CASH AND CASH EQUIVALENTS, January 1</b>	4,718,852	2,049,248	544,651	3,586,009	1,424,667	1,947,616	14,271,043	4,872,755
<b>CASH AND CASH EQUIVALENTS, December 31</b>	\$ 16,775,073	\$ 3,057,699	\$ 2,450,187	\$ 3,804,128	\$ 1,450,200	\$ 2,247,212	\$ 29,784,499	\$ 499,487
<b>CASH AND CASH EQUIVALENTS:</b>								
Cash And Investments	\$ 5,737,190	\$ 3,057,699	\$ -	\$ 496,084	\$ 24,920	\$ 2,247,212	\$ 11,563,105	\$ 499,487
Restricted Assets-Revenue Bonds: Cash And Investments	11,037,883	-	2,450,187	3,308,044	1,425,280	-	18,221,394	-
Total Cash And Cash Equivalents	\$ 16,775,073	\$ 3,057,699	\$ 2,450,187	\$ 3,804,128	\$ 1,450,200	\$ 2,247,212	\$ 29,784,499	\$ 499,487
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>								
Operating Income (Loss)	\$ 2,148,084	\$ 245,830	\$ (1,117,634)	\$ 1,410,093	\$ (583,690)	\$ (29,911)	\$ 2,072,772	\$ 147,617
<b>Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities:</b>								
Depreciation Expense	1,013,193	753,759	710,666	-	628,089	783,780	3,889,487	-
Allowance For Uncollectible Accounts	6,129	7	(1,760)	-	(141)	353	4,588	-
Miscellaneous Receipts	-	-	-	-	-	-	-	206,480
<b>(Increase) Decrease In Assets And Deferred Outflows:</b>								
Special Assessments	1,346	454	-	-	-	9,904	11,704	-
Accounts Receivable	(541,147)	(4,130)	11,764	-	9,347	(29,721)	(553,887)	-
Due From Other Governments	(28,215)	(43)	1,209	-	-	(36,756)	(63,805)	-
Inventory	(257,489)	7,706	-	-	-	(3,267)	(253,050)	-
Deferred Outflows	351,213	109,072	283,588	-	70,907	327,216	1,141,996	-
<b>Increase (Decrease) In Liabilities And Deferred Inflows:</b>								
Accounts Payable	163,706	113,808	1,321	-	(358,463)	34,630	(44,998)	(1,403)
Salaries Payable	943	(57)	6,213	-	5,519	1,095	13,713	-
Deposits Payable	(11,199)	6,550	34,604	-	(650)	19,875	49,180	-
Compensated Absences Payable	(8,931)	(14,337)	7,290	-	8,271	(8,043)	(15,750)	-
Net Pension Liability	(322,342)	(100,106)	(260,276)	-	(78,083)	(300,318)	(1,061,125)	-
Due To Other Governments	226,182	3,156	(1,488)	85	710	1,992	230,637	-
Unearned Revenue	(1,346)	(454)	(132,074)	-	75,899	(9,559)	(67,534)	-
Other Post Employment Benefits	9,609	2,003	3,830	-	50	7,620	23,112	-
Deferred Inflows - Pensions	70,938	22,031	57,279	-	31,354	66,092	247,694	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	\$ 2,820,674	\$ 1,145,249	\$ (395,468)	\$ 1,410,178	\$ (190,881)	\$ 834,982	\$ 5,624,734	\$ 352,694
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>								
Amortization Of Bond Premiums	\$ 1,138	\$ 14,957	\$ 1,117	\$ 213,571	\$ -	\$ 3,757	\$ 234,540	\$ -
Amortization Of Gain On Refunding	\$ -	\$ -	\$ -	\$ 37,026	\$ -	\$ -	\$ 37,026	\$ -

The notes to the financial statements are an integral part of this statement.

**Fiduciary Funds**

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2017**

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**CITY OF CHASKA, MINNESOTA**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2017**

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	<b>AGENCY FUNDS</b>
<b><u>ASSETS</u></b>	
Cash And Cash Equivalents	\$ 436,048
Accounts Receivable	12,698
Due From Other Funds	<u>10,430</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 459,176</u></b>
 <b><u>LIABILITIES</u></b>	
Accounts Payable	\$ 52,268
Due To Other Funds	10,430
Deposits Payable	336,838
Due To Other Governments	<u>59,640</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 459,176</u></b>

The notes to the financial statements are an integral part of this statement.

**Note 1 Summary of Significant Accounting Policies**

The City of Chaska (the City) operates under the Optional Plan A Statutory, as a modified form of government pursuant to applicable Minnesota laws and statutes. The Plan A, prescribes a modified Administrator-Council form of organization. The Council consists of an elected mayor and four (4) council members. The City provides the following services: public safety, highways and streets, culture-recreation, public improvements, planning and zoning and general administration. The City operates utilities in the areas of electric, water, sewer and storm water. The City also operates a community center, two (2) golf courses, internet service, gas turbine generator and a curling and event center.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units by the Governmental Accounting Standards Board (GASB). In order to enhance the usefulness of the financial statements to the reader the following is a summary of the City's significant accounting policies.

**A) The Financial Reporting Entity**

These financial statements present the City (primary government) and its component units. The City includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of the significance of their operational or financial relationship with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City.

As a result of applying the component unit definition criteria above, one (1) organization has been defined and is presented in this report as follows:

**Blended component unit** – The Chaska Economic Development Authority (Chaska EDA) was established in 1987 by Resolution No. 87-25 of the Chaska City Council. The Chaska EDA is included in these financial statements by reason of the Chaska EDA Board being comprised of City Council members. Activities of the Chaska EDA are financed by a tax levy of the City for that purpose. There are no other statements for the Chaska EDA other than those presented in this report.

**B) Government-Wide and Fund Financial Statements**

The basic financial statements include both government-wide financial statements and fund financial statements. "Government-wide financial statements" (i.e. the Statement of Net Position and the Statement of Activities) report information based on the City as a whole and

exclude fiduciary activity. Also, for the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Direct expenses also include allocated expenses to functional programs from centralized expenses reported in the Self Insurance fund. *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, 2) operating grants and contributions that are restricted to meet the operational requirements of a particular function and 3) capital grants and contributions (including special assessments) that are restricted to meeting the capital requirements of a particular function. Taxes and other internally directed revenues are reported as *general revenues*.

The accounts of the City, are organized on the basis of funds and separate “Fund Financial Statements” are provided for on three (3) different broad fund categories (Governmental, Proprietary and Fiduciary). Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions and activities. A fund is a separate accounting entity with self-balancing accounts that include assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Fund financial statements present information for individual major funds in separate columns. Nonmajor funds are presented in total in one (1) column in the fund financial statements.

### **Major Funds**

The City of Chaska reports the following major governmental funds:

- **General Fund** – This fund is the general operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund.
- **Public Improvement Projects Fund** – This fund is used to account for the financing and construction of public improvements projects.

The City of Chaska reports the following major proprietary funds:

- **Electric Fund** – This fund is used to account for revenues and expenses of the City’s Electric Utility operations.
- **Water Fund** – This fund is used to account for revenues and expenses of the City’s Water Utility operations.

- **Community Center Fund** – This fund is used to account for revenues and expenses of the Chaska Community Center operations.
- **Turbine Generator Fund** – This fund is used to account for the operations of the City's Turbine Generator Utility operations.
- **Curling Center Fund** – This fund is used to account for the operations of the City's Curling and Event Center operations.

### Other Funds

Additionally, the City of Chaska reports the following fund types:

- **Internal Service Funds** – Internal service funds account for operations that provide services to other departments or agencies of the government on a cost reimbursement basis. The City has one (1) Internal Service fund – the Self-Insurance fund. This fund is used to account for the purchase of property, liability and workers' compensation insurance for all City departments. Costs are allocated to individual departments.
- **Fiduciary Funds** – Fiduciary funds account for assets held on behalf of outside parties, including other governments. The City's only fiduciary fund type is an agency fund. Agency funds account for assets that the City holds on behalf of others as their agent and are custodial in nature. The following is a list of the City's Fiduciary funds:
  - **Builders' Deposit Fund** – This fund is used to account for assets held in a custodial capacity in the form of deposits from builders that will be refunded upon project completion.
  - **Developers' Fund** – This fund is used to account for assets held in a custodial capacity in the form of billings to developers for contractual services.
  - **Metropolitan Council Environmental Services (MCES) Collections Fund** – This fund is used to account for the collection of assets held in a custodial capacity in the form of sewer availability charges remitted monthly to MCES.
  - **Police Evidence Cash Fund** – This fund is used to account for cash funds held as evidence by the Chaska Police department.

### C) Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Economic resources measurement focus aims to reporting all inflows, outflows and balances affecting or reflecting an entity's net position. 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 in which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The Fiduciary funds report assets and liabilities only and have no measurement focus, but do use the accrual basis of accounting to recognize receivables and payables.

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 available when they are collectible within the current period or soon enough thereafter to pay liabilities for 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 period. Expenditures are generally recorded when a liability is incurred, as under the accrual basis of accounting. However, principal and interest on long-term debt and other long-term obligations are recognized as expenditures to the extent they have matured.

Property taxes, franchise taxes, licenses and interest associated with the current period are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current 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.

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

Proprietary funds are accounted for on a flow of *economic resources measurement focus* and *accrual basis of accounting*. This means that all assets, including capital assets, deferred outflows of resources and all liabilities, including long-term liabilities and deferred inflows of resources associated with fund activity are included on the Statement of Net Position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position. Revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 expenses for all of the City of Chaska's enterprise funds and internal service fund are cost of sales and services, administrative expense and depreciation of capital assets. All other revenues and expenses are reported as non-operating items.

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

#### **D) Budgetary Accounting**

Budgets for the General fund, two (2) Special Revenue funds and one (1) Capital Project fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). The Non-major Special Revenue funds with budgets are the Mount Pleasant Maintenance & Care fund and the Chaska EDA fund. The budgeted

capital project fund is the Equipment Acquisition fund. (Schedules are included in this financial statement). All annual appropriations lapse at fiscal year-end.

#### **E) Cash and Investments**

Cash balances from all funds are combined and invested to the extent available as authorized by Minnesota State Statutes. Earnings from such investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund. Investments are stated at fair value based on quoted market prices, except for investments in external investment pools, which are stated at amortized cost. Cash and cash equivalents consist of available cash, cash deposits and highly liquid investments with an original maturity date at the time of purchase of three (3) months or less. Interest on escrow investments is allocated specifically to the related fund. Investment income is accrued at the balance sheet date.

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America (GAAP). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

See Note 3 for the City's recurring fair value measurements as of year-end.

#### **F) Receivables**

- **Property Tax**

Property tax levies are set by the City Council and must be levied on or before five (5) business days after December 20<sup>th</sup>. Levied property taxes are certified to Carver County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes. The county spreads all levies over assessable property. Such taxes become a lien on the first of January and are recorded as receivables by the City on that date. Revenues are accrued in the year collectable net of delinquencies.

Property taxes may be paid by taxpayers in two (2) equal installments, on May 15 and October 15. The County provides tax settlements to cities and other local governments three (3) times a year: on or before June 30, December 1 and before April 15 of the following year.

Revenues are accrued and recognized in the government-wide financial statements in the current period. In the fund financial statements, taxes that remain unpaid at December 31 are classified as delinquent taxes and have been offset by a deferred inflow of resources, because it is not known when they will be available to finance current expenditures. No allowance for uncollectible taxes has been provided because such amounts are not expected to be material.

- **Special Assessments**

Special assessments are levied against the benefited properties for the assessable costs of special assessment improvement projects in accordance with state statutes. The City usually adopts the assessment rolls when the individual projects are complete or substantially complete. Annual installments (including interest) for special assessments are collected by the County in the same manner as property taxes.

The City recognizes special assessment revenue in the government-wide financial statements when the assessment rolls are levied. In the governmental fund financial statements, the City recognizes special assessment revenue when it becomes both measurable and available. Current assessments, which remain unpaid at December 31 are classified as delinquent receivables and together with deferred assessments are fully offset by deferred inflows because it is not known when they will be available to finance current expenditures. Delinquent special assessment receivable at December 31, 2017 totaled \$33,883.

- **Trade Receivables**

All trade receivables are shown net of an allowance for uncollectibles on the Statement of Net Position. On December 31, 2017, the allowance for uncollectible accounts is \$68,070.

**G) Short-Term and Long-Term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds”. The current portions of lending/borrowing arrangements (advances) are classified as “interfund receivables/payables”. The long-term portions of interfund receivables are reported as advances.

**H) Inventory**

Inventories in the enterprise funds are valued at cost, which approximates market, using the first in-first out (FIFO) method. Inventories are recorded as expenses when consumed.

**I) Restricted Assets**

In the government-wide statement of net position and proprietary fund financial statements, unspent bond proceeds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable bond covenants. Investment earnings on these assets are allocated directly to the appropriate funds.

**J) Capital Assets**

Capital assets, which include land, buildings and structures, equipment and infrastructure (e.g. roads, bridges, curbs, gutters, streets, sidewalks, drainage systems and lighting systems)

are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records are available. Donated capital assets are valued at their estimated acquisition value on the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The City uses the following capitalization policy:

Description	Capitalization Threshold
Machinery / Equipment and Vehicles	\$5,000
Building and Building Improvements	25,000
Land and Land Improvements	25,000
Public Domain Infrastructure	50,000

Depreciation of assets on the government-wide statements for the primary government (governmental and business-type activities) and in the proprietary funds financial statements is charged as an expense against operations using the straight-line method and the following estimated useful lives:

Description	Life
Buildings and Structures	25 years
Furniture and Equipment	3 - 25 years
Improvements, other than Buildings	25 - 50 years
Public Domain Infrastructure	10 - 50 years

Capital assets not being depreciated include land, because land is believed to have an unlimited useful life; works of art/historical treasures, because assets of that type do not have a determinable useful life; and construction in progress, because construction on the asset has not been fully completed.

#### **K) Compensated Absences**

The City permits employees to accumulate earned, but unused personal leave, vacation, sick and compensatory time benefits. Employees are compensated upon termination for unused personal leave, vacation and compensatory time. Grand-fathered union employees, by contract, are entitled to sick leave at the rate of eight (8) hours for each calendar month of full-time service. All personal leave, vacation, and compensatory pay is recorded as an expense and liability as the benefits accrue in the government-wide and proprietary fund financial statements. The liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

#### **L) Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The City has one (1) item that qualifies for reporting in this category. It is the deferred outflows of resources related to pensions reported in the government-wide and enterprise funds Statement of Net Position. This deferred outflow results from differences between expected and actual experience, changes of assumptions, difference between projected and actual earnings on pension plan investments, changes in proportion, and from contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension standards.

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has three (3) types of items that qualify for reporting in this category.

The first item, unavailable revenue, arises only under the modified accrual basis of accounting and therefore is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from four (4) sources: taxes, special assessments, notes receivable and leases receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The second item, deferred inflows of resources related to debt refundings, is reported in the government-wide and enterprise funds Statement of Net Position. This deferred inflow results from the differences between the resources required to refund debt and the net carrying amount of the refunded issue. These amounts are deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

The third item, deferred inflows of resources related to pensions, is reported in the government-wide and enterprise funds Statement of Net Position. This deferred inflow results from differences between expected and actual experience, changes of assumptions, differences between projected and actual earnings on pension plan investments, and changes in proportion. These amounts are deferred and amortized as required under pension standards.

#### **M) Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. The recognition of bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

**N) Fund Balance Classifications**

The difference between fund assets, deferred outflows of resources, liabilities and deferred inflows of resources is “fund balance” on the governmental fund statements. In the fund financial statements, fund balance is divided into five (5) classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in governmental funds. These classifications are as follows:

- **Nonspendable** – consists of amounts that cannot be spent because it is not in spendable form, such as prepaid items or inventory.
- **Restricted** – consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.
- **Committed** – consists of amounts that are constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council. Those committed amounts cannot be used for any other purposes unless City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – consists of amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General fund, assigned amounts represent intended use established by the governing body itself or by an official to which the governing body delegates authority. Pursuant to City Council Resolution, the City’s Administrative Services Director is authorized to establish assignments of fund balance.
- **Unassigned** – is the residual classification for the General fund and also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first and then unrestricted as needed. When committed, assigned or unassigned funds are available for expenditure, it is the City’s policy to spend committed funds first, assigned funds second and unassigned funds last.

**O) Net Position**

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in the government-wide and proprietary fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted when there are limitations in their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other elements of net position that do not meet the definition of “restricted” or “net investment in capital assets” are reported as unrestricted.

**P) Interfund Transactions**

Interfund services provided are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. In the ordinary course of business transfers between funds are made to finance projects. Other interfund transactions are reported as transfers in/out. Interfund transactions within the respective categories of governmental activities and business-type activities in the government-wide statement of activities are eliminated. The internal balances caption on the government-wide statement of net position represents interfund receivable or payable between the two (2) types of activities: governmental and business-type.

**Q) Use of Estimates**

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America (GAAP), requires management to make estimates and assumptions that affect the amounts reported in the financial statements during the reporting period. Actual results could differ from those estimates.

**R) 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 except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The PERA has a special funding situation created by a direct aid contribution made by the State of Minnesota. The direct aid is a result of the merger of the Minneapolis Employees Retirement fund into the PERA on January 1, 2015.

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Chaska Fire Department Relief Association (CFDRAPP) and additions to/deductions from CFDRAPP's fiduciary net position have been determined on the same basis as they are reported as of December 31, 2017. Investments are reported at fair value.

**Note 2 Compliance and Accountability****A) Budget**

The City follows these procedures in establishing the annual budget:

1. City Administrative Services Director prepares history of actual revenues and expenditures for the prior two (2) years and an estimate for the current year.
2. Department heads review the history and estimate the coming year's revenues and expenditures and then project out five (5) years. Department heads submit their five (5) year budgets to the City Administrative Services Director.
3. Department budgets are reviewed and combined into a five (5) year budget by the City Administrator and City Administrative Services Director.
4. The City Administrator recommends the five (5) year budget to the City Council and revenue and expenditure targets for the new budget year are established.
5. Department heads prepare and submit detail budgets for the new budget year.
6. Department budgets are reviewed by the City Administrator and City Administrative Services Director and submitted to the City Council for approval.
7. Public hearings are conducted to obtain public comment.
8. The City Council may amend the recommended budget and then approves the final budget and required tax levy through passage of a resolution in accordance with Minnesota State Statutes on "Truth in Taxation".
9. Budgetary control is maintained by department heads for all assigned divisions. Department heads may reallocate budget appropriations between assigned intra-fund divisions but may not reallocate between funds; thus, the legal level of control is at the fund level. Additional expenditures not authorized but proposed by department heads are not authorized unless additional revenues or restrictions are identified and available. During the year, expenditures in various category levels (i.e., personal services, operating supplies, other services and charges, capital outlay and other financing uses) in several divisional areas exceeded the level of appropriation. These variances were not significant since additional revenues and restrictions were identified and available to offset the additional expenditures.
10. Unused budgeted expenditure appropriations lapse at year-end.

**B) Excess of Expenditures Over Appropriations**

For the year ended December 31, 2017, expenditures exceeded appropriations in the General fund by \$362,478, and the Chaska EDA Special Revenue fund by \$904,887. Variances in the General fund were offset with fund balance. Variances in the Chaska EDA fund were mainly due to a pass-through grant. Grant revenue, special assessment revenue and transfers into the fund offset most of the variance. The remaining difference was offset with fund balance.

**C) Nonmajor Funds with Negative Equity**

The following nonmajor funds maintained a deficit fund balance/net position at December 31, 2017:

<b>Special Revenue Fund</b>	
Chaska EDA	\$ 780,482
<b>Capital Project Funds</b>	
2014 Flood Event	\$ 551,733
TIF Dist #14 - Downtown Redevelopment	1,870,651
TIF Dist #17 - Chaska Preserve	248,988
TIF Dist #18 - Chaska Building Center	639,745
TIF Dist #19 - Chaska Heights	11,906
<b>Enterprise Funds</b>	
Sewer	\$ 1,665
Par 30 Golf	150,457

The deficit in the Chaska EDA fund is due to various economic development projects. Some of these projects have not received final funding. Ongoing activities of the Chaska EDA fund will eliminate this deficit.

The deficits in the Capital Project funds relate to capital projects that have incurred expenditures but have not received final financing. The TIF District deficits are due to the timing of tax increments and project costs for the district. Tax increment revenue collected in future years will eliminate these deficits. All funds are expected to recover their deficits.

The deficits in the Enterprise funds (Sewer and Par 30 Golf) are from ongoing operations. Revenue from future operations is expected to eliminate these deficits.

**Note 3 Cash and Investments**

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the government-wide statement of net position as "cash and investments".

Deposits, investments, petty cash and change funds are reported on the City's financial statements as follows:

Statement of Net Position - Government-Wide	
Cash and Investments	\$29,191,139
Restricted Cash and Investments	<u>20,582,172</u>
	49,773,311
Statement of Net Position - Fiduciary Funds	
Cash and Cash Equivalents	<u>436,048</u>
Total Cash and Investments	<u><u>\$50,209,359</u></u>

**A) Deposits**

In accordance with applicable Minnesota Statutes, the City maintains deposits at depository banks authorized by the City Council, including checking accounts and certificates of deposits.

The following is considered the most significant risk associated with deposits:

**Custodial Credit Risk** – Is the risk that in the event of bank failure, the City's deposits may be lost and not recovered.

Minnesota Statutes require that federal deposit insurance, corporate surety bond or collateral protect all deposits. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds.

Authorized collateral includes the legal investments described below under "credit risk", as well as; certain first mortgage notes and certain other state or local government obligations.

Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City or in a financial institution other than that furnishing the collateral. The City's investment policies do not further address limiting exposure to custodial credit risk for deposits.

Deposit balances at December 31, 2017 are as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Total Bank Deposits	\$4,160,279	\$3,105,465

At December 31, 2017, all deposits were insured, or collateralized by securities held by the City's agent in the City's name.

**B) Investments**

The City has the following investments at year-end:

Investment Type	Credit Risk		Fair Value	Interest Risk - Maturity Duration in Years			Total
	Rating	Agency	Measurements Using	Less Than 1	1 to 5	More than 5	
U.S. Treasury Securities	AA+	S&P	Level 2	\$ 989,790	\$ -	\$ -	\$ 989,790
U.S. Treasury Securities	Aaa	Moody's	Level 1	2,996	-	-	2,996
U.S. Treasury Securities	N/R	N/R	Level 1	5,101	944,374	-	949,475
U.S. Treasury Securities	N/R	N/R	Level 2	491,410	780,392	-	1,271,802
U.S. Government Agencies	AA+	S&P	Level 2	1,144,123	422,104	-	1,566,227
U.S. Government Agencies	AA-	S&P	Level 2	-	2,696,680	-	2,696,680
State and Local Bonds	AA-	S&P	Level 2	-	501,280	-	501,280
State and Local Bonds	Aa3	Moody's	Level 2	503,600	-	-	503,600
State and Local Bonds	Aa2	Moody's	Level 2	174,834	-	-	174,834
State and Local Bonds	Baa1	Moody's	Level 2	250,548	-	-	250,548
Negotiable CD's	N/R	N/R	Level 2	245,409	-	-	245,409
Commercial Paper	A-1	S&P	Level 2	2,680,900	N/A	N/A	2,680,900
Investments in Mutual Funds & Money Markets							
First American Treasury Obligations	AAA	S&P	Level 2	N/A	N/A	N/A	2,180,111
100% Treasury MM Fund	AAA	S&P	Level 1	N/A	N/A	N/A	3,308,045
Minnesota Municipal MM Fund	N/R	N/R	N/A	N/A	N/A	N/A	29,782,197
Total Investments:				<u>\$ 6,488,711</u>	<u>\$ 5,344,830</u>	<u>\$ -</u>	<u>47,103,894</u>

N/A - Not Applicable

N/R - Not Rated

Total Deposits	3,100,565
Petty Cash and Change Funds	4,900
Total Deposits and Investments	<u>\$ 50,209,359</u>

The Minnesota Municipal Money Market Fund (the 4M Fund) is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and is a customized cash management program for Minnesota public funds. It is also, sponsored and governed by the League of Minnesota Cities since 1987. Allowable under Minnesota Statutes, the 4M Fund is comprised of top quality, rated investments.

The 4M Fund is an external investment pool not registered with the Securities and Exchange Commission (SEC): however, it follows the same regulatory rules of the SEC. The reported value of the pool is the same as the fair value of the pool share. The City's investment in this fund is measured at amortized cost. The fund has no restrictions on withdrawals.

Investments are subject to various risks, the following of which are considered the most significant:

**Custodial Credit Risk** – Is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policies do not address limiting exposure to custodial credit risk.

**Credit Risk** – Is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the City's investments to direct obligations or

obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one (1) of the two (2) highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen (13) months or less; general obligations rated “A” or better; revenue obligations rated “AA” or better; general obligations of the Minnesota Housing Finance Agency rated “A” or better; bankers acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two (2) nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, with a credit quality in one of the top two (2) highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers. The City’s investment policies do not further address credit risk.

**Concentration Risk** – This is the risk associated with investing a significant portion of the City’s investment (considered five (5) percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as Treasuries), investment pools, and mutual funds. The City’s investment policy does not limit the concentration of investments. At year-end, the City had more than five (5) percent of its investments in the following:

<u>Issuer</u>	<u>Percent</u>	<u>Amount</u>
Federal National Mortgage Association	5.725%	\$ 2,696,680
U.S. Bank Commercial Paper	5.691%	2,680,900

**Interest Rate Risk** - This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The City’s investment policy does not limit the duration of investments.

**Notes to the Financial Statements**

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2017**

**Note 4 Capital Assets**

Capital asset activity for Governmental and Business-Type activities for the year ended December 31, 2017, was as follows:

	<b>BEGINNING BALANCE</b>	<b>INCREASES</b>	<b>DECREASES</b>	<b>RECLASS &amp; TRANSFERS</b>	<b>ENDING BALANCE</b>
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 50,362,938	\$ 1,415,250	\$ (9,257)	\$ -	\$ 51,768,931
Works of Art/Treasures	105,027	-	-	-	105,027
Construction In Progress	6,615,636	10,704,048	-	(5,398,393)	11,921,291
Total capital assets, not being depreciated:	<u>57,083,601</u>	<u>12,119,298</u>	<u>(9,257)</u>	<u>(5,398,393)</u>	<u>63,795,249</u>
Capital assets, being depreciated:					
Buildings	9,865,909	-	-	-	9,865,909
Other Improvements	20,612,922	111,587	-	-	20,724,509
Furniture & Equipment	9,688,600	648,807	(161,863)	-	10,175,544
Infrastructure	149,460,626	3,214,855	-	5,398,393	158,073,874
Total capital assets being depreciated:	<u>189,628,057</u>	<u>3,975,249</u>	<u>(161,863)</u>	<u>5,398,393</u>	<u>198,839,836</u>
Less accumulated depreciation for:					
Buildings	(6,953,601)	(314,173)	-	-	(7,267,774)
Other Improvements	(7,446,626)	(678,252)	-	-	(8,124,878)
Furniture & Equipment	(6,269,832)	(516,962)	161,863	-	(6,624,931)
Infrastructure	(55,413,967)	(5,304,359)	-	-	(60,718,326)
Total accumulated depreciation:	<u>(76,084,026)</u>	<u>(6,813,746)</u>	<u>161,863</u>	<u>-</u>	<u>(82,735,909)</u>
Total capital assets, being depreciated, net:	<u>113,544,031</u>	<u>(2,838,497)</u>	<u>-</u>	<u>5,398,393</u>	<u>116,103,927</u>
Governmental activities capital assets, net:	<u>\$ 170,627,632</u>	<u>\$ 9,280,801</u>	<u>\$ (9,257)</u>	<u>\$ -</u>	<u>\$ 179,899,176</u>
<b>Business-Type Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 1,222,364	\$ 9,057	\$ -	\$ -	\$ 1,231,421
Construction In Progress	890,955	2,650,634	-	(544,967)	2,996,622
Total capital assets, not being depreciated:	<u>2,113,319</u>	<u>2,659,691</u>	<u>-</u>	<u>(544,967)</u>	<u>4,228,043</u>
Capital assets, being depreciated:					
Buildings	72,639,943	82,192	-	-	72,722,135
Other Improvements	2,053,745	79,614	-	-	2,133,359
Furniture & Equipment	9,608,751	1,036,049	(326,240)	-	10,318,560
Infrastructure	34,247,002	1,219,997	-	544,967	36,011,966
Total capital assets, being depreciated:	<u>118,549,441</u>	<u>2,417,852</u>	<u>(326,240)</u>	<u>544,967</u>	<u>121,186,020</u>
Less accumulated depreciation for:					
Buildings	(32,326,275)	(2,095,355)	-	-	(34,421,630)
Other Improvements	(868,702)	(129,330)	-	-	(998,032)
Furniture & Equipment	(5,321,583)	(527,047)	239,319	-	(5,609,311)
Infrastructure	(13,778,726)	(1,137,755)	-	-	(14,916,481)
Total accumulated depreciation:	<u>(52,295,286)</u>	<u>(3,889,487)</u>	<u>239,319</u>	<u>-</u>	<u>(55,945,454)</u>
Total capital assets, being depreciated, net:	<u>66,254,155</u>	<u>(1,471,635)</u>	<u>(86,921)</u>	<u>544,967</u>	<u>65,240,566</u>
Business-type activities capital assets, net:	<u>\$ 68,367,474</u>	<u>\$ 1,188,056</u>	<u>\$ (86,921)</u>	<u>\$ -</u>	<u>\$ 69,468,609</u>

Depreciation Expense was charged to functions/programs of the primary government as follows:

<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
General Government	\$ 319,518	Electric	\$ 1,013,193
Economic Development	7,969	Water	753,759
Public Safety	261,594	Community Center	710,666
Public Works	5,618,492	Chaska Curling Center	628,089
Parks, Recreation and Arts	606,173	Sewer	83,162
Total Depreciation Expense -		Chaska Par 30	12,754
Governmental Activities:	<u>\$ 6,813,746</u>	Chaska Town Course	452,067
		Internet Service Provider	65,378
		Storm Water	170,419
		Total Depreciation Expense -	
		Business-Type Activities:	<u>\$ 3,889,487</u>

## **Note 5 Lease Receivable Agreements**

### **A) Turbine Generator Lease**

The City of Chaska has entered into a Lease Receivable Agreement with the Minnesota Municipal Power Agency (MMPA) in which the City agrees to sell MMPA the peaking power and peaking power capacity of the City's gas turbine generator for a thirty-year (30) period, commencing May 1, 2001. MMPA receives the sole right to operate the facility and to use the power generated from such operation for the term of the agreement. MMPA is responsible for all expenses of operating and maintaining the facility for this period, with the exception of insurance, which is to be purchased by the City. Under the agreement, MMPA will pay the City an amount representing the total cost to the City of constructing the facility plus a predetermined rate of return and interest. The payments are to be made in equal monthly installments over the thirty (30)-year term of the agreement. The total project costs to the City for the constructing of the facility was \$29,144,986. The total lease principal after adjusting for issuance costs and interest earnings is \$28,468,092.

Under the agreement, the City retains ownership of the facility. In the event the facility is destroyed or damaged to the point of being unusable before the end of the agreement, the City would be indemnified by MMPA for any costs in excess of insurance of retiring any remaining debt incurred to build the facility.

A second agreement between the two (2) parties gives MMPA the annual option to continue this agreement for an additional twenty (20)-year period, commencing May 1, 2031. The agreement calls for annual payments of \$500,000 to be made in equal monthly installments. MMPA will have the annual option to cancel the agreement for any of the twenty (20) additional years by giving the City ninety (90) days written notice in advance of May 1<sup>st</sup> of the year the option will not be exercised.

Annual lease payments through April 1, 2031 are as follows:

Year Ending December 31,	Lease Receivable	
	Principal	Interest
2018	\$ 829,422	\$ 1,656,762
2019	903,266	1,582,918
2020	983,683	1,502,501
2021	1,071,261	1,414,923
2022	1,166,635	1,319,549
2023-2027	7,588,899	4,842,021
2028-2031	7,187,805	1,099,475
Total:	<u>\$ 19,730,971</u>	<u>\$ 13,418,149</u>

#### B) Recovery Center Lease

In 2017, the Chaska Economic Development Authority (EDA) entered into a lease agreement with Five Star Recovery Center. The leased property is a historic single-family home, owned by the City/Chaska EDA. The term of the lease is sixty (60) months commencing May 1, 2017. Annual lease payments through 2022 are as follows:

Year Ending December 31,	Lease Receivable
	Principal
2018	\$ 27,048
2019	30,331
2020	31,241
2021	32,179
2022	8,104
Total:	<u>\$ 128,903</u>

**Note 6 Long-Term Liabilities**

Long-term liabilities for the year ended December 31, 2017 are as follows:

<b><u>Governmental Activities</u></b>	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b><u>Ending Balance</u></b>	<b><u>Due Within One Year</u></b>
Bonds Payable					
General Obligation Bonds:					
Equipment Certificates	\$ 740,000	\$ 1,960,000	\$ (95,000)	\$ 2,605,000	\$ 100,000
General Obligation Bonds	1,835,000	-	(200,000)	1,635,000	200,000
Tax Increment Bonds	850,000	460,000	(90,000)	1,220,000	95,000
Abatement Bonds	405,000	2,035,000	(10,000)	2,430,000	10,000
Improvement Bonds	25,510,000	7,870,000	(2,385,000)	30,995,000	2,215,000
EDA Lease Revenue Bonds	10,085,000	-	(270,000)	9,815,000	270,000
Plus: Premium	1,783,175	1,125,229	(123,351)	2,785,053	-
Total Bonds Payable:	<u>41,208,175</u>	<u>13,450,229</u>	<u>(3,173,351)</u>	<u>51,485,053</u>	<u>2,890,000</u>
Notes Payable					
Promissory Note Payable:	119,300	-	(11,302)	107,998	11,859
Claims and Judgments Payable	250,000	-	(250,000)	-	-
Compensated Absences	924,378	678,004	(693,888)	908,494	620,767
Other Post Employment Benefits	458,415	83,344	(29,048)	512,711	-
Net Pension Liability	15,004,810	2,252,406	(9,621,894)	7,635,322	-
Governmental Activity Long-term Liabilities:	<u>\$57,965,078</u>	<u>\$ 16,463,983</u>	<u>\$ (13,779,483)</u>	<u>\$60,649,578</u>	<u>\$ 3,522,626</u>
<b><u>Business-type Activities</u></b>					
Bonds Payable:					
General Obligation Revenue Bonds	\$ 15,745,000	\$ 735,000	\$ (660,000)	\$ 15,820,000	\$ 720,000
Revenue Bonds	23,475,000	7,220,000	(1,255,000)	29,440,000	1,535,000
EDA Lease Revenue Bonds	21,960,000	1,880,000	(1,265,000)	22,575,000	3,430,000
Plus: Premium	3,289,591	517,614	(234,540)	3,572,665	-
Total Bonds Payable:	<u>64,469,591</u>	<u>10,352,614</u>	<u>(3,414,540)</u>	<u>71,407,665</u>	<u>5,685,000</u>
Compensated absences	512,234	359,554	(375,304)	496,484	329,510
Other Post Employment Benefits	195,148	35,477	(12,365)	218,260	-
Net Pension Liability	5,429,675	825,148	(1,886,273)	4,368,550	-
Business-type Activity Long-term Liabilities:	<u>\$70,606,648</u>	<u>\$ 11,572,793</u>	<u>\$ (5,688,482)</u>	<u>\$76,490,959</u>	<u>\$ 6,014,510</u>

For the Governmental Activities, compensated absences, claims and judgments, other post-employment benefits and net pension liabilities are generally liquidated by the General fund. In business-type activities, compensated absences, other post-employment benefits and net pension liabilities are liquidated within the respective Enterprise fund.

**Bonds Payable:**

The City issues general obligation bonds to provide funds for the construction of capital projects and acquisition of equipment. General obligation bonds have been issued for both governmental and business-type activities.

General obligation debt is supported by the “full faith and credit” of the City including tax increment and improvement bond issues. Bonds in the governmental activities will be repaid by

**Notes to the Financial Statements**

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2017**

future property tax levies, tax increments or special assessments accumulated in the specific debt service funds. In the event that a deficiency exists because of unpaid or delinquent tax increment or special assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources are available. Bonds in the business-type activities will be repaid with the net revenues of the utility issuing the bonds. In the event that a deficiency exists at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources are available.

The City of Chaska and the Chaska Economic Development Authority (EDA) also issue revenue bonds. Revenue bonds are supported by income derived from lease agreements or specific fee revenues to pay for debt service.

Bonds outstanding for the year ended December 31, 2017 are as follows:

<u>Governmental Activities</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Outstanding 12/31/2017</u>
Bonds Payable					
General Obligation Bonds					
Equipment Certificates					
G.O. Equipment Certificates, Series 2013C	08/15/13	02/01/23	0.90-3.10%	\$ 915,000	\$ 645,000
G.O. Equipment Certificates, Series 2017B	11/29/17	02/01/27	5.00%	<u>1,960,000</u>	<u>1,960,000</u>
Total Equipment Certificates				<u>2,875,000</u>	<u>2,605,000</u>
General Obligation Bonds					
G.O. Bonds, Series 2011B	09/15/11	02/01/27	2.00-3.25%	<u>3,455,000</u>	<u>1,635,000</u>
Tax Increment Bonds					
G.O. Taxable TI Bonds, Series 2008E	11/15/08	02/01/19	6.25-7.50%	565,000	460,000
G.O. Taxable TI Cross-over Refunding Bonds, Series 2013B	08/15/13	12/01/21	2.00-2.75%	580,000	300,000
G.O. Taxable Cross-over Refunding Bonds, Series 2017D	12/27/17	02/01/31	3.00-3.50%	<u>460,000</u>	<u>460,000</u>
Total Tax Increment Bonds				<u>1,605,000</u>	<u>1,220,000</u>
Taxable Abatement Bonds					
G.O. Taxable Abatement Bonds, Series 2010D	09/15/10	02/01/33	4.00-5.25%	405,000	395,000
G.O. Taxable Bonds, Series 2017C	11/29/17	02/01/39	1.70-3.45%	<u>2,035,000</u>	<u>2,035,000</u>
Total Taxable Abatement Bonds				<u>2,440,000</u>	<u>2,430,000</u>
Improvement Bonds					
G.O. Improvement Bonds, Series 2008C	11/15/08	02/01/19	3.00-5.13%	3,645,000	1,440,000
G.O. Improvement Bonds, Series 2010A	07/01/10	02/01/31	2.00-4.00%	3,220,000	1,675,000
G.O. Improvement Bonds, Series 2010C	09/15/10	02/01/33	2.00-3.75%	2,180,000	1,705,000
G.O. Improvement Bonds, Series 2012A	08/15/12	02/01/28	2.00-2.40%	2,430,000	1,825,000
G.O. Improvement Bonds, Series 2013A	08/15/13	02/01/35	2.00-4.00%	3,330,000	2,920,000
G.O. Improvement Bonds, Series 2014A	12/30/14	02/01/30	0.70-3.00%	5,785,000	4,875,000
G.O. Improvement Bonds, Series 2015B	08/15/15	02/01/31	3.00-5.00%	5,940,000	5,750,000
G.O. Improvement Bonds, Series 2017B	11/29/17	02/01/38	2.25-5.00%	6,875,000	6,875,000
G.O. Improvement Refunding, Series 2009B	10/01/09	12/01/20	2.00-3.00%	1,995,000	320,000
G.O. Cross-over Refunding, Series 2012B	08/15/12	02/01/27	2.00-2.30%	4,675,000	2,615,000
G.O. Cross-over Refunding, Series 2017E	12/27/17	02/01/29	2.01-2.87%	<u>995,000</u>	<u>995,000</u>
Total Improvement Bonds				<u>41,070,000</u>	<u>30,995,000</u>
EDA Lease Revenue Bonds					
Lease Revenue Bonds, Series 2015B	04/15/15	02/01/35	2.00-4.00%	9,000,000	8,830,000
Lease Revenue Bonds, Series 2015D	12/30/15	02/01/26	2.00-4.00%	<u>1,085,000</u>	<u>985,000</u>
Total EDA Lease Revenue Bonds				<u>10,085,000</u>	<u>9,815,000</u>
Premium					
				3,201,141	2,785,053
Total Bonds Payable - Governmental Activities				<u>\$64,731,141</u>	<u>\$51,485,053</u>

**Notes to the Financial Statements**

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2017**

<u>Business-type Activities</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Outstanding 12/31/2017</u>
Bonds Payable					
General Obligation Revenue Bonds					
G.O. Water Revenue Partial Advance Refunding Bonds, Series 2009A	10/01/09	12/01/22	2.00-3.25%	\$ 1,495,000	\$ 675,000
G.O. Water Revenue Refunding Bonds, Series 2011A	09/15/11	12/01/32	2.00-4.00%	11,435,000	9,440,000
G.O. Utility Revenue Bonds, Series 2015C	12/30/15	02/01/36	2.00-4.00%	5,170,000	4,970,000
G.O. Utility Revenue Bonds, Series 2017B	11/29/17	02/01/38	2.25-5.00%	735,000	735,000
Total General Obligation Revenue Bonds				<u>18,835,000</u>	<u>15,820,000</u>
Revenue Bonds					
Electric Utility Revenue Bonds, Series 2011D	12/22/11	10/01/31	2.00-3.65%	3,535,000	2,640,000
Electric Revenue Refunding Bonds, Series 2015A	10/01/15	10/01/30	2.00-5.00%	21,760,000	19,580,000
Electric Utility Revenue Bonds, Series 2017A	09/06/17	10/01/37	2.25-4.00%	7,220,000	7,220,000
Total Revenue Bonds				<u>32,515,000</u>	<u>29,440,000</u>
EDA Lease Revenue Bonds					
Lease Revenue Bonds, Series 2007A	06/01/07	03/01/18	4.00-4.40%	2,900,000	2,140,000
Lease Revenue and Limited Tax Bonds, Series 2013A	07/18/13	12/01/33	2.00-4.00%	3,850,000	3,230,000
Taxable Lease Revenue Bonds, Series 2015A	04/15/15	02/01/35	1.22-4.40%	12,855,000	12,090,000
Taxable Lease Revenue Bonds, Series 2015C	12/30/15	02/01/31	1.53-4.57%	3,410,000	3,235,000
Lease Revenue Refunding Bonds, Series 2017A	12/27/17	12/01/27	2.00-4.00%	1,880,000	1,880,000
Total EDA Lease Revenue Bonds				<u>24,895,000</u>	<u>22,575,000</u>
Premium					
				4,134,703	3,572,665
Total Bonds Payable - Business-type Activities				<u>\$ 80,379,703</u>	<u>\$ 71,407,665</u>

**General Obligation Bonds:**

The City issues the following types of general obligation bonds:

- Equipment certificates provide funding for the acquisition of equipment and vehicles for various departments.
- G.O. bonds provide financing for various infrastructure improvement projects.
- Tax Increment bonds provide financing for the construction of streets and utilities and the acquisition of property for business development.
- Taxable abatement bonds provide financing for the City's Housing Improvement Areas and Tax Abatement program.
- Improvement bonds provide financing for construction projects such as streets, infrastructure and utilities.

Annual debt service requirements to maturity are as follows:

Year Ending	Governmental Activities									
	G.O. Equipment Certificates		G.O. Bonds		G.O. Tax Increment Bonds		G.O. Abatement Bonds		G.O. Improvement Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
December 31										
2018	\$ 100,000	\$ 80,955	\$ 200,000	\$ 45,437	\$ 95,000	\$ 49,244	\$ 10,000	\$ 54,309	\$ 2,215,000	\$ 924,061
2019	265,000	107,075	205,000	40,375	515,000	36,875	130,000	70,130	3,175,000	933,793
2020	295,000	95,989	215,000	34,587	110,000	18,438	145,000	67,495	2,125,000	840,003
2021	305,000	83,700	215,000	28,138	110,000	15,512	155,000	64,415	2,000,000	771,463
2022	315,000	70,730	215,000	21,688	35,000	12,400	155,000	60,980	1,925,000	706,990
2023 - 2027	1,325,000	158,783	585,000	48,281	185,000	45,263	870,000	239,289	10,700,000	2,457,763
2028 - 2032	-	-	-	-	170,000	12,075	785,000	97,011	7,530,000	756,871
2033 - 2037	-	-	-	-	-	-	150,000	13,342	1,235,000	63,519
2038 - 2039	-	-	-	-	-	-	30,000	1,035	90,000	1,406
Total:	<u>\$ 2,605,000</u>	<u>\$ 597,232</u>	<u>\$ 1,635,000</u>	<u>\$ 218,506</u>	<u>\$ 1,220,000</u>	<u>\$ 189,807</u>	<u>\$ 2,430,000</u>	<u>\$ 668,006</u>	<u>\$ 30,995,000</u>	<u>\$ 7,455,869</u>

City of Chaska, Minnesota

For the Year Ended December 31, 2017

General Obligation Revenue Bonds:

G.O. Revenue bonds are issued by the City to construct or expand utility systems. Bonds will be repaid with the net revenues of the Water, Sewer and Storm Water Utilities.

Annual debt service requirements to maturity are as follows:

Year Ending December 31	Business-type Activities	
	G.O. Revenue Bonds	
	Principal	Interest
2018	\$ 720,000	\$ 503,082
2019	795,000	492,413
2020	830,000	470,137
2021	890,000	446,938
2022	935,000	416,537
2023 - 2027	4,490,000	1,681,306
2028 - 2032	5,590,000	841,588
2033 - 2037	1,520,000	108,800
2038	50,000	781
Total:	<u>\$ 15,820,000</u>	<u>\$ 4,961,582</u>

Revenue Bonds:

Revenue bonds issued by the City are supported by income derived from specific fee revenues to pay for debt service. These Electric Revenue Bonds will be repaid with net revenues of the Electric Utility and lease revenue in the Turbine Generator fund.

Annual debt service requirements to maturity are as follows:

Year Ending December 31	Business-type Activities	
	Revenue Bonds	
	Principal	Interest
2018	\$ 1,535,000	\$ 1,267,911
2019	1,615,000	1,195,295
2020	1,650,000	1,157,795
2021	1,720,000	1,082,395
2022	1,805,000	1,003,485
2023 - 2027	10,360,000	3,683,905
2028 - 2032	8,490,000	1,170,288
2033 - 2037	2,265,000	207,900
Total:	<u>\$ 29,440,000</u>	<u>\$ 10,768,974</u>

**Notes to the Financial Statements**

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2017**

**EDA Lease Revenue Bonds:**

EDA Lease revenue bonds are supported by income derived from lease agreements.

Annual debt service requirements to maturity are as follows:

Year Ending December 31	Governmental Activities		Business-type Activities	
	EDA Lease Revenue Bonds		EDA Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2018	\$ 270,000	\$ 364,550	\$ 3,430,000	\$ 700,223
2019	275,000	359,100	1,310,000	656,240
2020	280,000	353,050	1,340,000	626,666
2021	290,000	345,400	1,380,000	589,580
2022	300,000	336,550	1,405,000	548,507
2023 - 2027	2,315,000	1,487,725	6,745,000	2,047,622
2028 - 2032	3,575,000	870,700	4,865,000	980,543
2033 - 2035	2,510,000	153,200	2,100,000	134,260
Total:	<u>\$ 9,815,000</u>	<u>\$ 4,270,275</u>	<u>\$ 22,575,000</u>	<u>\$ 6,283,641</u>

**Notes Payable:**

The Chaska Economic Development Authority (EDA) is liable for a promissory note to KleinBank related to a Chaska EDA owned property. The annual note payments are offset by lease revenue collected from the current tenant. This note is paid by the Chaska EDA fund.

Promissory Note outstanding for the year ended December 31, 2017 is as follows:

	Issue Date	Final Maturity Date	Interest Rates	Original Issue	Outstanding 12/31/2017
<b><u>Governmental Activities:</u></b>					
Promissory Note Payable	11/21/16	11/15/21	4.75%	<u>\$ 120,319</u>	<u>\$ 107,998</u>

Promissory note requirements to maturity are as follows:

Year Ending December 31	Governmental Activities	
	Principal	Interest
2018	\$ 11,859	\$ 4,941
2019	12,443	4,357
2020	13,044	3,756
2021	70,652	2,872
Total:	<u>\$ 107,998</u>	<u>\$ 15,926</u>

**2017 Activity:**

On September 6, 2017 the City of Chaska issued \$7,220,000 in Electric Utility Revenue Bonds, Series 2017A with a true interest cost of 2.79 percent (2.25 percent – 4.00 percent). The maturity date is October 1, 2037. Proceeds from the bonds will be used to finance the acquisition and installation of the new Lake Hazeltine substation and other electric system improvements. These bonds are payable from net revenue generated from the operation of the Electric Utility.

On November 29, 2017 the City of Chaska issued \$9,570,000 in General Obligation Improvement Bonds, Series 2017B, which includes Improvement Bonds, Utility Bonds, and Equipment Bonds. The true interest cost is 2.53 percent (2.25 percent – 5.00 percent). The maturity date is February 1, 2038. The portion of the bonds (\$6,875,000) issued for improvement projects (Improvement Bonds) will be used to finance certain street improvement projects in the City. The portion of the bonds (\$735,000) issued for Utility Bonds will be used to finance improvements to the municipal water, sanitary sewer and storm water systems. The portion of the bonds (\$1,960,000) issued for Equipment Bonds will be used to finance various capital equipment purchases. The Utility bonds will be repaid with utility revenues. The improvement bonds will be repaid from special assessments on properties receiving improvements. These bonds are backed by the full faith and credit of the City.

On November 29, 2017 the City of Chaska issued \$2,035,000 in Taxable General Obligation Bonds, Series 2017C with a true interest cost of 2.92 percent (1.70 percent to 3.45 percent). The maturity date is February 1, 2039. The proceeds of the bonds will be used to reimburse the City for the funding of various housing improvement projects within the Housing Improvement Area (HIA) and to provide a subsidy for constructing a medical office building in the City (Abatement project). These bonds are payable from special assessments on properties receiving improvements within the HIA area and from property taxes payable from the abatement project (tax abatement revenue) for the length of the bonds. These bonds are backed by the full faith and credit of the City.

On December 27, 2017 the City of Chaska issued \$460,000 in General Obligation Taxable Refunding Bonds, Series 2017D; a cross-over advance refunding of the City's Taxable General Obligation Tax Increment Bonds, Series 2008E. The cross-over date is February 1, 2019. The true interest cost is 3.54 percent (3.00 percent – 3.50 percent). The maturity date is February 1, 2031. The proceeds from the bonds will be used to refund the 2020 through 2031 outstanding maturities. The advance refunding was done to achieve cost savings of \$83,550, a present value savings of \$68,181. These bonds are payable primarily from tax increments generated by TIF District #14 and are backed by the full faith and credit of the City.

On December 27, 2017 the City of Chaska issued \$995,000 in Taxable General Obligation Refunding Bonds, Series 2017E; a cross-over advance refunding of the City's General Obligation Improvement Bonds, Series 2008C. The cross-over date is February 1, 2019. The true interest cost is 2.58 percent (2.01 percent – 2.87 percent). The maturity date is February 1, 2029. The proceeds from the bonds will be used to refund the 2020 through 2029 outstanding maturities. The advance refunding was done to achieve cost savings of \$77,846, a present value savings of \$68,664. These bonds are backed by the full faith and credit of the City.

**Notes to the Financial Statements**

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2017**

On December 27, 2017 the Chaska Economic Development Authority issued \$1,880,000 in EDA Lease Revenue Refunding Bonds, Series 2017A; a current refunding of the Chaska EDA Lease Revenue Bonds, Series 2007A. The call date is March 1, 2018. The true interest cost is 2.52 percent (2.00 percent – 4.00 percent). The proceeds of the bond will be used to refund the December 1, 2018 through December 1, 2027 outstanding maturities. The refunding was done to achieve cost savings of \$181,718, a present value savings of \$189,960. Lease revenues from the City to the EDA for the Lodge addition at the Community Center, as previously pledged, will continue to be pledged to repay the refunding bonds.

**Revenue Pledged:**

Future revenue pledged for the payment of long-term debt (revenue bonds) is as follows:

Bond Issue - Revenue Bonds	Use of Proceeds	Type	Revenue Pledged		Remaining Principal and Interest	Current Year	
			Percent of Total Debt Service	Term of Pledge		Principal Paid	Pledged Revenue Received
<u>GO Water Revenue Bonds:</u>	<u>Water Treatment Plant and Water Systems</u>						\$ 2,768,225
Series 2009A Refunding Bonds	Partial Advance Refund 2003 Bonds	Utility Charges	100%	2009 - 2022	\$ 741,125	\$ 144,275	
Series 2011A Refunding Bonds	Refund 2003 Bonds	Utility Charges	100%	2011 - 2032	12,471,456	673,538	
<u>GO Utility Revenue Bonds:</u>	<u>Water, Sanitary Sewer and Storm Water</u>						7,466,850
Series 2015C	Utility System Improvements	Utility Charges	100%	2015 - 2036	6,523,525	342,188	
Series 2017B	Utility System Improvements	Utility Charges	100%	2017 - 2038	1,045,476	-	
<u>Electric Revenue Bonds:</u>	<u>Electric Utility Systems and Generating Facilities</u>						
Series 2015A Refunding Bonds	Refund 2000 & 2005 Bonds-Turbine Generator	Lease Revenue	100%	2015 - 2030	26,986,900	2,075,050	1,719,136
Electric Utility Revenue Bonds							37,542,385
Series 2011D	Substation and System Improvements	Utility Charges	100%	2011 - 2031	3,322,183	225,870	
Series 2017A	Substation and System Improvements	Utility Charges	100%	2017 - 2037	9,899,891	-	
<u>EDA Lease Revenue Bonds:</u>	<u>Community Center Additions and Improvements</u>						3,163,971
Series 2007A	Senior Center Addition	Lease Revenue	100%	2007 - 2018	2,162,894	263,175	
Series 2013A	Ice Arena and Pool Improvements	Lease Revenue	100%	2013 - 2033	4,310,513	270,195	
Series 2017A Refunding Bonds	Refund 2007A Bonds	Lease Revenue	100%	2017 - 2027	2,229,645	-	
Taxable Lease Revenue Bonds 2015	<u>Curling Center, Event Center and Restaurant</u>						1,221,472
Series 2015A	Building Construction	Lease Revenue	100%	2015 - 2035	15,910,870	1,172,760	
Series 2015C	Furniture, Fixtures and Equipment	Lease Revenue	100%	2015 - 2031	4,244,719	296,160	
Lease Revenue Bonds 2015	<u>Firemen's Park Improvements</u>						641,749
Series 2015B	Park Improvements and Construction	Lease Revenue	100%	2015 - 2035	12,930,300	506,700	
Series 2015D	Fixtures and Equipment	Lease Revenue	100%	2015 - 2026	1,154,975	133,250	

**Tax Abatements:**

The City implemented a Business Incentive Policy (in accordance with Minnesota Statutes, Sections 116J.993 to 116J.995) to assist developers with solutions that increase employment opportunities, improve and develop facilities in the City and increase the availability of essential services. Under this policy, the City provides tax abatements (in accordance with Minnesota Statutes, Section 469.1813, subdivision 8) for up to three (3) times a new developer's total property taxes. The City has six (6) agreements that could be considered tax abatements under GASB #77 as of December 31, 2017.

- In 2013, the City entered into a development agreement with Ridgeview Two Twelve North Addition, LLC to aid with the construction of an expansion to an existing medical building. These improvements would create employment opportunities, increasing resident's access to vital services and increase the tax base of the City. The City assistance will help cover

reimbursable costs, including soil correction, architectural enhancement and fire safety. Maximum assistance will be equal to \$777,926 over 20 years. The City's obligation is terminated the earlier of 20 years of payments or the Developer has been paid \$777,926 in tax abatement payments. The City rebated \$27,438 in 2017.

- In 2014, the City entered into a development agreement with IP Stream Minneapolis, LLC to aid with the construction of a data center. These improvements would ensure the development of an underutilized site, create employment opportunities and increase the tax base of the City. The City assistance will help cover reimbursable costs including site acquisition and site improvements. Maximum assistance will be equal to \$1,228,500 over 20 years. The City's obligation is terminated the earlier of 20 years of payments or the Developer has been paid \$1,228,500 in tax abatement payments. IP Stream Minneapolis, LLC did not meet the terms of the agreement for the City to issue a rebate in 2017.
- In 2014, the City entered into a development agreement with Lucrum Properties, LLC to aid with the expansion of an existing manufacturing facility. These improvements would ensure a high-quality business expands operations, create employment opportunities and increase the tax base of the City. The City assistance will help cover reimbursable costs, including storm water and grading improvements, permit fees, development charges and parking lot improvements. Maximum assistance will be equal to \$144,699 over 20 years. The City's obligation is terminated the earlier of 20 years of payments or the Developer has been paid \$144,699 in tax abatement payments. Lucrum Properties, LLC did not meet the terms of the agreement for the City to issue a rebate in 2017 but has received a rebate in 2018.
- In 2015, the City entered into a development agreement with Lifecore Biomedical, LLC to aid with the expansion of their existing facilities. These improvements would ensure the expansion of an underutilized site, increases the City's tax base and encourages a high-quality business to expand their operations in the City. The City assistance will help cover reimbursable cost, including site preparation and grading. Maximum assistance will be equal to \$144,623 over 20 years. The City's obligation is terminated the earlier of 20 payments or the Developer has been paid \$144,623 in tax abatement payments. Lifecore Biomedical, LLC did not meet the terms of the agreement for the City to issue a rebate in 2017 but has received a rebate in 2018.
- In 2016, the City entered into a development agreement with U.S. Bank National Association, to aid with the construction of a new data center. These improvements would ensure the development of a site that is currently underutilized, creating employment opportunities and increase the tax base generating substantial revenue for the City. The City assistance will help cover reimbursable costs, including a portion of the construction costs. Maximum assistance will be equal to \$548,000 over 20 years. The City's obligation is terminated the earlier of 20 payments or the Developer has been paid \$548,000 in tax abatement payments. The City did not rebate U.S. Bank National Association in 2017. This agreement will commence in 2018.
- In 2017, the City of Chaska entered into a development agreement with MSP/Chaska Medical, LLC to aid with construction of a medical office building. These improvements would increase the City's tax base, create employment opportunities and encourage economic development. The City agrees to reimburse the Developer for eligible construction costs from

proceeds of an advance/loan to the Developer in an amount not to exceed \$280,000 at 3.5 percent per annum. The City's obligation is terminated when it has received tax abatements in excess of an amount sufficient to repay the principal amount of the advance/loan plus accrued interest on or before December 31, 2039. The City is expecting to advance funds to MSP/Chaska Medical, LLC in 2018. Loan repayments will commence in 2019.

**Tax Increment Pay-As-You-Go Financing Revenue Notes:**

The Chaska Economic Development Authority (EDA) has entered into private development agreements to facilitate the financing of certain projects established by the Chaska Housing and Redevelopment Authority (pursuant to Minnesota Statutes, Sections 469.001 to 469.047). The costs of these projects are financed using tax increment generated from established tax increment financing districts (pursuant to Minnesota Statutes, Sections 469.174 to 469.179). As of December 31, 2017, the Chaska Economic Development Authority has five (5) agreements considered Tax Increment Pay-As-You-Go Financing Revenue Notes under GASB #77. The amounts have not been included in long-term debt because of the nature of the notes in that repayment is required only if sufficient tax increments are received. The note and any outstanding balance is cancelled at the end of the agreement term, whether they have been repaid. The City's position is that these are obligations to assign future and uncertain revenue sources and as such, is not actual debt in substance.

- In 2002, the Chaska EDA entered into a development agreement with Chaska Place Apartments at 6.5 percent interest with payments due through 2023. The City rebated \$60,204 in 2017. The outstanding balance as of December 31, 2017 is \$1,393,408.
- In 2007, the Chaska EDA entered into a development agreement with Clover Field Sinclair Limited Partnership at 5.65 percent interest with payments due through 2029. The City rebated \$142,205 in 2017. The outstanding balance as of December 31, 2017 is \$4,011,714.
- In 2004, the Chaska EDA entered into a development agreement with City Square, LLC at a simple non-compounding interest rate of 5 percent with payments due through 2031. The City did not rebate in 2017. The outstanding balance as of December 31, 2017 is \$135,243.
- In 2015, the Chaska EDA entered into a development agreement with Chaska Heights Senior Living, LLC at a simple non-compounding interest rate of 3.25 percent with payments due through 2044. The City did not rebate in 2017. Rebate payments will begin in 2018. The outstanding balance as of December 31, 2017 is \$2,874,667.
- In 2016, the Chaska EDA entered into a development agreement with Creek's Run Phase II, LLC at a simple non-compounding interest rate of 4.5 percent with payments due through 2036. The City did not rebate in 2017. Rebate payments will begin in 2018.

**Conduit Debt:**

From time to time, the City has issued Industrial Revenue Bonds (IRBs) and Housing Revenue Bonds (HRBs) (Collectively the “Revenue Bonds”) to provide financial assistance to private-sector entities for the acquisition and construction of industrial and housing facilities deemed to be in the public interest. The Revenue Bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the Revenue Bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the City, nor the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds, excluding the bonds mentioned below. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2017, there were six (6) series of IRBs outstanding. The aggregate principal amount payable for the three (3) series issued after July 1, 1995, was \$5,173,985. The aggregate principal amount payable for the three (3) series issued prior to July 1, 1995, could not be determined; however, their original issue amounts totaled \$9,625,000.

As of December 31, 2017, there were five (5) series of HRBs outstanding. The aggregate principal amounts payable for the three (3) series issued after July 1, 1995 was \$8,400,000. The aggregate principal amount payable for the two (2) series issued prior to July 1, 1995, could not be determined; however, their original issue amounts totaled \$6,260,000.

The outstanding HRB balance includes one (1) issue that is backed by the full faith and credit of the City. In 2010, the Carver County Housing and Redevelopment Authority issued \$2,850,000 in Housing Development Revenue Bonds. (These bonds refunded the \$2,695,691 Housing Revenue Bonds of 2000). This issue is secured by housing revenues and, if not so paid, by a tax levy. The bonds are secured by a general obligation pledge of the City.

**Note 7 Interfund Receivables, Payables and Transfers**

The compositions of interfund balances as of December 31, 2017 are as follows:

Due To/From Other Funds		
Receivable Fund	Payable Fund	Amount
Nonmajor Governmental	Nonmajor Governmental	\$ 1,300,271
Nonmajor Governmental	Community Center	1,259,293
Internal Service Fund	Curling Center	4,768,283
Nonmajor Enterprise	Nonmajor Enterprise	139,260
Fiduciary	Fiduciary	10,430
Total:		<u>\$ 7,477,537</u>

The \$7,477,537 in Due To/Due From Other Funds eliminate temporary cash deficits in the respective funds.

**Notes to the Financial Statements**

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2017**

Interfund Receivables/Payables And Advances To/From Other Funds:

Receivable Fund	Payable Fund	Interfund Receivables/ Payables	Advances To/From	Total	Purpose
Electric	Nonmajor Governmental	\$ -	\$ 1,882,054	\$ 1,882,054	1
Electric	Nonmajor Governmental	-	276,233	276,233	2
Turbine Generator	Electric	48,624	871,831	920,455	3
Nonmajor Governmental	Nonmajor Governmental	641,651	-	641,651	4
Nonmajor Governmental	Nonmajor Enterprise	103,666	993,349	1,097,015	5
Total:		<u>\$ 793,941</u>	<u>\$ 4,023,467</u>	<u>\$ 4,817,408</u>	

**Explanation of Interfund Receivables/Payables and Advances To/From Other Funds:**

- (1) This 2007 loan from the Electric fund provides interim financing for TIF District #14 project costs. Repayment of the outstanding balance of \$1,882,054 will be made from tax increment generated by the district as it becomes available.
- (2) This interfund loan from the Electric fund provides interim financing to TIF District #17 for project costs. Repayment of the outstanding balance of \$276,233 will be made from tax increment generated by the district as it becomes available.
- (3) A long-term interfund loan between the Electric fund and the Turbine Generator fund was made in 2001 to finance a substation. Of the \$920,455 owed at year end, \$871,831 is considered due in more than one (1) year.
- (4) These loans eliminate what would have been negative cash in TIF District funds. Repayment of the outstanding balance of \$641,651 will be made from tax increment generated by the districts as it becomes available.
- (5) These 3 interfund loans from the Equipment Acquisition fund to the Town Course fund and Storm Water fund are comprised of the following: a) \$232,200 for outstanding golf equipment purchases (2013 and 2014) with \$36,000 due in one year; b) \$513,667 for outstanding golf equipment and storm water equipment purchases (2015) with \$67,666 due in one year and c) \$351,148 for outstanding golf equipment purchases (2017), all of which is due in more than one year.

	Governmental Activities			Transfers In				Total
	Public			Business-Type Activities				
	General Fund	Improvement Projects	Nonmajor	Water	Community Center	Curling Center	Nonmajor	
Transfers Out								
General Fund	\$ -	\$ -	\$ 422,647	\$ -	\$ -	\$ -	\$ -	\$ 422,647
Nonmajor Governmental	-	13,733	2,619,757	644,611	-	1,483,762	432,680	5,194,543
Electric	-	-	1,023,200	-	432,000	-	-	1,455,200
Water	-	-	77,082	-	-	-	-	77,082
Community Center	-	-	50,000	-	-	-	-	50,000
Nonmajor Enterprise	-	13,742	389,862	-	-	-	8,814	412,418
Internal Service Fund	14,622	-	-	-	-	-	-	14,622
Total:	<u>\$ 14,622</u>	<u>\$ 27,475</u>	<u>\$ 4,582,548</u>	<u>\$ 644,611</u>	<u>\$ 432,000</u>	<u>\$ 1,483,762</u>	<u>\$ 441,494</u>	<u>\$ 7,626,512</u>

Notes to the Financial Statements

City of Chaska, Minnesota

For the Year Ended December 31, 2017

**Explanation of Transfers:**

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due and 3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 8 Fund Balance**

A summary of the governmental fund balance classifications as of December 31, 2017 are as follows:

	<u>General</u>	<u>Public Improvement Projects</u>	<u>Nonmajor Governmental</u>	<u>Totals</u>
<b><u>Restricted for:</u></b>				
Mt. Pleasant Cemetary Care	\$ -	\$ -	\$ 7,522	\$ 7,522
Housing Loan Program	-	-	13,183	13,183
Job Creation	-	-	1,737	1,737
Debt Requirements	-	-	8,494,876	8,494,876
Economic Development	-	-	930,081	930,081
Fire Protection Improvements	-	-	3,711	3,711
Unspent Bond Proceeds	-	1,374,942	900,390	2,275,332
Total Restricted Fund Balances	<u>-</u>	<u>1,374,942</u>	<u>10,351,500</u>	<u>11,726,442</u>
<b><u>Committed to:</u></b>				
Compensated Absences	908,494	-	-	908,494
Mt. Pleasant Cemetary Care	-	-	234,478	234,478
Economic Development	-	-	65,576	65,576
Capital Equipment	-	-	135,137	135,137
Concerts in the Park	-	-	362	362
Street Improvement Program	-	-	2,454,367	2,454,367
Total Committed Fund Balances	<u>908,494</u>	<u>-</u>	<u>2,889,920</u>	<u>3,798,414</u>
<b><u>Assigned to:</u></b>				
Mt. Pleasant Cemetary Care	-	-	11,975	11,975
Concerts in the Park	-	-	239	239
Fire Protection Improvements	-	-	137,813	137,813
Capital Equipment	-	-	1,405,270	1,405,270
Southwest Chaska Improvements	-	-	416,207	416,207
Park Improvements	-	-	2,420,599	2,420,599
Community Fund Projects	-	-	1,166,389	1,166,389
Housing Improvement	-	-	409,721	409,721
Abatement Programs	-	-	429	429
Capital Improvements	-	-	2,602,990	2,602,990
Total Assigned Fund Balances	<u>-</u>	<u>-</u>	<u>8,571,632</u>	<u>8,571,632</u>
<b><u>Unassigned</u></b>	<u>1,103,421</u>	<u>(1,644,122)</u>	<u>(4,787,527)</u>	<u>(5,328,228)</u>
Total Fund Balances:	<u>\$ 2,011,915</u>	<u>\$ (269,180)</u>	<u>\$ 17,025,525</u>	<u>\$ 18,768,260</u>

### **Note 9 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.

Workers compensation coverage is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT.

The LMCIT reinsures through Workers Compensation Reinsurance Association (WCRA) as required by law. For workers compensation, the City is not subject to a deductible. The City's workers compensation coverage is retrospectively rated. With this type of coverage, final premiums are determined after loss experience is known. The amount of premium adjustment, if any, is considered immaterial and not recorded until received or paid.

Property and casualty insurance coverage is provided through a pooled self-insurance program through the LMCIT. The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess of various amounts. The City retains risk for the deductible portion of the insurance policies and for any exclusion from the insurance policies. These amounts are considered immaterial to the financial statements.

The City continues to carry commercial insurance for all other risks of loss, including life, disability, dental and health insurance.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three (3) years.

The Self Insurance fund, an internal service fund which charges its costs to user departments, accounts for the risk management activities of the City. The fund is designed to build up a reserve, which will provide the City the opportunity to assume a greater share of its insurance risks and thereby reducing the cost to purchase insurance.

### **Note 10 Committed Contracts**

At December 31, 2017, the City had commitments for seven (7) uncompleted construction contracts with a remaining balance of \$1,622,223.

### **Note 11 Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

In connection with the normal conduct of its affairs, the City is involved in various claims litigation and judgments. It is expected that the final settlement of those matters will not materially affect the financial statements of the City.

Internal Revenue Service rules require municipalities to “rebate” any bond proceeds that are invested at yields higher than the bond yield (“arbitrage”). However, a municipal issuer does not have to pay arbitrage rebate if it qualifies for certain rebate exceptions. At year-end the amount of arbitrage liability, for the Electric Revenue Refunding Bonds Series 2015A was determined be zero (0).

### **Note 12 Jointly Governed Organizations**

The City, in conjunction with 11 other municipalities that provide distribution of electric services, comprises the Minnesota Municipal Power Agency (MMPA). MMPA began operations on July 1, 1995. MMPA purchases power that is purchased and distributed by the 12 municipalities that operate electric distribution systems. MMPA’s board of directors is comprised of one (1) member from each participating entity. Except for minimum purchase requirements, no participant has any obligation, entitlement, or residual interest. The City’s purchases of power from MMPA for the year ended December 31, 2017 was \$26,415,970. MMPA issues an annual financial report that may be obtained by writing MMPA, 220 S. 6<sup>th</sup> Street, Suite 1300, Minneapolis, MN 55402, or by calling (612) 349-6868.

### **Note 13 Defined Benefit Pension Plans**

Employees of the City participate in three (3) defined benefit pension plans. Two (2) of the plans are state-wide cost-sharing, multiple employer defined benefit pension plans administered by the PERA of Minnesota: the General Employees Retirement fund and the Public Employees Police and Fire fund. The third is a single-employer defined benefit pension plan administered through the Chaska Fire Department Relief Association (CFDRA). The details of the City’s participation in each of these plans are presented later in these notes. The following table summarizes the impact of these plans on the City’s government-wide financial statements.

	PERA Pension Plans			Chaska Fire Department Relief Association	Total All Plans
	General Employees Retirement Fund	Public Employees Police & Fire Fund	Total		
	\$	\$	\$		
Net Pension Asset	\$ -	\$ -	\$ -	\$ 555,163	\$ 555,163
Deferred Outflows	2,287,941	5,207,793	7,495,734	76,983	7,572,717
Net Pension Liability	8,439,559	3,564,313	12,003,872	-	12,003,872
Deferred Inflows	1,473,769	6,041,907	7,515,676	278,772	7,794,448
Pension Revenue	3,066	23,760	26,826	158,712	185,538
Pension Expense	1,269,619	914,253	2,183,872	298,731	2,482,603

**Note 14 Defined Benefit Pension Plans – State-wide****A) Plan Description**

The City of Chaska 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 Plan** (General Employees Plan (accounted for in the General Employees fund))

All full-time and certain part-time employees of the City of Chaska are covered by the General Employees Plan. General Employees Plan 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.

**2. Public Employees Police and Fire Plan** (Police and Fire Plan (accounted for in the Police and Fire Fund))

The Police and Fire Plan originally established for police and firefighters not covered by a local relief association, now covers all police and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to local relief associations that elected 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 (2) consecutive years are given 2.5 percent increases. Members in plans that have not exceeded 90 percent funded, or have fallen below 80 percent, are given 1 percent 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. General Employees Plan Benefits**

General Employees Plan benefits are based on a member's highest average salary for any five (5) successive years of allowable service, age, and years of credit at termination of service. Two (2) 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 percent of average salary for each of the first ten

(10) years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten (10) years of 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For 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.

## **2. Police and Fire Plan Benefits**

Benefits for the Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five (5) years up to 100 percent after ten (10) years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten (10) years up to 100 percent after twenty (20) years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

## **B) Contributions**

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

### **1. General Employees Fund Contributions**

Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in calendar year 2017. The City of Chaska was required to contribute 7.5 percent for Coordinated Plan members in calendar year 2017. The City of Chaska's contributions to the General Employees fund for the year ended December 31, 2017, were \$645,781. The City of Chaska's contributions were equal to the required contributions as set by state statute.

### **2. Police and Fire Fund Contributions**

Plan members were required to contribute 10.8 percent of their annual covered salary in calendar year 2017. The City of Chaska was required to contribute 16.2 percent of pay for members in calendar year 2017. The City of Chaska's contributions to the Police and Fire fund for the year ended December 31, 2017 were \$431,127. The City of Chaska's contributions were equal to the required contributions as set by state statute.

## **C) Pension Costs**

### **1. General Employees Fund Pension Costs**

At December 31, 2017, the City of Chaska reported a liability of \$8,439,559 for its proportionate share of the General Employees Fund's net pension liability. The City of Chaska's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund in 2017. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City of Chaska totaled \$106,148. The net pension liability was measured

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as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Chaska's proportion of the net pension liability was based on the City of Chaska's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the City of Chaska's proportion share was .1322 percent which was an increase of .0036 percent from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the City of Chaska recognized pension expense of \$1,266,553 for its proportionate share of the General Employees Plan's pension expense. In addition, the City of Chaska recognized an additional \$3,066 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the General Employees Fund.

At December 31, 2017, the City of Chaska reported its proportionate share of the General Employees Plan'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	\$ 278,142	\$ 525,453
Changes in actuarial assumptions	1,362,994	846,067
Differences between projected and actual investment earnings	6,400	-
Changes in proportion	313,727	102,249
Contributions paid to PERA subsequent to the measurement date	326,678	-
Total:	\$ 2,287,941	\$ 1,473,769

\$326,678 reported as deferred outflows of resources related to pensions resulting from City of Chaska contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Pension Expense Amount
2018	\$ 372,828
2019	570,211
2020	(97,304)
2021	(358,241)
Total:	\$ 487,494

**2. Police and Fire Pension Costs**

At December 31, 2017, the City of Chaska reported a liability of \$3,564,313 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of

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Chaska’s proportion of the net pension liability was based on the City of Chaska’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2017, the City of Chaska’s proportion was .264 percent which was an increase of .015 percent from its proportion measured as of June 30, 2016. The City of Chaska also recognized \$23,760 for the year ended December 31, 2017 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota’s on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 require the State of Minnesota to begin contributing \$9 million to the Police and Fire fund each year, starting in fiscal year 2014.

For the year ended December 31, 2017, the City of Chaska recognized pension expense of \$890,493 for its proportionate share of the Police and Fire Plan’s pension expense.

At December 31, 2017, the City of Chaska reported its proportionate share of the Police and Fire Plan’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	\$ 82,042	\$ 906,478
Changes in actuarial assumptions	4,399,581	5,060,442
Differences between projected and actual investment earnings	-	11,162
Changes in proportion	501,647	63,825
Contributions paid to PERA subsequent to the measurement date	224,523	-
Total:	\$ 5,207,793	\$ 6,041,907

\$224,523 reported as deferred outflows of resources related to pensions resulting from the City of Chaska’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Pension Expense Amount
2018	\$ 70,248
2019	70,248
2020	(56,453)
2021	(247,327)
2022	(895,353)
Total:	\$ (1,058,637)

**D) Actuarial Assumptions**

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for all plans for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be: 1 percent per year for all future years for the General Employees through 2044 and Police and Fire Plan through 2064 and then 2.5 percent thereafter for both plans.

Actuarial assumptions used in the June 30, 2017, valuation was based on the results of actuarial experience studies. The most recent four (4)-year experience study in the General Employees Plan was completed in 2015. The most recent five (5)-year experience study for Police and Fire Plan was completed in 2016.

The following changes in actuarial assumptions occurred in 2017:

**General Employees Fund**

- The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent vested deferred member liability and 3.0 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

**Police and Fire Fund**

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.

- Assumed termination rates were decreased to 3.0 percent for the first three (3) years of service. Rates beyond the select period of three (3) years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65 percent to 60 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three (3) years younger) and female members (husbands assumed to be four (4) years older) to the assumption that males are two (2) years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.5 percent thereafter.
- The single discount rate changed from 5.60 percent to 7.50 percent.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	39%	5.10%
International Stocks	19%	5.30%
Bonds	20%	0.75%
Alternative Assets	20%	5.90%
Cash	2%	0.00%
Total:	100%	

#### **E) Discount Rate**

The discount rate used to measure the total pension liability in 2017 was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund and the Police and Fire Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### **F) Pension Liability Sensitivity**

The following presents the City of Chaska'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 of Chaska’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:

	<u>General Employees Fund</u>		<u>Police and Fire Fund</u>	
1% Increase in Discount Rate	8.50%	\$ 4,632,016	8.50%	\$ 965,195
Current Discount Rate	7.50%	8,439,559	7.50%	3,564,313
1% Decrease in Discount Rate	6.50%	13,090,386	6.50%	6,712,644

**G) 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](http://www.mnpera.org).

**Note 15 Defined Contribution Plan**

Four (4) council members of the City of Chaska are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five (5) percent of salary which is matched by the elected official’s employer. For ambulance services personnel, employer contributions are determined by the employer and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one (1) or more of the seven (7) accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two (2) percent of employer contributions and twenty-five hundredths of one percent (.0025) of the assets in each member’s account annually.

Total contributions made by the City of Chaska during fiscal year 2017 were:

<u>Amount</u>		<u>Percentage of Covered Payroll</u>		<u>Required Rates</u>
<u>Employees</u>	<u>Employer</u>	<u>Employees</u>	<u>Employer</u>	
\$1,540	\$1,540	5.00%	5.00%	5.00%

**Note 16 Defined Benefit Pension Plans – Fire Relief Association****A) General Information about the Pension Plan**

**Plan Description** - All members of the Chaska Fire Department (CFD) are covered by a defined benefit pension plan, Chaska Fire Department Relief Association Pension Plan (CFDRAPP), administered by the Chaska Fire Department Relief Association (CFDRA). CFDRAPP is a single-employer defined benefit pension plan. Minnesota Statutes, Chapter 69 grants the authority to the CFDRA Board to establish and amend benefit terms with consenting approval by the Chaska City Council. CFDRA issues a publicly available financial report that can be obtained by writing to City of Chaska, One City Hall Plaza, Chaska, MN 55318-1962 or by phone (952) 448-9200.

**Benefits Provided** - The plan provides retirement and disability benefits to plan members and beneficiaries.

- Monthly Service Pension: \$2.185 per month of service with a maximum of 360 months for members starting prior to November 4, 2013. In lieu of monthly payments, a member may elect a lump sum benefit.
- Lump Sum Service Pension: \$6,486 per year of service for members starting on or after November 4, 2013 based on completed years of service up to 30 years.
- Deferred Service Pensions: with termination prior to age 50 and at least ten (10) years of service, a deferred pension is payable at age 50 and reduced four (4) percent for each year of service less than 20 years.
- Survivor Benefits: spouse, children or estate receive 100 percent of the member's lump sum benefit.
- Disability Benefit: A disabled member will receive the amount of their monthly service pension based on credited service as of the date eligible.

**Members covered by benefit terms** - At December 31, 2017, pension plan membership consisted of the following as used to determine Net Pension Liability (Asset) as of December 31, 2017:

Inactive Members Currently Receiving Benefits	43
Beneficiaries Currently Receiving Benefits	13
Inactive Members Entitled to But Not Yet Receiving Benefits	6
Active Members	<u>42</u>
Total members	<u>104</u>

**Contributions** - Minnesota Statutes, Chapter 424 and 424A, authorize pension benefits for volunteer fire relief associations. The CFDRAPP is funded by fire state aid, investment earnings, and, if necessary, employer contributions as specified in Minnesota Statutes and voluntary City contributions. The State of Minnesota contributed \$151,712 in fire state aid and \$7,000 in supplemental benefits to the CFDRAPP on behalf of the CFD for the year ended December 31, 2017, which was recorded as revenue. Required City contributions are calculated annually based on statutory provisions. The City made all required contributions and additional voluntary contributions to the plan for the year ended December 31, 2017

totaling \$285,081. The City's contributions exceed the required contributions as set by State Statutes. Furthermore, members of the CFD have no obligation to contribute to the plan.

### B) Net Pension Liability

The CFDRAPP's net pension liability was measured as of December 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions** - The total pension liability in the December 31, 2017 actuarial valuation was determined using the entry age normal actuarial cost method and the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	N/A
Investment rate of return	6.25% net of pension plan investment expense, including inflation
20-year municipal bond yield	3.31%

Mortality rates were based on the following:

- Healthy Pre-retirement - RP-2014 employee generational mortality table projected with mortality improvement scale MP-2016 from a base year of 2006.
- Healthy Post-retirement - RP-2014 annuitant generational mortality table projected with mortality improvement scale MP-2016 from a base year of 2006. Male rates are adjusted by a factor of 0.96.
- Disabled - RP-2014 annuitant generational mortality table projected with mortality improvement scale MP-2016 from a base year of 2006. Male rates are adjusted by a factor of 0.96.

The demographic actuarial assumptions used in the December 31, 2017 valuation were based on the same assumptions used in the June 30, 2017 PERA Police and Fire actuarial valuation, expect that the fire relief uses a separate retirement rate assumption based on a review completed in May 2015. The economic actuarial assumptions are reviewed annually as part of the fire relief's annual valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the geometric real rates of return for each major asset class are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35%	5.39%
International Equity	20%	5.20%
Fixed Income	10%	1.98%
Real Estate and Alternatives	10%	4.25%
Cash and Equivalents	25%	0.79%
Total	100%	

**Discount Rate** - The discount rate used to measure the total pension liability was 6.25 percent. The projected cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in Minnesota Statutes. Based on those assumptions and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

**C) Changes in the Net Pension Liability**

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Beginning Balance - January 1, 2017	\$ 5,144,203	\$ 5,152,061	\$ (7,858)
Changes For The Year:			
Service Cost	76,833	-	76,833
Interest	307,707	-	307,707
Change in Benefits Terms	229,268	-	229,268
Differences Between Expected and Actual Experience	23,511	-	23,511
Changes in Assumptions	68,838	-	68,838
Contributions - State and Local	-	443,793	(443,793)
Net Investment Income	-	819,964	(819,964)
Benefit Payments	(595,443)	(595,443)	-
Administrative Costs	-	(10,295)	10,295
Total Net Changes	110,714	658,019	(547,305)
Ending Balance - December 31, 2017	\$ 5,254,917	\$ 5,810,080	\$ (555,163)

**Sensitivity of the net pension liability (asset) to changes in the discount rate** - The following presents the net pension liability (asset) of the CFDRAPP, calculated using the discount rate of 6.25 percent, as well as what the CFDRAPP's net pension asset would be if it were calculated using a discount rate 1 percentage point lower (5.25 percent) or 1 percentage point higher (7.25 percent) than the current discount rate:

City of Chaska, Minnesota

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	<u>Net Pension Liability (Asset)</u>
1% Decrease in Discount Rate (5.25%)	\$ (8,063)
Current Discount Rate (6.25%)	(555,163)
1% Increase in Discount Rate (7.25%)	(1,014,958)

**Pension Plan Fiduciary Net Position** - Detailed information about the CFDRAPP pension plan's fiduciary net position is available in the separately issued CFDR financial report.

#### D) Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2017, the CFDRAPP recognized pension expense of \$298,731. At December 31, 2017, the CFDRAPP reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual liability	\$ 19,599	\$ 17,645
Change of assumptions	57,384	-
Net differences between projected and actual investment earnings	-	261,127
Total:	<u>\$ 76,983</u>	<u>\$ 278,772</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Pension Expense Amount</u>
2018	\$ (10,849)
2019	(10,851)
2020	(109,885)
2021	(85,723)
2022	15,366
Thereafter	153
Total:	<u>\$ (201,789)</u>

## Note 17 Other Post-Employment Benefits

### A) Plan Description

In addition to providing the pension benefits described in Note 13, the City provides post-employment health care benefits (as defined in paragraph B) for retired employees through a single-employer defined benefit plan. The term *plan* refers to the City's requirement by State Statute to provide retirees with access to health insurance. The OPEB plan is administered by the City. The authority to provide these benefits is established in Minnesota Statutes Section 471.61 Subd. 2a and 299A.465. The benefits, benefit levels, employee

contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and collective bargaining agreements with employee groups. The Plan is not accounted for as a trust fund, and an irrevocable trust has not been established to account for the plan. The Plan does not issue a separate report.

## B) Benefits Provided

### Retirees

The City is required by State Statute to allow retirees to continue participation in the City's group health insurance plan if the individual terminates service with the City through service retirement or disability retirement. Retirees may obtain dependent coverage while the participating retiree is under age 65. Covered spouses may continue coverage after the retiree's death. The surviving spouse of an active employee may continue coverage in the group health insurance plan after the employee's death.

All health care coverage is provided through the City's group health insurance plans. The retiree is required to pay 100 percent of their premium cost for the City-sponsored group health insurance plan in which they participate. The premium is a blended rate determined on the entire active and retiree population. Since the projected claims costs for retirees exceed the blended premium paid by retirees, the retirees are receiving an implicit rate subsidy (benefit). The coverage levels are the same as those afforded to active employees. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the City's plan becomes secondary.

## C) Participants

As of the actuarial valuation dated January 1, 2016 participants consisted of:

Retirees and beneficiaries currently purchasing health insurance through the City	2
Active Employees	<u>129</u>
Total	<u>131</u>
Participating Employers	<u>1</u>

## D) Funding Policy

The additional cost of using a blended rate for actives and retirees is currently funded on a pay-as-you go basis. The City Council may change the funding policy at any time.

## E) Annual OPEB Costs and Net OPEB Obligation

The City's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The annual OPEB cost is accrued in the government-wide and proprietary funds

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financial statements as it is earned. OPEB benefits are recorded on a pay-as-you-go basis in the governmental funds.

The net OPEB obligation as of December 31, 2017 was calculated as follows:

Annual Required Contribution	\$ 130,875
Interest on Net OPEB Obligation	22,875
Adjustment to Annual Required Contribution	<u>(34,929)</u>
Annual OPEB Cost	118,821
Contributions Made During the Year	<u>(41,413)</u>
Increase (Decrease) in Net OPEB Obligation	77,408
Net OPEB Obligation Beginning of Year	<u>653,563</u>
Net OPEB Obligation End of Year	<u><u>\$ 730,971</u></u>

The City had an actuarial valuation performed for the plan as of January 1, 2016 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended December 31, 2017. The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2015, 2016 and 2017 are as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percent</u> <u>Contributed</u>	<u>OPEB</u> <u>Obligation</u>
December 31, 2015	\$ 131,596	18.51%	\$ 554,984
December 31, 2016	120,638	18.29%	653,563
December 31, 2017	118,821	34.85%	730,971

**F) Funded Status and Funding Progress**

The City currently has no assets that have been irrevocably deposited in a trust for future health benefits; therefore, the actuarial value of assets is zero (0). The funded status of the plan is as follows:

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability (AAL)*</u>	<u>Unfunded</u> <u>Actuarial</u> <u>Liability (UAAL)</u>	<u>Funded</u> <u>Ratio</u>	<u>Covered</u> <u>Payroll</u>	<u>UAAL as a</u> <u>Percentage of</u> <u>Covered Payroll</u>
January 1, 2011	\$ -	\$ 725,699	\$ 725,699	0.00%	\$ 7,816,638	9.30%
January 1, 2014	-	1,174,997	1,174,997	0.00%	8,431,114	14.00%
January 1, 2016	-	1,111,587	1,111,587	0.00%	9,489,688	11.70%

\*Using the projected unit credit cost method

**G) Actuarial Methods and Assumptions**

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality and the health care cost trend.

Amounts determined regarding the funded status of the plan and the annual required contributions (ARC) of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan member to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2016 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 3.50 percent investment rate of return (net of administrative expenses) and an initial annual health care cost trend rate of 6.75 percent reduced by .25 percent each year to arrive at an ultimate health cost trend rate of 5 percent. This rate includes a 2.50 percent inflation assumption. Salary increases have not been included in this calculation. The actuarial value of assets was \$0. The plans unfunded actuarial accrued liability is being amortized using the level dollar amount over 30 years on a closed basis. The remaining amortization period at January 1, 2016, was 30 years.

Required Supplementary Information

City of Chaska, Minnesota

For the Year Ended December 31, 2017

**Schedule of Funding Progress - Other Post-Employment Benefit Plan**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
January 1, 2011	\$ -	\$ 725,699	\$ 725,699	0.00%	\$ 7,816,638	9.30%
January 1, 2014	-	1,174,997	1,174,997	0.00%	8,431,114	14.00%
January 1, 2016	-	1,111,587	1,111,587	0.00%	9,489,688	11.70%

**PERA – General Employees Retirement Fund Schedule of City’s and Non-Employer Proportionate Share of Net Pension Liability**

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	City’s Proportion of the Net Pension Liability	City’s Proportionate Share of the Net Pension Liability	City’s Proportionate Share of the State of Minnesota’s Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the City’s Share of the State of Minnesota’s Share of the Net Pension Liability	City’s Covered Payroll	City’s Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2015	06/30/2015	0.13%	\$ 6,504,061	\$ -	\$ 6,504,061	\$ 7,374,827	88.19%	78.19%
12/31/2016	06/30/2016	0.13%	10,441,682	136,394	10,578,076	7,962,313	131.14%	68.90%
12/31/2017	06/30/2017	0.13%	8,439,559	106,148	8,545,707	8,515,662	99.11%	75.90%

**PERA – General Employees Retirement Fund Schedule of City Contributions**

City Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 573,571	\$ 573,571	\$ -	\$ 7,647,695	7.50%
12/31/2016	622,514	622,514	-	8,301,166	7.50%
12/31/2017	645,781	645,781	-	8,613,210	7.50%

**Notes to the Schedule:**

**Changes in Plan Provisions.** On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the GERS, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

**Changes in Actuarial Assumptions.** (1) 2015 Changes – The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter. (2) 2016 Changes – The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all future years. The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 7.50 percent. The assumed future salary increase, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation. (3) 2017 Changes - The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and non-vested deferred members. The revised CSA loads are now 0.00 percent for active member liability, 15.00 percent for vested deferred member liability and 3.00 percent for non-vested deferred member liability. The assumed post-retirement benefit increase was changed from 1.00 percent for all years to 1.00 percent for year through 2044 and 2.50 percent for all future years.

**Required Supplementary Information**

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2017**

**PERA – Public Employees Police and Fire Fund Schedule of City’s Proportionate Share of Net Pension Liability**

City Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	City’s Proportion of the Net Pension Liability	City’s Proportionate Share of the Net Pension Liability	City’s Covered Payroll	City’s Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2015	06/30/2015	0.26%	\$ 2,908,759	\$ 2,345,969	123.99%	86.60%
12/31/2016	06/30/2016	0.25%	9,992,803	2,397,786	416.75%	63.90%
12/31/2017	06/30/2017	0.26%	3,564,313	2,707,514	131.65%	85.40%

**PERA – Public Employees Police and Fire Fund Schedule of City Contributions**

City Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 384,775	\$ 384,775	\$ -	\$ 2,375,153	16.20%
12/31/2016	421,074	421,074	-	2,600,914	16.20%
12/31/2017	431,127	431,127	-	2,665,551	16.20%

**Notes to the Schedule:**

**Changes in Plan Provisions.** (1) 2015 Changes - The post-retirement benefit increase to be paid after attainment of the 90.00 percent funding threshold was changed, from inflation up to 2.50 percent, to a fixed rate of 2.50 percent for inflation.

**Changes in Actuarial Assumptions.** (1) 2015 Changes – The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.0 percent per year through 2037 and 2.50 percent per year thereafter. (2) 2016 Changes – The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent thereafter to 1.00 percent per year for all future years. The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.60 percent. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation. (3) 2017 Changes – Assumed salary increase as recommended in the June 30, 2016 study. The net effect is proposed rates that average 0.34 percent lower than the previous year. Assumed rates of retirement were changes, resulting in a fewer retirements. The Combined Service Annuity (CSA) load was 30.00 percent for vested and non-vested deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from RP-2000 disabled mortality to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.00 percent for the first three (3) years of service. Rates beyond the selected

**Required Supplementary Information**

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2017**

period of three (3) years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65.00 to 60.00 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three (3) years younger) and female members (husbands assumed to be four (4) years older to the assumption that males are two (2) years older than females. The assumed percentage of female members electing Joint and Survivor annuities was increased. The assumed post-retirement benefit increase was change from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate changed from 5.60 percent to 7.50 percent.

**Chaska Fire Department Relief Association Pension Plan (CFDRAPP),  
Schedule of Changes in Net Pension Liability and Related Ratios**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>			
Service Cost	\$ 76,833	\$ 74,777	\$ 76,662
Interest	307,707	318,368	323,774
Changes of Benefits Terms	229,268	-	-
Differences Between Expected & Actual Experience	23,511	-	(42,040)
Changes of Assumptions	68,838	-	-
Benefit Payments, Including Refunds of Member Contributions	<u>(595,443)</u>	<u>(451,119)</u>	<u>(517,365)</u>
<b>Net Change in Total Pension Liability</b>	110,714	(57,974)	(158,969)
<b>Total Pension Liability – Beginning</b>	<u>5,144,203</u>	<u>5,202,177</u>	<u>5,361,146</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 5,254,917</u>	<u>\$ 5,144,203</u>	<u>\$ 5,202,177</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 443,793	\$ 427,285	\$ 401,321
Contributions - Member	-	-	-
Net investment Income	819,964	408,073	(220,343)
Benefit payments, Including Refunds of Member Contributions	(595,443)	(451,119)	(517,365)
Administrative Expense	(10,295)	(11,561)	(4,226)
Other	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Plan Fiduciary Net Position</b>	\$ 658,019	\$ 372,678	\$ (340,613)
<b>Plan Fiduciary Net Position - Beginning</b>	<u>5,152,061</u>	<u>4,779,383</u>	<u>5,119,996</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$5,810,080</u>	<u>\$ 5,152,061</u>	<u>\$ 4,779,383</u>
<b>City's Net Pension Liability (Asset) - Ending (a) - (b)</b>	\$ (555,163)	\$ (7,858)	\$ 422,794
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	110.56%	100.15%	91.87%

City of Chaska, Minnesota

For the Year Ended December 31, 2017

**Chaska Fire Department Relief Association Pension Plan (CFDRAPP), Schedule of City Contributions**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially Determined Contribution(ADC) <sup>1</sup>	\$ 265,347	\$ 265,347	\$ 267,302	\$ 267,302	\$ 293,799	\$ 293,799	\$ 246,000	\$ 246,000	\$ 221,350	\$ 221,350
Contributions in Relation to the ADC	436,793	427,285	401,321	361,296	364,512	298,250	299,930	271,345	266,139	280,753
Contribution Deficiency (Excess)	<u>\$ (171,446)</u>	<u>\$ (161,938)</u>	<u>\$ (134,019)</u>	<u>\$ (93,994)</u>	<u>\$ (70,713)</u>	<u>\$ (4,451)</u>	<u>\$ (53,930)</u>	<u>\$ (25,345)</u>	<u>\$ (44,789)</u>	<u>\$ (59,403)</u>

**Valuation Date:**

Actuarially determined contribution rates are calculated as of December 31, either two (2) or three (3) years prior to the end of the fiscal year in which contributions are reported.

**Methods and assumptions used to determined contribution rates:**

Actuarial Cost Method	Entry Age Normal actuarial level dollar cost method
Amortization Method	Actuarial Losses - Amortize loss over ten (10) years per Minnesota Statues 69.773, Subd 4. (d)(3)(i). Plan Changes - Amortize over 20 years per Minnesota Statues 69.773, Subd 4. (d)(3)(v).
Remaining Amortization Period	Eight (8) years as of December 31, 2017
Asset Valuation Method	Market Value
Inflation	2.75 percent
Salary Increases	0.00 percent, including inflation
Investment Rate of Return	5.00 percent as per Minnesota State Statutes Chapter 356.215, Subdivision 8
Retirement Age	The latest of age 50 or after 20 years of service
Mortality	RP-2000 Combined Mortality Table, fully generational

**Other Information:**

In 2009, benefit terms were modified to eliminate funeral benefits. The benefit for surviving child was modified from \$25 per month to 25 percent of the members benefit payable at age 50.

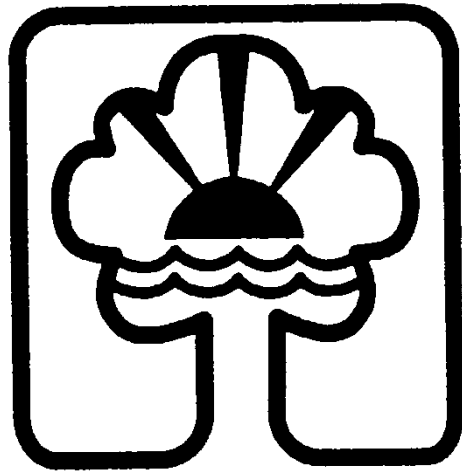
In 2011, benefits terms were modified to change the surviving spouse benefits from 75 percent of the member’s monthly benefit for life to 100 percent of the member’s monthly benefit for life. The survivor benefit for surviving children was modified to change the benefit from 25 percent to 100 percent of the member’s monthly pension.

In 2013, benefit terms were modified to add a \$6,000 per year of service lump sum benefit option for individuals who became members before November 4, 2013. Individuals that became members after November 4, 2013 are only entitled to a lump sum service pension.

In 2014, benefit terms were modified to increase the monthly benefit from \$1.975 to \$2.085 per month of service and the increase the lump sum benefit from \$6,000 to \$6,255 per year of service effective as of June 1, 2014.

In 2016, benefit terms were modified to increase the monthly benefit from \$2.085 to \$2.185 per month of service and to increase the limp sum benefit from \$6,255 to \$6,486 per year of service as of January 1, 2017.

**Notes to Schedule** <sup>1</sup> ADC amounts are equal to statutory requirements under Minnesota Statutes 424A.092 and 69.773.



CHASKA

**Combining and Individual Fund Statements and Schedules  
Nonmajor Special Revenue, Debt Service and Capital Project Funds**

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2017**

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**CITY OF CHASKA, MINNESOTA**

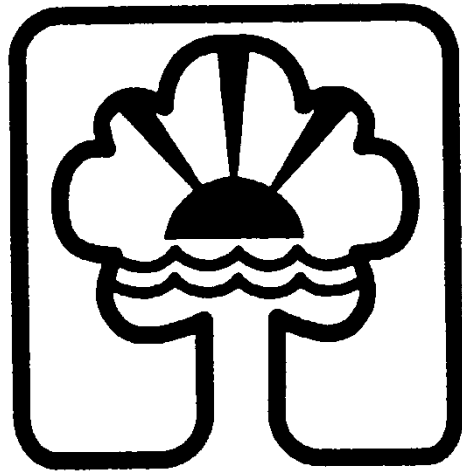
**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2017**

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECT</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
<b><u>ASSETS</u></b>				
Cash And Investments	\$ 318,858	\$ 6,134,576	\$ 8,209,991	\$ 14,663,425
Cash With Escrow Agent	-	2,360,778	-	2,360,778
Receivables:				
Taxes	7,236	1,892	32,833	41,961
Special Assessments	57,758	5,642,433	4,313,863	10,014,054
Accounts	5,400	-	-	5,400
Interest	-	-	6,745	6,745
Lease	128,903	-	-	128,903
Notes	34,261	-	-	34,261
Due From Other Funds	-	-	2,559,564	2,559,564
Interfund Receivable	-	-	745,317	745,317
Advance To Other Funds	-	-	993,349	993,349
<b>TOTAL ASSETS</b>	<b>\$ 552,416</b>	<b>\$ 14,139,679</b>	<b>\$ 16,861,662</b>	<b>\$ 31,553,757</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>				
<b>LIABILITIES:</b>				
Accounts Payable	\$ 10,048	\$ 5,850	\$ 176,086	\$ 191,984
Deposits Payable	22,200	-	25,000	47,200
Due To Other Funds	755,272	-	544,999	1,300,271
Interfund Payable	-	-	641,651	641,651
Advance From Other Funds	-	-	2,158,287	2,158,287
Unearned Revenue	19,978	1,875,101	-	1,895,079
<b>TOTAL LIABILITIES</b>	<b>807,498</b>	<b>1,880,951</b>	<b>3,546,023</b>	<b>6,234,472</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable Revenue - Taxes	2,713	1,015	18,285	22,013
Unavailable Revenue - Special Assessments	37,634	3,762,837	4,308,112	8,108,583
Unavailable Revenue - Notes Receivable	34,261	-	-	34,261
Unavailable Revenue - Lease Receivable	128,903	-	-	128,903
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>203,511</b>	<b>3,763,852</b>	<b>4,326,397</b>	<b>8,293,760</b>
<b>FUND BALANCES:</b>				
Restricted	22,442	8,494,876	1,834,182	10,351,500
Committed	300,416	-	2,589,504	2,889,920
Assigned	12,214	-	8,559,418	8,571,632
Unassigned	(793,665)	-	(3,993,862)	(4,787,527)
<b>TOTAL FUND BALANCES</b>	<b>(458,593)</b>	<b>8,494,876</b>	<b>8,989,242</b>	<b>17,025,525</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 552,416</b>	<b>\$ 14,139,679</b>	<b>\$ 16,861,662</b>	<b>\$ 31,553,757</b>

**CITY OF CHASKA, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECT</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
<b><u>REVENUES</u></b>				
Taxes:				
Property	\$ 456,412	\$ 2,188,167	\$ 612,211	\$ 3,256,790
Tax Increment	-	-	724,644	724,644
Intergovernmental	647,264	-	1,080,680	1,727,944
Charges For Services	78,200	-	2,686,720	2,764,920
Special Assessments	40,858	642,278	1,001,863	1,684,999
Other Revenue	127,790	34,720	338,675	501,185
<b>TOTAL REVENUES</b>	<b>1,350,524</b>	<b>2,865,165</b>	<b>6,444,793</b>	<b>10,660,482</b>
<b><u>EXPENDITURES</u></b>				
<b>CURRENT:</b>				
General Government	-	3,100	90,914	94,014
Economic Development	1,136,627	-	782,561	1,919,188
Public Works	9,600	-	550,106	559,706
Parks, Recreation And Arts	-	-	393,937	393,937
<b>DEBT SERVICE:</b>				
Principal	11,302	3,050,000	-	3,061,302
Interest	5,498	1,279,615	95,587	1,380,700
Issuance Costs And Fiscal Agent Fees	-	74,053	102,895	176,948
<b>CAPITAL OUTLAY</b>	<b>67</b>	<b>-</b>	<b>4,421,231</b>	<b>4,421,298</b>
<b>TOTAL EXPENDITURES</b>	<b>1,163,094</b>	<b>4,406,768</b>	<b>6,437,231</b>	<b>12,007,093</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>187,430</b>	<b>(1,541,603)</b>	<b>7,562</b>	<b>(1,346,611)</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	60,713	1,222,214	3,299,621	4,582,548
Transfers Out	(331,713)	-	(4,862,830)	(5,194,543)
Bonds Issued	-	8,619	5,656,381	5,665,000
Refunding Bonds Issued	-	1,455,000	-	1,455,000
Premium on Bonds Issued	-	-	485,966	485,966
Sale Of Capital Assets	-	-	11,741	11,741
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(271,000)</b>	<b>2,685,833</b>	<b>4,590,879</b>	<b>7,005,712</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(83,570)</b>	<b>1,144,230</b>	<b>4,598,441</b>	<b>5,659,101</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>(375,023)</b>	<b>7,350,646</b>	<b>4,390,801</b>	<b>11,366,424</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ (458,593)</b>	<b>\$ 8,494,876</b>	<b>\$ 8,989,242</b>	<b>\$ 17,025,525</b>



CHASKA

## Nonmajor Special Revenue Funds

City of Chaska, Minnesota

For the Year Ended December 31, 2017

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Special Revenue funds are used to account for specific revenue sources that are legally restricted or committed to expenditures for particular purposes.

- **Mount Pleasant Maintenance & Care Fund:**  
This fund is used to account for property tax levies and lot sales that are legally restricted or committed for the maintenance of the cemetery and principal amounts received and related interest income for the care of Mount Pleasant Cemetery.
- **Chaska EDA Fund:**  
This fund is used to report administrative activities associated with the Chaska Economic Development Authority. The authority is authorized and levies ad valorem taxes to provide funds for its operations.
- **Commercial Revolving Loan Fund:**  
This fund is used to accumulate commercial grant and loan payment proceeds.
- **Industrial Revolving Loan Fund:**  
This fund is used to accumulate industrial grant and loan payment proceeds.
- **Grace Gibson Fund:**  
This fund is used to account for assets received and related revenues and expenditures associated with Grace Gibson activities.

CITY OF CHASKA, MINNESOTA

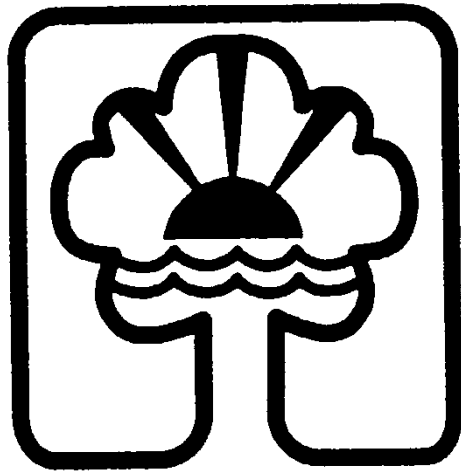
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2017

	MOUNT PLEASANT MAINTENANCE & CARE	CHASKA EDA	COMMERCIAL REVOLVING LOAN	INDUSTRIAL REVOLVING LOAN	GRACE GIBSON	TOTALS
<b>ASSETS</b>						
Cash And Investments	\$ 253,944	\$ -	\$ 62,576	\$ 1,737	\$ 601	\$ 318,858
Receivables:						
Taxes:						
Unremitted	31	4,492	-	-	-	4,523
Delinquent	79	2,634	-	-	-	2,713
Special Assessments:						
Current	-	57,612	-	-	-	57,612
Unremitted	-	146	-	-	-	146
Accounts	-	2,400	3,000	-	-	5,400
Lease	-	128,903	-	-	-	128,903
Notes	-	-	34,261	-	-	34,261
<b>TOTAL ASSETS</b>	<b>\$ 254,054</b>	<b>\$ 196,187</b>	<b>\$ 99,837</b>	<b>\$ 1,737</b>	<b>\$ 601</b>	<b>\$ 552,416</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
Accounts Payable	\$ -	\$ 10,048	\$ -	\$ -	\$ -	\$ 10,048
Deposits Payable	-	22,200	-	-	-	22,200
Due To Other Funds	-	755,272	-	-	-	755,272
Unearned Revenue	-	19,978	-	-	-	19,978
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>807,498</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>807,498</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Unavailable Revenue - Taxes	79	2,634	-	-	-	2,713
Unavailable Revenue - Special Assessments	-	37,634	-	-	-	37,634
Unavailable Revenue - Notes Receivable	-	-	34,261	-	-	34,261
Unavailable Revenue - Lease Receivable	-	128,903	-	-	-	128,903
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>79</b>	<b>169,171</b>	<b>34,261</b>	<b>-</b>	<b>-</b>	<b>203,511</b>
<b>FUND BALANCES:</b>						
Restricted	7,522	13,183	-	1,737	-	22,442
Committed	234,478	-	65,576	-	362	300,416
Assigned	11,975	-	-	-	239	12,214
Unassigned	-	(793,665)	-	-	-	(793,665)
<b>TOTAL FUND BALANCES</b>	<b>253,975</b>	<b>(780,482)</b>	<b>65,576</b>	<b>1,737</b>	<b>601</b>	<b>(458,593)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 254,054</b>	<b>\$ 196,187</b>	<b>\$ 99,837</b>	<b>\$ 1,737</b>	<b>\$ 601</b>	<b>\$ 552,416</b>

CITY OF CHASKA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	MOUNT PLEASANT MAINTENANCE & CARE	CHASKA EDA	COMMERCIAL REVOLVING LOAN	INDUSTRIAL REVOLVING LOAN	GRACE GIBSON	TOTALS
<b>REVENUES:</b>						
Taxes	\$ 5,983	\$ 450,429	\$ -	\$ -	\$ -	\$ 456,412
Intergovernmental:						
State:						
Market Value Credit	1	95	-	-	-	96
Economic Development Grant	-	647,168	-	-	-	647,168
Charges For Services	2,200	76,000	-	-	-	78,200
Special Assessments	-	40,858	-	-	-	40,858
Other Revenues:						
Investment Earnings	2,670	-	639	18	6	3,333
Rents	-	30,400	-	-	-	30,400
Contributions And Donations	-	-	3,000	-	-	3,000
Payments	-	82,775	8,282	-	-	91,057
<b>TOTAL REVENUES</b>	<b>10,854</b>	<b>1,327,725</b>	<b>11,921</b>	<b>18</b>	<b>6</b>	<b>1,350,524</b>
<b>EXPENDITURES:</b>						
Current:						
Economic Development	-	1,133,514	3,113	-	-	1,136,627
Public Works	9,600	-	-	-	-	9,600
Debt Service:						
Principal	-	11,302	-	-	-	11,302
Interest	-	5,498	-	-	-	5,498
Capital Outlay	67	-	-	-	-	67
<b>TOTAL EXPENDITURES</b>	<b>9,667</b>	<b>1,150,314</b>	<b>3,113</b>	<b>-</b>	<b>-</b>	<b>1,163,094</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>1,187</b>	<b>177,411</b>	<b>8,808</b>	<b>18</b>	<b>6</b>	<b>187,430</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers In	-	60,713	-	-	-	60,713
Transfers Out	-	(330,000)	(1,713)	-	-	(331,713)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(269,287)</b>	<b>(1,713)</b>	<b>-</b>	<b>-</b>	<b>(271,000)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,187</b>	<b>(91,876)</b>	<b>7,095</b>	<b>18</b>	<b>6</b>	<b>(83,570)</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>252,788</b>	<b>(688,606)</b>	<b>58,481</b>	<b>1,719</b>	<b>595</b>	<b>(375,023)</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 253,975</b>	<b>\$ (780,482)</b>	<b>\$ 65,576</b>	<b>\$ 1,737</b>	<b>\$ 601</b>	<b>\$ (458,593)</b>



CHASKA

Debt Service funds are used to accumulate resources and to record payment of bonded debt principal and interest.

- **Improvement Bond Funds:**  
These funds service debt on the general obligation improvement bonds that were issued to finance construction of public improvements. Special assessment improvements are paid for completely or in part by property owners deemed to be benefited from such improvements.
- **Tax Increment Bond Funds:**  
These funds service debt on the tax increment bonds issued to finance economic development and redevelopment projects.
- **Equipment Certificate Funds:**  
These funds service debt on the general obligation equipment certificates that were used to fund equipment purchases.
- **General Obligation Bond Fund:**  
This fund services debt on general obligation bonds that were issued to finance construction of public improvements and also to refund existing bonds.
- **EDA Lease Revenue Bond Fund:**  
This fund services debt on lease revenue bonds that were issued to finance the Firemen's Park redevelopment project.
- **Tax Abatement Bond Fund:**  
This fund services debt from the City's housing improvement areas and tax abatement programs.

CITY OF CHASKA, MINNESOTA

COMBINING BALANCE SHEET  
NONMAJOR DEBT SERVICE FUNDS  
DECEMBER 31, 2017

	IMPROVEMENT BONDS	TAX INCREMENT BONDS	\$405,000 GO TAXABLE ABATEMENT BONDS 2010	\$3,455,000 GO BONDS 2011	\$915,000 GO EQUIPMENT CERTIFICATES 2013	\$9,000,000 & \$1,085,000 EDA LEASE REVENUE BONDS 2015	\$2,035,000 GO TAXABLE ABATEMENT BONDS 2017	TOTALS
<b>ASSETS</b>								
Cash And Investments	\$ 4,267,548	\$ 63,340	\$ 285,056	\$ 915,384	\$ 128,112	\$ 466,510	\$ 8,626	\$ 6,134,576
Cash With Escrow Agent	949,476	425,758	-	-	-	985,544	-	2,360,778
Receivables:								
Taxes:								
Unremitted	877	-	-	-	-	-	-	877
Delinquent	5	-	1,010	-	-	-	-	1,015
Special Assessments:								
Unremitted	3,679	-	-	816	-	-	-	4,495
Delinquent	9,277	-	-	8,519	-	-	-	17,796
Deferred:								
Certified To County	3,976,716	-	-	136,117	-	-	-	4,112,833
City Owned	1,207,406	-	-	299,903	-	-	-	1,507,309
<b>TOTAL ASSETS</b>	<b>\$ 10,414,984</b>	<b>\$ 489,098</b>	<b>\$ 286,066</b>	<b>\$ 1,360,739</b>	<b>\$ 128,112</b>	<b>\$ 1,452,054</b>	<b>\$ 8,626</b>	<b>\$ 14,139,679</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>								
<b>LIABILITIES:</b>								
Accounts Payable	\$ 1,500	\$ 1,250	\$ -	\$ 3,100	\$ -	\$ -	\$ -	\$ 5,850
Unearned Revenue	1,575,198	-	-	299,903	-	-	-	1,875,101
<b>TOTAL LIABILITIES</b>	<b>1,576,698</b>	<b>1,250</b>	<b>-</b>	<b>303,003</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,880,951</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>								
Unavailable Revenue - Taxes	5	-	1,010	-	-	-	-	1,015
Unavailable Revenue - Special Assessments	3,618,201	-	-	144,636	-	-	-	3,762,837
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>3,618,206</b>	<b>-</b>	<b>1,010</b>	<b>144,636</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,763,852</b>
<b>FUND BALANCES:</b>								
Restricted	5,220,080	487,848	285,056	913,100	128,112	1,452,054	8,626	8,494,876
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 10,414,984</b>	<b>\$ 489,098</b>	<b>\$ 286,066</b>	<b>\$ 1,360,739</b>	<b>\$ 128,112</b>	<b>\$ 1,452,054</b>	<b>\$ 8,626</b>	<b>\$ 14,139,679</b>

CITY OF CHASKA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR DEBT SERVICE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	IMPROVEMENT BONDS	TAX INCREMENT BONDS	\$405,000 GO TAXABLE ABATEMENT BONDS 2010	\$3,455,000 GO BONDS 2011	\$915,000 GO EQUIPMENT CERIFICATES 2013	\$9,000,000 & \$1,085,000 EDA LEASE REVENUE BONDS 2015	\$2,035,000 GO TAXABLE ABATEMENT BONDS 2017	TOTALS
<b>REVENUES:</b>								
Taxes:								
Property	\$ 1,911,727	\$ -	\$ 30,440	\$ 124,000	\$ 122,000	\$ -	\$ -	\$ 2,188,167
Special Assessments	586,201	-	-	56,077	-	-	-	642,278
Other Revenue:								
Investment Earnings (Charges)	25,817	(4,773)	2,831	8,459	580	1,799	7	34,720
<b>TOTAL REVENUES</b>	<b>2,523,745</b>	<b>(4,773)</b>	<b>33,271</b>	<b>188,536</b>	<b>122,580</b>	<b>1,799</b>	<b>7</b>	<b>2,865,165</b>
<b>EXPENDITURES:</b>								
Current:								
General Government	-	-	-	3,100	-	-	-	3,100
Debt Service:								
Principal	2,385,000	90,000	10,000	200,000	95,000	270,000	-	3,050,000
Interest	780,400	43,037	19,350	50,188	16,690	369,950	-	1,279,615
Issuance Costs And Fiscal Agent Fees	43,644	26,484	375	350	-	3,200	-	74,053
<b>TOTAL EXPENDITURES</b>	<b>3,209,044</b>	<b>159,521</b>	<b>29,725</b>	<b>253,638</b>	<b>111,690</b>	<b>643,150</b>	<b>-</b>	<b>4,406,768</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(685,299)</b>	<b>(164,294)</b>	<b>3,546</b>	<b>(65,102)</b>	<b>10,890</b>	<b>(641,351)</b>	<b>7</b>	<b>(1,541,603)</b>
<b>OTHER FINANCING SOURCES:</b>								
Transfers In	450,522	131,742	-	-	-	639,950	-	1,222,214
Bonds Issued	-	-	-	-	-	-	8,619	8,619
Refunding Bonds Issued	995,000	460,000	-	-	-	-	-	1,455,000
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>1,445,522</b>	<b>591,742</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>639,950</b>	<b>8,619</b>	<b>2,685,833</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>760,223</b>	<b>427,448</b>	<b>3,546</b>	<b>(65,102)</b>	<b>10,890</b>	<b>(1,401)</b>	<b>8,626</b>	<b>1,144,230</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>4,459,857</b>	<b>60,400</b>	<b>281,510</b>	<b>978,202</b>	<b>117,222</b>	<b>1,453,455</b>	<b>-</b>	<b>7,350,646</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 5,220,080</b>	<b>\$ 487,848</b>	<b>\$ 285,056</b>	<b>\$ 913,100</b>	<b>\$ 128,112</b>	<b>\$ 1,452,054</b>	<b>\$ 8,626</b>	<b>\$ 8,494,876</b>

CITY OF CHASKA, MINNESOTA

COMBINING BALANCE SHEET  
DEBT SERVICE FUNDS - IMPROVEMENT BONDS  
DECEMBER 31, 2017

	\$3,645,000 GO IMPROVEMENT BONDS 2008	\$1,995,000 GO IMPROVEMENT REFUNDING BONDS 2009	\$3,220,000 GO IMPROVEMENT BONDS 2010	\$2,180,000 GO IMPROVEMENT BONDS 2010	\$2,430,000 GO IMPROVEMENT BONDS 2012	\$4,675,000 GO X-OVER ADV. RFDG BONDS 2012	\$3,330,000 GO IMPROVEMENT BONDS 2013	\$5,785,000 GO IMPROVEMENT BONDS 2014	\$5,940,000 GO IMPROVEMENT BONDS 2015	\$995,000 GO X-OVER ADV. RFDG BONDS 2017	TOTALS
<b>ASSETS</b>											
Cash And Investments	\$ 287,131	\$ 1,569,716	\$ 296,397	\$ 70,701	\$ 222,736	\$ 420,616	\$ 209,732	\$ 453,300	\$ 731,785	\$ 5,434	\$ 4,267,548
Cash With Escrow Agent	940,000	-	-	-	-	-	-	-	-	9,476	949,476
Receivables:											
Taxes:											
Unremitted	-	-	-	877	-	-	-	-	-	-	877
Delinquent	-	-	-	-	-	5	-	-	-	-	5
Special Assessments:											
Unremitted	-	857	623	-	409	943	-	-	847	-	3,679
Delinquent	669	6,376	-	-	-	470	-	-	1,762	-	9,277
Deferred:											
Certified To County	134,845	296,106	1,078,554	382,529	155,316	561,385	799,315	164,223	404,443	-	3,976,716
City Owned	-	-	-	80,395	235,809	16,724	343,693	-	530,785	-	1,207,406
<b>TOTAL ASSETS</b>	<b>\$ 1,362,645</b>	<b>\$ 1,873,055</b>	<b>\$ 1,375,574</b>	<b>\$ 534,502</b>	<b>\$ 614,270</b>	<b>\$ 1,000,143</b>	<b>\$ 1,352,740</b>	<b>\$ 617,523</b>	<b>\$ 1,669,622</b>	<b>\$ 14,910</b>	<b>\$ 10,414,984</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>											
<b>LIABILITIES:</b>											
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500	\$ 1,500
Unearned Revenue	-	-	-	448,187	235,809	16,724	343,693	-	530,785	-	1,575,198
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>448,187</b>	<b>235,809</b>	<b>16,724</b>	<b>343,693</b>	<b>-</b>	<b>530,785</b>	<b>1,500</b>	<b>1,576,698</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>											
Unavailable Revenue - Taxes	-	-	-	-	-	5	-	-	-	-	5
Unavailable Revenue - Special Assessments	135,514	302,482	1,078,554	14,737	155,316	561,855	799,315	164,223	406,205	-	3,618,201
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>135,514</b>	<b>302,482</b>	<b>1,078,554</b>	<b>14,737</b>	<b>155,316</b>	<b>561,860</b>	<b>799,315</b>	<b>164,223</b>	<b>406,205</b>	<b>-</b>	<b>3,618,206</b>
<b>FUND BALANCES:</b>											
Restricted	1,227,131	1,570,573	297,020	71,578	223,145	421,559	209,732	453,300	732,632	13,410	5,220,080
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 1,362,645</b>	<b>\$ 1,873,055</b>	<b>\$ 1,375,574</b>	<b>\$ 534,502</b>	<b>\$ 614,270</b>	<b>\$ 1,000,143</b>	<b>\$ 1,352,740</b>	<b>\$ 617,523</b>	<b>\$ 1,669,622</b>	<b>\$ 14,910</b>	<b>\$ 10,414,984</b>

CITY OF CHASKA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 DEBT SERVICE FUNDS - IMPROVEMENT BONDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	\$3,645,000 GO IMPROVEMENT BONDS 2008	\$1,995,000 GO IMPROVEMENT REFUNDING BONDS 2009	\$3,220,000 GO IMPROVEMENT BONDS 2010	\$2,180,000 GO IMPROVEMENT BONDS 2010	\$2,430,000 GO IMPROVEMENT BONDS 2012	\$4,675,000 GO X-OVER ADV. RFDG BONDS 2012	\$3,330,000 GO IMPROVEMENT BONDS 2013	\$5,785,000 GO IMPROVEMENT BONDS 2014	\$5,940,000 GO IMPROVEMENT BONDS 2015	\$995,000 GO X-OVER ADV. RFDG BONDS 2017	TOTALS
<b>REVENUES:</b>											
Taxes:											
Property	\$ 116,000	\$ -	\$ 75,000	\$ 83,727	\$ 194,000	\$ 250,000	\$ 223,000	\$ 478,000	\$ 492,000	\$ -	\$ 1,911,727
Special Assessments	109,786	54,902	216,630	28,345	27,562	49,900	22,228	34,044	42,804	-	586,201
Other Revenue:											
Investment Earnings	609	17,115	1,116	-	790	810	480	545	4,348	4	25,817
<b>TOTAL REVENUES</b>	<b>226,395</b>	<b>72,017</b>	<b>292,746</b>	<b>112,072</b>	<b>222,352</b>	<b>300,710</b>	<b>245,708</b>	<b>512,589</b>	<b>539,152</b>	<b>4</b>	<b>2,523,745</b>
<b>EXPENDITURES:</b>											
Debt Service:											
Principal	240,000	100,000	245,000	140,000	165,000	695,000	155,000	455,000	190,000	-	2,385,000
Interest	74,525	12,350	60,775	50,236	40,080	61,085	100,538	142,917	237,894	-	780,400
Issuance Costs And Fiscal Agent Fees	350	-	375	375	525	-	425	-	-	41,594	43,644
<b>TOTAL EXPENDITURES</b>	<b>314,875</b>	<b>112,350</b>	<b>306,150</b>	<b>190,611</b>	<b>205,605</b>	<b>756,085</b>	<b>255,963</b>	<b>597,917</b>	<b>427,894</b>	<b>41,594</b>	<b>3,209,044</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(88,480)</b>	<b>(40,333)</b>	<b>(13,404)</b>	<b>(78,539)</b>	<b>16,747</b>	<b>(455,375)</b>	<b>(10,255)</b>	<b>(85,328)</b>	<b>111,258</b>	<b>(41,590)</b>	<b>(685,299)</b>
<b>OTHER FINANCING SOURCES:</b>											
Transfers In	95,000	-	-	96,678	-	160,000	16,500	82,344	-	-	450,522
Refunding Bonds Issued	940,000	-	-	-	-	-	-	-	-	55,000	995,000
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>1,035,000</b>	<b>-</b>	<b>-</b>	<b>96,678</b>	<b>-</b>	<b>160,000</b>	<b>16,500</b>	<b>82,344</b>	<b>-</b>	<b>55,000</b>	<b>1,445,522</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>946,520</b>	<b>(40,333)</b>	<b>(13,404)</b>	<b>18,139</b>	<b>16,747</b>	<b>(295,375)</b>	<b>6,245</b>	<b>(2,984)</b>	<b>111,258</b>	<b>13,410</b>	<b>760,223</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>280,611</b>	<b>1,610,906</b>	<b>310,424</b>	<b>53,439</b>	<b>206,398</b>	<b>716,934</b>	<b>203,487</b>	<b>456,284</b>	<b>621,374</b>	<b>-</b>	<b>4,459,857</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 1,227,131</b>	<b>\$ 1,570,573</b>	<b>\$ 297,020</b>	<b>\$ 71,578</b>	<b>\$ 223,145</b>	<b>\$ 421,559</b>	<b>\$ 209,732</b>	<b>\$ 453,300</b>	<b>\$ 732,632</b>	<b>\$ 13,410</b>	<b>\$ 5,220,080</b>

**CITY OF CHASKA, MINNESOTA**

**COMBINING BALANCE SHEET  
DEBT SERVICE FUNDS - TAX INCREMENT BONDS  
DECEMBER 31, 2017**

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	<b>\$565,000 GO TAXABLE TI BONDS 2008</b>	<b>\$580,000 GO TAXABLE TI REFUNDING BONDS 2013</b>	<b>\$460,000 GO TAXABLE X-OVER ADV REFUNDING 2017</b>	<b>TOTALS</b>
<b><u>ASSETS</u></b>				
Cash And Investments	\$ 54,947	\$ 4,033	\$ 4,360	\$ 63,340
Cash With Escrow Agent	414,999	-	10,759	425,758
<b>TOTAL ASSETS</b>	<b>\$ 469,946</b>	<b>\$ 4,033</b>	<b>\$ 15,119</b>	<b>\$ 489,098</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>LIABILITIES:</b>				
Accounts Payable	\$ -	\$ -	\$ 1,250	\$ 1,250
<b>FUND BALANCES:</b>				
Restricted	469,946	4,033	13,869	487,848
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 469,946</b>	<b>\$ 4,033</b>	<b>\$ 15,119</b>	<b>\$ 489,098</b>

**CITY OF CHASKA, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
DEBT SERVICE FUNDS - TAX INCREMENT BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>\$565,000 GO TAXABLE TI BONDS 2008</b>	<b>\$580,000 GO TAXABLE TI REFUNDING BONDS 2013</b>	<b>\$460,000 GO TAXABLE X-OVER ADV REFUNDING 2017</b>	<b>TOTALS</b>
<b><u>REVENUES:</u></b>				
Other:				
Investment Earnings (Charges)	\$ (4,814)	\$ 38	\$ 3	\$ (4,773)
<b><u>EXPENDITURES:</u></b>				
Debt Service:				
Principal	20,000	70,000	-	90,000
Interest	34,550	8,487	-	43,037
Issuance Costs And Fiscal Agent Fees	350	-	26,134	26,484
<b>TOTAL EXPENDITURES</b>	<b>54,900</b>	<b>78,487</b>	<b>26,134</b>	<b>159,521</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(59,714)</b>	<b>(78,449)</b>	<b>(26,131)</b>	<b>(164,294)</b>
<b><u>OTHER FINANCING SOURCES:</u></b>				
Transfers In	55,242	76,500	-	131,742
Refunding Bonds Issued	420,000	-	40,000	460,000
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>475,242</b>	<b>76,500</b>	<b>40,000</b>	<b>591,742</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>415,528</b>	<b>(1,949)</b>	<b>13,869</b>	<b>427,448</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>54,418</b>	<b>5,982</b>	<b>-</b>	<b>60,400</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 469,946</b>	<b>\$ 4,033</b>	<b>\$ 13,869</b>	<b>\$ 487,848</b>

Capital Projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary and trust funds.

- **Tax Increment Funds:**

These funds receive revenue from general property taxes in the form of tax increment. These revenues are used by the Chaska Economic Development Authority (EDA) to promote industrial development via providing financing aids to developers.
- **Special Assessment Funds:**

These funds are used for the construction of improvements and assessment collections from properties benefiting from the improvements.
- **Major Road Construction Fund:**

This fund is used to account for the City's allocation of the State collected highway user tax for Minnesota State Aid (MSA) designated road construction.
- **Permanent Improvement Revolving Funds:**

These funds are used to collect the building permit revenues charged for the purpose of construction of the City's water, sewer and storm water systems. Three (3) separate funds are shown; a Water fund, a Sewer fund and a Storm Water fund.
- **Highway 312 Metropolitan Council Right-of-Way Acquisition Loan Fund:**

This fund is used to account for the land acquisitions for the new Highway 312 funded by R.A.L.F.
- **Public Facilities Capital Improvement Fund:**

This fund is used to account for sources to be used to finance future capital facility construction and improvements to existing City facilities.
- **Fire Protection Systems Fund:**

This fund is used to account for receipts and expenditures for the fire protection systems.
- **Improvement Revolving Fund:**

This fund is used to fund un-bonded improvement projects.
- **Equipment Acquisition Fund:**

This fund is used to account for property tax levies appropriated by budget for capital equipment acquisition.
- **Park Development Fund:**

This fund is used for the construction of improvements and assessment collection for the City parks system.
- **Southwest Chaska Transportation Fund:**

This fund is used to account for fees charged to developers for the expansion of transportation projects in the southwest Chaska area.
- **Community Fund:**

This fund is used to account for the sources and uses that support the Firemen's Park project.
- **Housing Improvement Area Projects Fund:**

This fund is used to account for the financing of private housing improvements administered through the City's HIA policy. Property owners are assessed 100 percent of the improvements.

- **Abatement Program Fund:**  
This fund is used to account for the City and EDA's Tax Abatement program.
- **Annual Street Replacement Fund:**  
These funds are used for the construction of improvements and assessment collections from properties benefiting from the improvements of the City's streets.
- **2014 Flood Event Fund:**  
This fund is used to account for the receipts and expenditures associated with the June 2014 flooding.

CITY OF CHASKA, MINNESOTA

COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECT FUNDS  
DECEMBER 31, 2017

	TAX INCREMENT	SPECIAL ASSESSMENT	MAJOR ROAD CONSTRUCTION	PERMANENT IMPROVEMENT REVOLVING/ WATER	PERMANENT IMPROVEMENT REVOLVING/ SEWER	PERMANENT IMPROVEMENT REVOLVING/ STORM WATER	HWY. 312 RALF LOANS	PUBLIC FACILITIES CAPITAL IMPROVEMENT
<b>ASSETS</b>								
Cash And Investments	\$ 977,006	\$ -	\$ 342,141	\$ 73,203	\$ 260,492	\$ 57,480	\$ 269,369	\$ 14,253
Receivables:								
Taxes:								
Unremitted	1,344	-	-	-	-	-	-	-
Delinquent	1,818	-	-	-	-	-	-	-
Special Assessments:								
Unremitted	-	-	-	-	-	-	-	-
Delinquent	-	-	-	1,884	637	-	-	-
Deferred:								
Certified To County	10,432	84,036	-	92,056	64,815	142,825	-	-
Interest	379	-	1,011	449	-	349	225	-
Due From Other Funds	-	-	755,272	244,999	-	300,000	-	-
Interfund Receivable	-	-	-	-	-	-	-	-
Advance To Other Funds	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 990,979</b>	<b>\$ 84,036</b>	<b>\$ 1,098,424</b>	<b>\$ 412,591</b>	<b>\$ 325,944</b>	<b>\$ 500,654</b>	<b>\$ 269,594</b>	<b>\$ 14,253</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>								
<b>LIABILITIES:</b>								
Accounts Payable	\$ -	\$ -	\$ -	\$ 168	\$ 4,163	\$ 168	\$ -	\$ -
Deposits Payable	20,000	-	-	-	-	-	-	-
Due To Other Funds	-	-	-	-	-	-	-	-
Interfund Payable	641,651	-	-	-	-	-	-	-
Advance From Other Funds	2,158,287	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>2,819,938</b>	<b>-</b>	<b>-</b>	<b>168</b>	<b>4,163</b>	<b>168</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>								
Unavailable Revenue - Taxes	1,818	-	-	-	-	-	-	-
Unavailable Revenue - Special Assessments	10,432	84,036	-	93,940	65,452	142,825	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>12,250</b>	<b>84,036</b>	<b>-</b>	<b>93,940</b>	<b>65,452</b>	<b>142,825</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>								
Restricted	930,081	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	1,098,424	318,483	256,329	357,661	269,594	14,253
Unassigned	(2,771,290)	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>(1,841,209)</b>	<b>-</b>	<b>1,098,424</b>	<b>318,483</b>	<b>256,329</b>	<b>357,661</b>	<b>269,594</b>	<b>14,253</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 990,979</b>	<b>\$ 84,036</b>	<b>\$ 1,098,424</b>	<b>\$ 412,591</b>	<b>\$ 325,944</b>	<b>\$ 500,654</b>	<b>\$ 269,594</b>	<b>\$ 14,253</b>

FIRE PROTECTION SYSTEMS	IMPROVEMENT REVOLVING	EQUIPMENT ACQUISITION	PARK DEVELOPMENT	SOUTHWEST CHASKA TRANSPORTATION	COMMUNITY FUND	HOUSING IMPROVEMENT AREA PROJECTS	ABATEMENT PROGRAM	ANNUAL STREET REPLACEMENT	2014 FLOOD EVENT	TOTALS
\$ 141,524	\$ 287,910	\$ 1,102,406	\$ 569,064	\$ 415,970	\$ 1,164,665	\$ 403,970	\$ 281,744	\$ 1,848,794	\$ -	\$ 8,209,991
-	-	13,204	-	-	-	-	-	-	-	14,548
-	-	16,467	-	-	-	-	-	-	-	18,285
-	-	-	-	-	-	5,751	-	-	-	5,751
-	4,070	-	-	-	-	9,482	-	-	-	16,073
-	1,287,883	-	664,095	23,373	-	1,575,139	-	347,385	-	4,292,039
-	336	-	1,214	237	1,724	-	-	821	-	6,745
-	-	-	1,259,293	-	-	-	-	-	-	2,559,564
-	-	103,666	641,651	-	-	-	-	-	-	745,317
-	-	993,349	-	-	-	-	-	-	-	993,349
<u>\$ 141,524</u>	<u>\$ 1,580,199</u>	<u>\$ 2,229,092</u>	<u>\$ 3,135,317</u>	<u>\$ 439,580</u>	<u>\$ 1,166,389</u>	<u>\$ 1,994,342</u>	<u>\$ 281,744</u>	<u>\$ 2,197,000</u>	<u>\$ -</u>	<u>\$ 16,861,662</u>
\$ -	\$ -	\$ 48,143	\$ 50,623	\$ -	\$ -	\$ -	\$ -	\$ 66,087	\$ 6,734	\$ 176,086
-	-	-	-	-	-	-	5,000	-	-	25,000
-	-	-	-	-	-	-	-	-	544,999	544,999
-	-	-	-	-	-	-	-	-	-	641,651
-	-	-	-	-	-	-	-	-	-	2,158,287
-	-	48,143	50,623	-	-	-	5,000	66,087	551,733	3,546,023
-	-	16,467	-	-	-	-	-	-	-	18,285
-	1,291,953	-	664,095	23,373	-	1,584,621	-	347,385	-	4,308,112
-	1,291,953	16,467	664,095	23,373	-	1,584,621	-	347,385	-	4,326,397
3,711	-	624,075	-	-	-	-	276,315	-	-	1,834,182
-	-	135,137	-	-	-	-	-	2,454,367	-	2,589,504
137,813	288,246	1,405,270	2,420,599	416,207	1,166,389	409,721	429	-	-	8,559,418
-	-	-	-	-	-	-	-	(670,839)	(551,733)	(3,993,862)
141,524	288,246	2,164,482	2,420,599	416,207	1,166,389	409,721	276,744	1,783,528	(551,733)	8,989,242
<u>\$ 141,524</u>	<u>\$ 1,580,199</u>	<u>\$ 2,229,092</u>	<u>\$ 3,135,317</u>	<u>\$ 439,580</u>	<u>\$ 1,166,389</u>	<u>\$ 1,994,342</u>	<u>\$ 281,744</u>	<u>\$ 2,197,000</u>	<u>\$ -</u>	<u>\$ 16,861,662</u>

CITY OF CHASKA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECT FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	TAX INCREMENT	SPECIAL ASSESSMENT	MAJOR ROAD CONSTRUCTION	PERMANENT IMPROVEMENT REVOLVING/ WATER	PERMANENT IMPROVEMENT REVOLVING/ SEWER	PERMANENT IMPROVEMENT REVOLVING/ STORM WATER	HWY. 312 RALF LOANS	PUBLIC FACILITIES CAPITAL IMPROVEMENT
<b>REVENUES:</b>								
Taxes:								
General Property	\$ -	\$ -	\$ -	\$ 885	\$ 584	\$ 12,671	\$ -	\$ -
Tax Increment	724,644	-	-	-	-	-	-	-
Intergovernmental:								
State	-	46,529	1,033,640	-	-	-	-	-
Charges For Services	-	28,065	-	-	-	-	-	-
Acreeage And Connection Charges	-	-	-	867,922	756,875	188,614	-	-
Special Assessments	11,057	88,310	-	33,090	27,251	13,192	-	-
Other Revenues:								
Investment Earnings	7,522	-	11,669	6,123	2,422	3,796	2,610	-
Miscellaneous	-	-	-	-	5,889	-	-	44,696
<b>TOTAL REVENUES</b>	<b>743,223</b>	<b>162,904</b>	<b>1,045,309</b>	<b>908,020</b>	<b>793,021</b>	<b>218,273</b>	<b>2,610</b>	<b>44,696</b>
<b>EXPENDITURES:</b>								
Current:								
General Government:								
Administrative Fees	24,679	-	-	842	1,129	2,027	-	66
Economic Development:								
Professional Services	10,280	-	-	-	-	-	-	-
Other Services And Charges	223,931	-	-	-	-	-	-	-
Public Works:								
Professional Services	-	136,263	-	29,222	26,676	22,681	-	-
Parks, Recreation And Arts:								
Professional Services	-	-	-	-	-	-	-	-
Other Services And Charges	-	-	-	-	-	-	-	-
Debt Service:								
Interest	95,587	-	-	-	-	-	-	-
Issuance Costs And Fiscal Agent Fees	-	-	-	-	-	-	-	-
Capital Outlay:								
Land	-	-	-	-	-	-	-	-
System Improvements:								
Water	-	-	-	-	-	-	-	-
Sanitary Sewer	-	-	-	-	238,250	-	-	-
Streets	-	-	-	-	-	-	-	-
Storm Sewer	-	-	-	-	-	-	-	-
Other Improvements	-	-	-	-	-	-	-	-
Furniture And Equipment	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>354,477</b>	<b>136,263</b>	<b>-</b>	<b>30,064</b>	<b>266,055</b>	<b>24,708</b>	<b>-</b>	<b>66</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>388,746</b>	<b>26,641</b>	<b>1,045,309</b>	<b>877,956</b>	<b>526,966</b>	<b>193,565</b>	<b>2,610</b>	<b>44,630</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Transfers In	63,000	88,363	-	-	49,039	-	-	-
Transfers Out	(194,742)	(49,039)	(520,924)	(763,874)	(274,231)	(270,107)	-	-
Bonds Issued	-	-	-	-	-	-	-	-
Premium On Bonds Issued	-	-	-	-	-	-	-	-
Sale Of Capital Assets	-	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(131,742)</b>	<b>39,324</b>	<b>(520,924)</b>	<b>(763,874)</b>	<b>(225,192)</b>	<b>(270,107)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>257,004</b>	<b>65,965</b>	<b>524,385</b>	<b>114,082</b>	<b>301,774</b>	<b>(76,542)</b>	<b>2,610</b>	<b>44,630</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>(2,098,213)</b>	<b>(65,965)</b>	<b>574,039</b>	<b>204,401</b>	<b>(45,445)</b>	<b>434,203</b>	<b>266,984</b>	<b>(30,377)</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ (1,841,209)</b>	<b>\$ -</b>	<b>\$ 1,098,424</b>	<b>\$ 318,483</b>	<b>\$ 256,329</b>	<b>\$ 357,661</b>	<b>\$ 269,594</b>	<b>\$ 14,253</b>

FIRE PROTECTION SYSTEMS	IMPROVEMENT REVOLVING	EQUIPMENT ACQUISITION	PARK DEVELOPMENT	SOUTHWEST CHASKA TRANSPORTATION	COMMUNITY FUND	HOUSING IMPROVEMENT AREA PROJECTS	ABATEMENT PROGRAM	ANNUAL STREET REPLACEMENT	2014 FLOOD EVENT	TOTALS
\$ -	\$ -	\$ 505,885	\$ 3,473	\$ -	\$ -	\$ -	\$ 88,713	\$ -	\$ -	\$ 612,211
-	-	-	-	-	-	-	-	-	-	724,644
-	-	511	-	-	-	-	-	-	-	1,080,680
-	-	4,000	-	-	-	-	-	-	-	32,065
-	-	-	602,045	239,199	-	-	-	-	-	2,654,655
-	34,320	-	136,650	35,059	-	505,515	-	117,419	-	1,001,863
1,492	4,574	24,302	37,271	3,230	19,739	1,505	429	8,242	-	134,926
-	-	148,411	4,753	-	-	-	-	-	-	203,749
1,492	38,894	683,109	784,192	277,488	19,739	507,020	89,142	125,661	-	6,444,793
-	-	18,020	8,912	877	-	22,571	-	6,967	4,824	90,914
-	-	-	-	-	-	13,260	15,109	-	-	38,649
-	-	-	-	-	-	492,543	27,438	-	-	743,912
-	-	-	-	-	-	-	-	52,551	282,713	550,106
-	-	-	393,863	-	-	-	-	-	-	393,863
-	-	-	74	-	-	-	-	-	-	74
-	-	-	-	-	-	-	-	-	-	95,587
-	-	27,610	-	-	-	45,527	6,232	23,526	-	102,895
-	-	-	4,320	-	-	-	-	-	-	4,320
-	-	-	-	-	-	-	-	146,560	-	146,560
-	-	-	-	-	-	-	-	80,063	-	318,313
-	-	-	-	-	-	-	-	2,072,720	-	2,072,720
-	-	-	-	-	-	-	-	55,345	-	55,345
-	-	-	268,742	-	-	-	-	3,962	-	272,704
-	-	1,518,787	32,482	-	-	-	-	-	-	1,551,269
-	-	1,564,417	708,393	877	-	573,901	48,779	2,441,694	287,537	6,437,231
1,492	38,894	(881,308)	75,799	276,611	19,739	(66,881)	40,363	(2,316,033)	(287,537)	7,562
-	-	114,637	409,000	-	1,855,000	-	-	714,075	6,507	3,299,621
-	(41,190)	(623,844)	-	-	(2,123,712)	-	-	-	(1,167)	(4,862,830)
-	-	1,960,000	-	-	-	1,790,000	236,381	1,670,000	-	5,656,381
-	-	335,372	-	-	-	-	-	150,594	-	485,966
-	-	11,741	-	-	-	-	-	-	-	11,741
-	(41,190)	1,797,906	409,000	-	(268,712)	1,790,000	236,381	2,534,669	5,340	4,590,879
1,492	(2,296)	916,598	484,799	276,611	(248,973)	1,723,119	276,744	218,636	(282,197)	4,598,441
140,032	290,542	1,247,884	1,935,800	139,596	1,415,362	(1,313,398)	-	1,564,892	(269,536)	4,390,801
\$ 141,524	\$ 288,246	\$ 2,164,482	\$ 2,420,599	\$ 416,207	\$ 1,166,389	\$ 409,721	\$ 276,744	\$ 1,783,528	\$ (551,733)	\$ 8,989,242

CITY OF CHASKA, MINNESOTA

COMBINING BALANCE SHEET  
 CAPITAL PROJECT FUNDS - TAX INCREMENT  
 DECEMBER 31, 2017

	DIST # 12 CLOVER FIELDS	DIST # 13 NORTH MEADOWS	DIST #14 DOWNTOWN REDEVELOPMENT	DIST #15 CHAMBER REDEVELOPMENT	DIST #17 CHASKA PRESERVE	DIST #18 CHASKA BUILDING CENTER	DIST #19 CHASKA HEIGHTS	TOTALS
<b>ASSETS</b>								
Cash And Investments	\$ 645,294	\$ 147,821	\$ 11,403	\$ 135,243	\$ 37,245	\$ -	\$ -	\$ 977,006
Receivables:								
Taxes:								
Unremitted	1,344	-	-	-	-	-	-	1,344
Delinquent	1,818	-	-	-	-	-	-	1,818
Special Assessments:								
Deferred:								
Certified To County	-	-	10,432	-	-	-	-	10,432
Interest	379	-	-	-	-	-	-	379
<b>TOTAL ASSETS</b>	<b>\$ 648,835</b>	<b>\$ 147,821</b>	<b>\$ 21,835</b>	<b>\$ 135,243</b>	<b>\$ 37,245</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 990,979</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>								
<b>LIABILITIES:</b>								
Deposits Payable	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ -	\$ 10,000	\$ 20,000
Interfund Payable	-	-	-	-	-	639,745	1,906	641,651
Advance From Other Funds	-	-	1,882,054	-	276,233	-	-	2,158,287
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>1,882,054</b>	<b>-</b>	<b>286,233</b>	<b>639,745</b>	<b>11,906</b>	<b>2,819,938</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>								
Unavailable Revenue - Taxes	1,818	-	-	-	-	-	-	1,818
Unavailable Revenue - Special Assessments	-	-	10,432	-	-	-	-	10,432
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,818</b>	<b>-</b>	<b>10,432</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,250</b>
<b>FUND BALANCES:</b>								
Restricted	647,017	147,821	-	135,243	-	-	-	930,081
Unassigned	-	-	(1,870,651)	-	(248,988)	(639,745)	(11,906)	(2,771,290)
<b>TOTAL FUND BALANCES</b>	<b>647,017</b>	<b>147,821</b>	<b>(1,870,651)</b>	<b>135,243</b>	<b>(248,988)</b>	<b>(639,745)</b>	<b>(11,906)</b>	<b>(1,841,209)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 648,835</b>	<b>\$ 147,821</b>	<b>\$ 21,835</b>	<b>\$ 135,243</b>	<b>\$ 37,245</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 990,979</b>

CITY OF CHASKA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECT FUNDS - TAX INCREMENT  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	DIST # 12 CLOVER FIELDS	DIST # 13 NORTH MEADOWS	DIST #14 DOWNTOWN REDEVELOPMENT	DIST #15 CHAMBER REDEVELOPMENT	DIST #17 CHASKA PRESERVE	DIST #18 CHASKA BUILDING CENTER	DIST #19 CHASKA HEIGHTS	TOTALS
<b>REVENUES:</b>								
Taxes:								
Tax Increment	\$ 345,020	\$ 209,017	\$ 115,484	\$ 11,942	\$ 43,181	\$ -	\$ -	\$ 724,644
Special Assessments	-	-	11,057	-	-	-	-	11,057
Other Revenues:								
Investment Earnings	5,169	658	375	1,320	-	-	-	7,522
<b>TOTAL REVENUES</b>	<b>350,189</b>	<b>209,675</b>	<b>126,916</b>	<b>13,262</b>	<b>43,181</b>	<b>-</b>	<b>-</b>	<b>743,223</b>
<b>EXPENDITURES:</b>								
Current:								
General Government:								
Administrative Fees	-	-	-	-	-	24,606	73	24,679
Economic Development:								
Professional Services	7,170	290	570	1,140	410	370	330	10,280
Other Services And Charges	142,205	60,204	2,333	-	-	19,189	-	223,931
Debt Service:								
Interest	-	-	83,629	-	11,958	-	-	95,587
<b>TOTAL EXPENDITURES</b>	<b>149,375</b>	<b>60,494</b>	<b>86,532</b>	<b>1,140</b>	<b>12,368</b>	<b>44,165</b>	<b>403</b>	<b>354,477</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>200,814</b>	<b>149,181</b>	<b>40,384</b>	<b>12,122</b>	<b>30,813</b>	<b>(44,165)</b>	<b>(403)</b>	<b>388,746</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Transfers In	-	-	63,000	-	-	-	-	63,000
Transfers Out	-	(63,000)	(131,742)	-	-	-	-	(194,742)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(63,000)</b>	<b>(68,742)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(131,742)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>200,814</b>	<b>86,181</b>	<b>(28,358)</b>	<b>12,122</b>	<b>30,813</b>	<b>(44,165)</b>	<b>(403)</b>	<b>257,004</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>446,203</b>	<b>61,640</b>	<b>(1,842,293)</b>	<b>123,121</b>	<b>(279,801)</b>	<b>(595,580)</b>	<b>(11,503)</b>	<b>(2,098,213)</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 647,017</b>	<b>\$ 147,821</b>	<b>\$ (1,870,651)</b>	<b>\$ 135,243</b>	<b>\$ (248,988)</b>	<b>\$ (639,745)</b>	<b>\$ (11,906)</b>	<b>\$ (1,841,209)</b>

**CITY OF CHASKA, MINNESOTA**

**COMBINING BALANCE SHEET  
CAPITAL PROJECT FUNDS - SPECIAL ASSESSMENT  
DECEMBER 31, 2017**

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	<u>2010 IMPROVEMENT PROJECTS</u>	<u>2013 IMPROVEMENT PROJECTS</u>	<u>2015 IMPROVEMENT PROJECTS</u>	<u>TOTALS</u>
<b><u>ASSETS</u></b>				
Receivables:				
Special Assessments:				
Deferred:				
Certified To County	<u>\$ -</u>	<u>\$ 25,590</u>	<u>\$ 58,446</u>	<u>\$ 84,036</u>
 <b><u>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>				
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Revenue - Special Assessments	<u>\$ -</u>	<u>\$ 25,590</u>	<u>\$ 58,446</u>	<u>\$ 84,036</u>
FUND BALANCES:				
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u>\$ -</u>	 <u>\$ 25,590</u>	 <u>\$ 58,446</u>	 <u>\$ 84,036</u>

**CITY OF CHASKA, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
CAPITAL PROJECT FUNDS - SPECIAL ASSESSMENT  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	2010 IMPROVEMENT PROJECTS	2013 IMPROVEMENT PROJECTS	2015 IMPROVEMENT PROJECTS	TOTALS
<b><u>REVENUES:</u></b>				
Intergovernmental:				
State	\$ -	\$ 46,529	\$ -	\$ 46,529
Charges For Services	-	-	28,065	28,065
Special Assessments	28,877	4,039	55,394	88,310
	<u>28,877</u>	<u>4,039</u>	<u>55,394</u>	<u>88,310</u>
<b>TOTAL REVENUES</b>	<u>28,877</u>	<u>50,568</u>	<u>83,459</u>	<u>162,904</u>
<b><u>EXPENDITURES:</u></b>				
Current:				
Public Works:				
Professional Services	68,041	35,463	32,759	136,263
	<u>68,041</u>	<u>35,463</u>	<u>32,759</u>	<u>136,263</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(39,164)</u>	<u>15,105</u>	<u>50,700</u>	<u>26,641</u>
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Transfers In	41,190	30,096	17,077	88,363
Transfers Out	-	-	(49,039)	(49,039)
	<u>41,190</u>	<u>30,096</u>	<u>(49,039)</u>	<u>(49,039)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>41,190</u>	<u>30,096</u>	<u>(31,962)</u>	<u>39,324</u>
<b>NET CHANGE IN FUND BALANCES</b>	2,026	45,201	18,738	65,965
<b>FUND BALANCES, JANUARY 1</b>	<u>(2,026)</u>	<u>(45,201)</u>	<u>(18,738)</u>	<u>(65,965)</u>
<b>FUND BALANCES, DECEMBER 31</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## **Nonmajor Budgeted Special Revenue and Capital Project Funds**

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2017**

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The City adopts budgets for the following two (2) nonmajor special revenue funds and one (1) nonmajor capital project fund:

- **Mount Pleasant Maintenance & Care Fund – Special Revenue**
- **Chaska EDA Fund – Special Revenue**
- **Equipment Acquisition Fund – Capital Project**

**CITY OF CHASKA, MINNESOTA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
MOUNT PLEASANT MAINTENANCE & CARE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b><u>REVENUES:</u></b>			
Taxes:			
Property	\$ 6,000	\$ 5,983	\$ (17)
Intergovernmental:			
State:			
Market Value Credit	-	1	1
Charges For Services	2,400	2,200	(200)
Other:			
Investment Earnings	100	2,670	2,570
<b>TOTAL REVENUES</b>	<b>8,500</b>	<b>10,854</b>	<b>2,354</b>
<b><u>EXPENDITURES:</u></b>			
Current:			
Public Works:			
Other Services And Charges	8,500	9,600	(1,100)
Capital Outlay	5,000	67	4,933
<b>TOTAL EXPENDITURES</b>	<b>13,500</b>	<b>9,667</b>	<b>3,833</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(5,000)</b>	<b>1,187</b>	<b>6,187</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>252,788</b>	<b>252,788</b>	<b>-</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 247,788</b>	<b>\$ 253,975</b>	<b>\$ 6,187</b>

**CITY OF CHASKA, MINNESOTA**

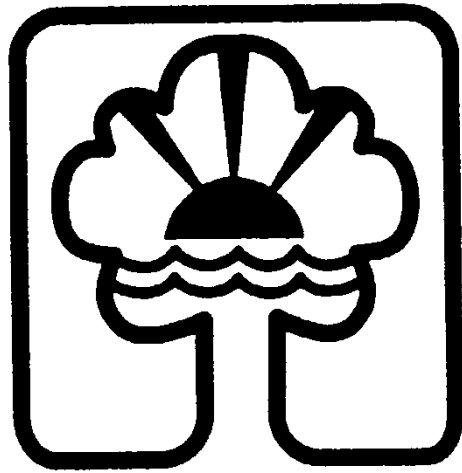
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
CHASKA EDA SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>ORIGINAL AND FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
<b><u>REVENUES:</u></b>			
Taxes:			
Property	\$ 451,796	\$ 450,429	\$ (1,367)
Intergovernmental:			
State:			
Market Value Credit	-	95	95
Economic Development Grant	-	647,168	647,168
Charges For Services	75,231	76,000	769
Special Assessments	22,000	40,858	18,858
Other:			
Rents	26,400	30,400	4,000
Payments	-	82,775	82,775
<b>TOTAL REVENUES</b>	<b>575,427</b>	<b>1,327,725</b>	<b>752,298</b>
<b><u>EXPENDITURES:</u></b>			
Current:			
Economic Development:			
Other Services And Charges	228,627	1,133,514	(904,887)
Debt Service:			
Principal	8,400	11,302	(2,902)
Interest	8,400	5,498	2,902
<b>TOTAL EXPENDITURES</b>	<b>245,427</b>	<b>1,150,314</b>	<b>(904,887)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>330,000</b>	<b>177,411</b>	<b>(152,589)</b>
<b><u>OTHER FINANCING SOURCES (USES):</u></b>			
Transfers In	-	60,713	60,713
Transfers Out	(330,000)	(330,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(330,000)</b>	<b>(269,287)</b>	<b>60,713</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>(91,876)</b>	<b>(91,876)</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>(688,606)</b>	<b>(688,606)</b>	<b>-</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ (688,606)</b>	<b>\$ (780,482)</b>	<b>\$ (91,876)</b>

**CITY OF CHASKA, MINNESOTA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
EQUIPMENT ACQUISITION CAPITAL PROJECT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES:</b>			
Taxes:			
Property	\$ 2,618,919	\$ 505,885	\$ (2,113,034)
Intergovernmental:			
State:			
Market Value Credit	-	511	511
Charges For Services	4,000	4,000	-
Other:			
Investment Earnings	-	24,302	24,302
Miscellaneous	100,000	148,411	48,411
<b>TOTAL REVENUES</b>	<b>2,722,919</b>	<b>683,109</b>	<b>(2,039,810)</b>
<b>EXPENDITURES:</b>			
Current:			
General Government	-	18,020	(18,020)
Debt Service:			
Issuance Costs And Fiscal Agent Fees	50,000	27,610	22,390
Capital Outlay:			
Furniture And Equipment			
Communications	4,000	-	4,000
Administrative Services	20,000	245,260	(225,260)
Data Processing	200,500	286,429	(85,929)
Community Development	32,000	-	32,000
Public Works	459,500	347,808	111,692
Police	139,000	57,948	81,052
Fire	635,000	581,342	53,658
Buildings and Structures	100,000	-	100,000
<b>TOTAL EXPENDITURES</b>	<b>1,640,000</b>	<b>1,564,417</b>	<b>75,583</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,082,919</b>	<b>(881,308)</b>	<b>(1,964,227)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In	98,400	114,637	16,237
Transfers Out	(2,628,000)	(623,844)	2,004,156
Bonds Issued	989,500	1,960,000	970,500
Premium On Bonds Issued	-	335,372	335,372
Sale of Capital Assets	-	11,741	11,741
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,540,100)</b>	<b>1,797,906</b>	<b>3,338,006</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(457,181)</b>	<b>916,598</b>	<b>1,373,779</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>1,247,884</b>	<b>1,247,884</b>	<b>-</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 790,703</b>	<b>\$ 2,164,482</b>	<b>\$ 1,373,779</b>



CHASKA

## Nonmajor Enterprise Funds

City of Chaska, Minnesota

For the Year Ended December 31, 2017

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Enterprise funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise. It is the intent of the City Council that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. This type of fund is also used where the City Council has decided that periodic determination of net income is appropriate for accountability purposes. The City has five (5) nonmajor enterprise funds.

- **Sewer Fund:**  
This fund is used to account for the operation of the City's Sewer Utility.
- **Par 30 Golf Fund:**  
This fund is used to account for the operation of the City's nine (9)-hole public golf course.
- **Chaska Town Course Fund:**  
This fund is used to account for the operation of the City's 18-hole public golf course.
- **Internet Service Provider Fund:**  
This fund is used to account for the operation of the City's Chaska.net direct fiber internet services.
- **Storm Water Fund:**  
This fund is used to account for the operation of the City's Storm Water Utility.

## CITY OF CHASKA, MINNESOTA

COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
DECEMBER 31, 2017

	SEWER	PAR 30 GOLF	CHASKA TOWN COURSE	INTERNET SERVICE PROVIDER	STORM WATER	TOTALS
<b>ASSETS</b>						
<b>Current Assets:</b>						
Cash And Investments	\$ 1,774,333	\$ -	\$ 138,111	\$ -	\$ 334,768	\$ 2,247,212
<b>Receivables:</b>						
Special Assessments	80	-	-	-	50,763	50,843
<b>Accounts</b>						
Current	341,602	-	-	2,100	108,006	451,708
Unbilled	152,300	-	-	-	-	152,300
Allowance For Uncollectible Accounts	(5,124)	-	-	-	(1,620)	(6,744)
Interest	918	-	-	-	-	918
Due From Other Funds	-	-	139,260	-	-	139,260
Due From Other Governments	45	-	-	37,310	-	37,355
Inventories	8,267	689	58,671	-	-	67,627
<b>Total Current Assets</b>	<b>2,272,421</b>	<b>689</b>	<b>336,042</b>	<b>39,410</b>	<b>491,917</b>	<b>3,140,479</b>
<b>Noncurrent Assets:</b>						
<b>Capital Assets:</b>						
Land	-	-	-	-	139,982	139,982
Buildings	255,000	111,537	8,013,896	-	-	8,380,433
Other Improvements	-	27,970	281,015	-	-	308,985
Furniture And Equipment	773,221	70,375	2,168,046	232,273	415,188	3,659,103
Infrastructure	1,453,375	-	-	656,642	2,572,563	4,682,580
Construction In Progress	-	-	-	-	88,277	88,277
Less: Accumulated Depreciation	(1,280,803)	(183,436)	(7,876,891)	(417,820)	(325,886)	(10,084,836)
<b>Total Net Capital Assets</b>	<b>1,200,793</b>	<b>26,446</b>	<b>2,586,066</b>	<b>471,095</b>	<b>2,890,124</b>	<b>7,174,524</b>
<b>TOTAL ASSETS</b>	<b>3,473,214</b>	<b>27,135</b>	<b>2,922,108</b>	<b>510,505</b>	<b>3,382,041</b>	<b>10,315,003</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension Plan Deferments	122,788	22,739	159,164	-	45,475	350,166
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 3,596,002</b>	<b>\$ 49,874</b>	<b>\$ 3,081,272</b>	<b>\$ 510,505</b>	<b>\$ 3,427,516</b>	<b>\$ 10,665,169</b>
<b>LIABILITIES</b>						
<b>Current Liabilities:</b>						
Accounts Payable	\$ 66,099	\$ 311	\$ 15,341	\$ -	\$ 17,526	\$ 99,277
Salaries Payable	19,221	2,108	19,567	-	6,769	47,665
Deposits Payable	-	-	133,342	-	-	133,342
Compensated Absences	32,027	4,553	44,453	-	3,250	84,283
Accrued Interest Payable	31,738	-	-	-	21,087	52,825
Due To Other Funds	-	75,949	-	63,311	-	139,260
Due To Other Governments	2,130	224	1,817	-	4,100	8,271
Interfund Payable	-	-	51,333	-	52,333	103,666
Revenue Bonds Payable	116,000	-	-	-	75,000	191,000
Unearned Revenue	80	-	-	5,034	153,239	158,353
<b>Total Current Liabilities</b>	<b>267,295</b>	<b>83,145</b>	<b>265,853</b>	<b>68,345</b>	<b>333,304</b>	<b>1,017,942</b>
<b>Noncurrent Liabilities:</b>						
Compensated Absences	6,658	3,122	33,441	-	2,422	45,643
Advance From Other Funds	-	-	649,348	-	344,001	993,349
Revenue Bonds Payable	2,738,873	-	-	-	1,875,695	4,614,568
Other Post Employment Benefits	18,920	15,073	34,994	-	2,966	71,953
Net Pension Liability	487,019	84,396	590,768	-	168,791	1,330,974
<b>Total Noncurrent Liabilities</b>	<b>3,251,470</b>	<b>102,591</b>	<b>1,308,551</b>	<b>-</b>	<b>2,393,875</b>	<b>7,056,487</b>
<b>TOTAL LIABILITIES</b>	<b>3,518,765</b>	<b>185,736</b>	<b>1,574,404</b>	<b>68,345</b>	<b>2,727,179</b>	<b>8,074,429</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension Plan Deferments	78,902	14,595	102,172	-	29,192	224,861
<b>NET POSITION</b>						
Net Investment In Capital Assets	1,200,793	26,446	2,586,066	471,095	1,928,687	6,213,087
Unrestricted	(1,202,458)	(176,903)	(1,181,370)	(28,935)	(1,257,542)	(3,847,208)
<b>TOTAL NET POSITION</b>	<b>(1,665)</b>	<b>(150,457)</b>	<b>1,404,696</b>	<b>442,160</b>	<b>671,145</b>	<b>2,365,879</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 3,596,002</b>	<b>\$ 49,874</b>	<b>\$ 3,081,272</b>	<b>\$ 510,505</b>	<b>\$ 3,427,516</b>	<b>\$ 10,665,169</b>

CITY OF CHASKA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	SEWER	PAR 30 GOLF	CHASKA TOWN COURSE	INTERNET SERVICE PROVIDER	STORM WATER	TOTALS
<b>OPERATING REVENUES:</b>						
Sales	\$ 3,601,281	\$ 167,726	\$ 2,133,510	\$ 117,718	\$ 1,097,344	\$ 7,117,579
<b>OPERATING EXPENSES:</b>						
Production	2,199,176	-	-	59,424	-	2,258,600
Distribution / Collections	577,102	-	-	59,249	462,687	1,099,038
Administration	564,304	181,352	1,969,804	789	289,823	3,006,072
Depreciation	83,162	12,754	452,067	65,378	170,419	783,780
<b>TOTAL OPERATING EXPENSES</b>	<b>3,423,744</b>	<b>194,106</b>	<b>2,421,871</b>	<b>184,840</b>	<b>922,929</b>	<b>7,147,490</b>
<b>OPERATING INCOME (LOSS)</b>	<b>177,537</b>	<b>(26,380)</b>	<b>(288,361)</b>	<b>(67,122)</b>	<b>174,415</b>	<b>(29,911)</b>
<b>NON-OPERATING REVENUES:</b>						
Investment Earnings	11,015	-	971	-	1,799	13,785
Intergovernmental	273	31	215	-	61	580
<b>TOTAL NON-OPERATING REVENUES</b>	<b>11,288</b>	<b>31</b>	<b>1,186</b>	<b>-</b>	<b>1,860</b>	<b>14,365</b>
<b>NON-OPERATING EXPENSES:</b>						
Interest	73,473	-	9,411	-	59,766	142,650
Issuance Costs And Fiscal Agent Fees	2,237	-	-	-	2,374	4,611
Loss On Sale of Capital Assets	-	-	86,921	-	-	86,921
	<b>75,710</b>	<b>-</b>	<b>96,332</b>	<b>-</b>	<b>62,140</b>	<b>234,182</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>113,115</b>	<b>(26,349)</b>	<b>(383,507)</b>	<b>(67,122)</b>	<b>114,135</b>	<b>(249,728)</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>8,240</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>147,856</b>	<b>156,096</b>
<b>TRANSFERS IN (OUT)</b>						
Transfers In	201,201	8,814	-	-	231,479	441,494
Transfers Out	(122,600)	-	(69,569)	-	(220,249)	(412,418)
<b>TOTAL TRANSFERS IN (OUT)</b>	<b>78,601</b>	<b>8,814</b>	<b>(69,569)</b>	<b>-</b>	<b>11,230</b>	<b>29,076</b>
<b>CHANGE IN NET POSITION</b>	<b>199,956</b>	<b>(17,535)</b>	<b>(453,076)</b>	<b>(67,122)</b>	<b>273,221</b>	<b>(64,556)</b>
<b>NET POSITION - JANUARY 1</b>	<b>(201,621)</b>	<b>(132,922)</b>	<b>1,857,772</b>	<b>509,282</b>	<b>397,924</b>	<b>2,430,435</b>
<b>NET POSITION, DECEMBER 31</b>	<b>\$ (1,665)</b>	<b>\$ (150,457)</b>	<b>\$ 1,404,696</b>	<b>\$ 442,160</b>	<b>\$ 671,145</b>	<b>\$ 2,365,879</b>

## CITY OF CHASKA, MINNESOTA

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	SEWER	PAR 30 GOLF	CHASKA TOWN COURSE	INTERNET SERVICE PROVIDER	STORM WATER	TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts From Customers and Users	\$ 3,572,723	\$ 167,834	\$ 2,153,568	\$ 78,907	\$ 1,098,643	\$ 7,071,675
Payments to Suppliers	(2,643,357)	(63,382)	(893,951)	(119,462)	(501,139)	(4,221,291)
Payments to Employees	(619,411)	(115,365)	(1,020,606)	-	(260,020)	(2,015,402)
Net Cash Provided (Used) By Operating Activities	309,955	(10,913)	239,011	(40,555)	337,484	834,982
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>						
Transfers From Other Funds	201,201	-	-	-	231,479	432,680
Transfers To Other Funds	(122,600)	-	(60,755)	-	(220,249)	(403,604)
Due From Other Funds	-	-	(139,260)	-	-	(139,260)
Due To Other Funds	-	10,882	-	40,555	(288,987)	(237,550)
Intergovernmental	273	31	215	-	61	580
Net Cash Provided (Used) By Non-Capital Financing Activities	78,874	10,913	(199,800)	40,555	(277,696)	(347,154)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Proceeds From Revenue Bonds	143,762	-	-	-	178,423	322,185
Capital Contributions	8,240	-	-	-	147,856	156,096
Principal Paid On Bonds	(104,000)	-	-	-	(74,000)	(178,000)
Interest And Fiscal Charges	(78,415)	-	-	-	(52,430)	(130,845)
Construction And Acquisition of Capital Assets	(171,598)	-	(301,439)	-	(127,710)	(600,747)
Interfund Loan Payments To Other Funds	-	-	301,615	-	(52,333)	249,282
Interest Payments On Interfund Loans	-	-	(9,411)	-	(11,275)	(20,686)
Net Cash Provided (Used) By Capital And Related Financing Activities	(202,011)	-	(9,235)	-	8,531	(202,715)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest On Investments	11,713	-	971	-	1,799	14,483
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>						
	198,531	-	30,947	-	70,118	299,596
<b>CASH AND CASH EQUIVALENTS, January 1</b>						
	1,575,802	-	107,164	-	264,650	1,947,616
<b>CASH AND CASH EQUIVALENTS, December 31</b>						
	\$ 1,774,333	\$ -	\$ 138,111	\$ -	\$ 334,768	\$ 2,247,212
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>						
Operating Income (Loss)	\$ 177,537	\$ (26,380)	\$ (288,361)	\$ (67,122)	\$ 174,415	\$ (29,911)
<b>Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities:</b>						
Depreciation Expense	83,162	12,754	452,067	65,378	170,419	783,780
Allowance For Uncollectible Accounts	368	-	-	-	(15)	353
<b>(Increase) Decrease In Assets And Deferred Outflows:</b>						
Special Assessments	606	-	-	-	9,298	9,904
Accounts Receivable	(28,881)	108	183	(2,100)	969	(29,721)
Due From Other Governments	(45)	-	-	(36,711)	-	(36,756)
Inventory	178	(211)	(3,234)	-	-	(3,267)
Deferred Outflows	109,072	21,814	152,701	-	43,629	327,216
<b>Increase (Decrease) In Liabilities And Deferred Inflows:</b>						
Accounts Payable	56,522	(13)	1,171	-	(23,050)	34,630
Salaries Payable	321	62	646	-	66	1,095
Deposits Payable	-	-	19,875	-	-	19,875
Compensated Absences Payable	(14,337)	(5,037)	10,659	-	672	(8,043)
Net Pension Liability	(100,106)	(20,021)	(140,149)	-	(40,042)	(300,318)
Due To Other Governments	2,130	8	(1,096)	-	950	1,992
Unearned Revenue	(606)	-	-	-	(8,953)	(9,559)
Other Post Employment Benefits	2,003	1,597	3,706	-	314	7,620
Deferred Inflows	22,031	4,406	30,843	-	8,812	66,092
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 309,955</b>	<b>\$ (10,913)</b>	<b>\$ 239,011</b>	<b>\$ (40,555)</b>	<b>\$ 337,484</b>	<b>\$ 834,982</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>						
Transfers Of Capital Assets	\$ -	\$ 8,814	\$ (8,814)	\$ -	\$ -	\$ -
Amortization Of Bond Premiums	\$ 2,269	\$ -	\$ -	\$ -	\$ 1,488	\$ 3,757

Agency funds account for assets that the City holds on behalf of others as their agent and are custodial in nature. The following is a list of City's Agency funds.

- **Builders' Deposit Fund:**  
This agency fund is used to account for the collection of assets in the form of deposits from builders.
- **Developers' Fund:**  
This agency fund is used to account for assets held in a custodial capacity in the form of billings to developers for contractual services.
- **Metropolitan Council Environmental Services Collections Fund:**  
This agency fund is used to account for the collection of assets in the form of sewer availability charges and remittance to (MCES).
- **Police Evidence Cash Fund:**  
This agency fund is used to account for the collection of cash held as evidence by the Chaska Police department.

**CITY OF CHASKA, MINNESOTA**

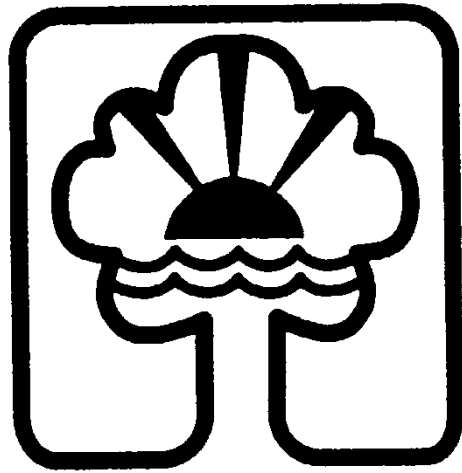
**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUNDS  
DECEMBER 31, 2017**

	<b><u>BUILDERS' DEPOSIT FUND</u></b>	<b><u>DEVELOPERS' FUND</u></b>	<b><u>MCES COLLECTIONS FUND</u></b>	<b><u>POLICE EVIDENCE CASH FUND</u></b>	<b><u>TOTAL AGENCY FUNDS</u></b>
<b><u>ASSETS</u></b>					
Cash And Cash Equivalents	\$ 365,263	\$ -	\$ 59,640	\$ 11,145	\$ 436,048
Accounts Receivable	-	12,698	-	-	12,698
Due From Other Funds	<u>10,430</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,430</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 375,693</u></b>	<b><u>\$ 12,698</u></b>	<b><u>\$ 59,640</u></b>	<b><u>\$ 11,145</u></b>	<b><u>\$ 459,176</u></b>
<b><u>LIABILITIES</u></b>					
Accounts Payable	\$ 50,000	\$ 2,268	\$ -	\$ -	\$ 52,268
Due To Other Funds	-	10,430	-	-	10,430
Deposits Payable	325,693	-	-	11,145	336,838
Due To Other Governments	<u>-</u>	<u>-</u>	<u>59,640</u>	<u>-</u>	<u>59,640</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 375,693</u></b>	<b><u>\$ 12,698</u></b>	<b><u>\$ 59,640</u></b>	<b><u>\$ 11,145</u></b>	<b><u>\$ 459,176</u></b>

## CITY OF CHASKA, MINNESOTA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	BALANCE JANUARY 1, 2017	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2017
<b>BUILDERS' DEPOSIT FUND</b>				
<b>ASSETS</b>				
Cash And Cash Equivalents	\$ 157,624	\$ 798,285	\$ 590,646	\$ 365,263
Due From Other Funds	3,645	10,430	3,645	10,430
<b>TOTAL ASSETS</b>	<b>\$ 161,269</b>	<b>\$ 808,715</b>	<b>\$ 594,291</b>	<b>\$ 375,693</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 630,216	\$ 580,216	\$ 50,000
Deposits Payable	161,269	790,140	625,716	325,693
<b>TOTAL LIABILITIES</b>	<b>\$ 161,269</b>	<b>\$ 1,420,356</b>	<b>\$ 1,205,932</b>	<b>\$ 375,693</b>
<b>DEVELOPERS' FUND</b>				
<b>ASSETS</b>				
Cash And Cash Equivalents	\$ -	\$ 30,985	\$ 30,985	\$ -
Receivables:				
Accounts	8,567	24,921	20,790	12,698
Other	-	25,869	25,869	-
<b>TOTAL ASSETS</b>	<b>\$ 8,567</b>	<b>\$ 81,775</b>	<b>\$ 77,644</b>	<b>\$ 12,698</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 4,922	\$ 24,686	\$ 27,340	\$ 2,268
Due To Other Funds	3,645	10,430	3,645	10,430
<b>TOTAL LIABILITIES</b>	<b>\$ 8,567</b>	<b>\$ 35,116</b>	<b>\$ 30,985</b>	<b>\$ 12,698</b>
<b>MCES COLLECTIONS</b>				
<b>ASSETS</b>				
Cash And Cash Equivalents	\$ 109,340	\$ 500,535	\$ 550,235	\$ 59,640
<b>LIABILITIES</b>				
Due To Other Governments	\$ 109,340	\$ 669,465	\$ 719,165	\$ 59,640
<b>POLICE EVIDENCE CASH FUND</b>				
<b>ASSETS</b>				
Cash And Cash Equivalents	\$ 14,465	\$ 1,460	\$ 4,780	\$ 11,145
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 918	\$ 918	\$ -
Deposits Payable	14,465	-	3,320	11,145
<b>TOTAL LIABILITIES</b>	<b>\$ 14,465</b>	<b>\$ 918</b>	<b>\$ 4,238</b>	<b>\$ 11,145</b>
<b>TOTAL ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash And Cash Equivalents	\$ 281,429	\$ 1,331,265	\$ 1,176,646	\$ 436,048
Receivables:				
Accounts	8,567	24,921	20,790	12,698
Other	-	25,869	25,869	-
Due From Other Funds	3,645	10,430	3,645	10,430
<b>TOTAL ASSETS</b>	<b>\$ 293,641</b>	<b>\$ 1,392,485</b>	<b>\$ 1,226,950</b>	<b>\$ 459,176</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 4,922	\$ 655,820	\$ 608,474	\$ 52,268
Due To Other Funds	3,645	10,430	3,645	10,430
Deposits Payable	175,734	790,140	629,036	336,838
Due To Other Governments	109,340	669,465	719,165	59,640
<b>TOTAL LIABILITIES</b>	<b>\$ 293,641</b>	<b>\$ 2,125,855</b>	<b>\$ 1,960,320</b>	<b>\$ 459,176</b>



CHASKA

This part of the City of Chaska's comprehensive annual financial report (CAFR) represents detailed information as a context for understanding what the information is in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

**Content**

- **Financial Trends:**  
These schedules contain trend information to help the reader understand how the City of Chaska's financial performance and well-being have changed over-time.
- **Revenue Capacity:**  
These schedules contain information to help the reader assess the City of Chaska's most significant local revenue source, the property tax.
- **Debt Capacity:**  
These schedules contain information to help the reader assess the affordability of the City of Chaska's current levels of outstanding debt and the City's ability to issue debt in the future.
- **Demographic and Economic Information:**  
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activity takes place.
- **Operating Information:**  
These schedules contain service and infrastructure data to help the reader understand how the information in the City of Chaska's financial report related to the services the City provides and the activities that it performs.
- **Sources:**  
Unless otherwise noted, the information in these schedules derives from the comprehensive annual financial report (CAFR) for the relevant year(s).

**CITY OF CHASKA, MINNESOTA**

**NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	FISCAL YEAR			
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Governmental Activities</b>				
Net Investment In Capital Assets	\$ 118,121,033	\$ 120,015,168	\$ 123,268,713	\$ 121,056,422
Restricted	15,244,405	13,994,323	14,860,130	20,932,146
Unrestricted	<u>(11,431,120)</u>	<u>(6,271,409)</u>	<u>(5,999,214)</u>	<u>(6,614,940)</u>
<b>Total Governmental Activities Net Position:</b>	<b><u>\$ 121,934,318</u></b>	<b><u>\$ 127,738,082</u></b>	<b><u>\$ 132,129,629</u></b>	<b><u>\$ 135,373,628</u></b>
<b>Business-Type Activities</b>				
Net Investment In Capital Assets	\$ 29,998,553	\$ 27,181,315	\$ 25,788,072	\$ 24,905,043
Restricted	4,282,440	4,441,294	3,013,936	3,271,085
Unrestricted	<u>6,878,517</u>	<u>9,075,649</u>	<u>11,459,338</u>	<u>12,961,398</u>
<b>Total Business-Type Activities Net Position:</b>	<b><u>\$ 41,159,510</u></b>	<b><u>\$ 40,698,258</u></b>	<b><u>\$ 40,261,346</u></b>	<b><u>\$ 41,137,526</u></b>
<b>Primary Government</b>				
Net Investment In Capital Assets	\$ 148,119,586	\$ 147,196,483	\$ 149,056,785	\$ 145,961,465
Restricted	19,526,845	18,435,617	17,874,066	24,203,231
Unrestricted	<u>(4,552,603)</u>	<u>2,804,240</u>	<u>5,460,124</u>	<u>6,346,458</u>
<b>Total Primary Government Net Position:</b>	<b><u>\$ 163,093,828</u></b>	<b><u>\$ 168,436,340</u></b>	<b><u>\$ 172,390,975</u></b>	<b><u>\$ 176,511,154</u></b>

(1) The City implemented GASB Statement No. 65 in 2013. Net position for 2012 was restated for the effects of implementing this standard. Net position for previous years have not been restated.

(2) The City implemented GASB Statement No. 68 in 2015. Net position for previous years have not been restated.

FISCAL YEAR

2012 (Restated) (1)	2013	2014	2015 (2)	2016	2017
\$ 120,219,510	\$ 118,818,535	\$ 125,511,881	\$ 127,278,758	\$ 132,552,673	\$ 137,122,192
24,295,547	25,069,356	24,001,479	14,955,015	14,175,353	19,807,677
<u>(6,014,472)</u>	<u>(2,173,764)</u>	<u>(3,712,091)</u>	<u>(20,840)</u>	<u>(640,332)</u>	<u>(2,060,473)</u>
<u>\$ 138,500,585</u>	<u>\$ 141,714,127</u>	<u>\$ 145,801,269</u>	<u>\$ 142,212,933</u>	<u>\$ 146,087,694</u>	<u>\$ 154,869,396</u>
\$ 25,075,383	\$ 25,818,904	\$ 27,939,635	\$ 33,274,260	\$ 31,821,470	\$ 30,523,279
3,396,858	4,451,868	4,030,287	5,190,437	5,609,821	17,986,742
<u>13,265,298</u>	<u>13,378,058</u>	<u>13,818,352</u>	<u>(919,545)</u>	<u>1,918,324</u>	<u>(7,433,427)</u>
<u>\$ 41,737,539</u>	<u>\$ 43,648,830</u>	<u>\$ 45,788,274</u>	<u>\$ 37,545,152</u>	<u>\$ 39,349,615</u>	<u>\$ 41,076,594</u>
\$ 145,294,893	\$ 144,637,439	\$ 153,451,516	\$ 160,553,018	\$ 164,374,143	\$ 167,645,471
27,692,405	29,521,224	28,031,766	20,145,452	19,785,174	37,794,419
<u>7,250,826</u>	<u>11,204,294</u>	<u>10,106,261</u>	<u>(940,385)</u>	<u>1,277,992</u>	<u>(9,493,900)</u>
<u>\$ 180,238,124</u>	<u>\$ 185,362,957</u>	<u>\$ 191,589,543</u>	<u>\$ 179,758,085</u>	<u>\$ 185,437,309</u>	<u>\$ 195,945,990</u>

CITY OF CHASKA, MINNESOTA

CHANGES IN NET POSITION  
 LAST TEN FISCAL YEARS  
 (ACCRUAL BASIS OF ACCOUNTING)  
 (UNAUDITED)

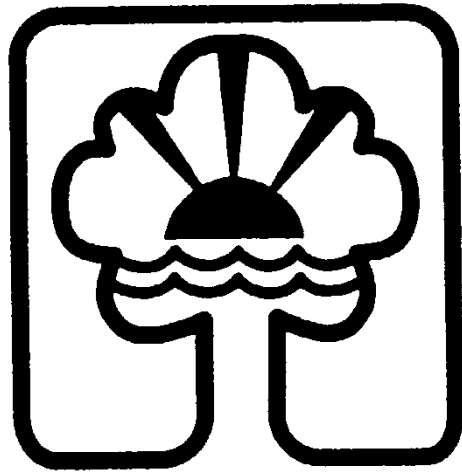
	FISCAL YEAR									
	2008	2009	2010	2011	2012 (Restated) (1)	2013	2014	2015 (2)(3)	2016	2017
<b>EXPENSES</b>										
<b>Governmental Activities</b>										
General Government	\$ 3,490,475	\$ 3,367,631	\$ 3,488,429	\$ 3,982,078	\$ 3,965,035	\$ 4,590,619	\$ 4,960,161	\$ 5,627,642	\$ 5,975,566	\$ 6,603,240
Economic Development	1,559,122	3,087,588	1,064,929	933,265	1,157,730	1,445,963	1,853,189	8,778,959	1,078,389	2,005,808
Public Safety	3,932,635	3,735,496	3,727,256	4,216,569	4,370,823	4,705,235	4,977,668	4,764,269	6,878,111	6,063,781
Public Works	10,449,491	8,743,805	9,054,937	7,029,170	7,789,049	9,758,311	8,850,036	8,488,231	8,566,638	9,042,167
Parks, Recreation And Arts	943,308	736,427	787,377	709,781	727,482	779,705	765,955	1,210,234	1,067,514	1,286,155
Interest On Long-Term Debt	2,245,560	2,213,343	1,696,164	1,551,955	1,419,848	1,361,830	1,037,857	1,330,444	1,424,886	1,264,604
<b>Total Governmental Activities Expenses:</b>	<b>22,620,591</b>	<b>21,884,290</b>	<b>19,819,092</b>	<b>18,422,818</b>	<b>19,429,967</b>	<b>22,641,663</b>	<b>22,444,866</b>	<b>30,199,779</b>	<b>24,991,104</b>	<b>26,265,755</b>
<b>Business-type Activities</b>										
Electric	26,998,459	22,009,036	24,656,027	26,897,015	29,362,666	31,058,570	32,528,332	33,417,358	35,236,356	35,744,098
Water	2,414,996	2,297,641	2,332,201	2,624,256	2,545,714	2,794,378	2,817,249	2,785,714	2,859,401	2,883,350
Sewer	2,072,459	2,256,105	2,433,882	2,716,380	2,725,405	2,843,831	3,104,992	3,150,447	3,254,994	3,494,259
Chaska Community Center	3,895,120	3,835,074	3,855,291	4,003,228	3,860,960	3,854,763	3,816,200	4,077,426	4,419,881	4,536,723
Par 30 Golf Course	190,392	183,857	186,362	171,720	186,681	151,575	163,112	183,136	240,047	193,856
Chaska Town Course	1,959,330	2,024,289	2,067,297	2,043,373	2,034,790	2,148,077	2,193,635	2,310,651	2,433,909	2,512,410
Turbine Generator	3,473,315	3,443,190	2,948,406	1,612,415	1,534,229	1,505,608	1,623,074	1,730,079	1,057,383	1,019,671
Internet Service Provider	1,123,293	960,237	778,440	639,021	665,909	604,813	488,728	293,951	168,783	184,840
Storm Water	4,385	106,706	190,380	435,892	586,774	541,700	536,364	760,340	993,816	980,334
Chaska Curling Center (3)	-	-	-	-	-	-	3,391	835,012	1,516,260	2,330,918
<b>Total Business-type Activities Expenses:</b>	<b>42,131,749</b>	<b>37,116,115</b>	<b>39,448,286</b>	<b>41,143,300</b>	<b>43,503,128</b>	<b>45,503,315</b>	<b>47,275,077</b>	<b>49,544,114</b>	<b>52,180,830</b>	<b>53,880,459</b>
<b>Total Primary Government Expenses:</b>	<b>\$ 64,752,340</b>	<b>\$ 59,000,405</b>	<b>\$ 59,267,378</b>	<b>\$ 59,566,118</b>	<b>\$ 62,933,095</b>	<b>\$ 68,144,978</b>	<b>\$ 69,719,943</b>	<b>\$ 79,743,893</b>	<b>\$ 77,171,934</b>	<b>\$ 80,146,214</b>
<b>PROGRAM REVENUES</b>										
<b>Governmental Activities</b>										
<b>Charges For Services</b>										
General Government	\$ 1,380,969	\$ 1,375,858	\$ 1,612,310	\$ 2,297,111	\$ 2,122,998	\$ 2,465,448	\$ 2,548,055	\$ 3,440,547	\$ 3,381,482	\$ 3,716,746
Economic Development	146,839	151,244	154,000	154,000	160,222	163,426	167,000	70,340	77,421	76,000
Public Safety	189,670	149,189	232,360	205,390	257,365	267,962	271,613	219,590	180,603	263,033
Public Works	806,936	451,431	443,436	562,000	863,058	1,290,754	1,328,059	1,876,750	2,516,820	1,882,531
Parks, Recreation And Arts	40,988	44,386	44,601	40,004	37,606	462,884	281,805	132,621	317,749	182,462
Operating Grants And Contributions	1,465,598	6,978,920	487,171	463,082	514,856	1,234,843	854,330	667,025	628,278	1,477,224
Capital Grants And Contributions	6,891,542	6,119,983	8,723,965	3,448,026	4,039,456	5,285,987	4,968,378	6,737,538	8,226,427	14,086,637
<b>Total Governmental Activities Program Revenues:</b>	<b>10,922,542</b>	<b>15,271,011</b>	<b>11,697,843</b>	<b>7,169,613</b>	<b>7,995,561</b>	<b>11,171,304</b>	<b>10,419,240</b>	<b>13,144,411</b>	<b>15,328,780</b>	<b>21,684,633</b>
<b>Business-type Activities</b>										
<b>Charges for Services</b>										
Electric	27,607,361	22,960,415	25,773,647	28,885,102	31,641,160	33,831,735	34,673,309	35,565,149	37,500,384	37,542,385
Water	1,368,515	1,494,633	1,890,992	2,387,700	2,758,682	2,528,547	2,409,274	2,534,074	2,714,932	2,768,225
Sewer	2,008,834	2,144,500	2,653,297	2,807,185	2,796,625	2,948,150	3,177,511	3,267,600	3,423,610	3,601,281
Chaska Community Center	2,860,603	2,874,387	2,801,498	2,821,081	2,952,501	2,840,092	3,081,500	3,246,108	2,735,432	3,163,971
Par 30 Golf Course	164,492	176,938	166,251	144,726	158,381	155,706	151,454	192,164	170,732	167,726
Chaska Town Course	1,637,174	1,639,215	1,643,670	1,557,948	1,790,342	1,724,149	1,807,559	2,089,861	2,137,035	2,133,510
Turbine Generator	2,342,728	2,307,664	2,269,732	2,156,067	2,112,887	2,065,865	2,014,655	1,842,662	1,781,846	1,719,136
Internet Service Provider	680,872	718,396	747,703	689,673	603,826	489,466	397,692	173,816	103,569	117,718
Storm Water	18,554	517,292	504,988	504,604	756,516	782,202	840,052	912,936	969,248	1,097,344
Chaska Curling Center (3)	-	-	-	-	-	-	-	65,022	1,173,795	1,221,472
Operating Grants And Contributions	74,661	38,943	-	-	-	-	-	-	100,379	1,626
Capital Grants And Contributions	563,028	389,356	150,453	54,092	139,416	351,542	693,238	181,839	647,918	704,759
<b>Total Business-type Activities Program Revenues:</b>	<b>39,326,822</b>	<b>35,261,739</b>	<b>38,602,231</b>	<b>42,008,178</b>	<b>45,710,336</b>	<b>47,717,454</b>	<b>49,246,244</b>	<b>50,071,231</b>	<b>53,468,880</b>	<b>54,239,153</b>
<b>Total Primary Government Program Revenues:</b>	<b>\$ 50,249,364</b>	<b>\$ 50,532,750</b>	<b>\$ 50,300,074</b>	<b>\$ 49,177,791</b>	<b>\$ 53,705,897</b>	<b>\$ 58,888,758</b>	<b>\$ 59,665,484</b>	<b>\$ 63,215,642</b>	<b>\$ 68,787,660</b>	<b>\$ 75,923,786</b>

(Continued)

	FISCAL YEAR									
	2008	2009	2010	2011	2012 (Restated) (1)	2013	2014	2015 (2)(3)	2016	2017
<b>NET EXPENSE / REVENUE</b>										
Governmental Activities	\$ (11,698,049)	\$ (6,613,279)	\$ (8,121,249)	\$ (11,253,205)	\$ (11,434,406)	\$ (11,470,359)	\$ (12,025,626)	\$ (17,055,368)	\$ (9,662,324)	\$ (4,581,122)
Business-type Activities	(2,804,927)	(1,854,376)	(846,055)	864,878	2,207,208	2,214,139	1,971,167	527,117	1,278,050	358,694
<b>Total Primary Government Net Expense:</b>	<b>\$ (14,502,976)</b>	<b>\$ (8,467,655)</b>	<b>\$ (8,967,304)</b>	<b>\$ (10,388,327)</b>	<b>\$ (9,227,198)</b>	<b>\$ (9,256,220)</b>	<b>\$ (10,054,459)</b>	<b>\$ (16,528,251)</b>	<b>\$ (8,384,274)</b>	<b>\$ (4,222,428)</b>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>										
Governmental Activities										
Taxes										
Property Taxes	\$ 9,540,994	\$ 9,783,114	\$ 10,610,785	\$ 10,457,922	\$ 10,507,231	\$ 10,104,762	\$ 10,703,248	\$ 9,063,743	\$ 8,189,403	\$ 9,089,057
Franchise Taxes	2,518,021	2,469,386	2,723,653	2,934,401	3,225,821	3,355,672	3,656,724	4,079,404	4,224,548	4,300,526
Unrestricted Grants and Contributions	227,559	546,889	235,662	247,716	62,608	58,761	491,545	530,868	585,679	310,188
Investment Earnings	740,803	208,347	54,613	82,462	139,907	41,179	429,177	264,180	247,978	253,578
Other	495,360	351,849	356,659	265,898	491,536	267,711	365,919	545,596	510,860	416,642
Gain on Disposal of Capital Assets	-	8,265	-	-	-	-	-	-	-	-
Special Item	2,017,880	-	-	-	-	-	-	-	-	-
Transfers	(310,538)	228,759	794,132	508,805	758,219	855,816	466,155	5,086,416	(221,383)	(1,007,167)
<b>Total Governmental Activities:</b>	<b>15,230,079</b>	<b>13,596,609</b>	<b>14,775,504</b>	<b>14,497,204</b>	<b>15,185,322</b>	<b>14,683,901</b>	<b>16,112,768</b>	<b>19,570,207</b>	<b>13,537,085</b>	<b>13,362,824</b>
Business-type Activities										
Unrestricted Grants and Contributions	-	-	-	-	-	-	-	-	-	41,184
Investment Earnings	1,754,703	1,621,883	1,203,275	393,721	438,195	419,145	550,131	455,526	241,753	260,708
Other	18,091	-	-	126,386	72,567	133,823	84,301	63,440	63,277	59,226
Transfers	310,538	(228,759)	(794,132)	(508,805)	(758,219)	(855,816)	(466,155)	(5,086,416)	221,383	1,007,167
<b>Total Business-type Activities:</b>	<b>2,083,332</b>	<b>1,393,124</b>	<b>409,143</b>	<b>11,302</b>	<b>(247,457)</b>	<b>(302,848)</b>	<b>168,277</b>	<b>(4,567,450)</b>	<b>526,413</b>	<b>1,368,285</b>
<b>Total Primary Government:</b>	<b>\$ 17,313,411</b>	<b>\$ 14,989,733</b>	<b>\$ 15,184,647</b>	<b>\$ 14,508,506</b>	<b>\$ 14,937,865</b>	<b>\$ 14,381,053</b>	<b>\$ 16,281,045</b>	<b>\$ 15,002,757</b>	<b>\$ 14,063,498</b>	<b>\$ 14,731,109</b>
<b>CHANGE IN NET POSITION</b>										
Governmental Activities	\$ 3,532,030	\$ 6,983,330	\$ 6,654,255	\$ 3,243,999	\$ 3,750,916	\$ 3,213,542	\$ 4,087,142	\$ 2,514,839	\$ 3,874,761	\$ 8,781,702
Business-type Activities	(721,595)	(461,252)	(436,912)	876,180	1,959,751	1,911,291	2,139,444	(4,040,333)	1,804,463	1,726,979
<b>Total Primary Government:</b>	<b>\$ 2,810,435</b>	<b>\$ 6,522,078</b>	<b>\$ 6,217,343</b>	<b>\$ 4,120,179</b>	<b>\$ 5,710,667</b>	<b>\$ 5,124,833</b>	<b>\$ 6,226,586</b>	<b>\$ (1,525,494)</b>	<b>\$ 5,679,224</b>	<b>\$ 10,508,681</b>

Change In Net Position is explained in the Management's Discussion & Analysis.

- (1) The City implemented GASB Statement No. 65 in 2013. Change in Net Position for 2012 was restated for the effects of implementing this standard. Change in Net Position for previous years have not been restated.
- (2) The City implemented GASB Statement No. 68 in 2015. Change in Net Position for previous years have not been restated.
- (3) Chaska Curling Center fund implemented in 2015.



CHASKA

**CITY OF CHASKA, MINNESOTA**

**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

<u>FISCAL YEAR</u>	<u>PROPERTY TAXES</u>		<u>FRANCHISE TAXES</u>			<u>TOTAL TAXES</u>
	<u>LEVIED</u>	<u>TAX INCREMENT</u>	<u>ELECTRIC</u>	<u>CABLE</u>	<u>GAS (1)</u>	
2008	\$ 4,249,165	\$ 5,291,829	\$ 2,309,000	\$ 209,021	\$ -	\$ 12,059,015
2009	4,448,188	5,334,926	2,256,000	213,386	-	12,252,500
2010	4,781,992	5,828,793	2,501,470	222,183	-	13,334,438
2011	4,755,677	5,702,245	2,702,870	231,531	-	13,392,323
2012	4,936,400	5,570,831	2,988,410	237,411	-	13,733,052
2013	5,001,413	5,103,349	3,101,430	254,242	-	13,460,434
2014 (1)	5,250,479	5,452,769	3,210,070	265,415	181,239	14,359,972
2015	8,501,586	562,157	3,339,440	284,886	455,078	13,143,147
2016	7,559,289	630,114	3,458,900	304,017	461,631	12,413,951
2017	8,367,604	721,453	3,521,540	321,423	457,563	13,389,583

(1) Chaska implemented a Gas Franchise Tax in 2014.

**CITY OF CHASKA, MINNESOTA**

**FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	FISCAL YEAR			
	2008	2009	2010	2011 (1)
<b>General Fund</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	597,734
Unassigned	-	-	-	2,134,923
Unreserved (2008-2010)	<u>2,512,907</u>	<u>2,496,144</u>	<u>2,566,483</u>	<u>-</u>
<b>Total General Fund:</b>	<u>\$ 2,512,907</u>	<u>\$ 2,496,144</u>	<u>\$ 2,566,483</u>	<u>\$ 2,732,657</u>
<b>General Fund % Change</b>	-9.76%	-0.67%	2.82%	6.47%
<b>All Other Governmental Funds</b>				
Restricted	\$ -	\$ -	\$ -	\$ 9,738,589
Committed	-	-	-	279,176
Assigned	-	-	-	3,383,331
Unassigned, Reported In:				
Special Revenue Funds	-	-	-	(194,924)
Capital Project Funds	-	-	-	(7,462,984)
Reserved (2008-2010)	11,551,017	9,555,011	10,613,705	-
Unreserved, Reported In (2008-2010):				
Special Revenue Funds	2,005,488	1,374,450	803,856	-
Capital Project Funds	<u>(10,801,563)</u>	<u>(8,676,406)</u>	<u>(7,237,917)</u>	<u>-</u>
<b>Total All Other Governmental Funds:</b>	<u>\$ 2,754,942</u>	<u>\$ 2,253,055</u>	<u>\$ 4,179,644</u>	<u>\$ 5,743,188</u>
<b>All Other Governmental Funds % Change</b>	449.18%	-18.22%	85.51%	37.41%
<b>Total Governmental Funds</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	9,738,589
Committed	-	-	-	876,910
Assigned	-	-	-	3,383,331
Unassigned	-	-	-	(5,522,985)
Reserved (2008-2010)	11,551,017	9,555,011	10,613,705	-
Unreserved (2008-2010)	<u>(6,283,168)</u>	<u>(4,805,812)</u>	<u>(3,867,578)</u>	<u>-</u>
<b>Total Governmental Funds:</b>	<u>\$ 5,267,849</u>	<u>\$ 4,749,199</u>	<u>\$ 6,746,127</u>	<u>\$ 8,475,845</u>
<b>Total Governmental Funds % Change</b>	163.96%	-9.85%	42.05%	25.64%

(1) The City implemented GASB 54 in 2011, resulting in a significant reclassification of the components of fund balance. Fund balance for previous years have not been restated.

FISCAL YEAR

2012	2013	2014	2015	2016	2017
\$ 241	\$ -	\$ -	\$ -	\$ -	\$ -
620,774	739,540	891,416	852,664	924,378	908,494
2,418,419	1,965,790	1,644,738	2,232,766	1,615,179	1,103,421
-	-	-	-	-	-
<u>\$ 3,039,434</u>	<u>\$ 2,705,330</u>	<u>\$ 2,536,154</u>	<u>\$ 3,085,430</u>	<u>\$ 2,539,557</u>	<u>\$ 2,011,915</u>
11.23%	-10.99%	-6.25%	21.66%	-17.69%	-20.78%
\$ 18,546,504	\$ 15,968,896	\$ 19,114,183	\$ 11,557,173	\$ 8,022,515	\$ 11,726,442
913,595	1,068,969	1,912,764	3,368,508	2,456,381	2,889,920
3,144,950	4,732,649	5,529,159	6,845,131	6,646,255	8,571,632
-	(259,844)	(1,242,278)	(1,451,333)	(701,789)	(793,665)
(8,003,881)	(7,456,476)	(11,708,398)	(6,914,737)	(5,224,315)	(5,637,984)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 14,601,168</u>	<u>\$ 14,054,194</u>	<u>\$ 13,605,430</u>	<u>\$ 13,404,742</u>	<u>\$ 11,199,047</u>	<u>\$ 16,756,345</u>
154.23%	-3.75%	-3.19%	-1.48%	-16.45%	49.62%
\$ 241	\$ -	\$ -	\$ -	\$ -	\$ -
18,546,504	15,968,896	19,114,183	11,557,173	8,022,515	11,726,442
1,534,369	1,808,509	2,804,180	4,221,172	3,380,759	3,798,414
3,144,950	4,732,649	5,529,159	6,845,131	6,646,255	8,571,632
(5,585,462)	(5,750,530)	(11,305,938)	(6,133,304)	(4,310,925)	(5,328,228)
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 17,640,602</u>	<u>\$ 16,759,524</u>	<u>\$ 16,141,584</u>	<u>\$ 16,490,172</u>	<u>\$ 13,738,604</u>	<u>\$ 18,768,260</u>
108.13%	-4.99%	-3.69%	2.16%	-16.69%	36.61%

CITY OF CHASKA, MINNESOTA

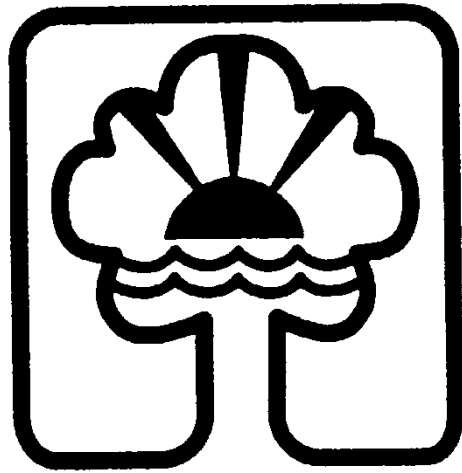
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
 (UNAUDITED)

FISCAL YEAR

	2008	2009	2010	2011
<b>REVENUES</b>				
Taxes	\$ 11,936,425	\$ 12,148,237	\$ 13,386,635	\$ 13,387,904
Licenses and Permits	673,720	606,720	677,005	1,171,745
Intergovernmental	6,296,541	10,238,975	2,302,128	1,666,505
Charges for Services	1,800,348	1,476,270	1,648,242	1,950,742
Fines and Forfeitures	91,094	120,567	145,979	139,988
Special Assessments	1,959,637	1,351,581	1,576,743	1,531,259
Other Revenue	1,611,358	1,051,891	553,365	585,553
<b>Total Revenue</b>	<b>24,369,123</b>	<b>26,994,241</b>	<b>20,290,097</b>	<b>20,433,696</b>
<b>EXPENDITURES</b>				
General Government	3,100,425	3,012,992	3,086,599	3,392,089
Economic Development	1,111,124	1,907,468	926,307	757,932
Public Safety	3,643,870	3,576,040	3,697,083	3,971,147
Public Works	4,930,664	4,234,707	3,985,799	3,529,127
Parks, Recreation and Arts	583,082	541,969	589,998	532,953
Debt Service:				
Principal	4,460,000	9,260,000	5,200,488	5,396,218
Interest	1,829,366	2,008,394	1,687,636	1,578,987
Issuance Costs & Fiscal Agent Fees	439,857	40,548	168,964	91,276
Capital Outlay	7,989,691	3,245,835	5,650,639	2,591,145
<b>Total Expenditures</b>	<b>28,088,079</b>	<b>27,827,953</b>	<b>24,993,513</b>	<b>21,840,874</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(3,718,956)</b>	<b>(833,712)</b>	<b>(4,703,416)</b>	<b>(1,407,178)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	17,076,033	6,010,021	7,240,297	7,211,564
Transfers Out	(17,396,110)	(5,751,951)	(6,422,978)	(6,702,759)
Bonds Issued	5,095,000	-	5,805,000	2,375,000
Refunding Bonds Issued	15,255,000	1,995,000	880,000	2,290,000
Premium on Bonds Issued	251,260	41,857	39,071	168,217
Payments to Refunded Bond Escrow Agent	(15,307,968)	(1,995,000)	(849,512)	(2,320,000)
Sale of Capital Assets	-	15,135	8,466	114,874
<b>Total Other Financing Sources (Uses)</b>	<b>4,973,215</b>	<b>315,062</b>	<b>6,700,344</b>	<b>3,136,896</b>
<b>SPECIAL ITEM</b>				
Gain on Sale of Land Held for Resale	2,017,880	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 3,272,139</b>	<b>\$ (518,650)</b>	<b>\$ 1,996,928</b>	<b>\$ 1,729,718</b>
Expenditures for Capitalized Assets (1)	5,332,576	3,363,564	8,517,344	3,349,841
Debt Service as a Percentage of Noncapital Expenditures	27.64%	46.06%	41.81%	37.72%

(1) Expenditures for capitalized assets per the Reconciliation of The Statement of Revenues, Expenditures And Changes In Fund Balances of Governmental Funds to The Statement of Activities.

FISCAL YEAR						
2012	2013	2014	2015	2016	2017	
\$ 13,888,797	\$ 13,502,612	\$ 14,386,746	\$ 13,150,434	\$ 12,470,764	\$ 13,420,767	
880,815	1,135,211	995,263	1,259,621	1,033,383	1,302,593	
2,955,101	2,919,055	2,568,108	2,678,760	2,772,705	2,653,945	
2,409,242	3,388,069	3,470,471	4,387,691	5,316,461	5,717,156	
123,411	123,687	128,966	95,736	104,226	113,158	
1,911,524	3,918,217	2,867,959	2,076,637	2,121,412	2,835,792	
911,462	1,237,814	794,135	1,103,179	600,089	659,861	
<u>23,080,352</u>	<u>26,224,665</u>	<u>25,211,648</u>	<u>24,752,058</u>	<u>24,419,040</u>	<u>26,703,272</u>	
3,512,005	4,077,218	4,361,531	4,889,132	5,228,459	5,630,604	
809,892	1,460,259	1,899,514	8,766,389	1,070,364	1,919,188	
4,068,057	4,411,566	4,513,886	4,837,862	5,270,617	5,738,341	
4,756,685	6,249,199	7,269,352	6,686,444	4,537,040	5,213,582	
488,078	517,843	837,886	1,086,472	828,065	1,140,929	
4,422,243	5,427,723	4,948,206	5,398,720	3,013,768	3,061,302	
1,421,230	1,396,806	1,109,996	1,115,857	1,429,478	1,380,700	
121,126	112,905	95,788	353,521	4,725	250,271	
3,149,178	4,075,585	7,367,993	13,778,776	5,633,034	9,808,124	
<u>22,748,494</u>	<u>27,729,104</u>	<u>32,404,152</u>	<u>46,913,173</u>	<u>27,015,550</u>	<u>34,143,041</u>	
331,858	(1,504,439)	(7,192,504)	(22,161,115)	(2,596,510)	(7,439,769)	
10,943,484	7,641,975	6,622,433	14,212,528	6,242,220	4,624,645	
(9,551,265)	(6,786,159)	(6,156,278)	(8,968,112)	(6,423,134)	(5,617,190)	
2,430,000	4,245,000	5,785,000	16,025,000	-	10,870,000	
4,675,000	580,000	-	-	-	1,455,000	
195,481	123,513	317,245	1,156,342	-	1,125,229	
-	(5,210,000)	-	-	-	-	
140,199	29,032	6,164	83,945	25,856	11,741	
<u>8,832,899</u>	<u>623,361</u>	<u>6,574,564</u>	<u>22,509,703</u>	<u>(155,058)</u>	<u>12,469,425</u>	
-	-	-	-	-	-	
<u>\$ 9,164,757</u>	<u>\$ (881,078)</u>	<u>\$ (617,940)</u>	<u>\$ 348,588</u>	<u>\$ (2,751,568)</u>	<u>\$ 5,029,656</u>	
3,972,487	5,063,042	12,451,676	19,782,837	12,340,550	16,094,547	
31.12%	30.11%	30.36%	24.01%	30.28%	24.61%	



CHASKA

**CITY OF CHASKA, MINNESOTA**

**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

<u>FISCAL YEAR</u>	<u>PROPERTY TAXES</u>		<u>FRANCHISE TAXES</u>			<u>TOTAL TAXES</u>
	<u>LEVIED</u>	<u>TAX INCREMENT</u>	<u>ELECTRIC</u>	<u>CABLE</u>	<u>GAS (1)</u>	
2008	\$ 4,212,641	\$ 5,205,763	\$ 2,309,000	\$ 209,021	\$ -	\$ 11,936,425
2009	4,388,806	5,290,045	2,256,000	213,386	-	12,148,237
2010	4,797,579	5,865,403	2,501,470	222,183	-	13,386,635
2011	4,789,918	5,663,585	2,702,870	231,531	-	13,387,904
2012	4,150,837	6,512,139	2,988,410	237,411	-	13,888,797
2013	5,001,614	5,145,326	3,101,430	254,242	-	13,502,612
2014 (1)	5,276,218	5,453,804	3,210,070	265,415	181,239	14,386,746
2015	8,479,872 (2)	591,158 (3)	3,339,440	284,886	455,078	13,150,434
2016	7,573,635	672,581	3,458,900	304,017	461,631	12,470,764
2017	8,395,597	724,644	3,521,540	321,423	457,563	13,420,767

(1) Chaska implemented a Gas Franchise Tax in 2014.

(2) Includes \$1,532,865 in tax increment that was returned to the General fund after a TIF district decertification and after the City's payment to the County.

(3) There were three (3) TIF districts decertified in 2014.

CITY OF CHASKA, MINNESOTA

TAX CAPACITY VALUE AND ESTIMATED ACTUAL VALUE OF REAL AND PERSONAL PROPERTY  
LAST TEN FISCAL YEARS  
(UNAUDITED)

TAXES PAYABLE YEAR	REAL PROPERTY - TAX CAPACITY VALUE			PERSONAL PROPERTY TAX CAPACITY VALUE	FISCAL DISPARITIES	
	RESIDENTIAL PROPERTY	COMMERCIAL PROPERTY	OTHER REAL PROPERTY		CONTRIBUTION	DISTRIBUTION
2008	\$ 19,779,364	\$ 7,194,662	\$ 365,015	\$ 132,768	\$ (2,640,100)	\$ 3,095,999
2009	19,594,612	7,392,322	439,931	147,236	(2,829,823)	3,541,258
2010	19,437,291	7,881,239	464,672	149,536	(2,973,464)	3,718,693
2011	18,160,775	7,441,155	460,948	170,406	(3,080,261)	3,500,494
2012	16,254,417	7,295,461	389,870	166,076	(2,983,712)	3,201,648
2013	14,776,641	7,336,053	358,867	197,498	(2,765,398)	3,001,764
2014	16,020,027	7,116,774	351,263	222,966	(2,756,785)	2,881,368
2015	18,484,795	7,492,534	345,751	242,162	(2,660,168)	2,956,196
2016	20,127,637	7,990,194	340,891	278,734	(3,014,532)	3,061,538
2017	20,776,485	8,161,059	356,694	375,132	(3,226,831)	3,313,011

Source: Carver County Auditor

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<u>TAX INCREMENT ADJUSTED TO TAX CAPACITY VALUE</u>	<u>ADJUSTED TAX CAPACITY VALUE</u>	<u>TOTAL DIRECT TAX RATE</u>	<u>ESTIMATED ACTUAL MARKET VALUE REAL &amp; PERSONAL</u>	<u>TAX CAPACITY VALUE AS A PERCENTAGE OF ACTUAL VALUE</u>
\$ (5,463,817)	\$ 22,463,891	19.423	\$ 2,511,455,000	0.89%
(5,624,915)	22,660,621	20.434	2,476,261,200	0.92%
(5,793,917)	22,884,050	21.886	2,445,124,600	0.94%
(5,388,088)	21,265,429	23.484	2,271,392,000	0.94%
(4,906,333)	19,417,427	25.785	2,162,908,900	0.90%
(4,543,317)	18,362,108	28.075	2,020,207,000	0.91%
(4,464,026)	19,371,587	26.586	2,121,003,200	0.91%
(535,631)	26,325,639	24.928	2,380,806,300	1.11%
(572,333)	28,212,129	26.118	2,573,342,000	1.10%
(658,411)	29,097,139	27.564	2,652,305,300	1.10%

**CITY OF CHASKA, MINNESOTA**

**PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

TAXES PAYABLE YEAR	DIRECT RATES				CITY HOUSING DEVELOPMENT AUTHORITY
	CITY URBAN			RURAL (2)	
	OPERATING	DEBT	TOTAL		
(Per \$100 of Assessed Value)					
2008	19.423	0.000	19.423	9.712	0.311
2009	20.434	0.000	20.434	10.217	0.326
2010	21.778	0.108	21.886	10.997	0.327
2011	23.484	0.000	23.484	11.742	0.357
2012	25.785	0.000	25.785	12.892	0.391
2013	28.075	0.000	28.075	14.038	0.411
2014	26.586	0.000	26.586	13.293	0.391
2015	24.928	0.000	24.928	14.957	1.574
2016	26.118	0.000	26.118	18.283	1.519
2017	27.564	0.000	27.564	22.051	1.557

Source: Carver County Auditor

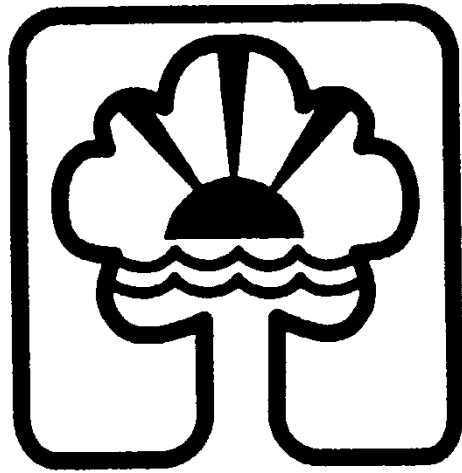
- (1) Total direct and overlapping rate excludes City Rural rates.
- (2) City Rural is not a direct rate for the City of Chaska - In 2006, as part of the annexation of Chaska Township, a rural rate of 50 percent of the City "urban" rate was established for ten (10) years for the annexed properties. Once the rural area has been developed, it will be subject to taxation at the higher City "urban" rate.
- (3) Overlapping rates are those of other governments that apply to property owners within the City. Not all overlapping rates apply to all property owners (e.g., the rates for special districts apply only property owners whose property is located within the geographic boundaries of the special district.).
- (4) Special Districts include:  
Metropolitan Council, Regional Transit District, Lower Minnesota Watershed #1, Carver County Water Management Organization, Mosquito Control and Carver County Rail Authority.

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**OVERLAPPING RATES (3)**

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<b>COUNTY</b>	<b>COUNTY COMMUNITY DEVELOPMENT AUTHORITY</b>	<b>INDEPENDENT SCHOOL DISTRICT #112</b>	<b>SPECIAL DISTRICTS (4)</b>	<b>TOTAL DIRECT AND OVERLAPPING RATES (1)</b>
37.563	1.703	35.970	4.395	99.365
38.033	1.683	35.505	5.024	101.005
39.509	1.682	35.840	4.753	103.997
41.752	1.777	40.236	4.883	112.489
43.562	1.887	44.382	4.728	120.735
46.115	1.799	45.319	5.069	126.790
45.211	1.759	44.917	5.088	123.952
40.488	1.589	39.120	4.313	112.013
38.880	1.701	39.245	4.526	111.989
38.851	1.731	37.005	4.534	111.242



CHASKA

CITY OF CHASKA, MINNESOTA

PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)

TAXPAYER	ASSESSED 2016 - PAYABLE 2017				ASSESSED 2007 - PAYABLE 2008			
	ESTIMATED ACTUAL VALUE <sup>(1)</sup>	ESTIMATED NET TAX CAPACITY	RANK	PERCENT OF REAL PROPERTY TAX CAPACITY VALUE	ESTIMATED ACTUAL VALUE	ESTIMATED NET TAX CAPACITY	RANK	PERCENT OF REAL PROPERTY TAX CAPACITY VALUE
United Healthcare Services Inc	\$ 22,841,000	\$ 455,320	1	1.55%	*	*		*
Aurora Investments LLC	19,584,100	374,594	2	1.28%	\$ 16,213,100	\$ 300,574	4	1.10%
Hazeltine Natl Golf Club	16,817,200	298,660	3	1.02%	*	*		*
Ameriprise Financial Inc	14,820,700	264,482	4	0.90%	*	*		*
Target Corp	12,569,200	250,634	5	0.86%	15,423,500	307,720	2	1.13%
Via West Inc	12,021,700	239,684	6	0.82%	*	*		*
CenterPoint Energy Minnegasco	11,705,100	233,325	7	0.80%	*	*		*
Aurora-Chaska Medical LLC	26,436,200	231,888	8	0.79%	*	*		*
SB Chaska Partners LLC	15,355,900	191,949	9	0.66%	*	*		*
Northern Star Co	9,162,000	182,490	10	0.62%	*	*		*
ISD Financial Services	*	*		*	19,349,900	360,919	1	1.32%
Entegris Inc (Fluorware Inc.)	*	*		*	15,315,000	303,855	3	1.11%
Chaska Investment LP	*	*		*	21,084,400	284,985	5	1.04%
FSI International Inc.	*	*		*	11,253,100	224,312	6	0.82%
Lake Region MFG Co Inc	*	*		*	9,397,700	185,704	7	0.68%
Lifecore Biomedical Inc	*	*		*	9,322,000	185,690	8	0.68%
Trustee Group Realty PTR VII	*	*		*	8,737,900	174,008	9	0.64%
Home Depot USA Inc	*	*		*	8,628,800	171,826	10	0.63%
	<u>\$ 161,313,100</u>	<u>\$ 2,723,026</u>		<u>9.30%</u>	<u>\$ 134,725,400</u>	<u>\$ 2,499,593</u>		<u>9.14%</u>

Source: Carver County Auditor

(1) Assessed 2017 values are determined as of January 2, 2016

Ranked in order of Estimated Net Tax Capacity.

\* Denotes taxpayer was not a principal taxpayer for the year reported.

**CITY OF CHASKA, MINNESOTA**

**PROPERTY TAX LEVIES AND COLLECTIONS <sup>(1)</sup>  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

TAXES PAYABLE YEAR	LEVY FOR CALCULATION OF TAX RATE			LEVY ADJUSTMENT AFTER RATE CALCULATION	
	CERTIFIED LEVY	CREDITS AND ADJUSTMENTS	COUNTY ADJUSTED TAX LEVY	EXCESS TAX INCREMENT	OTHER
2008	\$ 4,383,200	\$ (151,465)	\$ 4,231,735	\$ -	\$ 975
2009	4,602,360	(166,131)	4,436,229	-	(2,620)
2010	4,955,218	(175,356)	4,779,862	-	(9,520)
2011	4,955,218	(186,714)	4,768,504	-	(35,232)
2012	4,955,218	(8,776) <sup>(2)</sup>	4,946,442	4,611	(38,888)
2013	5,107,919	(767)	5,107,152	-	(33,561)
2014	5,222,224	(802)	5,221,422	15,389	(5,276)
2015	6,951,262	(1,390)	6,949,872	567	(1,590)
2016	7,728,287	(1,462)	7,726,825	1,686	(35,220)
2017	8,396,405	(1,611)	8,394,794	2,616	(20,108)

Source: Carver County Auditor

(1) Collections do not include tax increment or mobile home.

(2) Elimination of Market Value Homestead Credit.

(3) Reporting \$0 due to tax abatements and adjustments resulting in negative delinquent tax collections for 2015 and 2016.

Note: As part of the annexation of Chaska Township, the City established, for annexed properties, a rural rate of 50 percent of the City "urban" rate for a period of ten (10) years. Once a rural area has been developed, it would then be subject to taxation at the higher City "urban" rate.

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COUNTY ADJUSTED NET TAX LEVY	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
	AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
\$ 4,232,710	\$ 4,143,540	97.89%	\$ 70,417	\$ 4,213,957	99.56%
4,433,609	4,320,905	97.46%	62,507	4,383,412	98.87%
4,770,342	4,690,711	98.33%	65,167	4,755,878	99.70%
4,733,272	4,703,059	99.36%	30,213	4,733,272	100.00%
4,912,165	4,890,432	99.56%	4,620	4,895,052	99.65%
5,073,591	4,989,085	98.33%	84,282	5,073,367	100.00%
5,231,535	5,179,682	99.01%	18,398	5,198,080	99.36%
6,948,849	6,889,114	99.14%	- (3)	6,889,114	99.14%
7,693,291	7,649,218	99.43%	- (3)	7,649,218	99.43%
8,377,302	8,348,564	99.66%	-	8,348,564	99.66%

**CITY OF CHASKA, MINNESOTA**

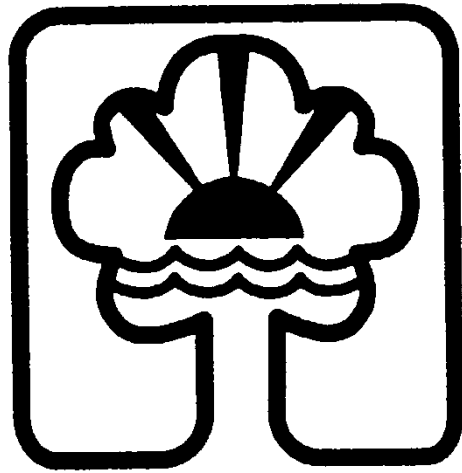
**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

GOVERNMENTAL ACTIVITIES								
FISCAL YEAR	GENERAL OBLIGATION EQUIPMENT CERTIFICATES	OTHER GENERAL OBLIGATION BONDS	GENERAL OBLIGATION TAX INCREMENT BONDS	GENERAL OBLIGATION ABATEMENT BONDS	GENERAL OBLIGATION IMPROVEMENT BONDS	REVENUE BONDS	NOTES PAYABLE	DEBT ISSUANCE PREMIUMS/ (DISCOUNTS)
2008	\$ 1,745,000	\$ -	\$ 19,595,000	\$ -	\$ 16,505,000	\$ 7,895,000	\$ -	\$ 324,719
2009	1,580,000	-	19,325,000	-	14,580,000	995,000	-	326,090
2010	1,300,000	-	16,180,000	405,000	19,230,000	-	-	320,871
2011	1,000,000	3,455,000	13,050,000	405,000	16,155,000	-	159,960	442,980
2012	690,000	3,455,000	10,500,000	405,000	21,705,000	-	152,717	569,374
2013	1,320,000	3,120,000	7,235,000	405,000	18,870,000	-	144,994	610,991
2014	1,190,000	2,755,000	3,835,000	405,000	23,610,000	-	136,788	842,462
2015	975,000	2,315,000	945,000	405,000	27,705,000	10,085,000	128,068	1,908,544
2016	740,000	1,835,000	850,000	405,000	25,510,000	10,085,000	119,300	1,783,175
2017	2,605,000	1,635,000	1,220,000	2,430,000	30,995,000	9,815,000	107,998	2,785,053

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

(1) See the Schedule of Demographics and Economic Statistics for personal income and population data.

GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES					
TOTAL GOVERNMENTAL ACTIVITIES DEBT	GENERAL OBLIGATION REVENUE BONDS	REVENUE BONDS	DEBT ISSUANCE PREMIUMS/ (DISCOUNTS)	TOTAL BUSINESS-TYPE ACTIVITIES DEBT	TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME <sup>(1)</sup>	PER CAPITA <sup>(1)</sup>
\$ 46,064,719	\$ 12,635,000	\$ 63,750,000	\$ 857,635	\$ 77,242,635	\$ 123,307,354	9.635%	\$ 5,128
36,806,090	13,425,000	62,905,000	848,602	77,178,602	113,984,692	9.137%	4,715
37,435,871	12,700,000	33,125,000	806,195	46,631,195	84,067,066	6.534%	3,537
34,667,940	12,335,000	35,720,000	982,767	49,037,767	83,705,707	6.031%	3,487
37,477,091	12,020,000	34,575,000	929,875	47,524,875	85,001,966	5.806%	3,511
31,705,985	11,700,000	37,125,000	894,630	49,719,630	81,425,615	5.288%	3,282
32,774,250	11,370,000	35,625,000	840,869	47,835,869	80,610,119	5.318%	3,190
44,466,612	16,170,000	46,970,000	3,524,126	66,664,126	111,130,738	6.857%	4,340
41,327,475	15,745,000	45,435,000	3,289,591	64,469,591	105,797,066	6.207%	4,002
51,593,051	15,820,000	52,015,000	3,572,665	71,407,665	123,000,716	7.216%	4,652



CHASKA

**CITY OF CHASKA, MINNESOTA**

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
TO ESTIMATED ACTUAL TAXABLE VALUE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

FISCAL YEAR	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		LESS AMOUNT RESTRICTED TO DEBT SERVICE (2)	NET GENERAL OBLIGATION DEBT	PERCENTAGE OF ESTIMATED ACTUAL MARKET VALUE OF PROPERTY (3)	PER CAPITA (4)
	GENERAL OBLIGATION BONDS (1)	DEBT ISSUANCE PREMIUMS/ (DISCOUNTS)	GENERAL OBLIGATION BONDS (1)	DEBT ISSUANCE PREMIUMS/ (DISCOUNTS)				
2008	\$ 37,845,000	\$ 324,719	\$ 12,635,000	\$ 38,598	\$ 1,647,712	\$ 49,195,605	1.96%	\$ 2,046
2009	35,485,000	326,090	13,425,000	66,826	1,396,985	47,905,931	1.93%	1,981
2010	37,115,000	320,871	12,700,000	61,680	1,317,075	48,880,476	2.00%	2,056
2011	34,065,000	442,980	12,335,000	252,752	982,867	46,112,865	2.03%	1,921
2012	36,755,000	569,374	12,020,000	238,260	10,446,019	39,136,615	1.81%	1,616
2013	30,950,000	610,991	11,700,000	223,777	7,675,532	35,809,236	1.77%	1,443
2014	31,795,000	842,462	11,370,000	209,294	8,117,087	36,099,669	1.70%	1,429
2015	32,345,000	1,291,364	16,170,000	283,655	5,994,522	44,095,497	1.85%	1,722
2016	29,340,000	1,199,669	15,745,000	264,948	5,897,191	40,652,426	1.58%	1,538
2017	38,885,000	2,235,225	15,820,000	302,416	7,042,822	50,199,819	1.89%	1,899

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

(1) Includes all general obligation bonds, including general obligation equipment certificates, general obligation tax increment bonds, general obligation improvement bonds and general obligation revenue bonds.

(2) Amount restricted for repayment of general obligation bonds.

(3) See the Schedule of Tax Capacity Value and Estimated Actual Market Value of Real and Personal Property for property value data.

(4) Population data can be found in the Schedule of Demographic and Economic Statistics.

CITY OF CHASKA, MINNESOTA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
DECEMBER 31, 2017  
(UNAUDITED)

	<u>DEBT OUTSTANDING</u>	<u>PERCENT OF DEBT APPLICABLE TO CITY</u>	<u>AMOUNT OF DEBT APPLICABLE TO CITY</u>
<b>DIRECT DEBT</b>			
City of Chaska (1)	<u>\$ 51,593,051</u>	100.00%	<u>\$ 51,593,051</u>
<b>OVERLAPPING DEBT</b>			
Carver County	35,256,813	21.89%	7,717,005
Carver County CDA	22,685,000	21.89%	4,965,289
Independent School District 112	170,605,000	38.17%	65,115,673
Metropolitan Council	1,484,038,432	0.61%	9,052,634
Metropolitan Airports Commission	1,496,190,000	0.61%	9,126,759
Mosquito Control District	<u>1,041,883</u>	21.89%	<u>228,047</u>
Total Overlapping Debt	<u>3,209,817,128</u>		<u>96,205,408</u>
Total Direct and Overlapping Debt	<u>\$ 3,261,410,179</u>		<u>\$ 147,798,459</u>

Source: Carver County Auditor

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Chaska. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

(1) Excludes general obligation and revenue bonds reported in the enterprise funds. Includes premium related to governmental activities general obligation bonds and notes payable.

**CITY OF CHASKA, MINNESOTA**

**LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

**LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2017**

Assessed 2016, Payable 2017 Market Value		<u>\$ 2,652,305,300</u>
Legal Debt Limit - 3% of Market Value (1)		<u>\$ 79,569,159</u>
Amount of Debt Applicable to Limit:		
Total Bonded Debt	\$ 116,535,000	
Less (2)		
G.O. Tax Increment Bonds	1,220,000	
G.O. Special Assessment Bonds	30,995,000	
G.O. Revenue Bonds	15,820,000	
Revenue Bonds	61,830,000	
Debt Service Funds	<u>1,041,212</u>	
Total Debt Applicable to Debt Limit		<u>5,628,788</u>
Legal Debt Margin		<u><u>\$ 73,940,371</u></u>

**LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEARS 2008 THROUGH 2017**

<u>FISCAL YEAR</u>	<u>DEBT LIMIT</u>	<u>TOTAL NET DEBT APPLICABLE TO LIMIT</u>	<u>LEGAL DEBT MARGIN</u>	<u>TOTAL NET DEBT APPLICABLE TO DEBT LIMIT</u>
2008 (1)	\$ 75,343,650	\$ 1,697,889	\$ 73,645,761	2.25%
2009	74,287,836	1,574,055	72,713,781	2.12%
2010	73,353,738	1,127,738	72,226,000	1.54%
2011	68,141,760	4,162,266	63,979,494	6.11%
2012	64,887,267	3,197,692	61,689,575	4.93%
2013	60,606,210	3,064,551	57,541,659	5.06%
2014	63,630,096	2,486,842	61,143,254	3.91%
2015	71,424,189	1,775,615	69,648,574	2.49%
2016	77,200,260	1,479,576	75,720,684	1.92%
2017	79,569,159	5,628,788	73,940,371	7.07%

Source: Carver County Auditor (Market Value)

1) M.S.A. Section 475.53 (Limit on Net Debt)

2) M.S.A. Section 475.51

**CITY OF CHASKA, MINNESOTA**

**PLEDGED REVENUE COVERAGE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

FISCAL YEAR	GROSS REVENUE (2)	OPERATING EXPENSES (3)	NET AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS (4)			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
<b>DEBT SERVICE FUNDS - REVENUE BONDS: LAST TEN FISCAL YEARS</b>							
2008	\$ 845,463	\$ 1,500	\$ 843,963	\$ 560,000	\$ 442,307	\$ 1,002,307	0.84
2009	6,355,897	2,750	6,353,147	6,900,000	415,042	7,315,042	0.87
2010	28,150	-	28,150	995,000	42,927	1,037,927	0.03
2011	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-
2015	112	-	112	-	99,640	99,640	0.00
2016	932	1,600	(668)	-	358,474	358,474	(0.00)
2017	1,799	3,200	(1,401)	270,000	369,950	639,950	(0.00)
<b>ELECTRIC ENTERPRISE FUND: SEVEN FISCAL YEARS</b>							
2011 (1)	\$ 29,085,312	\$ 26,155,497	\$ 2,929,815	\$ -	\$ 2,397	\$ 2,397	1,222.28
2012	31,888,910	28,538,119	3,350,791	170,000	93,881	263,881	12.70
2013	34,068,387	30,140,170	3,928,217	145,000	90,607	235,607	16.67
2014	35,013,104	31,617,219	3,395,885	145,000	87,707	232,707	14.59
2015	35,859,710	32,487,115	3,372,595	140,000	84,832	224,832	15.00
2016	37,703,918	34,201,984	3,501,934	150,000	83,870	233,870	14.97
2017	37,751,011	34,381,108	3,369,903	145,000	80,870	225,870	14.92
<b>WATER ENTERPRISE FUND: LAST TEN FISCAL YEARS</b>							
2008	\$ 1,369,672	\$ 1,209,293	\$ 160,379	\$ 690,000	\$ 520,812	\$ 1,210,812	0.13
2009	1,498,312	1,139,616	358,696	705,000	510,113	1,215,113	0.30
2010	1,891,656	1,126,171	765,485	725,000	517,741	1,242,741	0.62
2011	2,396,654	1,344,267	1,052,387	1,345,000 (6)	562,992	1,907,992	0.55
2012	2,758,682	1,414,581	1,344,101	315,000	381,821	696,821	1.93
2013	2,536,026	1,601,751	934,275	320,000	375,351	695,351	1.34
2014	2,419,202	1,707,247	711,955	330,000	367,008	697,008	1.02
2015	2,551,958	1,703,500	848,458	370,000	359,789	729,789	1.16
2016	2,735,781	1,760,515	975,266	425,000	376,418	801,418	1.22
2017	2,787,654	1,768,636	1,019,018	482,000	359,051	841,051	1.21
<b>SEWER ENTERPRISE FUND: THREE FISCAL YEARS</b>							
2015 (1)	\$ 3,275,998	\$ 3,062,822	\$ 213,176	\$ -	\$ -	\$ -	\$ -
2016	3,433,187	3,110,423	322,764	-	45,259	45,259	7.13
2017	3,612,296	3,340,582	271,714	104,000	73,473	177,473	1.53
<b>COMMUNITY CENTER ENTERPRISE FUND: TEN FISCAL YEARS (1)</b>							
2008	\$ 2,868,084	\$ 2,779,059	\$ 89,025	\$ -	\$ 172,570	\$ 172,570	0.52
2009	2,882,208	2,734,173	148,035	-	121,740	121,740	1.22
2010	2,803,255	2,737,532	65,723	-	121,740	121,740	0.54
2011	2,822,770	2,876,559	(53,789)	-	121,740	121,740	(0.44)
2012	2,953,450	2,810,017	143,433	-	121,740	121,740	1.18
2013	2,840,473	2,882,382	(41,909)	140,000	175,333	315,333	(0.13)
2014	3,098,390	2,949,046	149,344	295,000	233,923	528,923	0.28
2015	3,250,759	3,101,196	149,563	305,000	225,594	530,594	0.28
2016	2,737,031	3,470,538	(733,507)	315,000	217,870	532,870	(1.38)
2017	3,165,224	3,570,939	(405,715)	325,000	204,528	529,528	(0.77)

FISCAL YEAR	GROSS REVENUE (2)	OPERATING EXPENSES (3)	NET AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS (4)			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
<b>TURBINE GENERATOR ENTERPRISE FUND: LAST TEN FISCAL YEARS</b>							
2008	\$ 3,637,028	\$ 115,179	\$ 3,521,849	\$ 800,000	\$ 3,313,233	\$ 4,113,233	0.86
2009	3,559,037	128,106	3,430,931	845,000	3,270,181	4,115,181	0.83
2010	3,210,196	110,353	3,099,843	890,000 (5)	2,793,150	3,683,150	0.84
2011	2,327,696	112,778	2,214,918	940,000	1,454,734	2,394,734	0.92
2012	2,287,299	114,695	2,172,604	975,000	1,416,784	2,391,784	0.91
2013	2,236,674	125,474	2,111,200	1,015,000	1,377,384	2,392,384	0.88
2014	2,185,282	284,255	1,901,027	1,060,000	1,336,069	2,396,069	0.79
2015	1,969,875	220,558	1,749,317	1,100,000 (7)	1,223,907	2,323,907	0.75
2016	1,786,037	304,332	1,481,705	1,070,000	1,007,850	2,077,850	0.71
2017	1,734,137	309,043	1,425,094	1,110,000	706,128	1,816,128	0.78
<b>STORM WATER ENTERPRISE FUND: THREE FISCAL YEARS</b>							
2015 (1)	\$ 913,884	\$ 698,036	\$ 215,848	\$ -	\$ 7,502	\$ 7,502	28.77
2016	969,639	802,266	167,373	-	29,770	29,770	5.62
2017	1,099,143	752,510	346,633	74,000	59,766	133,766	2.59
<b>CURLING CENTER ENTERPRISE FUND: TWO FISCAL YEARS</b>							
2015 (1)	\$ 65,663	\$ 208,181	\$ (142,518)	\$ -	\$ 290,781	\$ 290,781	(0.49)
2016	1,175,144	925,311	249,833	-	484,225	484,225	0.52
2017	1,224,086	1,177,073	47,013	940,000	523,917	1,463,917	0.03

Note: Bonds in the Electric, Water and Storm Water Enterprise funds are supported by charges for services; the Turbine Generator, Community Center and Curling Center Enterprise funds are supported by lease revenue; and the Debt Service funds are supported by lease revenue.

- (1) First year shown is first year of issuance.
- (2) Includes interest revenue.
- (3) Does not include depreciation or transfers to other funds.
- (4) Includes principal and interest payment of revenue bonds only.
- (5) 2010 principal payment does not include \$28,890,000 paid from refunding bond escrow for partial advance refunding of the 2000 series bonds.
- (6) 2011 principal payment does not include \$10,455,000 paid from refunding bond investment to refund the 2003 GO Water Revenue Bonds.
- (7) 2015 principal payment does not include \$100,000 or \$25,035,000 paid from refunding bond investments to refund the 2000 Electric Revenue bonds or the 2005 Electric Revenue Refunding Bonds respectfully.

**CITY OF CHASKA, MINNESOTA**

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<b>FISCAL YEAR</b>	<b>POPULATION</b> (1)	<b>NUMBER OF HOUSEHOLDS</b> (1)	<b>ESTIMATED PERSONAL INCOME</b> (2)	<b>PER CAPITA INCOME</b> (2)	<b>MEDIAN AGE</b> (3)	<b>K-12 SCHOOL ENROLLMENT</b> (4)	<b>UNEMPLOYMENT RATE</b> (5)
2008	24,048 (6)	8,716	\$ 1,279,810,512	53,219	33.7	7,379	4.90%
2009	24,177 (6)	8,895 (6)	1,247,557,377	51,601	34.2	6,480 (7)	7.24%
2010	23,770 (8)	8,816 (8)	1,286,622,560	54,128	33.8 (8)	6,140	6.75%
2011	24,002	8,874	1,388,035,660	57,830	34.2	6,072	5.54%
2012	24,211	8,941	1,463,990,748	60,468	34.2	6,185	4.83%
2013	24,811	9,143	1,539,795,471	62,061	34.2	6,086	4.31%
2014	25,270	9,278	1,515,795,680	59,984	35.6	5,797	3.62%
2015	25,607	9,492	1,620,692,637	63,291	35.7	5,854	3.20%
2016	26,439	9,823	1,704,601,647	64,473	36.2	5,700	3.33%
2017	26,439 (9)	9,823 (9)	1,704,601,647 (9)	64,473 (9)	36.2 (9)	5,662	3.06%

- (1) Source: Metropolitan Council annual estimate as of April 1st for the prior year.
- (2) Source: Minnesota State Demographer, using U.S. Department of Commerce, Bureau of Economic Analysis (BEA), Carver County personal income and per capita income (City personal income as a ratio of Carver County personal income).
- (3) Source: US Census Bureau American Fact Finder/American Community Survey American Community Survey five (5) year estimate, as of 2011-2015
- (4) Source: Minnesota Department of Education for Independent School District #112, includes private school data for St. John's Lutheran, Guardian Angels Catholic, Southwest Christian High School, Jonathan Mont. and Step/Step Enrollment excludes K-12 District #112 buildings not located within the City.
- (5) Source: Minnesota Department of Employment and Economic Development Average Annual Unemployment Rate for the City of Chaska (not seasonally adjusted). (Number of people estimated by place of residence).
- (6) The Metropolitan Council has not re-adjusted 2008 and 2009 population estimates which reflect total population to be higher than the 2010 Census. 2009 households was also estimated to be greater than actual 2010 Census data.
- (7) Decline in K-12th grade enrollment is due to opening of District #112 High School in Chanhassen, MN 2009 enrollment at Chanhassen High School included grades 9-11, 2010 enrollment includes grades 9-12. This table excludes enrollment at District #112 schools not located within the City.
- (8) Source: Minnesota Planning and U.S. Census Bureau, Census 2010 data.
- (9) 2017 data not available, using 2016 data (estimate).

**CITY OF CHASKA, MINNESOTA**

**PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)**

EMPLOYER	2017			2008		
	ESTIMATED	RANK	PERCENTAGE	ESTIMATED	RANK	PERCENTAGE
	EMPLOYEES		OF TOTAL CITY	EMPLOYEES		OF TOTAL CITY
(1)	EMPLOYMENT (2)	(1)	EMPLOYMENT			
Entegris	1,000	1	7.85%	960	2	7.90%
Beckman Coulter	900	2	7.06%	700	4	5.70%
School District #112	880	3	6.91%	1,080	1	8.90%
FSI International	850	4	6.67%	500	6	4.10%
Carver County	700	5	5.49%	631	5	5.20%
Lake Region Mfg. Co. Inc	600	6	4.71%	750	3	6.20%
Klein Financial, Inc	560	7	4.40%	*	*	*
The Bernard Group	508	8	3.99%	*	*	*
Apex International	400	9	3.14%	*	*	*
Import Specialties, Inc	325	10	2.55%	*	*	*
Mammoth Inc.	*	*	*	350	7	2.90%
Embarq	*	*	*	200	8	1.60%
Maximum Graphics	*	*	*	200	8	1.60%
Vicorp	*	*	*	200	8	1.60%
<b>Total:</b>	<b>6,723</b>		<b>52.77%</b>	<b>5,571</b>		<b>45.7%</b>

Sources: Minnesota Department of Employment and Economic Development, community profile of major employers, City departments, Carver County data and Metropolitan Council.

(1) Data includes full-time equivalent employees.

(2) Total City Employment based on the most recent Metropolitan Council estimate as of 2015.

\* Denotes employer was not a principal employer for the year reported.

**CITY OF CHASKA, MINNESOTA**

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

FUNCTION/PROGRAM	FULL-TIME EQUIVALENT EMPLOYEES AS OF DECEMBER 31			
	2008	2009	2010	2011
General Government	26.6	(2) 24.8	24.7	(2) 23.9
Public Safety				
Police Department	31.6	31.7	31.5	32.0
Fire Department (1)	4.6	3.9	3.9	4.1
Public Works	21.3	20.6	22.8	20.0
Parks, Recreation and Arts	5.8	5.4	5.6	5.4
Electric	16.1	16.4	16.8	16.8
Water	6.1	6.6	6.3	6.7
Sewer	6.0	6.6	6.4	6.8
Chaska Community Center	38.1	39.4	39.3	39.3
Par 30 Golf Course	3.0	2.8	3.1	2.7
Chaska Town Course	18.4	17.9	18.9	17.9
Internet Service Provider	2.0	2.1	2.0	2.3
Storm Water (3)	N/A	N/A	N/A	2.5
Curling/Event Center	N/A	N/A	N/A	N/A
<b>Total</b>	<b>179.6</b>	<b>178.2</b>	<b>181.3</b>	<b>180.4</b>

Source: City of Chaska Payroll.

- (1) The Chaska Fire Department is comprised of 44 authorized positions/volunteers.
- (2) Includes election judges which increases General Government totals by a range of 1 - 1.2 equivalent employees each election year.
- (3) First year of reportable data is 2011.
- (4) Residential internet service ended in 2015 and Chaska.Net employee moved to General Government.
- (5) Curling/Event Center opened 2015.

FULL-TIME EQUIVALENT EMPLOYEES AS OF DECEMBER 31

2012	2013	2014	2015	2016	2017			
25.8	(2)	28.8	29.4	(2)	30.2	31.2	(2)	29.7
32.4		32.8	30.0		30.0	31.9		31.5
5.2		6.4	8.8		11.5	11.1		12.3
19.8		21.2	20.3		19.5	20.9		22.1
5.0		5.7	5.6		4.6	7.2		7.0
16.7		15.9	17.0		17.6	17.6		17.4
6.8		7.0	7.4		7.6	7.1		7.1
6.8		6.7	7.2		7.0	6.9		7.1
38.9		37.7	37.1		37.7	38.8		39.0
3.1		2.4	2.3		2.6	2.7		2.6
18.4		17.9	17.9		18.6	19.3		18.5
2.3		2.3	1.0		0.0	(4)	0.0	0.0
2.8		2.3	2.6		2.7	3.1		3.2
N/A		N/A	N/A		1.0	(5)	6.0	8.6
<u>183.9</u>		<u>186.9</u>	<u>186.4</u>		<u>190.6</u>	<u>203.5</u>		<u>206.0</u>

CITY OF CHASKA, MINNESOTA

OPERATING INDICATORS BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

FUNCTION / PROGRAM	FISCAL YEAR			
	2008	2009	2010	2011
<b>Electric</b>				
Number of Connections (Billed)	9,175	9,265	9,481	9,526
Purchased KWH Power Wholesale				
From MMPA	298,847,964	285,120,854	307,054,699	322,849,265
Total KWH Sales	285,648,785	273,333,512	294,637,535	311,031,667
Peak KW Demand	60,108	60,495	66,697	71,330
<b>Water</b>				
Number of Connections (Billed)	6,122	6,187	6,253	6,296
Total Water Pumped (Gallons)	1,139,996,000	1,156,008,000	1,060,500,000	1,106,505,000
Total Water Sold (Gallons)	1,078,899,000	1,120,903,000	1,036,960,000	1,044,693,000
Average Daily Usage (Gallons Per Day)	2,955,000	3,071,000	2,841,000	3,032,000
System Peak Day (Gallons Per Day)	6,520,000	7,300,000	5,500,000	6,000,000
<b>Sewer</b>				
Number of Connections (Billed)	5,959	6,023	6,139	6,154
Total Gallons Treated (Gallons)	744,283,000	769,184,000	888,893,000	923,511,000
Sewer Service through Metropolitan Council Environmental Services				
<b>Storm Water</b>				
Number of Utility Customers (Billed)	7,832	7,793	7,870	7,866
<b>Internet Service Provider (5)</b>				
Number of Connections (Billed)	2,266	2,152	1,935	1,667
<b>Golf Courses</b>				
Town Course Rounds / Golfers	34,176	33,325	32,760	30,400
Par 30 Rounds / Golfers	17,336	16,691	15,804	13,210
Par 30 Rounds / Foot Golf (4)	-	-	-	-
<b>General Government / Building Department</b>				
<b>Building Permits And Market Value</b>				
<b>Commercial, Industrial And Public (1)</b>				
Permits	31	36	53	46
Market Value	\$ 10,062,217	\$ 28,596,877	\$ 23,016,775	\$ 54,355,421
<b>Single Family Homes And Townhomes (2)</b>				
Permits	52	48	43	54
Market Value	\$ 10,751,429	\$ 10,759,455	\$ 11,016,526	\$ 13,638,503
<b>Condos, Apartments And Multi-Family Homes (3)</b>				
Permits	2	-	-	-
Market Value	\$ 6,600,000	\$ -	\$ -	\$ -
<b>Misc. Residential And Other Bldgs (3)</b>				
Permits	760	697	716	744
Market Value	\$ 6,617,455	\$ 6,607,521	\$ 7,306,368	\$ 9,897,138
Total Building Permits:	845	781	812	844
Total Market Value:	\$ 34,031,101	\$ 45,963,853	\$ 41,339,669	\$ 77,891,062

Source: City Utility, Golf Courses and Building Departments.

(1) Includes new construction and additions/alterations.

(2) Includes new construction only.

(3) Includes additions, alterations, garages, accessory structures, pools and commercial re-roofing.

(4) Par 30 Golf Course introduced Foot Golf in 2015.

(5) Residential internet service ended in 2015.

(6) 2016 Miscellaneous residential and other buildings includes 1,138 residential single family alterations/additions valued at \$12,102,429.

(7) The increase in the market value of commercial, industrial and public permits is due to several large projects including a new Data Center valued at \$32.3 million.

FISCAL YEAR

	2012	2013	2014	2015	2016	2017
	9,586	9,887	10,054	9,912	10,002	10,240
	348,581,737	355,358,125	360,570,327	360,908,813	367,267,226	364,637,712
	336,913,874	342,701,568	347,410,769	350,780,886	355,853,340	354,995,442
	72,549	76,147	72,641	70,061	77,637	73,472
	6,322	6,448	6,613	6,797	6,912	7,063
	1,212,283,000	1,089,134,000	1,036,324,000	1,030,518,000	1,040,547,000	1,071,455,000
	1,158,300,000	1,031,696,000	972,503,000	991,284,000	1,016,915,000	1,029,698,000
	3,173,000	2,827,000	2,664,392	2,715,847	2,786,000	2,821,000
	7,800,000	6,847,000	6,429,000	6,007,000	7,047,000	6,554,000
	6,257	6,380	6,545	6,710	6,827	6,916
	916,374,000	920,399,000	930,431,000	931,203,000	924,965,000	912,076,000
	7,882	7,954	8,051	8,153	8,292	8,364
	1,439	1,080	730	2	2	2
	33,042	28,519	31,199	34,253	33,403	32,642
	15,652	14,982	14,907	15,560	14,810	14,130
	-	-	-	1,925	1,108	681
	44	44	51	43	38	45
\$	14,310,190	\$ 37,794,640	\$ 11,117,620	\$ 26,204,786	\$ 14,769,385	\$ 69,759,098 (7)
	115	130	138	135	134	103
\$	30,700,695	\$ 34,957,157	\$ 35,216,150	\$ 35,690,048	\$ 34,199,578	\$ 24,339,375
	5	8	6	1	10	-
\$	7,500,728	\$ 3,317,416	\$ 5,005,291	\$ 17,000,000	\$ 6,303,563	\$ -
	784	620	591	658	1,234	678
\$	7,891,683	\$ 6,337,948	\$ 6,642,933	\$ 8,275,817	\$ 15,058,650 (6)	\$ 11,310,594
	948	802	786	837	1,416	826
\$	60,403,296	\$ 82,407,161	\$ 57,981,994	\$ 87,170,651	\$ 70,331,176	\$ 105,409,067

**CITY OF CHASKA, MINNESOTA**

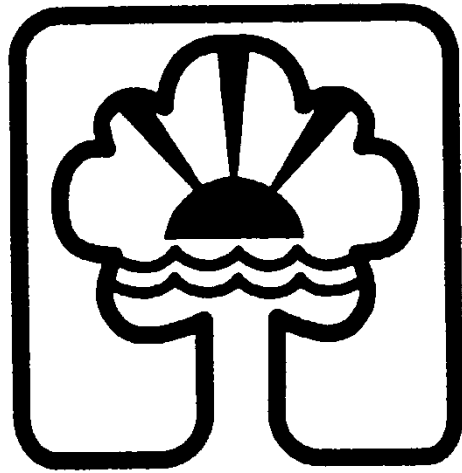
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

FUNCTION/PROGRAM	FISCAL YEAR			
	2008	2009	2010	2011
<b>Public Safety</b>				
Police:				
Stations	1	1	1	1
Fire:				
Stations	1	1	1	1
Number of Fire Hydrants (Private)	1,825	1,826	1,826	1,836
Number of Fire Hydrants (Public)				
<b>Public Works</b>				
Miles of Streets:				
City / Local	75.77	75.66	75.93	76.11
City MSA	15.73	16.10	16.10	20.47
<b>Parks, Recreation and Arts</b>				
Number of Parks	21	21	23	23
Acres of Parks	929	929	964	964
Miles of Trails	45.7	46.2 (1)	46.2 (1)	46.5 (1)
Golf Courses	2	2	2	2
<b>Electric</b>				
Number of Substations	3	3	3	3
<b>Water</b>				
Water Mains (Miles)	148	148	148	148
Number of Wells	6	6	6	6
Total Pumping Capacity (Gallons Per Day)	13,400,000	13,400,000	13,400,000	13,400,000
Filtration Capacity (Gallons Per Day)	12,600,000	12,600,000	12,600,000	12,600,000
Total Storage Capacity (Gallons)	4,400,000	4,400,000	4,400,000	4,400,000

Source: City Departments

- (1) 2009 - 2011 miles of trails were estimates.
- (2) Decrease in City / Local Streets due to Common Boundary Mileage per State Aid Division.
- (3) Count of hydrants was recalculated per City GIS system resulting in an adjustment downward of 80 hydrants. Prior years have not been restated.
- (4) Closed the Chaska Downtown Substation to convert it into a switching station.

FISCAL YEAR						
2012	2013	2014	2015	2016	2017	
1	1	1	1	1	1	1
1	1	1	1	1	1	1
1,850	1,865	414 (3)	416	422	494	
		1,371 (3)	1,390	1,393	1,393	
76.84	78.19	76.81 (2)	77.78	78.36	79.17	
20.47	20.47	20.95	20.95	20.94	20.94	
26	26	26	26	26	26	
970	970	970	970	973	973	
66	66	66	67	67	68	
2	2	2	2	2	2	
4	4	4	3 (4)	3	3	
149	151	153	154	155	155	
6	6	6	6	6	6	
13,400,000	13,400,000	13,400,000	13,400,000	13,400,000	13,400,000	
12,600,000	12,600,000	12,600,000	12,600,000	12,600,000	12,600,000	
4,400,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	



CHASKA